

DIRECTORS' REPORT

Economic Review

Pakistan's overall macroeconomic performance during the period under review had been progressing favorably with significant improvements in, external account and fiscal performance of the country, and downtrend in inflation. Foreign exchange reserves crossed USD18.9 billion during the period under review but closed at around USD17 billion (2.9 months of import cover with SBP) and current account deficit shrinking by 73% to USD2.8 billion (1.3% of GDP). However, with the expansion of the COVID-19 pandemic outbreak to global levels resulting in mass lockdowns across the globe including Pakistan, global growth has now been forecasted to falter to around -3%, by the IMF. Slowdown in global demand had its impact on exports of Pakistan, which declined by 11% in March 2020. On the other hand lower domestic demand and significant drop in international commodities prices particularly Brent crude oil that plummeted to USD17/bbl during March 2020 from a high of USD69/bbl during 2020, resulted in imports to drop by 19% during the month.

Foreign investors invested USD3.4 billion in domestic treasuries during the period under review, to benefit from high interest rates spreads and exchange rate stability. However, in anticipation of significant cuts in Pakistan's interest rates in harmony with the global trends and exchange rate volatility, these investors withdrew USD2.1 billion during the period under review out of which USD1.7 billion were withdrawn only in March 2020. Exchange rate during the period under review remained fairly stable, after initial appreciation with foreign inflows in T-Bill during July 2020. It succumbed to the pressures of abrupt withdrawals of foreign investors due to speedy interest rate cuts by the central bank from March 2020. PKR depreciated by 4% against the USD during the period under review while it lost ground against the greenback by 8% during March 2020 only. The exchange rate however, recovered 4% subsequent to the period under review with additional financings by the IMF and other agencies in the wake of the COVID-19 pandemic.

Inflation on the other hand continues on a downward trajectory where National CPI for the month of March 2020 was reported at 10.24% and is expected to drop to single-digit for the next couple of months where average for FY20 is expected to fall near the lower end of the SBP forecasted range of 11-12% while it averaged 11.5% for the period under review. Considering the inflationary outlook going forward and to stimulate the economic activities during and after the lockdown, the Central Bank came up with several measures. SBP in its regular MPC meeting in March 2020 and two emergent meetings, one in March 2020 and another in April 2020, reduced the policy rate by 425 basis points taking it to 9% from 13.25%. This is in addition to several other measures to reduce negative impacts of the pandemic by incentivizing long term investments, providing subsidized loans for payrolls and deferment of debt obligations for both interest and principle. Federal Government also announced a package amounting to around PKR1.2 trillion that include direct subsidies, deferment of utility bills, waiver of taxes on food items and a separate long-awaited construction package.

Stock Market Review

Volatility was witnessed at the bourse throughout 9MFY20 where the index touched a low of 27,228 in points August 2019, as a result of weak investor's sentiments on the back of negative news flow and rising inflation. However, during the period the index made a high of 43,556 points where attractive valuations, long term growth prospects and improving external account position was at the forefront. However, the outbreak of COVID-19 and subsequent lockdowns imposed in Pakistan towards the end of 3QFY20 negatively impacted the market and the KSE100 closed the period under review at 29,231 points. Relief measures announced by the government and SBP along with significant cut in interest rates boosted investors' confidence. Average daily turnover during the period under review was 193 million shares and the average daily value traded stood at USD46 million. Foreigners, during the period under review offloaded stocks worth USD130 million whereas Mutual Funds emerged as the major sellers during the period under review.

Future Outlook

While Pakistan was heading on the path of recovery during the period under review, negative impacts of the pandemic started haunting the growth and investment outlook of the country towards the later part of the period under review. A blessing came with the tumbling of the international crude oil prices and as per the State Bank of Pakistan, positive impact of lower oil prices on import bill and a slowdown in non-oil imports, are expected to out-weigh the negative impacts of lower exports and expected reduction in remittances from overseas Pakistanis due to the global recession. Additionally, Rapid Financing Instrument of the IMF amounting to USD1.4 billion and additional financings by the World Bank and ADB totaling to over USD2 billion in the wake of the COVID-19 pandemic, would greatly help the state in maintaining a healthy external account going forward. While the growth outlook of the country has significantly been reduced, where Pakistan is expected to record its first ever recession, the following year is expected to witness a sharp recovery as IMF expects GDP of Pakistan to drop by 1.5% in FY20 followed by a growth of 2% in FY21. The Board is of the opinion that the measures taken by the government and the SBP in order to provide an impetus to the economic activity particularly after the lifting of the lockdown, which however is dependent on the spread of the virus across the country, will have long lasting impacts. With uncertain times and extent of the economic impacts of the pandemic along with the upcoming budget, investors are likely to remain cautious in the market while selective buying of high value and defensive dividend yielding stocks to continue. However, after the pandemic subsides, attractive valuations would come into play in the medium to long term with long term fundamentals of the country still intact.

