

Annual Report 2018

Table of Contents

1. COMPANY INFORMATION	3
2. NOTICE OF ANNUAL GENERAL METTING	4
3. FINANCIAL HIGHLIGHTS	11
4. CHAIRMAN'S REPORT	12
5. DIRECTORS' REPORT	13
6. REVIEW REPORT ON STATEMENT OF COMPLIANCE	15
7. STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	16
8. AUDITORS' REPORT TO THE MEMBERS	18
9. BALANCE SHEET AS AT JUNE 30, 2018	19
10. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018	20
11. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018	21
12. CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018	22
13. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018	23
14. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018	24
15. PATTERN OF SHAREHOLDING FORM '34' SHAREHOLDERS' STATISTICS	49
16. PROXY FORM	51

VISION

To become the preferred Financial Services provider in Pakistan, assisting Individuals, Companies and Financial Institutions find optimal Capital Markets related solutions

MISSION

To offer a wide range of products and services in a transparent manner with an emphasis on integrity and client confidentiality

To provide customers with complete and innovative solutions by using the best minds and technology

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. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Non-Executive Director, Independent 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. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Chairman, Independent Director Member Member
Human Resource & Remuneration Committee	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Umer Habib	Chairman, Independent Director Member Member Member
Chief Financial Officer	Mr. Nadeem ul-Haq Usmani	
Company Secretary	Mr. Mohsin Ali	
Head of Internal Audit	Mr. Parkash Kukreja	
External Auditors	KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank of Punjab Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited MCB Islamic Bank Habib Bank Limited Sindh Bank Limited	
Tax Advisors	Junaidy, Shoaib, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahrah-e-Faisal, Karachi	
Legal Advisors	Mohsin Tayebaly & Co. Barristers & Advocates 2 nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
Rating Company	JCR-VIS Credit Rating Company Limited	
Share Registrar	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahrah-e-Faisal, Karachi	
Registered Office	8 th Floor, Horizon Tower, Plot No. 2/6 Block III, Clifton, Karachi	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth (9th) Annual General Meeting (AGM) of Next Capital Limited [the Company] will be held on Wednesday, October 24, 2018 at 08:45 a.m. at the Registered Office of the Company, situated at 8th Floor, Horizon Tower, Plot No. 2/6, Block-III, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Eighth (8th) Annual General Meeting (AGM) held on October 25, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To approve the appointment of the Auditor for the year ending June 30, 2019 and fix their remuneration. The retiring Auditor Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

Karachi.
Dated: October 03, 2018

By order of the Board

-sd-

Muhammad Najam Ali
Chief Executive

NOTES

- i. The Share Transfer Books of the Company will remain closed from 18th October, 2018 to 24th October, 2018 (both days inclusive).
- ii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote.
Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
 - a. Members, proxies or nominees shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport and bring their folio numbers at the time of attending the meeting.
 - b. In the case of corporate entity, Board of Directors' resolution/Power of Attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - c. In order to be effective, the proxy forms must be received at the office of our registrar no later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, addresses, CNICs' numbers and signatures.
 - d. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- e. In the case of proxy by a corporate entity, Board of Directors resolution/Power of Attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
- f. Beneficial owners of the physical shares and whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with participant's I.D. number and their account/sub-account number in CDC to facilitate identification at the time of the meeting. In case of proxy, attested copies of proxy's CNIC or passport, account/subaccount and participant's I.D. numbers must be deposited along with the Form of Proxy at the registered office of the Company as per paragraph No. ii above, duly witnessed by two persons whose names, addresses and CNICs' numbers must be mentioned on the proxy form and attested photocopies of CNIC or the passport of the beneficial owner. In case of proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of meeting (unless it has been provided earlier to the Shares Registrar).
- iii. Physical transfers and deposit request under Central Depository System received at the close of the business on October 17, 2018 by the Company's Registrar will be treated as being in time for entitlement to attend, participate in and vote at the meeting.
- iv. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.
- v. **Consent for Video Link Facility**

Pursuant to SECP's Circular No 10 dated 21 May 2014, Members may participate in the meeting via video-link facility. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

