

**Adam Securities Limited**  
**Financial Statements (Unaudited)**  
**For the half year ended December 31, 2019**

**Adam Securities Limited**  
**Statement of Financial Position**  
**As at December 31, 2019**

		Notes
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	4	29,080,454
Intangible assets	5	2,750,000
Long term investment	6	8,439,750
Investment property	7	1,860,694
Long term advances & deposits	8	6,451,000
		48,581,898
<b>CURRENT ASSETS</b>		
Trade receivables	9	7,800,883
Advances, deposits, pre-payments & other receivables	10	329,279,772
Short term investments	11	226,991,302
Receivable against margin financing and margin trading		21,345,340
Cash & bank balances	12	132,303,981
		717,721,278
<b>TOTAL ASSETS</b>		766,303,176
 <b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
26,500,000 ordinary shares of Rs. 10/- each		265,000,000
Issued, subscribed and paid-up capital	13	265,000,000
Unappropriated profit		267,243,080
Revaluation Surplus on Offices		5,472,960
		537,716,040
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term loan	14	75,000,000
<b>CURRENT LIABILITIES</b>		
Short term running finance	15	-
Trade payables	16	93,527,057
Accrued expenses & other liabilities	17	60,060,079
		153,587,136
<b>CONTINGENCIES AND COMMITMENTS</b>	17(a)	-
<b>TOTAL EQUITY AND LIABILITIES</b>		766,303,176

**Adam Securities Limited**  
**Profit & Loss Account**  
**For the quarter ended December 31, 2019**

	Notes	
<b>REVENUE</b>		
Operating revenue	18	16,859,218
Capital gain on sale of securities - net		59,025,129
Gain/(Loss) on remeasurement of investments - net	11	<u>(6,559,661)</u>
		69,324,686
Administrative expenses	19	<u>(38,750,367)</u>
Finance cost	20	<u>(3,143,922)</u>
		(41,894,289)
Operating profit / (loss)		<u>27,430,398</u>
Other income	21	<u>24,284,870</u>
Profit before taxation		51,715,268
Taxation	22	(6,953,462)
Profit after taxation		<u>44,761,806</u>
Earnings per share - basic & diluted	23	<u>1.69</u>

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)
<b>Net carrying value basis</b>								
<b>Period ended June 30, 2019</b>								
Opening net book value (NBV)	11,598,156	808,197	1,347,474	3,303,790	914,557	11,957,339	65,288	29,994,801
Additions (at cost)	-	-	-	-	-	3,429,319	-	3,429,319
Disposals (at NBV)	-	-	-	-	-	(2,190,000)	-	(2,190,000)
Depreciation charge on addition	(579,908)	(60,615)	(202,121)	(247,784)	(68,592)	(989,749)	(4,897)	(2,153,666)
Closing net book value (NBV)	<b>11,018,248</b>	<b>747,582</b>	<b>1,145,353</b>	<b>3,056,006</b>	<b>845,965</b>	<b>12,206,909</b>	<b>60,391</b>	<b>29,080,454</b>
<b>Gross carrying value basis</b>								
<b>As at December 31, 2019</b>								
Cost	17,615,500	2,137,783	7,987,549	5,403,161	2,024,740	13,319,153	540,000	49,027,886
Accumulated depreciation	(5,308,568)	(1,247,578)	(6,388,138)	(1,777,845)	(1,116,284)	(7,468,532)	(468,087)	(23,775,032)
<b>Net book value (NBV)</b>	<b>12,306,932</b>	<b>890,205</b>	<b>1,599,411</b>	<b>3,625,316</b>	<b>908,456</b>	<b>5,850,621</b>	<b>71,913</b>	<b>25,252,854</b>
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2019</b>								
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)	<b>12,886,840</b>	<b>950,820</b>	<b>1,723,871</b>	<b>3,873,100</b>	<b>977,049</b>	<b>5,601,051</b>	<b>76,810</b>	<b>26,089,542</b>
<b>Gross carrying value basis</b>								
<b>As at June 30, 2019</b>								
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)
<b>Net book value (NBV)</b>	<b>12,886,840</b>	<b>950,820</b>	<b>1,723,871</b>	<b>3,873,100</b>	<b>977,048</b>	<b>5,601,051</b>	<b>76,810</b>	<b>26,089,540</b>
<b>Depreciation rate (% per annum)</b>	<b>10%</b>	<b>15%</b>	<b>30%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>

