



QUARTERLY REPORT
SEPTEMBER 2023

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COMPANY INFORMATION

Board of Directors	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
Audit Committee	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mr. Ali Akhtar Ali M. Rizwan Yousuf	Chairman, Independent Director Member Member Head of Internal Audit - Secretary
Human Resource & Remuneration Committee	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan	Chairman, Independent Director Member Member
Chief Financial Officer	Mr. Mohammad Omair Rashid	
Company Secretary	M. Rizwan Yousuf	
Head of Internal Audit	M. Rizwan Yousuf	
External Auditors	Baker Tilly Mehmood Idrees Qamar Chartered Accountants 4 th Floor, Central Hotel Building, Civil Lines, Merewather Road, Karachi	
Bankers	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	
Tax Advisors	Junaidy, Shoaib, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahrah-e-Faisal, Karachi	
Legal Advisors	Mohsin Tayebaly & Co. Barristers & Advocates 2 nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
Rating Company	JCR-VIS Credit Rating Company Limited	
Share Registrar	Digital Custodian Company Limited Perdesi House, Queens Road Karachi	
Registered Office	2 nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi	

DIRECTOR'S REPORT

Economic Review and Outlook

The year 2023-24 started with signing of a new 9-month USD3 billion Stand-By Arrangement (SBA) with the IMF, giving Pakistan the much-needed breathing space on the external front. Inflows from the IMF, Saudi Arabia and UAE helped in raising foreign exchange reserves to USD12.5 billion at the end of the period under review from USD9.2 billion at the end of the year 2022-23. PKR that was under stress against USD with a large grey market, managed to gain significant strength from PKR310.70/USD in early September 2023 to PKR287.74/USD at the end of the period under review in the inter-bank market with the premium in open market shrinking to less than 1% that had gone up to over 10%. This was achieved through further improvement in Current Account deficit and comprehensive actions by the Government, law enforcement agencies, and SBP against speculative buying and smuggling of the foreign currency amid critically low foreign exchange reserves of the country.

The Monetary Policy Committee of the central bank maintained the policy rate at 22% during the period under review citing expected deceleration in inflation while growth and current account deficit are expected to remain within target ranges for the ongoing year. Overall economic activities remained dull with July-August 2023 LSM improving by a mere 0.5% over the previous year amid continued high inflation, and historic high interest rates.

With the current caretaker setup in place, the country is heading towards the general elections amid an active political landscape and a vulnerable macroeconomic situation particularly the external account. There are high hopes for a successful completion of the first review of the current IMF program paving the way for further inflows of foreign exchange and possibility of improvement in credit ratings. With the expected deceleration in inflation going forward despite upward adjustments in energy prices, the interest rates are also expected to start coming down during the ongoing year. Securing external financing for debt repayments during the current year and beyond, and stimulating growth while securing a bigger and longer-term IMF program after the current SBA expires, for the long-term structural reforms for fiscal consolidation, would be the most critical challenges for the new government.

Equities market performance and outlook

The KSE100 Index opened the period under review on a positive note after the new SBA with the IMF and made a high of 49,405 in August. It succumbed to pressures on the exchange rate and made a low of 43,405 by the end of the same month. Towards the end of the period under review, appreciation of PKR, and expectations of flattening interest rates, led to improved sentiments in the market and the KSE100 Index regained its positive direction closing at 46,266 gaining 4,780 points or 11.5% during the period under review. Trading activity, while still remaining low, improved over the same period last year, with average daily volumes of 281 million shares and average daily value of PKR9.6 billion compared to 218 million shares and PKR7 billion, respectively of the same period last year. Foreign investors bought equities worth USD22 million during the period under review along with insurance companies, other companies, and individuals that were net buyers during the period under review while local banks, mutual funds, and all other categories of local investors were on the selling side.

Going forward investor confidence is expected to improve further with developments towards general elections, significant reduction in political and economic uncertainties with the IMF onboard, and expected cut in interest rates later this year. The domestic bourse still trades at low multiples and offers healthy dividend yields competitive with fixed income returns. Key risks include a volatile road to general elections, sustained inflationary pressures with higher energy and food prices amid resurgence in international oil prices, and

currency depreciation. Despite these challenges, the medium to long term outlook is positive with the continued support from friendly countries, and other bilateral and multilateral sources.

