



HALF YEARLY
REPORT
DECEMBER 2017

CONTENTS

1. COMPANY INFORMATION	3
2. DIRECTOR'S REPORT	4
3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBER ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	5
4. CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017.	6
5. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.	7
6. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.	8
7. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.	9
8. STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.	10
9. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.	11

1. COMPANY INFORMATION

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

2. DIRECTORS' REPORT

Economic Review:

Pakistan's growth outlook remains positive though at the same time it is contingent on maintaining macroeconomic stability. Overall, consumption patterns need to be watched carefully while at the same time higher government expenditures may continue to fuel aggregate demand during the election cycle. Despite relatively robust real sector dynamics, particularly in the industry and the services sub-sectors, macroeconomic imbalances have increased over the last year. Nevertheless, the central bank along with key international financial institutions expect the economy to continue on its strong growth trajectory, if not meet the targeted 6% real GDP growth rate for FY18.

The key risk to the economic outlook emanates largely from the external account where burgeoning current account deficit (CAD) has continued to add pressure to the forex reserves. During 1H-FY18, CAD sharply increased by 59% YoY to US\$ 7.4 billion mainly due to the deteriorating trade balance. On the fiscal side, although the budget deficit has been contained at 1.2% of GDP in 1Q-FY18, potentially heightened spending going into the election cycle could pose risk of fiscal slippages.

Buoyant international crude oil prices, which stood 12% YoY higher during 2Q-FY18, along with the lagged impact of rupee devaluation could increase inflation in 2H-FY18. However, inflation is still expected to remain within the annual target of 6%. In this regard, the policy response is likely to shift towards correcting imbalances while addressing macroeconomic stability. Exports' growth & cut in non-essential imports, a competitive exchange rate, revenue collection & well-planned public spending along with prioritizing savings over consumption would be the key areas of focus in economic policy making in FY18.

Capital Market Review:

KSE-100 index fell by 4.6% during 2Q-FY18 whereas the index was down 15.3% YoY. Power and oil & gas marketing sectors contributed most to the decline while oil & gas exploration & production (E&P) stood as the major outperformer during the quarter. On a YoY basis, cements and banking sectors have been the major laggards even as E&P remained the relatively best performing sector. Worsened political uncertainty, external account concerns and muted earnings growth outlook kept investors largely on the sidelines. During the quarter, average volumes and value traded dropped by 22% and 28% respectively. Going forward, how equity valuations would welcome the potentially restrictive monetary policy amid key political developments is likely to set the direction for the stock market.

Performance Overview:

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

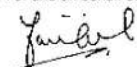
	2017	2016
	RUPEES	
Accumulated Gain / (Loss) as at July 01	20,051,403	(37,909,634)
Profit / (Loss) after tax for the period	(65,795,655)	20,169,536
Accumulated Gain / (Loss) as at December 31	(45,744,252)	(17,740,098)
Earnings Per Share Rupees	(1.46)	1.01

Despite a challenging first half of this fiscal year, we managed to marginally increase our revenues by 5.4% YoY. We broadly had a bearish market with low volumes during 1H-FY18 as against predominantly bullish sentiments with relatively much active trading activity witnessed during the same period last year. Therefore, brokerage revenue fell by 21.8% YoY. However, advisory/ consultancy income showed robust improvement where it sharply increased by over three times YoY thanks to a healthy deal flow in investment banking despite few planned IPOs which had to be delayed due to sluggish equity market. Overall, the net loss during 1H-FY18 is mainly attributable to mark to market loss on The Bank of Punjab (BOP) shares which were acquired due to underwriting agreement where we acted as an underwriter. We would reiterate that BOP is a sound institution with strong earnings potential and in our view the stock remained undervalued at December 31st, 2017 closing price.

Looking ahead, the company 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

February 27, 2018



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

3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Next Capital Limited** ("the Company") as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

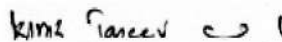
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended 31 December 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 27 February 2018

