



M/S. ASDA SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi.
Phone: 92-21-35640050-1-2, Fax: 92-21-35640053
Website: www.krestonhb.com E-mail: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

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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, 2017 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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 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 in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;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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- 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 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 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).


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

Karachi: 15 SEP 2017

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ASDA Securities (Private) Limited
Balance Sheet
As at June 30 2017

	Note	2017	2016
-----Rupees-----			
ASSETS			
Non-Current assets			
Property, Plant and Equipment	5	8,768,520	7,401,730
Intangible Assets	6	966,669	1,193,067
Long Term Investments	7	10,290,958	40,073,830
Long Term Loan to Staff		91,000	82,000
Long Term Deposits	8	1,505,109	504,809
		21,622,256	49,255,436
Current Assets			
Trade Debts	9	144,349,105	140,127,926
Loans and Advances	10	12,009,427	3,042,863
Trade Deposits and Prepayments	11	53,958,541	18,809,260
Short term investments	12	285,871,258	156,926,650
Cash and Bank Balances	13	12,513,349	9,711,487
		508,701,680	328,618,186
TOTAL ASSETS		530,323,936	377,873,622
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 (2016: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid-up capital	14	140,000,000	140,000,000
Unappropriated profit		104,553,457	34,023,183
		244,553,457	174,023,183
CURRENT LIABILITIES			
Trade and other payables	15	81,363,445	72,636,385
Accrued markup	16	3,041,060	2,728,619
Short term borrowings -secured	17	201,365,974	128,485,435
Provision for taxation - less payments		-	-
		285,770,479	203,850,439
Contingencies and commitments	18	-	-
		530,323,936	377,873,622

The annexed notes 1 to 32 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, 2017

	Note	2017	2016
-----Rupees-----			
Operating Revenues	19	45,868,664	22,363,412
Unrealized gain on remeasurement of listed shares		1,832,939	10,679,943
Unrealized gain on remeasurement of mutual fund		-	43,000
Realized Profit on sale of PSX shares		43,279,731	-
Realized Profit on sale of Listed Share		8,839,481	9,609,848
		99,820,815	42,696,203
Administrative Expenses	20	27,013,844	13,348,577
Other operating Expenses	21	1,175,006	5,581,581
Finance Cost	22	14,056,676	10,909,369
		42,245,526	29,839,527
Profit before taxation		57,575,289	12,856,676
Provision for taxation	23	(12,179,318)	(4,107,490)
Profit after taxation		45,395,971	8,749,186
Other Comprehensive Income			
Fair value gain on initial recognition of available for sale investments		25,134,303	-
Total Comprehensive Income		70,530,274	8,749,186
Earning Per Share - Basic and diluted		5.04	0.62

The annexed notes 1 to 32 form an integral part of these financial statements


Chief Executive


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Director

ASDA Securities (Private) Limited
Cash Flow Statement
For The Year Ended June 30, 2017

	Note	2017	2016
		-----Rupees-----	
Cash flows From Operating activities			
Cash flow from operations	24	(11,750,497)	95,174,884
Finance cost paid		(13,744,235)	(10,707,043)
Long term deposits		(1,000,300)	-
Long term loan to employees		(9,000)	486,500
Income tax Paid		(12,329,882)	(4,107,268)
Net Cash (used in)/generated from operating activities		(38,833,914)	80,847,073
Cash flows From Investing Activities			
Additions to property , plant and equipment		(2,330,000)	(9,123,387)
Addition in intangible assets		-	(1,000,000)
Sales proceed of disposal in property, plant and equipment		-	3,100,000
Disposal in long term investments		67,324,031	-
Short term Investments - net		(96,238,794)	(57,847,993)
Net Cash (used in)/generated from investing activities		(31,244,763)	(64,871,380)
Net Cash (used in)/generated from Financing Activities			
Loan from sponsors		-	(3,793,003)
Net (decrease)/increase in cash and cash equivalents		(70,078,677)	12,182,690
Cash and cash equivalent at beginning		(118,773,948)	(130,956,638)
Cash and cash equivalent at end	25	(188,852,625)	(118,773,948)

The annexed notes 1 to 32 form an integral part of these financial statements U


Chief Executive


Director

ASDA Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2017

	Issued, Subscribed and Paid up Capital	Un-appropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2015	140,000,000	25,273,997	165,273,997
Total Comprehensive income for the year	-	8,749,186	8,749,186
Balance as at June 30, 2016	140,000,000	34,023,183	174,023,183
Total Comprehensive income for the year	-	70,530,274	70,530,274
Balance as at June 30 2017	140,000,000	104,553,457	244,553,457

The annexed notes 1 to 32 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, 2017

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 24th June, 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

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International and Financial Reporting Standards for Small and Medium sized entities (IFRS for SMEs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provision of and directive issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provision or directive of the repealed 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 Monthly's depreciation is charged on additions while no depreciation is charged on assets disposed during the month.

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 is 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 this assets. During the year upon demutualization of the Karachi Stock Exchange Limited the changes effected has 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 recognised 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

At fair value through profit or loss

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.

Investments - Available for sale

Available for sale investment are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

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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 or alternate corporate tax, 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 by following trade date basis.

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5 Property, Plant and Equipment

2017				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30 2017

Opening net book value	287,256	102,700	5,028,350	1,983,424	7,401,730
Additions (at Cost)	-	-	1,850,000	480,000	2,330,000
Depreciation charge	(28,726)	(30,810)	(800,503)	(103,171)	(963,210)
Closing net book value	258,530	71,890	6,077,847	2,360,253	8,768,520

Gross Carrying value basis - June 30 2017

Cost	437,824	427,740	7,400,187	2,677,700	10,943,451
Accumulated depreciation	(179,294)	(355,850)	(1,322,340)	(317,447)	(2,174,931)
Net book value - 2017	258,530	71,890	6,077,847	2,360,253	8,768,520

2016				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2016

Opening net book value	319,173	146,715	33,235	2,087,815	2,586,938
Additions (at Cost)	-	-	9,123,387	-	9,123,387
Deletions(WDV)	-	-	(3,619,200)	-	(3,619,200)
Depreciation charge	(31,917)	(44,015)	(509,072)	(104,391)	(689,395)
Closing net book value	287,256	102,700	5,028,350	1,983,424	7,401,730

Gross Carrying value basis - June 30, 2016

Cost	437,824	427,740	5,550,187	2,197,700	8,613,451
Accumulated depreciation	(150,568)	(325,040)	(521,837)	(214,276)	(1,211,721)
Net book value - 2016	287,256	102,700	5,028,350	1,983,424	7,401,730

Depreciation rates

10%	30%	15%	5%	W
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	Note	2017	2016
-----Rupees-----			
6 INTANGIBLE ASSETS			
Membership Entitlements			
Pakistan Stock Exchange Limited TREC	'6.1 & 7.1	200,000	10,426,170
Less : Impairment loss		-	(10,226,170)
		<u>200,000</u>	<u>200,000</u>
Computer Software			
Computer software - Purchase Cost		26,400	52,800
less: Amortization during the year (1/5th amortization)		(26,400)	(26,400)
		-	26,400
Computer software - Back office		966,667	1,000,000
less: Amortization during the year (1/5th amortization)		(199,998)	(33,333)
		<u>766,669</u>	<u>966,667</u>
		<u>966,669</u>	<u>1,193,067</u>

6.1 During the year Pakistan 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 Pakistan Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.50.5 Million as Intangibles while Pakistan 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 Pakistan Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of projected bid price of TREC and recorded value has been provided for.

7 LONG TERM INVESTMENTS

Available for Sale

1,602,953 (2016: 4,007,383) Shares of Rs. 10 each of

Pakistan Stock Exchange Limited

Less: Investment classified in short term invesment

'6.1 & 7.1	41,163,833	40,073,830
	(30,872,875)	-
	<u>10,290,958</u>	<u>40,073,830</u>

7.1 Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX 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. In accordance with the demotulization policy 60% of allotted shares 2,404,430 have been kept in blocked account with Central Depository Company of Pakistan Limited while 1,602,953 shares are credited to Companies CDC account. During the period PSX has transferred 1,602,953 shares from blocked account to new investor and proceed whereof has been given to the Company. Furthermore, 13,000 shares of PSX has also moved from CDC account by PSX which will be returned / adjusted upon completion of final transaction.

During the year, the Company has received sale proceed of Rs. 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement. the Company has also received sale proceed of Rs. 22 million against disposal of 801,477 shares representing 20% holding to general public.

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Furthermore, PSX notified vide letter dated June 23, 2017 that SECP has approved the application for formal listing and quotation of shares of PSX pursuant to Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012. The shares of PSX have been listed on June 29, 2017 on its ready counter, accordingly the company has recorded its remaining shares at a price of Rs. 25.68 being fair market value of such shares as of June 30, 2017. However CDC has kept these shares as frozen instead of blocked.

Further as per section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription. The investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

8 LONG TERM DEPOSITS

Deposit with Pakistan Stock Exchange Ltd	200,000	200,000
Deposit with CDC Pakistan Ltd	100,000	100,000
Deposit with National Clearing Company of Pak Ltd	1,200,000	200,000
Base Minimum Capital Requirement PSX	5,109	4,809
	<u>1,505,109</u>	<u>504,809</u>

9 TRADE DEBTS

Unsecured

Considered Good	9.1	<u>144,349,105</u>	<u>140,127,926</u>
		<u>144,349,105</u>	<u>140,127,926</u>

9.1 This includes an amount of Rs.11,100,167 (2016: Rs.3,396) receivable from Chief Executive. None of the amount is past due.

9.2 Aging analysis of amount due from customers

Not exceeding 5 days from trade date	42,422,103	-
Exceeding 5 days but not exceeding 14 days	36,751,991	-
	<u>79,174,094</u>	<u>-</u>
Exceeding 14 days against which listed securities held	65,175,011	-
Value after Hair cut applied on the basis of VAR	<u>23,017,744</u>	<u>-</u>

Comparative figures are not available as disclosure regime has been applied for the first time.

10 LOANS AND ADVANCES-Considered good, Unsecured

Current Portion of Long term loan to staff	9,000	152,000
Purchase of car - Honda Atlas Cars Ltd.	8,959,000	-
Advance Income tax - net of provisions	3,041,427	2,890,863
	<u>12,009,427</u>	<u>3,042,863</u>

11 TRADE DEPOSITS AND OTHER RECEIVABLES

Trade deposits - (NCCPL - Ready Exposure Margin)	500,000	6,000,000
Trade deposits - (NCCPL - MTS Exposure Margin)	20,755,368	9,834,080
Trade deposits - (NCCPL - Future Exposure / Losses in DFC)	4,848,900	-
Receivable from Stock Exchange	4,488,268	-
Receivable from PSX Proceed of 20% Shares	22,441,342	-
Receivable from NCPL	-	53,117
Other Receivable from Chief Executive	11.1	924,663
Sales tax input - SRB	-	77,024
	<u>53,958,541</u>	<u>18,809,260</u>

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11.1 This represents amount of Rs.924,663 (2016:Rs.2,845,039) receivable from Chief Executive.

		2017	2016
		-----Rupees-----	
12	SHORT TERM INVESTMENTS		
	At fair value through profit or loss		
	In Listed Companies	12.1 247,750,383	155,883,650
	NIT Units - NIT Islamic Equity Fund	12.2 -	1,043,000
	Un-Listed Company - For New Subscription of Loads Ltd.	7,248,000	-
		<u>254,998,383</u>	<u>156,926,650</u>
	<u>Available for Sale Investment:</u>		
	Pakistan Stock Exchange Limited	7.1 30,872,875	-
		<u>285,871,258</u>	<u>156,926,650</u>
12.1	In Listed Shares		
	Cost of Investments including held under MTS	245,917,444	145,203,707
	Unrealized remeasurement gain	1,832,939	10,679,943
	Net Carrying Values being market values	<u>247,750,383</u>	<u>155,883,650</u>
12.2	In Mutual Fund - NIT Islamic Equity Fund		
	Opening	1,043,000	1,000,000
	Disposed during the year	(1,043,000)	-
	Unrealized remeasurement gain	-	43,000
	Net Carrying Values being Net Asset values	<u>-</u>	<u>1,043,000</u>
	Value of shares held in CDC house or customers	<u>755,859,847</u>	<u>-</u>
	Value of shares under pledge house or Director	<u>430,775,240</u>	<u>-</u>
	Comparative figures are not available as disclosure regime has been applied for the first time.		
13	CASH AND BANK BALANCES		
	Cash at bank - Client's current accounts balances	12,486,308	9,613,982
	Cash at bank - Current Accounts	27,041	97,505
		<u>12,513,349</u>	<u>9,711,487</u>
14	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	2017 2016		
	Ordinary Shares of Rs. 10 each issued for consideration		
	4,500,000 4,500,000 Allotted for consideration paid in cash	45,000,000	45,000,000
	9,500,000 9,500,000 Allotted for consideration other than cash, (Conversion of KSE membership)	95,000,000	95,000,000
	<u>14,000,000 14,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>

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14.1 Pattern of shareholding

Name of share holders	% of Holding	No of shares
1. Mr. Aftab Sattar	49.99%	6,999,000
2. Mr. Abdul Rauf	10.00%	1,400,000
3. Mr. Aznim Bilwani	25.00%	3,500,000
4. Mr. Muhammad Rafiq	15.00%	2,100,000
5. Others less than 5 %	0.01%	1,000
	100%	14,000,000

There is no change in shareholding from the corresponding period.

15 TRADE AND OTHER PAYABLES

		2017	2016
-----Rupees-----			
Creditors for sale of shares on behalf of clients	15.1	12,481,743	9,613,032
MTS unreleased payable		61,181,912	58,443,584
		73,663,655	68,056,616
Traders share in commission payable	15.2	6,232,047	2,533,944
Accrued Expenses		237,960	826,111
Other Liabilities	15.3	1,229,782	1,219,715
		81,363,445	72,636,385

15.1 This includes an amount of Rs.6,640 (2016: Rs. 20,343) payable to director.

15.2 This includes Rs. 4,742,193 (2016: Rs. Nil) payable to Chief Executive.

15.3 Other Liabilities

Withholding tax		-	6,971
Sindh sales tax on IPO Income		26,299	32,178
Sindh sales tax on commission		374,564	351,646
Workers welfare fund	15.2.1	828,919	828,919
		1,229,782	1,219,714

15.2.1 Workers welfare fund is adjustable from income tax refundable as appearing in note 10.

16 ACCRUED MARKUP

Accrued mark-up on running finance - secured		3,041,060	2,728,619
----------------------------------------------	--	-----------	-----------

17 SHORT TERM BORROWINGS -Secured

Secured, Markup Bearing			
Running finances from bank	17.1	201,365,974	128,485,435
		201,365,974	128,485,435

17.1 The facilities for running finance available from a commercial banks aggregating to Rs.300 Million (June-2016 : Rs.150 million) and carry mark-up at the rate 3 M Kibor + 200 points spread (June-2016 : 3 M. Kibor + 200 pints spread) 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.

Value of shares under pledge with lending banks - House Account	139,780,637	-
Value of shares under pledge with lending banks - Director	234,793,088	-

Comparative figures are not available as disclosure regime has been applied for the first time.

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18 Contingencies and Commitments

There were no guarantees given by the company on behalf of any related party during the year.
There were no contingencies and commitments at the year end.

		2017	2016
		-----Rupees-----	
19 OPERATING REVENUES			
Brokerage Revenue - Securities - net of brokerage shares	19.1	61,686,286	21,874,654
Income From Exposure Deposits NCCPL		505,760	189,624
Income From Exposure Deposits PSX		174,710	34,610
Income From New script Commission (IPO)		25,500	422,250
		62,392,256	22,521,138
Less: Trader's shares in brokerage		(20,832,004)	(6,523,639)
		41,560,252	15,997,499
Dividend Income		4,308,412	6,365,913
		45,868,664	22,363,412
19.1 Brokerage revenue:			
From Proprietary trade		31,785,236	-
From Retail customers		29,052,662	-
From Institutional customers		848,388	-
		61,686,286	-
Comparative figures are not available as disclosure regime has been applied for the first time.			
20 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and benefits		9,769,004	5,969,500
Fees, subscription and charges		5,186,662	1,678,972
Communication		386,645	328,941
Conveyance and Travelling Expenses		2,145,660	-
KSE IT and Kats		273,681	147,325
Utilities		175,290	190,655
Office repairs and maintenance		3,508,586	1,960,818
Software Maintenance		303,830	186,076
General Expenses		807,203	653,267
Printing and stationery / Courier Service		35,813	10,323
Rent, rates & Taxes		171,336	68,150
Computer Expenses		267,822	329,804
Insurance		46,500	-
Entertainment		438,159	275,618
Mobile Expenses		342,000	-
Shared cost of PSX IPO		442,245	-
Donation		1,425,000	690,000
Amortization of Intangibles		226,398	59,733
Depreciation		963,210	689,395
Auditors' Remuneration	20.1	98,800	110,000
		27,013,844	13,348,577
20.1 Auditors' Remuneration			
Audit fees		50,000	50,000
Certifications fees		48,800	60,000
		98,800	110,000

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	2017	2016
	-----Rupees-----	
21 OTHER OPERATING EXPENSES		
Loss on disposal of property, plant & equipment	-	519,200
Impairment loss on TREC	-	4,800,000
Workers welfare fund	<u>1,175,006</u>	<u>262,381</u>
	<u><u>1,175,006</u></u>	<u><u>5,581,581</u></u>
22 FINANCE COST		
Mark-up on short term running finances	<u>14,056,676</u>	<u>10,909,369</u>
	<u><u>14,056,676</u></u>	<u><u>10,909,369</u></u>
23 TAXATION		
Current - for the year	<u>12,179,318</u>	<u>4,107,490</u>
	12,179,318	4,107,490
Deferred-(Reversal)/Charge 23.1	-	-
	<u><u>12,179,318</u></u>	<u><u>4,107,490</u></u>
23.1 In view of deductible temporary differences, 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.		
24 CASH FLOW FROM OPERATION ACTIVITIES		
Profit before taxation	57,575,289	12,856,676
Adjustments for non -cash charges and other items		
Depreciation	<u>963,210</u>	<u>689,395</u>
Amortization of intangible	<u>226,398</u>	<u>59,733</u>
Loss on disposal of property, plant & equipment	-	519,200
Unrealized loss on remeasurement of shares	<u>(1,832,939)</u>	<u>10,679,943</u>
Gain on disposal of long term investments	<u>(43,279,731)</u>	<u>-</u>
Impairment loss on TREC	-	4,800,000
Finance cost	<u>14,056,676</u>	<u>10,909,369</u>
	<u>(29,866,385)</u>	<u>27,657,640</u>
Operating profit before working capital changes	<u>27,708,903</u>	<u>40,514,316</u>
Changes in working capital		
Trade debts-unsecured	<u>(4,221,179)</u>	<u>31,896,490</u>
Loans and advances	<u>(8,816,000)</u>	<u>3,597,200</u>
Trade deposits, prepayments & other receivables	<u>(35,149,281)</u>	<u>(13,070,211)</u>
	<u>(48,186,460)</u>	<u>22,423,479</u>
Increase/(Decrease) in Current liabilities		
Trade and other payables	<u>8,727,060</u>	<u>32,237,089</u>
	<u>(11,750,497)</u>	<u>95,174,884</u>
25 CASH AND CASH EQUIVALENTS		
Cash and bank balances	12,513,349	9,711,487
Short term finances	<u>(201,365,974)</u>	<u>(128,485,435)</u>
	<u><u>(188,852,625)</u></u>	<u><u>(118,773,948)</u></u>

