

STRONGMAN SECURITIES (PRIVATE) LIMITED

Un-Audited Financial Statements

THIRED QUARTERLY REPORT

Period Ended 31 March 2021

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STRONGMAN SECURITIES (PRIVATE) LIMITED

Condensed Interim Statement of Financial Position (Un-Audited)

As at 31 March, 2021

		(Un-Audited) Mar-21 Rupees	(Audited) 2019 Rupees
ASSETS	<i>Note</i>		
Non-current assets			
Property and equipment	5	383,723	288,335
Intangible assets	6	7,556,300	6,000,000
Long term investments	7	19,605,539	19,605,539
Long term deposits	8	132,500	132,500
		27,678,062	26,026,374
Current assets			
Trade & other receivables	9	4,403,469	1,278,104
Prepayments and advances	10	3,320,541	2,267,821
Short term investment	11	3,629,679	3,309,680
Cash and bank balances	12	11,060,180	3,553,730
		22,413,869	10,409,335
		50,091,931	36,435,709
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	13	25,000,000	25,000,000
Capital Reserve			
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		11,165,789	11,165,789
Revenue reserve			
Unappropriated profit		396,633	(3,409,604)
Share Deposit Money		350,000	1,300,000
Total equity		36,912,422	34,056,185
Non Current liabilities			
Long term loan from Directors	14	2,500,000	-
		2,500,000	-
Current liabilities			
Short Term borrowings	15	1,000,000	-
Trade payables	16	9,066,184	2,379,524
Accrued and other liabilities	16	522,647	-
Current tax liability		90,678	-
		10,679,508	2,379,524
Contingencies and commitments	17	-	-
		50,091,931	36,435,709

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Mahreen Siddiq
Director

STRONGMAN SECURITIES (PRIVATE) LIMITED

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the Nine Months & Thired Quarter ended March 31, 2021

		(Un-Audited) Nine Months Ended	(Un-Audited) Thired Quarter Ended	(Audited)
	Note	Mar-21 Rupees	Mar-21 Rupees	Jun-20 Rupees
Operating revenue	18	7,254,207	1,760,029	3,737,728
Gain/(loss) on sale of short term investments				(46,501)
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		5,462,753	-	(233,942)
		12,716,960	1,760,029	3,457,285
Other income		149,471	69,029	1,451,788
Operating and administrative expenses		(8,966,021)	(1,880,753)	(4,434,182)
Operating profit / (loss)		3,900,410	(51,695)	474,891
Other operating expenses				(4,628)
Finance costs		(3,496)	(582)	(4,925)
Profit / (loss) before taxation		3,896,914	(52,277)	465,338
Income tax expense		(90,678)	(22,000)	(186,418)
Profit/(loss) for the period		3,806,237	(74,277)	278,920
Earnings/(loss) per share - basic		15	(0.30)	1.06

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Mahreen Siddiq
Director

STRONGMAN SECURITIES (PRIVATE) LIMITED

Condensed Interim Statement of Other Comprehensive Income (Un-Audited)

For the Nine Months & Thired Quarter ended March 31, 2021

	(Un-Audited) Nine Months Ended	(Un-Audited) Thired Quarter Ended	(Audited)
	Mar-21 Rupees	Mar-21 Rupees	Jun 2020 Rupees
Profit/(loss) for the year	3,806,237	(74,277)	278,920
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI	-		447,306
Total comprehensive income/(loss) for the period	3,806,237	(74,277)	726,226

Note

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Director

STRONGMAN SECURITIES (PRIVATE) LIMITED

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Nine Months & Thired Quarter ended March 31, 2021

	(Un-Audited) Mar-21 Rupees	(Audited) Jun 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	3,896,914	465,338
Adjustments:		
Depreciation and impairment	26,313	32,038
Impairment loss on intangible assets	-	-
Provision for doubtful debts	-	(113,794)
Realized loss / (gain) on sale of short-term investments	-	(46,501)
Unrealized loss / (gain) on short-term investments	-	(233,942)
Interest Paid/(Received)	(149,471)	304,228
Dividend income	-	(804,258)
	(123,158)	(862,229)
Operating profit before working capital changes	3,773,756	(396,891)
(Increase)/decrease in current assets		
Trade & other receivables	(3,125,365)	(1,188,317)
Prepayments and advances	(1,052,720)	1,572,027
Increase/(decrease) in current liabilities		
Trade and other payables	6,686,660	(236,422)
Accrued and other liabilities	522,647	-
	3,031,222	147,288
Cash generated from / (used in) operations	6,804,978	(249,603)
Proceeds from net sales of / (acquisition of) short-term investments	-	560,886
Dividends received	-	804,258
Interest received	149,471	(304,228)
Taxes paid	(90,678)	(118,968)
	58,793	941,948
Net cash from operating activities	6,863,771	692,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(121,700)	(10,500)
Decrease / (increase) in long-term deposits	-	1,700,000
Investments-net	(1,785,621)	-
Net cash generated from / (used in) investing activities	(1,907,321)	1,689,500
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Increase/Decrease in Share deposit money	(950,000)	-
Proceeds from / (repayment of) long-term borrowings	3,500,000	-
Net cash generated from / (used in) financing activities	2,550,000	-
Net (decrease)/increase in cash and cash equivalents	7,506,450	2,381,845
Cash and cash equivalents at the beginning of the year	3,553,730	1,171,885
Cash and cash equivalents at the end of the 3rd Quarter	11,060,180	3,553,730

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Mahreen Siddiq
Director

STRONGMAN SECURITIES (PRIVATE) LIMITED
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Nine Months & Third Quarter ended March 31, 2021

	Issued, subscribed and paid-up capital	Unappropria ted profit/ (loss)	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
Rupees.....			
Balance as at July 1, 2020	26,300,000	(3,688,524)	10,718,483	33,329,959
	-	-	-	-
Total comprehensive income for the year				
Issuance of shares	-			-
Loss for the year	-	278,920	-	278,920
Other comprehensive income/(loss)	-	-	447,306	447,306
	-	278,920	447,306	726,226
Balance as at June 30, 2020	26,300,000	(3,409,604)	11,165,789	34,056,185
Total comprehensive income for the period				
(Loss)/profit for the third Quarter ended March-21	-	3,806,237	-	3,806,237
Other comprehensive income/(loss)	-	-	-	-
	-	3,806,237	-	3,806,237
Balance as at March 31, 2021	26,300,000	396,633	11,165,789	37,862,422

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Mahreen Siddiq
 Director

STRONGMAN SECURITIES (PRIVATE) LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the Nine Months & Third Quarter ended March 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Strongman Securities (Private) Limited (the "Company") was incorporated in Pakistan on October, 2001 as a private limited company, limited by shares, under the Companies Ordinance, 1984. The Company's registered office is situated at Room No.409, Stock Exchange Building, 19 Khayaban-e-Ahwan-e-Iqbal, Lahore. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2 BASIS FOR PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited. The figures of the condensed interim statement of financial position, condensed interim statement of profit or loss and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2021 have not been reviewed by the statutory auditors of the Company.

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.



6 INTANGIBLE ASSETS

Note		Mar-21 Rupees	Jun-20 Rupees
		2,500,000	2,500,000
Trading Rights Entitlement Certificate ("TREC")	6.1	5,056,300	3,500,000
Room - Lahore Stock Exchange		7,556,300	6,000,000
Impairment	6.2	-	-
		<u>7,556,300</u>	<u>6,000,000</u>

6.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

6.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. As a result, the Company recognized an impairment loss on the TREC in the amount of PKR 1.5 million in fiscal 2018.

7 LONG-TERM INVESTMENTS

Investments at fair value through OCI

LSE Financial Services Limited (unquoted) - at fair value	7.1	19,605,539	19,158,233
Adjustment for remeasurement to fair value		-	447,306
		<u>19,605,539</u>	<u>19,605,539</u>

7.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, the Company received 843,973 shares of LSE Financial Services Limited. Of these, 60% (506,383 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 23.23 / per share, as at June 30, 2020 as compared to PKR 22.7 / per share as at June 30, 2019). Remeasurement to fair value resulted in a gain of PKR 447,306 (2019: PKR 3,899,165).

8 LONG-TERM DEPOSITS

Central Depository Company Limited	102,500	102,500
CLEARING HOUSE M.SHIP FEE	30,000	30,000
Long Term Deposits	<u>132,500</u>	<u>132,500</u>

9 TRADE DEBTS

Considered good	6,358,875	1,278,104
Considered doubtful		216,288
	<u>6,358,875</u>	<u>1,494,392</u>
Less: Provision for doubtful debts	1,955,406	216,288
	<u>4,403,469</u>	<u>1,278,104</u>



10 PREPAYMENTS & ADVANCES

PSX future exposure	1,400,000	1,450,000
Receivable from NCCS	1,054,353	73,032
Income tax refundable	833,406	744,789
Other	32,782	
	<u>3,320,541</u>	<u>2,267,821</u>

11 SHORT TERM INVESTMENT

Investments at fair value through profit or loss	3,550,636	
Investments in listed securities	79,043	3,309,680
	<u>3,629,679</u>	<u>3,309,680</u>

Shares with fair value of PKR NIL (2019: PKR NIL) have been pledged with commercial banks for obtaining finance facilities. Of these, shares with fair value of PKR NIL (2019: PKR NIL) are clients' shares.

Shares with fair value of PKR 884,340 (2019: PKR 585,157) of house were pledged with PSX and NCCPL, were pledged against [state reason, e.g. NCCPL margin requirements].

Clients' shares with fair value of PKR NIL (2019: PKR NIL) were held in the Company's CDC MF account against margin financing provided by the Company to clients.

12 CASH AND BANK BALANCES

Cash in hand	10,984	1,820
Cash at bank:		
Current accounts	11,049,196	3,551,910
Savings accounts		
	<u>11,060,180</u>	<u>3,553,730</u>



13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	Mar-21 Rupees	Jun-20 Rupees
13.1 Authorized capital 350,000 (2020: 350,000) ordinary shares of PKR 100 each.		3,500,000	35,000,000
13.2 Issued, subscribed and paid-up share capital 263,000 (2020: 263,000) ordinary shares of PKR 100/- each, issued for cash		25,000,000	25,000,000
13.3 Share Deposit Money		350,000	1,300,000

13.3 Shareholders holding 5% or more of total shareholding

	No. of shares		Percentage	
	Mar-21	Jun-20	Mar-21	Jun-20
Kh. M. Siddiq Akbar	160,000	160,000	64%	64%
Mrs. Mahreen Siddiq	13,000	13,000	6%	6%
Akbar Hameed Khan	37,500	37,500	15%	15%
Zahid Jagir	37,500	37,500	15%	15%
	250,000			

14 Long Term Loan from Directors

	Note	Mar-21 Rupees	Jun-20 Rupees
Loan from director	14.1	2,500,000	-
14.1 Loan has been obtained from director K.M.Siddiq Akbar during the period		2,500,000	-

15 Short-TERM FINANCING

	Note	Mar-21 Rupees	Jun-20 Rupees
Short-term borrowings	15.1	1,000,000	-
		1,000,000	-

15.1 This balance represents amounts that become due to Directors of the Company due to amounts extended to cover various expenditures. These amounts are extended free of interest and are repayable at the discretion of the Company.

16 TRADE AND OTHER PAYABLES

Trade creditors	16.1	9,066,183	1,742,560
Payables to exchanges and clearing house		-	413,950
Accrued and other payables		518,019	218,386
WWF		4,628	4,628
		9,584,202	2,379,524

16.1 This does not include amounts due to related parties.



17 CONTINGENCIES AND COMMITMENTS

17.1 There are no contingencies or commitments of the Company as at March 31, 2021 (2020: Nil).

18 OPERATING REVENUE

	(Un-Audited) Nine Months Ended	(Un-Audited) Third Quarter Ended	(Audited)
	Mar-21	Mar-21	Jun-20
Brokerage income	7,254,207	1,760,029	2,933,470
Dividend income	-	-	804,258
	<u>7,254,207</u>	<u>1,760,029</u>	<u>3,737,728</u>

19. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

20. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on April 30, 2021.

21. GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.


Chief Executive


Director



5 PROPERTY AND EQUIPMENT

Description	Cost			Accumulated Depreciation				Net book value as at 31 Mar 2021	Rate of dep %
	As at 1 July 2020	Additions	Disposals	As at 31 Mar 2021	As at 1 July 2020	Transferred from leased to Owned	For the period	Adjustments	
Owned									
Furniture and fixtures	161,300			161,300	80,789	-	6,039	-	74,472
Office equipment	433,837	121,700		555,537	226,013	-	20,274	-	309,250
	595,137	121,700	-	716,837	306,801	-	26,313	-	383,723