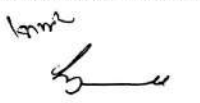
Karachi


KPMG TaseerHadi & Co.
Chartered Accountants
Muhammad Taufiq

4. CONDENSED INTERIM BALANCE SHEET, AS AT DECEMBER 31, 2017

	Note	31 December 2017 (Un-audited) (Rupees)	30 June 2017 (Audited) (Rupees)
ASSETS			
Non-current assets			
Property and equipments	6	14,196,117	16,365,032
Intangible assets	7	4,482,135	7,356,911
Investment in shares of Pakistan Stock Exchange Limited	8	35,906,156	41,163,842
Long term deposits	9	5,043,200	24,670,029
Deferred tax asset		10,031,772	1,184,479
		<u>69,659,380</u>	<u>90,740,293</u>
Current assets			
Short term investment classified as "at fair value through profit or loss"	10	120,014,560	15,408,000
Investment in Marginal Financing System	11	23,363,082	4,274,411
Trade debts - considered good	12	96,506,615	428,809,018
Deposits and prepayments	13	173,025,556	281,876,932
Advances and other receivables	14	3,983,207	2,352,368
Income tax refundable		49,972,517	50,792,894
Cash and bank balances	15	163,443,886	269,670,057
		<u>630,309,423</u>	<u>1,053,183,680</u>
Total assets		<u>699,968,803</u>	<u>1,143,923,973</u>
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	16	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
(Accumulated losses) / unappropriated profit		(45,744,252)	65,051,403
Unrealised gain on remeasurement of available-for-sale investments			
- net of deferred tax		<u>19,876,626</u>	<u>25,134,303</u>
		<u>374,132,374</u>	<u>490,185,706</u>
Non-current liabilities			
Long term loans	17	-	-
Current liabilities			
Short term loan - unsecured	18	58,707,085	107,260,727
Current portion of liabilities against assets subject to finance lease		-	48,090
Trade and other payables	19	267,129,344	546,429,450
		<u>325,836,429</u>	<u>653,738,267</u>
Total equity and liabilities		<u>699,968,803</u>	<u>1,143,923,973</u>
Contingencies and commitments			
	20		

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 PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2017**

	Note	Six Months ended 31 December		Quarter ended 31 December	
		2017	2016	2017	2016
		(Rupees)			
Operating revenue	21	132,676,461	125,836,982	53,241,172	67,989,588
Capital loss on sale of investments		(2,437,934)	(154,418)	(2,588,596)	(61,143)
Unrealised loss in the value of investments classified as 'at fair value through profit or loss'		(54,025,241)	-	(22,206,521)	-
Impairment loss on Trading Right Entitlement Certificate (TREC)	7.2	(2,500,000)	-	(2,500,000)	-
Operating expenses	22	(82,511,185)	(56,044,734)	(31,398,725)	(31,242,866)
Administrative expenses	23	(48,188,656)	(40,991,174)	(26,879,029)	(22,159,156)
Finance cost charges		(9,320,445)	(15,801,272)	(4,515,001)	(8,891,755)
		(66,307,000)	12,845,384	(36,846,700)	5,634,668
Other income	24	10,926,729	13,235,334	4,216,583	8,242,536
Net (loss) / profit before taxation		(55,380,271)	26,080,718	(32,630,117)	13,877,204
Taxation	25				
- Current		(19,262,677)	(5,710,453)	(9,147,271)	(4,363,445)
- Prior		-	-	-	-
- Deferred		8,847,293	(200,729)	8,847,293	(200,729)
		(10,415,384)	(5,911,182)	(299,978)	(4,564,174)
Net (loss) / profit for the period		(65,795,655)	20,169,536	(32,930,095)	9,313,030
		---Restated---		---Restated---	
Earnings per share - basic and diluted	26	(1.46)	0.64	(0.73)	0.29

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

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Chief Executive



Director



Chief Financial Officer

6. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Six months period ended 31 December		Quarter ended 31 December	
	2017	2016	2017	2016
	(Rupees)			
Net (loss) / profit for the period	(65,795,655)	20,169,536	(32,930,095)	9,313,030
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit and loss account</i>				
Net unrealised (loss) / gain on remeasurement of investments	(5,257,677)	28,853,154	(625,142)	28,853,154
Related deferred tax	(5,257,677)	(6,708,358)	(625,142)	(6,708,358)
Total comprehensive income for the period	<u>(71,053,332)</u>	<u>42,314,332</u>	<u>(33,555,237)</u>	<u>31,457,826</u>

