



HALF YEARLY REPORT DECEMBER 2018

CONTENTS

1. COMPANY INFORMATION	3
2. DIRECTORS' REPORT	4
3. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	5
4. CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2018	6
5. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED DECEMBER 31, 2018	7
6. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2018	8
7. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2018	9
8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED DECEMBER 31, 2018	10

1. COMPANY INFORMATION

Board of Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Muhammad Najam Ali Mr. Umer Habib Mr. Hasan Shah Nawaz Mrs. Hanna Khan Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Non-Executive Director, Independent Director, Chairman Executive Director, Chief Executive Officer Executive Director, Head of Investment Banking Non-Executive Director, Independent Director Non-Executive Director Non-Executive Director Non-Executive Director
Audit Committee	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Chairman, Independent Director Member Member
Human Resource & Remuneration Committee	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Umer Habib	Chairman, Independent Director Member Member Member
Chief Financial Officer	Mr. Nadeem ul-Haq Usmani	
Company Secretary	Mr. Mohammad Omair	
Head of Internal Audit	Mr. Parkash Kukreja	
External Auditors	KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank of Punjab Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited MCB Islamic Bank Habib Bank Limited Sindh Bank Limited	
Tax Advisors	Junaidy, Shoaib, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahrah-e-Faisal, Karachi	
Legal Advisors	Mohsin Tayebaly & Co. Barristers & Advocates 2 nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
Rating Company	JCR-VIS Credit Rating Company Limited	
Share Registrar	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahrah-e-Faisal, Karachi	
Registered Office	2 nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi 75530, Pakistan.	

2. DIRECTORS' REPORT

Economic Review:

The transition towards new government was met with initial chaos but that seemed to have dissipated with the passage of time. However, a bleak economic scenario seems prevalent in Pakistan where a deceleration in economic growth consorted by widening twin deficits (11.4% trade and 2.7% fiscal deficit as percentage of GDP) transpired much pessimism alongside spiraling depreciation (11.8% in 2QFY19) that aided an upward mount in inflationary pressures (7MFY19 average CPI of 6.21% against 7MFY18 average of 3.85%). SBP's FY19 GDP forecast of 4.5% does not exude positivity alongside LSM contraction (-1.5%YoY as of Dec '18 against +5.51% in 1HFY18). Moreover, higher petroleum imports (+27%YoY in 1HFY19) offset the relief brought forth by the slowdown in machinery imports (-25%YoY in 1HFY19) and a healthy recovery in remittances (+11%YoY in 1HFY19). This in addition to under-performance of exports kept the current account deficit (5.1% of GDP as of Dec '18) elevated.

The SBP's tightening monetary policy stance since January 2018 has persisted where another increase of 150 basis points occurred during the quarter, taking the policy rate to 10% effective December, 2018. Soaring debt repayments inflicted a plunge in foreign exchange reserves of the country that stood at US\$13.75 billion including SBP's reserves of US\$7.2 billion at the end of the period under review as opposed to US\$16.4 billion and US\$9.8 billion, respectively as FY18 terminated. The SBP's average import cover resultantly dipped to the critical level of 1.58 months from 2.10 months at the end of FY18.

Going forward, it is imminent that the government devises a consistent policy framework to tackle fiscal challenges though we foresee an uptick in inflationary pressures ahead amid materialization of impact of gas tariff hike of 33%, an approved electricity tariff hike of 12% and imposition of duties on tobacco etc. under the blanket of 'sin tax'. We also see an IMF package announcement by 4QFY19 amid a dire need of financial stabilization as debt servicing increases with repayment of current borrowings (Saudi Arabia, UAE and China).

Capital Market Review:

During the period under consideration, KSE 100 index witnessed a plummet of 11% from its Oct '18 closing of 41,616 despite investment announcements of US\$2bn from China, US\$3bn from UAE and US\$3bn from Saudi Arabia. The latter two also announced a deferred payment facility on oil worth US\$3bn, each. The average daily turnover of shares witnessed a breather at 184.31 million contrary to 172 million over 1QFY19 and 175 million during FY18. Equity selling from foreign investors stood at US\$215 million against US\$189 million offloaded during 1QFY19. Amongst the key sectors, Tobacco and Chemicals were the major positive contributors to the KSE100 Index while Banks, OMCs, Cements and Automobile Manufacturers were the major negative contributors to the benchmark index.

With the market P/E of 7.25x (as of Dec '18), the market seems to be in a plight with further policy rate adjustment in lieu of the recent IMF directive. The market seems to be moving in tandem with the global phenomenon of equity outflows and entrance into debt instruments such as fixed income takes precedence, the rising spread on advances (an estimated 1.4%-1.5% as seen historically) shall elicit banking sector's profitability.

Performance Overview:

The following table depicts the Company's performance in the current period:

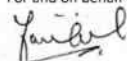
	2018	2017
	RUPEES	
Accumulated Gain / (Loss) as at July 01	(5,284,285)	20,051,403
Profit / (Loss) after tax for the period	5,620,679	(65,795,655)
Accumulated Gain / (Loss) as at December 31	336,394	(45,744,252)
Earnings Per Share Rupees	0.12	(1.46)

Despite the sluggish progress of economy, together with the uncertainty among investors, the volumes remained thin during 1H-FY19. However, we managed to get pre-taxed profits of over Rs. 10M during the half year period. Equity brokerage fell by 16.20% of YoY basis due to low volumes in the bearish market. Advisory and consultancy income declined by 45.43% on YoY basis due to prevalent market conditions and dwindling deal flow in Investment Banking. Reduction in operating, administrative and financial expenses supported enormously to come out of loss of Rs.3.18 M in 1QFY2019 to an accumulated profit of Rs.5.62 M at the end of 2QFY2019.