Performance Overview:

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

	SEP -2023	SEP -2022
	PAK RUPEES	
Accumulated profit/(loss) as at July 01	(91,203,378)	(43,471,285)
Net Profit/(Loss) for the period	1,958,216	(25,715,425)
Accumulated profit/(loss) as at September 30	(89,245,162)	(19,705,144)
Earnings Per Share	0.03	(0.45)

During the period under review, your company posted a profit after tax of PKR2 million compared to a loss after tax of PKR25.7 million of the same period last year. Resultantly the earnings per share for the period under review is PKR0.03 per share compared to loss per share of PKR0.45 per shares of the same period year. The profit can be attributed to improved revenues and controlled operating expenses despite higher financial charges.

Brokerage income dropped to PKR18.8 million from PKR23.4 million of the same period last year depicting a decline of 19.5%. The Advisory and related income of your company improved to PKR20.6 million compared to PKR6.2 million of the same period last year. With a healthy performance of capital markets, your company also booked capital gains during the period under review amounting to PKR15.4 million compared to a loss of PKR8.9 million of the same period last year.

Operating expenses during the period under review decreased to PKR24.7 million showing an improvement of 10.5% over the same period last year. The company also restricted its administrative expenses, even in these inflationary times, which increased by 6.2% over the same period last year to PKR33.1 million.

The Board is committed to implementing a long-term growth-oriented business strategy where increasing revenue is targeted through increasing brokerage business as well as targeting new and emerging opportunities in the investment banking, advisory, and related services segments as the country is expected to gradually come out of the current challenging environment.

For and on behalf of the Board of Directors.

Dated: October 27, 2023.



Muhammad Najam Ali
Chief Executive Officer



Ali Akhtar Ali
Director

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	30 September 2023	30 June 2023
		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property and equipment	6	32,153,844	37,255,427
Right of use assets		24,199,949	25,473,580
Intangible assets	7	144,751,980	132,316,263
Investment in term finance certificates		4,020,000	4,020,000
Long term deposits	8	5,264,761	4,764,761
Deferred tax asset - net		8,664,214	9,933,918
		219,054,748	213,763,949
Current assets			
Short term investments	9	62,567,658	205,957,399
Investment in marginal financing system	10	1,242,520	-
Trade debts	11	94,022,740	217,288,698
Deposits and prepayments	12	9,919,121	47,640,996
Advances and other receivables	13	21,293,517	3,617,353
Income tax refundable		40,970,041	41,208,698
Cash and bank balances	14	280,012,780	87,340,767
		510,028,377	603,053,911
Total assets		729,083,125	816,817,860
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	15	569,250,000	569,250,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Revenue Reserves			
Unappropriated profits / (loss)		(89,245,162)	(91,203,378)
Fair value reserves		-	-
		430,004,838	428,046,622
Non-current liabilities			
Lease Liabilities		25,217,639	25,399,711
Current liabilities			
Unclaimed dividend		3,004,827	3,004,827
Current portion of lease liabilities		8,910,322	8,910,322
Short term borrowing - secured		150,000,000	150,000,000
Trade and other payables	16	111,945,499	201,456,378
Contract liability		-	-
		273,860,648	363,371,527
Total equity and liabilities		729,083,125	816,817,860
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

STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

		(Unaudited)	
		For the quarter ended	
	Note	30 September 2023	30 September 2022
		----- (Rupees) -----	
Operating revenue	18	39,410,719	29,569,358
Capital (loss) / gain on sale of investments		15,441,608	(8,782,523)
Unrealised loss on remeasurment of investments - Fair value through profit or loss		(842,017)	(505,188)
Operating expenses	19	(24,673,653)	(27,558,504)
Administrative expenses	20	(33,059,620)	(31,119,250)
Impairment reversal /(loss) on trade debts		8,918,839	(455,090)
Finance cost	21	(5,235,405)	(2,048,760)
		(39,529)	(40,899,957)
Other income	22	7,224,139	14,930,553
Profit before taxation		7,184,610	(25,969,404)
Taxation			
- Current		(3,956,690)	(2,019,175)
- Prior		-	-
- Deferred		(1,269,704)	2,273,154
		(5,226,394)	253,979
Profit for the year		1,958,216	(25,715,425)
Earnings per share - basic and diluted	24	0.03	(0.45)

