



QUARTERLY REPORT  
SEPTEMBER 30, 2022

# Contents

1. COMPANY INFORMATION-----	3
2. DIRECTOR'S REPORT-----	4
3. CONDENSED INTERIM FINANCIAL POSITION AS AT SEPTEMBER 30, 2022-----	6
4. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2022-----	7
5. CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PRIOD ENDED SEPTEMBER 30, 2022-----	8
6. STATEMENT OF CHANGES IN EQUITY FOR THE PRIOD ENDED SEPTEMBER 30, 2022-----	9
7. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PRIOD ENDED SEPTEMBER 30, 2021-----	10

## COMPANY INFORMATION

<b>Board of Directors</b>	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Muhammad Najam Ali Mrs. Hanna Khan Mr. M. Zulqarnain Mahmood Khan Mr. Ali Akhtar Ali Mr. Malik Khurram Shahzad Mr. Hasan Sahanawaz	Non-Executive Director, Independent Director, Chairman Executive Director, Chief Executive Officer Non-Executive Director Non-Executive Director Executive Director Non-Executive Director Non-Executive Director
<b>Audit Committee</b>	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mr. Ali Akhtar Ali M. Rizwan Yousuf	Chairman, Independent Director Member Member Head of Internal Audit - Secretary
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan	Chairman, Independent Director Member Member
<b>Chief Financial Officer</b>	Mr. Mohammad Omair Rashid	
<b>Company Secretary</b>	M. Rizwan Yousuf	
<b>Head of Internal Audit</b>	M. Rizwan Yousuf	
<b>External Auditors</b>	Baker Tilly Mehmood Idrees Qamar Chartered Accountants 4 <sup>th</sup> Floor, Central Hotel Building, Civil Lines, Merewather Road, Karachi	
<b>Bankers</b>	Askari Bank Limited Bank Alfalah Limited Bank of Punjab Bank Al Habib Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited MCB Islamic Bank Habib Bank Limited Sindh Bank Limited United Bank Limited	
<b>Tax Advisors</b>	Junaidy, Shoaib, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahrah-e-Faisal, Karachi	
<b>Legal Advisors</b>	Mohsin Tayebaly & Co. Barristers & Advocates 2 <sup>nd</sup> Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
<b>Rating Company</b>	JCR-VIS Credit Rating Company Limited	
<b>Share Registrar</b>	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahrah-e-Faisal, Karachi	
<b>Registered Office</b>	2 <sup>nd</sup> Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi	

## DIRECTORS REPORT

### Economic Review & Outlook

The new fiscal year 2022-23 brought new challenges with the growth momentum significantly slowing down not only in Pakistan but in various countries across the World. Monetary tightening by leading central banks helped bring down international commodities prices. However it also exerted pressure on most of currencies with USD appreciating against all major currencies. Political and socioeconomic landscape of Pakistan also remained very active during the period under review. Resumption of the IMF program with the receipt of USD1.2 billion and extension of the program till June 2023 was a positive development. However devastations caused by country-wide floods resulted in huge losses to precious lives, infrastructure, livestock and agriculture. Preliminary loss estimates exceed USD30 billion. Floods have made achievement of targets and benchmarks agreed with the IMF difficult and a review is necessary. Key risks include a vulnerable external account position, declining foreign exchange reserves, and depreciating PKR, Moody's downgrade of sovereign rating to "Caa1" from "B3" with a negative outlook and sustainability of the IMF programme.

Monetary tightening, import restrictions, and decline in international commodities' prices, helped improve the current account deficit that stood at USD2.2 billion during the period under review compared to USD3.5 billion during the same period last year. Exports growth slowed down to 5.5% to USD7.6 billion whereas higher commodities' prices and reduced volumes resulted in a reduction in imports to USD16 billion, a decline of 7.9% over the same period last year. Trade deficit in goods improved to USD8.4 billion compared to USD10.2 billion of the same period last year. Trade deficit in services also improved to USD647 million compared to USD877 million for the same period last year. Remittances came down by 6.3% to USD7.7 billion during the quarter owing to a sharp decline in September 2022.

Pakistan's foreign exchange reserves at the end of the period under review, stood at USD13.6 billion compared to USD15.5 billion at the end of the previous fiscal year, a decline of USD1.9 billion. Reserves with SBP are enough to cover only 1.5 months of imports, which is an alarming level. Pakistani Rupee while remaining extremely volatile, depreciated by 11.5% against the USD during the period under review and closed at PKR228.45/USD coming from PKR239.71/USD after the announcement of the return of former finance minister Mr. Ishaq Dar and other administrative measures taken by the government and the SBP.

