



QUARTERLY REPORT
SEPTEMBER 2019

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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	Mr. Nadeem ul-Haq Usmani	
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	JCR-VIS Credit Rating Company Limited	
Share Registrar	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahrah-e-Faisal, Karachi	
Registered Office	2 nd Floor, Horizon Tower Dr. Ziauddin Ahmed Road, Karachi	

2. DIRECTORS' REPORT

Economic Review:

The new fiscal year started off on an encouraging note as the long-awaited 39-month USD6bn Extended Fund Facility (EFF) was signed with the IMF in July 2019 and the first tranche of USD1 billion was also received. This deal also unlocks the potential of additional external financings amounting to USD38bn by multilateral agencies and friendly countries during the course of the IMF program. The performance criteria of this IMF program mostly revolve around the fiscal side and structural reforms for achieving long-term, sustainable and all inclusive growth. Key fiscal performance targets include zero incremental borrowings for budgetary support from the central bank and an ambitious tax collection target for bringing the primary budget deficit to 0.6% of GDP from 3.9% during 2018-19. The first performance review by the IMF is scheduled by the end of October 2019. Revenue collection has reportedly achieved 89% of the target during the first quarter of the ongoing fiscal year standing at PKR955 billion. However, the overall economic slowdown and imports contraction raises concerns on the achievement of the full year's target. The macroeconomic slowdown is depicted by the LSM number that has declined by 6% during July-August 2019, and severe shortages reported in the agricultural produce due to water shortages. SBP estimates a GDP growth rate of 3-4% for the ongoing fiscal year compared to 2.4% projected by the IMF.

On the other hand higher prices of food items and utilities, have kept inflation on an uptick. National inflation with the new base of 2015-16, averaged at 10.1% during the quarter under review compared to 6.1% of the same period last year. Going forward, SBP estimates inflation for the ongoing fiscal year at 11-12% compared to 13% of the IMF, the SBP expects inflation tapering off during the second half of the ongoing fiscal year. On the monetary side, SBP halted the spree of interest rate hikes that started from January 2018, and kept the policy rate unchanged in the September 2019 Monetary Policy announcement. The Board is of the opinion that interest rates have reached their top as evident by the inverted yield curve with lower rates at the higher end.

External account of the country, as a result of the policy actions taken by the government, has witnessed marked improvements during the past few quarters. The Current Account Deficit (CAD) during the quarter under review has shrunk to USD1.5 billion compared to USD4.3 billion during the same period last year. During the period under review, PKR appreciated by 2% against the USD. Shrinkage in CAD was mainly driven by 22.7% decline in imports with only 2.4% growth in exports. Remittances by overseas Pakistanis declined by 1.4% compared to the same period last year. Resultantly foreign exchange reserves of the country improved from USD14.5 billion at the end of 2018-19, where the SBP average import cover was 1.7 months, to USD15.2 billion at the end of the quarter under review with SBP reserves of close to 1.9x months of average import cover.

The hard decisions that were taken are showing positive results with improvements in external account position, easing inflationary outlook, and a relatively stable currency. Fiscal performance in terms of enhancing revenue collection and structural reforms holds the key for strengthening the economy and stimulating the medium to long term growth. Materialization of planned inflows of foreign exchange including flows from international capital markets and partner countries in the shape of direct investments are very critical for stability in exchange rate and balance of payments as debt level of the country have reached unprecedented levels.

Capital Market Review:

With multiple challenges on the economic front including the concerns related to the FATF October 2019 decision, and heightened political noise, the KSE100 index closed the quarter under review 5.4% lower at 32,078 level losing 1,823 points. Investors largely remained cautious, which was evident from the average daily volumes of 99mn shares during the quarter under review compared to 172mn shares during the same period last year. Moreover, average daily value traded also shrunk to USD23.6 million compared to USD57.7 million during the same period last year. Foreigners reverted back to the PSX and were net buyers pouring USD23 million during the period under review. Amongst the major sectors, Fertilizer sector outperformed the index due to its defensive nature of business and high dividend yields while Autos, Cement, and Power were the underperforming sectors.

The future direction of Pakistan's equities market is largely dependent on the overall macroeconomic performance of the country and the final decision of the FATF regarding placement of Pakistan in Grey or Black List in its February 2020 review. Despite expectations of peaking of interest rates and visible improvements in the external account position, going forward, fiscal performance in terms of meeting the ambitious revenue collection target, would be the key element in driving inflation, growth and interest rates. The board sees long term growth potential in the domestic bourse, which is currently trading at attractive valuations, as the economy heads on a path of long term growth with the stipulated structural reforms resulting in strengthened institutions and increased documentation of the economy. The Board does not however, underestimate the challenges in the near faced by the country across various fronts including the heightened political noise, and the geo-political situation.