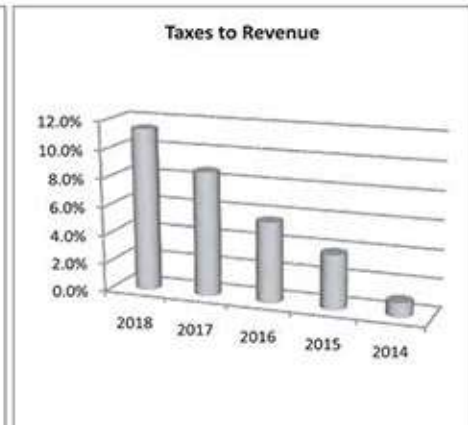
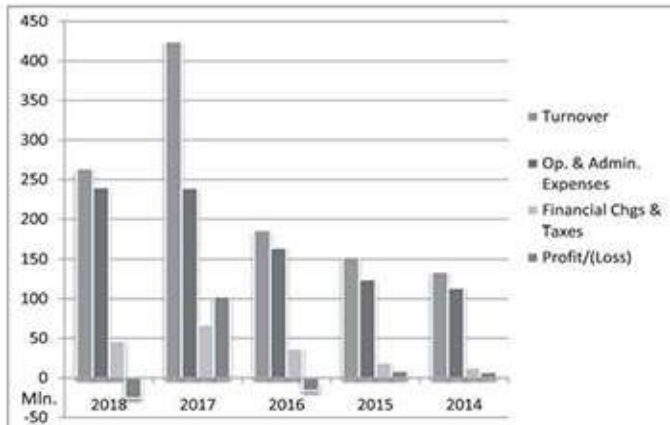
In this regard, Members who wish to participate through video-link facility should send a duly signed request as per the following format to the Registered Address of the Company at least 10 days before the date of AGM.

I/We _____ of _____,
being a member(s) of Next Capital Limited, holder of _____ Ordinary share(s) as
per registered folio/CDC Account No. _____ hereby opt for video
conference facility at _____.

- vi. Members are requested to immediately notify the change, if any, in their registered address/contacts numbers to Share Registrar on the following address:
M/s. FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi Tel: +92 21 3438 0103-5, 3438 4621-3 Fax: 3438 0106

FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
----- Rupees in Thousands -----					
Profit and Loss Account					
Operating revenue	241,117	353,702	163,555	139,025	121,083
Investment gains - net	2,318	41,240	1,311	3,596	2,406
Other income	20,467	29,508	21,723	10,224	10,590
Total Turnover	263,902	424,450	186,589	152,845	134,079
Operating & administrative expenses	240,135	239,422	164,286	124,662	113,738
Financial cost	16,497	30,142	26,583	13,265	11,586
Profit/(loss) before taxation	4,769	139,960	(5,703)	14,704	8,755
Profit/(loss) after taxation	(25,336)	102,961	(16,146)	8,863	7,436
Balance Sheet					
Share capital	450,000	450,000	200,000	200,000	200,000
Reserves	(39,655)	40,186	(37,910)	(21,764)	(30,612)
Share holders equity	410,345	490,186	162,090	178,236	169,388
Long term liabilities	-	-	92,212	108,592	48
Current assets	635,536	1,053,184	562,005	334,371	174,328
Current liabilities	286,958	653,738	404,289	152,998	103,170
Total assets	697,302	1,143,924	658,591	439,826	272,607
Total liabilities	286,958	653,738	496,501	261,590	103,218
RATIOS					
Performance					
Net Profit/(loss) Margin (%)	-10.5%	29.1%	-9.9%	6.4%	6.1%
Profit/(loss) before tax (%)	2.0%	39.6%	-3.5%	10.6%	7.2%
Expense/income (%)	99.6%	67.7%	100.4%	89.7%	93.9%
Return on equity (%)	-6.2%	21.0%	-10.0%	5.0%	4.4%
Price Earning (%)	-5.9%	12.1%	-6.4%	6.3%	8.2%
Leverage					
Debt to equity (%)	0.0%	0.0%	56.9%	60.9%	0.0%
Interest cover (x)	2.21	5.64	0.79	2.11	1.76
Liquidity					
Current (x)	2.21	1.61	1.39	2.19	1.69
Earning Per Share (EPS)	(0.56)	2.78	(0.51)	0.44	0.37
Breakup Value/Net Assets per share	9.12	10.89	8.10	8.91	8.47
Market Value Per Share	9.50	23.01	8.00	7.02	4.52



CHAIRMAN'S REPORT

I am pleased to present to you, the Annual Report for the year ended June 30, 2018.

The Board of Directors ("the Board") of Next Capital Limited (NCL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner which results in record year for NCL and we were able to deliver highest ever profits to our shareholders.

The Board of Directors of NCL comprises of highly professional and experienced people. They bring expertise from various business disciplines including an independent director. All Board members are aware of their fiduciary responsibilities and fulfill these by playing an important role in providing strategic direction to the management and necessary guidance for compliance with policies and standards.

The Board of Directors' performance has been highly satisfactory and Board Members have exercised the required strategic oversight. The efforts of the Board's Audit Committee and the Human Resources & Remuneration Committee are particularly noteworthy for their valuable contributions in providing requisite leadership support.

The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.

The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in term of their conduct as directors and exercising their powers and decision making.

At the end I would like to thank our shareholders, my fellow directors and stakeholders for all their support & again acknowledge with gratitude the sustained and ongoing dedication of the company's management and staff in very challenging operating conditions. We look forward to future success in the Company's endeavors.



Gen. Tariq Waseem Ghazi (Retd.)
Chairman

September 24, 2018

DIRECTORS' REPORT

The Directors' of Next Capital Limited (the Company) are pleased to present their report along with the audited Financial Statements of the Company for the year ended June 30, 2018.

Economic Review & Outlook

The economic growth of the country sustained its momentum as the real GDP registered an annual growth of 5.8% (+0.4%YoY). The growth was led by a 3.8% and 6.2% jump in agriculture and manufacturing sector. Services sector grew by 6.4% compared to 6.5% last year. Better and subsidized availability of farm inputs, monetary easing scenario and consistent water provisioning transpired growth in agriculture, previously at 2.1% while growth in the manufacturing sector can be largely attributed to regular power disbursements and consumerism pickup. Inflationary pressures weakened as average CPI inflation declined to 3.9% from a previous 4.2% largely owing to containment in food pricing.

The twin deficits, however, remained a primary concern throughout the year where Current Account Deficit (CAD) of 5.8% of GDP (USD18.1 billion) was recorded (previously 4.1% of GDP). Higher machinery imports and transportation expenditure mainly CPEC related, and energy supplies including oil and LNG stained the import bill. Stunted growth in exports and remittances continued to exert strain. Foreign exchange reserves depleted from USD21.4 billion at the end of FY17 to USD16.4 billion as the year terminated with SBP's import coverage falling from 4 months to 2.1 months. Fiscal deficit for the year under review stood at 6.6% of GDP (5.8% last year). Slower growth in revenues and higher current expenditure (election spending) added to the woes. To finance the twin deficits, significant cuts in development spending need to be made with heavy domestic and foreign borrowings. Pakistan's external debt stood at USD95 billion (33.6% of GDP) in FY2018 compared to USD83 billion (27.4% of GDP) last year.

The Pakistan Rupee succumbed with a 15.9% plummet against the greenback. The Dec'17 devaluation also triggered a tightening monetary stance resulting in a policy rate hike by 75 basis points to 6.5% with the Discount Rate becoming 7% as FY18 ended. Further, 2.5% PKR devaluation and 100 basis points hike in discount rate have occurred post June 2018.

With General Elections 2018 concluded, the new government has to confront and address outstanding debt and its looming repayments with dwindling foreign exchange reserves together with fiscal imbalances. A prompt policy framework is inevitable to tackle these challenges alongside generating sustained external financial inflows for stabilization of foreign exchange reserves and stimulation of long-term sustainable growth.

Capital Market Review:

For the first half of FY18, the market failed to pick an upward pace owing to foreign investment outflows of US\$155mn (as opposed to US\$97mn in the corresponding period last year), political uncertainties including impending elections and barring of the ex-Prime Minister from holding political office, the grey clouds hovering around the banking arena (HBL DFS penalty, pension fund case reversal ruling), the OCAC's (Oil Companies Advisory Council) and Ministry of Petroleum's combined decision to shut down RFO based power plants affecting most IPPs and refineries, a 22% increase in coal pricing, 37% appreciation in Brent pricing and the consequential inventory losses staining OMCs (7.14% weight in PSX-100), and finally, the round of depreciation in PKR that commenced from Dec '17.

Embarking upon 2018, invigorated investor enthusiasm amid anticipated PSX turnaround attributed to impending elections. Over January, the market yielded an impressive return of 8.8% accompanying a net inflow of US\$85.7mn (highest since April 2014). Political front also witnessed some respite post announcement of Senate elections and measures including imposition of additional regulatory duties, export package amendments, 5% devaluation in PKR viz a viz the USD, and, a 25bps increase in policy rate. Amid the plummet in PKR, forex reserves also declined to US\$15.7bn in July 2018 while the import cover for period hovered around US\$6bn/month reflecting an acute BoP deficit. Later in the year, Amnesty Scheme announcement in April '18 corrected the market to a 9.5x (with a high of 46,637) further reinforced by budgetary reforms including tax adjustment on broker commission, abolishment of WHT (Withholding Tax) on bonus shares issued by mutual funds, and tax credit upon subscription to new listings (sukuk, equity). With June 2018 end, Pakistan's benchmark index outperformed its peers by ~4%, where MSCI EM index declined by 10% against 6% plummet in KSE All shares with net FIPI outflows of US\$289mn and the average volume turnover being 174.53mn (average value traded – PKR8.14bn).

Going forward, the PKR recovery lately is entirely an aftermath of recent obligations from international donors. US\$2bn loan from China under 'Official Bilateral inflows' (US\$1bn already transferred) and renewal of credit facility of US\$4.5bn till 2020 by ITFC would provide the required cushion on the external front. Further aid of US\$10bn from Saudi Arabia is also on the cards. The emerging scenario would improve Pakistan's expanding position in the plausible IMF bailout package of ~US\$12bn.

Performance Overview:

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

	2017-2018	2016-2017
	PAK RUPEES	
Accumulated losses as at July 01	65,051,403	(37,909,634)
Cash Dividend paid during the year	(45,000,000)	-
Net (Loss)/profit for the year	(25,335,688)	102,961,037
(Accumulated losses)/unappropriated profit June 30	(5,284,285)	65,051,403
(Loss)/earnings Per Share- Rupees	(0.56)	2.78

Next Capital Limited posted a pre-tax profit of PKR 4.7 million in FY18 even after suffering from all odds in the market but was unable to coup with the doubled income tax on brokerage income resultantly the Company declared a loss of PKR 25.3 million. Decline in trading volumes in equity market reflected on brokerage income in FY18 through 28.5% reduction. Institutional and retail equity brokerage declines by 30.5% and 25.3%, respectively. Advisory and Consultancy services remained dull during the year due to inactive market, uncertainty and political scenario which caused major decline of 42.0% in Advisory and Consultancy. Tax rate on equity brokerage doubled in budget 2018 which cost the Company PKR 32.6 million and effective tax rate to revenue worked out around 12.5% as compared to 5.4% in FY17. Operating expenses reduced by 9.6% but administrative expenses increased by 18.4% due to rise in salaries, rent and tax expenses. Finance cost reduced heavily by 46.6% due to lower utilization of financing facilities on account of reduced funding requirements.

Still the Company retained its presence considerably in foreign equity brokerage during FY18. Going forward, the Company aims to continue to concentrate on its growth strategy. Reduction in tax rate on brokerage income would bring equity business out of red but passive outlook for equity market could not be ruled out. Long term prospects for local equities are vigorous. Moreover, investment banking would also remain a key area of focus for the Company. Next Capital Limited is well positioned to capture the pickup in business, given its strong presence in the institutional and retail segments.