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

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Chief Executive



Director



Chief Financial Officer

7. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Six months period ended	
	31 December 2017	31 December 2016
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / profit before taxation	(55,380,271)	26,080,718
Adjustments for:		
Depreciation	2,779,915	2,437,873
Amortisation	374,776	185,610
Impairment loss on Trading Right Entitlement	2,500,000	-
Capital loss on sale of investments	2,437,934	154,418
Unrealised loss in the value of investments classified as 'at fair value through profit or loss'	54,025,241	-
Markup on bank balances	(5,976,152)	(7,862,133)
Dividend income	(440,591)	(241,121)
Markup on investment in Margin Financing System	(979,099)	(3,591,572)
Profit on exposure margin	(3,491,376)	(1,540,508)
Finance cost	9,320,445	15,801,272
	60,551,093	5,343,839
<i>Cash flows before working capital changes</i>	5,170,822	31,424,557
Working capital changes		
(Increase) / decrease in current assets		
Trade debts - considered good	332,302,403	(331,267,321)
Deposits and prepayments	108,851,376	(134,191,292)
Advances and other receivables	(1,630,839)	-
	439,522,940	(465,458,613)
Increase / (decrease) in current liabilities		
Trade and other payables	(288,936,438)	185,678,030
Current portion of liabilities against assets subject to finance lease	(48,090)	-
	(288,984,528)	185,678,030
<i>Cash generated / (used) from operations</i>	155,709,234	(248,356,026)
Finance cost paid	(9,320,445)	(19,789,296)
Taxes paid	(18,442,291)	(13,299,004)
Net cash (used in) / generated from operating activities	127,946,498	(281,444,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(611,000)	(1,219,800)
Payment against investment in marginal financing system	(287,448,190)	(1,152,439,702)
Receipts against investment in marginal financing system	268,359,519	1,119,025,250
Short term investments made during the period	(603,534,340)	(399,999,123)
Short term investments disposed off during the period	442,464,605	399,844,705
Markup received on bank deposits	5,976,152	8,883,522
Markup received on exposure margins	3,491,376	1,540,508
Markup received on investment in marginal financing system	979,099	2,914,146
Long term deposits	19,626,829	-
Dividend received	440,591	241,121
Net cash generated from / (used in) investing activities	(150,255,359)	(21,209,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(35,363,668)	-
Short term loans received	397,112,158	539,895,762
Short term loans repaid	(445,665,800)	(420,855,957)
Long term loans received	-	45,680,733
Long term loans repaid	-	(45,680,733)
Net cash generated from financing activities	(83,917,310)	119,039,805
Net (decrease) / increase in cash and cash equivalents	(106,226,171)	(183,613,894)
Cash and cash equivalents at beginning of the period	269,670,057	339,385,362
Cash and cash equivalents at end of the period	163,443,886	155,771,468

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



Chief Executive



Director



Chief Financial Officer

8. STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017.

	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 2016	200,000,000	-	(37,909,634)	-	162,090,366
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	20,169,536	-	20,169,536
Net unrealised gain on remeasurement of available-for-sale investments	-	-	-	28,853,154	28,853,154
Related deferred tax	-	-	-	(6,708,358)	(6,708,358)
	-	-	20,169,536	22,144,796	42,314,332
Balance as at 31 December 2016	200,000,000	-	(17,740,098)	22,144,796	204,404,698
Balance as at 1 July 2017	450,000,000	(50,000,000)	65,051,403	25,134,303	490,185,706
<i>Total comprehensive income for the period</i>					
Net (loss) for the period	-	-	(65,795,655)	-	(65,795,655)
Net unrealised gain on remeasurement of available-for-sale investments	-	-	-	(5,257,677)	(5,257,677)
Related deferred tax	-	-	-	-	-
	-	-	(65,795,655)	(5,257,677)	(71,053,332)
<i>Transaction with owners of the Company</i>					
Cash dividend @ Re. 1.00 per ordinary share of Rs. 10 each for the year ended 30 June 2017	-	-	(45,000,000)	-	(45,000,000)
Balance as at 31 December 2017	450,000,000	(50,000,000)	(45,744,252)	19,876,626	374,132,374

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

Signature

Signature

Chief Executive

Signature

Director

Signature

Chief Financial Officer

9. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 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 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 8th floor, Horizon Tower, Block III Clifton, Karachi.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with the requirement of International Accounting Standard 34 "Interim Financial Reporting". As per the clarification issued by the Institute of Chartered Accountants of Pakistan (ICAP) through its circular no. 17/2017 dated October 06, 2017 on SECP's circular no. 23 of 2017 'Preparation of Financial Statements under the Companies Act, 2017', companies the interim period of which closes on or before December 31, 2017 shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and the provisions of and directives issued under repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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 2017.
- 2.3** This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the repealed Companies Ordinance, 1984 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 presented in this condensed interim financial information as at 31 December 2017 has been extracted from the audited financial statements of the Company for the year ended 30 June 2017, 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 six months period ended 31 December 2016.

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 2017.

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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, 2017 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, 2017 but are considered not to be relevant or to have any significant effect on this unconsolidated condensed interim financial information.

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

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 2 - Share-based Payment - (Amendments)	January 01, 2018
IAS 28 - Investments in associates and joint ventures - (Amendments)	January 01, 2019
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018

The Company expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures.

The following new standards have been issued by the IASB and have been notified by the SECP for application in Pakistan.

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 9 - Financial Instruments: Classification and Measurement	July 01, 2018

The Company is currently in the process of analyzing the potential impact of changes in policies on adoption of the above standards.

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 would be 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.

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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 2017.

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 2017.

