

**Adam Securities Limited**  
**Financial Statements (Un Audited)**  
**For the quarter ended December 31, 2017**

**Adam Securities Limited**  
**Balance Sheet**  
**As at December 31, 2017**

	Notes	Rupees Dec 2017
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	4	29,726,542
Intangible assets	5	5,250,000
Long term investment	6	44,343,657
Investment property	7	2,418,056
Long term advances & deposits	8	7,751,000
		89,489,255
<b>CURRENT ASSETS</b>		
Trade receivables	9	186,655,111
Advances, deposits, pre-payments & other receivables	10	317,666,708
Short term investments	11	159,126,913
Receivable against margin financing		36,618,759
Cash & bank balances	12	36,645,509
		736,713,000
<b>TOTAL ASSETS</b>		<b>826,202,255</b>
 <b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
25,000,000 ordinary shares of Rs. 10/- each		250,000,000
Issued, subscribed and paid-up capital	13	250,000,000
Unappropriated profit		170,853,033
		420,853,033
Unrealized Gain on PSX Shares		19,874,367
		440,727,400
Surplus on Revaluation of PSX Office		6,756,743
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term loan	14	130,000,000
<b>CURRENT LIABILITIES</b>		
Short term running finance	15	-
Trade payables		76,111,505
Accrued expenses & other liabilities	16	172,606,607
		248,718,112
<b>CONTINGENCIES AND COMMITMENTS</b>	16(a)	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>826,202,255</b>

**Adam Securities Limited**  
**Profit & Loss Account**  
**For the quarter ended December 31, 2017**

	Notes	Rupees Dec 2017
<b>REVENUE</b>		
Operating revenue	17	41,809,319
Capital gain on sale of securities - net		45,742,314
Gain / (Loss) on remeasurement of investments - net	11	(36,237,729)
		51,313,904
Administrative expenses	18	(43,649,710)
Finance cost	19	(1,842,678)
		(45,492,388)
Operating profit / (loss)		<u>5,821,516</u>
Other income	20	<u>31,069,231</u>
Profit before taxation		36,890,747
Taxation	21	(26,406,144)
Profit after taxation		<u><u>10,484,602</u></u>
Earnings per share - basic & diluted	22	<u><u>0.42</u></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)
<b>Net carrying value basis</b>								
<b>Period ended Dec 31, 2017</b>								
Opening net book value (NBV)	14,230,400	1,560,135	7,387,239	3,598,880	1,498,498	11,233,834	540,000	40,048,986
Additions (at cost)	3,385,100	530,528	322,809	1,647,213	526,242	895,500	-	7,307,392
Disposals (at NBV)	-	-	-	-	-	(49,500)	-	(49,500)
Depreciation charge	-	-	-	-	-	-	-	-
Closing net book value (NBV)	<b>17,615,500</b>	<b>2,090,663</b>	<b>7,710,048</b>	<b>5,246,093</b>	<b>2,024,740</b>	<b>12,079,834</b>	<b>540,000</b>	<b>47,306,878</b>
<b>Gross carrying value basis</b>								
<b>As at Dec 31, 2017</b>								
Cost	17,615,500	2,090,663	7,710,048	5,246,093	2,024,740	12,079,834	540,000	47,306,878
Accumulated depreciation	(3,296,789)	(1,019,171)	(5,602,537)	(846,573)	(875,270)	(5,490,362)	(449,635)	(17,580,336)
<b>Net book value (NBV)</b>	<b>14,318,712</b>	<b>1,071,492</b>	<b>2,107,511</b>	<b>4,399,520</b>	<b>1,149,470</b>	<b>6,589,472</b>	<b>90,365</b>	<b>29,726,542</b>
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2017</b>								
Opening net book value (NBV)	14,230,400	1,560,135	7,387,239	3,598,880	1,498,498	11,233,834	540,000	40,048,986
Additions (at cost)	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-
Closing net book value (NBV)	<b>14,230,400</b>	<b>1,560,135</b>	<b>7,387,239</b>	<b>3,598,880</b>	<b>1,498,498</b>	<b>11,233,834</b>	<b>540,000</b>	<b>40,048,987</b>
<b>Gross carrying value basis</b>								
<b>As at June 30, 2017</b>								
Cost	14,230,400	1,560,135	7,387,239	3,598,880	1,498,498	11,233,834	540,000	40,048,986
Accumulated depreciation	(3,296,789)	(1,019,171)	(5,602,537)	(846,573)	(875,270)	(5,490,362)	(449,635)	(17,580,336)
<b>Net book value (NBV)</b>	<b>10,933,612</b>	<b>540,964</b>	<b>1,784,702</b>	<b>2,752,307</b>	<b>623,228</b>	<b>5,743,472</b>	<b>90,365</b>	<b>22,468,650</b>

Depreciation rate (% per annum)



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

Note	Rupees Dec 2017
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**5 INTANGIBLE ASSETS**

Trading Right Entitlement Certificates - Pakistan stock exchange limited	5,000,000
Less: Impairment Loss	-
	<u>5,000,000</u>
Membership card - Pakistan Mercantile Exchange Limited	250,000
	<u><u>5,250,000</u></u>

**6 LONG TERM INVESTMENTS**

**Available-for-sale - unquoted**

Investment in shares of Pakistan Stock Exchange Limited	6.1	41,161,275
Unrealised gain/(loss) on revaluation of shares of PSX		(5,257,368)
<b>Market value as on Dec 31, 2017</b>		<u>35,903,907</u>
Investment in shares of Lahore Stock Exchange Limited		8,439,750
		<u><u>44,343,657</u></u>

- 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 1,602,953 shares (i.e. 40% stake) are valued at the closing market rate of Rs. 22.40 per share as of period end.