Headline inflation after peaking at 27.3% in August 2022, came down to 23.2% in September 2022 taking the average inflation to 25.1% for the period under review compared to 8.6% of the same period last year. The prime reasons for the significant rise in inflation are higher prices of food items, and energy including petrol, diesel, LPG, and electricity. Ripple effects of high food and energy inflation also started translating into higher core non-food non-energy (NFNE) inflation that increased to 14.4% and 17.6%, respectively in September 2022 for urban and rural centers compared to 6.4% and 6.2%, respectively in the same month of the previous year. The SBP's latest monetary policy statement highlights that the supply shocks to food prices from the floods are expected to put additional pressure on headline inflation in the coming months leading to higher and more persistent inflation outturns that could raise average inflation for the ongoing year above the pre-flood projection of 18-20%. Considering continued inflationary pressures, the Monetary Policy Committee of the SBP, increased interest rates by 125 basis points in July 2022 taking the policy rate to 15%.

Going forward, the overall direction of Pakistan's macroeconomic indicators, is largely dependent on the social and economic impacts of the floods, trends in the international commodities prices including food and energy, policy actions of the government and the SBP in order to continue with the IMF program, and the political landscape of the country. The recent declining trends in international commodities prices particularly crude oil, palm oil and cotton, along with import restricting policies of the government, are impacting positively on the current account of the country. However, the sustained pressure on local currency is not expected to ease until materialization of the planned and committed inflows for meeting the external financing requirements for the ongoing year and beyond, along with continuation of the IMF program.

### Equities market performance and outlook

During the period under review, the benchmark KSE100 Index while remaining volatile with very thin activity made a high of 43,677, 5.1% and a low of 39,832, -4.1%. By the end of the period under review, KSE100 Index shed 412 points to close at 41,129 level, losing 1.0%. Trading activity during the period under review plunged sharply with average daily volumes of 217.7 million shares and average daily trading value of PKR7 billion compared to 412.1 million shares and PKR13.9 billion, respectively during the same period last year. Activity dropped sequentially also, where average daily volume and value were 250.4 million shares and PKR7.3 billion, respectively during the last quarter of the previous year. Investors remained at bay amidst the uncertain political environment and macroeconomic pressures with weakening PKR and rising inflation. Foreign investors bought equities worth USD16.7 million, the bulk of which came in the Technology & Communication

sector. Local insurance companies and mutual funds were also on the selling side while individuals and all other categories of local investors were net buyers during the period under review.

Going forward, the Board is of the opinion that despite the fact that the domestic bourse is trading at attractive valuations and offers healthy dividend yields, political and economic uncertainties are likely to keep investors at bay in the near term. Considering the long-term fundamentals of the country and growth potential of the economy with the current challenges being largely manageable, the outlook for the domestic equities market remains positive.

#### Performance Overview:

The following table depicts your Company's performance during the quarter under review;

	Sep - 2022	Sep - 2021
	PAK RUPEES	
Accumulated profit/(loss) as at July 01	(43,471,285)	42,396,298
Net Profit/(Loss) for the period	(25,715,425)	(25,266,381)
Accumulated profit/(loss) as at September 30	(19,705,144)	24,215,185
Earnings Per Share	(0.45)	(0.56)

During quarter under review, your company posted a pre-tax loss of Rs. 25.97 million compared to a pre-tax loss of Rs. 23.17 million during the corresponding period last year, reporting an increase of 12%. Brokerage revenue dropped to Rs. 23.4 million from Rs. 68 million of the same period last year depicting a decline of Rs. 44.7 million or 65%. This decline is instigated by extremely thin market volumes owing to political and economic uncertainties, and rising interest rates. However, the Advisory income has increased to Rs. 6 million and the Board is confident that this segment will continue on a healthy growth trajectory during the ongoing year.

Operating expenses during the period under review decreased by Rs. 17.2 million over the same period last year, owing to lower operating income. The company also controlled its administrative expenses, which decreased by Rs. 1.8 million.

The Board resolute to following a growth strategy by focusing on the revenue generation from core equity brokerage by introducing new products in near future and from investment advisory segment as well.