Looking ahead, the company aims to continue to strive for shareholder value by focusing to become the preferred financial services provider in the country. We remain enthusiastic on Pakistan's long term outlook and seek to align our growth strategy with that accordingly.

For and on behalf of the Board of Directors

February 25, 2019



Lt. Gen. Tariq Waseem Ghazi (Retd.)
Chairman

3. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Next Capital Limited** as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

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 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

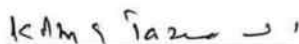
Other Matter

The figures for the quarter ended 31 December 2018 and 31 December 2017 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 25 February 2019


Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants


3. CONDENSED INTERIM BALANCE SHEET, AS AT DECEMBER 31, 2018

	Note	31 December 2018 (Un-audited) (Rupees)	30 June 2018 (Audited)
ASSETS			
Non current assets			
Property and equipment	5	46,040,400	14,376,109
Intangible assets	6	4,062,913	4,268,746
Investment in shares of Pakistan Stock Exchange Limited	7	21,752,081	31,658,322
Long term deposits	8	15,761,200	10,061,200
Deferred tax asset		2,124,665	1,401,644
		<u>89,741,259</u>	<u>61,766,021</u>
Current assets			
Short term investments - Fair value through profit or loss	9	12,142,000	12,094,500
Investment in Marginal Financing System	10	2,860,024	65,217,082
Trade debts	11	227,791,837	133,953,876
Deposits and prepayments	12	137,773,945	238,356,829
Advances and other receivables	13	12,141,690	4,416,225
Income tax refundable		60,264,381	54,513,767
Cash and bank balances	14	106,918,502	126,983,853
		<u>559,892,379</u>	<u>635,536,132</u>
Total assets		<u><u>649,633,638</u></u>	<u><u>697,302,153</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 100,000,000 (30 June 2018: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	15	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Unrealized gain on remeasurement of available for sale investments		5,722,551	15,628,792
Revenue Reserve			
Unappropriated profit / (accumulated losses)		<u>336,394</u>	<u>(5,284,285)</u>
		<u>406,056,945</u>	<u>410,344,507</u>
Current liabilities			
Short term loans from related parties - unsecured	25.1	-	41,256,011
Short term loans - unsecured	16	-	18,953,742
Unclaimed dividend		3,004,538	3,051,638
Trade and other payables	17	238,903,488	223,696,255
Contract Liabilities		1,666,667	-
		<u>243,574,693</u>	<u>286,957,646</u>
Contingencies and commitments	18		
Total equity and liabilities		<u><u>649,633,638</u></u>	<u><u>697,302,153</u></u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer


**4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD
ENDED DECEMBER 31, 2018**

	Note	Six months ended 31 December		Quarter ended 31 December	
		2018	2017	2018	2017
		(Rupees)			
Operating revenue	19	97,784,278	132,676,461	53,808,229	53,241,172
Loss on sale of investments		(163,207)	(2,437,934)	(179,342)	(2,588,596)
Unrealised loss on remeasurement of investments - Fair value through profit or loss		(3,708,000)	(54,025,241)	(1,560,000)	(22,206,521)
Impairment loss on Trading Right Entitlement Certificate (TREC)	6.2	-	(2,500,000)	-	(2,500,000)
Operating expenses	20	(51,025,898)	(82,511,185)	(26,421,619)	(31,398,725)
Administrative expenses	21	(43,681,982)	(48,188,656)	(22,874,767)	(26,879,029)
Finance cost		(3,935,548)	(9,320,445)	(1,032,807)	(4,515,001)
		(4,730,357)	(66,307,000)	1,739,694	(36,846,700)
Other income	22	14,925,333	10,926,729	8,805,238	4,216,583
Profit / (loss) before taxation		10,194,976	(55,380,271)	10,544,932	(32,630,117)
Taxation	23				
- Current		(4,027,380)	(19,262,677)	(629,651)	(9,147,271)
- Prior		(1,269,938)	-	(1,269,938)	-
- Deferred		723,021	8,847,293	155,580	8,847,293
		(4,574,297)	(10,415,384)	(1,744,009)	(299,978)
Profit / (loss) after taxation		5,620,679	(65,795,655)	8,800,923	(32,930,095)
Earnings / (loss) per share					
- basic and diluted	24	0.12	(1.46)	0.20	(0.73)


The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

5. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2018

	Six months ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Rupees)			
Profit / (loss) after taxation for the period	5,620,679	(65,795,655)	8,800,923	(32,930,095)
Other comprehensive income:				
<i>Items that may be reclassified to profit and loss account</i>				
Unrealized loss on remeasurement of available for sale investments	(9,906,241)	(5,257,677)	(5,273,706)	(625,142)
	(9,906,241)	(5,257,677)	(5,273,706)	(625,142)
Total comprehensive income for the period	(4,285,562)	(71,053,332)	3,527,217	(33,555,237)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director




