

KOSMOPOLITAN SECURITIES (PVT.) LTD
BALANCE SHEET AS AT DECEMBER 31, 2017

	NOTE No.	31-Dec-17 Rupees	30-Jun-17 Rupees
<u>CAPITAL & LIABILITIES</u>			
<u>AUTHORISED CAPITAL</u>			
1,500,000 Ordinary Shares of Rs. 100 each.		150,000,000.00	150,000,000
<u>ISSUED, SUBSCRIBED & PAIDUP CAPITAL</u>			
760,000 Ordinary Shares of Rs. 100 each allotted for consideration paid in Cash	4	76,000,000	76,000,000
Un-appropriated Profit / Accumulated (loss)		29,980,839	36,884,364
		105,980,839	112,884,364
<u>TRADE AND OTHER PAYABLES</u>			
Accrued expenses		38,558	73,747
Provision for taxation - net of payments		2,541,134	2,541,134
		2,579,692	2,614,881
Contingencies & Commitment	5	-	-
		108,560,531	115,499,245
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Intangible Assets	6	200,000	200,000
Long Term Investments	7	15,696,531	10,290,958
Long Term deposits	8	504,000	11,501,000
		16,400,531	21,991,958
<u>CURRENT ASSETS</u>			
Receivable against Sale of Shares		4,488,268	15,492,177
Short term investments	7	26,929,616	30,872,875
Cash & Bank Balances	9	60,742,116	47,142,235
		92,160,000	93,507,287
		108,560,531	115,499,245

The annexed notes 1 to 15 form an integral part of this financial statement



Chief Executive




Director


Date: 31/12/17

KOSMOPOLITAN SECURITIES (PVT) LTD
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	31-Dec-17 Rupees	31-Dec-16 Rupees
<u>Income:</u>		
Dividend Income on PSX shares	380,591	881,625
Capital Gain on transfer of PSX shares	-	-
	<u>380,591</u>	<u>881,625</u>
<u>Expenses:</u>		
Fee & Subscription	(214,342)	(109,407)
Re-measurement gain / (loss) in Shares of PSX	(3,943,259)	-
Shared cost of PSX IPO	-	-
Audit Fee	-	-
	<u>(4,157,601)</u>	<u>(109,407)</u>
Profit before taxation	(3,777,010)	772,218
Provision for income tax	(57,089)	(110,203)
Net (Loss) / profit after taxation	<u>(3,834,099)</u>	<u>662,015</u>
<u>Other Comprehensive income / (loss):</u>		
Reclassification on adjustemnt on disposal of available for sale investment included in profit and loss account	-	-
Re-measurement gain / (loss) in Shares of PSX	(3,069,427)	-
	<u>(3,069,427)</u>	<u>-</u>
Total Comprehensive income / (loss)	<u><u>(6,903,526)</u></u>	<u><u>662,015</u></u>
Earning per share - (Loss)	<u><u>(5.04)</u></u>	<u><u>0.87</u></u>

The annexed notes 1 to 15 form an integral part of this financial statement


 Chief Executive


 Director
Spairi S. S. S.

KOSMOPOLITAN SECURITIES (PVT.) LTD
CASH FLOW STATEMENT
FOR THE YEAR HALF ENDED DECEMBER 31, 2017

	31-Dec-17 Rupees	30-Jun-17 Rupees
-----Rupees-----		
Cash flows From Operating activities		
(Loss) / Profit before taxation for the year	(3,777,010)	34,026,034
Adjustment for non-cash items:		
Capital Gain on transfer of PSX shares	-	(34,324,034)
Re-measurement Gain/(Loss) in Shares of PSX	3,943,259	-
	<u>3,943,259</u>	<u>(34,324,034)</u>
	166,249	(298,000)
Changes in working capital		
(Increase) / Decrease in Current assets		
Receivable against Sale of Shares	-	(15,492,177)
	-	(15,492,177)
Increase /(Decrease) in Current liabilities		
Accrued expenses	(35,189)	22,000
Net Changes in Working Capital	131,060	(15,470,177)
Decrease in long term deposits	10,997,000	(10,995,191)
Receivable against Sale of Shares	11,003,909	-
Income taxes paid during the year	(57,089)	(55,151)
Cash flow from operations	<u>21,943,820</u>	<u>(11,050,342)</u>
Net Cash generated from operating activities	<u>22,074,880</u>	<u>(26,818,519)</u>
Cash flows From Investing Activities		-
Purchase of investment	(8,475,000)	-
Sale Proceed from investment	-	67,324,040
Net Cash (used in)/generated from investing activities	<u>(8,475,000)</u>	<u>67,324,040</u>
Net Cash (used in)/generated from Financing Activities	-	-
Net (decrease)/increase in cash and cash equivalents	<u>13,599,880</u>	<u>40,505,521</u>
Cash and cash equivalent at beginning	<u>47,142,235</u>	<u>6,636,714</u>
Cash and cash equivalent at end	<u>60,742,115</u>	<u>47,142,235</u>

The annexed notes 1 to 15 form an integral part of this financial statement

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Chief Executive


 Director
 SPAIN SOW

KOSMOPOLITAN SECURITIES (PVT) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Issued, Subscribed and Paid up Capital	Accumulated Loss / Un-appropriated profit	Unrealized (Loss)/Gain on remeasurement of available for sale investment	Total	Total
	-----Rupees-----				
Balance as at July 01, 2015	76,000,000	295,580	-	295,580	76,295,580
Total Comprehensive Income for the year	-	(14,004,804)	(14,926,170)	(28,930,974)	(28,930,974)
Balance as at June 30, 2015	76,000,000	(13,709,224)	(14,926,170)	(28,635,394)	47,364,606
Total Comprehensive Income for the year	-	31,429,749	34,090,009	65,519,758	65,519,758
Balance as at June 30, 2017	<u>76,000,000</u>	<u>17,720,525</u>	<u>19,163,839</u>	<u>36,884,364</u>	<u>112,884,364</u>
	-	(3,834,099)	(3,069,427)	(6,903,526)	(6,903,526)
Balance as at Dec 31, 2017	76,000,000	13,886,426	16,094,412	29,980,839	105,980,839

The annexed notes 1 to 15 form an integral part of this financial statement

*  Chief Executive

X  Director

SARITA SINGH

KOSMOPOLITAN SECURITIES (PVT.) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on May 24, 2007 as a Private Limited Company. The principal activity of the company is to carry on the business of shares brokage underwriting investment of portfolio management. However no business activity has been carried out during the year. Its registered office is situated at MR-7/52-53, 574/1, Adamjee Dawood Road, Jodia Bazar, Karachi. In the preceding year, SECIP has issued the brokerage license to Company. However no business activity has been carried out during the year.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.2 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International and Financial Reporting Standards for Small and Medium sized entities (IFRS for SMEs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provision of and directive issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provision or directive of the repealed Companies Ordinance, 1984 shall prevail.

2.3 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.

2.4 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) Impairment of financial assets (note 3.4); and
- (b) Classification of Investments.

(c) Income Taxation.

2.5 Basis of preparation

These financial statements have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

2.6 Functional and presentation currency

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest rupee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Intangible assets

a) Membership Card Rights & Privileges

Membership cards is stated at cost of acquisition less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2 Investments

These represent Investments in stock exchange stated at cost and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares.

3.3 Impairment of assets

All Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account .

3.4 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 goods and services.

3.5 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.

3.6 Income Taxation

Liability for current income tax is accounted for in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

3.7 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.

3.8 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.

3.9 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 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		
760,000	760,000	Ordinary Shares of Rs. 100 each issued for consideration paid in cash	76,000,000 76,000,000

Pattern of shareholding

Name of share holders	% of Holding	No of shares	
Mr. Muhammad Altaf Bilwani	55.13%	419,000	419,000
Mr. Saqib Haroon Bilwani	44.74%	340,000	340,000
Mr. Mustufa Bilwani	0.13%	1,000	1,000
	100%	760,000	760,000

5 CONTINGENCIES AND COMMITMENTS

There no contingencies & commitment at the balance sheet date.

31-Dec-17	30-Jun-17
Rupees	Rupees

6 INTANGIBLE ASSETS

Membership Card Rights & Privileges
Pakistan Stock Exchange Limited TREC
Less: Impairment loss

	15,000,000	15,000,000
	(14,800,000)	(14,800,000)
6.1 & 7.1	200,000	200,000

- 6.1 In the preceding year, Pakistan Stock Exchange Limited has been demutualized and in terms whereof its members have been allowed in exchange of membership, "Trading Right Entitlement Certificate (TREC)" along with shareholding in Pakistan Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.70 Million as Intangibles vide Pakistan Stock Exchange letter no: KSE/SECP-2013/1 who have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.15 Million and taken the balance to the value of Pakistan Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of projected bid price of TREC and recorded value has been provided for.