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


 Chief Executive Officer


 Chief Financial Officer


 Director

STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	Note	(Unaudited)	
		For the quarter ended	
		30 Sept 2023	30 Sept 2022
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,184,610	(25,969,404)
Adjustments for:			
Depreciation of property and equipment	20	5,494,040	5,300,249
Depreciation on Right of use asset	20	1,273,679	1,621,697
Amortisation of intangible assets	20	41,253	41,253
Capital loss / (gain) on sale of investments		(15,441,608)	8,782,523
Investments - Fair value through profit or loss		842,017	505,188
Mark-up on bank balances	22	(5,884,404)	(6,448,583)
Mark-up on investment in margin financing system	22	-	(155,760)
Profit on cash margin	22	(1,070,000)	(1,734,423)
Impairment reversal /(loss) on trade debts		8,918,839	455,090
Dividend income	22	-	(3,503,690)
Gain on disposal of property and equipment	22	-	(2,905,342)
Other income		(201,653)	(182,755)
Finance cost	21	5,235,405	2,048,760
		(792,432)	3,824,207
<i>Cash flows before working capital changes</i>		6,392,178	(22,145,197)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		132,184,797	152,702,880
Advances, deposits, prepayments and other receivables		20,045,711	213,560,454
		152,230,508	366,263,334
Increase / (decrease) in current liabilities			
Trade and other payables		(93,047,220)	(228,361,559)
<i>Cash used in operating activities</i>		65,575,466	115,756,578
Finance cost paid		(56,784)	(214,620)
Taxes paid		(4,980,265)	(59,266,357)
Net cash used in operating activities		60,538,417	56,275,601
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	6	(392,457)	(603,500)
Purchase in intangible		(12,435,717)	(16,665,670)
Proceeds from sale of property and equipment		-	2,905,342
Payments against investment in margin financing system	10	(4,861,539)	(21,072,110)
Receipts from investment in margin financing system	10	1,595,425	31,755,839
Investments - net		143,389,741	(17,039,588)
Mark-up received on bank balances and exposure margin		6,954,404	8,183,006
Mark-up received on investment in margin financing system		-	155,760
Dividend received		-	3,503,690
Long term deposits		(500,000)	-
Net cash generated from investing activities		133,749,857	(8,877,231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		-	-
(Repayment) / proceeds short term borrowings - net		-	10,000
Lease rental paid		(1,616,261)	(1,496,537)
		-	-
Net cash (used in) / generated from financing activities		(1,616,261)	(1,486,537)
Net (decrease) / increase in cash and cash equivalents		192,672,013	45,911,833
Cash and cash equivalents at beginning of the year		(62,659,233)	71,676,208
Cash and cash equivalents at end of the year		130,012,780	117,588,041
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		280,012,780	267,575,236
Short term borrowing - secured		(150,000,000)	(149,987,195)
		130,012,780	117,588,041

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	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 2021	495,000,000	(50,000,000)	49,481,566	-	494,481,566
Total comprehensive income for the year					
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)		-
Gain on sale of FVOCI investment during the year					
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment					
Balance as at 30 June 2022	569,250,000	(50,000,000)	6,010,281	-	525,260,281
Total comprehensive income / (Loss) for the period			(97,213,659)		(97,213,659)
Bonus shares issued during the year					
Gain on sale of FVOCI investment during the year					
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment					
Balance as at 30 June 2023	569,250,000	(50,000,000)	(91,203,378)	-	428,046,622
Total comprehensive income / (Loss) for the period			1,958,216		1,958,216
	-	-	1,958,216	-	1,958,216
Balance as at 30 September 2023	569,250,000	(50,000,000)	(89,245,162)	-	430,004,838


 Chief Executive Officer


 Chief Financial Officer


 Director

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 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 2023.
- 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 2023 has been extracted from the audited financial statements of the Company for the year ended 30 June 2023, 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 2022.

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 2023.
- 3.2 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

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

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 2023.

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 2023.