Chief Financial Officer


6. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2018

		Six months ended	
	Note	31 December 2018	31 December 2017
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		10,194,976	(55,380,271)
Adjustments for:			
Depreciation	5.1	3,130,392	2,779,915
Amortisation	6.3	205,833	374,776
Impairment loss on Trading Right Entitlement Certificate (TREC)		-	2,500,000
Loss on sale of investments		163,207	2,437,934
Unrealised loss on remeasurement of investments - Fair value through profit or loss	9	3,708,000	54,025,241
Markup on bank balances	22	(5,661,379)	(5,976,152)
Dividend income		-	(440,591)
Markup on investment in Margin Financing System	22	(2,662,161)	(979,099)
Profit on exposure margin	22	(6,002,591)	(3,491,376)
Gain on sale of asset	22	(599,202)	-
Finance cost		3,935,548	9,320,445
		(3,782,353)	60,551,093
<i>Cash flows before working capital changes</i>		6,412,623	5,170,822
Working capital changes			
(Increase) / decrease in current assets			
Trade debts		(93,837,961)	332,302,403
Deposits and prepayments		100,582,884	108,851,376
Advances and other receivables		(7,725,465)	(1,630,839)
		(980,542)	439,522,940
Increase / (decrease) in current liabilities			
Current portion of liabilities against assets subject to finance lease		-	(48,090)
Trade and other payables		15,207,233	(288,936,438)
Contract Liabilities		1,666,667	-
		16,873,900	(288,984,528)
<i>Cash generated from operations</i>		22,305,981	155,709,234
Finance cost paid		(4,048,430)	(9,320,445)
Taxes paid		(11,163,348)	(18,442,291)
Net cash generated from operating activities		7,094,203	127,946,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment	5.1	(3,162,249)	(611,000)
Payment for capital work-in-progress	5.2	(33,544,142)	-
Payment against investment in Marginal Financing System		(145,220,583)	(287,448,190)
Receipts against investment in Marginal Financing System		207,577,642	268,359,519
Short term investments made during the period	9	(4,000,000)	(603,534,340)
Short term investments disposed off during the period		270,500	442,464,605
Proceeds from disposal of property and equipment		2,550,000	-
Markup received on bank deposits		5,661,379	5,976,152
Markup received on exposure margins		6,002,591	3,491,376
Markup received on investment in Marginal Financing System		2,662,161	979,099
(Payments) of / receipts from long term deposits		(5,700,000)	19,628,829
Dividend received		-	440,591
Net cash generated from / (used in) investing activities		33,097,299	(150,255,359)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loans received		72,456,797	397,112,158
Short term loans repaid		(132,666,550)	(445,665,800)
Dividend paid		(47,100)	(35,363,668)
Net cash used in financing activities		(60,256,853)	(83,917,310)
Net decrease in cash and cash equivalents		(20,065,351)	(106,226,171)
Cash and cash equivalents at beginning of the period		126,983,853	269,670,057
Cash and cash equivalents at end of the period		106,918,502	163,443,886

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.


 Chief Executive


 Director


 Chief Financial Officer

7. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unrealized gain / (loss) on remeasurement of investments (Rupees)	Revenue Reserve Unappropriated profit / (accumulated losses)	Total
Balance as at 01 July 2017	450,000,000	(50,000,000)	25,134,303	65,051,403	490,185,706
Total comprehensive income for the period					
Loss for the period	-	-	-	(65,795,655)	(65,795,655)
Unrealised loss on remeasurement of available for sale investments	-	-	(5,257,677)	-	(5,257,677)
	-	-	(5,257,677)	(65,795,655)	(71,053,332)
Transaction with owners of the Company					
Cash dividend @ Rs.1.00 per ordinary share of Rs.10 each for the year ended 30 June 2017	-	-	-	(45,000,000)	(45,000,000)
Balance as at 31 December 2017	450,000,000	(50,000,000)	19,876,626	(45,744,252)	374,132,374
Balance as at 01 July 2018	450,000,000	(50,000,000)	15,628,792	(5,284,285)	410,344,507
Total comprehensive income for the period					
Profit for the period	-	-	-	5,620,679	5,620,679
Unrealised loss on remeasurement of available for sale investments	-	-	(9,906,241)	-	(9,906,241)
	-	-	(9,906,241)	5,620,679	(4,285,562)
Balance as at 31 December 2018	450,000,000	(50,000,000)	5,722,551	336,394	406,058,945

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under the Companies Act, 2017 (previously Companies Ordinance, 1984). The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan. The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex and other financial instruments and corporate finance services. Further, the Company is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange. The registered office of the Company is situated at 8th Floor, Horizon Tower, Block III Clifton, Karachi. The branch offices are situated at:

- House # 43-A/S, Zafar Ali Road, Aziz Avenue Gulberg-5, Lahore.
- Plaza # 67 - CCA, Block - DD Phase - IV, DHA, Lahore Cantt.

1.1 Significant transactions and events

The Company acquired a rented property during the period for shifting its head office to Imperial Court Building, Doctor Ziauddin Ahmed Road, Karachi for which Company incurred Rs. 33.544 million in respect of payments against civil, interior finishing, electrical and HVAC works for office renovation.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting financial reporting. The accounting and reporting standards as applicable in Pakistan for interim reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

- 2.1.2 These condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2018.

