



QUARTERLY REPORT  
MARCH 2017

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## 1. COMPANY INFORMATION

|  |  |   |
|--|--|---|
| <b>Board of Directors</b>                          | Lt. Gen. Tariq Waseem Ghazi (Retd.)<br>Mr. Muhammad Najam Ali<br>Mr. Umer Habib<br>Mr. Hasan Shahnawaz<br>Mrs. Hanna Khan<br>Mr. Zulqarnain Mahmood Khan<br>Mr. Muhammad Zubair Ellahi | Non-Executive Director, Chairman<br>Executive Director, Chief Executive Officer<br>Executive Director, Head of Investment Banking<br>Non-Executive Director, Independent Director<br>Non-Executive Director<br>Non-Executive Director<br>Non-Executive Director |
| <b>Audit Committee</b>                             | Mr. Hasan Shahnawaz<br>Mr. Zulqarnain Mahmood Khan<br>Mr. Muhammad Zubair Ellahi<br>Mr. Mohsin Ali   | Member, Chairman<br>Member<br>Member<br>Secretary   |
| <b>Human Resource &amp; Remuneration Committee</b> | Mr. Zulqarnain Mahmood Khan<br>Mrs. Hanna Khan<br>Mr. Umer Habib   | Member, Chairman<br>Member<br>Member  |
| <b>CFO &amp; Company Secretary</b>                 | Mr. Om Perakash  |   |
| <b>Head of Internal Audit</b>                      | Mr. Mohsin Ali   |   |
| <b>Auditor</b>                                     | KPMG Taseer Hadi & Co.,<br>Chartered Accountants<br>Sheikh Sultan Trust Building No. 2<br>Beaumont Road, Karachi   |   |
| <b>Bankers</b>                                     | Askari Bank Limited<br>Bank Al Falah Limited<br>Bank of Punjab<br>Habib Metropolitan Bank Limited<br>JS Bank Limited<br>MCB Bank Limited<br>Meezan Bank Limited<br>NIB Bank Limited    |   |
| <b>Tax Advisors</b>                                | Junaidy, Shoaib, Asad & Co.<br>Chartered Accountants<br>1/6-P, Block 6, PECHS,<br>Mohtarma Laeeq Begum Road<br>Off Shahra-e-Faisal, Near Nursery Flyover<br>Karachi                    |   |
| <b>Legal Advisors</b>                              | Mohsin Tayebaly & Co.<br>Barristers & Advocates<br>2 <sup>nd</sup> Floor Dime Centre, BC-4 Block 9 KDA<br>Scheme 5, Clifton, Karachi.  |   |
| <b>Share Registrar</b>                             | Technology Trade (Pvt.) Ltd<br>241-C, Block-2, PECHS, Karachi  |   |
| <b>Registered Office</b>                           | 8 <sup>th</sup> Floor Horizon Tower, Plot No. 2/6<br>Block III, Clifton, Karachi   |   |

## 2. DIRECTORS' REPORT

### Economic Review:

Pakistan's economy remains on track to achieving higher growth in FY2017 with investment cycle entering expansionary phase led by large scale energy and infrastructure projects under China Pakistan Economic Corridor (CPEC), an investment bonanza valuing in excess of USD 50 billion. The overall economic environment has turned conducive for growth thanks to a combination of higher development spending, healthy pick up private sector credit, improved energy supplies, and better security conditions. As a result, the government expects this rise in investment activity to elevate GDP growth to north of 5.5% in FY2017.

Inflation has averaged 4.0% during the first nine months of the fiscal year, well below the government's target for the year. However, core inflation has averaged 5.1% during the same period, indicating signs of pick up in aggregate demand owing to rising real incomes in a low inflationary environment. After bottoming out in FY2016, current account deficit is seen widening by 161% Y/Y owing to rising non-essential imports. The State Bank of Pakistan has imposed 100% cash margin on import of certain consumer items in an attempt to discourage non-essential imports. Nevertheless, financial inflows in the form of external debt and/or foreign direct investment are likely to dilute the adverse impact of rising current account deficits.

China Pakistan Economic Corridor (CPEC) can easily be considered as the game changer for the economy of Pakistan. Besides easing energy shortages, the development of Gwadar port is likely to put Pakistan's crucial strategic location into an advantage. The country should benefit from inter-regional connectivity and increased trade of goods and services. Furthermore, the country presents a huge market for international businesses in the form of sixth largest population in the world. With better energy and security conditions, investor as well as consumer confidence should improve and bode well for long term growth.

### Capital Market Review:

Activity at PSX remained dull during the first quarter of 2017 with KSE-100 index gaining only 349 points or 0.7% to close at 48,156 points. Average daily traded value for KSE-ALL and KSE-100 index improved by 7% Q/Q and 8% Q/Q respectively. Oil & Gas Exploration & Production sector has been under pressure lately by reason of renewed volatility in international crude oil prices. Banking sector has remained in the limelight on account of anticipation of bottoming out of interest rates whereas robust domestic demand for cement has kept the sector favorite for many investors. While fertilizer off-take has picked up post announcement of subsidy under the budget, the industry continues to bear the brunt of towering inventories on account of urea supply outpacing consumption.

### Performance Overview:

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

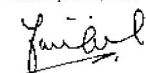
|  | 2016-2017    | 2015-2016    |
|--|--------------|--------------|
|  | PAK RUPEES   |              |
| Accumulated Loss as at July 01                     | (37,909,634) | (21,763,591) |
| Profit/(loss) after tax for the nine months period | 55,689,968   | (13,681,263) |
| Accumulated profits/(losses) March 31              | 17,780,334   | (35,444,854) |
| Earnings/(loss) Per Share- Rupees                  | 1.60         | (0.43)       |

Growth was a key management focus in 3QFY17, and the company increased its market share across its key business segments. In particular, the company increased its presence considerably in foreign equity brokerage during 3QFY17. The growth strategy is reflected in the top-line, where total revenue grew by a handsome 64%, whereas brokerage revenue grew by 70%. Company declared profits of PKR 55.7 million compared to loss of PKR 13.7 million in 3QFY16.

Going forward, the prospects for profitability look sanguine, particularly as equity market activity is picking up pace, post announcement of Pakistan's inclusion in the MSCI Emerging Markets Index. Also, improved economic activity is likely to boost interest in the stock market, and increase investment banking deal flow as well. Next Capital is well positioned to capture the increase in business, given its strong presence in the institutional and retail segment.