Compliance Statement:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, with which we concur;
- International Financial Reporting Standards, as applicable in Pakistan and the Companies Ordinance, 1984, as also stated in note no.2 of the financial statements, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored by Audit Committee;
- The Company is financially sound and there are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Key operating and financial data of current year and preceding years is appearing after notice of AGM;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018 except for those disclosed in the financial statements;
- All the material changes and commitments affecting the financial position of the Company occurred between the balance sheet date and the date of the directors' report have been disclosed in the report;
- Five directors have obtained training under the Director's Training Program;
- The Directors, CFO, CEO, Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year; and
- Pattern of shareholding is disclosed after financial statements.

Meetings of the Board of Directors:

Five Board meetings were held during the financial year 2017-2018 and were attended by the Directors as follows:

Name	Designation	Attendance
Gen. Tariq Waseem Ghazi (Retd.)	Director/ Chairman	5
Mr. Muhammad Najam Ali	Director/ Chief Executive Officer	5
Mrs. Hanna Khan	Director/	5
Mr. Muhammad Zulqarnain Mahmood Khan	Director	5
Mr. Muhammad Zubair Ellahi	Director	5
Mr. Hassan Shah Nawaz	Director	5
Mr. Umer Habib	Director	4

The Board in its meeting held on February 27, 2018 appointed Mr. Nadeem ul-Haq Usmani as Chief Financial Officer in place of Mr. Om Parkash who resigned from the position of CFO. Further, Mr. Parkash promoted to Head of Internal Audit in place of Mr. Mohsin Ali in the Board meeting held on April 23, 2018.

Composition of Board

1. The total number of directors are seven as per the following:

- a. Male: Six
- b. Female: One

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shah Nawaz
Other Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi
Executive Directors	Mr. Muhammad Najam Ali Mr. Umer Habib

Committees of Board

The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Hasan Shah Nawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Muhammad Zubair Ellahi	Member

b) Human Resource & Remuneration Committee

Mr. Hasan Shah Nawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member
Mr. Umer Habib	Member

Director's Remuneration

The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017.

Credit Rating

The Company has been re-assigned entity ratings of 'A-/A-2' (A Minus/A-Two) by JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. Issuer rating scale defined by JCR-VIS as good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy.

Management Rating

The Company has been assigned management rating of 'BMR2++' (BMR Two Plus Plus) by JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. Issuer rating rationale defined by JCR-VIS as strong regulatory compliance levels; sound external controls, HR & IT services, risk management and financial management along with adequate initial control framework client relationship.

Corporate and Social Responsibility

Company being a responsible corporate citizen always conscious to discharge its obligations towards the people who work for it, people around its workplace and the society as a whole.

External Auditors

The retiring auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for reappointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as the auditors for the Company for the financial year ending June 30, 2019.

Appreciation and Acknowledgement

The management of Next Capital Limited extends their deepest appreciation to all the stake holders of the Company, including its distinguished clients, hardworking employees, bankers, consultants and other business partners. We also thank the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP), Pakistan Stock Exchange Limited (PSX) and Financial Market Association (FMA) for their cooperation and kind support.

For and on behalf of the Board of Directors

Date: September 24, 2018



Muhammad Najam Ali
Chief Executive Officer



Zubair Ellahi
Director

To the members of Next Capital Limited**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

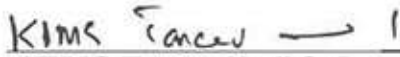
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Next Capital Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 24 September 2018**Karachi**
KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company: NEXT CAPITAL LIMITED
Year ending: 30th June 2018

Next Capital Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

- a. Male: Six
- b. Female: One

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
Other Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi
Executive Directors	Mr. Muhammad Najam Ali Mr. Umer Habib

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consists of seven (7) eminent directors, out of which five (5) directors are already certified under the Directors Training Program as follows:

1. Mr. Muhammad Zulqarnain Mahmood Khan
2. Mr. Muhammad Zubair Ellahi
3. Mrs. Hanna Khan
4. Mr. Hasan Shahnawaz
5. Mr. Umer Habib

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Hasan Shahnawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Muhammad Zubair Ellahi	Member

b) Human Resource & Remuneration Committee

Mr. Hasan Shahnawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member
Mr. Umer Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee:	Quarterly
b) HR and Remuneration Committee:	Yearly

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with the repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.