- 2.1.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2018, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2017.

- 2.1.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments that are carried at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2018 except for the adoption of new standard effective as of 1 July 2018 as referred to in note 3.2 to these condensed interim financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has initially adopted IFRS 15 'Revenue from Contracts with Customers' from 1 July 2018. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.2.1 below

3.2.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2017 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The Company is engaged in the business of brokerage and earns brokerage commission on buying and selling of securities on behalf of customers, providing advisory / consultancy services and debt capital market services. Management has concluded that revenue from brokerage is to be recognised at the point in time when control of the asset is transferred to the customer, which generally occurs on the trade date because that is when the underlying financial instrument (for a purchase) or purchaser (for a sale) is identified and the pricing is agreed upon (i.e., the Company has identified the counterparty and enters into the contract on behalf of the customer). On the trade date, the customer obtains control of the service as it can direct the use of, and obtain substantially all of the remaining benefits from, the asset that comes from the trade execution service.

For advisory / consultancy services and debt capital market services, the management has concluded that the revenue is recognized point in time or over the time depending on when the control of the services is transferred to the customer.

The above is generally consistent with the timing and amounts of revenue that Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described above. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

3.3.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's condensed interim financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's condensed interim financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard. SECP vide SRO. 229 (1)/2019, dated 14 February 2019, has modified the effective date for applicability of IFRS 9 (Financial Instruments) in place of IAS 39 (Financial Instruments: Recognition and Measurement) as reporting period / year ending on or after June 30, 2019.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's condensed interim financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2018.

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the annual financial statements as at and for the year ended 30 June 2018.

5. PROPERTY AND EQUIPMENT

<i>Note</i>	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees)	
Operating fixed assets	12,496,258	14,376,109
Capital work-in-progress	33,544,142	-
	<u>46,040,400</u>	<u>14,376,109</u>

5.1 Operating fixed assets

<i>Note</i>	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees)	
Opening written down value	14,376,109	16,365,032
Additions during the period / year - at cost		
- Lease hold improvement	-	-
- Furniture and fixtures	-	-
- Vehicles - owned / leased	-	2,839,639
- Computers and related accessories	3,162,249	954,496
	<u>3,162,249</u>	<u>3,794,135</u>
Written down value of deletions during the period / year	(1,911,708)	-
Depreciation for the period / year	(3,130,392)	(5,783,058)
	<u>(5,042,100)</u>	<u>(5,783,058)</u>
Closing written down value	<u>12,496,258</u>	<u>14,376,109</u>

- 5.1.1** This pertains to the vehicle having cost Rs. 2.66 million, accumulated depreciation of Rs. 0.755 million and book value of Rs. 1.91 million, sold to an employee of the Company for Rs. 2.55 million. The gain on disposal amounted to Rs. 0.599 million.

5.2 Capital work-in-progress

The Company acquired a rented property during the period for shifting its head office to Imperial Court Building, Doctor Ziauddin Ahmed Road, Karachi. The amount represents payments of civil, interior finishing, electrical and HVAC works for office renovation.

	31 December 2018 (Unaudited)
Additions to capital work-in-progress during the period are as follows:	(Rupees)
- Lease hold improvement	31,565,417
- Furniture and fixtures	1,978,725
	<u>33,544,142</u>

6. INTANGIBLE ASSETS

<i>Note</i>	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees)	
Pakistan Mercantile Exchange - Membership card	950,000	950,000
Trading Right Entitlement Certificate (TREC)	2,500,000	2,500,000
Software	612,913	818,746
	<u>4,062,913</u>	<u>4,268,746</u>

- 6.1** This represents TREC acquired on surrender of Stock Exchange Membership Card. For details please refer Note 7.

PSX vide notice no. PSX/N- 7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to Rs. 2.5 million. According to the Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Up to 31 December 2019, the Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate. The Company has marked lien on TRE Certificate in favour of the Pakistan Stock Exchange Limited (PSX) to fulfil the requirement of Base Minimum Capital.

6.2 Movement in Trading Right Entitlement Certificate (TREC)

31 December 2018 (Unaudited)	30 June 2018 (Audited)
(Rupees)	
Opening carrying value	2,500,000
Impairment recognised during the period / year	-
Closing carrying value	2,500,000

6.3 Particulars - software
Net carrying value basis

Opening net book value	818,746	1,406,911
Additions during the period / year	-	165,000
Amortisation charged during the period / year	(205,833)	(753,165)
Closing net book value	612,913	818,746

Gross carrying value

Cost	5,103,660	5,103,660
Accumulated amortisation	(4,490,747)	(4,284,914)
Net book value	612,913	818,746

Amortisation rate

33%	33%
-----	-----

7. INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED

31 December 2018 (Un-audited) (Number of Shares)	30 June 2018 (Audited)		Note	31 December 2018 (Un-audited)	30 June 2018 (Audited)
1,602,953	1,602,953	Pakistan Stock Exchange Limited	7.2	16,029,530	16,029,530
<u>1,602,953</u>	<u>1,602,953</u>			<u>16,029,530</u>	<u>16,029,530</u>

Market value basis

Book value as of 31 December 2018	16,029,530	16,029,530
Unrealized gain as of 31 December 2018	5,722,551	15,628,792
Market value as of 31 December 2018	7.1	<u>21,752,081</u>

7.1 These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. As at 31 December 2018, out of 1,602,953 shares 1,081,194 shares are classified as 'Freeze' in the CDC report of the Company. The Company has pledged the Freeze shares with PSX to fulfill the requirement of Base Minimum Capital.

7.2 This represents shares of PSX acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of PSX by issuance of 4,007,383 shares to each initial shareholder in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account - CDC of each initial shareholder.
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in the Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. Initially the fair value of both the asset transferred and asset obtained could not be determined with reasonable accuracy, the above investment had been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company had been recognised as available for sale investments and the excess of value of shares over the carrying value of membership card was recognised as trading right. No gain or loss had been recorded on the exchange.

- 7.3 In 2016, the Securities and Exchange Commission of Pakistan (SECP) accorded its approval to Pakistan Stock Exchange Limited (PSX) for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of \$85.6 million at an offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% (1,602,953 shares), which were held in blocked form in terms of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese Consortium by the Divestment Committee at an offer price of Rs. 28 per share. Subsequently, a formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the equity sale committee of PSX. The sale was completed on 10 March 2017.

- 7.4 After divestment of 40% equity stake of Pakistan Stock Exchange Limited in favor of Chinese Consortium, PSX vide their letter dated 06 June 2017, informed the Company for divestment of further 20% of PSX shares upon successful completion of book building process. This amount was secured by a bank guarantee taken from MCB Bank Limited.

8. LONG TERM DEPOSITS	Note	31 December 2018 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
Pakistan Stock Exchange Limited	8.1	11,125,000	5,425,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,300,000	1,300,000
Pakistan Mercantile Exchange	8.2	1,250,000	1,250,000
Security deposit against office premises		1,841,200	1,841,200
Security deposit against PSO card		120,000	120,000
		<u>15,761,200</u>	<u>10,061,200</u>

- 8.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against BMC requirement. During the current period, the Company deposited Rs. 5.7 (30 June 2018: Rs. 5) million for the requirement of BMC.
- 8.2 This represents deposits placed with Pakistan Mercantile Exchange for taking exposures in commodity market.

9. SHORT TERM INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS	Note	31 December	30 June
		2018	2018
		(Un-audited)	(Audited)
		(Rupees)	
Listed securities	9.1	12,142,000	12,094,500

9.1 Listed securities

		31 December 2018		30 June 2018		
31 December 2018	30 June 2018	Name of investee	Carrying amount	Market value	Carrying amount	Market value
(Un-audited)	(Audited)		(Un-audited)		(Audited)	
(Number of shares / certificates)			(Rupees)			
600,000	600,000	Pakistan Stock Exchange Limited	11,850,000	8,142,000	12,457,246	11,850,000
-	3,000	Meezan Bank Limited	-	-	265,197	244,500
800	-	Soneri Bank Limited - Term Finance Certificates	4,000,000	4,000,000	-	-
<u>600,800</u>	<u>603,000</u>		<u>15,850,000</u>	<u>12,142,000</u>	<u>12,722,443</u>	<u>12,094,500</u>
Unrealised loss on re-measurement of investment - Fair value through profit or loss						
			<u>(3,708,000)</u>		<u>(627,943)</u>	
		Market value	<u>12,142,000</u>		<u>12,094,500</u>	

10. INVESTMENT IN MARGINAL FINANCING SYSTEM

This amount is given as Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup upto the rate of 1 month KIBOR + 8%.

11. TRADE DEBTS	Note	31 December	30 June
		2018	2018
		(Un-audited)	(Audited)
		(Rupees)	
<i>Receivable from clients on account of:</i>			
- Purchase of shares on behalf of clients	11.2	61,009,348	113,685,650
- Brokerage commission			
- Equity shares	11.2	8,343,872	11,082,634
- Money market and forex		510,955	2,825,438
- Consultancy fee		24,492,242	8,454,793
Provision for doubtful debts	11.1	(2,094,639)	(2,094,639)
Receivable from NCCPL		92,261,778	133,953,876
		<u>135,530,059</u>	<u>-</u>
		<u>227,791,837</u>	<u>133,953,876</u>

11.1 Provision for doubtful debts

Opening balance	2,094,639	-
Provision for doubtful debts	-	2,094,639
Closing balance	<u>2,094,639</u>	<u>2,094,639</u>

11.2 Aging analysis

The aging analysis of the trade debts relating to purchase of shares is as follows:

	Amount	Custody value
	(Rupees)	
Upto five days	11.2.1	49,967,818
More than five days	11.2.1	323,972,939
		<u>19,385,402</u>
		<u>695,193,667</u>
		<u>69,353,220</u>
		<u>1,019,166,606</u>

11.2.1 These custody values are shown at market value after applying haircut of straight 15%.

12. DEPOSITS AND PREPAYMENTS

	<i>Note</i>	31 December 2018 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
Deposit of exposure margin	12.1	108,889,461	218,053,064
Deposit against Marginal Trading Services	12.2	21,132,833	8,677,046
Security deposits	12.3	1,128,679	1,128,679
Mobilization advance		-	5,400,000
Prepaid expenses		4,918,607	3,338,916
Sales tax receivables		696,014	714,004
Markup receivable against bank deposits		1,008,351	1,045,120
		<u>137,773,945</u>	<u>238,356,829</u>

12.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. This deposit carry profit at rates ranging from 3.50% to 7.00% (30 June 2018: 2.75% to 3.60%).

12.2 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade and sustained losses to date on Marginal Trading Services. These deposits carry profit at rates ranging from 3.50% to 7.00% (30 June 2018: 2.75% to 3.60%).

12.3 This includes security deposit against leased asset.

13. ADVANCES AND OTHER RECEIVABLES

	<i>Note</i>	31 December 2018 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
<i>Considered good</i>			
Advance against salary - secured		213,527	176,061
Other receivables and advances - unsecured		11,928,163	4,240,164
		<u>12,141,690</u>	<u>4,416,225</u>

14. CASH AND BANK BALANCES

Balances with banks:

Saving accounts - profit or loss account	14.1 & 14.2	99,348,948	114,824,807
Current accounts - Conventional		7,470,038	12,081,935
Current accounts - Shariah Compliant		74,111	74,111
		106,893,097	126,980,853
Cash in hand		25,405	3,000
		<u>106,918,502</u>	<u>126,983,853</u>

14.1 Profit rate on saving accounts ranges from 4.50% to 8.00% per annum (30 June 2018: 3.75% to 4.60% per annum).

14.2 This include Rs. 96.553 (30 June 2018: Rs. 112.899) million kept in designated bank accounts maintained on behalf of clients.

15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	31 December 2018 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
15.1 Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each fully paid in cash	15.2	450,000,000	450,000,000
		<u>450,000,000</u>	<u>450,000,000</u>
15.2 Pattern of shareholding			
Categories of Shareholders		Number of shares held	% of shares held
Companies			
- MCB Bank Limited - Treasury		4,360,500	9.69%
- Maple Leaf Cement Factory Limited		3,375,000	7.50%
- CDC - Trustee National Investment (Unit) Trust		595,000	1.32%
- Abbas Corporation (Private) Limited		500,000	1.11%
- CDC - Trustee NIT - Equity Market Opportunity Fund		375,250	0.83%
- MRA Securities Limited - MF		100,000	0.22%
- Backers & Partners (Private) Limited - MF		40,000	0.09%
- ASDA Securities (Private) Limited		37,500	0.08%
- Habib Bank, Zurich, Switzerland		37,000	0.08%
- Pearl Securities Limited - MF		33,000	0.07%
- Aba Ali Habib Securities (Private) Limited		5,625	0.01%
- Maple Leaf Capital Limited		1	0.00%
Individuals			
- Mr. Muhammad Zulqarnain Mahmood Khan		2,250	0.01%
- Mr. Muhammad Zubair Ellahi		562	0.01%
- Mr. Hasan Shahnawaz		2,250	0.01%
- Mr. Umer Habib		562	0.00%
- Mr. Muhammad Najam Ali		12,368,250	27.49%
- Mrs. Hanna Khan		1,100,812	2.45%
- Mr. Tariq Waseem Ghazi		24,125	0.05%
- Other Individuals		22,042,313	48.98%
		<u>45,000,000</u>	<u>100.00%</u>
16. SHORT TERM LOANS - UNSECURED			
		31 December 2018 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
Loan at beginning of the period / year		18,953,742	60,074,988
Received during the period / year		880,679	146,081,674
Repayments of the loan during the period / year		(19,834,421)	(187,202,920)
Balance at end of the period / year		<u>-</u>	<u>18,953,742</u>

17. TRADE AND OTHER PAYABLES

	<i>Note</i>	31 December 2018 (Un-audited) (Rupees)	30 June 2018 (Audited) (Rupees)
Trade creditors	<i>17.1 & 17.2</i>	217,953,128	110,177,587
Payable to National Clearing Company of Pakistan Limited		-	96,487,559
Accrued commission to traders	<i>17.3</i>	1,521,037	2,290,544
Accrued salaries and other expenses		3,730,379	1,464,282
Auditor's remuneration		200,000	800,000
Tax deducted at source		2,387,738	2,503,163
Provision for sales tax		1,867,450	-
Commission payable	<i>17.4</i>	8,424,967	7,717,309
Markup payable		135,652	1,216,451
Other payables		2,683,137	1,039,360
		<u>238,903,488</u>	<u>223,696,255</u>

17.1 This includes trade payable of Rs. 13.082 (30 June 2018: Rs. 0.151) million payable to related parties.

17.2 This includes Rs. 121.951 (30 June 2018: Rs. 6.35) million trade payable in respect of two days trading with T+2 settlement.

17.3 This includes commission payable of Rs. 1.183 (30 June 2018: Rs. 0.213) million to related parties.

17.4 This represents commission payable to a foreign brokerage house.

18. CONTINGENCIES AND COMMITMENTS
18.1 Contingencies

The Sindh Revenue Board (SRB) passed an Order for recovery of Sindh Sales Tax on advisory services amounting to Rs. 871,581 for the tax period July 2011 to June 2012. The Company filed appeal before the Commissioner Appeals (SRB) against the said order. The Commissioner Appeals (SRB) passed the final order dated 21 November 2014 for recovery of assessed amount Rs. 871,581 and default surcharge to be calculated at the time of payment.

