

**MUHAMMAD TARIQ MOTI SECURITIES
(PRIVATE) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**MUHAMMAD TARIQ MOTI SECURITIES
(PRIVATE) LIMITED**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Muhammad Tariq Moti Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

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Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Dated : 04 OCT 2018
Karachi :

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	4,735,367	235,355
Intangible asset	5	2,500,000	9,926,170
Long term investment	6	21,353,582	41,163,833
Long term deposits	7	600,000	600,000
		<u>29,188,949</u>	<u>51,925,358</u>
Current assets			
Trade debts	8	8,645,017	5,984,571
Other receivables	9	69,660	26,899,897
Advance tax-net of provision		4,443,151	3,286,958
Short term investment	10	57,608,120	26,542,364
Bank balances	11	6,858,041	21,490,848
		<u>77,623,989</u>	<u>84,204,638</u>
Total assets		<u><u>106,812,938</u></u>	<u><u>136,129,996</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
5,500,000 (2017: 5,500,000) ordinary shares of Rs. 10 each		<u>55,000,000</u>	<u>55,000,000</u>
Issued, subscribed and paid up capital	12	55,000,000	53,010,000
Advance against issue of shares		10,000	2,000,000
Unappropriated profit		27,581,234	44,101,990
Unrealised gain on remeasurement of available for sale investments		18,722,820	25,134,300
Total equity		<u>101,314,054</u>	<u>124,246,290</u>
Current liabilities			
Trade and other payables	13	5,498,884	11,883,706
Total equity and liabilities		<u><u>106,812,938</u></u>	<u><u>136,129,996</u></u>
Contingencies and commitments	14	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Operating revenue	15	3,300,135	11,574,754
Capital gain on sale of investments		620,688	42,837,487
Impairment loss on Trading Right Entitlement Certificate		(7,426,170)	-
Loss on re-measurement of investments- at fair value through profit or loss		(7,279,899)	(2,632,656)
		<u>(10,785,246)</u>	<u>51,779,585</u>
Operating and administrative expenses	16	(7,728,082)	(9,888,857)
Operating (loss) / profit		(18,513,328)	41,890,728
Finance cost	17	(950)	(1,297)
Other income	18	4,126,448	701,362
(Loss) / profit before taxation		(14,387,830)	42,590,793
Taxation	19	(883,051)	(508,130)
(Loss) / profit for the year		(15,270,881)	42,082,663
(Loss) / earnings per share - basic and diluted	20	(0.28)	7.94

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE

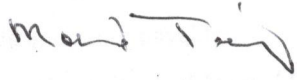

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
(Loss) / profit for the year	(15,270,881)	42,082,663
Unrealised (loss) / gain on re-measurement of 'available for sale' investments	(6,411,480)	25,134,300
Total comprehensive (loss) / income for the year	<u>(21,682,361)</u>	<u>67,216,963</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(14,387,830)	42,590,793
<i>Adjustments for:</i>		
Depreciation	432,323	39,301
Loss / (gain) on investment	6,659,211	(42,837,487)
Impairment loss on TREC	7,426,170	-
Finance cost	950	1,297
	14,518,654	(42,796,889)
Operating loss before working capital changes	130,824	(206,096)
Working capital changes		
(Increase) / decrease in current assets		
Trade debts - considered good	(2,660,446)	(4,509,122)
Other receivables	26,830,237	1,438,272
	24,169,791	(3,070,850)
(Decrease) / increase in current liabilities		
Trade and other payables	(6,384,822)	2,506,048
	17,915,793	(770,898)
Net cash generated from / (used) in operations		
Financial charges paid	(950)	(1,297)
Taxes paid	(2,039,244)	(3,534,006)
	(2,040,194)	(3,535,303)
Net cash generated from / (used) in operating activities	15,875,599	(4,306,201)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,932,335)	(139,000)
Total equity and liabilities	-	40,394,417
Short term investments made	(24,326,196)	(26,542,364)
Net cash (used) in / generated from investing activities	(29,258,531)	13,713,053
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,249,875)	-
Net cash used in financing activities	(1,249,875)	-
Net (decrease) / increase in cash and cash equivalents during the year	(14,632,807)	9,406,852
Cash and cash equivalents at the beginning of the year	21,490,848	12,083,996
Cash and cash equivalents at the end of the year	6,858,041	21,490,848

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

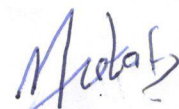
	Issued, Subscribed and paid up capital	Advance against issue of shares	Unappropriated Profit	Unrealised gain on remeasurement of investments	Total
	----- Rupees -----				
Balance as at July 1, 2016	53,010,000	2,000,000	2,019,327	-	57,029,327
Total comprehensive income for the year ended June 30, 2017	-	-	42,082,663	25,134,300	67,216,963
Balance as at June 30, 2017	<u>53,010,000</u>	<u>2,000,000</u>	<u>44,101,990</u>	<u>25,134,300</u>	<u>124,246,290</u>
Issue of shares	1,990,000	(1,990,000)	-	-	-
Interim dividend paid during the year	-	-	(1,249,875)	-	(1,249,875)
Total comprehensive loss for the year ended June 30, 2018	-	-	(15,270,881)	(6,411,480)	(21,682,361)
Balance as at June 30, 2018	<u><u>55,000,000</u></u>	<u><u>10,000</u></u>	<u><u>27,581,234</u></u>	<u><u>18,722,820</u></u>	<u><u>101,314,054</u></u>

The annexed notes from 1 to 28 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, 2018

1 STATUS AND NATURE OF BUSINESS

Muhammad Tariq Moti Securities (Private) Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) 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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of or directives issued under the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared using an accrual basis of accounting except for cash flow statement which is prepared using cash basis.