	Note	30 September 2023 (Unaudited)	30 June 2023 (Audited)
		----- (Rupees) -----	
6. PROPERTY AND EQUIPMENTS			
Opening written down value		37,255,427	60,860,329
Additions during the period / year - at cost			
- Furniture and fixtures		-	-
- Vehicles - owned / leased		-	-
- Leasehold improvements		-	-
- Computers and related accessories		392,457	2,719,650
		392,457	2,719,650
Written down value of deletions during the period / year		-	(5,384,158)
Depreciation for the period / year		(5,494,040)	(20,940,394)
		(5,494,040)	(26,324,552)
Closing written down value		32,153,844	37,255,427

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	184,898	226,151
Capital work in progress	7.3	141,117,082	128,640,112
		144,751,980	132,316,263

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 2023 (Un-audited) ----- (Rupees) -----	30 June 2023 (Audited) -----
<i>Net carrying value basis</i>			
Opening net book value		226,151	389,818
Additions		-	-
Amortisation charge		(41,253)	(163,667)
Closing net book value		184,898	226,151
<i>Gross carrying value</i>			
Cost		5,644,660	5,644,660
Accumulated amortisation		(5,459,762)	(5,418,509)
Net book value		184,898	226,151
Amortisation rate		33%	33%
7.3 Capital work in progress			
Opening		128,640,112	71,954,055
Capital expenditure incurred during the period		12,476,970	56,686,057
Transfer to intangible assets		-	-
Closing		141,117,082	128,640,112

	Note	30 September 2023 (Un-audited) ----- (Rupees) -----	30 June 2023 (Audited) -----
8. LONG TERM DEPOSITS			
Pakistan Stock Exchange Limited	8.1	-	-
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Pakistan Mercantile Exchange	8.2	1,750,000	1,250,000
Security deposit against office premises		1,869,761	1,869,761
Security deposit against PSO card		120,000	120,000
		5,264,761	4,764,761

8.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and 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 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees) -----	
Listed shares	9.1	62,567,658	205,957,399

9.1 Listed shares

30 September 2023 (Un-audited)	30 June 2023 (Audited)	Name of investee (Number of shares)	30 September 2023		30 June 2023	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
4,792,000	4,792,000	Pakistan Stock Exchange Limited	36,092,345	37,808,880	47,279,876	35,460,800
-	845,000	Bank Alfalah Limited	-	-	25,808,558	25,721,800
-	400,000	D.G.Khan Cement Factory Limited	-	-	20,059,216	20,520,000
-	2,618,300	Maple Leaf Cement Factory Limited	-	-	72,647,185	74,176,439
-	500,000	TRG Pakistan Limited	-	-	49,654,054	46,065,000
454,000	454,000	TPL Trakker Limited	4,013,360	3,604,760	4,111,445	4,013,360
50,000	-	United Bank Limited	7,500,873	7,180,000	-	-
150,000	-	Habib Bank Limited	15,372,165	13,566,000	-	-
723	-	Lucky Cement Limited	430,932	408,018	-	-
Unrealised gain / (Loss) on re-measurement of investment classified as fair value through profit and loss account			(842,017)	-	(13,602,935)	-
			62,567,658	62,567,658	205,957,399	205,957,399

9.2 Term Finance Certificates

30 September 2023 (Un-audited)	30 June 2023 (Audited)	Name of investee (Number of certificates)	30 September 2023		30 June 2023	
			Carrying amount (Un-audited)	Market value (Rupees)	Carrying amount (Audited)	Market value (Audited)
802	802	Soneri Bank Limited	4,020,000	4,020,000	4,020,000	4,020,000

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	Long term	Rating	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	2023 (Un-audited)	2023 (Audited)
		----- (Rupees) -----	
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	11.1	90,926,636	227,900,617
- Brokerage commission			
- Equity Shares		6,630,426	5,805,315
- Money market and forex		1,066,981	783,658
- Consultancy fee		12,880,462	9,199,712
- Provision for doubtful debts		(17,481,765)	(26,400,604)
		94,022,740	217,288,698
Receivable from National Clearing Company of Pakistan Limited		-	-
		94,022,740	217,288,698
Provision for doubtful debts			
Opeing balance		26,400,604	12,423,642
Additional impairment during the period under IFRS 9 (Reversal)/Impairment during the period - net		(8,918,839)	13,976,962
Closing balance		17,481,765	26,400,604

11.1 This includes trade debts of Rs. 6.239 (30 June 2023: Rs. 7.262) receivable from related parties.

Aging analysis

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

	Note	Amount (Rupees)	Custody value (Rupees)
Upto five days	11.2	16,610,277	2,385,512,731
More than five days	11.2	74,316,359	2,503,201,818
		90,926,636	4,888,714,549

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

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
	Note	----- (Rupees) -----	
12. DEPOSITS AND PREPAYMENTS			
Receivable from NCCPL		-	-
Deposit of exposure margin	12.1	372,716	29,313,065
Deposit against Marginal Trading Services	12.2	816,120	10,052,862
Prepaid expenses		3,387,532	3,753,261
Sales tax receivables		5,342,753	4,521,808
		<u>9,919,121</u>	<u>47,640,996</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 17.00% to 19.00% (30 June 2023: 10.75 to 17.00%) 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 17.00.75% to 19.00% (30 June 2023: 10.75% to 17.00%) per annum.

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees) -----	
13. ADVANCES AND OTHER RECEIVABLES			
<i>Considered good</i>			
Advance against salary - secured		720,834	907,500
Other receivables and advances - unsecured		20,572,683	2,709,853
		<u>21,293,517</u>	<u>3,617,353</u>

	Note	30 September 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees) -----	
14. CASH AND BANK BALANCES			
Balances with banks:	14.1		
Saving accounts - profit and loss account		86,655,320	76,475,247
Current accounts - Conventional		184,392,797	9,710,016
Current accounts - Shariah Compliant		8,950,663	1,134,884
		<u>279,998,780</u>	<u>87,320,147</u>
Cash in hand		14,000	20,620
		<u>280,012,780</u>	<u>87,340,767</u>

14.1 This includes Rs. 89.997 million (30 June 2023: Rs. 63.128) million kept in designated bank accounts maintained on behalf of clients. Profit rate on saving accounts ranges from 18.50% to 20.50% per annum (30 June 2023: 12.50% to 18.50% per annum).

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees) -----	
15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
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	74,250,000
		<u>569,250,000</u>	<u>569,250,000</u>

15.2 Pattern of shareholding

Categories of Shareholders	Number of shares held	% of shares held
Companies		
Directors and their spouse(s) and minor children		
Name:		
1. Muhammad Najam Ali	15,645,836	27.48
2. Mrs. Hanna Khan	4,408,401	7.74
3. Muhammad Zulqarnain Mehmood Khan	9,005,908	15.82
4. Ali Akhtar Ali	1	
5. Lt. General (Retd.) Tariq Waseem Ghazi	30,517	0.054
6. Hassan Shahnawaz	2,846	0.005
7. Malik Khurram Shahzad	1,265	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	12,219,346	21.466
Others	15,610,880	27.424
Total	56,925,000	100.00
Shareholders holding 5% or more		
Muhammad Najam Ali	15,645,836	27.485
Muhammad Zulqarnain Mehmood Khan	9,005,908	15.821
Adnan Afridi	5,691,867	9.999
Maple Leaf Cement Factory Ltd	4,269,375	7.500
MCB Bank Limited - Treasury	5,516,032	9.690
Mrs. Hanna Khan	4,408,401	7.744

	Note	30 September 2023 (Un-audited)	30 June 2023 (Audited)
16. TRADE AND OTHER PAYABLES		----- (Rupees) -----	
Trade creditors	16.1	88,012,668	77,232,043
Payable to National Clearing Company of Pakistan Limited		-	7,817,005
Accrued commission to traders	16.2	236,168	-
Accrued salaries and other expenses		1,192,249	-
Auditor's remuneration		1,586,250	1,269,000
Tax deducted at source		4,258,303	721,962
Commission payable	16.3	78,252	78,252
Markup payable		3,744,432	6,606,918
Other payables		8,818,736	94,062,134
IPS Accounts		4,018,441	13,669,064
		111,945,499	201,456,378

16.1 This includes trade payable of Rs. 0.304 (30 June 2023: Rs. 0.029) million to related parties.

16.2 This includes commission payable of Rs. "0.118" (30 June 2023: 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

30,107,110

56,364,595

For purchase of quoted securities under future contracts against counter commitments

85,600

68,942,430

		Quarter ended 30 September		
		2023	2022	
		----- (Rupees) -----		
18.	OPERATING REVENUE			
	Brokerage income	18.1 & 18.2	18,830,558	23,402,691
	Advisory / consultancy fee		20,580,161	6,166,667
			39,410,719	29,569,358
18.1	This includes brokerage earned from related parties amounting to Rs. 0.475 (30 September 2022: Rs.0.346) million.			
18.2	This includes Rs. 8.918 (30 September 2022: Rs. 8.051) million brokerage income earned from institutional clients, Rs. 9.912 (30 September 2022: Rs. 13.260) million brokerage income earned from retail clients and Rs. "Nil" (30 September 2022: Rs. "Nil") brokerage income earned on proprietary trades.			
19.	OPERATING EXPENSES		----- (Rupees) -----	
	Salaries, wages and other benefits		17,126,136	18,955,832
	Consultancy fee	19.1	1,250,000	2,335,363
	Commission and referral fee	19.2	1,904,909	2,790,597
	Service and transaction charges		2,107,968	1,911,027
	Fees and subscription		2,284,640	1,565,685
			24,673,653	27,558,504
19.1	This includes consultancy fee to the directors of the Company amounting to Rs. "Nil" (30 September 2022: Rs. 0.637) million.			
19.2	This includes commission to the directors of the Company amounting to Rs. 0.118 (30 September 2022: Rs. 0.272) million.			
20.	ADMINISTRATIVE EXPENSES		----- (Rupees) -----	
	Salaries, wages and other benefits		12,919,717	14,300,013
	Telephone and communication charges		1,086,506	2,218,598
	Utility charges		2,048,153	1,544,189
	Vehicle running expenses		2,875,530	1,300,490
	Depreciation on right of use assets		1,273,679	1,621,697
	Depreciation		5,494,040	5,300,249
	Amortisation		41,253	41,253
	Legal and professional charges		279,620	77,500
	Auditor's remuneration		317,250	29,330
	Insurance		498,000	502,000
	Printing, stationery and postage charges		261,806	446,549
	Office supplies		436,387	346,839
	Office repair and maintenance		791,517	568,359
	Fees and subscription		467,938	320,683
	Travelling and entertainment charges		2,249,422	105,796
	Generator Fuel		185,020	167,390
	Advertisement expenses		-	735,000
	Security expense		500,364	967,070
	Miscellaneous expenses		1,333,418	526,245
			33,059,620	31,119,250
21.	Financial charges		----- (Rupees) -----	
	Bank charges		56,784	214,620
	Interest on lease liabilities		1,434,189	1,333,223
	Mark up expense		3,744,432	500,917
	Interest on commercial paper		-	-
			5,235,405	2,048,760
22.	OTHER INCOME		----- (Rupees) -----	
	Mark-up / interest on:			
	- Bank balances (under mark-up arrangements)		5,884,404	6,448,583
	- Investment in Marginal Financing System		-	155,760
	- Exposure margin		1,070,000	1,734,423
	Dividend income		-	3,503,690
	Gain on disposal of property and equipment		-	2,905,342
	Miscellaneous income		269,735	182,755
			7,224,139	14,930,553
23.	CURRENT STATUS OF TAX ASSESSMENTS			
	There is no change in the status of the current tax assessment.			

24. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended	
	30 September 2023	30 September 2022
Profit / (loss) for the period	<u>1,958,216</u>	<u>(25,715,425)</u>
Weighted average number of ordinary shares in issue during the period	<u>56,925,000</u>	<u>56,925,000</u>
Earnings per share basic & diluted	<u>0.03</u>	<u>(0.45)</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 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees)					
Managerial remuneration	3,000,000	3,000,000	1,600,000	1,600,000	11,205,172	12,972,914
House rent allowance	1,200,000	1,200,000	640,000	640,000	4,482,069	5,189,166
Medical	300,000	300,000	160,000	160,000	1,120,517	1,297,291
Commission	-	-	118,084	272,455	926,798	315,554
Consultancy fee	-	-	-	636,979	-	-
Directors' fees	-	-	-	-	-	-
	<u>4,500,000</u>	<u>4,500,000</u>	<u>2,518,084</u>	<u>3,309,434</u>	<u>17,734,556</u>	<u>19,774,925</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>20</u>	<u>21</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. "Nil" (30 September 2022: Rs. 0.636 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 27 October 2023 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer