



QUARTERLY REPORT
SEPTEMBER 2020

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1. COMPANY INFORMATION

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

2. DIRECTORS' REPORT

Economic Review & Outlook

The new fiscal year brought life to economic activities that remained affected in the previous quarter due to COVID-19 pandemic and the subsequent lockdown. The resumption of economic activities enabled FBR to collect revenues amounting to PKR1trillion (provisional) during the quarter, which was 4.1% higher compared to same period last year and exceeded the target by PKR40 billion. Moreover, high frequency data started showing positive signs with each passing month indicating a recovery in the economy that is also validated by the recent LSM numbers for July 2020, which expanded 5% over July 2019 and 9.5% over June 2020. However, heavy monsoon rains during the period under review throughout the country affected the industrial supply chain along with the agriculture sector. Although economic indicators are improving but the GDP growth forecasts for the ongoing year remain subdued where IMF estimates Pakistan's GDP to grow by 1% contrary to SBP's estimates of slightly above 2% for the ongoing fiscal year.

Inflation was initially estimated to remain tamed within a range of 5-7% during FY21, but the recent rains severely damaged agriculture produce resulting in higher food inflation. National inflation, averaged at 8.8% during the quarter under review compared to 10.1% of the same period last year. SBP estimates inflation for the ongoing fiscal year at 7-9%. Considering inflation and its outlook, SBP kept the policy rate unchanged after an aggressive cut of 625 basis points in the Policy Rate during March-June 2020. The Board is of the opinion that interest rates have reached their bottom under the present circumstances.

External account of the country, as a result of the policy actions taken by the government, slowdown in aggregate demand and lower international oil prices, have witnessed marked improvements during the past few quarters. The Current Account of Balance of Payments during the first two months of the period under review has reported a surplus of USD805million compared to a deficit of USD1.2 billion during the same period last year. Improvement in CAD was mainly driven by 16.8% improvement in trade deficit of goods and services. Remittances by overseas Pakistanis during the first quarter of the ongoing fiscal year increased by 31% to USD7.1 billion compared to USD5.5 billion of the same period last year. Resultantly foreign exchange reserves of the country improved from USD18.9 billion at the end of June 2020 to USD19.5 billion at the end of the quarter under review. Average import cover with SBP reserves has remained stable at around 3.5 months. With strengthening foreign exchange reserves and improving balance of payments, PKR also gained ground against the USD and appreciated by 1.4% closing the period under review at PKR165.7/USD.

There are signs of initial recovery in the economy, which are evident from data sets that are coming in but the threat of another lockdown looms both internally and in export destinations of Pakistan that could taper off the gains achieved so far particularly in the external account position of the country. Despite reserves at decent levels it is vital that the stalled IMF program is resumed for which certain inflationary conditions will have to be met that will remain a challenge for the incumbent government given the tight fiscal space.

EQUITIES MARKET

After lifting of the lockdown, expectations of economic recovery with significantly lower interest rates, renewed investors' interest inequities market of Pakistan. The KSE100 index closed the quarter posting a gain of 17.9% at 40,571 level gaining 6,150 points. Liquidity in the market significantly improved during the quarter under review with average daily volumes of 500mn

shares compared to 99mn shares during the same period last year. Moreover, average daily value traded also increased to USD105.31 million compared to only USD23.62 million during the same period last year. Foreigners remained sellers during the period whereas local investors poured USD94.72 million in the market. Amongst the major sectors, Refineries outperformed the index while Pharmaceuticals, Fertilizer, and E&P's were the underperforming sectors.

Risks of second wave of COVID-19 both globally and locally, political movements, and higher food inflation, may impair the stock market performance in the short-term, but healthy improvements in other macroeconomic indicators including growth, external account and exchange rate parity, coupled with positive vibes on the FATF front, medium to long-term outlook of the market remains positive.

Performance Overview:

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

	Sept - 2020	Sept - 2019
	PAK RUPEES	
Accumulated profit/(loss) as at July 01	7,085,268	(8,188,270)
Net Profit for the quarter	16,857,903	(7,980,696)
Accumulated profit/(loss) as at September 30	23,943,171	(16,168,966)
Earnings Per Share Rupees	0.37	(0.18)

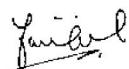
The Company posted a pre-tax profit of PKR 24.1 million during the quarter under review as compared to a pre-tax loss of PKR 5.4 million last year in the corresponding quarter. Overall operating revenues of the company increased to PKR 88.6 million compared to PKR 26.2 million in the corresponding quarter of the previous year, an increase of 239% attributable to the increase in Brokerage income amounting to PKR 69 million and Advisory revenue amounting to PKR 20 million.