For and on behalf of the Board of Directors

Date: April 26, 2017



Gen. Tariq Waseem Ghazi (Retd.)  
Chairman

### 3. CONDENSED INTERIM BALANCE SHEET, AS AT MARCH 31, 2017

|  | Note | 31 March<br>2017            | 30 June<br>2016           |
|--|------|-----------------------------|---------------------------|
| ASSETS   |      | (Rupees)                    |                           |
| <b>Non-current assets</b>  |      |                             |                           |
| Property and equipments  | 6    | 11,869,107                  | 14,189,876                |
| Intangible assets  | 7    | 22,085,470                  | 21,634,718                |
| Investment in shares of Pakistan Stock Exchange Limited                | 8    | 24,044,300                  | 40,073,830                |
| Long term deposits   |      | 3,559,200                   | 3,379,200                 |
| Deferred tax asset   |      | 16,901,898                  | 17,308,990                |
|  |      | <u>78,459,975</u>           | <u>96,586,614</u>         |
| <b>Current assets</b>  |      |                             |                           |
| Investments in shares  | 9    | 229,081                     | -                         |
| Investment in marginal financing                                       | 10   | 50,323,333                  | -                         |
| Trade debts - considered good  | 11   | 267,399,896                 | 67,845,865                |
| Advances, deposits, prepayments and other receivables                  | 12   | 281,467,019                 | 133,419,488               |
| Income tax refundable  |      | 35,932,551                  | 21,354,001                |
| Cash and bank balances   | 13   | 356,048,960                 | 339,385,362               |
|  |      | <u>991,400,840</u>          | <u>562,004,716</u>        |
| <b>Total assets</b>  |      | <u><u>1,069,860,815</u></u> | <u><u>658,591,330</u></u> |
| <b>EQUITY AND LIABILITIES</b>  |      |                             |                           |
| <b>Share capital and reserve</b>                                       |      |                             |                           |
| Authorised capital   |      |                             |                           |
| 50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10 each   |      | <u>500,000,000</u>          | <u>500,000,000</u>        |
| Issued, subscribed and paid-up capital                                 | 14   | 450,000,000                 | 200,000,000               |
| Discount on issue of shares  |      | (50,000,000)                | -                         |
| Unappropriated profit/(accumulated losses)                             |      | <u>17,780,334</u>           | <u>(37,909,634)</u>       |
|  |      | <u>417,780,334</u>          | <u>162,090,366</u>        |
| <b>Non-current liabilities</b>   |      |                             |                           |
| Long term loan   | 15   | -                           | 92,211,634                |
| <b>Current liabilities</b>   |      |                             |                           |
| Short term loan - unsecured  | 16   | 162,675,922                 | 35,377,459                |
| Current portion of liabilities against assets subject to finance lease |      | 48,090                      | 48,090                    |
| Trade and other payables   | 17   | 489,356,469                 | 368,863,781               |
|  |      | <u>652,080,481</u>          | <u>404,289,330</u>        |
| <b>Total equity and liabilities</b>                                    |      | <u><u>1,069,860,815</u></u> | <u><u>658,591,330</u></u> |
| Contingencies and commitments  | 18   |                             |                           |

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



Chief Executive

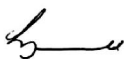


Director

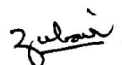
#### 4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

|   | Note  | Nine months period ended<br>31 March |                     | Quarter ended<br>31 March |                  |
|---|-------|--------------------------------------|---------------------|---------------------------|------------------|
|   |       | 2017                                 | 2016                | 2017                      | 2016             |
|   |       | <hr/> (Rupees) <hr/>                 |                     |                           |                  |
| Operating revenue   | 19    | 189,692,482                          | 115,442,658         | 63,855,500                | 49,127,288       |
| Capital gain on sale of investments   | 20    | 28,547,204                           | 1,124,471           | 28,701,622                | -                |
| Unrealised loss on remeasurement of<br>investment in shares classified at fair value<br>through profit and loss | 9.1.1 | (28,715)                             | -                   | (28,715)                  | (1,593)          |
| Operating expenses  | 21    | (84,147,938)                         | (70,065,614)        | (28,103,204)              | (23,463,692)     |
| Administrative expenses   | 22    | (61,145,160)                         | (50,535,231)        | (20,153,986)              | (16,039,578)     |
| Financial charges   | 23    | (25,139,747)                         | (17,035,911)        | (9,338,475)               | (6,800,040)      |
|   |       | 47,778,126                           | (21,069,627)        | 34,932,742                | 2,822,385        |
| Other income  | 24    | 22,011,536                           | 9,920,999           | 8,776,202                 | 2,494,197        |
| Share of loss from associate  |       | -                                    | (1,099,807)         | -                         | (691,692)        |
| Profit / (loss) before taxation   |       | 69,789,662                           | (12,248,435)        | 43,708,944                | 4,624,890        |
| Taxation  | 25    | (14,099,694)                         | (1,432,828)         | (8,188,512)               | (1,917,880)      |
| <b>Net profit / (loss) for the period</b>   |       | <b>55,689,968</b>                    | <b>(13,681,263)</b> | <b>35,520,432</b>         | <b>2,707,010</b> |
| <b>Earnings / (loss) per share - basic and diluted</b>  | 26    | <b>1.60</b>                          | <b>(0.43)</b>       | <b>1.02</b>               | <b>0.09</b>      |

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



Chief Executive



Director


**5. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

|   | Nine months ended<br>31 March  |                            | Quarter ended<br>31 March |                         |
|---|--|----------------------------|---------------------------|-------------------------|
|   | 2017   | 2016                       | 2017                      | 2016                    |
|   | <hr style="border-top: 1px dashed black;"/> (Rupees) <hr style="border-top: 1px dashed black;"/> |                            |                           |                         |
| <b>Net profit / (loss) for the period</b>   | <b>55,689,968</b>  | <b>(13,681,263)</b>        | <b>35,520,432</b>         | <b>2,707,010</b>        |
| <i>Items that may or may not be reclassified to profit and loss</i>   |  |                            |                           |                         |
| Unrealised gain on investments held as available for sale<br>investments transferred to profit and loss account on<br>disposal - net of tax | -  | -                          | -                         | -                       |
| <b>Total comprehensive income for the period</b>  | <b><u>55,689,968</u></b>   | <b><u>(13,681,263)</u></b> | <b><u>35,520,432</u></b>  | <b><u>2,707,010</u></b> |

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



**Chief Executive**



**Director**

## 6. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

|  | Nine months ended         |                           |
|--|---------------------------|---------------------------|
|  | 31 March<br>2017          | 31 March<br>2016          |
|  | (Rupees)                  |                           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                           |                           |
| Profit / (loss) before tax   | 69,789,662                | (12,248,435)              |
| <b>Adjustments for:</b>  |                           |                           |
| Depreciation   | 3,889,899                 | 3,315,155                 |
| Amortisation   | 299,248                   | 130,552                   |
| Provision for Worker's Welfare fund  | 532,248                   | -                         |
| Capital gain on sale of investments  | (28,547,204)              | (1,124,471)               |
| Unrealised loss in the value of investments at 'fair value through profit or loss' | 28,715                    | 1,099,807                 |
| Return on bank deposits  | (12,054,940)              | (7,216,017)               |
| Dividend income  | (241,121)                 | (2,381,624)               |
| Income under marginal financing  | (5,270,251)               | -                         |
| Profit on cash margin  | (3,617,253)               | -                         |
| Provision for sales tax  | -                         | 1,202,680                 |
| Financial charges  | 25,139,747                | 17,035,911                |
|  | <u>(19,840,912)</u>       | <u>12,061,993</u>         |
|  | 49,948,750                | (186,442)                 |
| <i>Cash flows before working capital changes</i>                                   |                           |                           |
| <b>Working capital changes</b>   |                           |                           |
| <b>(Increase) / decrease in current assets</b>                                     |                           |                           |
| Trade debts  | (199,554,031)             | 65,669,125                |
| Advances, deposits, prepayments and other receivables                              | (147,687,363)             | (135,744,313)             |
|  | <u>(347,241,394)</u>      | <u>(70,075,188)</u>       |
| <b>(Decrease) / increase in current liabilities</b>                                |                           |                           |
| Trade and other payables   | 124,480,712               | 203,300,191               |
| <i>Cash (used in) / from operations</i>  | <u>(172,811,932)</u>      | <u>133,038,561</u>        |
| Financial charges paid   | (29,127,771)              | (17,035,911)              |
| Taxes paid   | (28,852,905)              | (15,427,319)              |
| <b>Net cash (used in) / generated from operating activities</b>                    | <u>(230,792,608)</u>      | <u>100,575,331</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                           |                           |
| Payments for purchase of property and equipment                                    | 1,569,130                 | (4,291,512)               |
| Payments against marginal financing  | (1,682,708,635)           | -                         |
| Proceeds against marginal financing  | 1,632,385,302             | -                         |
| Receipts from sale of PSX shares   | 40,394,416                | -                         |
| Investments - net  | (257,796)                 | 1,124,471                 |
| Purchase of intangible assets  | 750,000                   | (200,000)                 |
| Mark-up received on bank deposits  | 11,874,772                | 7,216,017                 |
| Mark-up received on cash margins   | 3,617,253                 | -                         |
| Mark-up received on marginal financing   | 4,503,816                 | -                         |
| Dividend income  | 241,121                   | 2,381,624                 |
| <b>Net cash generated from investing activities</b>                                | <u>12,369,379</u>         | <u>6,230,600</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                           |                           |
| Short term loans received  | 747,530,668               | 163,886,008               |
| Short term loans repaid  | (620,232,207)             | (89,540,585)              |
| Long term loans received   | 47,196,065                | 16,454,824                |
| Long term loans repaid/transferred   | (139,407,699)             | (2,484,715)               |
| Cash received from issuance of shares  | 200,000,000               | -                         |
| <b>Net cash generated from financing activities</b>                                | <u>235,086,827</u>        | <u>88,315,532</u>         |
| <b>Net increase in cash and cash equivalents</b>                                   | <u>16,663,598</u>         | <u>195,121,463</u>        |
| Cash and cash equivalents at beginning of the period / year                        | <u>339,385,362</u>        | <u>141,584,340</u>        |
| <b>Cash and cash equivalents at end of the period / year</b>                       | <u><u>356,048,960</u></u> | <u><u>336,705,803</u></u> |

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



Chief Executive



Director



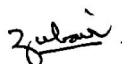
**7. STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017.**

|  | Issued,<br>subscribed<br>and paid-up<br>capital | Discount<br>on issue of<br>shares | Unappropriated<br>profit/<br>(accumulated<br>losses)<br>(Rupees) | Unrealised gain<br>on remeasurement<br>of investments | Total        |
|--|---|-----------------------------------|--|---|--------------|
| Balance as at 1 July 2015  | 200,000,000                                     | -                                 | (21,763,591)   | -   | 178,236,409  |
| <i>Total comprehensive income for the year</i>                                   |   |                                   |  |   |              |
| Net loss for the year  | -   | -                                 | (16,146,043)   | -   | (16,146,043) |
| Net unrealised gain on re-measurement of investments                             | -   | -                                 | (16,146,043)   | -   | (16,146,043) |
| Balance as at 30 June 2016   | 200,000,000                                     | -                                 | (37,909,634)   | -   | 162,090,366  |
| <i>Transaction with Shareholders recognised directly in equity:</i>              |   |                                   |  |   |              |
| Issue of 25,000,000 shares of Rs.10 each at 20% discount. (refer note 14)        | 250,000,000                                     | (50,000,000)                      | -  | -   | 200,000,000  |
| <i>Total Comprehensive income for the nine months period ended 31 March 2017</i> |   |                                   |  |   |              |
| Net profit for the period  | -   | -                                 | 55,689,968   | -   | 55,689,968   |
|  | -   | -                                 | 55,689,968   | -   | 55,689,968   |
| Balance as at 31 March 2017  | 450,000,000                                     | (50,000,000)                      | 17,780,334   | -   | 417,780,334  |

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



Chief Executive



Director

## **8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

### **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 Companies Ordinance, 1984. The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan. The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex and other financial instruments and corporate finance services. Further, the Company is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange. The registered office of the Company is situated at 8th floor, Horizon Tower, Block III Clifton, Karachi.

