

**M/S. ASDA SECURITIES (PRIVATE) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Suite No. 1601, Kashif Centre, Shahrah-e-Faisal, Karachi.  
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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, 2015 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 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 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 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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**KARACHI Office:**

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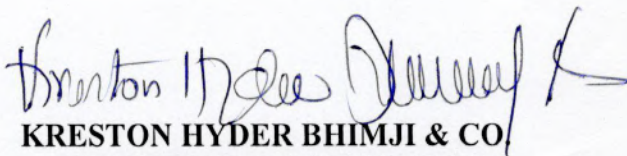
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**KRESTON HYDER BHIMJI & CO.**  
**CHARTERED ACCOUNTANTS**

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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 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, 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**

Karachi: 04 OCT 2015

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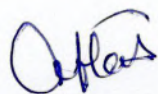
# Asda Securities (Private) Limited

## Balance Sheet

As at June 30, 2015

	Note	2015	2014
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Property, Plant and Equipment	5	2,586,938	603,330
Intangible Assets	6	5,052,800	10,505,370
Long Term Investments	7	40,073,830	40,073,830
Long Term Loan to Staff		568,500	-
Long Term Deposits		500,000	500,000
		48,782,068	51,682,530
<b>Current Assets</b>			
Trade Debts	8	172,024,416	146,629,989
Loans and Advances	9	6,073,751	4,807,700
Trade Deposits and Prepayments	10	5,743,857	15,157,916
Short term investment	11	109,758,600	122,720,579
Cash and Bank Balances	12	3,408,202	100,000
		297,008,826	289,416,184
<b>TOTAL ASSETS</b>		<b>345,790,894</b>	<b>341,098,714</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
15,000,000 (2014: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
<b>Issued, Subscribed and Paid-up capital</b>			
Unappropriated profit	13	140,000,000	140,000,000
		25,273,997	769,387
		165,273,997	140,769,387
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	39,832,758	120,949,880
Accrued markup	15	2,526,293	1,675,066
Short term borrowings -secured	16	138,157,843	77,704,381
		180,516,894	200,329,327
<b>Contingencies and commitments</b>	17	-	-
		345,790,894	341,098,714

The annexed notes 1 to 31 form an integral part of these financial statements



Chief Executive

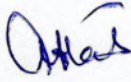


Mumtaz  
Director

**Asda Securities (Private) Limited**  
**Profit and Loss Account**  
**For The Year Ended June 30, 2015**

	Note	2015	2014
		-----Rupees-----	
Operating Revenues	18	21,344,975	15,002,658
Unrealized gain on remeasurement of listed shares		6,306,181	-
Realized gain on sale of listed shares		24,531,742	8,030,170
		52,182,898	23,032,828
Administrative Expenses	19	9,884,261	6,532,401
Other operating Expenses	20	5,992,708	2,153,638
Finance Cost	21	8,545,557	3,317,771
		24,422,527	12,003,810
<b>Profit before taxation</b>		27,760,371	11,029,018
Provision for taxation	22	(3,255,761)	(1,818,161)
<b>Profit after taxation</b>		24,504,610	9,210,857
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		24,504,610	9,210,857
<b>Earning Per Share - Basic and diluted</b>		1.75	0.66

The annexed notes 1 to 31 form an integral part of these financial statements

  
**Chief Executive**

  
**Director**

**Asda Securities (Private) Limited**  
**Cash Flow Statement**  
**For The Year Ended June 30, 2015**

	Note	2015	2014
		-----Rupees-----	
<b>Cash flows From Operating activities</b>			
Cash flow from operations	23	(56,142,100)	51,474,526
Finance cost paid		(7,694,330)	(1,645,518)
Long term loans to employees		(568,500)	-
Income tax Paid		(3,504,609)	(1,788,639)
<b>Net Cash (used in)/generated from operating activities</b>		<u>(67,909,539)</u>	<u>48,040,369</u>
<b>Cash flows From Investing Activities</b>			
Additions to Property , Plant and Equipment		(2,197,700)	(46,000)
Short term investments -net		<u>12,961,979</u>	<u>(124,649,135)</u>
<b>Net Cash generated/(used in) from investing activities</b>		<u>10,764,279</u>	<u>(124,695,135)</u>
<b>Cash flows From Financing Activities</b>			
Loan from sponsors		(5,606,997)	9,400,000
<b>Net (decrease) in cash and cash equivalents</b>		<u>(62,752,257)</u>	<u>(67,254,765)</u>
Cash and cash equivalents at beginning		<u>(68,204,381)</u>	<u>(949,616)</u>
Cash and cash equivalents at end	24	<u><u>(130,956,638)</u></u>	<u><u>(68,204,381)</u></u>