Administrative expenses only increased marginally by 10%, whereas operating expenses increased by 69% corresponding to the increase in business activity in the first quarter of the fiscal year attributable to the improved economic activity subsequent to ease of COVID19 lockdown.

Company has been able to maintain profitability consistently since third quarter of the last financial March 2020. Given the macroeconomic indicators remain stable, the Company aims to capitalize the improved market conditions prevalent after ease of lockdown post COVID19.

For and on behalf of the Board of Directors

Date: October 29, 2020



Lt. Gen. Tariq Waseem Ghazi (Retd.)

Chairman

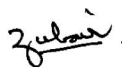
3. CONDENSED INTERIM FINANCIAL POSITION, AS AT SEPTEMBER 30, 2020

	Note	30 September 2020	30 June 2020
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	6	55,214,148	53,730,404
Right of use assets		31,302,860	32,924,557
Intangible assets	7	3,518,195	3,536,112
Long term investment	8	17,839,701	10,703,821
Long term deposits	9	16,713,523	16,713,523
Deferred tax asset - net		7,699,044	7,226,193
		132,287,471	124,834,610
Current assets			
Short term investments	10	4,009,645	4,493,995
Investment in marginal financing system	11	2,429,963	2,430,138
Trade debts	12	248,462,970	107,805,166
Deposits and prepayments	13	163,937,591	319,231,311
Advances and other receivables	14	1,732,146	4,594,814
Income tax refundable		47,216,697	51,991,461
Cash and bank balances	15	238,711,062	168,718,288
		706,500,074	659,265,173
Total assets		838,787,545	784,099,783
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2019: 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)
Revenue Reserves			
Unappropriated profits / (loss)		23,943,170	7,085,267
Fair value reserves		7,027,761	(108,119)
		430,970,931	406,977,148
Non-current liabilities			
Lease Liabilities		30,536,768	32,614,065
Current liabilities			
Unclaimed dividend		3,055,446	3,055,446
Current portion of lease liabilities		9,893,858	7,524,763
Short term borrowing - secured		149,996,346	149,996,346
Trade and other payables	17	214,334,196	183,932,015
		377,279,846	344,508,570
Total equity and liabilities		838,787,545	784,099,783
Contingencies and commitments	18		

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



Chief Executive



Director



Chief Financial Officer

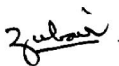
**4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT QUARTER
ENDED SEPTEMBER 30, 2020**

	Note	(Unaudited)	
		For the quarter ended	
		30 September 2020	30 September 2019
		----- (Rupees) -----	
Operating revenue	19	88,585,315	26,153,637
Capital (loss) / gain on sale of investments		259,472	(396,971)
Operating expenses	20	(38,642,241)	(22,803,351)
Administrative expenses	21	(22,247,051)	(20,238,857)
Impairment reversal /(loss) on trade debts		(2,978,647)	-
Finance cost	22	(5,823,322)	(3,392,937)
		19,153,526	(20,678,479)
Other income	23	4,969,914	15,266,358
Profit before taxation		24,123,440	(5,412,122)
Taxation			
- Current		(7,738,388)	(3,314,932)
- Prior		-	-
- Deferred		472,851	746,358
		(7,265,537)	(2,568,574)
Profit for the year		16,857,903	(7,980,696)
Earnings per share - basic and diluted	25	0.37	(0.18)