For and on behalf of the Board of Directors

Dated: October 28, 2022



Muhammad Najam Ali  
Chief Executive Officer




Ali Akhtar Ali  
Director

**Next Capital Limited**  
**Statement of Financial Position**  
*As at 30 September 2022*

	Note	30 September 2022	30 June 2022
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	50,754,390	60,860,329
Right of use assets		18,205,691	19,827,340
Intangible assets	7	92,459,543	75,793,873
Investment in term finance certificates		4,019,064	4,019,064
Long term deposits	8	17,664,761	17,664,761
Deferred tax asset - net		9,498,906	7,225,752
		<b>192,602,355</b>	<b>185,391,119</b>
<b>Current assets</b>			
Short term investments	9	77,439,620	60,400,032
Investment in marginal financing system	10	-	9,300,902
Trade debts	11	143,854,314	296,102,104
Deposits and prepayments	12	117,687,493	131,093,928
Advances and other receivables	13	6,305,444	206,459,463
Income tax refundable		40,491,174	40,125,889
Cash and bank balances	14	267,575,236	221,673,403
		<b>653,353,281</b>	<b>965,155,721</b>
<b>Total assets</b>		<b>845,955,636</b>	<b>1,150,546,840</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
Authorised capital			
100,000,000 (30 June 2022: 100,000,000) ordinary shares of Rs. 10 each		<b>1,000,000,000</b>	<b>1,000,000,000</b>
Issued, subscribed and paid-up capital	15	569,250,000	495,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Revenue Reserves			
Unappropriated profits / (loss)		(19,705,144)	80,260,281
Fair value reserves		-	-
		<b>499,544,856</b>	<b>525,260,281</b>
<b>Non-current liabilities</b>			
Lease Liabilities		23,131,563	22,796,032
<b>Current liabilities</b>			
Unclaimed dividend		3,004,827	3,004,827
Current portion of lease liabilities		7,575,077	7,575,077
Short term borrowing - secured		149,987,195	149,997,195
Trade and other payables	16	162,712,118	440,746,770
Contract liability		-	1,166,658
		<b>323,279,217</b>	<b>602,490,527</b>
<b>Total equity and liabilities</b>		<b>845,955,636</b>	<b>1,150,546,840</b>
Contingencies and commitments	17		

The annexed notes 1 to 27 form an integral part of these financial statements.

  
**Chief Executive Officer**
  
**Chief Financial Officer**
  
**Director**

**Next Capital Limited**  
**Statement of Profit or Loss**  
*For the quarter ended 30 September 2022*

		<b>(Unaudited)</b>	
		<b>For the quarter ended</b>	
	<i>Note</i>	<b>30 September 2022</b>	<b>30 September 2021</b>
		<b>----- (Rupees) -----</b>	
Operating revenue	18	<b>29,569,358</b>	68,830,696
Capital (loss) / gain on sale of investments		<b>(8,782,523)</b>	1,060,369
Unrealised loss on remeasurment of investments - Fair value through profit or loss		<b>(505,188)</b>	(20,343,757)
Operating expenses	19	<b>(27,558,504)</b>	(44,813,681)
Administrative expenses	20	<b>(31,119,250)</b>	(32,966,468)
Impairment reversal /(loss) on trade debts		<b>(455,090)</b>	(1,308,899)
Finance cost	21	<b>(2,048,760)</b>	(6,590,911)
		<b>(40,899,957)</b>	(36,132,651)
Other income	22	<b>14,930,553</b>	12,967,170
Profit before taxation		<b>(25,969,404)</b>	(23,165,482)
Taxation			
- Current		<b>(2,019,175)</b>	(2,917,697)
- Prior		-	-
- Deferred		<b>2,273,154</b>	816,797
		<b>253,979</b>	(2,100,900)
<b>Profit for the year</b>		<b>(25,715,425)</b>	(25,266,382)
<b>Earnings per share - basic and diluted</b>	24	<b>(0.45)</b>	(0.56)

The annexed notes 1 to 27 form an integral part of these financial statements.

  
 \_\_\_\_\_  
**Chief Executive Officer**
  
 \_\_\_\_\_  
**Chief Financial Officer**
  
 \_\_\_\_\_  
**Director**

**Next Capital Limited**  
**Statement of Cash Flows**  
For the quarter ended 30 September 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation (25,969,404) (23,165,482)

**Adjustments for:**

Depreciation of property and equipment	20	5,300,249	5,032,481
Depreciation on Right of use asset	20	1,621,697	1,621,697
Amortisation of intangible assets	20	41,253	-
Capital loss / (gain) on sale of investments		8,782,523	(1,060,369)
investments - Fair value through profit or loss		505,188	20,343,757
Mark-up on bank balances	22	(6,448,583)	(5,418,899)
Mark-up on investment in margin financing system	22	(155,760)	(5,138,481)
Profit on cash margin	22	(1,734,423)	(2,409,790)
Impairment reversal /(loss) on trade debts		455,090	1,308,899
Dividend income	22	(3,503,690)	-
Gain on disposal of property and equipment	22	(2,905,342)	-
Other income		(182,755)	-
Finance cost	21	2,048,760	6,590,911
		3,824,207	20,870,206
Cash flows before working capital changes		(22,145,197)	(2,295,276)