DIRECTORS' REPORT

Performance Overview:

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

	2020	2019
	RUPEES	
Accumulated Gain / (Loss) as at July 01	(9,131,865)	(5,284,285)
Profit / (Loss) after tax for the period	28,477,721	13,233,320
Accumulated Gain / (Loss) as at March 31	19,345,855	7,949,035
Earnings Per Share Rupees	0.63	0.29

Your Company managed to earn pre-tax profit of PKR44.07 million during the period under review compared to PKR22.93 million during the same period last year. The growth is attributable to 16.79% growth in operating revenues and 82.91% growth in other income compared to the same period last year. Within operating revenues, rise in equity prices and volumes in addition to implementation of the minimum brokerage by the regulator resulted in 23.58% rise in equity brokerage income during the period under review compared to same period last year. Advisory and consultancy income almost remain the same period last year but no deal materialized during the quarter due to dried deals flow on account of COVID-19. An 8.43% rise in operating and administrative expenses is mainly attributable to revenue related variable expenses. Adoption of IFRS-16 caused major changes in financial presentation.

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

For and on behalf of the Board of Directors


April 27, 2020

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

Next Capital Limited
Condensed Interim Statement of Financial Position
As at 31 March 2020

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
		(Rupees)	(Rupees)
ASSETS			
Non current assets			
Property and equipment	5	93,222,851	61,848,864
Intangible assets	6	3,660,831	3,873,747
Investment in shares of Pakistan Stock Exchange Limited	7	8,541,433	14,055,522
Long term deposits	8	16,611,753	4,411,279
Deferred tax asset		7,882,431	5,970,357
		129,919,299	90,159,769
Current assets			
Short term investments - Fair value through profit or loss	9	4,000,000	34,750,500
Investment in Marginal Financing System	10	6,431,767	21,864,752
Trade debts	11	98,314,368	130,746,852
Deposits and prepayments	12	99,254,758	240,384,133
Advances and other receivables	13	2,466,732	3,458,330
Income tax refundable		51,511,472	59,556,152
Cash and bank balances	14	276,913,686	245,002,260
		538,892,783	735,762,979
Total assets		668,812,082	825,922,748
EQUITY AND LIABILITIES			
Share capital and reserves			
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	15	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Unrealized gain on remeasurement of available for sale investments		(2,270,508)	3,243,582
Revenue Reserve		19,345,855	(8,188,270)
Unappropriated profit / (accumulated losses)		417,075,348	395,055,312
Non-Current liabilities		26,365,180	-
Lease Liabilities			
Current liabilities		3,055,446	5,117,003
Unclaimed dividend		9,688,572	-
Current portion of lease liabilities	16	-	199,986,969
Short term borrowing - secured	17	212,627,536	225,096,797
Trade and other payables		-	666,667
Contract Liabilities		225,371,554	430,867,436
Contingencies and commitments	18		
Total equity and liabilities		668,812,082	825,922,748

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


Chief Executive


Director


Chief Financial Officer

Next Capital Limited
Condensed Interim Profit or Loss Account (Un-audited)
For the nine months period ended 31 March 2020

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2020	2019 Restated	2020	2019 Restated
		(Rupees)			
Operating revenue	19	164,618,262	140,953,322	48,966,885	43,169,044
(Loss)/Gain on sale of investments		(523,755)	3,364,860	(67,161)	3,528,067
Unrealised loss on remeasurement of investments - Fair value through profit or loss		-	-	-	3,708,000
Operating expenses	20	(89,406,175)	(78,708,249)	(29,919,316)	(27,682,351)
Administrative expenses	21	(63,655,317)	(62,447,623)	(21,507,597)	(18,765,641)
Provision for Impairment on trade debts		(1,214,061)	-	-	-
Finance cost		(9,368,090)	(4,088,870)	(457,057)	(153,322)
		450,864	(926,560)	(2,984,246)	3,803,797
Other income	22	43,623,152	23,849,618	12,735,198	8,924,285
Profit before taxation		44,074,016	22,923,058	9,750,952	12,728,082
Taxation	23				
- Current		(21,121,039)	(8,904,492)	(4,377,524)	(4,877,112)
- Prior		3,998,084	(1,269,938)	-	-
- Deferred		1,526,660	484,692	(162,535)	(238,329)
		(15,596,295)	(9,689,738)	(4,540,059)	(5,115,441)
Profit after taxation		28,477,721	13,233,320	5,210,893	7,612,641
Earnings per share - basic and diluted	24	0.63	0.29	0.12	0.17

