



Member of
KRESTON INTERNATIONAL
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M/S. ASDA SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED JUNE 30, 2013

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS



Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

HYDER BHIMJI & CO.

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S. ASDA SECURITIES (PRIVATE) LIMITED** as at June 30, 2013 and 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 purposes 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 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 account and are further in accordance with the 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.

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Continued.....

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- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and 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, 2013 and of the 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(XVIII of 1980).


HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: October 04, 2013

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Asda Securities (Private) Limited


Balance Sheet

As at June 30, 2013

	Note	2013	2012
		-----Rupees-----	
ASSETS			
Non-Current assets			
Property, Plant and Equipment	5	693,459	-
Intangible Assets	6	10,531,600	50,500,000
Long Term Investments	7	40,074,000	-
Long Term Deposits		500,000	-
		51,799,059	50,500,000
Current Assets			
Trade Debts	8	31,290,116	-
Loans and Advances	9	37,422,674	79,810,770
Trade Deposits and Prepayments	10	15,525,808	-
Cash and Bank Balances	11	100,000	114,577
		84,338,598	79,925,347
TOTAL ASSETS		<u>136,137,657</u>	<u>130,425,347</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 (2012: 15,000,000) ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid-up capital	12	140,000,000	140,000,000
Accumulated Loss		(8,441,470)	(9,872,653)
		131,558,530	130,127,347
CURRENT LIABILITIES			
Trade and other payables	13	3,526,698	298,000
Accrued markup	14	2,813	-
Short term borrowings -secured	15	1,049,616	-
		4,579,127	298,000
Contingencies and commitments	16	-	-
		<u>136,137,657</u>	<u>130,425,347</u>

The annexed notes 1 to 26 form an integral part of these financial statements


Chief Executive


Director

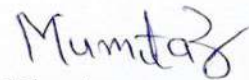
Asda Securities (Private) Limited
Profit and Loss Account
For The Year Ended June 30, 2013

	Note	2013	2012
-----Rupees-----			
Operating Revenues	17	2,024,692	-
Capital gain on sale of listed shares		1,805,624	-
		3,830,316	-
Administrative Expenses	18	1,782,082	498,400
Finance Cost	19	2,813	-
		1,784,895	498,400
Profit/(Loss) before taxation		2,045,421	(498,400)
Provision for taxation	20	(614,238)	-
Profit/(Loss) after taxation		1,431,183	(498,400)
Other Comprehensive Income		-	-
Total Comprehensive Income		1,431,183	(498,400)
Earning Per Share - Basic and diluted		0.10	(0.04)

The annexed notes 1 to 26 form an integral part of these financial statements



Chief Executive



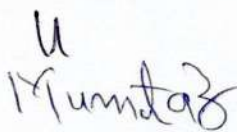
Director

Asda Securities (Private) Limited
Cash Flow Statement
For The Year Ended June 30, 2013

	Note	2013	2012
		-----Rupees-----	
Cash flows From Operating activities			
Cash flow from operations	21	627,830	52,682,520
Finance costs paid		-	-
Increase in Long term Deposits		(500,000)	
Income tax Paid		(194,460)	(2,525,000)
Net Cash (used in)/generated from operating activities		(66,630)	50,157,520
Cash flows From Investing Activities			
Additions to Property , Plant and Equipment		(865,564)	-
Addition in Intangible Asset		(132,000)	(50,500,000)
Net Cash (used in)/generated from investing activities		(997,564)	(50,500,000)
Net Cash (used in)/generated from Financing Activities			
Net (decrease)/increase in cash and cash equivalents		(1,064,193)	(342,480)
Cash and cash equivalent at beginning		114,577	457,057
Cash and cash equivalent at end	22	(949,616)	114,577

The annexed notes 1 to 26 form an integral part of these financial statements


Chief Executive

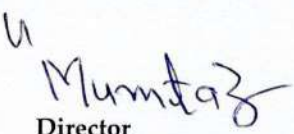

Director

Asda Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2013

	Issued, Subscribed and Paid up Capital	Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2012	140,000,000	(9,374,253)	130,625,747
Total Comprehensive Loss for the year	-	(498,400)	(498,400)
Balance as at June 30, 2012	<u>140,000,000</u>	<u>(9,872,653)</u>	<u>130,127,347</u>
Total Comprehensive Loss for the year		1,431,183	1,431,183
Balance as at June 30, 2013	<u>140,000,000</u>	<u>(8,441,470)</u>	<u>131,558,530</u>

The annexed notes 1 to 26 form an integral part of these financial statements


Chief Executive


Director

Asda Securities (Private) Limited

Notes to the Financial Statements For The Year Ended June 30, 2013

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 24th March, 2006 as a Private Limited Company. The company is principally engaged in the business of equity brokerage, equity research and corporate finance advisory.

2 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 standards for medium sized entities(MSE's) issued by the Institute of Chartered Accountants of Pakistan's and provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements comprise of balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with explanatory notes and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

3.2 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.

3.3 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. the result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The 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 estimates are 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.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Recognition of taxation and deferred taxation (note 4.6);
- (b) Determining the residual values and useful lives of property and equipment (note 4.1);
- (c) Impairment of financial assets (note 4.4); and
- (d) Classification of Investments.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on all fixed assets is charged to profit and loss account applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at rates given in note no. 5. A full year's depreciation is charged on additions while no depreciation is charged on assets disposed during the year.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Gain or loss on disposal of fixed assets is included and recognized as income in the year of disposal.

4.2 Capital work in Progress:

Capital work in progress, if any, is stated at cost.

4.3 Intangible assets

Intangible asset is recognized as an asset if it is probable that future economic benefit attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Amortization is charged to profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets are systematically tested for impairment at each balance sheet date. A full year's amortization is charged on additions while no depreciation is charged on assets disposed during the year.

a) Membership Card and Offices

Membership cards, room and booth are stated at cost of acquisition. Provision is made annually in the accounts for permanent diminution, if any, in the value of these assets. During the year upon demutualization of the Karachi Stock Exchange Limited the changes effected have been recorded which are stated in respective notes.

b) Computer Software

Expenditure incurred to acquire computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost (License Fee) and related overhead cost.

Computer Software and License are stated at cost less accumulated amortization and any identified impairment loss.

Cost associated with maintaining computer software programs are recognized as an expense when incurred.

4.4 Investments

These represent Investments in equity instruments, are valued at lower of cost and fair value, determined on an aggregated basis. The fair value of these investments representing listed equity securities is determined on the basis of year-ended bid prices.

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4.5 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

4.6 Taxation

Current :

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover, whichever is higher.

Deferred :

The Company accounts for deferred taxation arising on all temporary differences by using the liability method but does not account for net deferred tax asset unless the realization whereof is certain in foreseeable future.

4.7 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

4.8 Provisions

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

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

4.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

4.11 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be.

4.12 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

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4.13 Borrowings

Borrowings are recorded at the amount of proceeds received.

4.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions.

4.16 Revenue recognition

- a) Brokerage, commission, consultancy fees and other income are recognized as and when services are provided
- b) Dividend income is recognized when the right to receive the dividend is established.
- c) Gains/(Loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.

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5 Property, Plant and Equipment

-----Rupees-----

	Furniture and fittings	Computers	Total
Net Carrying value basis - June 30, 2013			
Opening net book value	-	-	-
Addition (at Cost)	437,824	427,740	865,564
Depreciation charge	(43,782)	(128,322)	(172,104)
Closing net book value	<u>394,041</u>	<u>299,418</u>	<u>693,459</u>
Gross Carrying value basis - June 30, 2013			
Cost	437,824	427,740	865,564
Accumulated depreciation	(43,782)	(128,322)	(172,104)
Net book value - 2013	<u>394,041</u>	<u>299,418</u>	<u>693,459</u>
Net Carrying value basis year ended June 30, 2012			
Opening net book value	-	-	-
Depreciation charge	-	-	-
Closing net book value	<u>-</u>	<u>-</u>	<u>-</u>
Gross Carrying value basis year ended June 30, 2012			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book value - 2012	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation rates	10%	30%	

Note No.

2013

2012

-----Rupees-----

6 INTANGIBLE ASSETS

Membership Entitlements

Karachi Stock Exchange Limited TREC

6.1 & 7.1

10,426,000	50,500,000
<u>10,426,000</u>	<u>50,500,000</u>

Computer Software

Computer software - Purchase Cost

less: Amortization during the year (1/5th amortization)

132,000	-
(26,400)	-
105,600	-
<u>10,531,600</u>	<u>50,500,000</u>

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6.1 During the year Karachi Stock Exchange Limited has been demutualized and in terms whereof it's members have been allowed in exchange of membership, " *Trading Right Entitlement Certificate (TREC)*" along with shareholding in Karachi Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.50.5 Million as Intangibles while Karachi Stock Exchange vide letter no: KSE/SECP-2013/1 have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.10.426 Million and taken the balance to the value of Karachi Stock Exchange Limited shares. Fair value of the TREC will be re-evaluated upon availability of active market in future and the TREC will be assigned fair value in consequence thereof.

7 Long Term Investments

Available for Sale

4,007,400 Shares of Rs. 10 each of

Karachi Stock Exchange Limited

6.1 & 7.1

40,074,000

-

7.1 Face value of shares allotted by Karachi Stock Exchange Limited in lieu of membership of the KSE works out at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 50.5 Million, however the company have recorded the face value of the shares allotted and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares.