- 1.1 The Board of Directors in their meeting held on 29 September 2015, approved to increase the paid up share capital of the Company by issuance of 25,000,000 shares at Rs. 8 each to the shareholders of the Company in the ratio of one share for every 1.25 ordinary shares of the Company held by the shareholders. The SECP through its letter no. CSD/CI/MISC/2016/529 dated 03 November 2016 has approved the request of extension in time till 28 February 2017 in this respect. All the shares were subscribed by the shareholders of the Company and the Board of Directors in their meeting held on 02 February 2017 approved the allotment of shares and an amount of Rs. 200 million was received by the Company.

### **2. BASIS OF PREPARATION**

- 2.1 This Condensed interim financial information of the Company for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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 2016.
- 2.3 This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Pakistan Stock Exchange.
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.
- 2.5 The comparative balance sheet presented in this condensed interim financial information as at 31 March 2017 has been extracted from the audited financial statements of the Company for the year ended 30 June 2016, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and the condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months period ended 31 March 2016.

### **3. ACCOUNTING POLICIES**

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2016 except for the adoption of the following policy:

#### **Non current asset held for sale**

Non current asset are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell except financial assets which are re-measured at fair value. Changes in fair value of financial asset classified as held for sale are recognised in equity until derecognised or impaired, then the accumulated fair value adjustments recognised in equity are included in the profit and loss account.

#### 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 2016.

#### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

#### 6. PROPERTY AND EQUIPMENT

|  | <i>Note</i> | <b>Unaudited<br/>31 March<br/>2017</b> | <b>Audited<br/>30 June<br/>2016</b> |
|--|-------------|--|-------------------------------------|
|  |             | <b>(Rupees)</b>                        |                                     |
| Opening written down value                   |             | 14,189,876                             | 12,054,466                          |
| Additions during the period / year - at cost |             |  |                                     |
| - Lease hold improvement                     |             | 76,000                                 | 2,387,068                           |
| - Furniture and fixtures                     |             | -                                      | 1,948,471                           |
| - Computers and related accessories          |             | 1,493,130                              | 2,360,858                           |
|  |             | 1,569,130                              | 6,696,397                           |
| Depreciation for the period / year           |             | (3,889,899)                            | (4,560,987)                         |
| Closing written down value                   |             | <u>11,869,107</u>                      | <u>14,189,876</u>                   |

#### 7. INTANGIBLE ASSETS

|  |             |                   |                   |
|--|-------------|-------------------|-------------------|
| Pakistan Mercantile Exchange - Membership card |             | 950,000           | 950,000           |
| Trading Right Entitlement Certificate (TREC)   | 7.1 & 7.1.1 | 19,926,170        | 19,926,170        |
| Software                                       | 7.2         | 1,209,300         | 758,548           |
|  |             | <u>22,085,470</u> | <u>21,634,718</u> |

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

According to the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, the TREC Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto 31 December 2019, the Stock Exchange shall offer for issuance, 15 TREC Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TREC Certificates. The Company has marked lien on TREC certificate in favour of the Pakistan Stock Exchange Limited (PSX) to fulfil the requirement of Base Minimum Capital.

##### 7.1.1 TRE Certificate

*Net carrying value basis*

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Opening net book value   | 19,926,170        | 19,926,170        |
| Provision for impairment | (7,970,468)       | -                 |
| Closing net book value   | <u>11,955,702</u> | <u>19,926,170</u> |

##### 7.2 Software

*Net carrying value basis*

|                        |                  |                |
|------------------------|------------------|----------------|
| Opening net book value | 758,548          | 269,442        |
| Additions              | 750,000          | 913,660        |
| Amortisation charge    | (299,248)        | (424,554)      |
| Closing net book value | <u>1,209,300</u> | <u>758,548</u> |

*Gross carrying value*

|                          |                  |                |
|--------------------------|------------------|----------------|
| Cost                     | 4,553,660        | 3,803,660      |
| Accumulated amortisation | (3,344,360)      | (3,045,112)    |
| Net book value           | <u>1,209,300</u> | <u>758,548</u> |
| Amortisation rate        | <u>33%</u>       | <u>33%</u>     |

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

Investment in shares of Pakistan Stock Exchange Limited  
2,404,430 (30 June 2016: 4,007,383) shares

|                  |                |
|------------------|----------------|
| <b>Unaudited</b> | <b>Audited</b> |
| <b>31 March</b>  | <b>30 June</b> |
| <b>2017</b>      | <b>2016</b>    |
| <b>(Rupees)</b>  |                |

|                   |                   |
|-------------------|-------------------|
| <u>24,044,300</u> | <u>40,073,830</u> |
|-------------------|-------------------|

- 8.1** This represents shares of PSX acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of PSX by issuance of 4,007,383 shares to each initial shareholder in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account - CDC of each initial shareholder.
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceeds against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the asset transferred and asset obtained cannot be determined with reasonable accuracy, the above investment has been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company has been recognised as available for sale investment and the excess of value of shares over the carrying value of membership card is recognised as trading right. No gain or loss has been recorded on the exchange. The Company has pledged the shares with PSX to fulfil the requirement of Base Minimum Capital.

- 8.2** In the current period, the Securities and Exchange Commission of Pakistan accorded its approval to Pakistan Stock Exchange Limited for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of \$85.6 million at offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% shares (out of 60% of total shareholding in PSX), which were in held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium by the Divestment Committee at an offer price of Rs. 28 per share. Subsequently, a formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the divestment committee of PSX.

As per the above mentioned letter, 10% of the consideration amount will be retained for a period of one year to settle any outstanding liabilities of PSX and as such the portion of sale after deduction, if any, will be remitted to the designated bank account maintained by the Company after the expiry of the specified time period. Accordingly, the Company in their condensed interim financial information for the period ended 31 December 2016, has classified 1,602,953 (40%) shares as non-current asset held for sale and are valued at Rs. 28 per share.

On 16 March 2017, PSX informed the brokerage house that 90% of sale proceeds of 40% PSX shares has been disbursed into the designated bank accounts of the shareholders and the remaining 10% of the amount is held for a period of one year to settle any outstanding liabilities of PSX which will be released after the specified time.

- 8.3 In compliance with the amendments to its regulations taking effect from the effective date of integration, 28 December 2015 in Chapter 19 of Regulation Governing Risk management of the PSX according to which every TREC holder shall maintain BMC as per the slabs with the exchange which shall be determined based on AUC.

Required BMC determined was amounting to Rs 26 million. Accordingly, the company has complied with the said requirement in the following manner:

1. Transferable TRE Certificate Lien marked with irrevocable authority in favour of exchange ;
2. Transferable 40% (1,602,953 shares) pledged in favour of the exchange ;
3. Cash deposited with the exchange amounting to Rs 269,054 to fulfill the BMC requirement;
4. Fulfilled by assignment and transfer by way of 461,471 shares to the exchange all its rights, title and interest.

As per notice No. PSX/N-1574 dated March 8, 2017, the breakup value of PSX share is Rs 10.06 per share.

| 9. INVESTMENTS IN SHARES | Note | Unaudited<br>31 March<br>2017 | Audited<br>30 June<br>2016 |
|--------------------------|------|-------------------------------|----------------------------|
|                          |      | (Rupees)                      |                            |

|                 |       |                |          |
|-----------------|-------|----------------|----------|
| 9.1 Investments |       |                |          |
| - Listed shares | 9.1.1 | <u>229,081</u> | <u>-</u> |

9.1.1 Listed shares

| 31 March<br>2017   | 30 June<br>2016 |  | 31 March<br>2017   | 30 June<br>2016 |
|--------------------|-----------------|--|--------------------|-----------------|
| (Number of shares) |                 | Name of investee                                   | Carrying<br>amount | Market<br>value |
|                    |                 |  | (Rupees)           |                 |
| 11,500             | -               | Power Cement Limited                               | 257,796            | 229,081         |
|                    |                 | Unrealised loss on remeasurement of<br>investments | <u>(28,715)</u>    | -               |
|                    |                 |  | <u>229,081</u>     |                 |

10. INVESTMENT IN MARGINAL FINANCING

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%.

|  |                               |                            |
|--|-------------------------------|----------------------------|
|  | Unaudited<br>31 March<br>2017 | Audited<br>30 June<br>2016 |
|  | (Rupees)                      |                            |
| Investment in MF at beginning of the period / year | -                             | -                          |
| Total Placements during the period / year          | 1,682,708,635                 | -                          |
| Total Release against MF during the period / year  | (1,637,655,553)               | -                          |
| Realised income on MF                              | 4,503,816                     | -                          |
| Unrealised Income on MF                            | 766,435                       | -                          |
|  | <u>(1,632,385,302)</u>        | <u>-</u>                   |
| Balance at end of the period / year                | <u>50,323,333</u>             | <u>-</u>                   |

11. TRADE DEBTS - considered good

|  |             |                    |                   |
|--|-------------|--------------------|-------------------|
| Receivable from clients on account of:                           |             |                    |                   |
| - Purchase of shares on behalf of clients                        | 11.1 & 11.2 | 255,455,755        | 48,782,471        |
| - Brokerage commission on  |             |                    |                   |
| -Equity shares   | 11.2        | 1,125,000          | 12,317,099        |
| -Money market and forex  |             | 2,775,615          | 5,577,569         |
| - Consultancy fee  |             | 8,043,526          | 1,168,726         |
| Receivable from National Clearing Company<br>of Pakistan Limited |             | <u>-</u>           | <u>-</u>          |
|  |             | <u>267,399,896</u> | <u>67,845,865</u> |

**11.1** This includes trade debts of Rs. Nil (30 June 2016: Rs. 1.026 million) receivable from related parties.

**11.2 Aging analysis**

The aging analysis of the trade debts relating to purchase of shares and brokerage commission on equity shares is as follows:

|                     | 31 March 2017      |                    |
|---------------------|--------------------|--------------------|
|                     | Amount             | Custody value      |
|                     | (Rupees)           |                    |
| Upto five days      | 242,512,218        | 245,158,082        |
| More than five days | 12,943,535         | 153,964,259        |
|                     | <u>255,455,753</u> | <u>399,122,341</u> |

**12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

|  | Note | Unaudited<br>31 March<br>2017 | Audited<br>30 June<br>2016 |
|--|------|-------------------------------|----------------------------|
|  |      | (Rupees)                      |                            |
| Advance against salary   |      | 197,167                       | 156,918                    |
| Deposit against Exposure Margin                                | 12.1 | 241,654,949                   | 114,400,525                |
| Deposit against Marginal Trading Services                      | 12.2 | 22,270,380                    | 12,073,352                 |
| Security deposits  | 12.3 | 1,128,679                     | 1,128,679                  |
| Prepaid expenses   |      | 3,200,848                     | 2,591,599                  |
| Sales tax receivables  |      | 1,300,917                     | 773,523                    |
| Mobilization advance   |      | 1,300,000                     | -                          |
| Advance for vehicle  | 12.4 | 2,667,500                     | -                          |
| Other receivables and advances                                 |      | 1,228,394                     | 445,143                    |
| Markup receivable against bank deposits and Marginal Financing |      | 2,029,917                     | 1,849,749                  |
| Receivable from PSX against disposal of shares                 | 12.5 | 4,488,268                     | -                          |
|  |      | <u>281,467,019</u>            | <u>133,419,488</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. These deposits also carry profit at rates ranging from 2.75% to 3.1% (30 June 2016: 3.12% to 3.82%) per annum.

**12.2** This represents deposit with National Clearing Company of Pakistan Limited against Marginal Trading Services. These deposits also carry profit at rates ranging from 2.75% to 3.1% (30 June 2016: 3.12% to 3.82%) per annum.

**12.3** This represents security deposit against leased asset of Rs. 0.347 million and against IPO of a client Rs. 0.718 million.

**12.4** This amount is given for the purchase of vehicle, which will be delivered in the month of June 2017.

**12.5** Retention Money and will be disbursed to the share holder after one year, subject to reduction, if any, that may be made in accordance with the Share Purchased Agreement amongst Chinese Consortium, Divestment Committee and PSX (refer note 8.2).

**13. CASH AND BANK BALANCES**

|   | Note        | Unaudited<br>31 March<br>2017 | Audited<br>30 June<br>2016 |
|---|-------------|-------------------------------|----------------------------|
|   |             | (Rupees)                      |                            |
| Balances with banks:                        |             |                               |                            |
| Saving accounts - under mark-up arrangement | 13.1 & 13.2 | 191,861,860                   | 316,451,175                |
| Current accounts - Conventional             |             | 164,084,474                   | 22,843,870                 |
| Current accounts - Shariah Compliant        |             | <u>74,732</u>                 | <u>74,732</u>              |
|   |             | <u>356,021,066</u>            | <u>339,369,777</u>         |
| Cash in hand                                |             | <u>27,894</u>                 | <u>15,585</u>              |
|   |             | <u>356,048,960</u>            | <u>339,385,362</u>         |

**13.1** Profit rate on saving accounts ranges from 3.75% to 4.1% per annum (30 June 2016: 4% to 6.25% per annum).

**13.2** This include Rs. 190.373 million kept in designated bank accounts maintained on behalf of clients.

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

|   | <i>Note</i> | <b>Unaudited</b>   | Audited            |
|---|-------------|--------------------|--------------------|
|   |             | <b>31 March</b>    | 30 June            |
|   |             | <b>2017</b>        | 2016               |
|   |             | <b>(Rupees)</b>    |                    |
| Issued, subscribed and paid-up capital            |             |                    |                    |
| Ordinary shares of Rs. 10 each fully paid in cash |             | <b>200,000,000</b> | 200,000,000        |
| Issue of right shares                             |             | <b>250,000,000</b> | -                  |
|   |             | <b>450,000,000</b> | <b>200,000,000</b> |

During the period, the Company has made a right issue of 250,000,000 (30 June 2016: Nil) shares at a discounted price of Re. 8 (30 June 2016: Nil) each to its existing shareholders in the proportion of their shareholdings. All the shares were subscribed by the shareholders as per the right offer. (refer note 1.1).

The enhanced paid up capital (ordinary shares) of the Company after issue of right shares amounted to Rs. 450,000,000 (Rupees of four fifty million only). This paid up capital represents 45,000,000 ordinary shares of Rs. 10 each.

**14.1 Pattern of shareholding**

| Categories of Shareholders          | Number of shares held as at July 1, 2016 | % of shares | Number of shares purchased during the period | Number of shares sold during the period | Number of shares held as on 13 March, 2017 | % of shares    |
|-------------------------------------|--|-------------|--|---|--|----------------|
| <b>Companies</b>                    |  |             |  |   |  |                |
| - MCB Bank Limited - Treasury       | 1,950,000                                | 9.75%       | 2,410,500                                    | -                                       | <b>4,360,500</b>                           | <b>9.69%</b>   |
| - Maple Leaf Cement Factory Limited | 1,500,000                                | 7.50%       | 1,875,000                                    | -                                       | <b>3,375,000</b>                           | <b>7.50%</b>   |
| - Arif Habib Limited                | 1,921,978                                | 9.61%       | -  | (1,921,978)                             | -  | <b>0%</b>      |
| - Abbas Corporation (Pvt) Limited   | 1,500,000                                | 7.50%       | -  | (1,500,000)                             | -  | <b>0%</b>      |
|                                     |  |             |  | (1,099,807)                             |  |                |
| <b>Individuals</b>                  |  |             |  |   |  |                |
| - Mr. Muhammad Najam Ali            | 5,497,000                                | 27.49%      | 6,871,250                                    | -                                       | <b>12,368,250</b>                          | <b>27.49%</b>  |
| - Mr. Arif Habib                    | 2,000,000                                | 10.00%      | 900,000                                      | -                                       | <b>2,900,000</b>                           | <b>6.44%</b>   |
| - Mr. Adnan Afridi                  | -  | 0%          | 4,500,000                                    | -                                       | <b>4,500,000</b>                           | <b>10.00%</b>  |
| - Mrs. Farah Naz Mirza              | -  | 0%          | 2,000,000                                    | (2,000,000)                             | -  | <b>0.00%</b>   |
| - Mr. Srosh Tahir                   | -  | 0%          | 3,575,000                                    | -                                       | <b>3,575,000</b>                           | <b>7.94%</b>   |
| - Mr. Muhammad Ahmad Khan Malik     | -  | 0%          | 1,150,000                                    | (1,150,000)                             | -  | <b>0%</b>      |
| - Other Individuals                 | 5,631,022                                | 28.16%      | -  | -                                       | <b>13,921,250</b>                          | <b>30.94%</b>  |
|                                     | <b>20,000,000</b>                        | <b>100%</b> |  |   | <b>45,000,000</b>                          | <b>100.00%</b> |

**15. LONG TERM LOAN**

|   | <i>Note</i> | <b>Unaudited</b>     | Audited           |
|---|-------------|----------------------|-------------------|
|   |             | <b>31 March</b>      | 30 June           |
|   |             | <b>2017</b>          | 2016              |
|   |             | <b>(Rupees)</b>      |                   |
| Loan at beginning of the period / year          |             | <b>92,211,634</b>    | 108,592,232       |
| Additions during the period / year              |             | <b>47,196,065</b>    | 117,345,867       |
| Repayments of the loan during the period / year |             | <b>(139,407,699)</b> | (133,726,465)     |
| Balance at end of the period / year             |             | <b>-</b>             | <b>92,211,634</b> |

**15.1** This represents loan obtained from related party amounting to Nil (30 June 2016: Rs. 92.211 million). These loans carry mark-up rate 11.20% to 11.26% (30 June 2016: 11.25% to 11.99%) per annum.



