

FORTUNE SECURITIES LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020

FORTUNE SECURITIES LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fortune Securities Limited
Report on Review of Interim Financial Statements

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **Fortune Securities Limited** ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

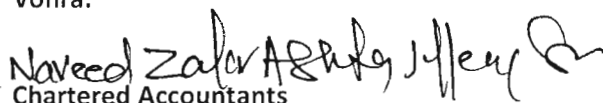
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter(s)

The condensed interim financial statement of the Company for the half year ended December 31, 2019 were un-reviewed.

The engagement partner on the review resulting in this independent auditor's report is **Ahsan Elahi Vohra**.


Chartered Accountants

Dated: **26 MAR 2021**
Karachi

NZAJ

FORTUNE SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		Un-audited Dec-20	Audited Jun-20
		----- (Rupees) -----	
	Note		
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 20,000,000 (June 30, 2020: 20,000,000) Ordinary Shares of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	4	124,982,450	124,982,450
Unappropriated profit		101,386,178	45,021,426
Surplus on revaluation of property and equipment		17,789,598	19,325,016
		<u>244,158,226</u>	<u>189,328,892</u>
Non-current liabilities			
Lease liabilities	5	2,852,061	-
Current liabilities			
Trade creditors, accrued and other liabilities	6	287,414,494	202,736,055
Short term running finance	7	203,755,903	36,752,002
Current portion of lease liabilities	5	1,590,698	234,830
		<u>492,761,096</u>	<u>239,722,887</u>
		<u>739,771,383</u>	<u>429,051,779</u>
Contingencies and commitments	8	-	-
ASSETS			
Non-current assets			
Property and equipment		48,237,086	46,141,861
Intangible assets		11,453,888	11,453,888
Deferred tax asset		11,544,911	11,199,737
Long term deposits		2,649,092	2,638,592
		<u>73,884,976</u>	<u>71,434,078</u>
Current assets			
Trade debts - considered good		362,253,517	112,291,212
Short term investment	9	65,071,379	85,012,794
Advances - considered good		2,113,133	1,818,786
Deposits and prepayments		129,319,615	95,142,645
Other receivables		21,068,986	5,181,588
Taxation - net of provision		31,491,103	30,310,603
Cash and bank balances	10	54,568,674	27,860,073
		<u>665,886,407</u>	<u>357,617,701</u>
		<u>739,771,383</u>	<u>429,051,779</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

N2M



Chief Executive



Director

FORTUNE SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Un-audited Dec-20 ----- (Rupees) -----	Un-audited Dec-19 -----
Operating revenue	11	100,021,738	38,724,074
Capital gain on sale of investments		12,259,456	8,620,018
Gain on remeasurement of investment at fair value through profit or loss		13,511,821	6,401,097
Administrative and operating expenses		(59,768,784)	(44,101,708)
Operating profit,		66,024,231	9,643,480
Other income		1,747,659	7,515,103
Other charges		(41,066)	-
		67,730,824	17,158,584
Finance cost		(1,518,880)	(776,137)
Profit before taxation		66,211,944	16,382,447
Taxation		(11,382,620)	345,174
Profit after taxation for the year		54,829,324	16,727,621
Profit per share - basic and diluted	12	4.39	1.34

The annexed notes from 1 to 17 form an integral part of these financial statements.

N2M



Chief Executive



Director

FORTUNE SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Un-audited 2020 ----- (Rupees) -----	Un-audited 2019 -----
Profit after taxation for the year	54,829,324	16,727,621
Other Comprehensive income/ (loss) for the year		
<i>Items that may be subsequently reclassified to profit and loss account</i>		
Surplus on revaluation of property and equipment - net of tax	1,535,428	1,535,418
Unrealized (loss) on remeasurement of fair value through other comprehensive investments	-	-
Total comprehensive income/ (loss) for the year	56,364,752	18,263,039

The annexed notes from 1 to 17 form an integral part of these financial statements.

N2M



Chief Executive



Director

FORTUNE SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up capital	Unrealized gain on available for sale investment	Revenue reserve	Capital reserve	Total
			Unappropriated profit	Revaluation Surplus	
----- (Rupees) -----					
Balance as at July 01, 2019	124,982,450	25,883,433	11,915,537	22,395,850	185,177,270
Net Profit for the year December 31, 2019	-	-	16,727,621		16,727,621
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	1,535,418	(1,535,418)	-
(Loss) on remeasurement of investment held as 'Available for sale'	-	-	-		-
Balance as at December 31, 2019	124,982,450	25,883,433	30,178,574	20,860,432	201,904,889
Balance as at July 01, 2020	124,982,450	-	45,021,426	19,325,014	189,328,890
Net Profit for the half year December 31, 2020	-	-	54,829,324		54,829,324
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	1,535,428	(1,535,428)	-
Gain / (Loss) on remeasurement of investment held as 'Available for sale'	-	-	-		-
Balance as at December 31, 2020	124,982,450	-	101,386,176	17,789,586	244,158,212

The annexed notes from 1 to 17 form an integral part of these financial statements.

N24


Chief Executive


Director

FORTUNE SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note	Un-audited Dec-20 ----- (Rupees) -----	Un-audited Dec-19 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	66,211,944	16,382,447
Adjustments for :		
- Depreciation	5,193,669	4,296,393
- Gain on short term investments	(25,771,276)	(6,401,097)
- Loss / (Gain) on disposal of asset	41,066	(1,962,200)
- Dividend income	(265,255)	(1,325,459)
- Finance income	(1,482,404)	(3,097,444)
- Finance cost	1,518,880	776,137
	<u>(20,765,321)</u>	<u>(7,713,670)</u>
Cash generated from operating activities before working capital change:	45,446,622	8,668,777
Decrease / (increase) in current assets:		
Trade debts - considered good	(249,962,305)	(18,629,099)
Advances - considered good	(294,347)	-
Deposits and prepayments	(34,176,970)	2,277,008
Other receivables	(15,887,398)	38,639,132
(Decrease) / Increase in current liabilities:		
Trade creditors, accrued and other liabilities	84,678,439	24,040,407
	<u>(215,642,581)</u>	<u>46,327,448</u>
Finance cost paid	(1,518,880)	(776,137)
Taxes paid	(12,908,294)	(15,635,496)
Net cash (used in) operating activities	<u>(184,623,132)</u>	<u>38,584,592</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of property and equipment - net	(7,288,893)	(16,366,100)
Short term investments purchase/sold	45,714,440	(23,070,932)
Finance income	1,439,600	-
Dividend income	265,255	1,325,459
(Payment)/Receipts of long term deposits	(10,500)	12,020,598
Net cash (used in)/generated from investing activities	<u>40,119,903</u>	<u>(26,090,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan to director	-	(5,500,000)
Receipt of / (Payment of) lease liabilities	4,207,929	(436,702)
Net cash (used in)/ generated from financing activities	<u>4,207,929</u>	<u>(5,936,702)</u>
Net (decrease) in cash and cash equivalents during the period	<u>(140,295,300)</u>	<u>6,556,915</u>
Cash and cash equivalents at the beginning of the period	(8,891,929)	48,661,479
Cash and cash equivalents at the end of the period	<u>(149,187,229)</u>	<u>55,218,394</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.



Chief Executive

N2M


Director

FORTUNE SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Fortune Securities Limited ("the Company") was incorporated in Pakistan as a public unquoted Company on December 04, 1994 under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced with Companies Act, 2017 ('the Act'). The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited) and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The registered office of the Company is situated at 3rd Floor, Razi Tower, BC-13, Block No. 9, KDA Scheme No. 5 Clifton Karachi

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the six months period ended December 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) -34 "Interim Financial Reporting" and provisions issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and the directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

2.4 Use Of Estimates And Judgements

The preparation of these condensed interim unconsolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, 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. In preparing these condensed interim unconsolidated financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimations and uncertainties were the same as those that were applied to the annual audited unconsolidated financial statements for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020.

2.5 Standards, interpretation and amendment adopted during the period

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

2.5.2 Standards and amendments to approved accounting and reporting standards that are not yet effective:

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited unconsolidated financial statements for the year ended June 30, 2020.

MZM

	Note	Dec-20	Jun-20
		----- (No. of shares) -----	
4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
This comprises fully paid-up ordinary shares of Rs. 10 each as follows:			
		<u>12,498,245</u>	<u>12,498,245</u>
			Issued for cash
			<u>124,982,450</u> <u>124,982,450</u>
5 LEASE LIABILITY			
Minimum lease payment		4,442,758	234,830
Current portion of lease liabilities		(1,590,698)	(234,830)
		<u>2,852,060</u>	<u>-</u>
6 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		177,389,633	116,317,117
Payable to NCCPL		99,619,565	76,910,332
Sindh Sales Tax on brokerage services		2,918,167	1,160,742
Commission payable to traders		1,921,805	1,921,779
Accrued liabilities		2,091,674	6,410,531
Other liabilities		3,473,651	15,554
		<u>287,414,494</u>	<u>202,736,055</u>
7 SHORT TERM RUNNING FINANCE - Secured			
Short term running finance facilities are available to company from Habib Metro bank and askari bank limited , under mark-up arrangements. This facility has maturity date up to December 2020 and it is secured against pledge of quoted shares. These running finance facilities carry mark-up 3 month Kibor + 2% to 2.75% (June 2020:3 month Kibor + 2%) that is payable quarterly.			
8 CONTINGENCIES AND COMMITMENTS			
<i>Contingencies</i>			
Bank guarantee from JS Bank Limited in favor of National Clearing Company of Pakistan Limited			
		<u>50,000,000</u>	<u>50,000,000</u>
<i>Commitments</i>			
There are no commitments as at December 31, 2020 (June 30, 2020: Nil).			
9 SHORT TERM INVESTMENTS			
Assets at fair value through profit and loss - held-for-trading			
Listed equity securities		62,571,379	82,512,794
Term deposit receipt	9.1	2,500,000	2,500,000
		<u>65,071,379</u>	<u>85,012,794</u>
9.1 This represents one year term deposit in JS bank having interest rate 5.4% p.a			
10 CASH AND BANK BALANCES			
At banks:			
Current account			
- pertaining to client		4,551,288	9,998,098
- pertaining to brokerage house		1,980,300	2,923,146
Saving account			
- pertaining to client		47,818,483	14,704,268
- pertaining to brokerage house		19,403	35,360
Cash in hand		199,200	199,201
		<u>54,568,674</u>	<u>27,860,073</u>
10.1 The interest rates on saving accounts range from 5% to 10% per annum (June 2020: from 5% to 10%).			
11 OPERATING REVENUE			
Brokerage - PSX	11.1	99,972,558	91,629,510
IPO commission		49,180	200
		<u>100,021,738</u>	<u>91,629,710</u>
11.1 Brokerage Income			
Equity brokerage			
- Institutional customers		34,414,006	37,972,055
- Retail clients		65,558,551	53,657,455
		<u>99,972,558</u>	<u>91,629,510</u>
12 EARNING PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year		54,829,324	16,727,621
Weighted average number of ordinary shares		12,498,245	12,498,245
Earning per share - basic and diluted		4.39	1.34
13 CASH AND CASH EQUIVALENTS			
Cash and bank balances		54,568,674	65,634,743
Short term running finance		(203,755,903)	(10,416,349)
		<u>(149,187,229)</u>	<u>55,218,394</u>

N2M

14 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for Base Minimum Capital requirement of PSX to which the company is complied through the pledge of shares of PSX.

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration of the chief executives and directors is disclosed in note 33 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows

	Dec-20	Jun-20
	----- (Rupees) -----	
Transactions with related parties		
Key Management Personnel		
Loan from director	-	(5,500,000)
Loan to director	-	6,400,000
Repayment of loan from director	-	(6,400,000)
Balances with related parties		
Loan from director	-	-
Loan to director	-	-

16 CAPITAL ADEQUACY LEVEL

The Capital adequacy level of the company is as follows

Total assets	739,771,383	429,051,779
Less Total liabilities	(495,613,157)	(239,722,887)
Less Revaluation reserve (created upon revaluation of fixed assets)	(17,789,598)	(19,325,016)
	<u>226,368,628</u>	<u>170,003,876</u>

16.1 Net capital balance of company

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

17 DATE OF AUTHORIZATION FOR ISSUE

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

26 MARCH 2021


Chief Executive

 N2M
Director