



QUARTERLY REPORT  
MARCH 2019

## CONTENTS

1. COMPANY INFORMATION .....	3
2. DIRECTORS' REPORT .....	4
3. CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31 2019.....	5
4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31 2019.....	6
5. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31 2019.....	7
6. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31 2019.....	8
7. STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31 2019.....	9
8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31 2019.....	10

## 1. COMPANY INFORMATION

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

## 2. DIRECTORS' REPORT

### Economic review:

While the initiatives of the new government seem to serve a noble cause, the seemingly haphazard approach to policy making has created a tense environment for all stakeholders of the economy. To begin with, despite 15.9% PKR devaluation over 9MFY19, exports remain stunted (-1.3% over 9MFY19). Meanwhile, monetary tightening (+425bps over FY19TD) and fiscal stringency (taxation on import of 570 luxury items) have dampened the irrepressible import figures (down -4.9% over FY19TD). However, increasing input costs pushed inflation upwards (6.79% over 9MFYTD against 3.78% in 9MFY18), aftermaths of which do not cease here as inflation touched 9.41% during March 2019 and is likely to head north during the next couple of months to account for higher food and fuel prices.

On the external front, Current Account posted a deficit of USD9,588 million (4.4% of GDP) during the period under review, which shows an improvement of 29% compared to the deficit of USD13,589 million (5.7% of GDP) during the same period last year. The deficit is showing an improving trend, which however is mainly on the back of import curtailment rather than any export growth. Remittances jumped by 9% to USD16,095 million giving the much needed support to the overall balance of payments of the country.

Fiscal deficit during the first nine months of the current fiscal year has reportedly touched PKR1.6 trillion or 4.2% of GDP. At this run rate, it is believed that the full year deficit would reach 5.5%-6.0% of GDP during FY19. Revenue shortfalls and rising current expenditures are the main causes of higher deficit where development expenditure has significantly been reduced. The upcoming amnesty scheme and the federal budget would definitely be eyeing to enhance revenue collection to curtail the soaring deficit particularly when approaching another IMF bailout program.

With the twin deficits considered, we have one final hurdle that seems to be holding us back that is the foreign exchange reserve of the country and IMF involvement in helping replenish them. As it stands, with China's latest USD2.2 billion loan following deposits of USD3 billion each by Saudi Arabia and the UAE during the current fiscal year, we currently hold USD17.6 billion (USD10.7 billion with SBP), which equates to an SBP import cover of 1.8 months, an alarming level. Also, our net estimated net financing gap of around USD24 billion necessitates an IMF package that would give comfort to other multilateral and donor agencies, and friendly countries to advance credit to Pakistan. Regardless; it does bring comfort in knowing that a foundation is being placed for a much more resilient economy going forward. However, delayed materialization of the committed inflows including the negotiation of the IMF bailout package, and the upcoming outflows are likely to exert pressure on the USD/PKR parity and may take the exchange rate very close to PKR145/USD as we near the end of FY19.

### Capital markets review:

With current 10-year bond yield standing at 12.2%, equities have become all but attractive. The KSE100 index has lost 12.9% over 9MFY19, with market PE multiple of 6.5x (close to historical lows), and an overall D/Y of 8%. Despite their appeal, the figures, alone, do not suffice to overshadow the imminent fear of the previously discussed macroeconomic woes. Furthermore, inflationary pressures have already limited aggregate demand, thus, affecting most of the sectors listed at the equities market of the country. Market volumes have reflected the effects of this state of stagflation, and even hit an 8-year low of 56m shares a few weeks ago. While fundamentals remain largely intact for our blue chips (particularly banks and oil & gas E&P), an overall fear of the unknown has driven prices down to very attractive levels. Despite the hopelessness prevalent as of now, government's policy directives to tackle the economic debacle amid heightened political resilience and extrinsic pressures will set the tone for the future. (The data is obtained from SBP and other sources by Next Research).

### Performance Overview:

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

	2019	2018
	RUPEES	
Accumulated Gain / (Loss) as at July 01	(5,284,285)	20,051,403
Profit / (Loss) after tax for the period	13,233,320	(53,683,155)
Accumulated Gain / (Loss) as at March 31	7,949,035	(33,631,752)
Earnings Per Share Rupees	0.29	(1.19)

Despite the sluggish progress of economy, together with the uncertainty among investors, the volumes remained thin during nine months of FY19. However, we managed to get pre-tax profits of over Rs. 22.92M and after-tax profit of Rs. 1323M during the nine months period. Equity brokerage fell by 19.5% as compared to same period of FY18 due to low volumes in the bearish market. Advisory and consultancy income declined by 30.0% 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.3.18M in 1QFY2019 to an accumulated profit of Rs.6.93M at the end of 3QFY2019.