**Changes in working capital**

**(Increase) / decrease in current assets**

Trade debts	152,702,880	147,849,712
Advances, deposits, prepayments and other receivables	213,560,454	88,175,074
	366,263,334	236,024,786

**Increase / (decrease) in current liabilities**

Trade and other payables	(228,361,559)	(131,867,564)
Cash used in operating activities	115,756,578	101,861,946

Finance cost paid	(214,620)	(112,789)
Taxes paid	(59,266,357)	(2,807,864)
Net cash used in operating activities	56,275,601	98,941,293

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payment for purchase of property and equipments	6	(603,500)	(2,246,863)
Purchase in intangible		(16,665,670)	-
Proceeds from sale of property and equipment		2,905,342	-
Payments against investment in margin financing system	10	(21,072,110)	(279,940,708)
Receipts from investment in margin financing system	10	31,755,839	207,750,006
Investments - net		(17,039,588)	(11,350,510)
Mark-up received on bank balances and exposure margin		8,183,006	7,828,689
Mark-up received on investment in margin financing system		155,760	5,138,481
Dividend received		3,503,690	-
Long term deposits		-	26,700,000
Net cash generated from investing activities		(8,877,231)	(46,120,905)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from short term loans	-	90,920,413
(Repayment) / proceeds short term borrowings - net	10,000	-
Lease rental paid	(1,496,537)	(1,539,849)
	(1,486,537)	89,380,564

**Net cash (used in) / generated from financing activities**

Net (decrease) / increase in cash and cash equivalents 45,911,833 142,200,952

Cash and cash equivalents at beginning of the year	71,676,208	182,704,730
Cash and cash equivalents at end of the year	117,588,041	324,905,682

**CASH AND CASH EQUIVALENTS COMPRISE OF:**

Cash and bank balances	267,575,236	375,286,496
Short term borrowing - secured	(149,987,195)	(149,996,346)
	117,588,041	225,290,149

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Chief Executive Officer


  
Chief Financial Officer


  
Director



Next Capital Limited  
Statement of Changes in Equity  
For the quarter ended 30 September 2022

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve		Total
			Unappropriated Profit / (loss)	Fair value Reserve	
	----- (Rupees) -----				
Balance as at 30 June 2020	450,000,000	(50,000,000)	7,085,268	(108,119)	406,977,149
<b>Total comprehensive income for the year</b>					
Net Profit / (Loss) for the period	-	-	81,998,328	-	81,998,328
Bonus shares issued during the year	45,000,000		(45,000,000)		-
Gain on sale of FVOCI investment during the year				5,506,089	5,506,089
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment	-	-	5,397,970	(5,397,970)	-
	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>45,000,000</b>	<b>-</b>	<b>42,396,298</b>	<b>108,119</b>	<b>87,504,417</b>
<b>Total comprehensive income for the year</b>					
Total comprehensive income / (Loss) for the period			30,778,715		30,778,715
Bonus shares issued during the year	74,250,000		(74,250,000)		(74,250,000)
Gain on sale of FVOCI investment during the year					
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment					
<b>Balance as at 30 June 2022</b>	<b>74,250,000</b>	<b>-</b>	<b>(43,471,285)</b>	<b>-</b>	<b>(43,471,285)</b>
Total comprehensive income / (Loss) for the period			(25,715,425)		
	-	-	(25,715,425)	-	-
<b>Balance as at 30 September 2022</b>	<b>569,250,000</b>	<b>(50,000,000)</b>	<b>(19,705,144)</b>	<b>-</b>	<b>451,010,281</b>

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

## Next Capital Limited

### Notes to the Condensed Interim Financial Information (Un-audited)

*For the Three months period ended 30 September 2022*

#### **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

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 2nd Floor, Imperial court, Dr. Ziauddin Ahmed Road, Karachi.

The Company has branches at the following locations:

- 63-A, Agora Eden city, DHA Phase 8, Lahore.

##### **1.1 Impact of COVID-19 on the financial statements**

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Company has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Company's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic. The Company's operation has remained materially unaffected since the outbreak of the COVID-19 pandemic, due to robust Company-led incident management framework. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

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

##### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2** This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June 2022.
- 2.3** This condensed interim financial information is unaudited, prepared on historical cost convention except for certain investments which are carried at fair value, is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulation of Pakistan Stock Exchange.