Performance Overview:

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

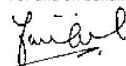
	2019	2018
	RUPEES	
Accumulated Gain / (Loss) as at July 01	(8,188,270)	(5,284,286)
Profit / (Loss) after tax for the period	(7,980,696)	(3,180,243)
Accumulated Gain / (Loss) as at September 30	(16,168,966)	(8,464,529)
Earnings Per Share Rupees	(0.18)	(0.07)

Challenging first quarter of this fiscal year almost dried out volumes in the market which in turn declined our equity brokerage to 32.39% and advisory / consultancy income showed huge decline of 91.71% due to dwindling deal flow in investment banking and delayed deals due to sluggish equity market. We broadly had a bearish market with low volumes during 1QFY20 which was the same sentiments during the same period last year. Overall revenue fell by 40.53%, mainly due to reduction in advisory and consultancy income because of some ongoing transactions which did not materialized during the quarter and are expected to close in next quarter. Operating and administrative expenses reduced by 5.22%, whereas financial charges increased by 16.89% and financial income by 149.45% on QoQ basis. However, overall net loss after tax during 1QFY20 arrived at PKR7.98 million. Applicability of section 233 of the income tax ordinance, 2001 on equity brokerage will again raise average rate of tax for FY2020.

Looking ahead, the company hopes to come out of red due to rising securities prices and market volumes and aims to continue to strive for shareholder value by focusing to become the preferred financial services provider in the country. We remain enthusiastic on Pakistan's long term outlook and seek to align our growth strategy with that accordingly.

For and on behalf of the Board of Directors

October 30, 2019




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

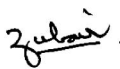
3. CONDENSED INTERIM BALANCE SHEET, AS AT SEPTEMBER 30, 2019

	Note	30 September 2019 (Unaudited)	30 June 2019 (Audited)
		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property and equipment	6	62,767,042	61,848,864
Intangible assets	7	3,779,165	3,873,747
Long term investment in shares of Pakistan Stock Exchange Limited	8	9,114,465	14,055,522
Long term deposits	9	11,511,279	4,411,279
Deferred tax asset		6,716,715	5,970,357
		93,888,666	90,159,769
Current assets			
Short Term Investments	10	4,000,000	34,750,500
Investments in MFS	11	21,864,739	21,864,752
Investments in T-Bills		48,053,664	-
Trade debts - considered good	12	104,548,182	130,746,852
Deposits and prepayments	13	50,702,739	240,384,133
Advances and other receivables	14	5,742,740	3,458,330
Income tax refundable		57,863,445	59,556,152
Cash and bank balances	15	219,888,798	245,002,260
		512,664,307	735,762,979
Total assets	Rupees	606,552,973	825,922,748
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 Right Issue		(50,000,000)	(50,000,000)
Accumulated losses		(16,168,966)	(8,188,270)
Unrealised gain on AFS - PSX shares - OCI		(1,697,473)	3,243,582
		382,133,561	395,055,312
Current liabilities			
Bank Overdrawn		49,986,969	199,986,969
Unclaimed dividend		3,230,620	5,117,003
Trade and other payables	17	171,035,156	225,096,797
Contract liabilities		166,667	666,667
		224,419,412	430,867,436
Total equity and liabilities	Rupees	606,552,973	825,922,748
Contingencies and commitments			

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



Chief Executive



Director



Chief Financial Officer

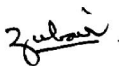
**4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE THREE MONTHS PERIOD
ENDED SEPTEMBER 30, 2019**

		(Unaudited)	
		For the quarter ended	
		30 September 2019	30 September 2018
Operating revenue	19	26,153,637	43,976,049
Capital gain/(Loss) on investments - at fair value through profit or loss		(396,971)	16,135
Unrealised loss in the value of investments classified as 'at fair value through profit or loss'	20	-	(2,148,000)
Operating expenses	21	(20,548,920)	(24,604,279)
Administrative expenses	22	(22,493,288)	(20,807,215)
Financial charges	23	(3,392,937)	(2,902,741)
		(20,678,480)	(6,470,050)
Other income	24	15,266,358	6,120,095
Net (loss) / profit before taxation		(5,412,122)	(349,955)
Taxation			
- Current		(3,314,932)	(3,397,729)
- Deferred		746,358	567,441
		(2,568,574)	(2,830,288)
Net (loss) / profit for the Period	<i>Rupees</i>	(7,980,696)	(3,180,243)
Earning Per Share (EPS)		(0.18)	(0.07)

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



Chief Executive



Director



Chief Financial Officer

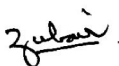
5. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	(Unaudited)	
	For the quarter ended	
	30 September	30 September
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(5,412,122)	(22,750,154)
Adjustments for:		
Depreciation of property and equipment	3,412,618	1,606,606
Amortisation of Intangible Assets	94,584	187,388
Provision for debtors written off	-	1,000,000
Capital Gain on sale of investments	396,971	(150,662)
Unrealised loss / (gain) in the value of investments at 'fair value through profit or loss'	-	31,818,720
Provision for income tax	(3,314,932)	(3,397,729)
Interest on bank deposits	(4,902,607)	(3,598,968)
Mark up on investment in MFS	(1,084,335)	-
Mark up on T-Bills	(180,214)	-
Income under marginal financing	(748,632)	(534,176)
Profit on cash margin	(8,350,570)	(2,577,002)
Financial charges	3,392,937	4,805,444
	(11,284,179)	29,159,621
	(16,696,301)	6,409,467
Working capital changes		
(Increase) / decrease in current assets		
Trade debts	26,198,670	282,909,010
Advances, deposits, prepayments and other receivables	187,396,984	161,648,774
	213,595,654	444,557,784
(Decrease) / increase in current liabilities		
Trade and other payables	(54,061,641)	(299,058,018)
Repayment of overdraft	150,000,000	-
Contractual Liability	(500,000)	-
Cash (used in) / generated from operations	142,337,712	151,909,233
Financial charges paid	(3,392,937)	(4,805,444)
Taxes paid	1,692,707	(8,198,693)
Net cash (used in) / generated from operating activities	140,637,482	138,905,096
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property and equipment	(4,330,797)	(238,001)
Payments against marginal financing	-	(245,688,448)
Proceeds from marginal financing	-	216,422,971
Short term investments	30,353,529	(171,762,022)
Investment in T-Bills	(48,053,664)	-
Interest received on bank deposits	4,902,607	3,749,630
Interest received on cash margins	8,350,570	2,577,002
Interest received on marginal trading	1,084,335	-
Interest received on marginal financing	748,632	534,176
Mark up on T-Bills	180,214	-
Long term deposits	(7,100,000)	-
Net cash from investing activities	(13,864,561)	(194,404,692)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term loans	-	316,565,333
Dividend Paid	(1,886,383)	-
Short term loans repaid	-	(315,121,074)
Net cash from financing activities	(1,886,383)	1,444,259
Net (decrease) / increase in cash and cash equivalents	124,886,538	(54,055,337)
Cash and cash equivalents at beginning of the quarter	245,002,260	269,670,057
Short term borrowing at beginning of the quarter	(199,986,969)	-
Cash and cash equivalents at end of the quarter	169,901,829	(54,055,337)

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



Chief Executive



Director




Chief Financial Officer

**6. STATEMENT OF CHANGES IN EQUITY FOR THE
THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019.**

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unappropriated profit / accumulated losses (Rupees)	Unrealized gain on remeasurement of investments	Total
Balance as at 1 July 2018	450,000,000	(50,000,000)	(6,549,338)	15,628,792	409,079,454
Total comprehensive income for the period					
Net profit/(loss) 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	<u>450,000,000</u>	<u>(50,000,000)</u>	<u>(8,188,270)</u>	<u>3,243,582</u>	<u>395,055,312</u>
Total comprehensive income for the period					
Net profit/(loss) for the period	-	-	(7,980,696)	-	(7,980,696)
Net unrealised gain/(loss) on remeasurement of available-for-sale investments	-	-	-	(4,941,055)	(4,941,055)
	-	-	(7,980,696)	(4,941,055)	(12,921,751)
Balance as at 30 September 2019	<u>450,000,000</u>	<u>(50,000,000)</u>	<u>(16,168,966)</u>	<u>(1,697,473)</u>	<u>382,133,561</u>

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

7. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

1. STATUS AND NATURE OF BUSINESS

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under 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.

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 2019.
- 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 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, 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 2018.
- 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 2019.

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.

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

3.3.1 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 unconsolidated condensed interim financial information.

3.4 New Standards, interpretations and amendments to approved accounting standards that are not yet effective

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP. Additionally there are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these interim financial information.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and according to the circular referred to in note 2.1, for financial statements purposes is applicable to financial statements for period after 1 January 2018. The Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017.

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 2019.

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 2019.

	Note	30 September 2019 (Unaudited)	30 June 2019 (Audited)
		(Rupees)	
6. PROPERTY AND EQUIPMENTS			
Opening written down value		61,848,864	14,376,109
Additions during the period / year - at cost			
- Furniture and fixtures		58,192	16,619,364
- Vehicles - owned / leased		3,959,000	-
- Leashold improvements			36,329,939
- Computers and related accessories		313,605	8,463,533
		4,330,797	61,412,836
Written down value of deletions during the period / year		-	(4,838,883)
Depreciation for the period / year		(3,412,619)	(9,101,198)
		(3,412,619)	(13,940,081)
Closing written down value		62,767,042	61,848,864

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	329,165	423,747
		3,779,165	3,873,747

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 2019 (Un-audited)	30 June 2019 (Audited)
		(Rupees)	
7.2 Particulars - software and applications			
<i>Net carrying value basis</i>			
Opening net book value		423,747	818,746
Additions		-	
Amortisation charge		-	
Closing net book value		423,747	818,746
<i>Gross carrying value</i>			
Cost		(1,079,277)	5,103,660
Accumulated amortisation		-	(4,679,913)
Net book value		(1,079,277)	423,747
Amortisation rate		33%	33%

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

8.1 9,114,465 14,055,522

30 September **30 June**
2019 **2019**
(Un-audited) **(Audited)**
(Number of Shares)

1,081,194	1,602,953	Opening balance	10,811,940	16,029,530
-	-		-	-
-	(521,759)	Sold in market (32.55% shares)	-	(5,217,590)
<u>1,081,194</u>	<u>1,081,194</u>	Closing balance represents 67.45% shares **	<u>10,811,940</u>	<u>10,811,940</u>

**** Market value basis**

Book value	10,811,940	10,811,940
Unrealized (loss) / gain for the period / year - OCI	<u>(1,697,475)</u>	<u>3,243,582</u>
Market value	8.1 <u><u>9,114,465</u></u>	<u><u>14,055,522</u></u>

8.1 These shares were listed on PSX in the month of June 2017. Therefore the same were carried at the market value. At September 30, 2019 the outstanding shares are classified as "Pledged" in the CDC report of the company.

		30 September	30 June
		2019	2019
		(Un-audited)	(Audited)
9. LONG TERM DEPOSITS	Note	----- (Rupees) -----	
Pakistan Stock Exchange Limited	9.1	7,625,000	425,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,200,000	1,300,000
Pakistan Mercantile Exchange	9.2	1,250,000	1,250,000
Security deposit against office premises		1,191,279	1,191,279
Security deposit against PSO card		120,000	120,000
		<u>11,511,279</u>	<u>4,411,279</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 2019	30 June 2019
		(Un-audited)	(Audited)
		----- (Rupees) -----	
Listed shares	10.1	4,000,000	34,750,500

10.1 Listed shares

30 September 2019 (Un-audited) (Number of shares)	30 June 2019 (Audited)	Name of investee	30 September 2019		30 June 2019	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Rupees)
-	50,000	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 Company*	-	-	6,641,029	6,949,000
		Unrealised gain on re-measurement of investment classified as fair value through profit and loss account			1,129,744	
			-	-	30,750,500	30,750,500

10.2 Term Finance Certificates

30 September 2019 (Un-audited) (Number of certificates)	30 June 2019 (Audited)	Name of investee	30 September 2019		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

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

Name of Security	Face Value	Unredeemed face value	Markup rate (per annum)	Maturity	Long term Rating	Short term Rating
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%.

12. TRADE DEBTS - considered good	Note	30 September 2019	30 June 2019
		(Un-audited)	(Audited)
		----- (Rupees) -----	
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	12.1	100,355,176	123,971,107
- Brokerage commission			
- Equity shares		7,809,938	8,842,141
- Money market and forex		94,061	384,597
- Consultancy fee		8,829,836	10,089,836
- Provision for doubtful debts		(12,540,829)	(12,540,829)
		104,548,182	130,746,852
Provision for doubtful debts			
Opening balance		12,540,829	2,094,639
Additional impairment on initial application of IFRS 9		-	1,781,765
Provision for doubtful debts		-	8,664,425
Closing balance		12,540,829	12,540,829

12.1 This includes trade debts of Rs. 0.062 (30 June 2019: 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	Custody value
		----- (Rupees) -----	
Upto five days	12.2	90,224,586	714,689,178
More than five days	12.2	17,940,528	705,834,459
		108,165,114	1,420,523,638

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

		30 September 2019 (Un-audited)	30 June 2019 (Audited)
	<i>Note</i>	----- (Rupees) -----	
13. DEPOSITS AND PREPAYMENTS			
Receivable from NCCPL		-	-
Deposit of exposure margin	13.1	40,875,777	223,264,250
Deposit against Marginal Trading Services	13.2	1,165,678	8,893,398
Security deposits	13.3	347,250	1,128,679
Mobilization advance		1,935,241	1,787,391
Prepaid expenses		6,202,706	2,976,929
Sales tax receivables		176,086	366,827
Markup receivable against bank deposits		-	1,966,659
		<u>50,702,739</u>	<u>240,384,133</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. This deposit carry profit at rates ranging from 3.5% to 9.35% 30 June 2019: 3.5% to 9.35%.

13.2 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Marginal Trading Services. These deposits carry profit at rates ranging from 3.5% to 9.35% (30 June 2019: 3.5% to 9.35%).

13.3 This includes security deposit against leased asset.

		30 September 2019 (Un-audited)	30 June 2019 (Audited)
	<i>Note</i>	----- (Rupees) -----	
14. ADVANCES AND OTHER RECEIVABLES			
<i>Considered good</i>			
Advance against salary - secured		178,777	215,027
Other receivables and advances - unsecured		5,563,963	3,243,303
		<u>5,742,740</u>	<u>3,458,330</u>

15. CASH AND BANK BALANCES

Balances with banks:

Saving accounts - profit and loss account

Current accounts - Conventional

Current accounts - Shariah Compliant

15.1

160,297,832	198,273,222
59,541,702	36,475,310
8,480	10,215,968
219,848,014	244,964,500

Cash in hand

40,784	37,760
219,888,798	245,002,260

15.1 This include Rs. 114.885 (30 June 2019: Rs. 204.004) million kept in designated bank accounts maintained on behalf of clients. Profit rate on saving accounts ranges from 4.5% to 10.35% per annum (30 June 2019: 4.5% to 10.35% per annum).

16. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	30 September 2019 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees) -----	
16.1 Issued, subscribed and paid-up capital		
Ordinary shares of Rs. 10 each fully paid in cash	<u>450,000,000</u>	<u>450,000,000</u>
	<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%
Individuals		
- Mr. Muhammad Najam Ali	12,368,250	27.49%
- Mr. Arif Habib	2,895,000	6.43%
- Mr. Srosh Tahir	4,325,000	9.61%
- Mr. Muhammad Ahmad Khan Malik	1,834,500	4.08%
- Mr. Adnan Afridi	4,936,000	10.97%
- Other Individuals	10,405,750	23.12%
	<u>45,000,000</u>	<u>100.00%</u>

	<i>Note</i>	30 September 2019 (Un-audited)	30 June 2019 (Audited)
17. TRADE AND OTHER PAYABLES		----- (Rupees) -----	
Trade creditors	<i>17.1</i>	148,611,360	197,364,754
Payable to National Clearing Company of Pakistan Limited		-	8,307,611
Accrued commission to traders	<i>17.2</i>	3,825,315	1,333,897
Accrued salaries and other expenses		912,835	1,432,202
Auditor's remuneration		900,000	900,000
Tax deducted at source		2,680,438	1,601,691
Commission payable	<i>17.3</i>	8,424,968	8,424,968
Markup payable		-	1,940,496
Other payables		5,680,240	3,791,178
		<u>171,035,156</u>	<u>225,096,797</u>

17.1 This includes trade payable of Rs. 3.171 (30 June 2019: Rs. 2.834) million to related parties.

17.2 This includes commission payable of Rs. 2.194 (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

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.

The Sindh Revenue Board has issued show cause notices in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,370,818 was computed in the tax period from July 2013 to June 2014 and Rs. 1,124,844 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.