6. PROPERTY AND EQUIPMENTS

	Note	31 December 2017 (Unaudited)	30 June 2017 (Audited)
		(Rupees)	
Opening written down value		16,365,032	14,189,837
Additions during the period / year - at cost			
- Lease hold improvement		-	142,000
- Furniture and fixtures		-	931,045
- Vehicles - owned / leased		-	2,667,500
- Computers and related accessories		611,000	3,641,985
		611,000	7,382,530
Written down value of deletions during the period / year		-	-
Depreciation for the period / year		(2,779,915)	(5,207,335)
		(2,779,915)	(5,207,335)
Closing written down value		14,196,117	16,365,032

7. INTANGIBLE ASSETS

Pakistan Mercantile Exchange - Membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	7.1 & 7.2	2,500,000	5,000,000
Software	7.3	1,032,135	1,406,911
		4,482,135	7,356,911

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

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

7.2 Movement in Trading Right Entitlement Certificate (TREC)

	Note	31 December 2017 (Unaudited)	30 June 2017 (Audited)
		(Rupees)	
Opening carrying value		5,000,000	19,926,170
Impairment recognised during the year	7.2.1	(2,500,000)	(14,926,170)
Closing carrying value		2,500,000	5,000,000

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7.2.1 During the year the Company has measured the TREC on its notional value of Rs. 2.5 million as per the PSX vide notice no. PSX/N- 7178, dated 10 November 2017, and accordingly recorded impairment in the profit and loss account.

7.3	Particulars - software and applications	31 December 2017 (Un-audited)	30 June 2017 (Audited)
		Note	
			(Rupees)
	Net carrying value basis		
	Opening net book value	1,406,911	758,548
	Additions	-	1,135,000
	Amortisation charge	(374,776)	(486,637)
	Closing net book value	<u>1,032,135</u>	<u>1,406,911</u>
	Gross carrying value		
	Cost	4,938,660	4,938,660
	Accumulated amortisation	(3,906,525)	(3,531,749)
	Net book value	<u>1,032,135</u>	<u>1,406,911</u>
	Amortisation rate	33%	33%

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

31 December 2017 (Un-audited)	30 June 2017 (Audited)		
(Number of Shares)			
1,602,953	4,007,383	Opening balance	16,029,530
-	(1,602,953)	Sold to strategic investor (40% shares)	-
-	(801,477)	Sold to general public (20% shares)	-
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance represents 40% shares **	<u>16,029,530</u>

** Market value basis

Book value	16,029,530	16,029,530
Unrealized (loss) / gain for the period / year - OCI	19,876,626	25,134,303
Market value	<u>35,906,156</u>	<u>41,163,842</u>

8.1 This represents shares of Pakistan Stock Exchange Limited (PSEL) acquired in pursuance of corporatization and demutualization of PSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSEL 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 PSEL is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of PSEL 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) are 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 PSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

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The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. Initially the fair value of both the asset transferred and asset obtained could not be determined with reasonable accuracy, the above investment had been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company had been recognised as available for sale investment and the excess of value of shares over the carrying value of membership card was recognised as trading right. No gain or loss had been recorded on the exchange. The Company had pledged the shares with PSX to fulfil the requirement of Base Minimum Capital. For details, refer note 8.2.

These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. At 30 June 2017, the outstanding 40% shares are classified as "Freeze" in the CDC report of the company.

- 8.2** 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 assets under custody. Required BMC determined is amounting to Rs. 26 million. Accordingly, the Company has complied with the said requirement by way of TREC having notional value of Rs. 2.5 million and the remaining by way of PSX shares.

- 8.3** In 2016, the Securities and Exchange Commission of Pakistan (SECP) accorded its approval to Pakistan Stock Exchange Limited (PSX) 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 an offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% (1,602,953 shares), which were 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 equity sale committee of PSX.

As per the above mentioned letter, 10% of the consideration amount is 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 has received 90% of the sale proceeds for said 1,602,953 shares.

After divestment of 40% equity stake of Pakistan Stock Exchange Limited in favor of Chinese Consortium, PSX vide their letter dated 06 June 2017 informed the Company for divestment of further 20% of PSX shares upon successful completion of book building process. This amount was secured by a bank guarantee taken from MCB Bank.

9. LONG TERM DEPOSITS	<i>Note</i>	31 December 2017 (Un-audited)	30 June 2017 (Audited)
		(Rupees)	
Pakistan Stock Exchange Limited	9.1	425,000	21,035,829
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,300,000	1,300,000
Pakistan Mercantile Exchange	9.2	1,250,000	1,250,000
Security deposit against office premises		1,823,200	839,200
Security deposit against PSO card		120,000	120,000
		<u>5,043,200</u>	<u>24,670,029</u>

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9.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against BMC requirement, during the current year, the Company deposited Rs. Nil (30 June 2017: Rs. 20.34) million for the requirement of BMC.

