

SPINZER EQUITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED**

June 30, 2017

BAKER TILLY MEHMOOD IDREES QAMAR
CHARTERED ACCOUNTANTS

LG-152, Deans Trade Center, Islamia Road, Peshawar Cantt. Peshawar
Ph: 091-5253354 Email: btmiqpush@gmail.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of "Spinzer Equities (Private) Limited" ("the company") as at 30 June, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a. in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b. in our opinion:

(i) the balance sheet and statement of income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June, 2017, and of the profit, its cash flows and changes in equity for the year then ended; and

d. in our opinion, no Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Date: October 5, 2017

Place: Peshawar

Engagement Partner: Abdur Rub Khan, FCA



Baker Tilly Mehmoood Idrees Qamar
Chartered Accountants

Blank

Baker Tilly Mehmoood Idrees Qamar

SPINZER EQUITIES (PRIVATE) LIMITED

Balance Sheet

As at 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4.1	506,487	337,543
Intangible asset	4.2	4,000,000	4,000,000
		4,506,487	4,337,543
Long term investments	6	30,346,030	30,346,030
Long term deposits	7	505,000	505,000
		30,851,030	30,851,030
Current Assets			
Accounts receivables	8	3,379,271	8,708,480
Loan to Directors	9	2,473,897	-
Short Term Investments	10	330,560	458,880
Advances, deposits and prepayments	11	402,510	259,232
Cash and bank balances	12	10,037,443	9,334,824
		16,623,681	18,761,416
		51,981,198	53,949,989
Equity and Liabilities			
Authorized	13	30,000,000	30,000,000
3,000,000 (2016:300,000) Ordinary Shares of Rupees 10/- each			
Issued, subscribed and paid up			
1,710,000 (2016: 1,710,000) Ordinary Shares of Rupees 10/- each fully paid	14	17,100,000	17,100,000
Unappropriated profit / (loss)		24,738,166	23,392,465
		41,838,166	40,492,465
Current Liabilities			
Loan from Directors	15	-	1,368,700
Trade creditors	16	9,102,468	11,568,174
Accrued and Other payable	17	1,040,564	487,319
Provision for taxation	18	-	33,331
		10,143,032	13,457,524
Contingencies and commitments	19	51,981,198	53,949,989

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



Chief Executive



Blomp



Director

SPINZER EQUITIES (PRIVATE) LIMITED

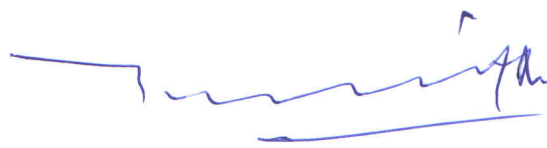
Profit and Loss Account

For the Year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Revenue			
Income from brokerage	20	13,030,712	3,333,147
Un-realised gain/(loss) on investment	10	(128,321)	(138,800)
		<u>12,902,391</u>	<u>3,194,347</u>
Operating and Administrative expenses	21	(10,818,337)	(3,281,251)
Profit / (loss) from operation		<u>2,084,054</u>	<u>(86,903)</u>
Financial charges	22	(12,583)	(5,648)
Other income/(Loss)	23	265,373	24,290,566
Profit / (Loss) before taxation		<u>2,336,844</u>	<u>24,198,015</u>
Taxation	18	(991,144)	(33,331)
Profit / (Loss) after taxation		<u>1,345,700</u>	<u>24,164,684</u>

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

Blond



Chief Executive



Director


SPINZER EQUITIES (PRIVATE) LIMITED

Statement of Comprehensive Income

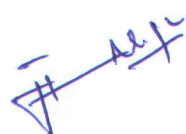
For the Year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Profit / (Loss) after Taxation		1,345,700	(5,951,426)
Other comprehensive income for the year		-	-
Total Comprehensive income for the year		<u><u>1,345,700</u></u>	<u><u>(5,951,426)</u></u>


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



Chief Executive



Director



Blind

SPINZER EQUITIES (PRIVATE) LIMITED


Cash Flow Statement

For the Year Ended 30 June, 2017


	2017 Rupees	2016 Rupees
Cash flows from operating activities	2,336,844	24,198,015
Profit before taxation	99,605	71,324
Adjustments for non cash items:	-	(23,821,030)
Depreciation and Impairment	128,321	138,800
Un realised (gain) / Loss on long term investment	12,583	5,648
Un realised (gain) / Loss on short term investment	240,509	(23,605,258)
Finance cost	2,577,353	592,757
Operating profit before working capital changes	2,577,353	592,757
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Accounts Receivable	5,329,209	(7,669,452)
Advances, deposits and prepayments	23,313	(244,355)
Increase/(decrease) in:		
Trade Payable	(2,465,706)	5,439,523
Accrued and Other Payable	553,245	132,591
	3,440,061	(2,341,693)
	3,440,061	(2,341,693)
Cash utilized in operations	6,017,414	(1,748,936)
Financial charges paid	(12,583)	(5,648)
Taxes paid	(1,191,064)	(27,230)
	(1,203,647)	(32,878)
Net cash used in operating activities	4,813,766	(1,781,814)
Cash flows from investing activities		
Purchase of Assets	(268,550)	(54,000)
ISE Shares	-	4,000,000
Net cash used in investing activities	(268,550)	3,946,000
Cash flows from financing activities		
Further Issuance of shares	-	-
Director Loan	(3,842,597)	(4,000,000)
Net cash generated from financing activities	(3,842,597)	(4,000,000)
Net (decrease)/increase in cash and cash equivalents	702,619	(1,835,814)
Cash and cash equivalents at the beginning of the year	9,334,824	11,170,638
Cash and cash equivalents at the end of the year	10,037,443	9,334,824


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

BTanf



Chief Executive





Director

SPINZER EQUITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year ended 30 June, 2017

	Share capital Rupees	Share premium Rupees	General Reserve Rupees	Unappropriated profit/(Loss) Rupees	Total Rupees
Balance as at 01 July 2015	17,100,000	-	-	(772,218)	16,327,782
Net profit / (loss) for the year ended 30 June, 2016	-	-	-	24,164,684	24,164,684
Balance as at 30 June, 2016	17,100,000	-	-	23,392,466	40,492,466
Balance as at 01 July 2016	17,100,000	-	-	23,392,466	40,492,466
Further Issuance of shares	-	-	-	-	-
Net profit / (loss) for the year ended 30 June, 2017	-	-	-	1,345,700	1,345,700
Balance as at 30 June, 2017	17,100,000	-	-	24,738,166	41,838,166

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

Blank

[Handwritten signature]



Chief Executive

[Handwritten signature]

Director

SPINZER EQUITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2017

1 The Company's operations and registered office

The company was incorporated on January 01, 2014 under the Companies Ordinance 1984 as a Private Limited company under the Companies Ordinance 1984 as a Private Limited company at Islamabad and is primarily engaged in the business of stocks, brokerage, 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 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) as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The financial statements of the company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directives of Securities and Exchange Commission of Pakistan issued vide Circular No.17 dated July 20, 2017

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.

Btmep

3.5 Account Receivables

Account Receivables are recognized and carried at original amount which is fair value of the consideration to be received in future. Debts considered irrecoverable are written-off.

3.6 Taxation

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 on presumptive basis on Income subject to Final Taxation.

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.

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 receive the same.
- c) Gains or losses on sale of investments are recognized in the period in which they arise.
- d) 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 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.

3.11 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.

3.12 Contingencies and Commitments

A contingent liability is disclosed when the Company has a possible obligation as a result of past event, existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past event, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

		30-Jun-17	30-Jun-16	
4	Property and equipment	4.1	506,487	337,543
	Intangible	4.2	4,000,000	4,000,000
			<u>4,506,487</u>	<u>4,337,543</u>

BKMP

4	Property and Equipment PARTICULARS	COST		DEPRECIATION			Book value as at June 2017	
		As at 1 July 2016	Additions during the year	As at 1 July 2016	For the year	As at June 2017		
4.1	Tangible OWNED			Rate				
	Office equipments	155,000	169,100	10	38,806	28,529	67,335	256,765
	Computer equipments	212,610	88,450	30	106,079	58,494	164,573	136,487
	Furniture and Fixture	157,500	11,000	10	42,683	12,582	55,265	113,235
	Rupees June, 2017	525,110	268,550		187,568	99,605	287,173	506,487
	Rupees June, 2016	471,110	54,000		116,243	71,324	187,567	337,543

4.2	Intangible	2017	2016
	Trading Rights Entitlement Certificate	Rupees	Rupees
		4,000,000	4,000,000
		4,000,000	4,000,000

Blind

SPINZER EQUITIES (PRIVATE) LIMITED

	<i>Note</i>	2017 Rupees	2016 Rupees
6 Long term investments			
ISE Towers REIT Management Limited (Formerly Islamabad Stock Exchange - Unquoted) Price		3,034,603	3,034,603
		<u>10</u>	<u>10</u>
		<u>30,346,030</u>	<u>30,346,030</u>
6.1	These represent the shares received from ISE Towers REIT Management Limited (Formerly Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act.)). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from ISE which now has become TREC of Pakistan Stock Exchange Limited after Integration of the Stock Exchanges.		
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 ISE. 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. Now all these shares as 3,034,603 are pledged with PSX's participant IDs to maintain the Base Minimum Capital "BMC". 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 ISETRMCL		100,000	100,000
NCCPL membership		205,000	205,000
PSX Security deposit		<u>200,000</u>	<u>200,000</u>
		<u>505,000</u>	<u>505,000</u>
8 Accounts receivables			
Accounts receivables		3,379,271	8,708,480
	8.1	<u>3,379,271</u>	<u>8,708,480</u>
8.1	Receivables from clients relate to operating revenues, are secured and considered good by the Management.		
9 Loan to Director			
Loan to Director		2,473,897	-
	9.1	<u>2,473,897</u>	<u>-</u>
9.1	This represents interest free loan to Mr. Liaqat (Chief Executive of the Company).		
10 Short Term Investments			
Cost of investment in listed securities		458,880	597,680
Un-realised gain/(loss) on investment		<u>(128,321)</u>	<u>(138,800)</u>
	5	<u>330,560</u>	<u>458,880</u>

This amount represents the investment in different listed securities valued at the closing market rates as at June 30, 2017.

Broad

2017
Rupees

2016
Rupees

10 Short Term Investments

S N.	Symbol	Company Name (Listed)	Qty	Price	Amount
1	FFC	FAUJI FERTILIZER COMPANY LIMITED	4,000	82.64	330,560
					330,560
					458,880

Blank

SPINZER EQUITIES (PRIVATE) LIMITED

	<i>Note</i>	2017 Rupees	2016 Rupees
11 Advances, deposits and prepayments			
Advances to Staff		457	-
Income Tax Refundable		29,828	-
Advance Income Tax		372,225	235,462
Other advances		-	23,770
		<u>402,510</u>	<u>259,232</u>
12 Cash and bank balances			
Cash in hand		647	620
Cash in Bank			
In saving/ Profit Accounts		-	-
In Current Accounts		10,036,796	9,334,204
		<u>10,036,796</u>	<u>9,334,204</u>
		<u>10,037,443</u>	<u>9,334,824</u>
13 Share capital			
Authorized			
3,000,000 Ordinary Shares of Rupees 10/- each		30,000,000	30,000,000
		<u>30,000,000</u>	<u>30,000,000</u>
14 Issued, subscribed and paid up			
1,710,000 Ordinary Shares of Rupees 10/- each fully paid		17,100,000	17,100,000
		<u>17,100,000</u>	<u>17,100,000</u>
15 Short Term Loan From Directors			
Short Term Loan From Directors		-	1,368,700
		<u>-</u>	<u>1,368,700</u>
15.1 This unsecured and mark up free loan has been obtain from directors of the company.			
16 Trade creditors			
Trade creditors		9,102,468	11,568,174
		<u>9,102,468</u>	<u>11,568,174</u>
17 Accrued and Other payable			
Tax payable		380,112	524
Other payable		70,075	391,806
Accrued expenses		590,377	94,989
		<u>1,040,564</u>	<u>487,319</u>
18 Provision for taxation - Net			
Opening Balance		33,331	27,230
Taxation			
- Prior period		201,316	-
- Current year		789,828	33,331
		<u>991,144</u>	<u>33,331</u>
		1,024,475	60,561
Less: Adjusted against Advance Income Tax and Paid Income Tax		(1,024,475)	(27,230)
		<u>-</u>	<u>33,331</u>

Income tax returns for the tax year up to 2016 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

19 Contingencies and Commitments

- 19.1 The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 3,034,603 ordinary shares of LSEFSL with PSX in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the PSX.

B. M. M. P.

SPINZER EQUITIES (PRIVATE) LIMITED

	Note	2017 Rupees	2016 Rupees
20 Income from brokerage			
Commission Income - Net		13,030,712	3,333,147
		<u>13,030,712</u>	<u>3,333,147</u>
21 Operating and Administrative expenses			
Director Remuneration		2,400,000	-
Staff Salaries		5,922,863	1,453,595
Communication charges		83,720	83,111
Legal & Professional Charges		85,000	30,000
Purchases		-	143,451
Rent, Rates, and Taxes		612,000	309,000
Postage & Courier		6,629	4,580
Printing and Stationery		75,878	48,603
Website Charges		16,900	24,000
EOBI		37,310	-
Fee and Subscription		215,825	42,105
Auditor's remuneration	21.1	70,000	75,000
Entertainment		117,715	143,791
Misc Charges		63,766	25,201
CDC Charges		275,125	111,545
NCCPL Charges		167,035	77,814
Commission paid		-	275,745
ISE Charges		-	123,810
Electricity Charges		125,706	86,327
PSX Charges		272,714	74,929
Service Charges		123,171	73,534
Newspaper and periodicals		-	3,786
Repair and Maintenance		47,375	-
Depreciation & Amortization	4.1	99,605	71,324
		<u>10,818,337</u>	<u>3,281,251</u>
21.1 Auditor's remuneration			
Audit Fee		70,000	70,000
Out of Pocket Expenses		-	5,000
		<u>70,000</u>	<u>75,000</u>
22 Financial charges			
Bank charges		12,583	5,648
		<u>12,583</u>	<u>5,648</u>
23 Other Income / (loss)			
Other Income		235,173	72,211
Dividend income		30,200	397,325
Unrealized gain of revaluation of asset (Long term investment)		-	23,821,030
		<u>265,373</u>	<u>24,290,566</u>
24 Taxation			
24.1	This represent current taxation which has been provided under section 233 A of Income Tax Ordinance, 2001 and normal taxation on other income		
24.2	Deferred Taxation has not been provided as the Company is subject to Final / presumptive taxation from Tax Year 2018.		

Blind

SPINZER EQUITIES (PRIVATE) LIMITED

	Note	2017 Rupees	2016 Rupees
25 Remuneration of Chief Executive, Directors and Executives			
<u>Managerial Remuneration including House Rent & Utility</u>			
Chief Executive / Director		1,975,000	90,000
Executives		-	-
Director		425,000	180,000
		2,400,000	270,000

Managerial remuneration has been paid to two director of the company during the year (2016: 2).

26 Accounting Estimates And Judgments

26.1 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.

26.2 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.

26.3 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.

26.4 Trade debts

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

27 Number of employees

Total number of employees at the end of year was 5 (2016: 6). Average number of employees was 6 (2015: 6).

28 Authorization

28.1 These financial statements were authorized for issue on Oct. 5, 2017 by the Board of Directors of the Company.

29 General

29.1 Figures have been rounded off to the nearest of rupee.

29.2 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 1 to 29 form an integral part of these financial statements.

[Handwritten signature]

Chief Executive



[Handwritten signature]

Director