

Adam Securities Limited
Financial Statements (Unaudited)
For the period ended December 31, 2018

Adam Securities Limited
Balance Sheet
As at December 31, 2018

	Note	Rupees Dec 2018
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	4	30,605,664
Intangible assets	5	2,750,000
Long term investment	6	23,110,630
Investment property	7	2,067,438
Long term advances & deposits	8	6,251,000
		64,784,732
CURRENT ASSETS		
Trade receivables	9	8,542,411
Advances, deposits, pre-payments & other receivables	10	430,338,507
Short term investments	11	61,625,496
Receivable against margin financing		61,110,851
Cash & bank balances	12	128,564,420
		690,181,685
TOTAL ASSETS		<u><u>754,966,418</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized Capital		
26,500,000 ordinary shares of Rs. 10/- each		<u><u>265,000,000</u></u>
Issued, subscribed and paid-up capital	13	265,000,000
Unappropriated profit		200,170,235
Revaluation Surplus on Offices		6,081,069
Unrealized Gain on PSX Shares		3,858,710
		475,110,014
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term loan	14	130,000,000
CURRENT LIABILITIES		
Short term running finance	15	-
Trade payables	16	45,513,388
Accrued expenses & other liabilities	17	104,343,016
		149,856,404
CONTINGENCIES AND COMMITMENTS	17(a)	-
TOTAL EQUITY AND LIABILITIES		<u><u>754,966,418</u></u>

Adam Securities Limited
Profit & Loss Account
For the period ended December 31, 2018

REVENUE

Operating revenue	18	27,995,640
Capital gain on sale of securities - net		20,826,393
Gain/(Loss) on remeasurement of investments - net	11	<u>(5,112,370)</u>
		43,709,663
Administrative expenses	19	<u>(41,179,944)</u>
Finance cost	20	<u>(871,068)</u>
		(42,051,012)
Operating profit / (loss)		<u>1,658,651</u>
Other income	21	<u>20,649,690</u>
Profit before taxation		22,308,342
Taxation	22	(73,543)
Profit after taxation		<u>22,234,799</u>
Earnings per share - basic & diluted	23	<u>0.84</u>

Adam Securities Limited
Notes to the accounts

4 PROPERTY AND EQUIPMENT

	Office (Rupees)	Office Equipments (Rupees)	Computer & Allied (Rupees)	Furniture & Fixtures (Rupees)	Air Conditioners (Rupees)	Motor Vehicle (Rupees)	Generator (Rupees)	Total (Rupees)
Net carrying value basis								
Period ended Dec 31, 2018								
Opening net book value (NBV)	12,886,840	950,820	1,723,871	3,873,100	977,049	5,601,051	76,810	26,089,541
Additions (at cost)	-	-	106,912	-	98,900	6,592,000	-	6,797,812
Disposals (at NBV)	-	-	-	-	-	-	-	-
Depreciation charge	(644,342)	(71,312)	(274,617)	(290,483)	(80,696)	(914,479)	(5,761)	(2,281,689)
Closing net book value (NBV)	12,242,498	879,509	1,556,166	3,582,618	995,253	11,278,572	71,049	30,605,664
Gross carrying value basis								
As at December 31, 2018								
Cost	17,615,500	2,137,783	8,094,461	5,403,161	2,123,640	18,671,834	540,000	54,586,379
Accumulated depreciation	(5,373,002)	(1,258,275)	(6,460,634)	(1,820,544)	(1,128,388)	(7,393,262)	(468,951)	(23,903,055)
Net book value (NBV)	12,242,498	879,509	1,633,827	3,582,618	995,252	11,278,572	71,049	30,683,324
Net carrying value basis								
Year ended June 30, 2018								
Opening net book value (NBV)	10,933,611	540,964	1,784,701	2,752,307	623,228	5,715,935	90,365	22,441,111
Additions (at cost)	3,385,100	577,648	753,310	1,804,281	526,242	895,500	-	7,942,081
Disposals (at NBV)	-	-	(75,338)	-	-	(21,963)	-	(97,301)
Depreciation charge	(1,431,871)	(167,792)	(738,802)	(683,488)	(172,421)	(988,421)	(13,555)	(4,196,350)
Closing net book value (NBV)	12,886,840	950,820	1,723,871	3,873,100	977,049	5,601,051	76,810	26,089,542
Gross carrying value basis								
As at June 30, 2018								
Cost	17,615,500	2,137,783	7,987,549	5,403,161	2,024,740	12,079,834	540,000	47,788,567
Accumulated depreciation	(4,728,660)	(1,186,963)	(6,263,678)	(1,530,061)	(1,047,692)	(6,478,783)	(463,190)	(21,699,027)
Net book value (NBV)	12,886,840	950,820	1,723,871	3,873,100	977,048	5,601,051	76,810	26,089,540
Depreciation rate (% per annum)	10%	15%	30%	15%	15%	15%	15%	15%

