

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	186,904	208,833
Intangible	5	5,500,000	5,500,000
Long-term investments	6	14,887,719	14,567,009
Long-term deposits	7	1,100,000	400,000
		21,674,623	20,675,842
CURRENT ASSETS			
Trade debts - considered good	8	18,180,450	11,529,824
Short term deposits	9	2,000,000	1,200,000
Short term investments	10	9,243,640	-
Taxation-net	17	148,534	-
Cash and bank balances	11	36,221,807	49,007,241
		65,794,431	61,737,065
		<u>87,469,054</u>	<u>82,412,907</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	25,000,000	10,000,000
Unappropriated profit		4,734,546	4,450,396
		29,734,546	14,450,396
Revaluation surplus	13	17,194,225	17,067,009
Directors' loan	14	13,261,699	28,261,699
NON-CURRENT LIABILITIES			
Deferred taxation	15	15,270	15,867
CURRENT LIABILITIES			
Trade and other payables	16	27,263,314	22,257,736
Taxation-net	17	-	360,200
		27,263,314	22,617,936
TOTAL EQUITY AND LIABILITIES		<u>87,469,054</u>	<u>82,412,907</u>
Contingencies and commitments	18	-	-

The annexed notes 1 to 29 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, 2017

	NOTE	2017 RUPEES	2016 RUPEES
REVENUE	19	6,128,404	5,643,597
EXPENSES			
Administrative and general expenses	20	10,278,085	4,721,369
Loss on sale of investment		230,330	578,759
Operating (loss) / profit		<u>(4,380,010)</u>	<u>343,469</u>
Financial charges	21	15,528	18,262
Other income	22	4,960,742	1,435,089
Profit before taxation		<u>565,203</u>	<u>1,760,296</u>
Provision for taxation	23	(281,053)	(783,004)
Profit after taxation		<u>284,150</u>	<u>977,292</u>
Other comprehensive income			
Items that may be reclassified to profit and loss account subsequently	13	127,216	17,067,009
Items that may not be reclassified to profit and loss account subsequently			
<i>Total comprehensive income for the year</i>		<u>411,366</u>	<u>18,044,301</u>
Earning per share - basic	24	<u>0.25</u>	<u>0.98</u>

The annexed notes 1 to 29 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, 2017

	2017	2016
	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	565,203	1,760,296
<i>Adjustment for non cash items:</i>		
Dividend income	(825,738)	(2,193,193)
Financial charges	15,528	18,262
Depreciation for the year	41,629	22,236
	(768,582)	(2,152,695)
Changes in working capital		
<i>(Increase)/ decrease in current assets</i>		
Trade debts - considered good	(6,650,625)	9,302,246
Short term deposits	(800,000)	-
Short term investments	(9,437,133)	-
	(16,887,758)	9,302,246
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	5,005,578	4,872,729
Net cash (outflow) / inflow from operations	(12,085,559)	13,782,575
Income tax paid	(790,384)	(667,452)
Finance charges paid	(15,528)	(18,262)
	(805,912)	(685,714)
Net cash (outflow) / inflow from operating activities	(12,891,471)	13,096,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(19,700)	(104,500)
Long term deposit	(700,000)	-
Dividend income	825,738	2,193,193
Net cash inflow from investing activities	106,038	2,088,693
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	(12,785,434)	15,185,556
Cash and cash equivalents at beginning of the year	49,007,241	33,821,685
Cash and cash equivalents at end of the year	36,221,807	49,007,241

The annexed notes 1 to 29 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, 2017

Particulars	Share capital	Unappropriated profit	Revaluation surplus	Directors' loan	Total
-----RUPEES-----					
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
Total comprehensive income for the year	-	284,150	-	-	284,150
Issue of share capital	15,000,000	-	-	(15,000,000)	-
Revaluation surplus	-	-	127,216	-	127,216
Balance as at June 30, 2017	25,000,000	4,734,546	17,194,225	13,261,699	60,190,470

The annexed notes 1 to 29 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, 2017****4 PROPERTY, PLANT AND EQUIPMENT**

Particulars	2017							
	Cost			Rate %	Depreciation			WDV As at 30-Jun-17
	As at 01-Jul-16	Additions/ (deletions)	As at 30-Jun-17		As at 01-Jul-16	For the year	As at 30-Jun-17	
Furniture and fittings	53,479	-	53,479	10	15,183	3,830	19,013	34,466
Computer equipment	142,847	-	142,847	30	43,222	29,887	73,109	69,738
Office equipment	108,083	19,700	127,783	10	37,171	7,912	45,083	82,700
Total	304,409	19,700	324,109		95,576	41,629	137,205	186,904

Particulars	2016							
	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

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
5 INTANGIBLE			
Trading Right Entitlement Certificate (TREC)	5.1	5,000,000	5,000,000
Rights to use room	5.2	500,000	500,000
		5,500,000	5,500,000
5.1 Opening value			
Fair value adjustment	5.1.1	5,000,000	741,955
		-	4,258,045
		5,000,000	5,000,000
5.1.1 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 notional value of TREC remains same Rs. 5,000,000 as per notice of PSX dated March 08, 2017.			
5.2 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.			
6 LONG-TERM INVESTMENTS - AVAILABLE FOR SALE			
LSE Financial Services Ltd. (formerly LSE) 843,975 (2016: 843,975) shares	6.1	14,887,719	14,567,009
6.1 Opening			
Fair value adjustment		14,567,009	1,758,045
		320,710	12,808,964
		14,887,719	14,567,009
6.1.1 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.			
The Company has pledged / hypothecated 337,490 shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate as referred to note no. 6 to the financial statements.			
7 LONG-TERM DEPOSITS			
Central Depository Company of Pakistan (CDC)		100,000	100,000
National Clearing Company of Pakistan (NCCPL)		1,000,000	300,000
		1,100,000	400,000
7.1 These are non-interest bearing deposits under statutory obligations.			

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
8	<u>TRADE DEBTS - Considered Good</u>		
Trade receivable		<u>18,180,450</u>	<u>11,529,824</u>
This includes trading account due from related party amounting to Rs. 5,267,812 (2016: Rs. 8,565,826)			
9	<u>SHORT TERM DEPOSITS</u>		
Pakistan Stock Exchange Limited (PSX)		1,300,000	1,200,000
National Clearing Company of Pakistan (NCCPL)		700,000	-
		<u>2,000,000</u>	<u>1,200,000</u>
10	<u>SHORT TERM INVESTMENTS</u>		
111,000 (2016: nil) shares of Engro Fertilizers Limited		6,447,334	-
30,000 (2016: nil) shares of Engro Polymers and Chemicals Limited		391,800	-
100,000 (2016: nil) shares of Faysal Bank Limited		2,598,000	-
		9,437,134	-
Fair value adjustment		(193,494)	-
Investment in listed securities		<u>9,243,640</u>	<u>-</u>
10.1	These represent investments in listed securities and have been classified as available for sale financial assets.		
11	<u>CASH AND BANK BALANCES</u>		
Cash in hand		70,212	70,212
Cash at bank:			
Broker's account		17,191,660	23,914,678
Client's account		18,959,935	25,022,351
		36,151,595	48,937,029
		<u>36,221,807</u>	<u>49,007,241</u>
12	<u>SHARE CAPITAL</u>		
<i>Authorized share capital</i>		<u>35,000,000</u>	<u>10,000,000</u>
3,500,000 (2016 : 1,000,000/-) ordinary shares of Rs 10/- each fully paid in cash			
<i>Issued, subscribed and paid-up capital</i>		<u>25,000,000</u>	<u>10,000,000</u>
2,500,000 (2016 : 1,000,000/-) ordinary shares of Rs 10/- each fully paid in cash			
12.1	Pattern of share holding		
Name	Share holders	Number of shares held	Percentage
Arif Latif	Director	2,370,000	94.80%
Atif Latif	Director	5,000	0.20%
Adeel Arif	Director	125,000	5.00%
Total number of shares		2,500,000	100%

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
13 REVALUATION SURPLUS			
Opening balance		17,067,009	-
Trading Right Entitlement Certificate (TREC)		-	4,258,045
LSE Financial Services Ltd. (formerly LSE)	13.1	320,710	12,808,964
Revaluation loss on short term investments	10	(193,494)	-
		<u>17,194,225</u>	<u>17,067,009</u>
13.1 The Pakistan Stock Exchange has revised the breakup value per share of LSE shares to Rs. 17.64 /share as per notice PSX/N-1522 of Pakistan Stock Exchange dated March 6, 2017, which has resulted in fair value adjustment at year end of Rs. 320,710 /-.			
14 DIRECTORS' LOAN			
		<u>13,261,699</u>	<u>28,261,699</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.			
15 DEFERRED TAX			
<i>Deferred credits/ (debits) arising due to:</i>			
Accelerated tax depreciation	15.1	<u>15,270</u>	<u>15,867</u>
15.1 Opening balance			
		15,867	8,246
Movement during the year		(597)	7,621
Closing balance		<u>15,270</u>	<u>15,867</u>
16 TRADE AND OTHER PAYABLES			
Trade payables	16.1	24,948,900	22,127,736
Accrued liabilities	16.2	2,237,268	130,000
Other payables		77,146	-
		<u>27,263,314</u>	<u>22,257,736</u>
16.1 This includes trading account due to related parties amounting to Rs. 17,131,901/- (2016: 9,137,219)			
16.2 ACCRUED LIABILITIES			
Audit fee payable		100,000	100,000
Expenses payable		2,137,268	30,000
		<u>2,237,268</u>	<u>130,000</u>
17 TAXATION-NET			
Opening payable		360,200	252,269
Add: Tax paid / deducted during the year		(790,384)	(667,452)
		<u>(430,184)</u>	<u>(415,183)</u>
Less: Provision for tax			
Current		288,405	775,383
Prior year		(6,755)	-
		<u>281,650</u>	<u>775,383</u>
Closing (receivable) / payable		<u>(148,534)</u>	<u>360,200</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
18 CONTINGENCIES AND COMMITMENTS			
CONTINGENCIES:			
There are no contingencies as at June 30, 2017.			
COMMITMENTS:			
The company has lien the TRE certificate's Pakistan Stock Exchange and 337,590 number of shares with Pakistan Stock Exchange in compliance with Base Minimum Capital (BMC) requirement under the regulations governing risk management of PSX.			
19 REVENUE			
Gross commission		6,151,093	3,967,087
Sales tax on services		(848,427)	(547,184)
Net commission		5,302,666	3,419,903
Account fee		-	30,501
Dividend income		825,738	2,193,193
		825,738	2,223,694
		6,128,404	5,643,597

20 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and benefits	20.1	4,755,115	2,358,000
Legal and professional charges		87,662	271,400
Auditors' remuneration	20.2	100,000	100,000
Fee and subscription		171,146	86,505
Electricity		174,318	183,419
Rent, rates and taxes		2,721,937	40,651
Insurance		6,206	7,347
Communication expense		92,068	123,035
Entertainment expense		49,792	52,298
Commission expense		-	732,300
Postage		18,734	4,677
Travelling and conveyance		837,442	329,287
Depreciation	4	41,629	22,236
Bad debts		659,199	-
Miscellaneous		562,837	410,214
		10,278,085	4,721,369

20.1 Salaries, wages and benefits includes remuneration of chief executive and directors whose breakup is as follows:

	Chief Executive	Director		
Managerial remuneration	600,000	1,200,000	1,800,000	1,396,000
Number of persons	1	2	3	3