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



Chief Executive



Director



Chief Financial Officer

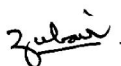
6. STATEMENT OF CHANGES OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		(Unaudited)	
		For the quarter ended	
		30 Sept 2020	30 Sept 2019
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		24,123,440	(5,412,122)
Adjustments for:			
Depreciation of property and equipment	21	3,365,536	3,412,618
Depreciation on Right of use asset	21	1,621,697	-
Amortisation of intangible assets	21	17,917	94,584
Capital loss / (gain) on sale of investments		(259,472)	396,971
Mark-up on bank balances	23	(3,361,153)	(4,902,607)
Mark-up on TBills		-	(180,214)
Mark-up on investment in margin financing system	23	(86,256)	(748,632)
Mark-up under margin trading system	23	-	(1,084,335)
Profit on cash margin	23	(1,522,505)	(8,350,570)
Impairment reversal /(loss) on trade debts		2,978,647	-
Finance cost	22	5,823,322	3,392,937
		8,577,733	(7,969,248)
Cash flows before working capital changes		32,701,173	(13,381,370)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		(143,636,451)	26,198,670
Advances, deposits, prepayments and other receivables		158,156,388	187,396,964
		14,519,937	213,595,654
Increase / (decrease) in current liabilities			
Trade and other payables		30,402,183	(54,061,641)
Repayment of Over Draft		-	150,000,000
Contract liabilities		-	(500,000)
Cash used in operating activities		77,623,293	145,652,643
Finance cost paid		(4,248,484)	(3,392,937)
Taxes paid		(3,045,435)	(1,622,211)
Net cash used in operating activities		70,329,374	140,637,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	6	(4,849,280)	(4,330,797)
Proceeds from sale of property and equipment		-	-
Payments against investment in margin financing system	11	(53,956,369)	-
Receipts from investment in margin financing system	11	54,042,577	-
Proceeds from sale of PSX shares		-	-
Investments - net		739,821	(17,519,921)
Mark-up received on bank balances and exposure margin		4,883,658	13,253,177
Mark-up received on investment in margin financing system		86,033	1,084,335
Mark-up received on investment in margin trading system		-	748,632
Long term deposits		-	(7,100,000)
Net cash generated from investing activities		946,440	(13,864,574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		-	-
Repayment of short term loans		-	-
Lease rental paid		(1,283,040)	-
Dividends paid		-	(1,886,383)
Net cash (used in) / generated from financing activities		(1,283,040)	(1,886,383)
Net (decrease) / increase in cash and cash equivalents		69,992,774	124,886,538
Cash and cash equivalents at beginning of the year		18,721,942	45,015,291
Cash and cash equivalents at end of the year		88,714,716	169,901,829
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		238,711,062	219,888,798
Short term borrowing - secured		(149,996,346)	(49,986,969)
		88,714,716	169,901,829

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



Chief Executive



Director



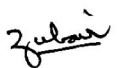
Chief Financial Officer

6. STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve		Total
			Unappropriated Profit / (loss)	Fair value Reserve	
	(Rupees)				
Balance as at 01 July 2018	450,000,000	(50,000,000)	(5,284,285)	15,628,792	410,344,507
Adjustment on initial application of IFRS 9, net of tax	-	-	(1,265,053)	-	(1,265,053)
Adjusted balance as at 1 July 2018	450,000,000	(50,000,000)	(6,549,338)	15,628,792	409,079,454
Total comprehensive income for the year					
Profit for the year	-	-	5,306,556	-	5,306,556
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	4,304,512	(4,304,512)	-
Other comprehensive income	-	-	-	(8,080,698)	(8,080,698)
	-	-	9,611,068	(12,385,210)	(2,774,142)
Transaction with owners of the company					
Cash dividend @ Rs. 0.25 per ordinary share of Rs. 10 each for the quarter ended 31 March 2019	-	-	(11,250,000)	-	(11,250,000)
Balance as at 30 June 2019	450,000,000	(50,000,000)	(8,188,270)	3,243,582	395,055,312
Transaction with owners of the company					
Adjustment on initial application of IFRS 16, net of tax	-	-	(2,520,775)	-	(2,520,775)
	450,000,000	(50,000,000)	(10,709,046)	3,243,582	392,534,536
Total comprehensive income for the year					
Profit for the year	-	-	17,794,313	-	17,794,313
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-
Other comprehensive income	-	-	-	(3,351,701)	(3,351,701)
	-	-	17,794,313	(3,351,701)	14,442,612
Balance as at 30 June 2020	450,000,000	(50,000,000)	7,085,267	(108,119)	406,977,148
Total comprehensive income for the year					
Net Profit / (Loss) for the period	-	-	16,857,903	-	16,857,903
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-
Other comprehensive income	-	-	-	7,027,761	7,027,761
	-	-	16,857,903	7,027,761	23,885,664
Balance as at 30 June 2020	450,000,000	(50,000,000)	23,943,170	6,919,642	430,862,812



Chief Executive



Director



Chief Financial Officer

7. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION QUARTER ENDED SEPTEMBER 30, 2020

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. 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 consultancy 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 Building, Dr. Ziauddin Ahmed Road, Karachi. The branch office is situated at 63-A, Agora Eden City, Phase 8, Lahore.

1.1 Impact of COVID-19 on the financial statements

During the year 2020, the novel coronavirus (COVID19) emerged. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID19 pandemic had significantly impacted the economy around the world and this may continue to do so in the coming months. The scale and duration of this outbreak remains uncertain. The Government of Pakistan has taken various fiscal and regulatory stimulus measures to sustain economic activity during the period and mitigate its impact which provided both guidance on pandemic preparedness and regulatory relief to impacted industry units. Furthermore, the lifting of lockdown and normalisation of stock market enhanced the business and its financial performance as Pakistan Stock Exchange started to revive with increased trading activity as the business across the country started to show improved results which had earlier been at halt, resulting in increased brokerage income for the business.

The Company management is of the view that there has not been a significant impact on the carrying amounts of assets and liabilities or items of income and expenses.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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.

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

- 2.2** This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June 2020.
- 2.3** This condensed interim financial information is unaudited, prepared on historical cost convention except for certain investments which are carried at fair value, is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulation of Pakistan Stock Exchange.
- 2.4** This condensed interim financial information is presented in Pakistan Rupees which is the Company's functional currency. All financial information presented in Pakistan Rupee has been rounded off to the nearest zero.
- 2.5** The comparative balance sheet and the condensed interim statement of changes in equity presented in this condensed interim financial information as at 30 September 2020 has been extracted from the audited financial statements of the Company for the

year ended 30 June 2020, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement, are extracted from the unaudited condensed interim financial information for the three months period ended 30 September 2019.

2.6 Basis of Measurement

These interim financial information has been prepared under the historical cost convention except for the investment that are carried at the fair value.

2.7 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 the methods of computation adopted in the preparation of this condensed interim financial report are same as those applied in the preparation of the financial statements for the year ended 30 June 2020.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

Certain new amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2019 but are considered not to be relevant or to have any significant effect on this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information 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 2020.

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 2020.

6. PROPERTY AND EQUIPMENTS

	<i>Note</i>	30 September 2020 (Unaudited)	30 June 2020 (Audited)
		-----	-----
		(Rupees)	(Rupees)
Opening written down value		53,730,404	61,848,864
Additions during the period / year - at cost			
- Furniture and fixtures		-	1,100,361
- Vehicles - owned / leased		3,933,000	3,959,000
- Leasehold improvements		-	-
- Computers and related accessories		916,280	490,855
		4,849,280	5,550,216
Written down value of deletions during the period / year		-	-
Depreciation for the period / year		(3,365,536)	(13,668,676)
		(3,365,536)	(13,668,676)
Closing written down value		55,214,148	53,730,404

7. INTANGIBLE ASSETS

Pakistan Mercantile Exchange - Membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	7.1	2,500,000	2,500,000
Software	7.2	68,195	86,112
		<u>3,518,195</u>	<u>3,536,112</u>

7.1 This represents TREC acquired on surrender of Stock Exchange Membership Card.

PSX vide notice no. PSX/N- 7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to Rs. 2.5 million. The Company has marked lien on TRE Certificate in favour of the Pakistan Stock Exchange Limited (PSX) to fulfil the requirement of Base Minimum Capital.

	Note	30 September 2020 (Un-audited)	30 June 2020 (Audited)
		(Rupees)	(Rupees)
7.2 Particulars - software and applications			
<i>Net carrying value basis</i>			
Opening net book value		86,112	423,747
Additions		-	50,000
Amortisation charge		(17,917)	(387,635)
Closing net book value		<u>68,195</u>	<u>86,112</u>
<i>Gross carrying value</i>			
Cost		5,153,660	5,153,660
Accumulated amortisation		(5,085,465)	(5,067,548)
Net book value		<u>68,195</u>	<u>86,112</u>
Amortisation rate		<u>33%</u>	<u>33%</u>

8. LONG TERM INVESTMENT

8.1 Investment in Shares of Stock Exchange	8.1.1	<u>17,839,701</u>	<u>10,703,821</u>
30 September 2020 (Un-audited) (Number of Shares)	30 June 2020 (Audited)		
1,081,194	1,081,194	Opening balance	10,811,940
-	-		-
-	-	Sold in market (32.55% shares)	-
<u>1,081,194</u>	<u>1,081,194</u>	Closing balance represents 67.45% shares **	<u>10,811,940</u>

** Market value basis

Book value	10,811,940	10,811,940
Unrealized (loss) / gain for the period / year - OCI	7,027,761	(108,119)
Market value	<u>17,839,701</u>	<u>10,703,821</u>

8.1.1 These shares were listed on PSX in the month of June 2017. Therefore the same were carried at the market value. At September 30, 2020 the outstanding shares are classified as "Pledged" in the CDC report of the company.

9. LONG TERM DEPOSITS	Note	30 September 2020 (Un-audited)	30 June 2020 (Audited)
		(Rupees)	
Pakistan Stock Exchange Limited	9.1	12,200,000	12,200,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,625,000	1,625,000
Pakistan Mercantile Exchange	9.2	1,250,000	1,250,000
Security deposit against office premises		1,393,523	1,393,523
Security deposit against PSO card		120,000	120,000
		<u>16,713,523</u>	<u>16,713,523</u>

9.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against BMC requirement.

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	30 September 2020 (Un-audited)	30 June 2020 (Audited)
		(Rupees)	
Listed shares	10.1	4,009,645	4,493,995

10.1 Listed shares

30 September 2020 (Un-audited)	30 June 2020 (Audited)	Name of investee (Number of shares)	30 September 2020		30 June 2020	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
-	5,000	Habib Bank Limited*	-	-	636,313	484,350
		Unrealised gain on re-measurement of investment classified as fair value through profit and loss account			(151,963)	
			<u>-</u>	<u>-</u>	<u>484,350</u>	<u>484,350</u>

10.2 Term Finance Certificates

30 September 2019 (Un-audited)	30 June 2020 (Audited)	Name of investee (Number of certificates)	30 September 2020		30 June 2020	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
802	802	Soneri Bank Limited	4,009,645	4,009,645	4,009,645	4,009,645

10.2.1 Significant terms and conditions of the Term Finance Certificates outstanding at the quarter end are as follows:

Name of Security	Face Value	Unredeemed face value	Markup rate (per annum)	Maturity	Rating	
					Long term	Short term
Soneri Bank Limited - III	4,000,000	4,000,000	6 Months KIBOR	Perpetual	AA-	A1+

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%.

	Note	2020 (Un-audited) ----- (Rupees)	2020 (Audited) ----- (Rupees)
12. TRADE DEBTS - considered good			
<i>Receivable from clients on account of:</i>			
- Purchase of shares on behalf of clients	12.1	229,174,281	94,654,272
- Brokerage commission			
- Equity Shares		11,850,017	10,947,818
- Money market and forex		3,227,216	2,088,345
- Consultancy fee		18,667,535	8,266,816
- Provision for doubtful debts		(14,456,079)	(11,477,432)
		<u>248,462,970</u>	<u>104,479,819</u>
Receivable from National Clearing Company of Pakistan Limited		-	3,325,347
		<u>248,462,970</u>	<u>107,805,166</u>
Provision for doubtful debts			
Opening balance		11,477,432	12,540,829
Additional impairment during the period under IFRS 9		2,978,647	-
(Reversal)/Impairment during the period - net		-	(1,063,397)
Closing balance		<u>14,456,079</u>	<u>11,477,432</u>

- 12.1 This includes trade debts of Rs. "Nil" (30 June 2020: Rs. "Nil") receivable from related parties.

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	12.2	163,733,717	1,920,635,823
More than five days	12.2	65,440,564	1,979,860,263
		<u>229,174,281</u>	<u>3,900,496,086</u>

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

	Note	30 September 2020 (Un-audited) ----- (Rupees)	30 June 2020 (Audited) ----- (Rupees)
13. DEPOSITS AND PREPAYMENTS			
Receivable from NCCPL		-	-
Deposit of exposure margin	13.1	143,238,730	302,086,059
Deposit against Marginal Trading Services	13.2	12,408,746	10,339,530
Security deposits	13.3	347,250	347,250
Mobilization advance		4,162,010	3,071,023
Prepaid expenses		2,871,969	2,888,067
Sales tax receivables		908,886	499,382
Markup receivable against bank deposits		-	-
		<u>163,937,591</u>	<u>319,231,311</u>

- 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. These deposits carry profit at rates ranging from 5.61% to 10.74% (30 June 2010: 5.61% to 10.74%) per annum.

