

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at SEP 30, 2016

	Note	30-Sep-16 Un-Audited Rupees	30-Jun-16 Audited Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4	388,639	399,892
Intangible asset	5	4,000,000	4,000,000
		4,388,639	4,399,892
Long term investment	6	30,346,030	30,346,030
Long term deposits	7	400,000	400,000
		30,746,030	30,746,030
Current Assets			
Account receivables	8	7,014,390	3,029,863
Short term investment	9	2,211,569	2,231,030
Advances, deposits & pre-payments	10	844,045	1,672,738
Cash and bank balances	11	11,916,604	4,543,995
		21,986,608	11,477,626
		57,121,277	46,623,548
Equity and Liabilities			
Authorized	12	5,000,000	5,000,000
500,000 ordinary shares of rupees 10/- each			
Issued, subscribed and paid up	13	5,000,000	5,000,000
500,000 ordinary shares of rupees 10/- each fully paid in cash			
Unappropriated profit / (loss)		37,703,376	37,111,131
		42,703,376	42,111,131
Non-Current Liabilities			
Deferred tax liability	14	-	-
Current Liabilities			
Account payables	15	7,062,303	3,765,175
Loan from director		200,000	200,000
Other payables	16	6,759,443	190,570
Provision for taxation	17	396,155	356,672
		14,417,901	4,512,417
Contingencies and commitments	18	-	-
		57,121,277	46,623,548

The annexed notes form 1 to 28 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Year ended 30 SEP, 2016

	Note	30-Sep-16 Un-Audited Rupees	30-Jun-16 Audited Rupees
Revenue			
Income from brokerage	19	1,163,180	3,334,031
Un-realized gain / (loss) on investment	9	-	(997,250)
Gross profit/ (loss)		1,163,180	2,336,781
Operating and administrative expenses	20	(533,815)	(3,650,990)
Operating profit/(loss)		629,365	(1,314,209)
Financial charges	21	(1,200)	(3,523)
Other income / (loss)	22	3,562	2,560,106
Profit / (loss) before taxation		631,727	1,242,375
Taxation	17	(39,483)	(76,565)
Profit / (loss) after taxation		592,244	1,165,810

The annexed notes form 1 to 28 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 SEP, 2016

	Note	30/Sep/16 Un-Audited Rupees	30/Jun/16 Audited Rupees
Cash flows from operating activities			
Profit / (loss) before taxation		631,727	1,242,375
Adjustments for non cash items:			
Depreciation		12,753	61,689
Un-realized gain / (loss) on investment		-	997,250
Financial charges		1,200	3,523
		13,953	1,062,462
Operating profit before working capital changes		645,680	2,304,836
Changes in operating assets and liabilities			
(Increase)/decrease in current assets			
Accounts receivable		(3,984,527)	7,101,850
Advances, deposits & pre-payments		828,693	(1,549,316)
Short term investment		19,461	(3,228,280)
Increase/(decrease) in current liabilities			
Account payable		3,297,128	(5,290,361)
Other payable		6,568,873	(23,285)
		6,729,629	(2,989,393)
		6,729,629	(2,989,393)
Cash utilized in operations		7,375,309	(684,556)
Financial charges paid		(1,200)	(3,523)
Income tax paid		-	(36,367)
		(1,200)	(39,890)
Net cash used in operating activities		7,374,109	(724,446)
Cash flows from investing activities			
Fixed capital expenditure		(1,500)	(36,201)
Net cash used in investing activities		(1,500)	(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		7,372,609	(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	11,916,605	4,543,995

The annexed notes form 1 to 28 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year ended 30 June, 2016

	Share capital	Share premium	Capital reserve	Unappropriated profit/ (Loss)	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2014	5,000,000	-	-	36,692,190	41,692,190
Net profit / (loss) for the year ended 30 June 2015	-	-	-	(746,870)	(746,870)
Balance as at 30 June 2015	5,000,000	-	-	35,945,321	40,945,320
Balance as at 01 July 2015	5,000,000	-	-	35,945,321	40,945,320
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	-	-	37,111,131	42,111,130

The annexed notes form 1 to 28 an integral part of these financial statements.

Lahore:

Chief Executive

Director

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year ended 30 SEP, 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 year ended 30 SEP, 2016	-	-	-	592,244	592,244
Balance as at 30 SEP, 2016	5,000,000	-	-	37,703,376	42,703,375

The annexed notes form 1 to 28 an integral part of these financial statements.