Adam Securities Limited
Notes to the accounts

5 INTANGIBLE ASSETS

Trading Right Entitlement Certificates - Pakistan stock exchange limited	2,500,000
Less: Impairment Loss	-
	2,500,000
Membership card - Pakistan Mercantile Exchange Limited	250,000
	2,750,000

6 LONG TERM INVESTMENTS

Available-for-sale - unquoted

Investment in shares of Pakistan Stock Exchange Limited	6.1	10,811,260
Unrealised gain/(loss) on revaluation of shares of PSX		3,859,620
Market value as on December 31, 2018		14,670,880
Investment in shares of Lahore Stock Exchange Limited		8,439,750
		23,110,630

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383. During the year 2016, Divestment Committee of the Exchange had issued an invitation for Expression of Interest for acquiring upto 40% equity stake in PSX held in blocked CDC account. Thereafter, bids were submitted by interested parties and as a result of bidding process, share price of Rs. 28/share has been offered by the Anchor investor/successful investor. Sale proceeds of 40% shares sold, after retaining 10% of sale price for one year to settle any outstanding liabilities of PSX in terms of Share Purchase Agreement (SPA), have been credited to respective TRE Certificate holders.

Furthermore, in June, PSX offered Initial Public Offering (IPO) in which the Company disposed-off additional 801,477 shares (i.e. 20% stake) at a price of Rs. 28 per share. On June 23, 2017 SECP approved PSX's application for listing and thereafter, the shares were successfully listed on June 29, 2017. Accordingly, the remaining 1,602,853 shares (i.e. 40% stake) are valued at the closing market rate of Rs. 25.91 per share as of period end.

7 INVESTMENT PROPERTY

Opening balance at NBV	2,176,251
Addition at cost	-
Disposal at NBV	-
Depreciation	(108,813)
	2,067,438

8 LONG TERM ADVANCES & DEPOSITS

Pakistan Stock Exchange Limited	110,000
National Clearing Company of Pakistan Limited	500,000
Security Deposit transfer from PSX to NCCPL	200,000
Central Depository Company of Pakistan	100,000
Future Deposit	1,000,000
Advance against PMEX Offices	4,191,000
Security Deposit - Rent	150,000
	6,251,000

Adam Securities Limited
Notes to the accounts

9 TRADE RECEIVABLES
Unsecured - considered good

From Clients	8,542,411
From Clearing house	-
	8,542,411

10 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance tax	181,560,976
Exposure deposit	10.1 149,183,274
PMEX Deposit	98,940,686
Other advances & deposits	569,331
Other receivables	84,240
	430,338,507

10.1 These represent amounts of deposits held against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

11 SHORT TERM INVESTMENTS
Investments at fair values through profit & loss
Listed equity securities

Listed equity securities	56,737,866
Unrealized (loss)/gain as a result of remeasurement at market value - net	(5,112,370)
Market value	51,625,496
Investment in open end equity scheme	10,000,000
Total	61,625,496