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	31 December 2017	30 June 2017
		(Un-audited)	(Audited)
		(Rupees)	
Listed shares	10.1	<u>120,014,560</u>	<u>15,408,000</u>

10.1 Listed shares

31 December 2017 (Un-audited) (Number of shares)	30 June 2017 (Audited)	Name of investee	31 December 2017		30 June 2017	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value
-	600,000	Pakistan Stock Exchange Limited	-	-	16,800,000	15,408,000
14,536,057	-	Bank of Punjab	173,673,264	119,777,110	-	-
5,000	-	Pak Elektron Limited	366,537	237,450	-	-
			<u>174,039,801</u>	<u>120,014,560</u>	<u>16,800,000</u>	<u>15,408,000</u>
		Unrealised loss on re-measurement of investment classified as "at fair value through profit and loss"	(54,025,241)		(1,392,000)	
		Market value	<u>120,014,560</u>		<u>15,408,000</u>	

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	31 December 2017	30 June 2017
		(Un-audited)	(Audited)
		(Rupees)	
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	12.1	68,650,799	379,923,978
- Brokerage commission			
- Equity shares		10,609,168	15,237,971
- Money market and forex		4,298,129	2,279,771
- Consultancy fee		12,948,519	31,367,298
		<u>96,506,615</u>	<u>428,809,018</u>

12.1 This includes trade debts of Rs. Nil (30 June 2017: Rs. 0.330 million) receivable from related parties.

12.2 Aging analysis

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

	Note	Amount	Custody value
		(Rupees)	
Upto five days	12.3	69,507,265	170,140,649
More than five days	12.3	9,752,702	467,823,230
		<u>79,259,967</u>	<u>637,963,879</u>

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

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13. DEPOSITS AND PREPAYMENTS

	<i>Note</i>	31 December 2017 (Un-audited) (Rupees)	30 June 2017 (Audited)
Receivable from NCCPL		50,311,299	-
Deposit of exposure margin	13.1	97,281,119	242,320,010
Deposit against Marginal Trading Services	13.2	12,019,401	24,804,190
Security deposits	13.3	1,128,679	1,128,679
Mobilization advance		1,155,130	-
Prepaid expenses		4,757,184	4,473,542
Sales tax receivables		1,170,058	3,499,163
Markup receivable against bank deposits		714,418	1,163,080
Receivable from PSX against disposal of shares	8.1	4,488,268	4,488,268
		<u>173,025,556</u>	<u>281,876,932</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 2.7% to 3.5% (30 June 2017: 2.75% to 3.1%).

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 2.7% to 3.1% (30 June 2017: 2.75% to 3.1%).

13.3 This includes security deposit against leased asset.

14. ADVANCES AND OTHER RECEIVABLES

	<i>Note</i>	31 December 2017 (Un-audited) (Rupees)	30 June 2017 (Audited)
<i>Considered good</i>			
Advance against salary - secured		156,387	306,237
Other receivables and advances - unsecured		3,826,820	2,046,131
		<u>3,983,207</u>	<u>2,352,368</u>

15. CASH AND BANK BALANCES

Balances with banks:			
Saving accounts - profit and loss account	15.1 & 15.2	137,956,687	200,696,032
Current accounts - Conventional		25,382,190	68,873,156
Current accounts - Shariah Compliant		74,732	74,732
		163,413,609	269,643,920
Cash in hand		30,277	26,137
		<u>163,443,886</u>	<u>269,670,057</u>

15.1 Profit rate on saving accounts ranges from 3.75% to 4% per annum (30 June 2017: 3.75% to 4.1% per annum).

15.2 This include Rs. 133.431 (30 June 2017: Rs. 194.903) million kept in designated bank accounts maintained on behalf of clients.

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16. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		31 December 2017 (Un-audited)	30 June 2017 (Audited)
		(Rupees)	
16.1 Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each fully paid in cash		450,000,000	200,000,000
Issue of right shares		-	250,000,000
		<u>450,000,000</u>	<u>450,000,000</u>
16.2 Pattern of shareholding			
Categories of Shareholders		Number of shares held	% of shares held
Companies			
- MCB Bank Limited - Treasury		4,360,500	9.69%
- Maple Leaf Cement Factory Limited		3,375,000	7.50%
- Abbas Corporation (Pvt.) Limited		500,000	1.11%
Individuals			
- Mr. Muhammad Najam Ali		12,368,250	27.49%
- Mr. Arif Habib		2,895,000	6.43%
- Mr. Srosh Tahir		3,575,000	7.94%
- Mr. Muhammad Ahmad Khan Malik		2,027,500	4.51%
- Mr. Adnan Afridi		4,500,000	10.00%
- Mr. Kashif Rafi		1,295,000	2.88%
- Mr. Hanna Khan		1,100,250	2.45%
- Other Individuals		9,003,500	20.01%
		<u>45,000,000</u>	<u>100.00%</u>
17. LONG TERM LOAN	<i>Note</i>	31 December 2017 (Un-audited)	30 June 2017 (Audited)
		(Rupees)	
Long term loan	17.1	-	-
Movement in long term loan			
Loan at beginning of the year		-	92,211,634
Additions during the year		-	47,630,194
Repayments of the loan during the year		-	(89,216,946)
Transfer to short term loan		-	(50,624,882)
Balance at end of the year		<u>-</u>	<u>-</u>
17.1	These loans were obtained from related parties and carry mark-up rate nil (30 June 2017: 11.20% to 11.28%) per annum.		
18. SHORT TERM LOAN - unsecured		31 December 2017 (Un-audited)	30 June 2017 (Audited)
		(Rupees)	
Loan at beginning of the period / year		107,260,727	35,377,459
Additions during the period / year		397,112,158	861,189,084
Repayments of the loan during the period / year		<u>(445,665,800)</u>	<u>(789,305,816)</u>
Balance at end of the period / year		<u>58,707,085</u>	<u>107,260,727</u>
18.1	This includes loans obtained from related parties amounting to Rs. 279.24 (30 June 2017: Rs. 764.552) million out of which Rs. 339.480 (30 June 2017: Rs. 750.740) million was repaid during the period and Rs.13.774 (30 June 2017: Rs. 47.185) million is outstanding at period end. These loans carry mark-up rate 11.26% to 11.28% (30 June 2017: 11.20% to 11.28%) per annum.		

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19. TRADE AND OTHER PAYABLES	<i>Note</i>	31 December 2017 (Un-audited) (Rupees)	30 June 2017 (Audited)
Trade creditors	19.1 & 19.2	220,246,781	199,054,122
Payable to National Clearing Company of Pakistan Limited		-	237,848,781
Future exposure margins & profits payable to client		18,700,000	-
Accrued commission to traders	19.3	2,363,436	7,112,339
Accrued salaries and other expenses		1,880,018	4,714,430
Auditor's remuneration		735,000	785,000
Tax deducted at source		6,087,787	10,114,940
Provision for sales tax		2,560,063	2,560,063
Provision for Worker's Welfare Fund		1,522,779	1,522,779
Commission payable	19.4	1,513,980	82,310,810
Unclaimed Dividend		9,636,332	-
Markup payable		1,422,531	-
Other payables		460,637	406,186
		<u>267,129,344</u>	<u>546,429,450</u>

19.1 This includes trade payable of Rs. 4.574 (30 June 2017: Rs. 26.124) million payable to related parties.

19.2 This includes Rs. Nil (30 June 2017: Rs. 7.65 million) trade payable in respect of two days trading with T+2 settlement.

19.3 This includes commission payable of Rs. 1.153 (30 June 2017: Rs. 4.062) million to related parties.

19.4 This represents commission payable to a foreign brokerage house.

20. CONTINGENCIES AND COMMITMENTS

20.1 The Sindh Revenue Board (SRB) passed an Order for recovery of Sindh sales tax on advisory services amounting to Rs. 871,581 for the tax period July 2011 to June 2012. The Company filed appeal before the Commissioner Appeals (SRB) against the said order. The Commissioner Appeals (SRB) passed the final order dated 21 November 2014 for recovery of assessed amount Rs. 871,581 and default surcharge to be calculated at the time of payment.

The Company filed the petition against the order to the Honourable High Court of Sindh ("The Court") and the Court granted an interim order dated 28 November 2014 and restrained the SRB from demanding any payment till further orders by the Court. The Court via its order dated 28 August 2015 disposed off the said petition and directed the Company to pursue the appeal before the SRB-Tribunal.

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

20.2 Commitments

For sale of quoted securities under future contracts against counter commitments	<u>495,608,969</u>	<u>4,223,000</u>
For purchase of quoted securities under future contracts against counter commitments	<u>118,959,386</u>	<u>55,547,935</u>

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	Note	Six months period ended		Quarter ended	
		31 December		31 December	
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
21. OPERATING REVENUE					
Brokerage income	21.1 & 21.2	87,179,338	111,570,619	41,596,591	55,931,759
Advisory / consultancy fee		45,497,123	14,266,363	11,644,581	12,057,829
		132,676,461	125,836,982	53,241,172	67,989,588

21.1 This includes brokerage earned from related parties amounting to Rs. 2.604 (31 December 2016: Rs. 2.289) million.

21.2 This includes Rs. 48.63 (31 December 2016: Rs. 61.811) million brokerage income earned from institutional clients, Rs. 38.55 (31 December 2016: Rs. 49.759) million brokerage income earned from retail clients and Rs. "Nil" (31 December 2016: Rs. "Nil") brokerage income earned on proprietary trades.

	Note	Six months period ended		Quarter ended	
		31 December		31 December	
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
22. OPERATING EXPENSES					
Salaries, wages and other benefits		25,552,670	22,692,688	13,592,837	10,756,258
Consultancy fee	22.1	12,029,822	1,340,000	1,659,600	500,000
Commission and referral fee	22.2	16,797,550	18,558,059	6,845,686	10,264,215
Sub-Underwriting Commission		13,297,982	-	-	-
Service and transaction charges		9,517,267	8,577,555	5,632,558	5,775,825
Fees and subscription		5,315,894	4,876,432	3,668,044	3,946,568
		82,511,185	56,044,734	31,398,725	31,242,866

22.1 This includes consultancy fee to the directors of the Company amounting to Rs. 4.32 (31 December 2016: Rs. 1.250) million.

22.2 This includes commission to the directors of the Company amounting to Rs.11.61 (31 December 2016: Rs. 12.453) million.

	Note	Six months period ended		Quarter ended	
		31 December		31 December	
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		(Rupees)		(Rupees)	
23. ADMINISTRATIVE EXPENSES					
Salaries, wages and other benefits		20,906,730	18,641,495	11,833,775	8,875,325
Telephone and communication charges		2,142,800	2,226,135	1,009,227	1,147,170
Rent expense		7,260,180	6,023,590	4,677,120	4,065,990
Utility charges		1,178,134	1,265,361	535,177	627,061
Vehicle running expenses		1,056,179	847,706	569,286	370,605
Depreciation		2,779,915	2,437,873	1,173,309	1,432,531
Amortisation		374,776	185,610	187,388	130,425
Legal and professional charges		1,221,270	362,750	1,063,770	327,750
Auditor's remuneration		960,000	770,866	660,000	535,783
Insurance		859,663	592,310	395,082	355,960
Printing, stationery and postage charges		687,569	727,175	427,932	539,867
Office supplies		443,039	262,678	209,997	135,110
Office repair and maintenance		1,273,300	1,226,879	583,728	803,815
Branch office maintenance		-	-	-	-
Fees and subscription		1,088,798	998,512	409,972	132,524
Travelling and entertainment charges		2,592,939	1,807,402	1,742,826	1,120,273
Trade debts written off		1,000,000	-	-	-
Advertisement expenses		274,810	276,800	189,810	276,800
Security expense		1,086,014	1,151,375	549,013	530,455
Miscellaneous expenses		1,002,540	654,409	661,617	219,464
Provision for Workers' Welfare Fund		-	532,248	-	532,248
		48,188,656	40,991,174	26,879,029	22,159,156

24. OTHER INCOME

Mark-up / interest on:					
- Bank balances (under mark-up arrangements)		5,976,152	7,862,133	2,377,184	5,223,489
- Investment in Marginal Financing System		979,099	3,591,572	444,923	1,971,903
- Exposure margin		3,491,376	1,540,508	953,885	806,023
Dividend income		440,591	241,121	401,080	241,121
Miscellaneous income		39,511	-	39,511	-
		10,926,729	13,235,334	4,216,583	8,242,536

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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

	Six months ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Un-audited)			
	(Rupees)			
Profit / (loss) for the period	<u>(65,795,655)</u>	<u>20,169,536</u>	<u>(32,930,095)</u>	<u>9,313,030</u>
	(Numbers)			
Weighted average number of ordinary shares in issue during the period	<u>45,000,000</u>	<u>31,600,000</u>	<u>45,000,000</u>	<u>31,600,000</u>
	(Rupees)			
	---Restated---		---Restated---	
Earnings per share basic & diluted	<u>(1.46)</u>	<u>0.64</u>	<u>(0.73)</u>	<u>0.29</u>

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

26.2 The Company with the approval of shareholders by way of special resolution in general meeting held on 13 September 2011 has entered into a Stock Option Agreement dated 7th October, 2011 with the Chief Executive (CEO), whereby the CEO has been granted Options to subscribe for the ordinary shares of the Company. Issuance of shares by the Company against exercise of the Options is, however, subject to the approval of the Securities & Exchange Commission of Pakistan (the Commission) under section 86 of repealed Companies Ordinance, 1984. The number of share options granted are up to 2 million shares with consideration in cash having an exercise price of Rs. 10 per share. The exercise period is five years and six months after one year from the date of listing of the Company.

During the year ended 30 June 2017, SECP vide order no. CSD/CI/8/2017-928 dated 19th May, 2017 ("Impugned Order") has disregarded the application for approval. The Company has filed an appeal dated 16th June, 2017 against the order under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997.

During the period, the Appellate Bench of SECP vide letter no. 48(33)/B-IV/CSD/17 dated 26th September 2017 has passed an order whereby the impugned order has been set aside and the appeal of the Company has been allowed regarding the grant of share options to the CEO based on special resolution passed by the shareholders in general meeting held on 13 September 2011. As the vesting condition attached to this option has been fulfilled and the objection placed by SECP vide impugned order has been removed, the share option can be exercised by the CEO till the expiry date of 25 October 2018.

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:

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27.1 Short term loan from related parties

	31 December 2017 (Un-audited) (Rupees)	30 June 2017 (Audited)
Opening balance	47,185,739	33,373,677
Received during the period / year	306,068,244	713,927,228
Transfer from long term loans	-	50,624,882
Repayments during the period / year	(339,480,404)	(750,740,048)
Interest accrued during the period / year	2,495,306	9,232,413
Interest paid during the period / year	(2,495,306)	(9,232,413)
Closing balance	<u>13,773,579</u>	<u>47,185,739</u>

Long term loan from related parties

Opening balance	-	92,211,634
Received during the period / year	-	47,630,195
Transfer to short term loans	-	(50,624,882)
Transfer to short term loans	-	(89,216,947)
Interest accrued during the period / year	-	8,702,282
Interest paid during the period / year	-	(8,702,282)
Closing balance	<u>-</u>	<u>-</u>

27.2 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	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees)					
Managerial remuneration	3,000,000	3,000,000	2,250,000	3,400,000	19,866,669	16,869,500
House rent allowance	1,200,000	1,200,000	840,000	1,360,000	7,317,338	6,747,800
Medical	300,000	300,000	210,000	340,000	1,829,334	1,686,950
Commission and consultancy fee	-	-	*15,935,519	*13,703,106	1,976,911	2,579,715
	<u>4,500,000</u>	<u>4,500,000</u>	<u>19,235,519</u>	<u>18,803,106</u>	<u>30,990,252</u>	<u>27,883,965</u>

* This includes commission and consultancy fee paid to non-executive directors of the Company amounting to Rs. 14.64 (December 2016: Rs. 13.62) million.

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

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).



**On balance sheet
financial instruments**

On balance sheet financial instruments	31 December 2017 (Un-audited)						
	Carrying value			Fair value			
	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
Financial assets measured at fair value							
Investment in shares of Pakistan							
Stock Exchange Limited	-	35,906,156	-	-	35,906,156	-	-
Bank of Punjab	119,777,110	-	-	-	119,777,110	-	-
Pak Elektron Limited	237,450	-	-	-	237,450	-	-

Financial assets not measured at fair value

Long term deposits	-	-	5,043,200	-			
Trade debts - considered good	-	-	96,506,615	-			
Deposits and prepayments	-	-	173,025,556	-			
Advances and other receivables	-	-	3,983,207	-			
Cash and bank balances	-	-	163,443,886	-			
	120,014,560	35,906,156	442,002,464	-			

Financial liabilities not measured at fair value

Long term loans	-	-	-	-			
Short term loan - unsecured	-	-	-	58,707,085			
Current portion of liabilities against assets subject to finance lease	-	-	-	-			
Trade and other payables	-	-	-	267,129,344			
	-	-	-	325,836,429			

**On balance sheet
financial instruments**

On balance sheet financial instruments		30 June 2017 (Audited)						
		Carrying value				Fair value		
		Held for trading	Available for sale	Loans and receivables	Other financial liabilities (Rupees)	Level 1	Level 2	Level 3
<hr/>								
Financial assets measured at fair value								
Investment in shares of Pakistan								
Stock Exchange Limited		15,408,000	41,163,842	-	-	56,571,842	-	-

Financial assets not measured at fair value

Long term deposits	-	-	24,670,029	-			
Trade debts - considered good	-	-	428,809,018	-			
Deposits and prepayments	-	-	281,876,932	-			
Advances and other receivables	-	-	2,352,368	-			
Cash and bank balances	-	-	269,670,057	-			
	15,408,000	41,163,842	1,007,378,404	-			

Financial liabilities not measured at fair value

Long term loans	-	-	-	-			
Short term loan - unsecured	-	-	-	107,260,727			
Current portion of liabilities against assets subject to finance lease	-	-	-	48,090			
Trade and other payables	-	-	-	546,429,450			
	-	-	-	653,738,267			

29. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in their meeting held on 27-February-2018.



Chief Executive

Director

Chief Financial Officer



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