



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
(Professional Services & Policy Division)
NIC Building, Jinnah Avenue, Islamabad

January 19, 2005

CIRCULAR NO. 1 OF 2005

SUBJECT: REVISED FOURTH SCHEDULE TO THE COMPANIES ORDINANCE, 1984

With a view to remove practical difficulties being faced by listed companies and their subsidiaries as a result of revision of the Fourth Schedule to the Companies Ordinance, 1984 w.e.f. July 5, 2004, the Securities and Exchange Commission of Pakistan is pleased to clarify that:

- i) The listed companies and their subsidiaries which were carrying deferred costs in their financial statements as on July 5, 2004, are allowed to continue to treat such costs according to the requirement of the substituted Fourth Schedule. However after July 5, 2004 such companies are not allowed to include any further deferred cost in their financial statements.
- ii) Regarding capitalization of exchange gain or loss, the listed companies and their subsidiaries which had a policy of capitalizing such exchange fluctuations and which had outstanding liabilities for foreign currency loans as on July 5, 2004 are allowed to capitalize such fluctuations for further three years i.e. upto 30th September, 2007, notwithstanding the fact that any such foreign exchange loan remains outstanding after the later date. However, in the case of any foreign currency loan contracted on or after July 5, 2004, the aforesaid accounting treatment would not be permissible.

(Syed Fayyaz Mahmood)
Director

Distribution:

1. Chief Executives of all listed companies.
2. Chief Executives of Stock Exchanges, Karachi/Lahore/Islamabad
3. The President, The Institute of Chartered Accountants of Pakistan
4. The President, Institute of Cost and Management Accountants of Pakistan
5. Press Information Department, Islamabad
6. Associated Press of Pakistan
7. All Officers of the Commission