- 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 5.61% to 10.74% (30 June 2020: 5.61% to 10.74%) per annum.

- 13.3 This includes security deposit against leased asset.

	Note	30 September 2020 (Un-audited)	30 June 2020 (Audited)
14. ADVANCES AND OTHER RECEIVABLES			
<i>Considered good</i>			
Advance against salary - secured		246,607	75,107
Other receivables and advances - unsecured		1,485,539	4,519,707
		<u>1,732,146</u>	<u>4,594,814</u>
15. CASH AND BANK BALANCES			
Balances with banks:	15.1		
Saving accounts - profit and loss account		194,099,513	135,146,837
Current accounts - Conventional		1,936,339	31,634,064
Current accounts - Shariah Compliant		42,633,925	1,906,262
		238,669,777	168,687,163
Cash in hand		41,285	31,125
		<u>238,711,062</u>	<u>168,718,288</u>
15.1 This includes Rs. 190,540 million (30 June 2020: Rs. 136.126) million kept in designated bank accounts maintained on behalf of clients. Profit rate on saving accounts ranges from 6.61% to 11.74% per annum (30 June 2020: 6.61% to 11.74% per annum).			
16. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
16.1 Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each fully paid in cash		450,000,000	450,000,000
		<u>450,000,000</u>	<u>450,000,000</u>
16.2 Pattern of shareholding			
Categories of Shareholders		Number of shares held	% of shares held
Companies			
- MCB Bank Limited - Treasury		4,360,500	9.69%
- Maple Leaf Cement Factory Limited		3,375,000	7.50%
- Abbas Corporation (Pvt.) Limited		500,000	1.11%
- Middle East North Africa Financial Investment W.L.L.		1,080,000	2.40%
Individuals			
- Mr. Muhammad Najam Ali		12,368,250	27.49%
- Mr. Arif Habib		2,884,000	6.41%
- Mr. Srosh Tahir		4,325,000	9.61%
- Mr. Muhammad Ahmad Khan Malik		1,834,500	4.08%
- Mr. Adnan Afridi		4,499,500	9.99%
- Other Individuals		9,773,250	21.72%
		<u>45,000,000</u>	<u>100.00%</u>

	<i>Note</i>	30 September 2020 (Un-audited)	30 June 2020 (Audited)
17. TRADE AND OTHER PAYABLES		(Rupees)	
Trade creditors	17.1	183,955,960	172,651,473
Payable to National Clearing Company of Pakistan Limited		-	-
Accrued commission to traders	17.2	11,060,576	1,849,820
Accrued salaries and other expenses		7,845,747	4,960,689
Auditor's remuneration		570,000	570,000
Tax deducted at source		6,224,062	1,337,291
Commission payable	17.3	78,252	78,252
Accrued expenses		-	530,950
Markup payable		4,056,950	470,544
Other payables		542,648	1,482,995
		214,334,195	183,932,014
17.1 This includes trade payable of Rs. 3.074 (30 June 2020: Rs. 13.477) million to related parties.			
17.2 This includes commission payable of Rs. 6.349 (30 June 2020: Rs. 0.395) million to related parties.			
17.3 This represents commission payable to a foreign brokerage house.			
18. CONTINGENCIES AND COMMITMENTS			
18.1 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 Sindh Revenue Board 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 Honourable High Court of Sindh ("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 Honourable High Court of Sindh ("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, wherefrom 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 accordingly. The Company is confident of a favourable outcome against all orders passed by SRB, therefore, no provision has been made in this regard.			
18.1.2 The Sindh Revenue Board issued notice to the Company in respect of short payment of sales tax for the tax periods from July 2011 to June 2018 amounting to Rs. 22.382 million. The Company provided all the relevant details and explanation to the SRB and also paid tax amounting to Rs. 6.509 million along with penalty and default surcharge amounting to Rs.0.375 million under the amnesty scheme provided through notification no. SRB-3-4/1/2018 dated May 18, 2018.			
After the compliance and payment no further notice has been received.			
18.1.3 During the previous year, 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 reditition of accounts and permanent injunction from the Company. The hearing of the case is pending before the High Court. 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.			
18.2 Commitments			
For sale of quoted securities under future contracts against counter commitments		246,567,170	22,117,820
For purchase of quoted securities under future contracts against counter commitments		189,868,905	91,276,940