|  |  | <b>Unaudited<br/>31 March<br/>2017</b> | <b>Audited<br/>30 June<br/>2016</b> |
|--|--|--|-------------------------------------|
|  |  | <b>(Rupees)</b>                        |                                     |
| <b>16. SHORT TERM LOAN - unsecured</b>   | <i>Note</i>  |  |                                     |
| Loan at beginning of the period / year   |  | <b>35,377,460</b>                      | 4,123,680                           |
| Additions during the period / year   |  | <b>747,530,668</b>                     | 409,540,745                         |
| Repayments of the loan during the period / year                                      |  | <b>(620,232,206)</b>                   | (378,286,966)                       |
| Balance at end of the period / year  |  | <b><u>162,675,922</u></b>              | <u>35,377,459</u>                   |
| <b>16.1</b>  | This includes loans obtained from related parties amounting to Rs. 617.966 (30 June 2016: 357.908 million) out of which Rs. 559.637 million (30 June 2016: 328.658 million) was repaid during the period and Rs. 91.702 million (30 June 2016: Rs. 33.373 million) is outstanding at period end. These loans carry mark-up rate 11.20% to 11.26% (30 June 2016: 11.25% to 11.98%) per annum. |  |                                     |
| <b>17. TRADE AND OTHER PAYABLES</b>  |  |  |                                     |
| Trade creditors  | <i>17.1 &amp; 17.2</i>   | <b>252,410,232</b>                     | 317,646,516                         |
| Payable to National Clearing Company of Pakistan Limited                             | <i>17.3</i>  | <b>147,958,327</b>                     | 16,004,539                          |
| Accrued commission to traders  | <i>17.4</i>  | <b>2,246,141</b>                       | 2,163,101                           |
| Accrued salaries and other expenses  |  | <b>2,439,271</b>                       | 691,011                             |
| Auditor's remuneration   |  | <b>700,000</b>                         | 533,800                             |
| Tax deducted at source   |  | <b>5,317,814</b>                       | 5,555,813                           |
| Provision for sales tax  |  | <b>2,560,063</b>                       | 2,560,063                           |
| Provision for Worker's Welfare Fund  |  | <b>1,022,779</b>                       | 490,531                             |
| Commission payable   | <i>17.5</i>  | <b>74,156,139</b>                      | 18,203,571                          |
| Mark-up payable  |  | -                                      | 3,988,024                           |
| Other payables   |  | <b>545,703</b>                         | 1,026,812                           |
|  |  | <b><u>489,356,469</u></b>              | <u>368,863,781</u>                  |
| <b>17.1</b>  | This includes trade payable of Rs. 13.559 million (30 June 2016: Rs. 2.497 million) payable to related parties.  |  |                                     |
| <b>17.2</b>  | This includes Rs.67.641 million trade payable in respect of two days trading with T+2 settlement.  |  |                                     |
| <b>17.3</b>  | This includes Rs. 147.958 (30 June 2016: Rs. 15.70 million) payable in respect of two days trading with T+2 settlements.   |  |                                     |
| <b>17.4</b>  | This includes commission payable of Rs. 0.585 million (30 June 2016: Rs. 1.380 million) to related parties.  |  |                                     |
| <b>17.5</b>  | This represents commission payable to a foreign brokerage house.   |  |                                     |
| <b>18. CONTINGENCIES AND COMMITMENTS</b>   |  |  |                                     |
| <b>18.1 Commitments</b>  |  |  |                                     |
| For sale of quoted securities under future contracts against counter commitments     |  | <b><u>2,406,100</u></b>                | <u>51,175,405</u>                   |
| For purchase of quoted securities under future contracts against counter commitments |  | <b><u>68,128,705</u></b>               | <u>301,166,940</u>                  |



|  |             | Nine months ended  |                    | Quarter ended     |                   |
|--|-------------|--------------------|--------------------|-------------------|-------------------|
|  |             | 31 March           |                    | 31 March          |                   |
|  |             | 2017               | 2016               | 2017              | 2016              |
|  |             | (Unaudited)        |                    |                   |                   |
|  |             | (Rupees)           |                    |                   |                   |
| <b>19. OPERATING REVENUE</b>   | <i>Note</i> |                    |                    |                   |                   |
| Brokerage income   | 19.1 & 19.2 | 166,653,399        | 98,161,015         | 55,082,780        | 40,421,859        |
| Advisory / consultancy fee   |             | 23,039,083         | 17,281,643         | 8,772,720         | 8,705,429         |
|  |             | <u>189,692,482</u> | <u>115,442,658</u> | <u>63,855,500</u> | <u>49,127,288</u> |
| 19.1 This include Rs. 96.037 million brokerage income earned from institutional clients, Rs. 70.616 million brokerage income from retail clients and Rs. Nil brokerage income from proprietary trades. |             |                    |                    |                   |                   |
| 19.2 This includes brokerage earned from related parties amounting to Rs. 2.294 million (31 March 2016: Rs. 1.496 million).  |             |                    |                    |                   |                   |
| <b>20 CAPITAL GAIN / (LOSS) ON INVESTMENTS</b>   |             |                    |                    |                   |                   |
| Capital gain on sale of PSX shares   | 20.1        | 28,853,154         | -                  | 28,853,154        | -                 |
| Capital (loss) / gain on listed shares   |             | (305,950)          | 1,124,471          | (151,532)         | -                 |
|  |             | <u>28,547,204</u>  | <u>1,124,471</u>   | <u>28,701,622</u> | <u>-</u>          |
| 20.1 This represent capital gain earned from the sale of 1,602,953 PSX Shares at a price of Rs.28 per share.   |             |                    |                    |                   |                   |
| <b>21. OPERATING EXPENSES</b>  |             |                    |                    |                   |                   |
| Salaries, wages and other benefits   |             | 33,020,713         | 31,133,637         | 10,328,025        | 10,758,376        |
| Consultancy fee  | 21.1        | 5,273,600          | 9,751,103          | 3,933,600         | 2,229,786         |
| Commission and referral fee  | 21.2        | 26,106,548         | 15,782,148         | 7,548,489         | 6,311,248         |
| Service and transaction charges  |             | 14,008,226         | 6,880,455          | 5,430,671         | 2,583,404         |
| Fees and subscription  |             | 5,738,851          | 6,518,271          | 862,471           | 1,580,878         |
|  |             | <u>84,147,938</u>  | <u>70,065,614</u>  | <u>28,103,204</u> | <u>23,463,692</u> |
| 21.1 This includes consultancy fee to the directors of the Company amounting to Rs. 2.250 million (31 March 2016: Rs. 3.179 million).  |             |                    |                    |                   |                   |
| 21.2 This includes commission to the directors of the Company amounting to Rs. 15.670 million (31 March 2016: Rs. 10.101 million).   |             |                    |                    |                   |                   |
| <b>22 ADMINISTRATIVE EXPENSES</b>  |             |                    |                    |                   |                   |
| Salaries, wages and other benefits   | 22.1        | 27,058,547         | 24,462,143         | 8,417,052         | 8,437,859         |
| Telephone and communication charges  |             | 3,290,617          | 2,866,471          | 1,064,482         | 878,942           |
| Rent expense   |             | 9,126,280          | 6,423,635          | 3,102,690         | 2,233,608         |
| Utility charges  |             | 1,547,192          | 1,572,638          | 281,831           | 331,303           |
| Vehicle running expenses   |             | 1,223,550          | 1,328,780          | 375,844           | 318,733           |
| Depreciation   |             | 3,813,898          | 3,315,155          | 1,376,025         | 1,014,818         |
| Amortisation   |             | 299,248            | 130,552            | 113,638           | -                 |
| Legal and professional charges   |             | 437,750            | 220,420            | 75,000            | 12,500            |
| Auditor's remuneration   |             | 906,733            | 762,440            | 135,867           | 121,210           |
| Insurance  |             | 853,028            | 552,639            | 260,718           | 298,503           |
| Printing, stationery and postage charges   |             | 1,124,316          | 778,089            | 397,141           | 280,148           |
| Office supplies  |             | 433,662            | 350,514            | 170,984           | 112,195           |
| Office repair and maintenance  |             | 1,622,470          | 763,581            | 395,591           | 119,899           |
| Branch office maintenance  |             | -                  | 109,760            | -                 | 61,750            |
| Fees and subscription  |             | 2,097,758          | 830,400            | 1,099,246         | 203,003           |
| Travelling and entertainment charges   |             | 2,540,706          | 2,305,360          | 733,304           | 412,460           |
| Advertisement expenses   |             | 276,800            | 497,820            | -                 | 120,960           |
| Security expense   |             | 1,728,591          | 1,545,775          | 577,216           | 561,175           |
| Workers Welfare fund   |             | 532,248            | -                  | -                 | -                 |
| Miscellaneous expenses   |             | 1,329,976          | 1,719,059          | 675,567           | 520,512           |
| Right issuance expense   |             | 901,790            | -                  | 901,790           | -                 |
|  |             | <u>61,145,160</u>  | <u>50,535,231</u>  | <u>20,153,986</u> | <u>16,039,578</u> |
| 22.1 This includes remuneration to Chief Executive Officer amounting to Rs. 6.750 million (31 March 2016: Rs. 6.750 million).  |             |                    |                    |                   |                   |
| <b>23. FINANCIAL CHARGES</b>   |             |                    |                    |                   |                   |
| Mark up expense  | 23.1        | 22,015,494         | 15,818,666         | 7,202,901         | 5,926,207         |
| Bank charges   |             | 3,124,253          | 1,217,245          | 2,135,574         | 873,833           |
|  |             | <u>25,139,747</u>  | <u>17,035,911</u>  | <u>9,338,475</u>  | <u>6,800,040</u>  |
| 23.1 This includes Rs. 14.684 million (31 March 2016: Rs.14.752 million) paid to related parties.  |             |                    |                    |                   |                   |
| <b>24. OTHER INCOME</b>  |             |                    |                    |                   |                   |
| Mark-up / interest on:   |             |                    |                    |                   |                   |
| - Bank balances (under mark-up arrangements)   |             | 12,054,940         | 4,716,804          | 4,192,807         | 1,485,596         |
| - Income Under Margin Financing System   |             | 5,270,251          | -                  | 1,678,679         | -                 |
| Profit on cash margin  |             | 3,617,253          | 2,822,571          | 2,076,745         | 1,036,850         |
| Dividend income  |             | 241,121            | 2,381,624          | -                 | (28,249)          |
| Others   |             | 827,971            | -                  | 827,971           | -                 |
|  |             | <u>22,011,536</u>  | <u>9,920,999</u>   | <u>8,776,202</u>  | <u>2,494,197</u>  |

