

ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED

BALANCE SHEET

AS AT SEPTEMBER 30, 2018

| | Note | Sep 30, 2018 |
|---|------|-----------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | 4 | 4,657,800 |
| Long Investments - available for sale | 5 | 75,432,093 |
| Long-term deposits | 6 | 2,280,000 |
| Long term loan | | 2,500,000 |
| | | 84,869,893 |
| CURRENT ASSETS | | |
| Trade debts | 7 | |
| Short-term investments | 8 | 33,970,500 |
| Trade deposits and short-term prepayments | 9 | 595,993 |
| Advance Tax | 10 | 893,998 |
| Cash and bank balances | 11 | 120,642 |
| | | 35,581,133 |
| Total Assets | | 120,451,026 |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Share capital | 12 | 97,000,000 |
| Unappropriated Profit | | 21,902,325 |
| Total equity | | 118,902,325 |
| Non-Current Liabilities | | |
| Long term loan | | - |
| CURRENT LIABILITIES | | |
| Trade and other payables | 14 | 460,152 |
| Short term loan | 13 | 200,553 |

| | | |
|--------------------------------------|-----------|-------------|
| Provision for Taxation | <i>15</i> | 887,996 |
| | | 1,548,701 |
| Contingencies and Commitments | <i>16</i> | 1,548,701 |
| | | 120,451,026 |

ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEP 30, 2018

| | <i>Note</i> | SEP 30, 2018 |
|--|-------------|----------------------------|
| Operating revenue | <i>17</i> | 112,503 |
| Operating and administrative expenses | <i>18</i> | 401,272 |
| Operating (loss) / profit | | <u>(288,769)</u> |
| Other Income | <i>19</i> | - |
| Finance cost | <i>20</i> | 1,392 |
| Impairment loss on available for sale securities | | |
| (Loss) / Gain on re-measurement of Investments at fair value through P/L | <i>21</i> | <u>261,000</u> (29,161) |
| Other income | | |
| Taxation | <i>22</i> | |
| - current tax expense | | |
| - deferred tax expense / (income) | | |
| (Loss) / profit after taxation | | <u><u>(29,161)</u></u> |

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements

Chief Executive Officer

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

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

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 in 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 | SEP |
|------|---------------|
| | 2,018 |
| | RUPEES |

PROPERTY PLANT & EQUIPMENT

4 INTANGIBLE ASSETS

| | | |
|--|-----|------------------|
| Software (LSE Back Office) | | 25,000 |
| Trading Right Entitlement Certificate (TREC) | 4.1 | 2,500,000 |
| Room Rights - LSE Plaza South Tower | | 2,132,800 |
| | | <u>4,657,800</u> |

- 4.1 Pursuant to Memorandum of Understanding was signed between Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) & Islamabad Stock Exchange Limited (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) [the Act], the Company has been issued TREC's of Pakistan Stock Exchange, in lieu of TREC of LSE previously issued. These have been carried at Cost less impairment.

5 LONG TERM INVESTMENTS

Investmet in:

| | | |
|--------------------------|--|------------|
| NMDA (Pvt) Ltd - at cost | | 59,995,790 |
|--------------------------|--|------------|

At fair value through profit or loss - designated on initial recognition

| | | |
|--|-----|-------------------|
| LSE Financial Services Limited (formerly Lahore Stock Exchange Limited - LSEL) | 5.1 | 15,436,303 |
| | | <u>75,432,093</u> |

- 5.1 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 Financial Services Limited (formerly LSEL). Out of total shares issued by the LSE Financial Services Limited, 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 Financial Services Limited (formerly LSEL) 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 Financial Services Limited. 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.

During the period, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore stock exchange (LSE) and the Islamabad stock exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the stock exchanges (Corporatization, Demutualization) Act 2012 (XV of 2012) vide SECP's order 01/2016 dated January 11, 2016. As a consequence of the integration scheme, the business model of ISE and LSE have been changed and they have obtained the license to operate as NBFC as per NBFC rules and KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited.

The Company has recognised the investment at fair value through profit or loss on the basis of break up value of shares of LSEFSL after considering the latest available financial information.

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.

| | Note | SEP 2018 Rupees |
|---|----------------------|-----------------------|
| 6 LONG TERM SECURITY DEPOSITS | | |
| National Clearing Company of Pakistan Limited | | 1,400,000 |
| Central Depository Company of Pakistan Limited | | 100,000 |
| Lahore Stock Exchange Ltd. | | 30,000 |
| Pakistan Stock Exchange Ltd. | | |
| Pakistan Mercantile exchange | | 750,000 |
| | | <u>2,280,000</u> |
| 7 TRADE DEBTORS | | |
| Unsecured- Considered good | | - |
| | | <u>-</u> |
| 8 SHORT TERM INVESTMENTS | | |
| At fair value through profit or loss - held for trading | 7.1 | <u>33,970,500</u> |
| 8.1 Financial assets at fair value through profit or loss - held for trading | | |
| Average cost | | 33,709,500 |
| Unrealized loss/ Gain on re-measurement of investments | | 261,000 |
| Closing carrying value | | 33,970,500 |
| 9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| Deposit against DFC Trading Exposure | | |
| NCSS | | 595,993 |
| Capital Value Tax | | |
| | | <u>595,993</u> |
| 10 Advance Tax | | |
| WHT Tax | | 47,631 |
| WHT Tax on dividend | | 719,548 |
| Advance Tax | | 126,819 |
| | | <u>893,998</u> |
| 11 CASH AND CASH EQUIVALENTS | | |
| Cash in Hand | | |
| Cash at Bank | 132-20311-714-110923 | 110,132 |
| Cash at Client Bank Account | 132-20610-714-113383 | 10,775 |
| | | <u>120,907</u> |

12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| 2018 | 2017 | | |
|-------------------------|------------------|---|-------------------|
| Number of shares | | | |
| <u>9,700,000</u> | <u>9,700,000</u> | Ordinary shares of Rs. 10/- each fully paid | <u>97,000,000</u> |

13 LONG TERM LOAN

| | | |
|--------------------|------|-----------------------------|
| Loan from Director | 13.1 | <u> </u> |
| | | <u> </u> |

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

13 SHORT TERM LOAN

| | |
|--------------------|----------------|
| Loan from Director | 200,553 |
| | <u>200,553</u> |

| Note | Sep 2018 Rupees |
|------|-----------------------|
|------|-----------------------|

14 TRADE AND OTHER LIABILITIES

| | |
|------------------------------|----------------|
| Trade Creditors | 396,934 |
| NCCPL payable | - |
| Other Payables | 17,468 |
| Audit Fee Payable | 45,000 |
| CDC Subscription Fee Payable | |
| CVT | 750 |
| | <u>460,152</u> |

| Note | Sep 2018 Rupees |
|------|-----------------------|
|------|-----------------------|

15 Provision for taxation - Net

| | |
|------------------------------|-----------------------------|
| Opening Balance | |
| Add: Taxation for the Period | <u> </u> |
| Less: | |
| Adjusted against Advance Tax | <u> </u> |
| | <u> </u> |

16 CONTINGENCIES AND COMMITMENTS

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

17 COMMISSION INCOME

112,503

18 OPERATING AND ADMINISTRATIVE EXPENSES

| | |
|-----------------------------------|---------|
| Staff Salaries ,Wages and Bonuses | 191,200 |
| Traders' Commission | 39,251 |
| Fee & Subscription | - |
| Documentation Fee | - |
| Audit Fee | |

| | |
|---------------------------------|----------------|
| NCCPL Trade Fee Charge to House | 12,420 |
| Rate and taxes | |
| Telecommunication Charges | 57,504 |
| KITs Annual Charges to PSX | |
| CDC Collection | 8,428 |
| Back Office Charges to LSEFSL | 4,500 |
| Rent expense | 44,982 |
| PMEX Fee | - |
| Trading Charges | 2,867 |
| Office Registration - PSX | - |
| Multinet | 19,120 |
| PSX Charges | 21,000 |
| Misc. Expenses | - |
| | <u>401,272</u> |

19 OTHER INCOME

| | |
|--|----------|
| Dividend Income | - |
| Gain on Sale of Securities | - |
| Profit on Short Term Deposit with Bank | - |
| Refund from NCCPL | - |
| | <u>-</u> |

20 FINANCE COST

| | |
|--------------|--------------|
| Bank Charges | 1,392 |
| | <u>1,392</u> |

21 LOSS / (GAIN) ON RE-MEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT

| | |
|--|----------------|
| Gain on re-measurement of shares of LSE/ Listed Securities | - |
| Remeasurement of Tradeable Securities | 261,000 |
| Loss Remeasurement Of Tree Certificates | - |
| | <u>261,000</u> |

22 TAXATION

| | Note | Sep 2018 Rupees |
|------------|------|-----------------------|
| Current | | 887,996 |
| Prior year | | |
| Adjustment | | - |
| | | <u>887,996</u> |

22.1 This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance, 2001 and Normal Taxation on other Income.

22.2 Deferred Taxation has not been provided as the Company is subject to Presumptive Taxation.

NUMBER OF EMPLOYEES

23

Number of employees at the end of year
Average Number of employees during the year

24 Pattern of shareholding (name of persons holding above 5%)

| NAME | CATEGORIES OF SHAREHOLDERS | | |
|------|----------------------------|--|--|
|------|----------------------------|--|--|

Asad Mustafa
Mustafa

Director/CEO
Director/Sponsor

ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

AS AT SEPTEMBER 30, 2018

| | Share capital Rupees | Share premium Rupees | Unappropriated profit/ (Loss) Rupees | Total Rupees |
|--|----------------------------|----------------------------|--|--------------------|
| Balance as at 01 July 2016 | 77,000,000 | - | (4,943,626) | 72,056,374 |
| Share issue during the year | 20,000,000 | - | - | 20,000,000 |
| Net profit / (loss) for the year ended 30 June 2017 | - | - | 14,874,066 | 14,874,066 |
| Balance as at 30 June 2017 | 97,000,000 | - | 9,930,440 | 106,930,440 |
| Share issue during the year | | - | - | - |
| Net profit / (loss) for the year ended 30 June, 2018 | - | - | 12,001,046 | 12,001,046 |
| Balance as at 30th June, 2018 | 97,000,000 | - | 21,931,486 | 118,931,486 |
| Share issue during the year | 0 | | | |
| Net profit / (loss) for the year ended 30 June, 2018 | | | (29,161) | (29,161) |
| Balance as at 30th SEP, 2018 | 97,000,000 | - | 21,902,325 | 118,902,325 |

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Labore:

Chief Executive

Director