**7 INVESTMENT PROPERTY**

Opening balance at NBV	2,418,056
Addition at cost	-
Disposal at NBV	-
Depreciation	-
	<u>2,418,056</u>

**8 LONG TERM ADVANCES & DEPOSITS**

Pakistan Stock Exchange Limited	310,000
National Clearing Company of Pakistan Limited	500,000
Pakistan Mercantile Exchange Limited	1,250,000
SLB Basic Deposit	250,000
Central Depository Company of Pakistan	100,000
Future Deposit	1,000,000
Advance against property	4,191,000
Security Deposit - Rent (Defence Branch)	150,000
	<u><u>7,751,000</u></u>

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

Note	Rupees Dec 2017
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**9 TRADE RECEIVABLES**

**Unsecured - considered good**

From Clients	11,185,175
From Clearing house	175,469,936
	<u>186,655,111</u>

**10 ADVANCES, DEPOSITS AND OTHER RECEIVABLES**

Advance tax	169,333,146
Exposure deposit	<b>10.1</b> 139,907,587
PMEX Initial Deposit	3,697,991
Other advances	14,127
Other receivables	4,713,856
	<u>317,666,708</u>

**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	195,364,642
Unrealized (loss)/gain as a result of remeasurement at market value - net	(36,237,729)
Market value	<u>159,126,913</u>

**12 CASH & BANK BALANCES**

Cash in hand	1,210,179
Cash at bank	35,435,330
	<u>36,645,509</u>



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

Note	Rupees Dec 2017
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**13 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL**

**Ordinary shares of Rs. 10 /- each**

22,280,000	Ordinary shares of Rs. 10 each fully paid in cash	222,800,000
2,720,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	27,200,000
<u>25,000,000</u>		<u>250,000,000</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 LONG TERM LOAN**

From director - unsecured	<b>14.1</b>	<u>130,000,000</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. 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 ACCRUED EXPENSES & OTHER LIABILITIES**

Accrued expenses	4,809,262
Accrued markup / interest	175,826
Other liabilities	116,507,264
Short term loan	51,114,255
	<u>172,606,607</u>

**16 (a) CONTINGENCIES AND COMMITMENTS**

Guarantees issued by JS Bank Limited Rs. 40 Million (2016: Rs. 40 Million)

- 16( b) There are no contingencies & commitments during the year (2016 Nil)

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

**Rupees**  
**Dec 2017**

<b>17</b>	<b><u>OPERATING REVENUE</u></b>	
	Brokerage commission	40,763,967
	Dividend income	1,045,352
		<b>41,809,319</b>
<b>18</b>	<b><u>ADMINISTRATIVE EXPENSES</u></b>	
	Directors' remuneration	1,500,000
	Staff salaries & allowances	16,512,803
	Rent, rates and taxes	827,342
	Communication expenses	98,989
	Utilities & telephone expenses	1,184,742
	Printing, stationery & computers	473,149
	Donation expense	200,000
	Travelling & conveyance	270,273
	Postage & courier	93,923
	Internet and Gateway	1,711,428
	Entertainment	1,596,750
	Repair and maintenance	1,253,424
	Fees & subscription	1,939,835
	Insurance	39,000
	Advertisement	100,000
	Vehicle maintenance	190,663
	Service & transaction charges	10,587,867
	Commission Expense	4,881,082
	Legal & Professional	166,640
	Misc. & General	21,800
		<b>43,649,710</b>
<b>19</b>	<b><u>FINANCIAL CHARGES</u></b>	
	Mark up on short term running finance	1,248,477
	Bank charges	594,202
		<b>1,842,678</b>
<b>20</b>	<b><u>OTHER INCOME</u></b>	
	<b>From financial assets</b>	
	Profit on bank deposit	965,453
	Underwriting Commission	4,786,316
	Profit on MFS Investment	7,558,731
	Profit on deposits against KSE exposure	1,755,091
	Gain/(loss) on disposl of fixed assets	(6,963)
	IPO commission	2,836,372
	CDC/LAGA/SECP/NCSS Fee	9,735,757
	Other commission	6,000
	Profit on MTS margin	1,968,378
		<b>29,605,135</b>
	<b>From non-financial assets</b>	
	Rental income	1,464,096
	Reversal of Workers welfare fund	-
		<b>31,069,231</b>



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

Rupees Dec 2017
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**21 TAXATION**

Current	24,755,572
Prior tax	<u>1,650,572</u>
	<u><u>26,406,144</u></u>

**21.1** Income tax returns of the company have been finalized upto and including the tax year 2017, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

**22 EARNINGS / (LOSS) PER SHARE- BASIC & DILUTED**

Profit / (loss) after taxation	10,484,602
Weighted average number of shares at the end of the period	<u>25,000,000</u>
	<u><u>0.42</u></u>