19. We confirm that all other requirements of the Regulations have been complied with.



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

Opinion

We have audited the annexed financial statements of **Next Capital Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Valuation of Trade Debts</p> <p>Refer notes 3.5 and 11 to the financial statements.</p> <p>As at 30 June 2018, the Company's gross trade debtors were Rs. 136.049 million against which allowance for doubtful debts Rs. 2.095 million has been recorded.</p> <p>We identified the recoverability of trade debts as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgment.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and allowance for doubtful debts; • on a sample basis, we tested the items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, and assessing the assumptions and estimates made by the management for the provision for doubtful debts; • comparing, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade debtor balances as at 30 June 2018 with the underlying documentation; and • we recalculated the provision and compared the results with those estimated by the Company.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinions:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 24 September 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2018

	<i>Note</i>	30 June 2018	30 June 2017
ASSETS			
Non-current assets			
Property and equipment	4	14,378,109	18,365,032
Intangible assets	5	4,268,746	7,358,911
Investment in shares of Pakistan Stock Exchange Limited	6	31,858,322	41,163,842
Long term deposits	7	10,061,200	24,670,029
Deferred tax asset - net	8	1,401,644	1,184,479
		61,768,021	90,740,293
Current assets			
Short term investment classified as 'at fair value through profit or loss'	9	12,094,500	15,408,000
Investment in marginal financing system	10	65,217,082	4,274,411
Trade debts	11	133,953,876	428,809,018
Deposits and prepayments	12	238,366,829	281,876,932
Advances and other receivables	13	4,416,225	2,352,388
Income tax refundable		54,513,787	50,792,894
Cash and bank balances	14	128,983,853	269,670,057
		635,536,132	1,053,183,680
Total assets		697,302,153	1,143,923,973
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10 each		1,000,000,000	500,000,000
Issued, subscribed and paid-up capital	15	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
(Accumulated losses) / unappropriated profit		(5,284,285)	65,051,403
Unrealised gain on remeasurement of available for sale Investments		15,628,792	25,134,303
		410,344,507	490,185,706
Current liabilities			
Short term loans from related parties - unsecured	28.1	41,256,011	47,185,739
Short term loan - unsecured	17	18,953,742	60,074,988
Unclaimed dividend		3,051,638	-
Current portion of liabilities against assets subject to finance lease		-	48,090
Trade and other payables	18	223,696,255	546,429,450
		286,957,646	653,738,267
Contingencies and commitments	19		
Total equity and liabilities		697,302,153	1,143,923,973

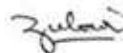
The annexed notes, from 1 to 37, form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 June 2018 (Rupees)	30 June 2017
Operating revenue	20	241,116,691	353,702,249
Capital gain on sale of investments	21	2,945,952	42,632,288
Unrealised loss on remeasurement of investment classified as 'at fair value through profit or loss'	9	(627,943)	(1,392,000)
Impairment loss on Trading Right Entitlement Certificate (TREC)	5.2	(2,500,000)	(14,926,170)
Operating expenses	22	(141,557,656)	(156,059,145)
Administrative expenses	23	(98,577,541)	(83,362,666)
Finance cost	24	(16,497,139) (15,697,636)	(30,141,859) 110,452,697
Other income	25	20,466,818	29,507,596
Profit before taxation		4,769,182	139,960,293
Taxation	26		
- Current		(32,654,019)	(20,874,745)
- Prior		2,331,984	-
- Deferred		217,165	(16,124,511)
		(30,104,870)	(36,999,256)
Net (loss) / profit for the year		(25,335,688)	102,961,037
(Loss) / earnings per share - basic and diluted	27	(0.56)	2.78


The annexed notes, from 1 to 37, form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	30 June 2018	30 June 2017
	(Rupees)	
Net (loss) / profit for the year	(25,335,688)	102,961,037
Other comprehensive income:		
<i>Items that may be reclassified to profit and loss account</i>		
Net unrealised (loss) / gain on re-measurement of available for sale investments	(9,505,511)	25,134,303
Total comprehensive income for the year	<u>(34,841,199)</u>	<u>128,095,340</u>

