

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at March 31, 2017

	Note	31-Mar-17 Un-Audited Rupees	31-Dec-16 Un-Audited Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4	406,854	398,609
Intangible asset	5	4,000,000	4,000,000
		4,406,854	4,398,609
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	5,426,663	13,801,837
Short term investment	9	1,411,963	2,230,246
Advances, deposits & pre-payments	10	6,121,210	1,172,965
Cash and bank balances	11	5,195,375	4,939,544
		18,155,211	22,144,592
		53,308,095	57,289,231
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)		39,600,331	38,579,857
		44,600,331	43,579,857
Non-Current Liabilities			
Deferred tax liability	14	-	-
Current Liabilities			
Account payables	15	7,787,844	3,469,257
Loan from director		200,000	200,000
Other payables	16	197,303	9,585,531
Provision for taxation	17	522,617	454,587
		8,707,764	13,709,375
Contingencies and commitments	18		
		53,308,095	57,289,232

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 31 March, 2017

	Note	31-Mar-17 Un-Audited Rupees	31-Dec-16 Un-Audited Rupees
Revenue			
Income from brokerage	19	2,161,440	1,511,625
Un-realized gain / (loss) on investment	9	-	-
Gross profit/ (loss)		2,161,440	1,511,625
Operating and administrative expenses	20	(1,098,995)	(607,114)
Operating profit /(loss)		1,062,445	904,511
Financial charges	21	(616)	-
Other income / (loss)	22	26,675	30,402
Profit / (loss) before taxation		1,088,505	934,913
Taxation	17	(68,032)	(58,432)
Profit / (loss) after taxation		1,020,473	876,481

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

CHIEF EXECUTIVE

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Year ended 31 March, 2017

	Note	31/Mar/17 Un-Audited Rupees	31/Dec/16 Un-Audited Rupees
Cash flows from operating activities			
Profit / (loss) before taxation		1,088,505	934,913
Adjustments for non cash items:			
Depreciation		920,981	14,030
Un-realized gain / (loss) on investment		-	-
Financial charges		616	-
		921,597	14,030
Operating profit before working capital changes		2,010,101	948,943
Changes in operating assets and liabilities			
(Increase)/decrease in current assets			
Accounts receivable		8,375,174	(6,787,447)
Advances, deposits & pre-payments		(4,948,245)	(328,920)
Short term investment		2,230,244	(18,679)
Increase/(decrease) in current liabilities			
Account payable		4,318,586	(3,593,046)
Other payable		(9,388,229)	2,826,087
		587,531	(7,902,005)
		587,531	(7,902,005)
Cash utilized in operations		2,597,632	(6,953,062)
Financial charges paid		(616)	-
Income tax paid		-	-
		(616)	-
Net cash used in operating activities		2,597,016	(6,953,062)
Cash flows from investing activities			
Fixed capital expenditure		(1,309,620)	(24,000)
Net cash used in investing activities		(1,309,620)	(24,000)
Cash flows from financing activities			
Loan from directors		-	-
Net cash generated from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		1,287,396	(6,977,062)
Cash and cash equivalents at the beginning of the year		4,939,544	11,916,605
Cash and cash equivalents at the end of the year	11	6,226,941	4,939,544

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

CHIEF EXECUTIVE

FAIR EDGE SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year ended 31 March, 2017

	<u>Share capital</u> Rupees	<u>Share premium</u> Rupees	<u>Capital reserve</u> Rupees	<u>Unappropriated profit/ (Loss)</u> Rupees	<u>Total</u> Rupees
Balance as at 01 AUG 2016	5,000,000	-	-	37,703,377	42,703,377
Net profit / (loss) for the year ended 31 DEC 2016	-	-	-	876,481	876,481
Balance as at 31 DEC 2016	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>38,579,858</u>	<u>43,579,857</u>
Balance as at 01 Jan 2017	5,000,000	-	-	38,579,858	43,579,857
Net profit / (loss) for the year ended 31 March, 2017	-	-	-	1,020,473	1,020,473
Balance as at 31 March, 2017	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>39,600,331</u>	<u>44,600,330</u>

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 31 March, 2017

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 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 Equipment