### Dividend:

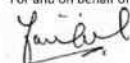
The Board of Directors in its meeting held on April 26, 2019 has declared an interim cash dividend of Rs.0.25 per share i.e. 2.5%. Shares transfer books will remain closed from June 11, 2019 to June 17, 2019.

### Future Prospects:

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

April 26, 2019




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

### 3. CONDENSED INTERIM BALANCE SHEET, AS AT MARCH 31, 2019

	Note	31 March 2019 (Un-audited)	30 June 2018 (Audited)
ASSETS			
<b>Non-current assets</b>			
Property and equipments	6	63,910,944	14,376,109
Intangible assets	7	3,968,330	4,268,746
Investment in shares of Pakistan Stock Exchange Limited	8	17,742,394	31,658,322
Long term deposits	9	5,595,000	10,061,200
Deferred tax asset		1,886,336	1,401,644
		<b>93,103,004</b>	<b>61,766,021</b>
<b>Current assets</b>			
Short term investment classified as "at fair value through profit or loss"	10	4,000,000	12,094,500
Investment in Marginal Financing System	11	27,461,239	65,217,082
Investment in Margin Trading System		56,810,469	-
Trade debts - considered good	12	95,170,484	133,953,876
Deposits and prepayments	13	71,234,462	238,356,829
Advances and other receivables	14	5,302,046	4,416,225
Income tax refundable		62,003,376	54,513,767
Cash and bank balances	15	121,513,530	126,983,853
		<b>443,495,606</b>	<b>635,536,132</b>
<b>Total assets</b>		<b>536,598,610</b>	<b>697,302,153</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
Authorised capital			
100,000,000 (30 June 2018: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	16	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Unrealised gain on remeasurement of available-for-sale investments - net of deferred tax		6,930,456	15,628,792
(Accumulated losses) / unappropriated profit		7,949,035	(5,284,285)
		<b>414,879,491</b>	<b>410,344,507</b>
<b>Non-current liabilities</b>			
Long term loans		-	-
<b>Current liabilities</b>			
Short term loan from related parties - unsecured	17	-	41,256,011
Short term loans - unsecured		-	18,953,742
Unclaimed dividend		3,004,538	3,051,638
Trade and other payables	18	117,547,914	223,696,255
Contract liabilities		1,166,667	-
		<b>121,719,119</b>	<b>286,957,646</b>
<b>Total equity and liabilities</b>		<b>536,598,610</b>	<b>697,302,153</b>
<b>Contingencies and commitments</b>			
	19		

The annexed notes 1 to 29 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

**4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD  
ENDED MARCH 31, 2019**

	Note	Nine Months ended 31 March		Quarter ended 31 March	
		2019	2018	2019	2018
		(Rupees)			
Operating revenue	20	140,953,322	179,460,301	43,169,044	46,783,840
Capital gain/(loss) on sale of investments		3,364,860	(2,413,451)	3,528,067	24,483
Unrealised loss in the value of investments classified as 'at fair value through profit or loss'		-	(30,057,020)	3,708,000	23,968,221
Impairment loss on Trading Right Entitlement Certificate (TREC)	7.2	-	(2,500,000)	-	-
Operating expenses	21	(78,708,249)	(110,910,952)	(27,682,351)	(28,399,767)
Administrative expenses	22	(62,447,623)	(69,532,952)	(18,765,641)	(21,344,296)
Finance cost charges		(4,088,870)	(12,767,810)	(153,322)	(3,447,365)
		(926,560)	(48,721,884)	3,803,797	17,585,116
Other income	23	23,849,618	14,915,456	8,924,285	3,988,727
Net (loss) / profit before taxation		22,923,058	(33,806,428)	12,728,082	21,573,843
Taxation	24				
- Current		(8,904,492)	(25,205,155)	(4,877,112)	(5,942,478)
- Prior		(1,269,938)	-	-	-
- Deferred		484,692	5,328,428	(238,329)	(3,518,865)
		(9,689,738)	(19,876,727)	(5,115,441)	(9,461,343)
Net (loss) / profit for the period		13,233,320	(53,683,155)	7,612,641	12,112,500
Earnings per share - basic and diluted	25	0.29	(1.19)	0.17	0.27