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



Chief Executive



Director



Chief Financial Officer

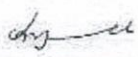
Next Capital Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the nine months period ended 31 March 2020

	Nine months ended 31 March		Quarter ended 31 March	
	2020	2019	2020	2019
	----- (Rupees) -----			
Profit after taxation for the period	28,477,721	13,233,320	5,210,893	7,612,641
Other comprehensive income:				
<i>Items that may be reclassified to profit and loss account</i>				
Unrealized gain/(loss) on remeasurement of investment carried at FVTOCI	(2,270,507)	1,207,902	2,362,028	-
	(2,270,507)	1,207,902	2,362,028	-
Total comprehensive income for the period	26,207,214	14,441,222	7,572,921	7,612,641

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


Chief Executive



Director


Chief Financial Officer

Next Capital Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended 31 March 2020

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unrealized gain / (loss) on remeasurement of investments (Rupees)	Revenue Reserve Unappropriated profit / (accumulated losses)	Total
Balance as at 01 July 2018, as previously reported	450,000,000	(50,000,000)	15,628,792	(5,284,285)	410,344,507
Adjustment on initial application of IFRS 9 - net of tax	-	-	-	532,682	532,682
Balance as at 1 July 2018 - restated	450,000,000	(50,000,000)	15,628,792	(4,751,603)	410,877,189
Total comprehensive income for the period					
Net Profit for the period - restated	-	-	-	13,233,320	13,233,320
Unrealized loss on remeasurement of investment carried at FVTOCI	-	-	(9,906,241)	-	(9,906,241)
Other Comprehensive Income	-	-	-	-	-
	-	-	(9,906,241)	13,233,320	3,327,079
Balance as at 31 December 2018	450,000,000	(50,000,000)	5,722,551	7,949,035	413,671,586
Balance as at 01 July 2019 (As reported previously)	450,000,000	(50,000,000)	3,243,582	(8,188,270)	395,055,312
Adjustment due to initial application of IFRS 16	-	-	-	(943,595)	(943,595)
Balance as at 1 July 2019 (Adjusted)	450,000,000	(50,000,000)	3,243,582	(9,131,865)	394,111,717
Total comprehensive income for the period					
Profit for the period	-	-	-	28,477,721	28,477,721
Unrealised loss on remeasurement of investment carried at FVTOCI	-	-	(5,514,090)	-	(5,514,090)
	-	-	(5,514,090)	28,477,721	22,963,631
Balance as at 31 March 2019	450,000,000	(50,000,000)	(2,270,508)	19,345,855	417,075,348

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


Chief Executive



Director


Chief Financial Officer


Next Capital Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended 31 March 2020

	Note	Six months ended	
		31 March 2020	31 March 2019 Restated
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		44,074,016	22,923,058
Adjustments for:			
Depreciation	5.1	13,565,072	5,778,634
Amortisation	6.3	262,916	300,416
Lease liabilities		36,053,752	-
Right-of-use asset		(39,411,343)	-
Loss on sale of investments		523,755	(3,364,860)
Markup on bank balances		(17,017,991)	(9,311,082)
Markup on investment in Margin Financing System	22	(2,449,539)	(3,628,140)
Markup on investment in Margin Trading System	22	(1,226,611)	-
Markup on investment in T-Bill	22	(3,108,800)	-
Profit on exposure margin	22	(19,418,313)	(9,502,612)
Provision for Impairment on trade debts		1,214,061	-
Impact on opening equity for IFRS 16		(1,329,008)	-
Unwinding of security deposits		(100,474)	-
Finance cost		9,368,090	4,088,870
		(23,074,432)	(15,638,774)
Cash flows before working capital changes		20,999,584	7,284,284
Working capital changes			
(Increase) / decrease in current assets			
Trade debts		32,432,484	38,783,392
Deposits and prepayments		141,129,375	167,122,367
Advances and other receivables		991,598	(885,821)
		174,553,457	205,019,938
Increase / (decrease) in current liabilities			
Trade and other payables		(12,469,261)	(106,148,341)
Short term loans - unsecured		(199,986,969)	(41,256,011)
Contract Liabilities		(666,667)	-
		(213,122,897)	(147,404,352)
Cash generated from operations		(17,569,856)	64,899,870
Finance cost paid		(9,682,111)	(4,088,870)
Taxes paid		(7,428,308)	(18,603,689)
Net cash generated from operating activities		(34,680,275)	42,207,311
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment	5.1	(5,527,716)	(55,313,469)
Payment for software purchase		(50,000)	-
Payment against investment in Marginal Financing System		(71,943,907)	(205,962,566)
Receipts against investment in Marginal Financing System		84,927,356	243,718,409
Investment in Marginal Trading System		-	(56,810,469)
Receipts from sales of PSX Shares		-	9,522,102
Short term investments made during the period		(4,523,755)	-
Short term investments disposed off during the period		34,750,500	8,094,500
Markup received on bank deposits		17,017,991	9,311,082
Markup received on exposure margins		19,418,313	9,502,612
Markup received on investment in Marginal Financing System		2,449,539	3,628,140
Long term deposits		-	4,466,200
Markup on investment in Margin Trading System		1,226,611	-
Markup on investment in T-Bill		3,108,800	-
(Payments for) / receipts from long term deposits		(12,200,474)	-
Net cash generated from / (used in) investing activities		68,653,258	(29,843,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contract liabilities		-	1,166,667
Short term loans received		-	880,679
Short term loans repaid		-	(19,834,421)
Dividend paid		(2,061,557)	(47,100)
Net cash used in financing activities		(2,061,557)	(17,834,175)
Net decrease in cash and cash equivalents		31,911,426	(5,470,323)
Cash and cash equivalents at beginning of the period		245,002,260	126,983,853
Cash and cash equivalents at end of the period		276,913,686	121,513,530
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		276,913,686	121,513,530
Short term borrowing - secured		-	-
		276,913,686	121,513,530

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


Chief Executive


Director


Chief Financial Officer

Next Capital Limited

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

For the nine months period ended 31 March 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 the Companies Act, 2017 (previously Companies Ordinance, 1984). The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of 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 stock 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, 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 reporting comprise of:

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

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

2.1.2 These condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2019.

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 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended 31 March 2019.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2019 except for the adoption of new standard effective as of 1 July 2019 as referred to in note 3.2 to these condensed interim financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has initially adopted IFRS 16 'leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.2.1 below:

3.2.1 IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' from July 01, 2019. IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments.

A) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 'Determining whether an Arrangement contains a Lease'. Under IFRS 16, the Company determines whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

B) As a lessee

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet. The Company has elected to apply the IFRS 16 requirements on the rented properties only. Low value assets, if there any, are and shall remain excluded from its application. The Company shall recognize the lease payments associated with any low value assets as an expense on a straight-line basis over the lease term.

i) Significant accounting policies

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

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

3.3.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

3.4 IFRS 9 "Financial instruments"

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Company's condensed interim financial statements. However, pursuant to SECP press release dated February 15, 2019, IFRS 9 adoption was deferred till the financial year / period ended on June 30, 2019 with a retrospect impact on retained earning as on July 01, 2018. Summary of change is presented below:

	(Un-audited)		
	9 months period ended 31 March 2020		
	Before application of IFRS-9	Impact of IFRS-9	After application of IFRS-9
	----- (Rupees in '000) -----		
Class of transaction			
Impairment loss on trade debts	-	-	1,136,411

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, 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 2019, except for those related to IFRS 16 as explained in note 3.2.1

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 2019.

5. PROPERTY AND EQUIPMENT	Note	31 March 2020 (Unaudited)	30 June 2019 (Audited)
		----- (Rupees) -----	
Operating fixed assets	5.1	93,222,851	61,848,864
		<u>93,222,851</u>	<u>61,848,864</u>

5.1 Operating fixed assets

Note

31 March 2020 (Unaudited)	30 June 2019 (Audited)
----- (Rupees) -----	

Opening written down value	61,848,864	14,376,109
Additions during the period / year - at cost		
- Lease hold improvement	-	36,329,939
- Furniture and fixtures	1,100,361	16,619,364
- Vehicles - owned / leased	3,959,000	-
- Computers and related accessories	468,355	8,463,533
- Right-of-use asset	39,411,343	-
	44,939,059	61,412,836
Written down value of deletions during the period / year	-	(4,838,883)
Depreciation for the period / year	(13,565,072)	(9,101,198)
	(13,565,072)	(13,940,081)
Closing written down value	93,222,851	61,848,864

