



# HALF YEARLY REPORT DECEMBER 2021



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## 1. COMPANY INFORMATION

<b>Board of Directors</b>	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Muhammad Najam Ali Mr. Hasan Shahnawaz Ms. Hanna Khan Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi Mr. Malik Khurram Shahzad	Non-Executive Director, Independent Director, Chairman Executive Director, Chief Executive Officer Non-Executive Director, Independent Director Non- Executive Director Non- Executive Director Non- Executive Director Non- Executive Director
<b>Audit Committee</b>	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Chairman, Independent Director Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Ms. Hanna Khan	Chairman, Independent Director Member Member
<b>Chief Financial Officer</b>	Ms. Sana Quadri	
<b>Company Secretary</b>	Mr. Mohammad Omair Rashid	
<b>Head of Internal Audit</b>	M. Rizwan Yousuf	
<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 Bank Al Habib United Bank Limited Faysal Bank Limited	
<b>Tax Advisors</b>	Junaidy, 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 2nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
<b>Rating Company</b>	VIS Credit Rating Company	
<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>	2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi	

## **2. DIRECTORS' REPORT**

### **Economic Review & Outlook**

Tackling with burgeoning macroeconomic challenges was the biggest theme towards the latter end of the period under review wherein beginning of a long-overdue contractionary monetary policy to rein in inflationary pressures was introduced, hiking up policy rate by 250bps during the second quarter of the period under review, in addition to a 25bps hike in September 2021, to 9.75% in light of i) consistent monthly double-digit inflation from November 2021, ii) rising international oil prices pressurizing not just import payments but also threatening a cascading effect within the supply-chain, and iii) Current Account persistently putting up deficits of around USD2 billion mainly due to higher international commodities prices.

During the period under review, Pakistan posted a Current Account deficit of USD9.1 billion against a surplus of USD1.2 billion during the same period last year. Exports jumped to USD15.2 billion posting a growth of 29% over the same period last year but higher commodities prices, increased domestic demand and higher agricultural imports resulted in soaring imports of goods accumulating to USD36.4 billion, depicting a 59% growth compared to the same period of previous year. Trade deficit continued to widen to USD21.2 billion compared to USD11.4 billion of the same period last year. On the services side, exports increased to USD3.4 billion growing by a healthy 20% especially attributable to consistent upward trajectory of IT related exports, while imports of services not only matched exports growth but unfortunately posted a huge jump of 39% USD5.2 billion, resulting in expansion of trade deficit in services to USD1.8 billion compared to USD944 million of the same period last year. Remittances maintained their healthy contribution and continue to play an important role in alleviating any balance of payment crisis by posting a growth of 11% to USD15.8 billion. These healthy remittances inflows as well as USD3bn inflows from Saudi Arabia was not able to stop local currency depreciating against the greenback, ending the year at PKR176.51/USD, a devaluation of 12% during the period under review. However, subsequent to the period under review, disbursement of IMF tranche after completion of the 6<sup>th</sup> review, PKR has gained some strength against the US Dollar.

During November and December of 2021 Pakistan witnessed double-digit monthly inflation of 11.5% and 12.3%, which elevated cumulative inflation for the period under review to 9.8%. Key drivers particularly include sustenance of global commodity prices at higher levels, higher agricultural and food prices.

SBP in its latest Monetary Policy briefing has reiterated that growth has been higher than expected and hence their stance of contraction seems sufficient currently. In its forward guidance the Monetary Policy Committee highlighted that current real interest rates on a forward-looking basis are appropriate to, guide inflation to the medium-term range of 5-7 percent, support growth, and maintain external stability. Furthermore, the MPC highlighted that if future data outturns require a fine-tuning of monetary policy settings, the MPC expected that any change would be relatively modest.

On the fiscal side, FBR tax collection continues to display a healthy trend posting a growth of 32% to PKR2,920 billion during the period under review. The revised target for the ongoing year set by the IMF for FBR tax collection of PKR6.1 trillion seems realistically achievable especially after the measures taken in the recently passed Finance Amendment Bill 2021 as a prior condition of the IMF 6<sup>th</sup> review.

Going forward, with IMF approval finally getting passed in January 2022 and majority of inflationary and current account pressures already incorporated in projections, it seems that remaining part of the year under review could see a slightly more upbeat environment regarding economic projections. However, key concerns going forward are burgeoning debt amortization and persistence of global commodities prices at elevated levels, which would put all hopes of stability in macroeconomic indicators of the country at the back seat.

### **Equities market performance and outlook**

During the period under review, the benchmark KSE100 Index shed 2,760 points to close at 44,596 level, losing 5.8%. Activity during the period under review also remained thin with average daily volumes of 342 million shares and average trading value of PKR12 billion compared to 447 million shares and PKR16.5



billion, respectively during the same period last year. Trading activity during the second quarter also reduced when compared to the previous quarter ending September 2021 where average volumes and average value traded during quarter ending September 2021 stood at 412 million shares and PKR13.8 billion, respectively versus 275 million shares and PKR10.3 billion, respectively in the quarter ending December 2021. Investors remained at bay amidst the uncertain geo-political and domestic conditions and macroeconomic pressures with weakening PKR and suspended IMF talks. Foreign investors sold equities worth USD250 million while Individuals, Companies and Insurance companies were the major buyers in the market.

Amongst the major sectors, only Banking was able to post positive returns during the period under review whereas all other index heavy-weight sectors posted negative returns.

Going forward, the Board is of the opinion that the domestic bourse in general and blue-chip scrips in particular are trading at extremely undemanding valuations and also offer healthy dividend yields. Considering the long-term fundamentals of the country and growth potential of the economy in spite of some macroeconomic pressures in the near term, the outlook for the domestic equities market remains positive in the medium to long term.

#### **Performance Overview:**

The following table depicts the Company's performance in the six months under review:

	Dec - 2021	Dec - 2020
	PAK RUPEES	
Accumulated profit/(loss) as at July 01	49,481,566	7,085,268
Net Profit for the period	(57,247,443)	36,359,277
Realized gain on sale of investments carried at FVOCI	-	5,397,970
Accumulated profit/ (loss) as at December 31	(7,765,877)	48,842,515
Earnings Per Share Rupees	(1.16)	0.73

The Company posted a pre-tax loss of PKR 51.24 million during the six months period under review as compared to a pre-tax profit of PKR 45.77 million last year in the corresponding period. Overall operating revenues of the company reduced by 34% to PKR 115.755 million compared to PKR 174.797 million in the corresponding period of the previous year, The decrease is mainly attributable to the bearish trend in the stock market predominantly in the last quarter of the calendar year 2021.

Administrative expenses also increased by 37%, resulting mainly from increase in human capital as part of company's growth strategy, whereas operating expenses also reduced by 10% corresponding to the concentrated activity in the equity market.

Given the fact that the Company has considerably large sized investment banking projects aligned that are expected to be materialized in the next two quarters of the financial year 2022, the management projects the year to be profitable despite the earlier losses.

For and on behalf of the Board of Directors

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

Date: February 25, 2022

### **3. INDEPENDENT AUDITORS' REVIEW REPORT**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

#### **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of Next Capital Limited**

**Report on review of Condensed Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Next Capital Limited** (the Company) as at December 31 2021 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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

#### **Other matters**


The figures of the condensed interim financial statements for the quarters ended December 31 2021 and 31 December 2020 have not been reviewed by us and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Zeeshan Rashid.

**Date: 25-FEB-2022**

**Karachi**

**UDIN: RR20211018816UeS3Hqk**


  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**


Next Capital Limited  
Condensed Interim Statement of Financial Position  
As at 31 December 2021

	Note	31 December 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	5	70,437,023	78,028,115
Right of use assets	5.3	23,070,733	31,741,341
Intangible assets	6	35,337,718	3,482,361
Investment in term finance certificates	7	4,009,645	4,009,645
Long term deposits	8	20,540,852	36,206,252
Deferred tax asset - net		5,608,980	5,932,242
		<b>159,004,951</b>	<b>159,399,956</b>
<b>Current assets</b>			
Short term investments - fair value through profit or loss	9	62,407,434	-
Investment in marginal financing system	10	11,437,372	70,326,739
Trade debts	11	500,797,708	382,451,422
Deposits and prepayments	12	332,754,936	208,502,668
Advances and other receivables	13	2,981,929	4,207,940
Advance tax		41,936,971	41,911,318
Cash and bank balances	14	212,227,908	332,701,076
		<b>1,164,544,258</b>	<b>1,040,101,163</b>
<b>Total assets</b>		<b>1,323,549,209</b>	<b>1,199,501,119</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 100,000,000 (30 June 2021: 100,000,000) ordinary shares of Rs. 10 each		<b>1,000,000,000</b>	<b>1,000,000,000</b>
Issued, subscribed and paid-up capital	15	495,000,000	495,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
<b>Revenue reserve</b> (Accumulated loss) / unappropriated profit		<b>(7,765,877)</b>	<b>49,481,566</b>
		<b>437,234,123</b>	<b>494,481,566</b>
<b>Non-current liabilities</b>			
Lease liabilities		26,871,523	31,321,593
<b>Current liabilities</b>			
Unclaimed dividend		3,004,827	3,055,446
Current portion of lease liabilities		6,185,669	10,634,256
Short term borrowing - secured	16	149,996,346	149,996,346
Short term borrowing - unsecured	17	90,920,413	-
Trade and other payables	18	607,669,641	510,011,912
Contract liabilities		1,666,667	-
		<b>859,443,563</b>	<b>673,697,960</b>
<b>Total equity and liabilities</b>		<b>1,323,549,209</b>	<b>1,199,501,119</b>
<b>Contingencies and commitments</b>			
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The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

# Next Capital Limited

## Condensed Interim Statement of Profit or Loss Account (Un-audited)

For the six and three months period ended 31 December 2021

		Six months period ended 31 December		Three months period ended 31 December	
	Note	2021	2020	2021	2020
		(Rupees)			
Operating revenue	20	<b>115,755,016</b>	174,797,451	<b>46,924,319</b>	86,212,136
Gain / (loss) on sale of investments		<b>469,041</b>	257,825	<b>(591,328)</b>	(1,647)
Unrealised loss on remeasurement of investments - fair value through profit or loss	9.1	<b>(37,293,596)</b>	-	<b>(16,949,839)</b>	-
Operating expenses	21	<b>(74,292,084)</b>	(82,502,237)	<b>(29,478,403)</b>	(43,859,996)
Administrative expenses	22	<b>(65,944,184)</b>	(48,120,275)	<b>(32,977,716)</b>	(25,873,224)
(Provision) / reversal for impairment on trade debts	11.1	<b>(858,886)</b>	(1,084,038)	<b>450,013</b>	1,894,609
Finance cost		<b>(15,107,618)</b>	(11,524,657)	<b>(8,516,707)</b>	(5,701,335)
		<b>(77,272,311)</b>	31,824,069	<b>(41,139,661)</b>	12,670,543
Other income	23	<b>26,036,689</b>	13,950,420	<b>13,069,519</b>	8,980,506
(Loss) / profit before taxation		<b>(51,235,622)</b>	45,774,489	<b>(28,070,142)</b>	21,651,049
Taxation	24				
- Current		<b>(5,688,559)</b>	(11,574,546)	<b>(2,770,862)</b>	(3,836,158)
- Prior		-	3,360,174	-	3,360,174
- Deferred		<b>(323,262)</b>	(1,200,840)	<b>(1,140,059)</b>	(1,673,691)
		<b>(6,011,821)</b>	(9,415,212)	<b>(3,910,921)</b>	(2,149,675)
<b>(Loss) / profit after taxation</b>		<b>(57,247,443)</b>	36,359,277	<b>(31,981,063)</b>	19,501,374
<b>(Loss) / earnings per share - basic and diluted</b>	25	<b>(1.16)</b>	0.73	<b>(0.65)</b>	0.39

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director



# Next Capital Limited

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six and three months period ended 31 December 2021

	Six months period ended 31 December		Three months period ended 31 December	
	2021	2020	2021	2020
	(Rupees)			
(Loss) / profit after taxation	(57,247,443)	36,359,277	(31,981,063)	19,501,374
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss account in subsequent periods</i>				
Realized gain / (loss) on remeasurement of investment carried at FVTOCI	-	5,506,089	-	5,506,089
	-	5,506,089	-	5,506,089
<b>Total comprehensive (loss) / income</b>	<b>(57,247,443)</b>	<b>41,865,366</b>	<b>(31,981,063)</b>	<b>25,007,463</b>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer




Director

Next Capital Limited  
Condensed Interim Statement of Cash Flows (Un-audited)  
For the six months period ended 31 December 2021

		Six months period ended	
	Note	31 December	
		2021	2020
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(51,235,622)	45,774,489
<b>Adjustments for:</b>			
Depreciation of fixed assets	5.1	10,021,578	7,381,335
Depreciation on right of use asset	5.3	3,430,540	3,243,394
Amortisation of intangible assets	6.2	133,543	35,834
Capital gain on sale of investments		(469,041)	(257,825)
Unrealised loss in the value of investments at 'fair value through profit or loss'	9.1	37,293,596	-
Mark-up on bank balances	23	(11,872,134)	(7,967,753)
Mark-up on investment in marginal financing system	23	(7,354,497)	(247,868)
Profit on exposure margin	23	(5,212,275)	(5,447,871)
Other income	23	(1,474,140)	(87,030)
Finance cost		15,107,618	11,524,657
		39,604,788	8,176,873
<b>Net cash (used) in / generated from operations before working capital changes</b>		<b>(11,630,834)</b>	<b>53,951,362</b>
<b>Changes in working capital</b>			
<b>(Increase) in current assets</b>			
Trade debts		(120,024,640)	(131,974,696)
Deposits and prepayments		(124,252,268)	97,793,739
Advances and other receivables		1,226,011	593,343
		(243,050,897)	(33,587,614)
<b>Increase in current liabilities</b>			
Trade and other payables		72,431,256	244,216,131
Contract liabilities		1,666,667	1,666,667
		(180,583,808)	266,246,546
Finance cost paid		(8,235,162)	(4,527,494)
Taxes paid		(5,714,215)	(8,099,883)
<b>Net cash (used) in / generated from operating activities</b>		<b>(194,533,185)</b>	<b>253,619,169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of fixed assets	5.1	(1,987,077)	(8,265,148)
Purchase of Intangibles	6 & 6.2	(31,988,900)	-
Payment against investment in Marginal Financing System		(564,370,700)	(183,264,047)
Receipts against investment in Marginal Financing System		630,614,564	157,775,139
Short term investments made during the period		(731,485,063)	(175,856,576)
Short term investments disposed off during the period		653,292,635	159,608,576
Proceeds from sale of PSX shares		-	16,326,029
Mark-up received on bank deposits		11,872,134	7,967,753
Mark-up received on exposure margin		-	4,703,769
Mark-up received on investment in Margin Financing System		7,354,497	247,868
Other income		1,278,424	-
Long term deposits		15,665,400	(87,030)
<b>Net cash used in investing activities</b>		<b>(9,754,086)</b>	<b>(20,843,667)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowing - unsecured		90,000,000	-
Lease rental paid		(6,135,278)	(7,122,492)
Dividend paid - unclaimed		(50,619)	-
<b>Net cash generated from / (used) in financing activities</b>		<b>83,814,103</b>	<b>(7,122,492)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(120,473,168)</b>	<b>225,653,010</b>
Cash and cash equivalents at beginning of the period		332,701,076	168,718,288
Short term borrowing - secured		(149,996,346)	(149,996,346)
<b>Cash and cash equivalents at end of the period</b>		<b>62,231,562</b>	<b>244,374,952</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>			
Cash and bank balances	14	212,227,908	394,371,298
Short term borrowing - secured	16	(149,996,346)	(149,996,346)
		62,231,562	244,374,952

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**
  
**Chief Financial Officer**
  
**Director**

Next Capital Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 31 December 2021

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve Unappropriated profit / accumulated (loss) (Rupees)	Fair value reserve	Total
Balance as at 01 July 2020	450,000,000	(50,000,000)	7,085,268	(108,119)	406,977,149
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	36,359,277	-	36,359,277
Realised gain on sale of investment carried at FVTOCI	-	-	5,397,970	108,119	5,506,089
	-	-	41,757,247	108,119	41,865,366
Balance as at 31 December 2020	<u>450,000,000</u>	<u>(50,000,000)</u>	<u>48,842,515</u>	<u>-</u>	<u>448,842,515</u>
Balance as at 1 July 2021	495,000,000	(50,000,000)	49,481,566	-	494,481,566
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	(57,247,443)	-	(57,247,443)
	-	-	(57,247,443)	-	(57,247,443)
<b>Balance as at 31 December 2021</b>	<u><b>495,000,000</b></u>	<u><b>(50,000,000)</b></u>	<u><b>(7,765,877)</b></u>	<u><b>-</b></u>	<u><b>437,234,123</b></u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director



## Next Capital Limited

### Notes to the Condensed Interim Financial Statements (Un-audited)

*For the six months period ended 31 December 2021*

#### **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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 the Exchange 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 Exchange. The registered office of the Company is situated at 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi. The branch office is situated at 63-A Agora Eden City, DHA Phase 8, Lahore.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984.

Where provisions of and directives issued under the Companies Act, 2017 and part VIIIA of the repealed Companies Ordinance, 1984 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and part VIIIA of the repealed Companies Ordinance, 1984 have been followed.

**2.1.2** These condensed interim financial statements does not include all the information and disclosures required in the annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

**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 2021, whereas the comparative condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2020.

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

##### **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except for investments that are carried at fair values and lease liability valued at present 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 2021.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan for interim financial reporting, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2021.

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the annual audited financial statements as at and for the year ended 30 June 2021.

5. FIXED ASSETS	Note	31 December 2021 (Unaudited) (Rupees)	30 June 2021 (Audited)
Operating fixed assets	5.1	63,707,825	71,742,326
Capital work in progress	5.2	6,729,198	6,285,789
		<b>70,437,023</b>	<b>78,028,115</b>

### 5.1 Operating fixed assets

Opening written down value	71,742,326	53,730,404
Additions during the period / year - at cost		
- Lease hold improvement	-	-
- Furniture and fixtures	620,880	-
- Vehicles	83,280	25,124,500
- Computers and related accessories	1,282,917	7,828,779
	<b>1,987,077</b>	<b>32,953,279</b>
Written down value of disposals during the period / year	-	-
Depreciation for the period / year	<b>(10,021,578)</b>	<b>(14,941,357)</b>
	<b>(10,021,578)</b>	<b>(14,941,357)</b>
Closing written down value	<b>63,707,825</b>	<b>71,742,326</b>

## 5.2 Capital work in progress

	31 December 2021 (Unaudited) (Rupees)	30 June 2021 (Audited)
Opening	6,285,789	3,071,023
Capital expenditure incurred during the period / year	443,409	3,214,766
Transferred to fixed assets	-	-
Closing	<u>6,729,198</u>	<u>6,285,789</u>

## 5.3 Right-of-use assets

Opening written down value	31,741,341	32,924,557
Additions during the period / year	-	5,486,453
Disposals during the period / year	(5,240,068)	-
Depreciation expense	(3,430,540)	(6,669,669)
Closing written down value	<u>23,070,733</u>	<u>31,741,341</u>

## 6. INTANGIBLE ASSETS

Note

Pakistan Mercantile Exchange Limited - Membership card	950,000	950,000
Trading Right Entitlement Certificate (TREC)	6.1 2,500,000	2,500,000
Software	6.2 1,073,318	32,361
Capital work in progress	6.3 30,814,400	-
	<u>35,337,718</u>	<u>3,482,361</u>

6.1 This represents TREC received from the Exchange in accordance with the requirements of Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012.

## 6.2 Particulars - software

	31 December 2021 (Unaudited) (Rupees)	30 June 2021 (Audited)
<i>Net carrying value basis</i>		
Opening net book value	32,361	86,112
Additions during the period / year	1,174,500	-
Amortisation charged during the period / year	(133,543)	(53,751)
Closing net book value	<u>1,073,318</u>	<u>32,361</u>
<i>Gross carrying value</i>		
Cost	6,328,160	5,153,660
Accumulated amortisation	(5,254,842)	(5,121,299)
Net book value	<u>1,073,318</u>	<u>32,361</u>
Amortisation rate	<u>33%</u>	<u>33%</u>

## 6.3 Capital work in progress

Opening	-	-
Capital expenditure incurred during the period / year	6.3.1 30,814,400	-
Transferred to intangibles	-	-
Closing	<u>30,814,400</u>	<u>-</u>

6.3.1 This represents the cost capitalised for the development of a software.



**7. INVESTMENT IN TERM FINANCE CERTIFICATES**

31 December 2021 (Un-audited) (Number of certificates)	30 June 2021 (Audited)	Name of investee	31 December 2021		30 June 2021	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
<u>802</u>	<u>802</u>	Soneri Bank Limited	<u>4,009,645</u>	<u>4,009,645</u>	<u>4,009,645</u>	<u>4,009,645</u>

**7.1**

Name of Security	Face Value	Unredeemed face value	Markup rate (per annum)	Maturity	Long term rating
Soneri Bank Limited - Tier 1 TFC	<u>4,010,000</u>	<u>4,010,000</u>	6 month KIBOR + 2%	Perpetual	A

**8. LONG TERM DEPOSITS**

	Note	31 December 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
Pakistan Stock Exchange Limited	8.1	<b>15,900,000</b>	31,500,000
Central Depository Company of Pakistan Limited		<b>125,000</b>	125,000
National Clearing Company of Pakistan Limited		<b>1,425,000</b>	1,425,000
Pakistan Mercantile Exchange Limited	8.2	<b>1,250,000</b>	1,250,000
Security deposit against office premises		<b>1,720,852</b>	1,786,252
Security deposit against PSO card		<b>120,000</b>	120,000
		<u><b>20,540,852</b></u>	<u>36,206,252</u>

**8.1** This represents the deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against Base Minimum Capital (BMC) requirement.

**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 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
Listed securities	9.1	<u><b>62,407,434</b></u>	-
		<u><b>62,407,434</b></u>	-

**9.1 Listed securities**

31 December 2021 (Un-audited) (Number of shares)	30 June 2021 (Audited)	Name of investee	31 December 2021		30 June 2021	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value
<u>205,369</u>	-	Attock Refinery Limited	<u>47,538,127</u>	<u>29,579,297</u>	-	-
<u>2,374,500</u>	-	Pakistan Stock Exchange Limited*	<u>51,976,085</u>	<u>32,649,375</u>	-	-
<u>100</u>	-	Habib Bank Limited	<u>12,818</u>	<u>11,662</u>	-	-
<u>10,000</u>	-	TPL Trakker Limited	<u>174,000</u>	<u>167,100</u>	-	-
<u>2,589,969</u>	-		<u>99,701,030</u>	<u>62,407,434</u>	-	-
		Unrealised loss on re-measurement of investment - fair value through profit or loss	<u>(37,293,596)</u>	-	-	-
		<b>Market value</b>	<u><b>62,407,434</b></u>	<u><b>62,407,434</b></u>	-	-

\* This represents the shares pledged with Pakistan Stock Exchange Limited for taking exposures in regular, future market against Base Minimum Capital (BMC) requirement.

**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 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
<i>Receivable from clients on account of:</i>			
- Purchase of shares on behalf of clients	11.2	491,173,412	364,993,769
- Brokerage commission		8,451,631	11,114,436
- Equity shares		2,364,780	1,026,445
- Money market		7,354,575	13,004,576
- Consultancy fee			
Provision for impairment on trade debts	11.1	(8,546,690)	(7,687,804)
		500,797,708	382,451,422
		<u>500,797,708</u>	<u>382,451,422</u>

**11.1 Provision for impairment on trade debts**

Opening balance	7,687,804	11,477,432
Impairment / (reversal) during the period / year - net	858,886	(3,789,628)
Closing balance	<u>8,546,690</u>	<u>7,687,804</u>

**11.2 Aging analysis**

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

	Note	Amount	Custody value (Rupees)
Upto five days	11.2.1	480,506,973	1,864,620,488
More than five days	11.2.1	10,666,439	113,247,877
		<u>491,173,412</u>	<u>1,977,868,365</u>

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

**12. DEPOSITS AND PREPAYMENTS**

	Note	31 December 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
Deposit against exposure margin	12.1	286,589,224	180,830,891
Deposit against marginal trading services	12.2	41,204,244	21,932,976
Security deposits	12.3	-	347,250
Prepaid expenses		1,963,278	3,023,111
Sales tax receivables		2,998,190	2,368,440
		<u>332,754,936</u>	<u>208,502,668</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 4.00% to 5.75% per annum (30 June 2021: 4.00% to 5.61% per annum).

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 4.00% to 5.75% per annum (30 June 2021: 4.00% to 5.61% per annum).



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

**13. ADVANCES AND OTHER RECEIVABLES**

	Note	31 December 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
<b>Considered good</b>			
Advance against salary - secured		1,054,607	2,451,273
Other receivables and advances - unsecured		1,927,322	1,756,667
		<u>2,981,929</u>	<u>4,207,940</u>

**14. CASH AND BANK BALANCES**

Balances with banks:

Saving accounts - profit and loss account

Current accounts - conventional

Current accounts - shariah compliant

14.1	<b>194,913,822</b>	321,797,850
	<b>16,175,781</b>	9,018,099
	<b>1,127,585</b>	1,848,672
14.2	<b>212,217,188</b>	332,664,621

Cash in hand

<b>10,720</b>	36,455
<b>212,227,908</b>	<b>332,701,076</b>

**14.1** Profit rate on saving accounts ranges from 5.50% to 7.25% per annum (30 June 2021: 5.50% to 6.61% per annum).

**14.2** This include Rs. 195.507 million (30 June 2021: Rs. 315.726 million) kept in designated bank accounts maintained on behalf of clients.