10

26 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets and Liabilities of the company, interest and non interest bearing, along with their maturities are as follows:

	2017						Total
	Markup / Interest Bearing			Non Markup / Interest Bearing			
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total	
FINANCIAL ASSETS							
Long term investments	-	-	-	-	10,290,958	10,290,958	10,290,958
Long Term deposits	-	-	-	-	1,505,109	1,505,109	1,505,109
Trade Debts	-	-	-	144,349,105	-	144,349,105	144,349,105
Short term investments	-	-	-	285,871,258	-	285,871,258	285,871,258
Loans and advances	-	-	-	9,000	91,000	100,000	100,000
Trade deposits	26,104,268	-	26,104,268	27,854,273	-	27,854,273	53,958,541
Bank Balances	-	-	-	12,513,349	-	12,513,349	12,513,349
	26,104,268	-	26,104,268	470,596,985	11,887,067	482,484,052	508,588,320

FINANCIAL LIABILITIES

Trade and other payables	-	-	-	81,363,445	-	81,363,445	81,363,445
Short-term borrowing	201,365,974	-	201,365,974	-	-	-	201,365,974
Accrued Markup	-	-	-	3,041,060	-	3,041,060	3,041,060
	201,365,974	-	201,365,974	84,404,505	-	84,404,505	285,770,479

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		2016					
		Markup / Interest Bearing		Non Markup / Interest Bearing		Total	
Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total		
FINANCIAL ASSETS							
Long term investments	-	-	-	40,073,830	40,073,830	40,073,830	
Long Term deposits	-	-	-	504,809	504,809	504,809	
Trade Debts	-	-	140,127,926	-	140,127,926	140,127,926	
Short term investments	-	-	156,926,650	-	156,926,650	156,926,650	
Loans and advances	-	-	152,000	82,000	234,000	234,000	
Trade deposits	15,834,080	15,834,080	2,975,180	-	2,975,180	18,809,260	
Bank Balances	-	-	9,711,487	-	9,711,487	9,711,487	
	15,834,080	15,834,080	309,893,243	40,660,639	350,553,882	366,387,962	
FINANCIAL LIABILITIES							
Trade and other payables	-	-	72,636,385	-	72,636,385	72,636,385	
Short-term borrowing	128,485,435	128,485,435	-	-	-	128,485,435	
Accrued Markup	-	-	2,728,619	-	2,728,619	2,728,619	
	128,485,435	128,485,435	75,365,004	-	75,365,004	203,850,439	

The effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements. While commission chargeable on off balance sheet items is chargeable as advised by the banks.

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27 FINANCIAL INSTRUMENTS

27.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk interalia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to loans and advances, balances with banks and financial institutions, and credit exposure to customers, including trade receivables and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2017	2016
	Rupees	
Long Term deposits	1,505,109	504,809
Long Term Investments	10,290,958	40,073,830
Long term loan	91,000	82,000
Trade Debts	144,349,105	140,127,926
Short term investments	285,871,258	156,926,650
Loans and advances	9,000	152,000
Trade deposits	53,958,541	18,809,260
Bank Balances	12,513,349	9,711,487
	<u>508,588,320</u>	<u>366,387,962</u>

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Loans and advances

These loans and advances are essentially due from employees and are usually adjustable against their salaries and retirement benefit balances. The Company regularly pursues for the recovery of the these and the Company does not expect these employees will fail to meet their obligations. Hence the company believes that no impairment allowance is necessary in respect of loans.

Trade Debts and Investments

Trade debts are against client shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential margin are made and recovered. Similarly investments mainly represents shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential re-measurement differences are instantly recorded.

Trade Deposits

These are given to PSX/NCCPL which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 26.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price 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. Market risk comprises of three types of risks: Foreign Exchange / Currency risk, interest rate risk and other price risk. The company is directly exposed to other price risk and interest rate risk only.

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Foreign exchange / Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to the risk.

Interest / Markup rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest / mark-up rates. The exposure to interest rate risk is mainly arises in respect of variable markup / interest bearing long term and short borrowings from banks. The Company's net exposure to markup/interest rate risk is as follows;

	2017	2016
	Rupees	
Short term borrowings	<u>201,365,974</u>	<u>128,485,435</u>
	<u>201,365,974</u>	<u>128,485,435</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased profit for the year by Rs. 2,013,660 (2016: Rs. 1,284,854). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

d) Other price risk

Price risk represents 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 interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk which is managed and mitigated by keeping sufficient exposure from the client's of the brokerage house.

At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2017	2016
Effect on profit and investment	<u>24,775,038</u>	<u>15,692,665</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

27.2 Fair value of Financial Assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value except those which are described in policy notes.

28 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry , the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

During year the Company's strategy was to maintain gearing. The gearing ratio as at balance sheet date is as follows:

	2017	2016
	Rupees	
Total interest bearing borrowings	201,365,974	128,485,435
Cash at bank	<u>(12,513,349)</u>	<u>(9,711,487)</u>
Net debt	188,852,625	118,773,948
Total equity	<u>244,553,457</u>	<u>174,023,183</u>
Total capital	<u>433,406,082</u>	<u>292,797,131</u>
Gearing ratio	<u>43.57%</u>	<u>40.57%</u>

29 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Director	
	2017	2016	2017	2016
Remuneration	3,000,000	1,200,000	-	-
Bonus	250,000	100,000	-	-
Tradee's shares in brokerage	5,194,413	-	-	-
	<u>8,444,413</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

In addition to above the Chief Executive is allowed company maintained car for business and personnel use.

30 NO OF EMPLOYESS	2017	2016
As on balance sheet date	<u>16</u>	<u>12</u>
Average during the year	<u>14</u>	<u>12</u>

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

31 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on September 15, 2017.

32 GENERAL

Figures have been rounded off to the nearest rupee. W


Chief Executive


Director

The Chairman and Board of Directors,
Asda Securities (Private) Limited,
Karachi

September 7, 2017

Re: **FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Dear Sir,

We are pleased to forward three copies of financial statements for the year ended June 30, 2017 together with our report thereon duly initialed by us for identification. We shall be pleased to sign our report after the accounts have been approved by the Board of Directors and signed by the Chief executive and at-least one of the Director.

The following items need Board's approval which, please be minuted.

	(Rupees)
• Approval of financial statements for the year ended June 30, 2017.	
• Addition in fixed assets	2,330,000
• Depreciation for the year	963,210
• Provision for Taxation	
- Current year	12,179,318

We are also forwarding you the draft representation letter which should be typed on Company's letter head after changes as appropriate and be sent back to us duly signed by Chief Executive and chief financial officer.

We appreciate the courtesy and cooperation extended to us by the staff members of your Company during the course of our audit.

Thanking you,

Yours truly,



Directors Report

Your Directors are pleased to welcome you at the Annual General Meeting and present Annual Audited Financial statements for the year ended 30-June-2017. During the year company's business remained positive as is evident from the profit because of capital gain which is attributable to the stringent efforts of our team members.

Financial Results	(Rupees)
Profit after taxation	<u>45,395,971</u>
Brought forward Profit	<u>34,023,183</u>
Profit carried forward	<u>70,530,274</u>
Earning Per Shares	<u>5.04</u>

Future Prospectus

Your directors project for growth in brokerage business of the company as during the last year appetite for securities and investment activities of the county will likely to persist as well in the year to come and that will enable your company to penetrate and grab its due market share with the innovations and ideas of IT technology.

Recommendation

In view of the business growth requiring financing no recommendations as to dividend has been proposed by the directors.

The auditor's M/s. KRESTON HYDER BHIMJI & CO., Chartered Accountants retire and being has been eligible offers the for reappointment.

We acknowledge the dedication, loyalty support of the shareholders at all the times.

For and on behalf of Board of Directors



Aftab Sattar

(Chief Executive)

Karachi the: September 15, 2017