

ASAD MUSTAFA SECURITIES (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED December 31, 2018

	DECEMBER 31, 2018	UN-AUDITED JUNE 30, 2018
Profit/ (Loss) after Taxation	4,009,871	12,001,046
Other Comprehensive income / (loss) for the year	-	-
Total comprehensive income / (Loss) for the year	4,009,871	12,001,046

CHIEF EXECUTIVE / DIRECTOR



ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

FOR THE PERIOD ENDED December 31, 2018

	Share capital	Share premium	Unappropriated profit/ (Loss)	UN-AUDITED
	Rupees	Rupees	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	-	-	-	-
Net profit / (loss) for the year ended 31 December, 2018	-	-	4,009,871	4,009,871
Balance as at 31 DECEMBER 2018	97,000,000	-	25,941,357	122,941,357

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Labore:

Chief Executive

Director

ASAD MUSTAFA SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED December 31, 2018

UN-AUDITED

1 STATUS AND NATURE OF BUSINESS

Asad Mustafa Securities (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 International 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 other wise 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

UN-AUDITED

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 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 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	DECEMBER 2018 Rupees	June 2018 Rupees
4 INTANGIBLE ASSETS			
Software (LSE Back Office)		25,000	25,000
Trading Right Entitlement Certificate (TREC)	4.1	2,500,000	2,500,000
Room Rights - LSE Plaza South Tower		2,132,800	2,132,800
		4,657,800	4,657,800

- 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	59,995,790
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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	15,436,303
		75,432,093	75,432,093

- 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.

Note	DECEMBER 2018 Rupees	June 2018 Rupees
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	Note	DECEMBER 2018 Rupees	June 2018 Rupees
6 LONG TERM SECURITY DEPOSITS			
National Clearing Company of Pakistan Limited		400,000	400,000
Central Depository Company of Pakistan Limited		100,000	100,000
Lahore Stock Exchange Ltd.		30,000	30,000
Pakistan Stock Exchange Ltd.		-	-
Pakistan Mercantile exchange		750,000	750,000
		<u>1,280,000</u>	<u>1,280,000</u>
7 TRADE DEBTORS			
Unsecured- Considered good		-	1,830
8 SHORT TERM INVESTMENTS			
At fair value through profit or loss - held for trading	7.1	<u>33,709,500</u>	<u>33,709,500</u>
8.1 Financial assets at fair value through profit or loss - held for trading			
Average cost		30,850,760	30,850,760
Unrealized loss/ Gain on re-measurement of investments		2,858,740	2,858,740
Closing carrying value		33,709,500	33,709,500
9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance for security purchase		7,770,000	-
NCSS		-	-
Capital Value Tax		-	-
		<u>7,770,000</u>	<u>-</u>
10 Advance Tax			
WHT Tax		50,823	46,447
WHT Tax on dividend		1,422,746	719,548
Advance Tax		154,076	151,827
		<u>1,627,645</u>	<u>917,822</u>
11 CASH AND CASH EQUIVALENTS			
Cash in Hand		-	-
Cash at Bank	132-20311-714-110923	72,484	1,278,867
Cash at Client Bank Account	bank al habib	314,304	-
Cash at Client Bank Account	132-20610-714-113383	-	1,438,448
DUBAI ISLAMIC - PMEX HOUSE		2,001,000	-
DUBAI ISLAMIC - PMEX CLIENT		1,000	-
		<u>2,388,788</u>	<u>2,717,315</u>

Note	DECEMBER	June
	2018	2018
	Rupees	Rupees

12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018	2018			
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>	<u>97,000,000</u>

13 LONG TERM LOAN

Loan from Director	13.1	-	-
		-	-

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

Note	DECEMBER	June
	2018	2018
	Rupees	Rupees

14 TRADE AND OTHER LIABILITIES

Trade Creditors	250,463	378,848
NCCPL payable	48,930	954,023
Other Payables	17,080	17,177
Audit Fee Payable	-	45,000
CDC Subscription Fee Payable	-	-
	<u>316,473</u>	<u>1,395,048</u>

iskysoft

Note	DECEMBER	June
	2018	2018
	Rupees	Rupees

Opening Balance	-	-
Add: Taxation for the Period	-	887,996
Less:	-	887,996
Adjusted against Advance Tax	-	-
	-	-
	-	887,996

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	153,432	915,034
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18 OPERATING AND ADMINISTRATIVE EXPENSES

Staff Salaries ,Wages and Bonuses	360,100	927,933
Traders' Commission	55,242	118,951
Fee & Subscription	-	20,000
Documentation Fee	100,000	112,500
Audit Fee	7,500	134,940
NCCPL Trade Fee Charge to House	20,205	1,610

	Note	DECEMBER	June
		2018	2018
		Rupees	Rupees
Rate and taxes		-	100,000
Telecommunication Charges		34,894	185,025
KITs Annual Charges to PSX		-	6,000
CDC Collection		21,277	57,472
Travelling and conveyance		30,000	-
Back Office Charges to LSEFSL		9,000	18,000
Rent expense		91,447	164,608
PMEX Fee		-	200,000
Trading Charges		29,175	62,069
Office Registration - PSX		-	5,000
Misc. Expenses		76,226	1,705
		<u>835,066</u>	<u>2,115,813</u>

19 OTHER INCOME

Dividend Income		4,687,988	4,796,988
Gain on Sale of Securities		-	569,616
Profit on Short Term Deposit with Bank		-	-
Refund from NCCPL		4,979	4,874
		<u>4,692,967</u>	<u>5,371,478</u>

20 FINANCE COST

Bank Charges		1,462	350
		<u>1,462</u>	<u>350</u>

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

Gain on re-measurement of shares of LSE/ Listed Securities		-	(10,318,693)
Loss Remeasurement Of Trec Certificates		-	1,600,000
		<u>-</u>	<u>(8,718,693)</u>

	Note	DECEMBER	June
		2018	2018
		Rupees	Rupees
22 TAXATION			
Current		1,456,259	887,996
Prior year		-	-
		<u>1,456,259</u>	<u>887,996</u>

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

22.1 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		4	1
Average Number of employees during the year		4	1

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

		Note	DECEMBER 2018 Rupees	June 2018 Rupees
NAME	CATEGORIES OF SHAREHOLDERS		SHARE HELD	PERCENTAGE %
Asad Mustafa			6,000,000	61.86%
Mustafa			3,700,000	38.14%
			9,700,000	100%

25 RELATED PARTY TRANSACTIONS

Related party transactions comprise of repayment of Short term loan repaid amounting to Rs. 2,716,846.

26 PROVIDENT FUND

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

27 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 _____.

CHIEF EXECUTIVE / DIRECTOR