8 TRADE DEBTS

Unsecured

Considered Good

31,290,116

-

31,290,116

-

9 LOANS AND ADVANCES-Considered good

Advances for purchase of rights

35,317,452

77,285,770

Advance Income tax. Net of provisions

2,105,222

2,525,000

37,422,674

79,810,770

10 TRADE DEPOSITS AND OTHER RECEIVABLES

Trade deposits

15,225,000

-

Other Deposits

279,808

Prepaid Software Maintenance

21,000

-

15,525,808

-

11 CASH AND BANK BALANCES

Cash at bank in current accounts

100,000

114,577

100,000

114,577

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12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2013	2012			
Ordinary Shares of Rs. 10 each issued for consideration					
	4,500,000	4,500,000	paid in cash	45,000,000	45,000,000
			Other than cash,	95,000,000	95,000,000
	9,500,000	9,500,000	(Conversion of KSE membership)		
	<u>14,000,000</u>	<u>14,000,000</u>		<u>140,000,000</u>	<u>140,000,000</u>

13 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients				2,875,381	-
Accrued Expenses				341,290	298,000
Other Liabilities			13.1	310,027	-
				<u>3,526,698</u>	<u>298,000</u>

13.1 Other Liabilities

PTR - on Purchase & Sale Value				5,413	-
Sevices sales tax payable				304,614	-
				<u>310,027</u>	<u>-</u>

14 ACCRUED MARKUP

Accrued mark-up on running finance - secured				2,813	-
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15 SHORT TERM BORROWINGS -Secured

Running finances from bank				1,049,616	-
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15.1 The facilities for running finance available from a commercial banks aggregating to Rs.75 Million (June-2012 : Rs. Nil) million and carry mark-up at the rate 3 M Kibor + 200 points spread (June-2012 : Nil) per annum calculated on a daily product basis chargeable and payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets and personal guarantee of all the directors.

16 Contingencies and Commitments**16.1 Guarantees**

There were no guarantees given by the company on behalf of any related party during the year.

16.2 Contract for Capital Expenditure/Other Commitments

There were no capital expenditure/other commitment outstanding at the year end.

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	2013	2012
	-----Rupees-----	
17 OPERATING REVENUES		
Gross Brokerage Revenue - Securities	1,795,282	-
Other Income	367,700	-
Less: Trader's shares in brokerage	(138,290)	-
	<u>2,024,692</u>	<u>-</u>
18 ADMINISTRATIVE AND OPERATING EXPENSES		
Salaries and benefits	446,000	-
Fees and subscription	352,012	160,000
Communication	72,970	34,480
Utilities	97,106	3,000
Office repairs and maintenance	-	205,520
Vehicle running expenses	10,000	-
Printing and stationery	74,350	-
Rent, rates and taxes	475,375	45,400
Entertainment	5,765	-
Amortization of Intangibles	26,400	-
Depreciation	172,104	-
Auditors' Remuneration-Audit Fees	50,000	50,000
	<u>1,782,082</u>	<u>498,400</u>
19 FINANCE COST		
Mark-up on short term running finances	2,813	-
	<u>2,813</u>	<u>-</u>
20 TAXATION		
Current - for the year	614,238	-
Prior Year	-	-
Deferred-(Reversal)/Charge	-	-
	<u>614,238</u>	<u>-</u>

20.1 In view of deductible temporary differences up-to Rs. 47,281 deferred tax asset arose which has not been recognized in view of remote possibility of realization due to final tax regime applicability on capital gains and lower normal tax regime profitability.

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	2013	2012
	-----Rupees-----	
21 Cash flows From Operation activities		
Profit/(Loss) before taxation	2,045,421	(498,400)
Adjustments for non -cash charges and other items		
Depreciation	172,104	-
Amortization of intangible	26,400	-
Finance cost	2,813	-
	<u>201,317</u>	<u>-</u>
Operating profit before working capital changes	<u>2,246,738</u>	<u>(498,400)</u>
Changes in working capital		
Trade debts-unsecured	(31,290,116)	-
Loans and advances	41,968,318	53,082,920
Trade deposits, prepayments & other receivables	(15,525,808)	-
	<u>(4,847,606)</u>	<u>53,082,920</u>
Increase /(Decrease) in Current liabilities		
Trade and other payables	3,228,698	98,000
	<u>627,830</u>	<u>52,682,520</u>
22 CASH AND CASH EQUIVALENTS		
Cash and bank balances	100,000	114,577
Short term finances	(1,049,616)	-
	<u>(949,616)</u>	<u>114,577</u>
23 NO OF EMPLOYESS	2013	2012
As on balance sheet date	<u>3</u>	<u>-</u>
Average during the year	<u>3</u>	<u>-</u>

24 The Company have yet to formulate employees retirement benefit policy which is underway.

25 DATE OF AUTHORIZATION FOR ISSUE

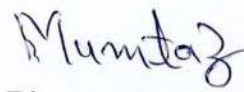
The financial statements were authorized for issue by the Board of Directors on 04-October, 2013.

26 GENERAL

26.1 Figures have been rounded off to the nearest rupee.


Chief Executive

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Director