		Quarter ended 30 September	
		2020	2019
		(Rupees)	
19. OPERATING REVENUE	<i>Note</i>		
Brokerage income	19.1 & 19.2	68,681,199	25,653,637
Advisory / consultancy fee		19,904,116	500,000
		<u>88,585,315</u>	<u>26,153,637</u>
19.1	This includes brokerage earned from related parties amounting to Rs. 0.137 (30 September 2019: Rs.0.405) million.		
19.2	This includes Rs. 25.449 (30 September 2019: Rs. 8.376) million brokerage income earned from institutional clients, Rs. 43.232 (30 September 2019: Rs. 16.608) million brokerage income earned from retail clients and Rs. "Nil" (30 September 2018: Rs. "Nil") brokerage income earned on proprietary trades.		
20. OPERATING EXPENSES		(Rupees)	
Salaries, wages and other benefits		15,444,207	10,650,051
Consultancy fee	21.1	-	1,426,094
Commission and referral fee	21.2	16,903,555	5,423,908
Service and transaction charges		4,120,663	3,048,867
Fees and subscription		2,173,816	2,254,431
		<u>38,642,241</u>	<u>22,803,351</u>
20.1	This includes consultancy fee to the directors of the Company amounting to Rs. "Nil" (30 September 2019: Rs. "Nil") million.		
20.2	This includes commission to the directors of the Company amounting to Rs. 8.350 (30 September 2019: Rs. 2.382) million.		
21. ADMINISTRATIVE EXPENSES		(Rupees)	
Salaries, wages and other benefits		11,650,893	8,367,897
Telephone and communication charges		935,573	1,018,714
Rent expense		-	2,221,200
Utility charges		497,991	608,459
Vehicle running expenses		648,262	614,587
Depreciation on right of use assets		1,621,697	-
Depreciation		3,365,536	3,412,618
Amortisation		17,917	94,584
Legal and professional charges		564,500	231,275
Insurance		466,209	488,221
Printing, stationery and postage charges		179,363	252,268
Office supplies		127,145	149,878
Office repair and maintenance		521,074	199,105
Fees and subscription		445,239	528,817
Travelling and entertainment charges		107,653	1,051,375
Generator Fuel		167,244	11,577
Advertisement expenses		57,200	-
Security expense		525,629	640,715
Miscellaneous expenses		347,926	347,567
		<u>22,247,051</u>	<u>20,238,857</u>
22. Financial charges		(Rupees)	
Bank charges		191,534	3,392,937
Interest on lease liabilities		1,574,838	-
Mark up expense		4,056,950	-
		<u>5,823,322</u>	<u>3,392,937</u>
23. OTHER INCOME		(Rupees)	
Mark-up / interest on:			
- Bank balances (under mark-up arrangements)		3,361,153	4,902,607
- Investment in Marginal Financing System		86,256	748,632
- Investment in Marginal Trading System		-	1,084,335
- Return on Government securities		-	180,214
- Exposure margin		1,522,505	8,350,570
		<u>4,969,914</u>	<u>15,266,358</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

	Quarter ended	
	30 September 2020	30 September 2019
Profit / (loss) for the period	<u>16,857,903</u>	<u>(7,980,696)</u>
Weighted average number of ordinary shares in issue during the period	<u>45,000,000</u>	<u>45,000,000</u>
Earnings per share basic & diluted	<u>0.37</u>	<u>(0.18)</u>

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 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	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	----- (Rupees) -----					
Managerial remuneration	5,407,500	2,500,000	-	-	6,296,167	6,392,560
House rent allowance	1,200,000	1,000,000	-	-	2,518,467	2,557,024
Medical	300,000	250,000	-	-	629,617	639,256
Commission	-	-	8,350,374	2,381,586	2,251,455	804,834
Consultancy fee	-	-	-	-	-	-
Directors' fees	-	-	-	-	-	-
	6,907,500	3,750,000	8,350,374	2,381,586	11,695,706	10,393,674
Number of persons	1	1	2	2	12	12

26.2 The Company provides 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. 8.350 million (30 September 2019: Rs. 2.381 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).

28. Operating Segments

These condensed interim financial statements have been prepared on the basis of 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.

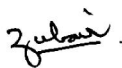
There were no change in the reportable segment during the period.

29. Date of authorisation for issue

These financial statements have been authorised for issue on **29 October 2020** by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer



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