

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	<u>NOTE</u>	<u>2016 RUPEES</u>	<u>2015 RUPEES</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	208,833	126,569
Intangible	6	5,500,000	1,241,955
Long-term investments	7	14,567,009	1,758,045
Long-term deposits	8	400,000	400,000
		20,675,842	3,526,569
CURRENT ASSETS			
Trade debts - considered good		12,729,824	22,032,070
Cash and bank balances	9	49,007,241	33,821,685
		61,737,065	55,853,755
		82,412,907	59,380,325
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	10,000,000	10,000,000
Unappropriated profit		4,450,396	3,473,104
		14,450,396	13,473,104
Revaluation surplus	11	17,067,009	-
Director's loan	12	28,261,699	28,261,699
NON-CURRENT LIABILITIES			
Deferred taxation	13	15,867	8,246
CURRENT LIABILITIES			
Trade and other payables	14	22,257,736	17,385,007
Income tax payable	15	360,200	252,269
		22,617,936	17,637,276
TOTAL EQUITY AND LIABILITIES		82,412,907	59,380,325
Contingencies and commitments	16	-	-

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

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	<u>NOTE</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u>
REVENUE	17	5,643,597	4,363,242
EXPENSES			
Administrative and general expenses	18	4,721,369	4,329,334
Loss on sale of investment		578,759	-
Operating profit		<u>343,469</u>	<u>33,908</u>
Financial charges	19	18,262	5,228
Other income	20	1,435,089	2,316,917
Profit before taxation		<u>1,760,296</u>	<u>2,345,597</u>
Provision for taxation	21	(783,004)	(843,371)
Profit after taxation		<u>977,292</u>	<u>1,502,226</u>
 <i><u>Other comprehensive income</u></i>			
<i>Items that may be reclassified to profit and loss account subsequently:</i>			
Unrealised gain on fair value adjustment of investments	11	17,067,009	-
<i>Total comprehensive income for the year</i>		<u>18,044,301</u>	<u>1,502,226</u>
Earning per share - basic	22	<u>0.98</u>	<u>1.50</u>

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

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,760,296	2,345,595
<i>Adjustment for non cash items:</i>		
Dividend income	(2,193,193)	-
Finance charges	18,262	5,228
Depreciation for the year	22,236	19,469
	(2,152,695)	24,697
Changes in working capital		
<i>(Increase)/ decrease in current assets</i>		
Trade debts - considered good	9,302,246	(10,708,308)
Investment at fair value through profit and loss account	-	10,649,040
	9,302,246	(59,268)
<i>Increase/ (decrease) in current liabilities</i>		
Trade and other payables	4,872,729	(12,277,961)
Due to directors	-	(144,214)
	4,872,729	(12,422,175)
Net cash inflow/ (outflow) from operations	13,782,575	(10,111,151)
Income tax paid	(667,452)	(721,677)
Finance charges paid	(18,262)	(5,228)
	(685,714)	(726,905)
Net cash inflow/ (outflow) from operating activities	13,096,861	(10,838,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(104,500)	-
Dividend income	2,193,193	-
Net cash inflow from investing activities	2,088,693	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase/ (decrease) in cash and cash equivalents	15,185,556	(10,838,056)
Cash and cash equivalents at beginning of the year	33,821,685	44,659,741
Cash and cash equivalents at end of the year	49,007,241	33,821,685

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

CHIEF EXECUTIVE_____

DIRECTOR_____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

Particulars	Share capital	Unappropriated profits /(losses)	Revaluation surplus	Directors' loan	Total
-----Rupees-----					
Balance as at June 30, 2014	10,000,000	1,970,879	-	28,405,913	40,376,792
Total comprehensive income for the year	-	1,502,225	-	-	1,502,225
Decrease in directors' loan during the year	-	-	-	(144,214)	(144,214)
Balance as at June 30, 2015	10,000,000	3,473,104	-	28,261,699	41,734,803
Total comprehensive income for the year	-	977,292	-	-	977,292
Revaluation surplus	-	-	17,067,009	-	17,067,009
Balance as at June 30, 2016	10,000,000	4,450,396	17,067,009	28,261,699	59,779,104