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 nearest rupee.

2.4 Significant accounting estimates and judgements

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

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- (a) determination of the residual values and useful lives of property and equipments and intangible assets (note 3.1 & 3.2)
- (b) classification of investments (note 3.3)
- (c) current tax and deferred tax (note 3.7)

2.5 Amendments / interpretation to existing standard and forthcoming requirements

2.5.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

Standard or Interpretation	Effective Date (Annual reporting periods beginning	
IAS 19	Employee benefits (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IAS 40	Investment property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance contracts (Amendments)	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty Over Income Tax	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

- IFRIC 4 Determining whether an arrangement contains lease
- IFRIC 12 Service concession arrangements

2.5.2 Further, in addition to above, the fifth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of primary financial statements and additional disclosure requirements that has been incorporated accordingly.

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 impairment losses, if any;

Depreciation is charged on WDV of 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.

3.2 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.

3.3 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.

3.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise and marked to market gains accumulated in other comprehensive income are transferred to profit and loss account in the year in which investments are disposed off.

3.5 Trade debts

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

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3.6 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.

3.7 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.

3.8 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.

3.9 Financial instrument

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.

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

4 PROPERTY AND EQUIPMENT

	2018			
	Office Equipment	Computer Equipment	Office Room	Total
COST				
As on July 1, 2017	126,525	184,300	-	310,825
Additions	23,000	35,200	4,874,135	4,932,335
Disposals	-	-	-	-
As at June 30, 2018	149,525	219,500	4,874,135	5,243,160
ACCUMULATED DEPRECIATION				
As at July 1, 2017	30,851	44,619	-	75,470
For the year	16,939	49,824	365,560	432,323
On disposals	-	-	-	-
As at June 30, 2018	47,790	94,443	365,560	507,793
Written down value as at June 30, 2018	101,735	125,057	4,508,575	4,735,367
	2017			
COST				
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
ACCUMULATED DEPRECIATION				
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 as at June 30, 2017	95,674	139,681	-	235,355

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

	Note	2018 Rupees	2017 Rupees
5 INTANGIBLE			
Opening carrying value-TREC	5.1	9,926,170	9,926,170
Impairment loss		<u>(7,426,170)</u>	<u>-</u>
		<u><u>2,500,000</u></u>	<u><u>9,926,170</u></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 (Corporatisation, Demutualization and Integration) Act, 2012 (The Act).

During the year PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

6 LONG TERM INVESTMENT

Pakistan Stock Exchange Limited

			6.1	<u><u>21,353,582</u></u>	<u><u>41,163,833</u></u>
6.1	2018 (No. of shares)	2017 (No. of shares)			
	1,602,953	4,007,283	Opening balance	41,163,833	40,072,830
	-	(1,602,953)	Sold to strategic investor(40% shares)	-	(16,029,530)
	-	-	Unrealized (loss)/gain for the year	(6,411,480)	25,134,299
	(521,759)	(801,377)	Sold to general public 15% shares	(13,398,771)	-
			(2017:20% shares)		(8,013,766)
	<u><u>1,081,194</u></u>	<u><u>1,602,953</u></u>		<u><u>21,353,582</u></u>	<u><u>41,163,833</u></u>

In 2016, the Securities and Exchange Commission of Pakistan (SECP) accorded its approval to Pakistan Stock Exchange Limited (PSX) for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of \$85.6 million at an offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% (1,602,953 shares), which were held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium by the Divestment Committee at an offer price of Rs. 28 per share. Subsequently, a formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the equity sale committee of PSX.

During the year, PSX issued notice PSX/N-3707 dated June 13, 2018 whereby 15% of the original holding was unblocked. The Company has sold 521,759 shares of Pakistan Stock Exchange Limited out of long term investments.

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

	Note	2018 Rupees	2017 Rupees
7 LONG TERM DEPOSITS			
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
		<u>600,000</u>	<u>600,000</u>
8 TRADE DEBTS			
Trade debts - considered good	8.1	<u>8,645,017</u>	<u>5,984,571</u>
8.1 Ageing analysis			
Within 5 days		619,806	233,104
Above 5 days		8,025,211	5,751,468
		<u>8,645,017</u>	<u>5,984,572</u>
This include PKR 2.92 million (2017: 1.091 million) due from related party.			
9 OTHER RECEIVABLES			
Other receivables		67,332	411,262
Receivable from PSX against disposal of shares		-	26,487,368
Receivable from NCCPL		2,328	1,267
		<u>69,660</u>	<u>26,899,897</u>
10 SHORT TERM INVESTMENT- at fair value through profit or loss ' Held for trading'			
Quoted equity securities		<u>57,608,120</u>	<u>26,542,364</u>
11 BANK BALANCES			
Cash at bank			
- Main account		2,634,949	10,165,248
- Client account		4,223,092	11,325,600
		<u>6,858,041</u>	<u>21,490,848</u>
12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Number of shares			
2018	2017		
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid (issued for consideration other than cash)	50,000,000
500,000	301,000	Ordinary shares of Rs. 10 each fully paid (issued for cash)	3,010,000
<u>5,500,000</u>	<u>5,301,000</u>		<u>55,000,000</u>
			<u>53,010,000</u>