The Company filed the petition against the order to the Honourable High Court of Sindh ("The Court") and the Court granted an interim order dated 28 November 2014 and restrained the SRB from demanding any payment till further orders by the Court. The Court via its order dated 28 August 2015 disposed off the said petition and directed the Company to pursue the appeal before the SRB-Tribunal.

The management is of the view that such services were not taxable under the Sindh Sales Tax Act, 2011 and the Company was duly paying Sindh Sales Tax on brokerage services and filing Sindh Sales Tax accordingly. The Company is confident of a favourable outcome of the same, therefore, no provision has been made in this regard.

18.2 Commitments

	31 December 2018 (Un-audited) (Rupees)	30 June 2018 (Audited) (Rupees)
For sale of quoted securities under future contracts against counter commitments	<u>730,539,270</u>	<u>320,177,215</u>
For purchase of quoted securities under future contracts against counter commitments	<u>805,070,665</u>	<u>200,844,325</u>

18.2.1 Capital expenditure commitments outstanding as at 31 December 2018 amounted to Rs. 1.765 million (30 June 2018: Nil).

18.2.2 The Company has unavailed running finance facilities with Sindh Bank Limited and MCB Bank Limited amounting to Rs. 250 million and Rs. 400 million respectively, which carry markup at the rate of 3 months KIBOR plus 3.5% and 1 month KIBOR plus 1.50% and will mature on 30 June 2019 and 31 March 2019 respectively.

Note	Six months ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
19. OPERATING REVENUE				
Brokerage income	19.2	82,550,693	98,512,052	39,674,182
Advisory / consultancy fee		26,055,658	51,411,749	19,239,234
Debt capital market services		1,672,463	1,672,463	13,158,377
		<u>110,278,814</u>	<u>149,924,401</u>	<u>60,162,525</u>
Less: Sales tax on services		12,494,536	17,247,940	6,777,650
	19.1	<u>97,784,278</u>	<u>132,676,461</u>	<u>53,241,172</u>

19.1 DISAGGREGATION OF REVENUE

As required for the condensed interim financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by type of customers:

	Six months ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
- Institutional customers		36,502,119		48,628,912
- Retail clients		61,282,159		84,047,549
		<u>97,784,278</u>		<u>132,676,461</u>

19.2 This includes brokerage earned from related parties amounting to Rs. 0.637 (31 December 2017: Rs. 2.604) million.

Note	Six months ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
20. OPERATING EXPENSES				
Salaries, wages and other benefits		22,969,201	25,552,670	11,886,136
Consultancy fee	20.1	1,190,992	12,029,822	100,000
Commission and referral fee	20.2	13,951,684	16,797,550	7,802,624
Sub-underwriting commission		-	13,297,982	-
Service and transaction charges		7,979,824	9,517,267	3,538,304
Fees and subscription		4,934,197	5,315,894	3,668,044
		<u>51,025,698</u>	<u>62,511,185</u>	<u>31,396,725</u>

20.1 This includes consultancy fee to the directors of the Company amounting to Rs. 0.760 (31 December 2017: Rs. 4.32) million.

20.2 This includes commission to the directors of the Company amounting to Rs.10.218 (31 December 2017: Rs. 11.61) million.

Note	Six months ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
21. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits		18,792,983	20,906,730	10,131,276
Telephone and communication charges		2,161,191	2,142,800	1,096,285
Rent expense		7,874,234	7,260,180	3,959,369
Utility charges		1,115,108	1,178,134	518,995
Vehicle running expenses		1,212,925	1,056,179	619,567
Depreciation		3,130,392	2,779,915	1,530,697
Amortisation		205,833	374,776	94,584
Legal and professional charges		360,796	1,221,270	222,150
Auditor's remuneration		183,000	960,000	183,000
Insurance		887,144	859,663	442,316
Printing, stationery and postage charges		607,087	687,569	338,543
Office supplies		360,904	443,039	110,307
Office repair and maintenance		1,228,406	1,273,300	653,566
Fees and subscription		1,010,619	1,088,798	593,642
Travelling and entertainment charges		2,154,352	2,692,039	1,105,930
Trade debts written off		-	1,030,000	-
Advertisement expenses		71,754	274,810	71,754
Security expense		1,466,695	1,086,014	950,984
Miscellaneous expenses		858,557	1,002,540	251,822
		<u>43,681,982</u>	<u>48,188,656</u>	<u>22,874,767</u>

22. OTHER INCOME

Mark-up / interest on:				
- Bank balances (under mark-up arrangements)		5,661,379	5,976,152	3,214,399
- Investment in Marginal Financing System		2,662,161	979,099	1,272,590
- Exposure margin		6,002,591	3,491,376	3,719,047
Dividend income		-	440,591	-
Gain on sale of assets		599,202	-	599,202
Miscellaneous income		-	39,511	-
		<u>14,925,333</u>	<u>10,926,729</u>	<u>8,805,238</u>

23. TAXATION

23.1 Under section 5A of the Income Tax Ordinance, 2001 a tax shall be imposed at the rate of 5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute atleast 20% of its after tax profit within six months of the end of the tax year through cash. However, no provision has been made for tax on undistributed profit as the Board of Directors of the Company intend to distribute sufficient dividend for the year ending 30 June 2019, so that such tax is not required to be paid.