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

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**5 PROPERTY, PLANT AND EQUIPMENT
AS AT JUNE 30, 2016**

Particulars	Cost			Rate %	Depreciation			WDV As at 30-Jun-16
	As at 01-Jul-15	Additions/ (deletions)	As at 30-Jun-16		As at 01-Jul-15	For the year	As at 30-Jun-16	
Furniture and fittings	42,179	11,300	53,479	10	11,430	3,753	15,183	38,296
Computer equipment	49,647	93,200	142,847	30	32,618	10,604	43,222	99,625
Office equipment	108,083	-	108,083	10	29,292	7,879	37,171	70,912
Total	199,909	104,500	304,409		73,340	22,236	95,576	208,833

AS AT JUNE 30, 2015

Particulars	Cost			Rate %	Depreciation			WDV As at 30-Jun-15
	As at 01-Jul-14	Additions/ (deletions)	As at 30-Jun-15		As at 01-Jul-14	For the year	As at 30-Jun-15	
Furniture and fittings	42,179	-	42,179	10	8,014	3,416	11,430	30,749
Computer equipment	49,647	-	49,647	30	25,320	7,298	32,618	17,029
Office equipment	108,083	-	108,083	10	20,537	8,755	29,292	78,791
Total	199,909	-	199,909		53,871	19,469	73,340	126,569

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Interest bearing		Non-interest bearing		Total	
	Maturity within one year	Maturity after one year	Maturity within one year	Maturity after one year	2016	2015
Financial assets:						
Long term investment	-	-	-	14,567,009	14,567,009	1,758,045
Long term deposits	-	-	-	400,000	400,000	400,000
Trade debts - considered good	-	-	12,729,824	-	12,729,824	22,032,070
Cash and bank balances	49,007,241	-	-	-	49,007,241	33,821,685
	49,007,241	-	12,729,824	14,967,009	76,704,074	58,011,800
Financial liabilities:						
Trade and other payables	-	-	22,257,736	-	22,257,736	17,385,007
Loan from directors	-	-	-	28,261,699	28,261,699	28,261,699
	-	-	22,257,736	28,261,699	50,519,435	45,646,706

23.1 Financial instruments and financial risk management

The company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

23.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	<u>2016</u>	<u>2015</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Trade and other payables	<u>22,257,736</u>	<u>17,385,007</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

23.3 Capital risk management

The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The gearing ratio as at period ended June 30, 2015 and June 30, 2016 are as follows:-

	2016 Rupees	2015 Rupees
Cash and bank balances	49,007,241	33,821,685
Total borrowing	-	-
Net debt	-	-
Total equity	<u>59,779,104</u>	<u>41,734,803</u>
Total capital	<u><u>59,779,104</u></u>	<u><u>41,734,803</u></u>
Gearing ratio	<u>-</u>	<u>-</u>

23.4 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities approximate their fair values.

ARIF LATIF SECURITIES (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
6 INTANGIBLE			
Trading Right Entitlement Certificate (TREC)	6.1	5,000,000	741,955
Rights to use room	6.2	500,000	500,000
		<u>5,500,000</u>	<u>1,241,955</u>
6.1 Opening value		741,955	741,955
Fair value adjustment	6.1.1	4,258,045	-
		<u>5,000,000</u>	<u>741,955</u>

6.1.1 This represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited after the merger of all the three exchanges of Pakistan in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of LSE Financial Services Ltd. (formerly LSE) after completion of the demutualization process.

The exchange has revised the Notional Value of TREC to 5 million as per notice of Pakistan Stock Exchange dated March 30, 2016, which has resulted in fair value adjustment at year end amounting to Rs. 4.258 Million.

6.2 This represent cost of leasehold right to use room given by Pakistan Stock Exchange for indefinite useful life as per notice of LSE no. LSE-4757 dated November 12, 2009. This is considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

7 LONG-TERM INVESTMENTS - AVAILABLE FOR SALE

LSE Financial Services Ltd. (formerly LSE) 843,975 (2015: 843,975) shares	7.1	<u>14,567,009</u>	<u>1,758,045</u>
7.1 Opening		1,758,045	1,758,045
Fair value adjustment (843,975 shares at Rs 15.18/share)		12,808,964	-
		<u>14,567,009</u>	<u>1,758,045</u>

7.1.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a Stock Exchange had been segregated from the right to trade on the Exchange. Accordingly, the Company had received equity shares of LSE and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSE's share is determined on the basis of valuation of assets and liabilities of LSE as approved by the SECP and the company had been allotted 843,975 shares of the face value of Rs. 10 each out of which 506,385 shares in the name of chief executive of the company are kept in blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

ARIF LATIF SECURITIES (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
<p>The cost/book value of the LSE membership card amounts to Rs. 2.5 million as at June 30, 2013. In the absence of an active market of the shares of LSE and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (intangible asset) had been made by the Company proportionately on the basis of latest break-up value of ordinary shares of LSE and the TREC value assigned by the LSE for the minimum capital requirement purposes applicable to the Stock Exchange brokers currently.</p>			
<p>The Company has pledged/hypothecated 337,490 shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate as referred to note no. 4.1 to the financial statements.</p>			
8 <u>LONG-TERM DEPOSITS</u>			
Central Depository Company of Pakistan (CDC)		100,000	100,000
National Clearing Company of Pakistan (NCCPL)		300,000	300,000
		<u>400,000</u>	<u>400,000</u>
8.1 These are non-interest bearing deposits under statutory obligations.			
9 <u>CASH AND BANK BALANCES</u>			
Cash in hand		70,212	70,212
Cash at bank:			
Broker's account		23,914,679	10,137,115
Client's account		25,022,351	23,614,358
		<u>49,007,241</u>	<u>33,821,685</u>
10 <u>SHARE CAPITAL</u>			
<i>Authorized share capital</i>		<u>10,000,000</u>	<u>10,000,000</u>
1,000,000 (2015 : 1,000,000/-) ordinary shares of Rs 10/- each fully paid in cash			
<i>Issued, subscribed and paid-up capital</i>		<u>10,000,000</u>	<u>10,000,000</u>
1,000,000 (2015 : 1,000,000/-) ordinary shares of Rs 10/- each fully paid in cash			
11 <u>REVALUATION SURPLUS</u>			
Trading Right Entitlement Certificate (TREC)	11.1	4,258,045	-
LSE Financial Services Ltd. (formerly LSE)	11.2	12,808,964	-
		<u>17,067,009</u>	<u>-</u>
11.1 This represents surplus created by the revaluation of Trading Right Entitlement Certificate (TREC) as per notice no. PSX/N-1947 dated March 30, 2016 and LSE shares as per notice no PSX/N-3361 dated May 27, 2016 of Pakistan Stock Exchange.			

ARIF LATIF SECURITIES (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
11.2			
The Pakistan Stock Exchange has revised the breakup value per share of LSE shares to Rs. 17.26/share as per notice of Pakistan Stock Exchange dated May 27, 2016, which has resulted in fair value adjustment at year end of Rs. 12.808 million.			
12		<u>28,261,699</u>	<u>28,261,966</u>
This represents unsecured contractual loan injected by the Directors of the company at NIL mark up basis and is repayable upon the financial ease of the Company. The TR 32 specifies that the directors' loan which is interest free and repayable at the discretion of the entity does not pass the test of liability and thus, is to be recorded as equity at face value.			
13			
<i>Deferred credits/ (debits) arising due to:</i>			
	13.1	<u>15,867</u>	<u>8,246</u>
13.1		8,246	8,353
		7,621	(107)
		<u>15,867</u>	<u>8,246</u>
14			
		22,127,736	14,752,016
	14.1	130,000	2,632,991
		<u>22,257,736</u>	<u>17,385,007</u>
14.1			
		100,000	45,000
		30,000	2,587,991
		<u>130,000</u>	<u>2,632,991</u>
15			
		252,269	130,469
		(667,452)	(721,677)
		(415,183)	(591,208)
		775,383	843,477
		-	-
		775,383	843,477
		<u>360,200</u>	<u>252,269</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
16	<u>CONTINGENCIES AND COMMITMENTS</u>		
	<i>CONTINGENCIES:</i>		
	There are no contingencies as at June 30, 2016.		
	<i>COMMITMENTS:</i>		
	The Company has lien the Trading Right Entitlement Certificate's Pakistan Stock Exchange and 843,975 number of shares with Pakistan Stock Exchange in compliance with Base Minimum Capital (BMC) requirement under the regulations governing risk management of PSX.		
17	<u>REVENUE</u>		
	Commission earned	3,419,903	1,915,547
	Account fee	30,501	-
	Capital gain on marketable securities	-	1,632,232
	Dividend income	2,193,193	815,463
		<u>5,643,597</u>	<u>4,363,242</u>
18	<u>ADMINISTRATIVE AND GENERAL EXPENSES</u>		
	Staff salaries and benefits	2,358,000	2,986,000
	Legal and professional charges	271,400	67,000
	Auditors' remuneration	18.1 100,000	45,000
	Fee and subscription	86,505	53,025
	Electricity	183,419	172,089
	Rent, rates and taxes	40,651	33,088
	Insurance	7,347	-
	Communication expense	123,035	131,989
	Entertainment expense	52,298	-
	Commission expense	732,300	-
	Postage	4,677	8,640
	Vehicles running and maintenance	329,287	482,710
	Depreciation	5 22,236	19,469
	Miscellaneous	410,214	330,324
		<u>4,721,369</u>	<u>4,329,334</u>
18.1	<u>AUDITORS' REMUNERATION</u>		
	Audit fee	75,000	30,000
	Certification charges	25,000	15,000
		<u>100,000</u>	<u>45,000</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
19	<u>FINANCIAL CHARGES</u>		
	Bank charges	12,444	5,228
	Markup on finance	5,818	-
		<u>18,262</u>	<u>5,228</u>
20	<u>OTHER INCOME</u>		
	<i>Income from financial assets:</i>		
	Bank profit	<u>1,435,089</u>	<u>2,316,916</u>
21	<u>PROVISION FOR TAXATION</u>		
	Current	775,383	843,477
	Deferred	7,621	(107)
		<u>783,004</u>	<u>843,371</u>
22	<u>EARNING PER SHARE - BASIC</u>		
	Weighted average number of ordinary shares outstanding during the year	<u>1,000,000</u>	<u>1,000,000</u>
	Profit after taxation	<u>977,292</u>	<u>1,502,226</u>
	Earning per share - basic	<u>0.98</u>	<u>1.50</u>

23 **FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

Attached as per *annexure "A"*

24 **RELATED PARTIES TRANSACTIONS**

The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.

Transactions with related parties during the year are as under:

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

			2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
	NOTE			
<u>Name and relation with the Company</u>		<u>Nature of balance/ transaction</u>		
i) Mr. Arif Latif - CEO/ director		Director's loan	28,261,699	28,261,699
		Trade payables	8,565,826	9,296,317
		Commission earned	698,567	278,507
ii) Mrs. Seemi Arif Latif - director's spouse		Trade debts	8,467,828	11,831,827
		Commission earned	830,333	1,055,476
iii) Mr. Adeel Arif - director		Trade payables	156,584	349,382
		Commission earned	194,206	266,550
iv) Mr. Atif Arif - director		Trade payables	447,066	447,066
v) Mrs. Sobia Atif - director's spouse		Trade payables	65,741	65,741

25 NUMBER OF EMPLOYEES

Total number of employees as at year end 5 5

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors.

27 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- The figures have been reclassified wherever necessary.

Significant reclassification includes:

<u>From</u>	<u>To</u>	<u>Note</u>
Current liabilities	Equity	
Rs. 28,261,699	Rs. 28,261,699	12

The same has been shown in Statement of Changes in Equity.

CHIEF EXECUTIVE _____

DIRECTOR _____