| 25. TAXATION |             | Nine months ended<br>31 March |                  | Quarter ended<br>31 March |                  |
|--------------|-------------|-------------------------------|------------------|---------------------------|------------------|
|              |             | 2017                          | 2016             | 2017                      | 2016             |
|              | <i>Note</i> | (Unaudited)                   |                  |                           |                  |
|              |             | (Rupees)                      |                  |                           |                  |
| Current      |             | 14,300,423                    | 4,644,005        | 8,589,970                 | 1,628,062        |
| Prior        |             | -                             | 1,404,806        | -                         | -                |
| Deferred     |             | (200,729)                     | (4,615,983)      | (401,458)                 | 289,818          |
|              |             | <u>14,099,694</u>             | <u>1,432,828</u> | <u>8,188,512</u>          | <u>1,917,880</u> |

#### 25.1 Current status of tax assessments

There is no change in the status of the current tax assessment as referred in note 24.3 of financial statements for the year ended 30 June 2016.

#### 26. EARNINGS PER SHARE - BASIC AND DILUTED

*Note*

|   |      |                   |                     |                   |                   |
|---|------|-------------------|---------------------|-------------------|-------------------|
| Profit / (loss) for the period  |      | <u>55,689,968</u> | <u>(13,681,263)</u> | <u>35,520,432</u> | <u>2,707,010</u>  |
|   |      | (Number)          |                     |                   |                   |
|   |      | (Re-stated)       |                     |                   |                   |
| Weighted average number of ordinary shares in issue during the period | 26.2 | <u>34,888,645</u> | <u>31,600,000</u>   | <u>34,888,645</u> | <u>31,600,000</u> |
|   |      | (Rupees)          |                     |                   |                   |
|   |      | (Re-stated)       |                     |                   |                   |
| Earnings / (loss) per share basic and diluted                         |      | <u>1.60</u>       | <u>(0.43)</u>       | <u>1.02</u>       | <u>0.09</u>       |

26.1 This includes bonus factor of 1.58 on issue of 25,000,000 right shares. Theoretical ex-cum right price was Rs 14.98 after the issue of right during the period

26.2 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.

#### 27. ASSETS UNDER CUSTODY

Client assets under custody in CDC under participant ID of Next Capital Limited valued at Rs. 2,908,868,385 as on 31 March 2017.

#### 28. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 26 April 2017 by the Board of Directors of the Company.



Chief Executive



Director



**Head Office:**

8<sup>th</sup> Floor Horizon Tower, Plot No. 2/6  
Block III, Clifton, Karachi  
Pakistan

**UAN:** 92-21-111-639-825

**Fax:** 92-21-35292621

**Karachi Branch:**

93-95, 2/F, Stock Exchange  
Building off I.I. Chundrigar Road,  
Karachi.

**Ph:** 021-32468856-66,

**Fax:** 021-32468867

**Lahore Branch Office:**

House No. 43-A/S,  
Zafar Ali Road,  
Aziz Avenue,  
Gulberg-5, Lahore.

**Ph:** 92-42-35791283-4

**Fax:** 92-42-35791289

**URL:** [www.nextcapital.com.pk](http://www.nextcapital.com.pk)