The annexed notes 1 to 31 form an integral part of these financial statements

  
**Chief Executive**

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**Director**

**Asda Securities (Private) Limited**  
**Statement of Changes in Equity**  
**For The Year Ended June 30, 2015**

	Issued, Subscribed and Paid up Capital	Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2014	140,000,000	(8,441,470)	131,558,530
Total Comprehensive income for the year	-	9,210,857	9,210,857
Balance as at June 30, 2014	140,000,000	769,387	140,769,387
Total Comprehensive income for the year	-	24,504,610	24,504,610
Balance as at June 30, 2015	140,000,000	25,273,997	165,273,997

The annexed notes 1 to 31 form an integral part of these financial statements *UH*

*Atias*

Chief Executive

*Mumtaz*

Director

## Asda Securities (Private) Limited

### Notes to the Financial Statements For The Year Ended June 30, 2015

#### 1 The Company and its operation

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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and financial reporting standards for medium sized entities (MSE's) issued by the Institute of Chartered Accountants of Pakistan's and provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the 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 4.17); and
  - (d) Classification of Investments (note 4.4).
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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 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. Depreciation on addition is charged from the period the asset is available for use up to the period prior to its disposal.

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 and 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 these assets. During the year upon demutualization of the Karachi Stock Exchange Limited the changes effected have 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**

Investments which are acquired principally for the purpose of selling in the near term are classified as investments at fair value through profit or loss. These are recognized initially at cost being the fair value of the consideration given. Subsequently, these are re-measured at fair values representing prevailing market prices. Resulting gain or loss is recognized in the 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.



#### **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.

#### **4.17 Impairment of assets**

##### **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

##### **Non - Financial assets**

The carrying amounts of the Company's non financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

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## 5 Property, Plant and Equipment

2015				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

### Net Carrying value basis - June 30, 2015

Opening net book value	354,637	209,593	39,100	-	603,330
Additions (at Cost)	-	-	-	2,197,700	2,197,700
Depreciation charge	(35,464)	(62,878)	(5,865)	(109,885)	(214,092)
Closing net book value	319,173	146,715	33,235	2,087,815	2,586,938

### Gross Carrying value basis - June 30, 2015

Cost	437,824	427,740	46,000	2,197,700	3,109,264
Accumulated depreciation	(118,651)	(281,025)	(12,765)	(109,885)	(522,326)
Net book value - 2015	319,173	146,715	33,235	2,087,815	2,586,938

2014				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

### Net Carrying value basis - June 30, 2014

Opening net book value	394,041	299,418	-	-	693,459
Additions (at Cost)	-	-	46,000	-	46,000
Depreciation charge	(39,404)	(89,825)	(6,900)	-	(136,129)
Closing net book value	354,636	209,593	39,100	-	603,330

### Gross Carrying value basis - June 30, 2014

Cost	437,824	427,740	46,000	-	911,564
Accumulated depreciation	(83,187)	(218,147)	(6,900)	-	(308,234)
Net book value - 2014	354,636	209,593	39,100	-	603,330

### Depreciation rates

10%      30%      15%      5%

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	Note	2015	2014
		-----Rupees-----	
<b>6 INTANGIBLE ASSETS</b>			
Membership Entitlements			
Karachi Stock Exchange Limited TREC	6.1 & 7.1	10,426,170	10,426,170
Less: Impairment loss		(5,426,170)	-
		5,000,000	10,426,170
<b><u>Computer Software</u></b>			
Computer software - Purchase Cost		79,200	105,600
less: Amortization during the year (1/5th amortization)		(26,400)	(26,400)
		52,800	79,200
		5,052,800	10,505,370
<p>6.1 Karachi Stock Exchange Limited has been demutualized and in terms whereof it's members have been allowed in exchange of membership, " <i>Trading Right Entitlement Certificate (TREC)</i>" along with shareholding in Karachi Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.50.5 Million as Intangibles while Karachi 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 Karachi Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of present bid price of TREC and recorded value has been charged off.</p>			
<b>7 LONG TERM INVESTMENTS</b>			
Available for Sale			
4,007,383 Shares of Rs. 10 each of			
Karachi Stock Exchange Limited	6.1 & 7.1	40,073,830	40,073,830
<p>7.1 Face value of shares allotted by Karachi Stock Exchange Limited in lieu of membership of the KSE 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 demutualization 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.</p>			
<b>8 TRADE DEBTS</b>			
Unsecured			
Considered Good		172,024,416	146,629,989
		172,024,416	146,629,989

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	2015	2014
	-----Rupees-----	
<b>9 LOANS AND ADVANCES-Considered good, Unsecured</b>		
Advance to staff	-	632,000
Current portion of long term loan to staff	130,000	-
Advance for purchase of vehicle - Indus Motor Co. Ltd	3,619,200	-
Advance for purchase of office & improvements	-	2,100,000
Advance Income tax - net of provisions	2,324,551	2,075,700
	<u>6,073,751</u>	<u>4,807,700</u>
<b>10 TRADE DEPOSITS AND OTHER RECEIVABLES</b>		
Trade deposits - ( KSE Provisional Exposure )	600,000	-
Trade deposits - ( KSE Exposure )	100,000	-
Trade deposits - ( NCPL Loss & Exposure )	4,485,420	15,157,916
Deposit Against Losses in DFC	4,185	-
Base Minimum Deposit	4,809	-
Receivable from KSE	21,547	-
Receivable from NCPL	82,657	-
Other Receivable ( Brokage Comm )	445,240	-
	<u>5,743,857</u>	<u>15,157,916</u>
<b>11 SHORT TERM INVESTMENTS</b>		
In Listed Companies	11.1 96,693,600	119,570,579
NIT Units - Islamic Equity Fund	1,000,000	3,150,000
Deposit for shares subscription Al - Shaheer Ltd	12,065,000	-
	<u>109,758,600</u>	<u>122,720,579</u>
<b>11.1 In Listed Shares</b>		
Cost of Investments including held under MTS	90,387,419	121,499,135
Remeasurement Gain / (loss)	6,306,181	(1,928,556)
Net Carrying Values being market values	<u>96,693,600</u>	<u>119,570,579</u>
<b>12 CASH AND BANK BALANCES</b>		
Cash at bank in current accounts	3,408,202	100,000
	<u>3,408,202</u>	<u>100,000</u>

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2015                      2014  
-----Rupees-----

**13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2015

2014

**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

14,000,000

14,000,000

140,000,000

140,000,000

**14 TRADE AND OTHER PAYABLES**

Creditors for sale of shares on behalf of clients

4,217,606

3,419,412

Due to Standard Capital Securities Pvt. Ltd.

5,000,000

-

Due to Multiline Securities Pvt. Ltd.

3,200,000

-

Accrued Expenses

347,030

340,565

MTS unreleased payable - ASDA

26,777,720

116,844,844

Other Liabilities

14.1

290,402

345,059

39,832,758

120,949,880

**14.1 Other Liabilities**

PTR - on Purchase & Sale Value

-

15,859

Sindh Services Tax payable

290,402

329,200

290,402

345,059

**15 ACCRUED MARKUP**

Accrued mark-up on running finance - secured

2,526,293

1,675,066

**16 SHORT TERM BORROWINGS -Secured**

Secured, Interest Bearing

Running finances from bank

16.1

134,364,840

68,304,381

**Unsecured, Interest/markup free**

Due to Chief Executive

16.2

3,793,003

9,400,000

138,157,843

77,704,381

**16.1** The facilities for running finance available from a commercial banks aggregating to Rs.150 Million (June-2014 : Rs.100) million and carry mark-up at the rate 3 M Kibor + 200 points spread (June-2014 : 3 M. Kibor + 200 points 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 directors.

**16.2** This represents unsecured, interest/markup free due to Chief Executive and repayable in next twelve months.

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## 17 Contingencies and Commitments

### 17.1 Guarantees

There were no guarantees given by the company on behalf of any related party during the year.

### 17.2 Contract for Capital Expenditure/Other Commitments

There were no capital expenditure/other commitment outstanding at the year end.

	2015	2014
	-----Rupees-----	
<b>18 OPERATING REVENUES</b>		
Gross Brokerage Revenue - Securities	20,826,702	15,662,290
Less: Trader's shares in brokerage	(4,800,155)	(2,594,454)
	16,026,547	13,067,836
IPO Commission , KSE & MTS Markup Income	18.1 1,042,063	936,957
Other income	350,000	-
Dividend Income	3,926,365	997,866
	<u>21,344,975</u>	<u>15,002,658</u>
18.1 Income From Exposure Deposits NCCPL	868,796	936,957
Income From Exposure Deposits KSE	80,647	-
Income From New script Commission(IPO)	92,620	-
	<u>1,042,063</u>	<u>936,957</u>
<b>19 ADMINISTRATIVE AND OPERATING EXPENSES</b>		
Salaries and benefits	5,194,000	4,311,600
Fees, subscription and charges	632,779	236,911
Communication	323,082	272,481
Utilities	230,199	208,450
Office repairs, renovation and maintenance	1,271,935	17,500
Vehicle running expenses	60,000	65,000
Software Maintenance	106,986	108,471
General Expenses	476,781	250,943
Conveyance and Travelling	-	166,100
Printing and stationery / Courier Service	69,945	10,147
Rent, rates & Taxes	121,450	270,000
Computer Expenses	133,484	103,965
Entertainment	297,628	298,304
Donations	672,500	-
Amortization of Intangibles	26,400	26,400
Depreciation	214,092	136,129
Auditors' Remuneration-Audit Fees	53,000	50,000
	<u>9,884,261</u>	<u>6,532,401</u>

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	2015	2014
	-----Rupees-----	
<b>20 OTHER OPERATING EXPENSES</b>		
Unrealized loss on remeasurement of shares	-	1,928,556
Impairment loss on TREC	5,426,170	-
Workers welfare fund	566,538	225,082
	<u>5,992,708</u>	<u>2,153,638</u>
<b>21 FINANCE COST</b>		
Mark-up on short term running finances	8,545,557	3,317,771
	<u>8,545,557</u>	<u>3,317,771</u>
<b>22 TAXATION</b>		
Current - for the year	1,772,188	1,818,161
Prior year	1,483,573	-
	3,255,761	1,818,161
Deferred-(Reversal)/Charge	22.1	-
	<u>3,255,761</u>	<u>1,818,161</u>
22.1 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.		
<b>23 Cash flows From Operation</b>		
Profit before taxation	27,760,371	11,029,018
<b>Adjustments for non -cash charges and other items</b>		
Depreciation	214,092	136,129
Amortization of intangible	26,400	26,400
Unrealized loss on remeasurement of shares	-	1,928,556
Impairment loss on TREC	5,426,170	-
Finance cost	8,545,557	3,317,771
	<u>14,212,219</u>	<u>5,408,856</u>
<b>Operating profit before working capital changes</b>	<u>41,972,590</u>	<u>16,437,874</u>
<b>Changes in working capital</b>		
Trade debts-unsecured	(25,394,427)	(115,339,873)
Loans and advances	(1,017,200)	32,585,452
Trade deposits, prepayments & other receivables	9,414,059	367,892
	(16,997,568)	(82,386,529)
<b>(Decrease) / Increase in Current liabilities</b>		
Trade and other payables	(81,117,122)	117,423,181
	<u>(56,142,100)</u>	<u>51,474,526</u>
<b>24 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,408,202	100,000
Short term finances	(134,364,840)	(68,304,381)
	<u>(130,956,638)</u>	<u>(68,204,381)</u>

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## 25 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2015					
	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
<b>FINANCIAL ASSETS</b>						
Long term investments	-	-	-	-	40,073,830	40,073,830
Long Term deposits	-	-	-	-	500,000	500,000
Trade Debts	-	-	-	172,024,416	-	172,024,416
Short term investments	-	-	-	109,758,600	-	109,758,600
Loans and advances	-	-	-	130,000	-	130,000
Trade deposits	-	-	-	5,194,414	-	5,194,414
Cash and Bank Balances	-	-	-	3,408,202	-	3,408,202
	-	-	-	290,515,632	40,573,830	331,089,462
						331,089,462

## FINANCIAL LIABILITIES

Trade and other payables	-	-	-	39,832,758	-	39,832,758
Short-term borrowing	134,364,840	-	134,364,840	3,793,003	-	138,157,843
Accrued Markup	-	-	-	2,526,293	-	2,526,293
	134,364,840	-	134,364,840	46,152,054	-	180,516,894
						180,516,894

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2014						
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	Total
-	-	-	-	40,073,830	40,073,830	40,073,830
-	-	-	-	500,000	500,000	500,000
-	-	-	146,629,989	-	146,629,989	146,629,989
-	-	-	122,720,579	-	122,720,579	122,720,579
-	-	-	632,000	-	632,000	632,000
-	-	-	15,157,916	-	15,157,916	15,157,916
-	-	-	100,000	-	100,000	100,000
-	-	-	285,240,484	40,573,830	325,814,314	325,814,314

#### FINANCIAL ASSETS

Long term investments  
Long Term deposits  
Trade Debts  
Short term investments  
Loans and advances  
Trade deposits  
Cash and Bank Balances

#### FINANCIAL LIABILITIES

Trade and other payables	-	-	120,949,880	-	120,949,880	120,949,880
Short-term borrowing	68,304,381	-	68,304,381	-	9,400,000	77,704,381
Accrued Markup	-	-	1,675,066	-	1,675,066	1,675,066
	68,304,381	-	68,304,381	-	132,024,946	200,329,327

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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## 26 FINANCIAL INSTRUMENTS

### 26.1 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 inter alia 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:

	2015	2014
	Rupees	
Long Term deposits	500,000	500,000
Long Term Investments	40,073,830	40,073,830
Long term loan	568,500	-
Trade Debts	172,024,416	146,629,989
Short term investments	109,758,600	122,720,579
Loans and advances	130,000	632,000
Trade deposits	5,194,414	15,157,916
Bank Balances	3,408,202	100,000
	<u>331,657,962</u>	<u>325,814,314</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 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 KSE/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 25.

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

**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.



### 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;

	2015	2014
	Rupees	
Short term borrowings	134,364,840	68,304,381
	<u>134,364,840</u>	<u>68,304,381</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. 1,343,648 (2014: Rs. 683,044). 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.

	2015	2014
Effect on profit and investment	<u>9,669,360</u>	<u>11,957,058</u>

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

#### 26.2 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.

#### 27 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:

	2015	2014
	Rupees	
Total interest bearing borrowings	134,364,840	68,304,381
Interest free borrowings from director	3,793,003	9,400,000
Cash and bank	(3,408,202)	(100,000)
Net debt	134,749,641	77,604,381
Total equity	165,273,997	140,769,387
Total capital	300,023,638	218,373,768
Gearing ratio	44.91%	35.54%

## 28 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Director	
	2015	2014	2015	2014
Remuneration	1,200,000	1,200,000	-	-
	1,200,000	1,200,000	-	-
Number of persons	1	-	1	1

## 29 NO OF EMPLOYESS

	2015	2014
As on balance sheet date	12	3
Average during the year	6	3

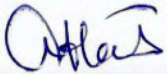
The Company has yet to formulate employees retirement benefit policy which is underway.


## 30 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on 04-October, 2015.

## 31 GENERAL

31.1 Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Mumtaz  
Director

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

September 30, 2015

Re: **FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

Dear Sir,

We are pleased to forward three copies of financial statements for the year ended June 30, 2015 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.

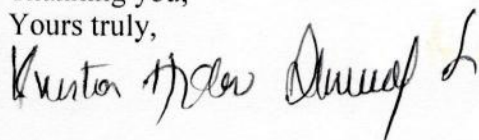
The following items need Board's approval which, please be minuted.

	(Rupees)
• Approval of financial statements for the year ended June 30, 2015.	
• Addition in fixed assets	2,197,700
• Depreciation for the year	214,092
• Impairment loss on TREC	5,426,170
• Provision for Taxation	
- Current year	1,772,188
- Prior year	1,483,573

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,



**KARACHI Office:**

Suite No. 1601, 16th Floor, Kashif Centre, Shahr-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com

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206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com

[www.hyderbhimji.com](http://www.hyderbhimji.com)

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## 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-2015. 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)**

<b>Profit after taxation</b>	<b><u>24,504,610</u></b>
<b>Brought forward Profit</b>	<b><u>769,387</u></b>
<b>Profit carried forward</b>	<b><u>25,273,997</u></b>
<b>Earning per share</b>	<b><u>1.75</u></b>

### **Future Prospectus**

Your directors projects 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 auditors M/s. KRESTON HYDER BHIMJI & CO., Chartered Accountants retire and being eligible offers them for reappointment.

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

For and on behalf of Board of Directors

Karachi the: **04 OCT 2015**



**Aftab Sattar**  
(Chief Executive)