6. INTANGIBLE ASSETS

Pakistan Mercantile Exchange - Membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	6.1 & 6.2	2,500,000	2,500,000
Software	6.3	210,831	423,747
		3,660,831	3,873,747

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

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

6.2 Movement in Trading Right Entitlement Certificate (TREC)

31 March 2020 (Unaudited)	30 June 2019 (Audited)
----- (Rupees) -----	

Opening carrying value	2,500,000	2,500,000
Impairment recognised during the period / year	-	-
Closing carrying value	2,500,000	2,500,000

6.3 Particulars - software*Net carrying value basis*

Opening net book value	423,747	818,746
Additions during the period / year	50,000	-
Amortisation charged during the period / year	(262,916)	(394,999)
Closing net book value	210,831	423,747

Gross carrying value

Cost	5,153,660	5,103,660
Accumulated amortisation	(4,942,829)	(4,679,913)
Net book value	210,831	423,747

Amortisation rate	33%	33%
-------------------	-----	-----

7. INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED

31 March 2020 (Un-audited) (Number of Shares)	30 June 2019 (Audited)		31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) ----- (Rupees) -----
1,081,194	1,602,953	Pakistan Stock Exchange Limited	10,811,940	16,029,530
-	(521,759)		-	(5,217,590)
<u>1,081,194</u>	<u>1,081,194</u>		<u>10,811,940</u>	<u>10,811,940</u>
Market value basis				
Book value as of 31 March 2020			10,811,940	10,811,940
Unrealized gain as of 31 March 2020			(2,270,507)	3,243,582
Market value as of 31 March 2020			<u>8,541,433</u>	<u>14,055,522</u>

- 7.1 These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. At 31 March 2020, the outstanding shares are classified as "Freeze" in the CDC report of the Company.

8. LONG TERM DEPOSITS

	Note	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) ----- (Rupees) -----
Pakistan Stock Exchange Limited	8.1	12,200,000	-
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,625,000	1,725,000
Pakistan Mercantile Exchange	8.2	1,250,000	1,250,000
Security deposit against office premises		1,291,753	1,191,279
Security deposit against PSO card		120,000	120,000
		<u>16,611,753</u>	<u>4,411,279</u>

- 8.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against BMC requirement. During the current period, the Company deposited Rs. 12.2 (30 June 2019: Rs. NIL) million for the requirement of BMC.

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

9. SHORT TERM INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS

	Note	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) ----- (Rupees) -----
Listed securities	9.1	-	30,750,500
Term Finance Certificates	9.2	4,000,000	4,000,000
		<u>4,000,000</u>	<u>34,750,500</u>

9.1 Listed securities

31 March 2020 (Un-audited) (Number of shares / certificates)	30 June 2019 (Audited)	Name of investee	31 March 2020		30 June 2019	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Rupees)
-	500,000	Lucky Cement	-	-	17,877,215	19,023,500
-	200,000	Maple Leaf Cement Factory Limited	-	-	5,102,512	4,778,000
-	100,000	Sui Northern Gas Pipeline Limited	-	-	6,641,029	6,949,000
-	800,000		-	-	29,620,756	30,750,500
Unrealised loss on re-measurement of investment - Fair value through profit or loss			-	-	1,129,744	-
Market value			-	-	30,750,500	-

9.2 Term Finance Certificates

31 March 2020 (Un-audited) (Number of certificates)	30 June 2019 (Audited)	Name of investee	31 March 2020		30 June 2019	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Rupees)
800	800	Soneri Bank Limited	4,000,000	4,000,000	4,000,000	4,000,000

9.2.1 Significant terms and conditions of the Term Finance Certificates outstanding at the period 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 month KIBOR + 2%	Perpetual	AA-	A1+

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 March 2020 (Un-audited)	30 June 2019 (Audited)
		(Rupees)	
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	11.2	88,522,139	123,971,107
- Brokerage commission			
- Equity shares	11.2	13,378,798	8,842,141
- Money market and forex		1,886,504	384,597
- Consultancy fee		8,281,817	10,089,836
Provision for doubtful debts	11.1	(13,754,890)	(12,540,829)
		98,314,368	130,746,852
Receivable from NCCPL		-	-
		98,314,368	130,746,852

11.1	Provision for doubtful debts	Note	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) -----
	Opening balance		12,540,829	2,094,639
	Additional impairment on initial application of IFRS 9		-	1,781,765
			<u>12,540,829</u>	<u>3,876,404</u>
	Impairment during the period - net		1,214,061	8,664,425
	Closing balance		<u>13,754,890</u>	<u>12,540,829</u>

11.2 Aging analysis

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

		Amount ----- (Rupees) -----	Custody value -----
Upto five days	11.2.1	46,720,716	3,218,129,861
More than five days	11.2.1	41,801,423	43,588,007
		<u>88,522,139</u>	<u>3,261,717,868</u>

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

12. DEPOSITS AND PREPAYMENTS

	Note	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) -----
Deposit of exposure margin	12.1	57,688,505	223,264,250
Deposit against Marginal Trading Services	12.2	35,000,840	8,893,398
Security deposits	12.3	347,250	1,128,679
Mobilization advance	12.4	3,071,023	1,787,391
Prepaid expenses		86,536	2,976,929
Sales tax receivables		810,323	366,827
Markup receivable against bank deposits		2,250,281	1,966,659
		<u>99,254,758</u>	<u>240,384,133</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 7:00% to 10% (30 June 2019: 3.50% to 9.35%).

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 7:00% to 10:00% (30 June 2019: 3.50% to 9.35%).

12.3 This includes security deposit against leased asset.

12.4 This amount is paid to supplier against renovation of office premises.

13. ADVANCES AND OTHER RECEIVABLES

	Note	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) -----
Considered good			
Advance against salary - secured		181,525	215,027
Other receivables and advances - unsecured		2,285,207	3,243,303
		<u>2,466,732</u>	<u>3,458,330</u>

14. CASH AND BANK BALANCES

Balances with banks:			
Saving accounts - profit or loss account	14.1	208,678,965	198,273,222
Current accounts - Conventional		67,443,442	36,475,310
Current accounts - Shariah Compliant		746,404	10,215,968
	14.2	<u>276,868,811</u>	<u>244,964,500</u>
Cash in hand		44,875	37,760
		<u>276,913,686</u>	<u>245,002,260</u>

- 14.1** Profit rate on saving accounts ranges from 7:00% to 11:00% per annum (30 June 2019: 3.75% to 4.60% per annum).
- 14.2** This include Rs. 206.431 (30 June 2019: Rs. 204.004) million kept in designated bank accounts maintained on behalf of clients.

15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	<i>Note</i>	31 March 2020 (Un-audited) ----- (Rupees) -----	30 June 2019 (Audited) -----
15.1 Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each fully paid in cash		450,000,000	450,000,000
17. TRADE AND OTHER PAYABLES			
Trade creditors	17.1	197,240,780	197,364,754
Payable to National Clearing Company of Pakistan Limited		-	8,307,611
Accrued commission to traders	17.2	5,241,120	1,333,897
Accrued salaries and other expenses		2,575,566	2,008,969
Auditor's remuneration		435,000	900,000
Tax deducted at source		4,468,050	1,601,691
Commission payable	17.3	78,251	8,424,968
Markup payable		281,479	1,940,496
Other payables		2,307,290	3,214,411
		212,627,536	225,096,797

- 17.1** This includes trade payable of Rs. 13.548 (30 June 2019: Rs. 2.834) million payable to related parties.
- 17.2** This includes commission payable of Rs. 2.519 (30 June 2019: Rs. 0.537) million to related parties.
- 17.3** This represents commission payable to a foreign brokerage house.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

- 18.1.1** 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 Court via its order dated 28 August 2015 disposed off the said petition and directed the Company to pursue the appeal before the SRB-Tribunal.

The management is of the view that such services were not taxable under the Sindh Sales Tax Act, 2011 and the Company was duly paying Sindh Sales Tax on brokerage services and filing Sindh Sales Tax accordingly. The Company is confident of a favourable outcome of the same, therefore, no provision has been made in this regard. For income tax contingencies, refer note 23.

- 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-3-4/11/2018 dated May 18, 2018.

After the compliance and payment, no further notice has been received.

- 18.1.3** The Sindh Revenue Board has issued show cause notice in respect of short declaration of revenue on which short paid sale tax amounting to Rs. 790,501 was computed in the tax period from July 2012 to June 2013. All the relevant details along with explanation have been submitted to the department. However, no further notice has been received from SRB.
- 18.1.4** The Sindh Revenue Board has issued an order in respect of short declaration of revenue on which short paid sale tax amounting to Rs. 6,370,818 was computed in the tax period from July 2013 to June 2014. All the relevant details along with explanation have been submitted to the department. Company has filed an appeal against the impugned order in Sindh High Court and believe the case will be settled in our favor.

18.2 Commitments

	31 March 2020 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees) -----	
For sale of quoted securities under future contracts against counter commitments	<u>392,371,725</u>	<u>13,520,412,425</u>
For purchase of quoted securities under future contracts against counter commitments	<u>285,625,795</u>	<u>13,914,016,050</u>

- 18.2.1** 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 2020.

Note	Nine months ended 31 March		Quarter ended 31 March	
	2020	2019	2020	2019
	----- (Unaudited) -----			
	----- (Rupees) -----			
19. OPERATING REVENUE				
Brokerage income	146,405,581	118,466,713	53,086,019	35,916,019
Advisory / consultancy fee	39,613,055	38,920,658	-	12,865,000
Debt capital market services	-	1,889,883	-	-
	<u>186,018,636</u>	<u>159,277,254</u>	<u>53,086,019</u>	<u>48,781,020</u>
Less: Sales tax on services	<u>21,400,374</u>	<u>18,323,932</u>	<u>4,119,134</u>	<u>5,611,976</u>
	<u>164,618,262</u>	<u>140,953,322</u>	<u>48,966,885</u>	<u>43,169,044</u>

- 19.1** This includes brokerage earned from related parties amounting to Rs. 0.802 (31 March 2019: Rs. 1.195) million.
- 19.2** This includes Rs. 41.960 (31 March 2019: Rs. 38.982) million brokerage income earned from institutional clients, Rs. 82.898 (31 March 2019: Rs. 56.601) million brokerage income earned from retail clients and Rs. "Nil" (31 March 2018: Rs. "Nil") brokerage income earned on proprietary trades.

		Nine months ended 31 March		Quarter ended 31 March	
	Note	2020	2019	2020	2019
		(Unaudited)			
		(Rupees)			
20.	OPERATING EXPENSES				
	Salaries, wages and other benefits	33,683,020	37,095,998	11,318,625	14,126,797
	Consultancy fee 20.1	3,736,141	1,190,992	499,500	-
	Commission and referral fee 20.2	31,332,919	21,402,927	11,315,441	7,451,243
	Sub-underwriting commission	1,589,113	-	-	-
	Service and transaction charges	11,744,922	10,471,327	4,385,657	2,491,503
	Fees and subscription	7,320,060	8,547,005	2,400,093	3,612,808
		89,406,175	78,708,249	29,919,316	27,682,351

20.1 This includes consultancy fee to the directors of the Company amounting to Rs. 0.500 (31 March 2019: Rs. 0.760) million.

20.2 This includes commission to the directors of the Company amounting to Rs.16.856 (31 March 2019: Rs. 15.184) million.

	Nine months ended 31 March		Quarter ended 31 March	
	2020	2019	2020	2019
	(Unaudited)			
	(Rupees)			
21. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	27,558,834	23,957,586	9,260,693	5,164,603
Telephone and communication charges	3,262,621	3,470,448	1,353,452	1,309,257
Rent expense	-	11,055,589	-	3,181,355
Utility charges	1,608,881	1,566,540	400,385	451,432
Vehicle running expenses	1,796,088	1,805,633	647,146	592,708
Depreciation	15,901,292	5,778,634	5,737,326	2,648,242
Amortisation	262,916	300,416	73,750	94,583
Legal and professional charges	945,200	472,698	165,900	111,900
Auditor's remuneration	310,000	199,876	-	16,876
Insurance	1,278,236	1,155,170	310,795	268,026
Printing, stationery and postage charges	857,378	958,292	202,253	351,205
Office supplies	540,289	554,720	165,720	193,816
Office repair and maintenance	943,629	1,619,653	344,706	391,247
Fees and subscription	1,499,289	1,873,350	491,585	862,731
Travelling and entertainment charges	2,808,917	3,648,542	1,134,727	1,494,190
Advertisement expenses	-	123,738	-	51,984
Security expense	2,268,974	2,644,724	808,694	1,178,029
Generator Fuel	80,590	-	34,260	-
Miscellaneous expenses	1,732,183	1,262,014	376,205	403,457
	63,655,317	62,447,623	21,507,597	18,765,641

22. OTHER INCOME

Mark-up / interest on:

- Bank balances (under mark-up arrangements)	17,017,991	9,311,082	6,424,188	3,649,703
- Investment in Marginal Financing System	2,449,539	3,628,140	794,750	965,979
- Investment in Marginal Trading System	1,226,611	235,757	56,661	235,757
- Exposure margin	19,418,313	9,502,612	4,189,001	3,500,021
- Accrued interest on T-Bills	3,108,800	-	1,270,598	-
Gain on sale of assets	-	1,172,027	-	572,825
Miscellaneous income	401,898	-	-	-
	<u>43,623,152</u>	<u>23,849,618</u>	<u>12,735,198</u>	<u>8,924,285</u>

23. TAXATION

23.1 The income tax returns of the Company have been filed up to tax year 2019 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.