18.2 Commitments

For sale of quoted securities under future contracts against counter commitments

2,214,306,395 **13,520,412,425**

For purchase of quoted securities under future contracts against counter commitments

1,769,245,545 **13,914,016,050**

	Note	Quarter ended 30 September	
		2019	2018
		(Rupees)	
19. OPERATING REVENUE			
Brokerage income	21.1 & 21.2	25,653,637	37,943,815
Advisory / consultancy fee		500,000	6,032,234
		26,153,637	43,976,049
19.1	This includes brokerage earned from related parties amounting to Rs. 0.405 (30 September 2018: Rs.0.306) million.		
19.2	This includes Rs. 8.376 (30 September 2018: Rs. 17.252) million brokerage income earned from institutional clients, Rs. 16.608 (30 September 2018: Rs. 18.554) million brokerage income earned from retail clients and Rs. "Nil" (30 September 2018: Rs. "Nil") brokerage income earned on proprietary trades.		
20. SHORT TERM INVESTMENT CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'	Note	Quarter ended 30 September	
		2019	2018
		(Rupees)	
Listed shares	20.1	-	9,702,000
20.1 Listed shares			
		30 Sep 2019	30 Sep 2018
		(Number of shares)	Name of investee
-	600,000	Pakistan Stock Exchange Limited	
	Unrealised loss on remeasurement of investment classified as 'at fair value through profit or loss account'		
		Carrying amount	Carrying amount
		(Rupees)	(Rupees)
		-	11,850,000
		-	(2,148,000)
		-	9,702,000
21. OPERATING EXPENSES		(Rupees)	
Salaries, wages and other benefits		10,650,051	11,083,065
Consultancy fee	21.1	1,426,094	1,090,592
Commission and referral fee	21.2	5,423,908	6,149,060
Service and transaction charges		3,048,867	4,441,520
Fees and subscription		2,254,431	1,839,642
		22,803,351	24,604,279
21.1	This includes consultancy fee to the directors of the Company amounting to Rs. "Nil" (30 September 2018: Rs. 0.761) million.		
21.2	This includes commission to the directors of the Company amounting to Rs. 2.382 (30 September 2018: Rs. 3.517) million.		
22. ADMINISTRATIVE EXPENSES		(Rupees)	
Salaries, wages and other benefits		8,367,897	8,661,707
Telephone and communication charges		1,018,714	1,064,926
Rent expense		2,221,200	3,914,865
Utility charges		608,459	596,113
Vehicle running expenses		614,587	593,358
Depreciation		3,412,618	1,599,695
Amortisation		94,584	111,249
Legal and professional charges		231,275	138,648
Insurance		488,221	444,828
Printing, stationery and postage charges		252,268	268,544
Office supplies		149,878	250,597
Office repair and maintenance		199,105	574,840
Fees and subscription		528,817	416,977
Travelling and entertainment charges		1,051,375	1,048,422
Generator Fuel		11,577	1,000,000
Advertisement expenses		-	107,754
Security expense		640,715	515,711
Miscellaneous expenses		347,567	498,981
		20,238,857	21,807,215
23. Financial charges		(Rupees)	
Bank charges		3,392,937	1,308,745
Mark up expense		-	1,593,996
		3,392,937	2,902,741
24. OTHER INCOME		(Rupees)	
Mark-up / interest on:			
- Bank balances (under mark-up arrangements)		4,902,607	2,446,980
- Investment in Marginal Financing System		748,632	1,389,571
- Investment in Marginal Trading System		1,084,335	-
- Exposure margin		8,350,570	2,283,544
- Accrued interest T-Bills		180,214	-
		15,266,358	6,120,095

25. CURRENT STATUS OF TAX ASSESSMENTS

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

26. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended	
	30 September 2019	30 September 2018
Profit / (loss) for the period	<u>(7,980,696)</u>	<u>(3,180,243)</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>(0.18)</u>	<u>(0.07)</u>

27. 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:

27.1 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 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	(Rupees)					
Managerial remuneration	2,500,000	1,500,000	-	1,100,000	6,392,560	6,457,569
House rent allowance	1,000,000	600,000	-	440,000	2,557,024	2,583,027
Medical	250,000	150,000	-	110,000	639,256	645,757
Commission	-	-	2,381,586	3,517,867	804,834	416,520
Consultancy fee	-	-	-	760,992	-	-
Directors' fees	-	-	-	-	-	-
	3,750,000	2,250,000	2,381,586	5,928,859	10,393,674	10,102,873
Number of persons	1	1	2	3	12	15

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

27.3 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs. 2.381 (30 September 2018: Rs. 4.184) million

28. 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:

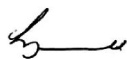
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

29. Date of authorisation for issue

These financial statements have been authorised for issue on **30 October 2019** by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer



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