

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at December 31, 2016

	Note	31-Dec-16 Un-Audited Rupees	30-Jun-16 Audited Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4	396,137	399,892
Intangible asset	5	4,000,000	4,000,000
		4,396,137	4,399,892
Long term investment	6	30,346,030	30,346,030
Long term deposits	7	402,756	400,000
		30,748,786	30,746,030
Current Assets			
Account receivables	8	11,601,837	3,029,863
Short term investment	9	2,819,280	2,231,030
Advances, deposits & pre-payments	10	2,305,000	1,672,738
Cash and bank balances	11	4,939,544	4,543,995
		21,665,661	11,477,626
		56,810,584	46,623,548
Equity and Liabilities			
Authorized	12	5,000,000	5,000,000
500,000 (2016: 500,000) ordinary shares of rupees 10/- each			
Issued, subscribed and paid up	13	5,000,000	5,000,000
500,000 (2016: 500,000) ordinary shares of rupees 10/- each fully paid in cash			
Unappropriated profit / (loss)		38,102,699	37,111,131
		43,102,699	42,111,131
Non-Current Liabilities			
Long term loan		200,000	200,000
Current Liabilities			
Account payables	15	12,818,076	3,765,175
Other payables	16	333,137	190,570
Provision for taxation	17	356,672	356,672
		13,507,885	4,312,417
Contingencies and commitments	18	-	-
		56,810,584	46,623,548

The annexed notes form 1 to 29 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Period from July 01, 2016 to December 31, 2016

	Note	31-Dec-16 Un-Audited Rupees	30-Jun-16 Audited Rupees
Revenue			
Income from brokerage	19	2,671,635	3,334,031
Un-realized gain / (loss) on investment	9	-	(997,250)
Gross profit/ (loss)		2,671,635	2,336,781
Operating and administrative expenses	20	(1,423,195)	(3,650,990)
Operating profit /(loss)		1,248,440	(1,314,209)
Financial charges	21	(1,200)	(3,523)
Other income / (loss)	22	101,000	2,560,106
Profit / (loss) before taxation		1,348,240	1,242,374
Taxation	17	(356,672)	(76,565)
Profit / (loss) after taxation		991,568	1,165,810

The annexed notes form 1 to 29 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Period from July 01, 2016 to December 31, 2016

	Note	31-Dec-16 Un-Audited Rupees	30-Jun-16 Audited Rupees
Cash flows from operating activities			
Profit / (loss) before taxation		1,348,240	1,242,374
Adjustments for non cash items:			
Depreciation		29,255	61,689
Un-realized gain / (loss) on investment		1,200	997,250
Financial charges			3,523
		30,455	1,062,462
Operating profit before working capital changes		1,378,696	2,304,836
Changes in operating assets and liabilities			
(Increase)/decrease in current assets			
Accounts receivable		(8,571,974)	7,101,850
Advances, deposits & pre-payments		(882,388)	(1,549,316)
Short term investment		(588,250)	(3,228,280)
Increase/(decrease) in current liabilities			
Account payable		9,052,901	(5,290,361)
Other payable		142,567	(23,285)
		(847,144)	(2,989,392)
		(847,144)	
Cash utilized in operations		531,552	(684,556)
Financial charges paid		(1,200)	(3,523)
Income tax paid		(109,303)	(36,367)
		(110,503)	(39,890)
Net cash used in operating activities		421,049	(724,446)
Cash flows from investing activities			
Fixed capital expenditure		(25,500)	(36,201)
Net cash used in investing activities		(25,500)	(36,201)
Cash flows from financing activities			
Loan from directors		-	200,000
Net cash generated from financing activities		-	200,000
Net (decrease)/increase in cash and cash equivalents		395,549	(560,647)
Cash and cash equivalents at the beginning of the year		4,543,995	5,104,641
Cash and cash equivalents at the end of the year	11	4,939,544	4,543,995

The annexed notes form 1 to 29 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Period from July 01, 2016 to December 31, 2016

	Share capital	Share premium	Capital reserve	Unappropriated profit/ (Loss)	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2015	5,000,000	-	-	35,945,321	40,945,321
Net profit / (loss) for the year ended 30 June 2016	-	-	-	1,165,810	1,165,810
Balance as at 30 June 2016	5,000,000	-	-	37,111,132	42,111,131
Balance as at 01 July 2016	5,000,000	-	-	37,111,132	42,111,131
Net profit / (loss) for the period	-	-	-	991,568	991,568
Balance as at 31 December, 2016	5,000,000	-	-	38,102,701	43,102,700

The annexed notes form 1 to 29 an integral part of these financial statements.

Lahore:

Chief Executive

Director

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Period from July 01, 2016 to December 31, 2016

1 The Company's operations and registered office

FAIR EDGE SECURITIES (PRIVATE) LIMITED was incorporated on April 05, 2002 under the Companies Ordinance 1984 as a Private Limited company at Islamabad and is primarily engaged in the business of stocks, brokerage, investment advisory consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings(IPO's) and providing all relative services to the general public to promote investment and company does not hold assets in fiduciary capacity. Company headoffice is situated at Stock Exchange Building Islamabad.

2 Statement of compliance

These accounts have been prepared in accordance with the approved International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standards Interpretations Committee of the IASC, as applicable in Pakistan. Approved Accounting Standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by The Institute of Chartered Accountants of Pakistan and the requirements of the Companies Ordinance, 1984, along with the requirements of the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984, the Rules, the Regulations or the directives issued by the SECP differ with the requirements of these IAS, the requirements of the Ordinance, the Rules, the Regulations or the requirements of the said directives take precedence.

3 Significant accounting policies

3.1 Accounting Convention

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

3.2 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress are stated at cost.

Depreciation is calculated using the reducing balance method, at the rates specified in the fixed assets schedule, which are considered appropriate to write off the cost of the assets over their estimated useful lives. The depreciation on property and equipment is charged on monthly basis.

3.3 Intangible assets

This is stated at cost less impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Long Term Deposits and Loans

Long term deposits and loans are stated at cost.

3.5 Loans and Receivables

These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired as well as through the amortization process.

3.6 Taxation

Current

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any. On Income subject to Normal Taxation and no presumptive basis on Income subject to Final Taxation.

Deffered Taxation

The company accounts for deffered taxation, using the liability method on all temporary timing differences. However, deffered tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

3.7 Trade and settlement date accounting

All "regular way" purchases and sales of listed securities are recognized on the trade date, i.e. the date that the Company commits to purchase/ sell the asset. Regular way purchase or sale of financial assets are those, the contract for which requires delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

3.8 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time and are accounted for as follows.

3.9 Revenue recognition

- a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- c) Gains or losses on sale of investments are recognized in the period in which they arise.
- d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- e) Consultancy, advisory fee and service charges are recognized as and when earned.
- f) Unrealized capital gains/(losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.10 Return on financing and borrowings

Return on financing and borrowings is recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.11 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

3.13 Contingencies and Commitments

Capital commitments and Contingences, unless those are actual liabilities, are not incorporated in the accounts.

4 Property and Equipmnt

FAIR EDGE SECURITIES (PRIVATE) LIMITED

4.1 Tangible

PARTICULARS	COST				DEPRECIATION				Book value as at December 2016	Depreciation rate %
	As at 01 July 2016	Additions during the year	Deletions during the year	As at December 2016	As at 01 July 2016	For the year	Deletions	As at December 2016		
OWNED										
Computers	222,230	25,500	-	247,730	167,872	11,979	-	179,851	67,879	30
Office equipments	139,515	-	-	139,515	94,972	2,227	-	97,199	42,316	10
Furniture and fixture	946,375	-	-	946,375	645,384	15,050	-	660,433	285,942	10
<i>Rupees</i>	30 Dec, 2016	1,308,120	25,500	-	1,333,620	908,228	29,255	-	937,483	396,137
<i>Rupees</i>	June, 2016	1,271,919	36,201	-	1,308,120	846,539	61,689	-	908,228	399,892

		FAIR EDGE SECURITIES (PRIVATE)	
		2016	2015
		Un-Audited	Audited
		Rupees	Rupees
5	Intangible asset		
	Membership card value (TREC)	4,000,000	4,000,000
		<u>4,000,000</u>	<u>4,000,000</u>
6	Long term investments		
	Islamabad stock exchanges tower rite management company limited - Unquoted	3,034,603	3,034,603
	Price	10	10
		<u>30,346,030</u>	<u>30,346,030</u>
		6.1	
6.1	These represent the shares received from Islamabad Stock Exchange Towers Reit Management company limited (ISETRMCL) in pursuance of corporatization and demutualization of ISETRMCL as public company limited by shares in accordance with the requirement of the Stock Exchanges (Coproration, Demutualization and Integration Act, 2012 (the Act.)). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from PSX.		
6.2	Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. The company has received 40% equity shares i.e. 1,213,841 shares of ISETRMCL. The remaining 60% shares are transferred to CDC sub-account in company's name under ISE's participant IDs with the CDC which will remain blocked until these are divested to strategic investor's), general public and financial institutions.. As the fair value of both the asset transfer and assets obtain can not be determined with reasonable accuracy, the investment in shares has been recorded at the face value of Rs. 10/- each in the Company's book.		
6.3	No tax provision has been made on Gain on exchange of membership card with TREC, as such gain is exempted from tax under clause 110B of Second Schedule of Income Tax Ordinance , 2001.		
7	Long term deposits		
	CDC deposits	100,000	100,000
	NCSS deposits	100,000	100,000
	ISE clearing house deposit	202,756	200,000
		<u>402,756</u>	<u>400,000</u>
8	Account receivables		
	Account receivables	11,601,837	3,029,863
		<u>11,601,837</u>	<u>3,029,863</u>
9	Short term investment		
	Cost of investment in listed securities	2,819,280	3,228,280
	Un-realized gain/(loss) on investment	-	(997,250)
		<u>2,819,280</u>	<u>2,231,030</u>

	Note	FAIR EDGE SECURITIES (PRIVATE)	
		2016	2015
		Un-Audited Rupees	Audited Rupees
10 Advances, deposits and prepayments			
Other receivables		2,200,000	1,317,612
Advance to employess		105,000	105,000
Advance income tax		-	250,127
		2,305,000	1,672,738
11 Cash and bank balances			
Cash in hand		174,767	182,613
Cash at banks			
In saving/ profit accounts		-	-
In current accounts		4,764,777	4,361,381
		4,764,777	4,361,381
		4,939,544	4,543,995
12 Share capital			
Authorized			
500,000 (2016: 500,000) ordinary shares of rupees 10/- each		5,000,000	5,000,000
		5,000,000	5,000,000
13 Issued, subscribed and paid up			
500,000 (2016: 500,000) ordinary shares of rupees 10/- each fully paid in cash		5,000,000	5,000,000
		5,000,000	5,000,000
14 Long term loan			
Loan from directors		200,000	200,000
		200,000	200,000
This loan represent the amount paid by director without any markup.			
15 Account Payables			
Creditors		12,818,076	3,765,175
		12,818,076	3,765,175
16 Other payable			
Other payable		333,137	190,570
		333,137	190,570

		FAIR EDGE SECURITIES (PRIVATE)	
		2016	2015
Note		Un-Audited	Audited
		Rupees	Rupees
17	Provision for taxation - Net		
	Opening Balance	(246,767)	-
	Deffered tax	-	(280,107)
	Current year taxation	356,672	356,672
		<u>109,905</u>	<u>76,565</u>
	Less:		
	Adjusted against advance tax	246,767	(323,332)
		<u>356,672</u>	<u>(246,767)</u>
18	Contingencies and commitments		
	The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 3,034,603 ordinary shares of Islamabad Stock Exchange Towers Reit Management company limited (ISETRMCL) with ISETRMCL in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the PSX.		
19	Income from brokerage		
	Commission income - Net	2,671,635	3,334,031
		<u>2,671,635</u>	<u>3,334,031</u>
20	Operating and administrative expenses		
	Staff Salaries	301,912	857,465
	Director remuneration	20.1 50,000	320,000
	Electricity and gas charges	257,255	453,711
	Telephone and telex charges	18,990	45,080
	Courier & postage charges	860	950
	Printing and stationery	3,997	11,610
	Entertainment	27,099	45,448
	New paper and periodicals	1,998	3,952
	Rent, Rate and taxes	204,000	708,369
	Traveling & conveyance charges	-	6,100
	C.D.C charges	15,696	90,232
	I.S.E Charges (Laga)	26,580	46,384
	PSX Charges	102,186	49,972
	NCCS Charges	44,055	75,234
	Fee and subscription	26,500	117,525
	Market rate display charges	-	9,150
	KSE laga charges	208,379	559,415
	Audit fee	20.2 55,000	143,000
	Repair and maintainance	-	23,000
	Depreciation	61,689	61,689
	Miscellaneous expenses	16,999	22,704
		<u>1,423,195</u>	<u>3,650,990</u>
20.1	Director Remuneration		
	Muhammad Safdar Qazi	50,000	320,000
		<u>50,000</u>	<u>320,000</u>

		FAIR EDGE SECURITIES (PRIVATE)	
Note		2016	2015
		Un-Audited	Audited
		Rupees	Rupees
20.2	Audit fee		
	Audit fee	50,000	140,000
	Out of pocket expenses	5,000	3,000
		<u>55,000</u>	<u>143,000</u>
21	Financial charges		
	Bank and other charges	1,200	3,523
		<u>1,200</u>	<u>3,523</u>
22	Other Income / (loss)		
	Dividend income	-	343,976
	Other income	101,000	3,000
	Realized gain / (loss) on investment	-	2,213,130
		<u>101,000</u>	<u>2,560,106</u>

23 Taxation

This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance, 2001 and Normal Taxation on other Income.

Deferred Taxation has not been provided as the Company is subject to Presumptive Taxation.

24 Remuneration of Chief Executive, Directors and Executives

	2016	2015
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief executive	-	-
Executives	-	-
Directors	-	-
	<u>-</u>	<u>-</u>

25 Accounting Estimates And Judgments

25.1 Property, plant and equipment

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

25.2 Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding affect on the amortization charge and impairment.

FAIR EDGE SECURITIES (PRIVATE)

	Note	2016	2015
		Un-Audited Rupees	Audited Rupees

25.3 Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

25.4 Trade debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

26 Number of employees

Total number of employees at the end of year was 1 (2016: 2). Average number of employees was 2 (2016: 2)

27 General

27.1 Figures have been rounded off to the nearest rupee.

27.2 Corresponding figures have been rearranged, wherever necessary for the purposes of comparison.

The annexed notes form 1 to 29 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR