

**SPINZER EQUITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
For The Year Ended June 30, 2016**

Mudassar Ehtisham & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SPINZER EQUITIES (PRIVATE) LIMITED ("THE COMPANY")** as at June 30, 2016 and the related profit and loss account, 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- b. In our opinion:
 - I. the balance sheet and profit and loss account 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 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 June 30, 2016 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 Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Mudassar Ehtisham & Co.
Chartered Accountants
Engagement Partner: Muhammad Ehtisham

Lahore
September 05, 2016

SPINZER EQUITIES (PRIVATE) LIMITED

Balance Sheet

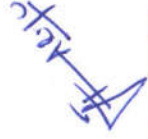
As at 30 June, 2016

	2016	2015
	Rupees	Rupees
Non-Current Assets		
Fixed assets		
Property and equipment	337,543	354,867
Intangible asset	4,000,000	4,000,000
	4,337,543	4,354,867
Long Term Investments	30,346,030	10,525,000
Current Assets		
Short Term Investments	458,880	597,680
Accounts Receivables	8,708,480	1,039,028
Advances, deposits & pre-payments	764,232	519,877
Cash and bank balances	9,334,824	11,170,638
	19,266,416	13,327,223
	53,949,989	28,207,090
Equity and Liabilities		
Authorized Capital	30,000,000	30,000,000
Share capital	17,100,000	17,100,000
Unappropriated Profit / (Loss)	23,392,465	(772,218)
	40,492,465	16,327,782
Current Liabilities		
Account payables	11,568,174	6,128,651
Accrued and Other Liabilities	487,319	354,728
Short Term Loan from Directors	1,368,700	5,368,700
Provision for taxation	33,331	27,230
	13,457,524	11,879,308
Contingencies and commitments	53,949,989	28,207,090

The annexed notes 1 to 27 form an integral part of these financial statements.



Chief Executive



Director



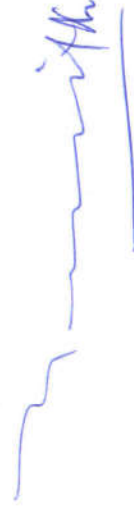
SPINZER EQUITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Year ended 30 June, 2016

	Note	2016 Rupees	2015 Rupees
Revenue			
Income from brokerage	18	3,333,147	2,723,005
Unrealised gain/(loss) on investment	7	(138,800)	114,567
		<u>3,194,347</u>	<u>2,837,572</u>
Operating and Administrative expenses	19	(3,281,251)	(3,073,845)
Profit / (loss) from Operation		<u>(86,903)</u>	<u>(236,273)</u>
Financial charges	20	(5,648)	(436)
Other income	21	24,290,566	89,276
Profit / (Loss) before taxation		<u>24,198,015</u>	<u>(147,434)</u>
Taxation	16	(33,331)	(27,230)
Profit / (Loss) after taxation		<u>24,164,684</u>	<u>(174,664)</u>

The annexed notes 1 to 27 form an integral part of these financial statements.



Chief Executive



Director

SPINZER EQUITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2016

	2016	2015
	Rupees	Rupees
Cash flows from operating activities		
Profit before taxation	71,324	70,600
Adjustments for non cash items:	5,648	436
Depreciation and Impairment	-	280,225
Finance cost	(23,821,030)	-
Amortization of preliminary expenses	138,800	(114,567)
Un-realised gain/loss on long term investment	(23,605,258)	236,694
Un-realised gain/loss on short term investment	592,757	89,260
Operating profit before working capital changes		
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Short term investments	-	(483,113)
Accounts Receivable	(7,669,452)	(977,337)
Advances, deposits & prepayments	(244,355)	1,686,157
Account payables	5,439,523	6,233,883
Accrued and other liabilities	132,591	-
	(2,341,692)	6,459,590
Cash utilized in operations	(2,341,692)	6,459,590
Financial charges paid	(1,748,935)	6,548,850
Taxes paid	(5,648)	(436)
	(27,230)	-
Net cash used in operating activities	(32,878)	(436)
	(1,781,813)	6,548,414
Cash flows from investing activities		
Purchase of Assets	(54,000)	(75,825)
ISE Shares	4,000,000	(4,625,000)
Net cash used in investing activities	3,946,000	(4,700,825)
Cash flows from financing activities		
Loans from Directors (short term)	(4,000,000)	5,368,700
Net cash generated from financing activities	(4,000,000)	5,368,700
Net (decrease)/increase in cash and cash equivalents	(1,835,813)	7,216,289
Cash and cash equivalents at the beginning of the year	11,170,638	3,954,349
Cash and cash equivalents at the end of the year	9,334,824	11,170,638

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The annexed notes 1 to 27 form an integral part of these financial statements.



Chief Executive



Director



SPINZER EQUITIES (PRIVATE) LIMITED

Statement of Changes in Equity


For the Year ended 30 June, 2016

Share capital	Share premium	General Reserve	Unappropriated profit/ (Loss)	Total
Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2014	17,100,000	-	(597,554)	16,502,446
Net profit / (loss) for the year ended 30 June 2015	-	-	(174,664)	(174,664)
Balance as at 30 June 2015	17,100,000	-	(772,218)	16,327,782
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	-	23,392,465	40,492,465

The annexed notes 1 to 27 form an integral part of these financial statements.


Chief Executive




Director

SPINZER EQUITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2016

1 The Company's operations and registered office

Spinzer Equities (Private) Limited was incorporated as a private limited company as Islamabad on January 01, 2014 under the companies ordinance 1984 and is primarily engaged in the business of stock, brokerage, investment advisory, consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings (IPOs) and providing related services to the general public to promote investments and company doesnot hold assets in fiduciary capacity. The company headoffice is situated, 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 carries at amortised cost using the 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.

Deferred Taxation

The company accounts for deferred taxation, using the liability method on all temporary timing differences. However, deferred 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.

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
- 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

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 Fixed assets

Property and equipment
Intangible

	Note	2016 Rupees	2015 Rupees
	4.1	337,543	354,867
	4.2	4,000,000	4,000,000
		<u>4,337,543</u>	<u>4,354,867</u>

PARTICULARS	COST				DEPRECIATION					
	As at 1 July 2015	Additions during the year	Deletions during the year	As at June 2016	As at 1 July 2015	For the year	Deletions	As at June 2016	Book value as at June 2016	
4	Property and Equipment									
4.1	Tangible									
	OWNED									
	Office equipments	155,000	-	-	155,000	25,895	12,911	38,806	116,195	10
	Computer equipments	158,610	54,000	-	212,610	60,423	45,656	106,079	106,531	30
	Furniture and fixtures	157,500	-	-	157,500	29,925	12,758	42,683	114,818	10
	Rupees	471,110	54,000	-	525,110	116,243	71,324	187,567	337,543	
	June, 2016	395,285	75,825	-	471,110	70,600	45,643	116,243	354,867	
	June, 2015									
4.2	Intangible Asset									
	Membership Card Value	4,000,000	4,000,000		4,000,000					

5 Short Term Investments

2016
Rupees

2015
Rupees

S N.	Symbol	Company Name (Listed)	Qty	Price	Amount
1	FFC	FAUJI FERTILIZER COMPANY LIMITED	4,000	114.72	458,880

458,880

597,680

SPINZER EQUITIES (PRIVATE) LIMITED

<i>Note</i>	2016	2015
	Rupees	Rupees

6 Long Term Investments

I.S.E. Towers REIT Management Limited Shares - Unquoted Security deposit against TREC certificate to Islamabad Stock Exchange	30,346,030	6,525,000
	-	4,000,000
	<u>30,346,030</u>	<u>10,525,000</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 Short Term Investments

Cost of investment in listed securities	597,680	483,113
Gain / (loss) on investment	(138,800)	114,567
	<u>458,880</u>	<u>597,680</u>

8 Accounts Receivables

Accounts Receivables	8,708,480	1,039,028
	<u>8,708,480</u>	<u>1,039,028</u>

8.1 Receivables from clients relate to operating revenues and are secured but considered good by the Management.

9 Advances, deposits & pre-payments

CDC deposit	100,000	100,000
NCCPL deposit	205,000	305,000
ISERMCL clearing house deposit	200,000	100,000
Tax deducted at source	235,462	9,877
Other advances	23,770	5,000
	<u>764,232</u>	<u>519,877</u>

10 Cash and bank balances

Cash in hand	620	827
Cash in Bank		
In saving/ Profit Accounts	<u>9,334,204</u>	<u>-</u>
In Current Accounts	<u>9,334,204</u>	<u>11,169,811</u>
	<u>9,334,824</u>	<u>11,170,638</u>

SPINZER EQUITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
11 Share capital			
Authorized			
3,000,000/- Ordinary shares of Rs. 10 each		30,000,000	30,000,000
		<u>30,000,000</u>	<u>30,000,000</u>
12 Issued, subscribed and paid up			
1,710,000 Ordinary shares of Rs. 10 each fully paid-up in cash		17,100,000	17,100,000
		<u>17,100,000</u>	<u>17,100,000</u>
13 Account payables			
Account payables		11,568,174	6,128,651
	<i>13.1</i>	<u>11,568,174</u>	<u>6,128,651</u>
<i>13.1</i> Payable to clients relate to operating business.			
14 Accrued and Other Liabilities			
Tax payable		524	-
Other payable		391,806	354,728
Accrued Liabilities		94,989	-
		<u>487,319</u>	<u>354,728</u>
15 Short Term Loan from Directors			
Loan from Directors ---Unsecured		1,368,700	5,368,700
	<i>15.1</i>	<u>1,368,700</u>	<u>5,368,700</u>
<i>15.1</i> This unsecured and markup free loan has been obtained from directors of the company .			
16 Provision for taxation - Net			
Opening Balance		27,230	-
Add: Taxation for the Period		33,331	27,230
Less:		60,561	27,230
Adjusted against Advance Tax/Paid		<u>(27,230)</u>	-
		<u>33,331</u>	<u>27,230</u>
17 Contingencies and Commitments			
17.1 The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSE) and 337,590 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.			
18 Income from brokerage			
Commission Income - Net		3,333,147	2,723,005
		<u>3,333,147</u>	<u>2,723,005</u>

SPINZER EQUITIES (PRIVATE) LIMITED

Note

	2016	2015
	Rupees	Rupees

19 Operating and Administrative expenses

Staff salaries	1,453,595	776,500
Communication charges	83,111	101,321
Legal and professional charges	30,000	109,000
Purchases	143,451	373,560
Rent, rates and taxes	309,000	300,000
Postage & courier charges	4,580	2,530
Printing and stationery	48,603	37,620
Website charges	24,000	11,500
EOBI	-	960
Fee and subscription	42,105	59,075
Auditor's remuneration	75,000	-
Entertainment	143,791	105,172
Miscellaneous charges	25,201	4,134
CDC charges	111,545	41,835
NCCPL charges	77,814	32,750
Commission paid	275,745	397,258
ISE charges	123,810	221,528
Amortization of preliminary expenses	-	280,225
Electricity charges	86,327	78,311
PSX charges	74,929	-
Service charges	73,534	66,332
Newspaper and periodicals	3,786	3,634
Depreciation and Impairment	71,324	70,600
	3,281,251	3,073,845

19.1

4.1

19.1 Auditor's remuneration

Audit Fee	70,000	70,000
Out of Pocket Expenses	5,000	5,000
	75,000	75,000

20 Financial charges

Bank charges	5,648	436
	5,648	436

21 Other Income

Other Income	72,211	89,276
Dividend income	397,325	-
Un-realized gain of revaluation of asset (Long term investment)	23,821,030	-
	24,290,566	89,276

22 Taxation

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

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

SPINZER EQUITIES (PRIVATE) LIMITED

	<i>Note</i>	
	2016	2015
	Rupees	Rupees
23 Remuneration of Chief Executive, Directors and Executives		
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief Executive	90,000	-
Executives	-	-
Directors	180,000	180,000
	<u>270,000</u>	<u>180,000</u>

Managerial remuneration has been paid to director of Rs. 270,000/- the company during the year (2015: Rs. 270,000).

24 Accounting Estimates And Judgments

24.1 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

24.2 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.

24.3 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.

24.4 Trade debts

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

25 Number of employees

Total number of employees at the end of year was 6 (2015: 6). Average number of employees was 7 (2015: 6)

26 Authorization

26.1 These financial statements were authorized for issue on 05 September 2016 by the Board of Directors of the Company.

27 General

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

27.2 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 27 form an integral part of these financial statements.



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