FAIR EDGE SECURITIES (PRIVATE) LIMITED

4.1 Tangible

PARTICULARS	COST			DEPRECIATION				Book value as at March 2017	Depreciation rate %	
	As at 01 Jan 2016	Additions during the year	Deletions during the year	As at March 2017	As at 01 Jan 2016	For the year	Deletions			As at March 2017
OWNED										
Computers	246,230	23,400	-	269,630	177,520	6,908	-	184,428	85,202	30
Office equipments	141,015	-	-	141,015	97,246	1,094	-	98,340	42,675	10
Furniture and fixture	946,375	-	-	946,375	660,245	7,153	-	667,398	278,977	10
31 March, 2017	1,333,620	23,400	-	1,357,020	935,011	15,156	-	950,166	406,854	
31 DEC, 2016	1,309,620	24,000	-	1,333,620	920,981	14,030	-	935,011	398,609	

4.2 Intangible

	2017 March	2016 December
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)

	Note	31-Mar-17 Un-Audited Rupees	31-Dec-16 Un-Audited Rupees
5 Intangible asset			
Membership card value (TREC)		4,000,000	4,000,000
		4,000,000	4,000,000
6 Long term investments			
Islamabad stock exchanges tower rite management company limited - Unquoted		3,034,603	3,034,603
Price		10	10
	6.1	30,346,030	30,346,030
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
PSX deposit		200,000	200,000
		400,000	400,000
8 Account receivables			
Account receivables		5,426,663	13,801,837
		5,426,663	13,801,837
9 Short term investment			
Cost of investment in listed securities		1,411,963	2,230,246
Un-realized gain/(loss) on investment		-	-
		1,411,963	2,230,246

	Note	
	31-Mar-17	31-Dec-16
10 Advances, deposits and prepayments		
Other receivables	4,646,814	262,812
Advance to employs	105,000	105,000
Advance income tax	1,369,396	805,154
	<u>6,121,210</u>	<u>1,172,965</u>
11 Cash and bank balances		
Cash in hand	176,976	174,767
Cash at banks		
In saving/ profit accounts	<u>5,018,398</u>	<u>4,764,777</u>
In current accounts	<u>5,018,398</u>	<u>4,764,777</u>
	<u>5,195,375</u>	<u>4,939,544</u>
12 Share capital		
Authorized		
500,000 ordinary shares of rupees 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
	<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	<u>7,787,844</u>	<u>3,469,257</u>
	<u>7,787,844</u>	<u>3,469,257</u>
16 Other payable		
Other payable	<u>197,304</u>	<u>9,585,532</u>
	<u>197,304</u>	<u>9,585,532</u>

	Note	31-Mar-17	31-Dec-16
17 Provision for taxation - Net			
Opening Balance		454,587	396,155
Deffered tax		-	-
Current year taxation		68,032	58,432
		<u>522,618</u>	<u>454,587</u>
Less:			
Adjusted against advance tax		<u>522,618</u>	<u>454,587</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		2,161,440	1,511,625
		<u>2,161,440</u>	<u>1,511,625</u>
20 Operating and administrative expenses			
Staff Salaries		187,000	185,912
Director remuneration		400,000	50,000
Printing and stationery		27,182	1,626
Electricity and gas charges		44,399	88,324
Telephone and telex charges		14,640	8,570
Courier & postage charges		2,364	740
Purchases		-	-
Entertainment		10,607	16,440
New paper and periodicals		-	-
Rent, Rate and taxes		153,000	51,000
Traveling & conveyance charges		-	-
C.D.C charges		35,037	66,196
I.S.E Charges (Laga)		(42,919)	-
PSX Charges		112,165	73,003
NCCS Charges		16,710	34,273
Fee and subscription		-	-
Market rate display charges		-	-
KSE laga charges		-	-
Audit fee	20.1	30,000	-
Repair and maintenance		-	-
Depreciation	4.1	15,156	14,030
Miscellaneous expenses		93,654	17,000
		<u>1,098,995</u>	<u>607,114</u>

	Note	31-Mar-17	31-Dec-16
20.1 Audit fee			
Audit fee		30,000	-
Out of pocket expenses		-	-
		<u>30,000</u>	<u>-</u>
21 Financial charges			
Bank and other charges		616	-
		<u>616</u>	<u>-</u>
22 Other Income / (loss)			
Dividend income		26,675	29,402
Other income		-	1,000
Capital gain / (loss) on investment		-	-
		<u>26,675</u>	<u>30,402</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

	2017	2016
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief executive	400,000	50,000
Executives		
Directors		
	<u>400,000</u>	<u>50,000</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.

Note

31-Mar-17

31-Dec-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