Lahore:

Chief Executive

Director

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 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 head office 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 no provided if it can be established with reasonable accuracy that these differences will not reserve 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 Equipment

FAIR EDGE SECURITIES (PRIVATE) LIMITED

4.1 Tangible

PARTICULARS	COST			DEPRECIATION				Book value as at September 2016	Depreciation rate %	
	As at 01 July 2016	Additions during the year	Deletions during the year	As at September 2016	As at 01 July 2016	For the year	Deletions			As at September 2016
OWNED										
Computers	222,230	-	-	222,230	167,872	4,077	-	171,949	50,281	30
Office equipments	139,515	1,500	-	141,015	94,972	1,151	-	96,123	44,892	10
Furniture and fixture	946,375	-	-	946,375	645,384	7,525	-	652,908	293,467	10
30 September, 2016	1,308,120	1,500	-	1,309,620	908,228	12,753	-	920,981	388,639	
30 June, 2016	1,271,919	36,201	-	1,308,120	846,539	61,689	-	908,228	399,892	

4.2 Intangible

	2016 September	2016 June
Membership card value (TREC)	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

Value of TRE Certificate of Pakistan Stock Exchange Limited is Rs. 4 million (TRE Certificate and 337,590 Shares of LSEFSL Pledged to Pakistan Stock Exchange)

		FAIR EDGE	
		Note	
		30-Sep-16 Un-Audited Rupees	30-Jun-16 Audited 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	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 (Coproratiosation, 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
	PSX deposit	200,000	200,000
		<u>400,000</u>	<u>400,000</u>
8	Account receivables		
	Account receivables	7,014,390	3,029,863
		<u>7,014,390</u>	<u>3,029,863</u>
9	Short term investment		
	Cost of investment in listed securities	2,211,569	3,228,280
	Un-realized gain/(loss) on investment	-	(997,250)
		<u>2,211,569</u>	<u>2,231,030</u>

	Note	FAIR EDGE	
		30-Sep-16	30-Jun-16
10 Advances, deposits and prepayments			
Other receivables		262,812	1,317,612
Advance to employs		105,000	105,000
Advance income tax		476,233	250,127
		<u>844,045</u>	<u>1,672,738</u>
11 Cash and bank balances			
Cash in hand		182,573	182,613
Cash at banks			
In saving/ profit accounts		-	-
In current accounts		11,734,030	4,361,381
		<u>11,734,030</u>	<u>4,361,381</u>
		<u>11,916,604</u>	<u>4,543,995</u>
12 Share capital			
Authorized			
500,000 ordinary shares of rupees 10/- each		5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>
13 Issued, subscribed and paid up			
500,000 ordinary shares of rupees 10/- each fully paid in cash		5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>
14 Deffered tax liability			
Credit balance arising on difference between accounting and tax depreciation and unused tax loss		-	-
		<u>-</u>	<u>-</u>
15 Account Payables			
Creditors		7,062,303	3,765,175
		<u>7,062,303</u>	<u>3,765,175</u>
16 Other payable			
Other payable		261,062	190,570
		<u>261,062</u>	<u>190,570</u>

		FAIR EDGE	
	Note	30-Sep-16	30-Jun-16
17 Provision for taxation - Net			
Opening Balance		356,672	-
Deffered tax		-	(280,107)
Current year taxation		39,483	356,672
		<u>396,155</u>	<u>76,565</u>
Less:			
Adjusted against advance tax		-	(323,332)
		<u>396,155</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		1,163,180	3,334,031
		<u>1,163,180</u>	<u>3,334,031</u>
20 Operating and administrative expenses			
Staff Salaries		116,000	857,465
Director remuneration		-	320,000
Purchases		2,371	-
Electricity and gas charges		167,541	453,711
Telephone and telex charges		10,420	45,080
Courier & postage charges		120	950
Printing and stationery		-	11,610
Entertainment		12,049	45,448
New paper and periodicals		1,998	3,952
Rent, Rate and taxes		153,000	708,369
Traveling & conveyance charges		-	6,100
C.D.C charges		(50,500)	90,232
I.S.E Charges (Laga)		(26,580)	46,384
PSX Charges		43,361	49,972
NCCS Charges		9,782	75,234
Fee and subscription		26,500	117,525
Market rate display charges		-	9,150
KSE laga charges		-	559,415
Audit fee	20.1	55,000	143,000
Repair and maintenance		-	23,000
Depreciation	4.1	12,753	61,689
Miscellaneous expenses		-	22,704
		<u>533,815</u>	<u>3,650,990</u>

	Note	30-Sep-16	30-Jun-16
20.1 Audit fee			
Audit fee		55,000	140,000
Out of pocket expenses		-	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		3,562	343,976
Other income		-	3,000
Capital gain / (loss) on investment		-	2,213,130
		<u>3,562</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	2016
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief executive	-	-
Executives	-	-
Directors	-	320,000
	<u>-</u>	<u>320,000</u>

Managerial remuneration has been paid to director Rs. 320,000 of the company during the year (2015: Rs. 375,000).

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.

Note

30-Sep-16

30-Jun-16

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 2 (2015: 2). Average number of employees was 2 (2015: 2)

27 Authorization

These financial statements have been authorized for issue by the Board of Directors on

28 General

28.1 Figures have been rounded off to the nearest rupee.

28.2 Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangement / reclassification have been made in these financial statements.

The annexed notes form 1 to 28 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR