



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S ASAD MUSTAFA SECURITIES (SMC-PRIVATE) LIMITED** as at June 30, 2015 and the related Profit and Loss Account, Statement of Comprehensive Income, 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 purpose 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 a test basis, evidence supporting the amount 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 the 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 accounts and are further in accordance with the accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of 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;


Other Offices at:


Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Tel: +92-51-2374282-3, Fax: +92-51-2374281

Karachi: Suite # 602-B, 6th Floor, Business & Finance Center, I.I. Chundrigar Road, Karachi
Tel: +92-21-32412212, 32443706 Fax: +92-21-32472235

- c) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, 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, 2015 and of the Profit, total comprehensive income, cash flows and its 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.

Place: Lahore.
Date: August 20, 2015


(Aslam Malik & Co.)
Chartered Accountants
Muhammad Aslam Malik



ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

EQUITY AND LIABILITIES			ASSETS		
Notes	2015 Rupees	2014 Rupees	Notes	2015 Rupees	2014 Rupees
Share Capital and Reserves			Non Current Assets		
<u>Authorised Share Capital</u> 2,000,000 (2014 : 1,300,000) Ordinary Shares of Rs.10 each	20,000,000	13,000,000	Property Plant & Equipment	4	-
<u>Issued, Subscribed & Paid-up Capital</u> 2,000,000 (2014 : 1,250,000) Ordinary Shares of Rs.10 each	12 20,000,000	12,500,000	Intangible Assets	5	4,125,000
Accumulated Profit	2,048,701	12,898	Long Term Investments	6	5,063,850
	22,048,701	12,512,898	Long Term Security Deposits	7	630,000
Share Deposit Money	-	13,102,387			9,818,850
					4,500,000
Current Liabilities			Current Assets		
Short Term Loan	13 15,348,775	-	Preliminary Expenses	8	-
Provision for Tax	-	4299	Short Term Investment	9	6,206,200
Accrued Expenses and Other Liabilities	14 444,735	19,175	Advances Deposits and Prepayments	10	2,164,456
	15,793,510	23,474	Cash & Bank Balances	11	19,652,705
Contingencies & Commitments	15 -	-			28,023,361
	37,842,211	25,638,759			21,138,759
					37,842,211
					25,638,759

** Auditors report is annexed

** The annexed notes from 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

PARTICULARS	Notes	2015 Rupees	2014 Rupees
Brokerage Income	16	-	-
Operating and Administrative expenses	17	<u>1,384,110</u>	<u>32,700</u>
Operating Profit/ (Loss)		(1,384,110)	(32,700)
Other Income	18	4,707,611	50,307
Finance Cost	19	594	410
Loss on re-measurement of Investment at fair value through profit or loss	9	788,217	-
Profit Before Tax for the year		<u>2,534,690</u>	<u>17,197</u>
Taxation	20	498,887	4,299
Profit After Taxation		<u><u>2,035,803</u></u>	<u><u>12,898</u></u>

** The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 (RUPEES)	2014 (RUPEES)
Profit after Taxation	2,035,803	12,898
Other Comprehensive income / (loss) for the year	-	-
Total comprehensive income for the year	<u>2,035,803</u>	<u>12,898</u>

** The annexed notes from 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015 RUPEES	2014 RUPEES
Cash Flows From Operating Activities		
Profit/(Loss) before Tax	2,534,690	17,197
<u>Adjustments for non cash items:</u>		
Financial Charges	594	410
Amortization of Preliminary Expenses	181,000	(181,000)
Loss on re-measurement of Investment at fair value through profit or loss	788,217	-
Operating profit/(loss) before working capital changes	<u>3,504,501</u>	<u>(163,393)</u>
Adjustments for working capital items:		
(Increase)/ Decrease in current assets		
Short term deposits & prepayments	12,903,875	(15,068,331)
Short Term Investment	(6,994,417)	-
Increase/ (Decrease) in current liabilities		
Creditors, accrued & other liabilities	15,770,036	23,474
Cash generated from/ (used in) operations	<u>21,679,494</u>	<u>(15,044,857)</u>
Taxes Paid	(498,887)	(4,299)
Financial Charges Paid	(594)	(410)
Net cash generated from/ (used in) operating activities	<u>24,684,514</u>	<u>(15,212,959)</u>
Cash Flows from Investing Activities		
Purchase of Intangibles	(25,000)	(4,100,000)
Investments made	(5,063,850)	-
Security Deposits	(230,000)	(400,000)
Net cash generated from/ (used in) investing activities	<u>(5,318,850)</u>	<u>(4,500,000)</u>
Cash flows from Financing Activities		
Proceeds from Issue of Share Capital	7,500,000	12,500,000
Share deposit money	(13,102,387)	13,102,387
Net cash generated from financing activities	<u>(5,602,387)</u>	<u>25,602,387</u>
Net increase in cash and cash equivalents	<u>13,763,277</u>	<u>5,889,428</u>
Cash and cash equivalents at the beginning of the year	5,889,428	-
Cash and cash equivalents at the end of the year	<u>19,652,705</u>	<u>5,889,428</u>



CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2015

DESCRIPTION	NOTES	SHARE CAPITAL	UNAPPROPRIATED PROFIT/ (LOSS)	TOTAL
		(RUPEES)		
Balance as at July 01, 2013		-	-	-
Capital Introduced during year		12,500,000	-	12,500,000
Profit for the year		-	12,898	12,898
Balance as at June 30, 2014		12,500,000	12,898	12,512,898
Capital Introduced during year		7,500,000	-	7,500,000
Profit for the year		-	2,035,803	2,035,803
Balance as at June 30, 2015		20,000,000	2,048,701	22,048,701


 CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

Asad Mustafa Securities (SMC-Private) Limited (the company) was incorporated in Pakistan on November 11, 2013 as single member private limited company under the Companies Ordinance, 1984. The company's registered office is situated at 601/1-1 Z, Phase III, DHA, Lahore. The principle activity is to render services as broker of stock exchanges in Pakistan for carrying on the activities of buying, selling or dealing in securities and carrying such other activities as permitted by Stock Exchanges.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Accounting and Financial reporting standards for Small Sized Entities (SSE) as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These accounts have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan 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 and various other factors that are believed to be reasonable under the circumstances, the results 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 recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Property, Plant and Equipment

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment loss. Cost comprises acquisition and other directly attributable costs. Depreciation on Fixed Assets will be provided applying reducing balance method.

Full month's depreciation is charged on additions while no depreciation is charged on deletion during the year. Gains and loss on disposal of fixed assets are added in income currently. All Leasehold improvement are capitalised and amortised over the remaining life of the lease term or life of the improvement whichever ever is shorter.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are written off. Gains and losses on disposal of assets, if any, are included in profit and loss account currently.

3.3 Intangible Assets

Trading Right Entitlement Certificate (TREC)

TREC has indefinite useful life and accordingly is not amortised however tested for impairment only. Impairment loss is recognised in profit or loss account.

3.4 Trade and Other receivables

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where payment of a debt becomes doubtful, a provision is made and charged to income statement.

3.5 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 comprise cash in hand, cash with banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.6 Taxation

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any. Deferred tax where applicable is accounted for using the liability method.

3.7 Trade and Other Payables

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

3.8 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably.

i) Brokerage Fee

Brokerage fee and commission on securities and commodities is recognised as and when the related services are rendered.

ii) Income on Bank Deposits

Mark up/ interest on bank deposits and return on investment is recognised on accrual basis.

iii) Others

Gain/loss on sale of investment is recognised in the year in which they arise.

3.9 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangibles assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

3.10 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset. Such borrowing costs, if any are capitalized as part of cost of the asset.

3.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, 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.

3.12 Related Party Transactions

Parties are considered to be related if one party has ability to control the other party and exercise significant influence over other party in making financial and operating decisions. The company enters into transactions with related parties on an arm's length basis determined in accordance with comparable uncontrolled price method.

3.13 Financial Instruments

3.13.1 Financial Assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade debts, loans and advances, deposits, other receivables and profit receivable from banks in the Balance Sheet.

c) Available-for-sale financial assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investment within twelve months from the Balance Sheet date. Available-for-sale financial assets are classified as short term investments in balance Balance Sheet.

Changes in fair value of securities classified as available-for-sale are recognised in equity.

3.13.2 Financial Liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments.

All the financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognised in the profit & loss account.