23.2 There is no change in the status of the current tax assessment.

24. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Six months ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Un-audited)			
	(Rupees)			
Profit / (loss) for the period	<u>5,620,679</u>	<u>(65,795,655)</u>	<u>8,800,923</u>	<u>(32,930,095)</u>
	(Numbers)			
Weighted average number of ordinary shares in issue during the period	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
	(Rupees)			
Earnings / (loss) per share - basic and diluted	<u>0.12</u>	<u>(1.46)</u>	<u>0.20</u>	<u>(0.73)</u>

24.1 Diluted earnings per share has not been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors, key management personnel and close family members of the directors and key management personnel. Transactions with related parties are carried out at negotiated rates. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

25.1 Short term loans from related parties	31 December 2018 (Un-audited)	30 June 2018 (Audited)
	(Rupees)	
Opening balance	41,256,011	47,185,739
Received during the period / year	71,576,118	541,063,359
Repayments during the period / year	(112,832,129)	(546,993,087)
Interest accrued during the period / year	1,592,848	5,021,760
Interest paid during the period / year	(1,592,848)	(5,021,760)
Closing balance	<u>-</u>	<u>41,256,011</u>

25.2 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the condensed interim financial statements for remuneration, including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees)					
Managerial remuneration	3,000,000	3,000,000	5,415,995	2,250,000	12,699,124	16,706,000
House rent allowance	1,200,000	1,200,000	880,000	840,000	4,335,650	6,184,400
Medical	300,000	300,000	220,000	210,000	1,083,912	1,546,100
Commission and consultancy fee	-	-	10,979,558	15,935,519	591,192	1,007,316
	<u>4,500,000</u>	<u>4,500,000</u>	<u>17,495,553</u>	<u>19,235,519</u>	<u>18,709,878</u>	<u>25,443,816</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>12</u>	<u>17</u>

25.3 The Company provides the CEO and certain executives with Company maintained cars as per their terms of employment.

25.4 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs.10.761 (31 December 2017: Rs. 14.64) million.

25.5 No fee is paid to directors for meetings attended by them.

26 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**On balance sheet
financial instruments**

		31 December 2018 (Un-audited)				Fair value		
On balance sheet		Carrying value						
Financial instruments		Held for trading	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
		(Rupees)						
Financial assets measured at fair value								
Investment in shares of Pakistan Stock Exchange Limited	8,142,000	21,752,081	-	-	-	29,894,081		
Soneri Bank Limited - TFC	4,000,000	-	-	-	-	4,000,000		
Financial assets not measured at fair value								
Long term deposits	-	-	15,761,200	-	-			
Trade debts	-	-	227,791,837	-	-			
Investment in Marginal Financing System	-	-	2,860,024	-	-			
Deposits and prepayments	-	-	137,773,945	-	-			
Advances and other receivables	-	-	12,141,690	-	-			
Cash and bank balances	-	-	106,918,502	-	-			
	12,142,000	21,752,081	503,247,198	-	-			
Financial liabilities not measured at fair value								
Unclaimed Dividend	-	-	-	3,004,538	-			
Trade and other payables	-	-	-	238,903,488	-			
Contract Liabilities	-	-	-	1,666,667	-			
	-	-	-	243,574,693	-			

**On balance sheet
financial instruments**

		30 June 2018 (Audited)						
On balance sheet		Carrying value				Fair value		
Financial instruments		Held for trading	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)								
Financial assets measured at fair value								
Investment in shares of Pakistan Stock Exchange Limited	11,850,000	31,658,322	-	-	43,508,322			
Meezan Bank Limited	244,500	-	-	-	244,500			
Financial assets not measured at fair value								
Long term deposits	-	-	10,061,200	-				
Trade debts	-	-	133,953,876	-				
Investment in Marginal Financing System	-	-	65,217,082	-				
Deposits and prepayments	-	-	238,356,829	-				
Advances and other receivables	-	-	4,416,225	-				
Cash and bank balances	-	-	126,983,853	-				
	<u>12,094,500</u>	<u>31,658,322</u>	<u>576,985,065</u>	<u>-</u>				
Financial liabilities not measured at fair value								
Short term loans from related parties - unsecured	-	-	-	41,256,011				
Short term loans - unsecured	-	-	-	18,953,742				
Unclaimed dividend	-	-	-	3,051,638				
Trade and other payables	-	-	-	223,696,255				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,957,646</u>				

27. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting and reporting standards as applicable in Pakistan.

There were no change in the reportable segment during the period.

28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting on 25-February-2019.


Chief Executive

Director

Chief Financial Officer



Head Office:

2nd Floor, Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi 75530, Pakistan.

UAN: 92-21-111-639-825
Fax: 92-21-352632321

Lahore Branch Office:

House # 43-A/S, Zafar Ali Road,
Aziz Avenue Gulberg-5, Lahore

Ph: 92-42-35791281-88,
Fax: 92-42-35791289

DHA Lahore Branch Office:

Plaza # 67 - CCA, Block - DD
Phase - IV, DHA,
Lahore Cantt.

Ph: 92-42-35694113