7 LONG TERM INVESTMENTS

Pakistan Stock Exchange Limited - Available for Sale

Opening
Addition during the year
Deletion / Transfer during the year
Closing Balance
Re-measurement gain / (loss)
Closing Balance at revalued amount

31-Dec-17		30-Jun-17	
Units	Amount	Units	Amount
400,738	10,290,958	1,602,953	16,029,530
300,000	8,475,000	-	-
-	-	(1,202,215)	(12,022,150)
700,738	18,765,958	400,738	4,007,380
-	(3,069,427)	-	6,283,578
700,738	15,696,531	400,738	10,290,958

7.1 SHORT TERM INVESTMENT

Pakistan Stock Exchange Limited - Held for Trading

Opening
Addition during the year
Deletion / Transfer during the year
Closing Balance
Re-measurement gain / (loss)
Closing Balance at revalued amount

31-Dec-17		30-Jun-17	
Units	Amount	Units	Amount
1,202,215	30,872,875	-	-
-	-	1,202,215	12,022,150
-	-	-	-
1,202,215	30,872,875	1,202,215	12,022,150
-	(3,943,259)	-	18,850,725
1,202,215	26,929,616	1,202,215	30,872,875

31-Dec-17 Rupees	30-Jun-17 Rupees
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7.2 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX works out at Rs.40.07 Million, while the recorded value of the membership card as Intangible asset was Rs. 70 Million, however the company have recorded the remaining balance of Rs.55 million in shares 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 the Central Depository Company of Pakistan Limited while 1,602,953 shares are certified to companies CDC account.

During the year, the Company has received sale proceed of Rs. 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement. the Company has also received sale proceed of Rs. 21 million against disposal of 801,477 shares representing 20% holding to general public.

Furthermore, PSX notified vide letter dated June 23, 2017 that SECP has approved the application for formal listing and quotation of shares of PSX pursuant to Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012. The shares of PSX have been listed on June 29, 2017 on its ready counter, accordingly the company has recorded its remaining shares at a price of Rs. 25.68 being fair market value of such shares as of June 30, 2017. However CDC has kept these shares as frozen instead of blocked.

Further as per section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years format he last date for the public subscription. The investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

8 LONG TERM DEPOSITS

Deposit with Pakistan Stock Exchange Ltd - Base margin	201,000	201,000
Deposit with NCCPI,	203,000	200,000
Deposit with CDC Pakistan Ltd	100,000	100,000
Base Minimum Capital Requirement PSX	-	4,809
	<u>504,000</u>	<u>505,809</u>

9 CASH & BANK BALANCES

- Cash-In-Hand	523,958	531,298
- Cash-At-Bank in Current Account - House account	60,218,158	6,105,416
	<u>60,742,116</u>	<u>6,636,714</u>

11 FINANCIAL INSTRUMENTS

11.1 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 interalia 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 Trade debts, balances with banks and financial institutions, and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2017	2016
	Rupees	
Long Term deposits	504,000	11,501,000
Long Term Investments	15,696,531	10,290,958
Bank Balances	60,742,116	47,142,235
	<u>76,942,647</u>	<u>68,934,193</u>

Trade Deposits

These are given to PSX/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 9.

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 requirements.

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.

Foreign 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 any foreign currency 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 is not exposed to any markup/interest rate risk.

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 not exposed to equity price risk.

11.2 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 investment in shares of PSX which is carried at cost.

12 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.

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.

13 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

Currently no remuneration is being provided by the Company to its Chief Executive, any Director and Company Secretary and key management personnel.

14 NO OF EMPLOYEES
As on balance sheet date

2017	2016
<u>Nil</u>	<u>Nil</u>

The Company has not formulated employees retirement benefit policy as no employee has been hired.

15 DISCLOSURES UNDER SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATIONS, 2016

15.1 Investments

Value of shares held in CDC
Value of shares under pledge

<u>42,626,147</u>	<u>-</u>
<u>-</u>	<u>-</u>

15.2 Turnover, Trade debts and Customer assets

The Company has not yet commenced its operation, hence turnover, receivable from customers and customers assets are nil.

16 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on _____.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupee.

✱ 
Chief Executive

✓ 
Director
SARIN SEKH