The annexed notes 1 to 29 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

**5. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Nine months period ended 31 March		Quarter ended 31 March	
	2019	2018	2019	2018
	----- (Rupees) -----			
Net (loss) / profit for the period	13,233,320	(53,683,155)	7,612,641	12,112,500
<b><u>Other comprehensive income:</u></b>				
<i>Items that may be reclassified subsequently to profit and loss account</i>				
Net unrealised (loss) / gain on remeasurement of investments	1,207,902	368,679	-	5,626,356
Related deferred tax	-	-	-	-
	1,207,902	368,679	-	5,626,356
<b>Total comprehensive income for the period</b>	<b>14,441,222</b>	<b>(53,314,476)</b>	<b>7,612,641</b>	<b>17,738,856</b>

The annexed notes 1 to 29 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer




# 6. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months period ended	
	31 March 2019	31 March 2018
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / profit before taxation	22,923,058	(33,806,428)
<b>Adjustments for:</b>		
Depreciation	5,778,634	4,200,118
Amortisation	300,416	562,165
Provision for bad debt	-	1,000,000
Impairment loss on Trading Right Entitlement	-	2,500,000
Capital gain/(loss) on sale of investments	(3,364,860)	2,413,451
Unrealised loss in the value of investments classified as 'at fair value through profit or loss'	-	30,057,020
Dividend income	-	(440,591)
Markup on bank balances	(9,311,082)	(8,152,348)
Markup on investment in Margin Financing System	(3,628,140)	(1,740,374)
Profit on exposure margin	(9,502,612)	(4,542,632)
Finance cost	4,088,870	12,767,810
	(15,638,774)	38,624,619
<i>Cash flows before working capital changes</i>	<b>7,284,284</b>	<b>4,818,191</b>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts - considered good	38,783,392	346,566,788
Deposits and prepayments	167,122,367	(55,902,530)
Advances and other receivables	(885,821)	(2,062,923)
	<b>205,019,938</b>	<b>500,406,395</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(106,148,341)	(403,026,091)
Short term loans - unsecured	(41,256,011)	(48,090)
	<b>(147,404,352)</b>	<b>(403,074,181)</b>
<i>Cash generated / (used) from operations</i>	<b>64,899,870</b>	<b>102,150,405</b>
Finance cost paid	(4,088,870)	(12,767,810)
Taxes paid	(18,603,689)	(25,477,241)
<b>Net cash (used in) / generated from operating activities</b>	<b>42,207,311</b>	<b>63,905,354</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase-sale of property and equipment	(55,313,469)	(3,980,132)
Payment against investment in marginal financing system	(205,962,566)	(386,254,253)
Receipts against investment in marginal financing system	243,718,409	366,567,497
Investment in Marginal Trading System	(56,810,469)	-
Receipts from sales of PSX shares	9,522,102	-
Short term investments during the period - net	8,094,500	(171,259,813)
Markup received on bank deposits	9,311,082	8,152,348
Markup received on exposure margins	9,502,612	4,542,632
Markup received on investment in marginal financing system	3,628,140	1,740,374
Long term deposits	4,466,200	19,608,829
Dividend received	-	440,591
<b>Net cash generated from / (used in) investing activities</b>	<b>(29,843,459)</b>	<b>(160,441,927)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(47,100)	(35,363,668)
Short term loans received	880,679	481,041,091
Short term loans repaid	(19,834,421)	(481,145,390)
Contract liabilities	1,166,667	-
<b>Net cash generated from financing activities</b>	<b>(17,834,175)</b>	<b>(35,467,967)</b>
Net (decrease) / increase in cash and cash equivalents	(5,470,323)	(132,004,540)
Cash and cash equivalents at beginning of the period	<b>126,983,853</b>	<b>269,670,057</b>
<b>Cash and cash equivalents at end of the period</b>	<b>121,513,530</b>	<b>137,665,517</b>


The annexed notes 1 to 29 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer



**7. STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unappropriated profit / accumulated losses (Rupees)	Unrealized gain on remeasurement of investments	Total
Balance as at 1 July 2017	450,000,000	(50,000,000)	65,051,403	25,134,303	490,185,706
<b>Total comprehensive income for the period</b>					
Net profit for the year	-	-	(25,335,688)		(25,335,688)
Net unrealised gain on remeasurement of available-for-sale investments	-	-	-	(9,505,511)	(9,505,511)
	-	-	(25,335,688)	(9,505,511)	(34,841,199)
<b>Transaction with owners of the Company</b>					
Cash dividend @ Rs.1.00 per ordinary share of Rs. 10 each of the year ended 30 June 2017			(45,000,000)		(45,000,000)
Balance as at 30 June 2018	450,000,000	(50,000,000)	(5,284,285)	15,628,792	410,344,507
Balance as at 1 July 2018	450,000,000	(50,000,000)	(5,284,285)	15,628,792	410,344,507
<b>Total comprehensive income for the period</b>					
Net (loss) for the period	-	-	13,233,320	-	13,233,320
Net unrealised gain on remeasurement of available-for-sale investments	-	-	-	(8,698,336)	(8,698,336)
Related deferred tax	-	-	-	-	-
	-	-	13,233,320	(8,698,336)	4,534,984
<b>Transaction with owners of the Company</b>					
Cash dividend @ Re. 1.00 per ordinary share of Rs. 10 each for the year ended 30 June 2017	-	-	-	-	-
Balance as at 31 March 2018	450,000,000	(50,000,000)	7,949,035	6,930,456	414,879,491

The annexed notes 1 to 29 form an integral part of this condensed interim financial information.



**Chief Executive**



**Director**



**Chief Financial Officer**

## **8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

### **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 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Khan Road, Karachi and the branch office is situated at:

- 63-A, Agora Eden City, DHA Phase - VIII, Lahore

#### **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. 52.47 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of: standards as applicable in Pakistan for interim 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 March 2018.

**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. 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 2018 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 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.
- Annual Improvements to IFRS Standards 2015–2018 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. FINANCIAL RISK MANAGEMENT

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.

## 6. PROPERTY AND EQUIPMENTS

	<i>Note</i>	31 March 2019 (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		36,370,848	-
- Furniture and fixtures		16,100,272	-
- Vehicles - owned / leased		-	2,839,639
- Computers and related accessories		7,681,233	954,496
		60,152,353	3,794,135
Written down value of deletions during the period / year		(4,838,884)	-
Depreciation for the period / year		(5,778,634)	(5,783,058)
		(10,617,518)	(5,783,058)
Closing written down value		63,910,944	14,376,109

## 7. INTANGIBLE ASSETS

Pakistan Mercantile Exchange - Membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	7.1 & 7.2	2,500,000	2,500,000
Software	7.3	518,330	818,746
		3,968,330	4,268,746

7.1 This represents TREC acquired on surrender of Stock Exchange Membership Card. For details please refer Note 8.

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

## 7.2 Movement in Trading Right Entitlement Certificate (TREC)

	<i>Note</i>	31 March 2019 (Unaudited)	30 June 2018 (Audited)
		----- (Rupees) -----	
Opening carrying value		2,500,000	5,000,000
Impairment recognised during the year 2018		-	(2,500,000)
Closing carrying value		2,500,000	2,500,000

**7.3 Particulars - software and applications**

	31 March 2019 (Un-audited)	30 June 2018 (Audited)
	(Rupees)	
<i>Net carrying value basis</i>		
Opening net book value	818,746	1,406,911
Additions	-	165,000
Amortisation charge	(300,416)	(753,165)
Closing net book value	<u>518,330</u>	<u>818,746</u>
<i>Gross carrying value</i>		
Cost	5,103,660	5,103,660
Accumulated amortisation	(4,585,330)	(4,284,914)
Net book value	<u>518,330</u>	<u>818,746</u>
	-	-
Amortisation rate	<u>33%</u>	<u>33%</u>

**8. INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED - Available-for-sale**

	31 March 2019 (Un-audited)	30 June 2018 (Audited)		31 March 2019 (Un-audited)	30 June 2018 (Audited)
	(Number of Shares)			(Number of Shares)	
	1,602,953	1,602,953	Opening balance	16,029,530	16,029,530
	(521,759)	-	Sold to strategic investor	(5,217,590)	-
	<u>1,081,194</u>	<u>1,602,953</u>		<u>10,811,940</u>	<u>16,029,530</u>
<i>Market value basis</i>					
Book value				16,029,530	16,029,530
Unrealized gain as of 31 March 2019				1,712,864	15,628,792
<b>Market value as of 31 March 2019</b>				<u>17,742,394</u>	<u>31,658,322</u>

**8.1** This represents shares of Pakistan Stock Exchange Limited (PSEL) acquired in pursuance of corporatization and demutualization of PSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSEL 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 PSEL is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of PSEL 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) are 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 Company's name under PSEL'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 investment 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. The Company had pledged the shares with PSX to fulfil the requirement of Base Minimum Capital. For details, refer note 8.2.

These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. At 30 June 2017, the outstanding 40% shares were classified as "Freeze" in the CDC report of the company.

- 8.2** In compliance with the amendments to its regulations taking effect from the effective date of integration, 28 December 2015 in Chapter 19 of Regulation Governing Risk management of the PSX according to which every TREC holder shall maintain BMC as per the slabs with the exchange which shall be determined based on assets under custody. Required BMC determined is amounting to Rs. 26 million. Accordingly, the Company has complied with the said requirement by way of TREC having notional value of Rs. 2.5 million and the remaining by way of PSX shares.
- 8.3** 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 Exchanges (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.

As per the above mentioned letter, 10% of the consideration amount is retained for a period of one year to settle any outstanding liabilities of PSX and as such the portion of sale after deduction, if any, will be remitted to the designated bank account maintained by the Company after the expiry of the specified time period. Accordingly, the Company has received 90% of the sale proceeds for said 1,602,953 shares.

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.

<b>9. LONG TERM DEPOSITS</b>	<i>Note</i>	<b>31 March 2019</b>	<b>30 June 2018</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>----- (Rupees) -----</b>	
Pakistan Stock Exchange Limited	9.1	<b>425,000</b>	5,425,000
Central Depository Company of Pakistan Limited		<b>125,000</b>	125,000
National Clearing Company of Pakistan Limited		<b>1,300,000</b>	1,300,000
Pakistan Mercantile Exchange	9.2	<b>1,250,000</b>	1,250,000
Security deposit against office premises		<b>2,375,000</b>	1,841,200
Security deposit against PSO card		<b>120,000</b>	120,000
		<b><u>5,595,000</u></b>	<b><u>10,061,200</u></b>



9.1 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 year, the Company deposited Rs. "Nil" (30 June 2018: Rs. 5) million for the requirement of BMC.

9.2 This represents deposits placed with Pakistan Mercantile Exchange for taking exposures in commodity market.

10. SHORT TERM INVESTMENT CLASSIFIED AS "AT FAIR VALUE THROUGH PROFIT OR LOSS"	Note	31 March 2019 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
Listed securities	10.1	<u>4,000,000</u>	<u>12,094,500</u>

#### 10.1 Listed securities

31 March 2019 (Un-audited) (Number of shares)	30 June 2018 (Audited)	Name of investee	31 March 2019		30 June 2018	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
-	600,000	Pakistan Stock Exchange Limited	-	-	12,457,246	11,850,000
-	3,000	Meezan Bank Limited	-	-	265,197	244,500
<b>4,000</b>	-	Soner Bank Limited- Term Finance Certificates	<b>4,000,000</b>	<b>4,000,000</b>	-	-
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u><b>4,000,000</b></u>	<u><b>4,000,000</b></u>	<u>12,722,443</u>	<u>12,094,500</u>
		Unrealised loss on re-measurement of investment classified as "at fair value through profit and loss"	-	-	(627,943)	-
		<b>Market value</b>	<u><b>4,000,000</b></u>	<u><b>4,000,000</b></u>	<u>12,094,500</u>	<u>12,094,500</u>

#### 11. INVESTMENT IN MARGINAL FINANCING SYSTEM

This amount is given as a 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%.

12. TRADE DEBTS - considered good	Note	31 March 2019 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
<i>Receivable from clients on account of:</i>			
- Purchase of shares on behalf of clients	12.1	<b>82,249,570</b>	113,685,650
- Brokerage commission			
- Equity shares		<b>5,574,567</b>	11,082,634
- Money market and futures		<b>611,151</b>	2,825,438
- Consultancy fee		<b>8,829,836</b>	8,454,793
Provision for doubtful debts		<u>(2,094,639)</u>	<u>(2,094,639)</u>
		<u><b>95,170,484</b></u>	<u>133,953,876</u>

12.1 This includes trade debts of Rs. "Nil" (30 June 2018: Rs. "Nil") receivable from related parties.

#### 12.2 Aging analysis

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

	Note	Amount (Rupees)	Custody value (Rupees)
Upto five days	12.3	<b>64,156,543</b>	1,063,478,378
More than five days	12.3	<b>23,667,593</b>	1,044,660,453
		<u><b>87,824,136</b></u>	<u>2,108,138,831</u>