3.13.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the company has as a legally enforceable right to setoff the recognised amounts and the company intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Note	June 2015 Rupees	June 2014 Rupees
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4 PROPERTY PLANT & EQUIPMENT

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5 INTANGIBLE ASSETS

Software (LSE Back Office)	25,000	-
Trading Right Entitlement Certificate (TREC)	4,100,000	4,100,000
	<u>4,125,000</u>	<u>4,100,000</u>

6 LONG TERM INVESTMENTS

843,975 shares of Lahore Stock Exchange	5,063,850	-
	<u>5,063,850</u>	<u>-</u>

- 6.1 Pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and intergration) Act 2012 , the Company (Stock Broker) has received of 843,975 shares at Rs. 10 each with a total face value of Rs. 8,439,750 and Trading Right Entitlement Certificate (TREC) to the Company by the LSE. Out of total shares issued by the LSE, the Company has received 40% equity shares i.e. 337,590 shares in its CDC Pledged account. The remaining 60% i.e. 506,385 shares have been transferred to CDC sub-account in the Company's name under the LSE's participant IDs with the CDC.

The above mentioned face value (Rs.8,439,750) of the shares issued by the LSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 8,439,750 received by the Company represent its share in the fair value of the net assets of the LSE. Under the current circumstances where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further LSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 4.1 million as per the decision of the BOD of the LSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 4.1 million has been considered as the closest estimate of the fair value of the TREC.

7 LONG TERM SECURITY DEPOSITS

National Clearing Company of Pakistan Limited	300,000	300,000
Central Depository Company of Pakistan Limited	100,000	100,000
Lahore Stock Exchange	230,000	-
	<u>630,000</u>	<u>400,000</u>

8 PRELIMINARY EXPENSES

Opening Balance		181,000	181,000
Less: Written off during the year	8.1	(181,000)	-
Closing Balance		<u>-</u>	<u>181,000</u>

- 8.1 The whole balance of preliminary expenses is written off during the current year.

Note	June	June
	2015	2014
	Rupees	Rupees

9 SHORT TERM INVESTMENTS

Cost of Investment in Listed Securities	6,994,417	-
Loss on re-measurement	(788,217)	-
Fair value of Investment as on June 30, 2015	<u>6,206,200</u>	<u>-</u>

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Tax Refundable	31,656	5,031
Advance for Purchase of Shares of PPL	-	12,900,000
Advance for Lahore Stock Exchange Office	2,132,800	2,132,800
Advance for Software Development	-	25,000
Prepaid Expenses	-	5,500
	<u>2,164,456</u>	<u>15,068,331</u>

11 CASH AND CASH EQUIVALENTS

Cash in Hand	-	-
Cash at Bank	19,652,705	5,889,428
	<u>19,652,705</u>	<u>5,889,428</u>

12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2015	2014			
<u>Number of shares</u>				
<u>2,000,000</u>	<u>1,250,000</u>	Ordinary shares of Rs. 10/- each fully paid	<u>20,000,000</u>	<u>12,500,000</u>

13 SHORT TERM LOAN

Loan from Director	15,348,775	-
	<u>15,348,775</u>	<u>-</u>

13.1 This is interest free and unsecured loan and will be paid off on ease of the Company.

14 ACCRUED AND OTHER LIABILITIES

Commission Expense Payable	80,371	-
Capital Gain Tax payable to NCCPL	324,364	-
Audit Fee Payable	40,000	15,000
CDC Subscription Fee Payable	-	4,175
	<u>444,736</u>	<u>19,175</u>

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2015 (2014: Nil) to which the Company is a party.

Note	June 2015 Rupees	June 2014 Rupees
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16 COMMISSION INCOME

-	-
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17 OPERATING AND ADMINISTRATIVE EXPENSES

Staff Salaries ,Wages and Bonuses	555,000	-
Fee & Subscription	27,245	4,700
Documentation Fee	92,350	-
Audit Fee	50,000	15,000
BTB - Commission	292,519	-
NCCPL Charges	8,056	-
Traveling & Conveyance	160,000	-
Preliminary Expenses Written off	181,000	-
Stationery Expense	17,940	-
Miscellaneous Expenses	-	13,000
	<u>1,384,110</u>	<u>32,700</u>

18 OTHER INCOME

Dividend Income	829,463	-
Gain on Sale of Securities	3,878,148	-
Profit on Short Term Deposit with Bank	-	50,307
	<u>4,707,611</u>	<u>50,307</u>

19 FINANCE COST

Bank Charges	594	410
	<u>594</u>	<u>410</u>

20 TAXATION

Provision for Tax	498,887	4,299
	<u>498,887</u>	<u>4,299</u>

21 GENERAL

Figures have been rounded off to the nearest rupee.

The Financial Statements were approved by the Board of Directors and Authorized for issue on 20 AUG 2015


CHIEF EXECUTIVE / DIRECTOR