

PRESS RELEASE

Islamabad, the 20th July, 2005:- Fourth Schedule of the Companies Ordinance, 1984 provides the disclosure requirement for the Balance Sheet and Profit and Loss Account of the Listed Companies. These among others require that in extremely rare circumstances, where the company decides to use a price other than the arm's length price, with the approval of the Board of Directors on the grounds that it was in the interest of the company to do so, there shall be disclosed in the financial statements, -

- (i) that transactions between the company and the related parties and between segments of the company have been measured at arm's length prices except for the transaction in question;
- (ii) the transaction for which a price other than the arm's length price has been used, the arm's length price that could have been applied and the price used; and
- (iii) the financial impact of the departure from the arm's length price on the company's net profit or loss, assets, liabilities, equity and cash flows for each relevant period presented.

These being the newly introduced requirements for providing additional useful information to all the stakeholders, difference of opinion has surfaced as to the availability of the related information for purposes of comparison and still further difficulties in verification of the same by the auditors of the Companies. In order to analyze all the attendant factors being raised, SECP has been pleased to grant exemption from application of clause 6 of Part I of the Fourth Schedule to the said Ordinance containing the above requirements till 31st December, 2005 to Listed Companies and their subsidiaries.

A notification has been issued vide S.R.O 721 (1)/2005 dated July 19, 2005 which can be seen on the following web link.

<http://www.secp.gov.pk/notification/notifications2005.htm>