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

**13. DEPOSITS AND PREPAYMENTS**

	<i>Note</i>	<b>31 March 2019 (Un-audited)</b>	<b>30 June 2018 (Audited)</b>
		<b>----- (Rupees) -----</b>	
Deposit of exposure margin	13.1	57,594,550	218,053,064
Deposit against Marginal Trading Services	13.2	6,790,191	8,677,046
Security deposits	13.3	1,128,679	1,128,679
Mobilization advance		-	5,400,000
Prepaid expenses		5,063,636	3,338,916
Sales tax receivables		657,406	714,004
Markup receivable against bank deposits		-	1,045,120
		<b><u>71,234,462</u></b>	<b><u>238,356,829</u></b>

**13.1** 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%).

**13.2** This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin against 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%).

**13.3** This includes security deposit against leased asset.

**14. ADVANCES AND OTHER RECEIVABLES**

	<i>Note</i>	<b>31 March 2019 (Un-audited)</b>	<b>30 June 2018 (Audited)</b>
		<b>----- (Rupees) -----</b>	
<i>Considered good</i>			
Advance against salary - secured		273,630	306,237
Other receivables and advances - unsecured		5,028,416	2,046,131
		<b><u>5,302,046</u></b>	<b><u>2,352,368</u></b>

**15. CASH AND BANK BALANCES**

Balances with banks:			
Saving accounts - profit and loss account	15.1 & 15.2	99,583,003	200,696,032
Current accounts - Conventional		21,763,375	68,873,156
Current accounts - Shariah Compliant		24,682	74,732
		<b>121,371,060</b>	<b>269,643,920</b>
Cash in hand		142,470	26,137
		<b><u>121,513,530</u></b>	<b><u>269,670,057</u></b>

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

**15.2** This include Rs. 97.996 (30 June 2018: Rs. 112.899) million kept in designated bank accounts maintained on behalf of clients.

16. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	31 March 2019 (Un-audited)	30 June 2018 (Audited)
	(Rupees)	
<b>16.1 Issued, subscribed and paid-up capital</b>		
Ordinary shares of Rs. 10 each fully paid in cash	450,000,000	200,000,000
Issue of right shares	-	250,000,000
	<u>450,000,000</u>	<u>450,000,000</u>
<b>16.2 Pattern of shareholding</b>		
<b>Categories of Shareholders</b>	<b>Number of shares held</b>	<b>% of shares held</b>
<b>Companies</b>		
-MCB Bank Limited - Treasury	4,360,500	9.69%
-Maple Leaf Cement Factory Ltd	3,375,000	7.50%
-CDC - Trustee National Investment (Unit) Trust	595,000	1.32%
-Abbas Corporation (Pvt) Limited	500,000	1.11%
-CDC - Trustee Nit-Equity Market Opportunity Fund	375,250	0.83%
-Backers & Partners (Private) Limited - Mf	40,000	0.09%
-Asda Securities (Pvt.) Ltd.	37,500	0.08%
-Habib Bank Ag Zurich Zurich Switzerland	37,000	0.08%
-Aba Ali Habib Securities (Pvt) Limited	5,625	0.01%
-Mra Securities Limited - Mf	500	0.00%
-Maple Leaf Capital Limited	1	0.00%
<b>Individuals</b>		
-Mr. Muhammad Najam Ali	12,368,250	27.49%
-Mrs. Hanna Khan	1,100,250	2.45%
-Tariq Waseem Ghazi	24,125	0.05%
-Mr. Muhammad Zulqarnain Mahmood Khan	2,250	0.01%
-Mr. Hasan Shah Nawaz	2,250	0.01%
-Mrs. Hanna Khan	562	0.00%
-Mr. Muhammad Zubair Ellahi	562	0.00%
-Mr. Umer Habib	562	0.00%
-Other Individuals	22,174,813	49.27%
	<u>45,000,000</u>	<u>100%</u>
<b>17. SHORT TERM LOAN - unsecured</b>	<b>31 March 2019 (Un-audited)</b>	<b>30 June 2018 (Audited)</b>
	(Rupees)	
Loan at beginning of the period / year	18,953,742	60,074,988
Additions 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>

18. TRADE AND OTHER PAYABLES	Note	31 March 2019 (Un-audited)	30 June 2018 (Audited)
		(Rupees)	
Trade creditors	18.1 & 18.2	93,631,753	110,177,587
Payable to National Clearing Company of Pakistan Limited		-	96,487,559
Future exposure margins & profits payable to client		279,743	-
Accrued commission to traders	18.3	1,865,596	2,290,544
Accrued salaries and other expenses		1,827,334	1,464,282
Auditor's remuneration		-	800,000
Tax deducted at source		2,009,487	2,503,163
Commission payable	18.4	8,424,968	7,717,309
Markup payable		-	1,216,451
Other payables		9,509,033	1,039,360
		<u>117,547,914</u>	<u>223,696,255</u>

18.1 This includes trade payable of Rs. 0.925 (30 June 2018: Rs. 0.151) million payable to related parties.

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

18.3 This includes commission payable of Rs. 0.657 (30 June 2018: Rs. 0.213) million to related parties.

18.4 This represents commission payable to a foreign brokerage house.

## 19. CONTINGENCIES AND COMMITMENTS

19.1 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.

### 19.2 Commitments

For sale of quoted securities under future contracts against counter commitments	<u>2,233,139,595</u>	<u>546,419,640</u>
For purchase of quoted securities under future contracts against counter commitments	<u>2,051,694,870</u>	<u>51,026,795</u>

		Nine months period ended		Quarter ended	
		31 March		31 March	
	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
<b>20. OPERATING REVENUE</b>					
Brokerage income	21.1 & 21.2	104,837,799	130,263,178	31,784,088	43,083,840
Advisory / consultancy fee		34,443,060	49,197,123	11,384,956	3,700,000
Debt capital market services		1,672,463	-	-	-
		<u>140,953,322</u>	<u>179,460,301</u>	<u>43,169,044</u>	<u>46,783,840</u>

**20.1** This includes brokerage earned from related parties amounting to Rs. 1,195 (31 March 2018: Rs.2,644) million.

**20.2** This includes Rs. 38,982 (31 March 2018: Rs. 48.63) million brokerage income earned from institutional clients, Rs. 56,601 (31 March 2018: Rs. 38,55) million brokerage income earned from retail clients and Rs. "Nil" (31 March 2018: Rs. "Nil") brokerage income earned on proprietary trades.

		Nine months period ended		Quarter ended	
		31 March		31 March	
	Note	2019	2018	2019	2018
(Unaudited)					
(Rupees)					
21. OPERATING EXPENSES					
Salaries, wages and other benefits		37,095,998	39,722,236	14,126,797	14,169,566
Consultancy fee	21.1	1,190,992	13,029,822	-	1,000,000
Commission and referral fee	21.2	21,402,927	24,202,648	7,451,243	7,405,098
Sub-Underwriting Commission		-	13,297,982	-	-
Service and transaction charges		10,471,327	13,262,006	2,491,503	3,744,739
Fees and subscription		8,547,005	7,396,258	3,612,808	2,080,364
		78,708,249	110,910,952	27,682,351	28,399,767

**21.1** This includes consultancy fee to the directors of the Company amounting to Rs. 0.760 (31 March 2018: Rs. 5.322) million.

**21.2** This includes commission to the directors of the Company amounting to Rs.15.184 (31 March 2018: Rs. 17.382) million.

		Nine months period ended		Quarter ended	
		31 March		31 March	
	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
22.	ADMINISTRATIVE EXPENSES				
	Salaries, wages and other benefits	23,957,586	30,298,751	5,164,603	9,392,021
	Telephone and communication charges	3,470,448	3,371,318	1,309,257	1,228,518
	Rent expense	11,055,589	11,095,620	3,181,355	3,835,440
	Utility charges	1,566,540	1,445,047	451,432	266,913
	Vehicle running expenses	1,805,633	1,713,658	592,708	657,479
	Depreciation	5,778,634	4,200,118	2,648,242	1,420,203
	Amortisation	300,416	562,165	94,583	187,389
	Legal and professional charges	472,698	1,231,270	111,900	10,000
	Auditor's remuneration	199,876	1,095,000	16,876	135,000
	Insurance	1,155,170	1,112,516	268,026	252,853
	Printing, stationery and postage charges	958,292	941,053	351,205	253,484
	Office supplies	554,720	638,723	193,816	195,684
	Office repair and maintenance	1,619,653	1,858,415	391,247	585,115
	Fees and subscription	1,873,350	1,750,755	862,731	661,957
	Travelling and entertainment charges	3,648,542	3,704,282	1,494,190	1,111,343
	Trade debts written off	-	1,000,000	-	-
	Advertisement expenses	123,738	441,800	51,984	166,990
	Security expense	2,644,724	1,724,958	1,178,029	638,944
	Miscellaneous expenses	1,262,014	1,347,503	403,457	344,963
		62,447,623	69,532,952	18,765,641	21,344,296

## **23. OTHER INCOME**

Mark-up / interest on:

- Bank balances (under mark-up arrangements)	9,311,082	8,152,348	3,649,703	2,176,196
- Investment in Marginal Financing System	3,628,140	1,740,374	965,979	761,275
- Investment in Margin Trading System	235,757	-	235,757	-
- Exposure margin	9,502,612	4,542,632	3,500,021	1,051,256
Dividend income	-	440,591	-	-
Gain on sale of assets	1,172,027	-	572,825	-
Miscellaneous income	-	39,511	-	-
	<u>23,849,618</u>	<u>14,915,456</u>	<u>8,924,285</u>	<u>3,988,727</u>

## 24. CURRENT STATUS OF TAX ASSESSMENTS

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

## 25. EARNINGS PER SHARE - BASIC AND DILUTED

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Un-audited)			
	(Rupees)			
Profit / (loss) for the period	<u>13,233,320</u>	<u>(53,683,155)</u>	<u>7,612,641</u>	<u>12,112,500</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 per share basic & diluted	<u>0.29</u>	<u>(1.19)</u>	<u>0.17</u>	<u>0.27</u>

- 25.1 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.

## 26. 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 may be 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:



## 26.1 Short term loan from related parties

	31 March 2019 (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
Transfer from long term loans	-	-
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	-	41,256,011

## 26.2 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the 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 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	----- (Rupees) -----					
Managerial remuneration	6,479,000	4,500,000	6,457,106	3,350,000	15,047,658	32,963,075
House rent allowance	2,200,000	1,800,000	1,256,444	1,280,000	5,255,063	12,475,540
Medical	550,000	450,000	314,111	320,000	1,313,766	3,118,885
Commission	-	-	15,184,975	17,381,548	831,749	4,346,500
Consultancy fee	-	-	760,992	5,322,222	-	-
	9,229,000	6,750,000	23,973,628	27,653,770	22,448,236	52,904,000

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

## 26.4 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs.15.679 (31 March 2018: Rs. 22.296) million

## 27 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		31 March 2018 (Un-audited)					
financial instruments	Carrying value				Fair value		
	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)							
<b>Financial assets measured at fair value</b>							
Investment in shares of Pakistan Stock Exchange Limited	-	17,742,394	-	-	17,742,394	-	-
Soner Bank Limited- Term	4,000,000	-	-	-	4,000,000	-	-
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	5,595,000	-	-	-	-
Trade debts - considered good	-	-	95,170,484	-	-	-	-
Deposits and prepayments	-	-	71,234,462	-	-	-	-
Advances and other receivables	-	-	5,302,046	-	-	-	-
Cash and bank balances	-	-	121,513,530	-	-	-	-
	4,000,000	17,742,394	298,815,522	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Long term loans	-	-	-	-	-	-	-
Short term loan - unsecured	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	-	-	-	-	-	-	-
Trade and other payables	-	-	-	117,547,914	-	-	-
	-	-	-	117,547,914	-	-	-
On balance sheet		30 June 2017 (Audited)					
financial instruments	Carrying value				Fair value		
	Held for trading	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)							
<b>Financial assets measured at fair value</b>							
Investment in shares of Pakistan Stock Exchange Limited	11,850,000	31,658,322	-	-	43,752,822	-	-
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	24,670,029	-	-	-	-
Trade debts - considered good	-	-	428,809,018	-	-	-	-
Deposits and prepayments	-	-	281,876,932	-	-	-	-
Advances and other receivables	-	-	2,352,368	-	-	-	-
Cash and bank balances	-	-	269,670,057	-	-	-	-
	11,850,000	31,658,322	1,007,378,404	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Long term loans	-	-	-	-	-	-	-
Short term loan - unsecured	-	-	-	107,260,727	-	-	-
Current portion of liabilities against assets subject to finance lease	-	-	-	48,090	-	-	-
Trade and other payables	-	-	-	546,429,450	-	-	-
	-	-	-	653,738,267	-	-	-

## 28. 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.

## 29. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in their meeting held on April 26, 2019.



Chief Executive



Director



Chief Financial Officer



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