20.2 AUDITORS' REMUNERATION

Audit fee		75,000	75,000
Certification charges		25,000	25,000
		100,000	100,000

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
21	<u>FINANCIAL CHARGES</u>		
	Bank charges	15,528	12,444
	Markup on finance	-	5,818
		<u>15,528</u>	<u>18,262</u>
22	<u>OTHER INCOME</u>		
	Bank profit	3,274,745	1,435,089
	Service income	1,685,997	-
		<u>4,960,742</u>	<u>1,435,089</u>
23	<u>PROVISION FOR TAXATION</u>		
	Current	288,405	775,383
	Prior year	(6,755)	-
	Deferred	(597)	7,621
		<u>281,053</u>	<u>783,004</u>
24	<u>EARNING PER SHARE - BASIC</u>		
	Weighted average number of ordinary shares outstanding during the year	<u>1,125,000</u>	<u>1,000,000</u>
	Profit after taxation	<u>284,150</u>	<u>977,292</u>
	Earning per share - basic	<u>0.25</u>	<u>0.98</u>

24.1 Diluted earnings per share

No figure for diluted earning per share has been presented as the company has not issued any instrument carrying options which would have an impact on earning per share when exercised.

25 **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:

	<u>Name and relation with the Company</u>	<u>Nature of balance/</u>		
i)	Mr. Arif Latif - CEO / Director	Director's loan	13,261,699	28,261,699
		Trade debts	5,267,812	8,565,826
ii)	Mrs. Seemi Arif Latif - Director's spouse	Trade payables	16,754,941	8,467,828
iii)	Mr. Adeel Arif - Director	Trade payables	240,156	156,584
iv)	Mr. Atif Arif - Director	Trade payables	79,062	447,066
v)	Mrs. Sobia Atif - Director's spouse	Trade payables	57,742	65,741

ARIF LATIF SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

26 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	2017	2016
Financial assets:						
Long term investment	-	-	-	14,887,719	14,887,719	14,567,009
Long term deposits	-	-	-	1,100,000	1,100,000	400,000
Short term deposits	-	-	2,000,000	-	2,000,000	1,200,000
Trade debts - considered good	-	-	18,180,450	-	18,180,450	11,529,824
Cash and bank balances	36,221,807	-	-	-	36,221,807	49,007,241
	36,221,807	-	20,180,450	15,987,719	72,389,975	76,704,074
Financial liabilities:						
Trade and other payables	-	-	27,263,314	-	27,263,314	22,257,736
Loan from directors	-	-	-	13,261,699	13,261,699	28,261,699
	-	-	27,263,314	13,261,699	40,525,013	50,519,435

26.1 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:

26.2 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:

	2017	2016
	<u>Carrying</u>	<u>Carrying</u>
Trade and other payables	27,263,314	22,257,736

26.3 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, 2016 and June 30, 2017 are as follows:-

	2017	2016
	RUPEES	RUPEES
Total borrowing	13,261,699	28,261,699
Cash and bank balances	36,221,807	49,007,241
Net debt	(22,960,108)	(20,745,542)
Total equity	60,190,471	59,779,104
Total capital	37,230,363	39,033,562
Gearing ratio	(0.62)	(0.53)

26.4 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, 2017

	NOTE	2017 RUPEES	2016 RUPEES
27	<u>NUMBER OF EMPLOYEES</u>		
	Total number of employees as at year end	<u>5</u>	<u>5</u>
28	<u>DATE OF AUTHORIZATION FOR ISSUE</u>		
	These financial statements were authorized for issue on _____ by the Board of Directors.		
29	<u>GENERAL</u>		
	- Figures have been rounded off to the nearest rupee, unless otherwise stated.		
	- The figures have been reclassified wherever necessary.		
	Significant reclassification includes:		
	Deposits with Pakistan Stock Exchange Limited has been reclassified from Trade debts to Short term deposits amounting to Rs. 1,200,000/-		

CHIEF EXECUTIVE _____

DIRECTOR _____