**15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

	Note	31 December 2021 (Un-audited) (Rupees)	30 June 2021 (Audited)
<b>15.1 Issued, subscribed and paid-up capital</b>			
Ordinary shares of Rs. 10 each fully paid in cash		495,000,000	450,000,000
Issued as bonus shares		-	45,000,000
		<u>495,000,000</u>	<u>495,000,000</u>

**16. SHORT TERM BORROWING - SECURED**

**16.1 Short term running finance - secured**

Short term running finance - secured	16.1.1	<u>149,996,346</u>	<u>149,996,346</u>
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**16.1.1** Running finance facility of Rs. 150 million (30 June 2021: Rs. 150 million) has been obtained by the Company from schedule bank having expiry on 30 June 2022 and is secured against charge over present and future current assets of the Company. The mark-up on the facility is payable quarterly at 3 month KIBOR + 3.5% (30 June 2021: 3 month KIBOR + 3.5%).

**17.** Commercial papers of face value Rs. 100 million were issued at the rate of 13.5% per annum, of which Rs. 23 million was subscribed by the related parties.

**18. TRADE AND OTHER PAYABLES**

	<i>Note</i>	<b>31 December 2021 (Un-audited) (Rupees)</b>	<b>30 June 2021 (Audited)</b>
Trade creditors	18.1	<b>196,295,265</b>	276,688,181
Payable to National Clearing Company of Pakistan Limited		<b>365,307,836</b>	192,499,404
Accrued commission to traders	18.2	<b>7,034,077</b>	13,741,698
Accrued salaries and other expenses		<b>1,436,981</b>	11,619,068
Payable to auditors		<b>965,250</b>	1,062,856
Tax deducted at source		<b>5,288,202</b>	6,530,863
Commission payable	18.3	<b>78,252</b>	78,252
Accrued markup		<b>3,506,229</b>	3,894,250
Other payables		<b>23,419,524</b>	2,531,076
Markup payable on commercial paper		<b>4,338,025</b>	-
Other accrued expenses		-	1,366,264
		<b><u>607,669,641</u></b>	<b><u>510,011,912</u></b>

**18.1** This includes trade payable of Rs. 32.574 million (30 June 2021:Rs. 7.532 million) payable to related parties.

**18.2** This includes commission payable of Rs. 6.132 million (30 June 2021: Rs. 6.652 million) to related parties.

**18.3** This represents commission payable to a foreign brokerage house.

**19. CONTINGENCIES AND COMMITMENTS**
**19.1 Contingencies**

**19.1.1** 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 SRB has passed an order on 11 October 2019 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,347,286 was computed for the tax period from July 2013 to June 2014. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition S.T.R.A. No. 6/2016 against the order to the Court. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The Sindh Revenue Board has passed an order on 30 June 2020 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 1,817,282 was computed for the tax period from July 2012 to June 2013. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition against the order to the Court to add this case in earlier petition due to similar grounds of both orders. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The management based on the advice of its advisor is confident that the above such services were not taxable under the Sindh Sales Tax Act, 2011 till 1st July 2014, where from amendment in the Act introduced. The department erroneously charged Sales Tax on such services retrospectively. The Company was duly paying Sindh Sales Tax on brokerage services and filing Sindh Sales Tax Return accordingly. The Company is confident of a favourable outcome against all orders passed by SRB, therefore, no provision has been made in this regard.



- 19.1.2** During the year 2019-20, one of the client filed a case before the Civil Court of Lahore against the Company, Pakistan Stock Exchange Limited, Securities and Exchange Commission of Pakistan and Central Depository Company, seeking rendition of accounts and permanent injunction from the Company. The hearing of the case is pending before the Civil Court of Lahore. The Company based on its lawyer's assessment and its legal standing is confident of a favourable outcome of the same, therefore, no provision has been made in this regard.

**19.2 Commitments**

**31 December**      30 June  
**2021**              2021  
**(Un-audited)**      (Audited)  
**(Rupees)**

For sale of quoted securities under future contracts against counter commitments

**638,457,115**      1,752,192,095

For purchase of quoted securities under future contracts against counter commitments

**616,508,400**      1,597,187,080

- 19.2.1** The Company has availed running finance facilities with Sindh Bank Limited amounting to Rs. 150 million, which carry markup at the rate of 3 months KIBOR plus 3.5% and will mature on 30 June 2022.

**20. OPERATING REVENUE**

	Note	Six months period ended		Three months period ended	
		31 December		31 December	
		2021	2020	2021	2020
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
Brokerage income	20.2	<b>122,768,456</b>	154,391,912	<b>45,773,603</b>	76,782,157
Advisory / consultancy fee		<b>8,034,713</b>	43,129,207	<b>7,250,879</b>	20,637,556
		<b>130,803,169</b>	197,521,119	<b>53,024,482</b>	97,419,713
Less: Sales tax on services		<b>15,048,153</b>	22,723,668	<b>6,100,163</b>	11,207,577
	20.1	<b>115,755,016</b>	174,797,451	<b>46,924,319</b>	86,212,136

**20.1 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	
	2021	2020
	(Unaudited)	
	(Rupees)	
- Institutional customers	<b>38,050,375</b>	84,455,486
- Retail clients	<b>77,704,641</b>	90,341,965
	<b>115,755,016</b>	174,797,451

- 20.2** This includes brokerage earned from related parties amounting to Rs. 2.780 million (31 December 2020: Rs. 0.821 million).

**21. OPERATING EXPENSES**

Note	Six months period ended 31 December		Three months period ended 31 December	
	2021	2020	2021	2020
	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees) -----		----- (Rupees) -----	
Salaries, wages and other benefits	<b>34,051,757</b>	29,853,068	<b>15,412,738</b>	14,408,861
Consultancy fee	<b>717,147</b>	2,547,915	<b>(1,913,683)</b>	2,547,915
Commission and referral fee	<b>22,929,886</b>	34,899,354	<b>7,129,128</b>	17,995,799
Sub-underwriting commission	<b>1,083,374</b>	-	<b>1,083,374</b>	-
Service and transaction charges	<b>7,968,701</b>	10,476,390	<b>4,022,870</b>	6,355,727
Fees and subscription	<b>7,541,219</b>	4,725,510	<b>3,743,976</b>	2,551,694
	<b>74,292,084</b>	<b>82,502,237</b>	<b>29,478,403</b>	<b>43,859,996</b>

**21.1** This includes consultancy fee to the directors of the Company amounting to Rs. 0.637 million (31 December 2020: Rs. 0.637 million).

**21.2** This includes commission to the directors of the Company amounting to Rs.11.118 million (31 December 2020: Rs. 14.534 million).

**22. ADMINISTRATIVE EXPENSES**

	Six months period ended 31 December		Three months period ended 31 December	
	2021	2020	2021	2020
	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees) -----		----- (Rupees) -----	
Salaries, wages and other benefits	<b>27,860,529</b>	24,425,238	<b>13,799,515</b>	12,774,345
Telephone and communication charges	<b>4,106,956</b>	2,144,494	<b>1,411,360</b>	1,208,921
Rent expense	<b>268,819</b>	-	<b>166,041</b>	-
Utility charges	<b>2,119,452</b>	948,900	<b>1,002,052</b>	450,909
Vehicle running expenses	<b>1,875,907</b>	1,313,388	<b>964,746</b>	665,126
Depreciation	<b>13,512,258</b>	10,624,729	<b>6,858,080</b>	5,637,496
Amortisation	<b>133,543</b>	35,834	<b>133,543</b>	17,917
Legal and professional charges	<b>1,413,501</b>	833,560	<b>1,098,501</b>	269,060
Auditor's remuneration	<b>1,128,692</b>	650,000	<b>828,692</b>	650,000
Insurance	<b>1,202,089</b>	958,817	<b>714,690</b>	492,608
Printing, stationery and postage charges	<b>805,148</b>	564,012	<b>322,528</b>	384,649
Office supplies	<b>730,245</b>	254,139	<b>383,692</b>	126,994
Office repair and maintenance	<b>2,279,354</b>	1,356,911	<b>1,592,703</b>	835,837
Fees and subscription	<b>1,544,587</b>	967,875	<b>766,838</b>	522,636
Travelling and entertainment charges	<b>1,547,921</b>	162,331	<b>1,060,990</b>	54,678
Advertisement expenses	<b>657,502</b>	167,390	<b>(267,302)</b>	110,190
Security expense	<b>2,008,709</b>	1,456,653	<b>1,214,114</b>	931,024
Generator Fuel	<b>83,106</b>	196,372	<b>55,254</b>	29,128
Miscellaneous expenses	<b>2,665,866</b>	1,059,632	<b>871,679</b>	711,706
	<b>65,944,184</b>	<b>48,120,275</b>	<b>32,977,716</b>	<b>25,873,224</b>

**23. OTHER INCOME**

Mark-up / interest on:				
- Bank balances (under mark-up arrangements)	<b>11,872,134</b>	7,967,753	<b>6,453,235</b>	4,606,600
- Investment in marginal financing system	<b>7,354,497</b>	247,868	<b>2,216,016</b>	161,612
- Exposure margin	<b>5,212,275</b>	5,447,871	<b>2,802,485</b>	3,925,366
Dividend income	<b>474,900</b>	-	<b>474,900</b>	-
Gain on lease termination	<b>319,359</b>	-	<b>319,359</b>	-
Miscellaneous income	<b>803,524</b>	286,928	<b>803,524</b>	286,928
	<b>26,036,689</b>	<b>13,950,420</b>	<b>13,069,519</b>	<b>8,980,506</b>

**24. TAXATION**

**24.1** The income tax returns of the Company have been filed up to tax year 2021 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

**24.1.2** Order under section 161 and 205 of the Income Tax Ordinance, 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2016 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.10 million.



Order under section 161 and 205 of the Income Tax Ordinance, 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2011 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.876 million. Against the said order the Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance, 2001. The case has been heard, however, the decision in appeal is still pending. The management based on the advice of its advisor is confident regarding the outcome of the case. Thereby no provision is made within these condensed interim financial statements.

