



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ASAD MUSTAFA SECURITIES (SMC-PRIVATE) LIMITED** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statements, statement of change 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 a 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 account 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, statement of comprehensive income, cash flow statement, statement of change in equity 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 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;
- c) In our opinion and to the best of our information and according to the explanations given to us, balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, statement of change 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, 2016 and of the Profit, its comprehensive income, cash flows and changes in equity for the year then ended;
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

IECnet S.K.S.S.S

Chartered Accountants

Lahore, September 07, 2016

Name of audit engagement partner, **Muhammad Aslam Khan.**

A.M.S (SMC-PVT) Ltd.

HEAD OFFICE:- 601/1-1Z, PHASE III, DHA, Lahore Pakistan

Asad Mustafa Securities (SMC-Private) Limited

DIRECTOR's REPORT

Alhamdulillah, the Company took a major step by increasing the Paid up Capital by Rs. 57 Million taking it to Rs. 77 Million.

The additional Capital will be used to acquire shareholdings in various companies as venture capitalist as well investment in the listed stocks at Pakistan Stock Exchange.

We foresee a substantial growth in the Company business from its investments in the years to come.

September 07, 2016



Asad Ali Khan
Director



ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

EQUITY AND LIABILITIES			ASSETS				
	Notes	2016 Rupees	2015 Rupees		Notes	2016 Rupees	2015 Rupees
Share Capital and Reserves				Non Current Assets			
<u>Authorised Share Capital</u>				Property Plant & Equipment	4	-	-
10,000,000 (2015 : 2,000,000) Ordinary Shares of Rs.10 each		<u>100,000,000</u>	<u>20,000,000</u>	Intangible Assets	5	4,125,000	4,125,000
<u>Issued, Subscribed & Paid-up Capital</u>				Long Term Investments	6	62,059,850	5,063,850
7,700,000 (2015 : 2,000,000) Ordinary Shares of Rs.10 each	11	77,000,000	20,000,000	Long Term Security Deposits	7	560,000	630,000
Accumulated Profit / (Loss)		(4,943,625)	2,048,701			<u>66,744,850</u>	<u>9,818,850</u>
		72,056,375	22,048,701				
Long Term Loan	12	10,000,000	-				
Current Liabilities				Current Assets			
Short Term Loan	13	9,108,525	15,348,775	Short Term Investment	8	22,199,600	6,206,200
Provision for Tax		-	-	Advances Deposits and Prepayments	9	2,164,456	2,164,456
Accrued Expenses and Other Liabilities	14	45,000	444,735	Cash & Bank Balances	10	100,993	19,652,705
		9,153,525	15,793,510			<u>24,465,049</u>	<u>28,023,361</u>
Contingencies & Commitments	15	-	-				
		<u>91,209,899</u>	<u>37,842,211</u>			<u>91,209,899</u>	<u>37,842,211</u>

** Auditors report is annexed

** The annexed notes from 1 to 23 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, 2016

PARTICULARS	Notes	2016 Rupees	2015 Rupees
Brokerage Income	16	-	-
Operating and Administrative expenses	17	899,031	1,384,110
Operating Profit/ (Loss)		(899,031)	(1,384,110)
Other Income	18	1,088,426	4,707,611
Finance Cost	19	444	594
Loss on re-measurement of Investment at fair value through profit or loss		7,054,030	788,217
Profit/ (Loss) Before Tax for the year		(6,865,079)	2,534,690
Taxation	20	127,248	498,887
Profit/ (Loss) After Taxation		(6,992,327)	2,035,803

** The annexed notes from 1 to 23 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, 2016

	2016 (RUPEES)	2015 (RUPEES)
Profit/ (Loss) after Taxation	(6,992,327)	2,035,803
Other Comprehensive income / (loss) for the year	-	-
Total comprehensive income / (Loss) for the year	<u>(6,992,327)</u>	<u>2,035,803</u>

** The annexed notes from 1 to 23 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, 2016

	2016 RUPEES	2015 RUPEES
Cash Flows From Operating Activities		
Profit/(Loss) before Tax	(6,865,079)	2,534,690
<u>Adjustments for non cash items:</u>		
Financial Charges	444	594
Amortization of Preliminary Expenses	-	181,000
Loss on re-measurement of Investment at fair value through profit or loss	7,054,030	788,217
Operating profit/(loss) before working capital changes	<u>189,395</u>	<u>3,504,501</u>
Adjustments for working capital items:		
(Increase)/ Decrease in current assets		
Short term deposits & prepayments	-	12,903,875
Short Term Investment	(23,047,430)	(6,994,417)
Increase/ (Decrease) in current liabilities		
Creditors, accrued & other liabilities	(6,639,986)	15,770,036
Cash generated from/ (used in) operations	<u>(29,687,415)</u>	<u>21,679,494</u>
Taxes Paid	(127,248)	(498,887)
Financial Charges Paid	(444)	(594)
Net cash generated from/ (used in) operating activities	<u>(29,625,712)</u>	<u>24,684,514</u>
Cash Flows from Investing Activities		
Purchase of Intangibles	-	(25,000)
Investments made	(56,996,000)	(5,063,850)
Security Deposits	70,000	(230,000)
Net cash generated from/ (used in) investing activities	<u>(56,926,000)</u>	<u>(5,318,850)</u>
Cash flows from Financing Activities		
Proceeds from Issue of Share Capital	57,000,000	7,500,000
Share deposit money	-	(13,102,387)
Loan obtained	10,000,000	-
Net cash generated from financing activities	<u>67,000,000</u>	<u>(5,602,387)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>(19,551,712)</u>	<u>13,763,277</u>
Cash and cash equivalents at the beginning of the year	19,652,705	5,889,428
Cash and cash equivalents at the end of the year	<u>100,993</u>	<u>19,652,705</u>


CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

DESCRIPTION	NOTES	SHARE CAPITAL	UNAPPROPRIATED PROFIT/ (LOSS)	TOTAL
		(RUPEES)		
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
Capital Introduced during year		57,000,000	-	57,000,000
Profit for the year		-	(6,992,327)	(6,992,327)
Balance as at June 30, 2015		77,000,000	(4,943,625)	72,056,375


CHIEF EXECUTIVE / DIRECTOR

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 Medium Sized Entities (MSE) 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 Medium-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 which 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 can enter into transactions with related parties on an arm's length basis determined in accordance with comparable uncontrolled price method.

3.13 Staff Retirement Benefits

The company does not pay any retirement benefit to its employees.

3.14 Financial Instruments

3.14.1 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.

3.14.2 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.

3.14.3 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	June
		2016	2016
		Rupees	Rupees
4 PROPERTY PLANT & EQUIPMENT			
5 INTANGIBLE ASSETS			
Software (LSE Back Office)		25,000	25,000
Trading Right Entitlement Certificate (TREC)		4,100,000	4,100,000
		<u>4,125,000</u>	<u>4,125,000</u>
6 LONG TERM INVESTMENTS			
843,975 shares of Lahore Stock Exchange			
Investment in NMDA (Pvt) Ltd	6.1	5,063,850	5,063,850
		56,996,000	-
		<u>62,059,850</u>	<u>5,063,850</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	200,000	300,000
Central Depository Company of Pakistan Limited	100,000	100,000
Lahore Stock Exchange	260,000	230,000
	<u>560,000</u>	<u>630,000</u>

8 SHORT TERM INVESTMENTS

Investment in Listed Securities	29,253,630	6,994,417
Less: Loss on re-measurement of Investment at fair value through profit or loss	(7,054,030)	(788,217)
	<u>22,199,600</u>	<u>6,206,200</u>

Note	June	June
	2016	2016
	Rupees	Rupees

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Tax Refundable	31,656	31,656
Advance for Lahore Stock Exchange Office	2,132,800	2,132,800
	<u>2,164,456</u>	<u>2,164,456</u>

10 CASH AND CASH EQUIVALENTS

Cash in Hand	-	-
Cash at Bank	100,993	19,652,705
	<u>100,993</u>	<u>19,652,705</u>

11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2016	2015			
Number of shares				
<u>7,700,000</u>	<u>2,000,000</u>	Ordinary shares of Rs. 10/- each fully paid	<u>77,000,000</u>	<u>20,000,000</u>

12 LONG TERM LOAN

Loan from Director	12.1	10,000,000	-
		<u>10,000,000</u>	<u>-</u>

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

13 SHORT TERM LOAN

Loan from Director	12.1	9,108,525	15,348,775
		<u>9,108,525</u>	<u>15,348,775</u>

14 ACCRUED AND OTHER LIABILITIES

Commission Expense Payable	-	80,371
Capital Gain Tax payable to NCCPL	-	324,364
Audit Fee Payable	45,000	40,000
	<u>45,000</u>	<u>444,735</u>

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2016 (2015: Nil) to which the Company is a party.

16 COMMISSION INCOME

	<u>-</u>	<u>-</u>
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Note	June	June
	2016	2016
	Rupees	Rupees

17 OPERATING AND ADMINISTRATIVE EXPENSES

Staff Salaries ,Wages and Bonuses	406,000	555,000
Fee & Subscription	91,512	27,245
Documentation Fee	301,525	92,350
Audit Fee	60,000	50,000
BTB - Commission	4,483	292,519
NCCPL Charges	2,977	8,056
Traveling & Conveyance	-	160,000
Amortization of Preliminary Expense	-	181,000
Stationery Expense	2,700	17,940
Miscellaneous Expenses	2,212	-
Web Development Charges	17,000	-
Rent expense	10,000	-
Courier Charges	622	-
	<u>899,031</u>	<u>1,384,110</u>

17.1 Auditors' Remuneration

The audit fee and remuneration included in the financial statements	60,000	50,000
is as follows:	<u>60,000</u>	<u>50,000</u>

17.2 The company does not have any policy to pay any kind of retirement benefit to its employee.

18 OTHER INCOME

Dividend Income	1,017,981	829,463
Gain on Sale of Securities	70,445	3,878,148
	<u>1,088,426</u>	<u>4,707,611</u>

19 FINANCE COST

Bank Charges	444	594
	<u>444</u>	<u>594</u>

20 TAXATION

Provision for Tax	127,248	498,887
	<u>127,248</u>	<u>498,887</u>

21 NUMBER OF EMPLOYEES

Number of employees at year end	<u>1</u>	<u>1</u>
Average number of employees during the year	<u>1</u>	<u>1</u>

22 TRANSACTIONS WITH RELATED PARTY

Related parties and associated comprise of the payment received as long term loan From Director of amounting to Rs. 10,000,000 only and Short term loan payed During amounting to Rs: 6,240,250 only.

Note	June	June
	2016	2016
	Rupees	Rupees

DISCLOSURES RELATED TO PROVIDENT FUND

As there is no provident fund scheme, no related disclosures are applicable.

23 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 September 07, 2016.



CHIEF EXECUTIVE / DIRECTOR

**WITHHOLDING TAX CALCULATION
ASAD MUSTAFA SECURITIES (SMC-PVT.) LTD
FOR THE YEAR 2016**

Sr. No.	Detail	Deposited Amount	Deducted Amt.	Total
1	TREET Corp. @ 1 Re./Share (385000 Shares) WHT @ 12.5%	336,875	48,125	385,000
2	LSE 337590 shares @ 0.75 WHT @ 12.5%	221,544	31,649	253,193
3	LSE 506385 Shares @ 0.75 WHT @ 12.5%	332,315	47,474	379,789
Total Dividen & Tax Deducted at Source		890,733	127,248	1,017,981

Tax Payable	127,248.0
Current Year WHT	(127,248.0)
Net Tax Payable	-