**Adam Securities Limited**  
**Notes to the accounts**

		Note	
<b>5</b>	<b><u>INTANGIBLE ASSETS</u></b>		
	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
			<b>2,750,000</b>
<b>6</b>	<b><u>LONG TERM INVESTMENTS</u></b>		
	<b><u>Available-for-sale - unquoted</u></b>		
	Investment in shares of Pakistan Stock Exchange Limited	6.1	-
	Unrealised gain/(loss) on revaluation of shares of PSX		-
	<b>Market value as on December 31, 2019</b>		-
	Investment in shares of Lahore Stock Exchange Limited		8,439,750
			<b>8,439,750</b>
<b>6.1</b>	<p>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.</p> <p>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.</p>		
<b>7</b>	<b><u>INVESTMENT PROPERTY</u></b>		
	Opening balance at NBV		1,958,625
	Addition at cost		-
	Disposal at NBV		-
	Depreciation		(97,931)
			<b>1,860,694</b>
<b>8</b>	<b><u>LONG TERM ADVANCES &amp; DEPOSITS</u></b>		
	Pakistan Stock Exchange Limited		110,000
	National Clearing Company of Pakistan Limited		400,000
	SLB Basic Deposit		500,000
	Central Depository Company of Pakistan		100,000
	Future Deposit		1,000,000
	Advance against PMEX Offices		4,191,000
	Security Deposit - Rent		150,000
			<b>6,451,000</b>

**Adam Securities Limited**  
**Notes to the accounts**

Note

**9 TRADE RECEIVABLES**

**Unsecured - considered good**

From Clients	7,800,883
	<b>7,800,883</b>

**10 ADVANCES, DEPOSITS AND OTHER RECEIVABLES**

Advance tax	177,156,262
Exposure deposit	<b>10.1</b> 98,777,640
PMEX Deposit	53,011,494
Other advances, deposits, and receivables	334,376
	<b>329,279,772</b>

**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	233,550,963
Unrealized (loss)/gain as a result of remeasurement at market value - net	(6,559,661)
Market value	<b>226,991,302</b>

**12 CASH & BANK BALANCES**

Cash in hand	373,074
Cash at bank	131,930,907
	<b>132,303,981</b>

**Adam Securities Limited**  
**Notes to the accounts**

Note

**13 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL**

**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>
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**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 LONG TERM LOAN**

From director - unsecured	<b>14.1</b>	<u>75,000,000</u>
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**14.1** This represents unsecured markup free subordinated loan obtained from directors being repayable at the discretion of the company.

**15 SHORT TERM RUNNING FINANCE - SECURED**

From banking companies	<b>15.1</b>	<u>-</u>
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**15.1** Rs. 350 millions have been arranged from commercial banks under mark-up arrangement. Mark-up charged at the rate ranges from 3 months KIBOR + 2% payable quarterly on the daily outstanding balances. The aggregate short-term finance is secured against pledge of shares and personal guarantee of Directors.

**16 TRADE PAYABLES**

To Clients		82,966,374
To Clearing House		10,560,683
		<u>93,527,057</u>

**17 ACCRUED EXPENSES & OTHER LIABILITIES**

Accrued expenses		7,425,995
Other liabilities		52,634,084
		<u>60,060,079</u>

**17 (a) CONTINGENCIES AND COMMITMENTS**

There are no contingencies & commitments during the year (2018 Nil)

**Adam Securities Limited**  
**Notes to the accounts**

Note

<b>18</b>	<b><u>OPERATING REVENUE</u></b>	
	Brokerage commission	15,644,280
	Dividend income	1,214,938
		<u>16,859,218</u>
<b>19</b>	<b><u>ADMINISTRATIVE EXPENSES</u></b>	
	Directors' remuneration	800,000
	Staff salaries & allowances	16,831,682
	Rent, rates and taxes	263,747
	Communication expenses	39,510
	Utilities & telephone expenses	957,303
	Printing, stationery & computers	231,915
	Travelling & conveyance	403,455
	Postage & courier	175,773
	Internet and Gateway	507,572
	Entertainment	106,768
	Repair and maintenance	1,036,412
	Fees & subscription	1,600,346
	Advertisement	100,000
	Vehicle maintenance	16,600
	Service & transaction charges	9,658,929
	Commission Expense	3,345,235
	Legal & Professional	402,400
	Depreciation	2,251,597
	Misc. & General	21,122
		<u>38,750,367</u>
<b>20</b>	<b><u>FINANCIAL CHARGES</u></b>	
	Mark up on short term running finance	2,966,427
	Bank charges	177,494
		<u>3,143,922</u>
<b>21</b>	<b><u>OTHER INCOME</u></b>	
	<b>From financial assets</b>	
	Profit on bank deposit	7,332,598
	Profit on MFS Investment	1,139,990
	Profit on deposits against KSE exposure	1,993,306
	Gain/(loss) on disposl of fixed assets	1,003,246
	Buy Back / Delisting Fee	106,280
	Account Maintenance Charges	509,600
	CDC/LAGA/SECP/NCSS Fee	3,474,889
	Other commission	6,721
	Profit on MTS margin	7,218,241
		<b>22,784,870</b>
	<b>From non-financial assets</b>	
	Rental income	1,500,000
		<u>24,284,870</u>

**Adam Securities Limited**  
**Notes to the accounts**

Note

**22 TAXATION**

Current	6,953,462
Prior tax	-
	<u>6,953,462</u>
	<u>6,953,462</u>

22.2 Income tax returns of the company have been finalized upto and including the tax year 2019, 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	44,761,806
Weighted average number of shares at the end of the year	26,500,000
	<u>1.69</u>
	<u>1.69</u>