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.

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 Company has been 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.

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

24. EARNINGS PER SHARE - BASIC AND DILUTED

	Nine months ended		Quarter ended	
	31 March 2020	31 Marc 2019 Restated	31 March 2020	31 March 2019 Restated
	----- (Un-audited) -----		----- (Rupees) -----	
Profit for the period	<u>28,477,721</u>	<u>13,233,320</u>	<u>5,210,893</u>	<u>7,612,641</u>
	----- (Numbers) -----			
Weighted average number of ordinary shares in issue during the period	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>0.63</u>	<u>0.29</u>	<u>0.12</u>	<u>0.17</u>

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

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

25.1 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:

	Chief Executive		Directors		Executives	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(Rupees)					
Managerial remuneration	8,000,000	6,479,000	-	6,457,106	19,396,046	15,047,658
House rent allowance	3,200,000	2,200,000	-	1,256,444	7,718,418	5,255,063
Medical	800,000	550,000	-	314,111	1,929,605	1,313,766
Commission and consultancy fee	-	-	16,856,432	15,184,975	4,098,710	831,749
	-	-	500,000	760,992	-	-
	<u>12,000,000</u>	<u>9,229,000</u>	<u>17,356,432</u>	<u>23,973,628</u>	<u>33,142,779</u>	<u>22,448,236</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>12</u>	<u>9</u>

- 25.2 The Company provided the CEO and certain executives with Company maintained cars as per their terms of employment.

25.3 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs.17.356 (31 March 2019: Rs. 15.679) million.

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

26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

On balance sheet
financial instruments

31 March 2020 (Un-audited)						
	Carrying value				Fair value	
	Mandatorily at FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2 Level 3
(Rupees)						
Financial assets measured at fair value						
Investment in shares of Pakistan Stock Exchange Limited	-	8,541,433	-	-	8,541,433	
Listed equity securities	-	-	-	-		
Term finance certificates	4,000,000	-	-	-		4,000,000
Market Treasury Bills	-	-	-	-		-
Financial assets not measured at fair value						
Long term deposits	-	-	16,611,753	-		
Trade debts	-	-	98,314,368	-		
Investment in Marginal Financing System	-	-	6,431,767	-		
Deposits and prepayments	-	-	99,254,758	-		
Advances and other receivables	-	-	2,466,732	-		
Cash and bank balances	-	-	276,913,686	-		
	4,000,000	8,541,433	499,993,064	-		
Financial liabilities not measured at fair value						
Lease liabilities	-	-	-	26,365,180		
Unclaimed Dividend	-	-	-	3,055,446		
Trade and other payables	-	-	-	212,627,536		
	-	-	-	242,048,162		

On balance sheet
financial instruments

30 June 2019 (Audited)						
	Carrying value				Fair value	
	Mandatorily at FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2 Level 3
(Rupees)						
Financial assets measured at fair value						
Investment in shares of Pakistan Stock Exchange Limited	-	14,055,522	-	-	14,055,522	
Listed equity securities	30,750,500	-	-	-	30,750,500	
Term finance certificates	4,000,000	-	-	-		4,000,000
Market Treasury Bills	-	-	-	-		
Financial assets not measured at fair value						
Long term deposits	-	-	4,411,279	-		
Trade debts - considered good	-	-	130,746,852	-		
Investment in marginal financing	-	-	21,864,752	-		
Deposits and prepayments	-	-	240,384,133	-		
Advances and other receivables	-	-	3,458,330	-		
Cash and bank balances	-	-	245,002,260	-		
	34,750,500	14,055,522	645,867,606	-		
Financial liabilities not measured at fair value						
Lease liabilities	-	-	-	-		
Unclaimed dividend	-	-	-	5,117,003		
Short term borrowing - secured	-	-	-	199,986,969		
Trade and other payables	-	-	-	225,096,797		
Contract Liabilities	-	-	-	666,667		
	-	-	-	430,867,436		

27. OPERATING SEGMENTS

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

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

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

28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting on 27-April-2020.

Chief Executive

Director

Chief Financial Officer