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

	Note	2018 Rupees	2017 Rupees
13 TRADE AND OTHER PAYABLES			
Trade payables		4,223,091	11,325,600
Accrued expenses		763,562	246,192
Other liabilities		512,231	311,914
		<u>5,498,884</u>	<u>11,883,706</u>
14 CONTINGENCIES AND COMMITMENTS			
<p>The 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>			
15 OPERATING REVENUE			
Brokerage income		3,299,095	11,571,360
IPO Commission		1,040	3,394
		<u>3,300,135</u>	<u>11,574,754</u>
16 ADMINISTRATIVE AND OPERATING EXPENSES			
Director's remuneration	21	3,220,125	5,440,000
Staff salaries and allowances		2,212,000	1,880,000
PSX monthly charges		145,224	268,555
Clearing house fee		119,838	454,458
Printing and stationery		71,520	35,620
Fees and subscription		-	50,000
Utilities expense		159,300	161,880
Legal and professional charges		99,244	236,535
Professional tax		-	50,300
Travelling and conveyance		9,855	10,021
Entertainment		131,285	122,790
Audit fee	16.1	120,000	120,000
Vehicle running expenses		247,919	162,468
Computer maintenance and papers		238,705	93,990
CDC charges		356,619	318,040
Brokers' association fees		25,000	25,000
NCCPL charges		117,111	279,524
SECP charges		22,014	135,375
Depreciation		432,323	39,301
General Expense		-	5,000
		<u>7,728,082</u>	<u>9,888,857</u>

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Notes to the Financial Statements

	Note	2018 Rupees	2017 Rupees
16.1 Auditors' Remuneration			
Audit fee		60,000	60,000
Certification		60,000	60,000
		<u>120,000</u>	<u>120,000</u>
17 FINANCE COST			
Bank charges		950	1,297
18 OTHER INCOME			
Dividend - PSX		-	440,812
Dividend - Company		3,897,553	260,550
Interest income		228,895	-
		<u>4,126,448</u>	<u>701,362</u>
19 TAXATION			
Current		883,051	508,130
		<u>883,051</u>	<u>508,130</u>

19.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

19.2 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the company attracted presumptive tax and minimum tax under Section 113 of the income tax ordinance, 2001. Further, comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
Income tax provision for the year(as per accounts)	508,130	194,931	466,117
Income tax as per tax return/assessment	<u>817,632</u>	<u>216,044</u>	<u>518,530</u>

20 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

(Loss) / Profit after taxation	Rupees	<u>(15,270,881)</u>	<u>42,082,663</u>
Weighted average number of shares	Number of shares	<u>55,000,000</u>	<u>5,301,000</u>
(Loss) / earning per share - basic and diluted	Rupees	<u>(0.28)</u>	<u>7.94</u>

21 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive Officer		Directors	
	2018	2017	2018	2017
	----- Rupees -----			
Managerial remuneration	1,920,000	4,179,750	840,000	840,250
Bonus	320,000	280,000	140,000	140,000
	<u>2,240,000</u>	<u>4,459,750</u>	<u>980,000</u>	<u>980,250</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.

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 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.

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

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2018 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2018 Rupees	2017 Rupees
Long term deposits	7	600,000	600,000
Trade debts	8	8,645,017	5,984,571
Other receivables	9	69,660	26,899,897
Bank balances	11	6,858,041	21,490,848
		16,172,718	54,975,316

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.

		June 30, 2018				June 30, 2017			
Note	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	
-----Rupees-----									
Trade and other payables	13	4,223,091	4,223,091	-	-	11,325,600	11,325,600	-	

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.

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23 CAPITAL ADEQUACY LEVEL

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net Capital and Liquid Capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows:

	2018
	Rupees
Total assets	106,812,938
Total liabilities	(5,498,884)
Capital adequacy level	101,314,054

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Limited has been considered.

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration of the chief executives and directors is disclosed in note 21 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows

	2018	2017
	----- (Rupees) -----	-----
Transactions with related parties		
Key Management Personnel		
Receivable from director	1,826,266	1,091,000
Balances with related parties		
Receivable from director	2,917,266	1,091,000

25 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.

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

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.

26 NUMBER OF EMPLOYEES

The total number of employees at the balance sheet date were 6 (2017:6) and average number of employees during the year were 6 (2017:6).

27 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 04-10-2018 by the Board of Directors of the Company.

28 GENERAL

The figures have been rounded of to the nearest rupee.

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CHIEF EXECUTIVE



DIRECTOR