12 CASH & BANK BALANCES

Cash in hand	766,906
Cash at bank	127,797,514
	128,564,420

Adam Securities Limited
Notes to the accounts

Note	Rupees Dec 2018
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13	<u>ISSUED, SUBSCRIBED & PAID-UP-CAPITAL</u>	
	Ordinary shares of Rs. 10 /- each	
	23,780,000 Ordinary shares of Rs. 10 each fully paid in cash	237,800,000
	2,720,000 Ordinary shares of Rs. 10 each issued for consideration other than in cash.	27,200,000
	<u>26,500,000</u>	<u>265,000,000</u>
13.1	The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.	
14	<u>LONG TERM LOAN</u>	
	From director - unsecured	14.1 <u>130,000,000</u>
14.1	This represents unsecured markup free subordinated loan obtained from directors being repayable at the discretion of the company.	
15	<u>SHORT TERM RUNNING FINANCE - SECURED</u>	
	From banking companies	15.1 <u>-</u>
15.1	Rs. 550 millions have been arranged from commercial banks under mark-up arrangement. Mark-up charged at the rate ranges from 3 months KIBOR + 2% to 3%, payable quarterly on the daily outstanding balances. The aggregate short-term finance is secured against pledge of shares and personal guarantee of Directors.	
16	<u>TRADE PAYABLES</u>	
	To Clients	38,258,407
	To Clearing House	7,254,981
		<u>45,513,388</u>
17	<u>ACCRUED EXPENSES & OTHER LIABILITIES</u>	
	Accrued expenses	3,997,431
	Accrued markup / interest	814
	Other liabilities	100,344,771
		<u>104,343,016</u>
17 (a)	<u>CONTINGENCIES AND COMMITMENTS</u>	
	There are no contingencies & commitments during the year (2017 Nil)	

Adam Securities Limited
Notes to the accounts

18 OPERATING REVENUE

Brokerage commission	26,860,541
Dividend income	1,135,099
	27,995,640

19 ADMINISTRATIVE EXPENSES

Directors' remuneration	1,650,000
Staff salaries & allowances	18,392,080
Rent, rates and taxes	786,936
Communication expenses	65,454
Utilities & telephone expenses	405,968
Printing, stationery & computers	303,505
Travelling & conveyance	1,357,482
Postage & courier	103,179
Internet and Gateway	565,258
Entertainment	778,035
Repair and maintenance	773,231
Fees & subscription	1,505,177
Audit Fee	212,760
Advertisement	100,000
Vehicle maintenance	124,820
Service & transaction charges	7,856,412
Commission Expense	3,582,725
Legal & Professional	150,000
Depreciation	2,390,503
Misc. & General	76,419
	41,179,944

20 FINANCIAL CHARGES

Mark up on short term running finance	751,822
Bank charges	119,246
	871,068

21 OTHER INCOME

From financial assets

Profit on bank deposit	6,613,038
Underwriting Commission	1,250,000
Profit on MFS Investment	4,675,120
Profit on deposits against KSE exposure	1,653,951
Account Maintenance Charges	666,900
CDC/LAGA/SECP/NCSS Fee	4,287,981
Other commission	2,700
	19,149,690

From non-financial assets

Rental income	1,500,000
	20,649,690

Adam Securities Limited
Notes to the accounts

22 TAXATION

Current	2,089,630
Prior tax	(2,016,087)
	<u>73,543</u>
	<u><u>73,543</u></u>

22.2 Income tax returns of the company have been finalized upto and including the tax year 2018, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

23 EARNINGS / (LOSS) PER SHARE- BASIC & DILUTED

Profit / (loss) after taxation	22,234,799
Weighted average number of shares at the end of the year	26,500,000
	<u>0.84</u>
	<u><u>0.84</u></u>