Order for amendment in assessment under section 122 (5A) of the Income Tax Ordinance, 2001 has been passed by the tax authorities for the tax year 2011 on the basis that the tax deduction under section 153(1)(b) of the Ordinance was minimum tax, therefore, no refund is allowable to the Company creating tax demand of Rs. 26,698. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance, 2001, where hearing in appeal is pending. The management based on the advice of its advisor is confident regarding the outcome of the case. Thereby no provision is made within these condensed interim financial statements.

The Company was selected for audit in respect of tax year 2016 through Random Computer Balloting in accordance with section 214C of the Ordinance. The notice for submission of details was issued by Zone-V, Corporate Regional Tax Office, Karachi whereas jurisdiction of the Company falls with Zone-I Corporate Regional Tax office, Karachi. The same was responded and no further notice has been received yet.

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

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

	<b>Six months period ended</b>		<b>Three months period ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>(Un-audited)</b>			
	<b>(Rupees)</b>			
(Loss) / profit for the period	<u><b>(57,247,443)</b></u>	<u>36,359,277</u>	<u><b>(31,981,063)</b></u>	<u>19,501,374</u>
	<b>(Numbers)</b>			
Weighted average number of ordinary shares in issue during the period	<u><b>49,500,000</b></u>	<u>49,500,000</u>	<u><b>49,500,000</b></u>	<u>49,500,000</u>
	<b>(Rupees)</b>			
(Loss) / earnings per share - basic and diluted	<u><b>(1.16)</b></u>	<u>0.73</u>	<u><b>(0.65)</b></u>	<u>0.39</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 (loss) / 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 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 these condensed interim financial statements are as follows:

## 26.1 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:

	<b>Chief Executive</b>		<b>Directors</b>		<b>Executives</b>	
	<b>31 December</b>		<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Un-audited)</b>					
	<b>(Rupees)</b>					
Managerial remuneration	<b>6,000,000</b>	9,426,250	-	-	<b>25,153,778</b>	20,871,286
House rent allowance	<b>2,400,000</b>	2,400,000	-	-	<b>10,061,511</b>	6,058,514
Medical	<b>600,000</b>	600,000	-	-	<b>2,515,378</b>	1,514,629
Commission fee	-	-	<b>11,118,836</b>	14,533,831	<b>6,201,215</b>	17,142,410
Consultancy fee	-	-	<b>636,979</b>	636,979	-	-
	<b>9,000,000</b>	12,426,250	<b>11,755,815</b>	15,170,810	<b>43,931,882</b>	45,586,839
Number of persons	<b>1</b>	1	<b>3</b>	3	<b>21</b>	20

**26.2** The Company provided the CEO and certain executives with company maintained cars as per their terms of employment.

## 26.3 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs.11.756 million (31 December 2020: Rs. 15.171 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.



31 December 2021 (Un-audited)

On balance sheet financial instruments	Carrying value				Fair value		
	FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
<b>Financial assets measured at fair value</b>							
Listed equity securities	62,407,434	-	-	-	62,407,434	-	-
Term finance certificates	4,009,645	-	-	-	-	4,009,645	-
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	20,540,852	-			
Trade debts - considered good	-	-	500,797,708	-			
Investment in marginal financing system	-	-	11,437,372	-			
Deposits and prepayments	-	-	332,754,936	-			
Advances and other receivables	-	-	2,981,929	-			
Cash and bank balances	-	-	212,227,908	-			
	66,417,079	-	1,080,740,705	-			
<b>Financial liabilities not measured at fair value</b>							
Lease liabilities	-	-	-	33,057,192			
Unclaimed dividend	-	-	-	3,004,827			
Short term borrowing - secured	-	-	-	149,996,346			
Short term borrowing - unsecured	-	-	-	90,920,413			
Trade and other payables	-	-	-	607,669,641			
Contract liabilities	-	-	-	1,666,667			
	-	-	-	886,315,086			

30 June 2021 (Audited)

On balance sheet financial instruments	Carrying value				Fair value		
	FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
<b>Financial assets measured at fair value</b>							
Term finance certificates	4,009,645	-	-	-	-	4,009,645	-
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	36,206,252	-			
Trade debts - considered good	-	-	382,451,422	-			
Investment in marginal financing system	-	-	70,326,739	-			
Deposits and prepayments	-	-	208,502,668	-			
Advances and other receivables	-	-	4,207,940	-			
Cash and bank balances	-	-	332,701,076	-			
	4,009,645	-	1,034,396,097	-			
<b>Financial liabilities not measured at fair value</b>							
Lease liabilities	-	-	-	41,955,849			
Unclaimed dividend	-	-	-	3,055,446			
Short term borrowing - secured	-	-	-	149,996,346			
Short term borrowing - unsecured	-	-	-	-			
Trade and other payables	-	-	-	510,011,912			
	-	-	-	705,019,553			

**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 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**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 25-FEB-2022.



Chief Executive Officer



Chief Financial Officer



Director



**Head Office:**

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

UAN: +(92-21) 111-639-825

Fax: +(92-21) 35632321

**Lahore Branch Office:**

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

Tel: +(92-42) 37135843-48

Fax: +(92-42) 37135840