- 2.4 This condensed interim financial information is presented in Pakistan Rupees which is the Company's functional currency. All financial information presented in Pakistan Rupee has been rounded off to the nearest zero.
- 2.5 The comparative balance sheet and the condensed interim statement of changes in equity presented in this condensed interim financial information as at 30 September 2021 has been extracted from the audited financial statements of the Company for the year ended 30 June 2022, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement, are extracted from the unaudited condensed interim financial information for the three months period ended 30 September 2021.
- 2.6 **Basis of Measurement**  
These interim financial information has been prepared under the historical cost convention except for the investment that are carried at the fair value.
- 2.7 **Functional and presentation Currency**  
These condensed interim financial statements are presented in Pakistani rupees, which is also the company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

### 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are same as those applied in the preparation of the financial statements for the year ended 30 June
- 3.2 **Standards, interpretations and amendments to published approved accounting standards that are effective in current period**

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

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2022.

### 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 2022.

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
		----- (Rupees) -----	
6. <b>PROPERTY AND EQUIPMENTS</b>		<b>60,860,329</b>	71,742,326
Opening written down value			
Additions during the period / year - at cost			
- Furniture and fixtures		-	1,634,935
- Vehicles - owned / leased		-	83,280
- Leasehold improvements		-	4,341,702
- Computers and related accessories		<b>603,500</b>	3,367,762
		<b>603,500</b>	9,427,679
Written down value of deletions during the period / year		<b>(5,409,190)</b>	-
Depreciation for the period / year		<b>(5,300,249)</b>	(20,309,676)
		<b>(10,709,439)</b>	(20,309,676)
Closing written down value		<b>50,754,390</b>	60,860,329

## 7. INTANGIBLE ASSETS

Pakistan Mercantile Exchange - Membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	7.1	2,500,000	2,500,000
Software	7.2	348,565	32,361
Capital work in progress	7.3	88,660,978	-
		<u>92,459,543</u>	<u>3,482,361</u>

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

PSX vide notice no. PSX/N- 7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to Rs. 2.5 million.

	Note	30 September 2022 (Un-audited)	30 June 2022 (Audited)
		----- (Rupees) -----	
7.2	Particulars - software and applications		
	Net carrying value basis		
	Opening net book value	389,818	32,361
	Additions	-	491,000
	Amortisation charge	(41,253)	(133,543)
	Closing net book value	348,565	389,818
	Gross carrying value		
	Cost	5,644,660	5,644,660
	Accumulated amortisation	(5,296,095)	(5,254,842)
	Net book value	348,565	389,818
	Amortisation rate	33%	33%
7.3	Capital work in progress		
	Opening	71,954,055	-
	Capital expenditure incurred during the period	16,706,923	71,954,055
	Transfer to intangible assets	-	-
	Closing	88,660,978	71,954,055

		30 September 2022 (Un-audited)	30 June 2022 (Audited)
8.	LONG TERM DEPOSITS	Note	----- (Rupees) -----
	Pakistan Stock Exchange Limited	8.1	12,900,000
	Central Depository Company of Pakistan Limited		125,000
	National Clearing Company of Pakistan Limited		1,400,000
	Pakistan Mercantile Exchange	8.2	1,250,000
	Security deposit against office premises		1,869,761
	Security deposit against PSO card		120,000
			<u>17,664,761</u>

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

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

9. SHORT TERM INVESTMENT CLASSIFIED AS "AT FAIR VALUE THROUGH PROFIT OR LOSS"	Note	30 September 2022	30 June 2022
		(Un-audited)	(Audited)
		----- (Rupees) -----	
Listed shares	9.1	<u>77,439,620</u>	<u>60,400,032</u>

#### 9.1 Listed shares

30 September 2022 (Un-audited) (Number of shares)	30 June 2022 (Audited)	Name of investee	30 September 2022		30 June 2022	
			Carrying amount	Market value	Carrying amount	Market value
			(Un-audited)		(Audited)	
			(Rupees)			
2,624,500	2,374,500	Pakistan Stock Exchange Limited	54,642,790	25,851,325	51,976,085	24291135
350,369	205,369	Attock Refinery Limited	55,823,423	51,581,324	40,945,351	36099763
100	100	Habib Bank Limited	12,818	6,971	12,818	9,134
Unrealised gain / (Loss) on re-measurement of investment classified as fair value through profit and loss account			(33,039,411)		(32,534,222)	
			77,439,620	77,439,620	60,400,032	60,400,032

#### 9.2 Term Finance Certificates

30 September 2022 (Un-audited) (Number of certificates)	30 June 2022 (Audited)	Name of investee	30 September 2022		30 June 2022	
			Carrying amount	Market value	Carrying amount	Market value
			(Un-audited)		(Audited)	
804	804	Soneri Bank Limited	4,019,064	4,019,064	4,019,064	4,015,578

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

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

#### 10. 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%.

11. TRADE DEBTS - considered good	Note	2022	2022
		(Un-audited)	(Audited)
		----- (Rupees) -----	
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	11.1	138,750,781	293,259,815
- Brokerage commission		5,649,308	5,158,039
- Equity Shares		1,718,382	1,753,317
- Money market and forex		10,614,575	8,354,575
- Consultancy fee			
- Provision for doubtful debts		(12,878,732)	(12,423,642)
		<u>143,854,314</u>	<u>296,102,104</u>
Receivable from National Clearing Company of Pakistan Limited		-	-
		<u>143,854,314</u>	<u>296,102,104</u>
Provision for doubtful debts			
Opening balance		12,423,642	7,687,804
Additional impairment during the period under IFRS 9		455,090	4,735,838
(Reversal)/Impairment during the period - net		-	-
Closing balance		<u>12,878,732</u>	<u>12,423,642</u>

#### 11.1 This includes trade debts of Rs. 0.590 (30 June 2022: Rs. 4.513 ) receivable from related parties.

##### Aging analysis

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

	Note	Amount	Custody value
		----- (Rupees) -----	
Upto five days	11.2	56,394,146	2,301,947,842
More than five days	11.2	82,356,635	2,318,275,695
		<u>138,750,781</u>	<u>4,620,223,537</u>

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

	Note	30 September 2022 (Un-audited)	30 June 2022 (Audited)
12. DEPOSITS AND PREPAYMENTS		----- (Rupees) -----	
Receivable from NCCPL		-	-
Deposit of exposure margin	12.1	83,416,589	108,173,367
Deposit against Marginal Trading Services	12.2	26,066,728	10,100,759
Prepaid expenses		3,902,712	3,159,994
Sales tax receivables		4,301,464	9,659,808
		<u>117,687,493</u>	<u>131,093,928</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 carry profit at rates ranging from 10.75% to 12.00% (30 June 2022: 4.00 to 10.75%) per annum.

12.2 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 10.75% to 12.00% (30 June 2022: 4.00% to 10.75%) per annum.

		30 September 2022 (Un-audited)	30 June 2022 (Audited)
13. ADVANCES AND OTHER RECEIVABLES		----- (Rupees) -----	
<i>Considered good</i>			
Advance against salary - secured		254,734	2,451,273
Other receivables and advances - unsecured		6,050,710	1,756,667
Receivable against sale of shares		-	200,000,000
		<u>6,305,444</u>	<u>204,207,940</u>

	Note	30 September 2022 (Un-audited)	30 June 2022 (Audited)
14. CASH AND BANK BALANCES			
Balances with banks:	14.1		
Saving accounts - profit and loss account		137,109,911	321,797,850
Current accounts - Conventional		18,126,185	9,018,099
Current accounts - Shariah Compliant		112,306,368	1,848,672
		<u>267,542,464</u>	<u>332,664,621</u>
Cash in hand		32,772	36,455
		<u>267,575,236</u>	<u>332,701,076</u>

14.1 This includes Rs. 149.575 million (30 June 2022: Rs. 182.199) million kept in designated bank accounts maintained on behalf of clients. Profit rate on saving accounts ranges from 12.25% to 13.50% per annum (30 June 2022: 5.50% to 12.30% per annum).

		30 September 2022 (Un-audited)	30 June 2022 (Audited)
15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		----- (Rupees) -----	
15.1 Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each fully paid in cash		450,000,000	450,000,000
Issued as bonus shares		45,000,000	45,000,000
Issued as bonus shares		74,250,000	-
		<u>569,250,000</u>	<u>495,000,000</u>

## 15.2 Pattern of shareholding

Categories of Shareholders	Number of shares held	% of shares held
<b>Companies</b>		
<b>Directors and their spouse(s) and minor children</b>		
<b>Name:</b>		
1.Muhammad Najam Ali	13,605,075	27.49
2.Mrs. Hanna Khan	3,833,393	7.74
3.Muhammad Zulqarnain Mehmood Khan	7,831,225	15.82
5.Lt. General (Retd.) Tariq Waseem Ghazi	26,537	0.054
6.Hassan Shahnawaz	2,475	0.005
7.Malik Khurram Shahzad	1,100	0.002
Associated companies, undertakings and related parties	-	-
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, development finance institutions, non- banking finance companies, insurance companies, takaful, modarabas and pension funds	6,138,825	12.402
Others	18,061,370	36.488
<b>Total</b>	<b>49,500,000</b>	<b>100.00</b>
<b>Shareholders holding 5% or more</b>		
Muhammad Najam Ali	13605075	27.485
Muhammad Zulqarnain Mehmood Khan	7831225	15.821
Adnan Afridi	4,949,450	9.999
Maple Leaf Cement Factory Ltd	3,712,500	7.500
MCB Bank Limited - Treasury	4,796,550	9.690
Mrs. Hanna Khan	3,833,393	7.744

	Note	30 September 2022 (Un-audited) (Rupees)	30 June 2022 (Audited)
<b>16. TRADE AND OTHER PAYABLES</b>			
Trade creditors	16.1	147,828,588	204,248,069
Payable to National Clearing Company of Pakistan Limited		-	156,991,390
Future exposure margins & profits payable to client		-	-
Accrued commission to traders	16.2	(976,377)	3,344,261
Accrued salaries and other expenses		1,918,421	4,174,979
Auditor's remuneration		1,438,426	1,438,426
Tax deducted at source		4,796,632	54,469,725
Commission payable	16.3	78,252	78,252
Accrued expenses		-	291,085
Markup payable		500,917	2,780,046
Other payables		3,119,162	12,802,101
IPS Accounts		4,008,097	128,436
Commercial paper		-	-
		<b>162,712,118</b>	<b>440,746,770</b>

**16.1** This includes trade payable of Rs. 4.459 (30 June 2022: Rs. 2.498) million to related parties.

**16.2** This includes commission payable of Rs. "Nil" (30 June 2022: Rs. "Nil") million to related parties.

**16.3** This represents commission payable to a foreign brokerage house.

## 17. CONTINGENCIES AND COMMITMENTS

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

The Company filed the petition against the order to the Honourable High Court of Sindh ("The Court") and the Court granted an interim order dated 28 November 2014 and restrained the SRB from demanding any payment till further orders by the Court.

The Sindh Revenue Board has passed an order on 11 October 2019 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,347,286/- was computed for the tax period from July 2013 to June 2014. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition S.T.R.A. No. 6/2016 against the order to the Honourable High Court of Sindh ("The Court"). Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The Sindh Revenue Board has passed an order on 30 June 2020 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 1,817,282/- was computed for the tax period from July 2012 to June 2013. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition against the order to the Honourable High Court of Sindh ("The Court") to add this case in earlier petition due to similar grounds of both orders. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The management based on the advice of its advisor is confident that the above such services were not taxable under the Sindh Sales Tax Act, 2011 till 1st July 2014, wherefrom amendment in the Act introduced. The department erroneously charged Sales Tax on such services retrospectively. The Company was duly paying Sindh Sales Tax on brokerage services and filing Sindh Sales Tax accordingly. The Company is confident of a favourable outcome against all orders passed by SRB therefore, no provision has been made in this regard.

- 17.1.2** The Sindh Revenue Board issued notice to the Company in respect of short payment of sales tax for the tax periods from July 2011 to June 2018 amounting to Rs. 22.382 million. The Company provided all the relevant details and explanation to the SRB and also paid tax amounting to Rs. 6.509 million along with penalty and default surcharge amounting to Rs.0.375 million under the amnesty scheme provided through notification no. SRB-3-4/11/2018 dated May 18, 2018.

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

- 17.1.3** During the year 2019-20, one of the client filed a case before the civil court of Lahore against; the Company, Pakistan Stock Exchange Limited, Securities and Exchange Commission of Pakistan and Central Depository Company, seeking rendition of accounts and permanent injunction from the Company. The hearing of the case is pending before the High Court. The Company based on its lawyer's assessment and its legal standing is confident of a favourable outcome of the same, therefore, no provision has been made in this regard.

## 17.2 Commitments

For sale of quoted securities under future contracts against counter commitments

<b>110,567,242</b>	<b>91,004,555</b>
--------------------	-------------------

For purchase of quoted securities under future contracts against counter commitments

<b>67,035,425</b>	<b>29,860,475</b>
-------------------	-------------------



		Quarter ended 30 September	
		2021	2020
		----- (Rupees) -----	
<b>18. OPERATING REVENUE</b>			
Brokerage income	18.1 & 18.2	23,402,691	68,137,038
Advisory / consultancy fee		6,166,667	693,658
		<u>29,569,358</u>	<u>68,830,696</u>
<b>18.1</b>	This includes brokerage earned from related parties amounting to Rs. 0.346 (30 September 2021: Rs.0.926) million.		
<b>18.2</b>	This includes Rs. 8.051 (30 September 2021: Rs. 12.498) million brokerage income earned from institutional clients, Rs. 13.260 (30 September 2021: Rs. 55.639) million brokerage income earned from retail clients and Rs. "Nil" (30 September 2021: Rs. "Nil") brokerage income earned on proprietary trades.		
<b>19. OPERATING EXPENSES</b>		----- (Rupees) -----	
Salaries, wages and other benefits		18,955,832	18,639,019
Consultancy fee	19.1	2,335,363	2,630,830
Commission and referral fee	19.2	2,790,597	15,800,758
Service and transaction charges		1,911,027	3,945,831
Fees and subscription		1,565,685	3,797,243
		<u>27,558,504</u>	<u>44,813,681</u>
<b>19.1</b>	This includes consultancy fee to the directors of the Company amounting to Rs. 0.637 (30 September 2021: Rs. 0.637) million.		
<b>19.2</b>	This includes commission to the directors of the Company amounting to Rs. 0.272 (30 September 2021: Rs. 7.287) million.		
<b>20. ADMINISTRATIVE EXPENSES</b>		----- (Rupees) -----	
Salaries, wages and other benefits		14,300,013	14,061,014
Telephone and communication charges		2,218,598	2,695,596
Rent expense		-	102,778
Utility charges		1,544,189	1,117,400
Vehicle running expenses		1,300,490	911,161
Depreciation on right of use assets		1,621,697	1,621,697
Depreciation		5,300,249	5,032,481
Amortisation		41,253	-
Legal and professional charges		77,500	315,000
Auditor's remuneration		29,330	300,000
Insurance		502,000	487,399
Printing, stationery and postage charges		446,549	482,620
Office supplies		346,839	346,553
Office repair and maintenance		568,359	686,651
Fees and subscription		320,683	777,749
Travelling and entertainment charges		105,796	486,931
Generator Fuel		167,390	27,852
Advertisement expenses		735,000	924,804
Security expense		967,070	794,595
Miscellaneous expenses		526,245	1,794,187
		<u>31,119,250</u>	<u>32,966,468</u>
<b>21. Financial charges</b>		----- (Rupees) -----	
Bank charges		214,620	112,789
Interest on lease liabilities		1,333,223	1,319,018
Mark up expense		500,917	3,914,864
Interest on commercial paper		-	1,244,240
		<u>2,048,760</u>	<u>6,590,911</u>
<b>22. OTHER INCOME</b>		----- (Rupees) -----	
Mark-up / interest on:			
- Bank balances (under mark-up arrangements)		6,448,583	5,418,899
- Investment in Marginal Financing System		155,760	5,138,481
- Exposure margin		1,734,423	2,409,790
Dividend income		3,503,690	-
Gain on disposal of property and equipment		2,905,342	-
Miscellaneous income		182,755	-
		<u>14,930,553</u>	<u>12,967,170</u>
<b>23. CURRENT STATUS OF TAX ASSESSMENTS</b>			
There is no change in the status of the current tax assessment.			

## 24. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended	
	30 September 2022	30 September 2021
Profit / (loss) for the period	<u>(25,715,425)</u>	<u>(25,266,382)</u>
Weighted average number of ordinary shares in issue during the period	<u>56,925,000</u>	<u>49,500,000</u>
Earnings per share basic & diluted	<u>(0.45)</u>	<u>(0.56)</u>

## 25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors, key management personnel and close family members of the directors and key management personnel. Transactions with related parties 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:

### 25.1 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for remuneration, including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees)					
Managerial remuneration	3,000,000	3,000,000	1,600,000	-	12,972,914	11,638,667
House rent allowance	1,200,000	1,200,000	640,000	-	5,189,166	4,655,467
Medical	300,000	300,000	160,000	-	1,297,291	1,163,867
Commission	-	-	272,455	7,287,257	315,554	4,463,168
Consultancy fee	-	-	636,979	-	-	-
Directors' fees	-	-	-	-	-	-
	<u>4,500,000</u>	<u>4,500,000</u>	<u>3,309,434</u>	<u>7,287,257</u>	<u>19,774,925</u>	<u>21,921,169</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>21</u>	<u>20</u>

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

### 25.3 Remuneration to non-executive directors

Commission and consultancy fees includes amounts paid to non-executive directors of the Company, amounting Rs. 0.636 million (30 September 2021: Rs. 7.287 million).

## 26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

## 27. Date of authorisation for issue

These financial statements have been authorised for issue on 28 October 2022 by the Board of Directors of the Company.

  
Chief Executive

  
Director

  
Chief Financial Officer