The annexed notes, from 1 to 37, form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 June 2018	30 June 2017
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		4,789,182	139,960,293
Adjustments for:			
Depreciation of property and equipment	23	5,783,058	5,207,335
Amortisation of intangible assets	23	753,185	488,637
Provision for worker's welfare fund	23	-	1,032,248
Impairment Expenses	5.2	2,600,000	14,928,170
Capital gain on sale of investments	21	(2,945,952)	(42,632,288)
Unrealised loss in the value of investments at 'fair value through profit or loss'	9.1	627,943	1,382,000
Mark-up on bank balances	25	(11,069,776)	(15,363,137)
Profit on exposure margin	25	(5,420,324)	(5,397,889)
Mark-up on investment in margin financing system	25	(3,151,058)	(7,503,604)
Provision against receivables	23	2,094,839	-
Receivables written-off	23	1,000,000	-
Dividend income	25	(506,803)	(414,564)
Finance cost	24	18,497,139	30,141,859
		<u>8,182,033</u>	<u>(18,125,233)</u>
Cash flows before working capital changes		10,931,215	121,835,060
Changes in working capital			
Decrease / (Increase) in current assets			
Trade debts		291,780,503	(360,963,153)
Advances, deposits, prepayments and other receivables		43,297,748	(172,787,310)
		<u>335,058,251</u>	<u>(533,750,463)</u>
(Decrease) / Increase in current liabilities			
Trade and other payables		(323,279,815)	171,974,294
Cash generated from / (used in) operations		<u>22,709,851</u>	<u>(239,941,109)</u>
Finance cost paid		(18,497,139)	(30,141,859)
Taxes paid		(34,042,906)	(45,375,703)
Net cash outflow from operating activities		<u>(27,830,194)</u>	<u>(316,458,671)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	4	(3,794,135)	(7,382,530)
Payment for purchase of intangible assets	5.3	(185,000)	(1,135,000)
Payments against investment in margin financing system	10	(258,941,980)	(1,927,247,793)
Receipts from investment in margin financing system	10	197,999,309	1,922,973,382
Proceeds from sale of PSX shares		15,408,000	67,324,040
Investments disposed off		(9,776,491)	(18,800,000)
Mark-up received on bank balances and exposure margin		16,490,100	21,447,695
Mark-up received on investment in margin financing system		1,309,553	7,477,375
Dividend received		506,803	414,564
Long term deposits		14,808,829	-
Net cash (outflow) / Inflow from investing activities		<u>(26,355,012)</u>	<u>67,071,733</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(41,450,023)	-
Short term loans received		687,145,033	861,189,084
Short term loans repaid		(734,196,008)	(789,305,817)
Proceeds from long term loans		-	47,630,194
Long term loans repaid / transferred		-	(139,841,828)
Proceeds from issuance of shares		-	200,000,000
Net cash (outflow) / Inflow from financing activities		<u>(88,500,996)</u>	<u>179,671,633</u>
Net decrease in cash and cash equivalents		<u>(142,686,204)</u>	<u>(69,715,305)</u>
Cash and cash equivalents at beginning of the year		269,870,057	339,385,362
Cash and cash equivalents at end of the year		<u>128,983,853</u>	<u>269,670,057</u>

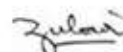
The annexed notes, from 1 to 37, form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unappropriated profit / (Accumulated losses) (Rupees)	Unrealised gain on remeasurement of investments	Total
Balance as at 1 July 2016	200,000,000	-	(37,908,634)	-	162,091,366
<i>Transaction with owners of the Company</i>					
Issue of 25,000,000 shares of Rs. 10 each at 20% discount (refer note 15)	250,000,000	(50,000,000)	-	-	200,000,000
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	102,961,037	-	102,961,037
Unrealised gain on re-measurement of available for sale investment	-	-	-	25,134,303	25,134,303
	-	-	102,961,037	25,134,303	128,095,340
Balance as at 30 June 2017	450,000,000	(50,000,000)	65,051,403	25,134,303	490,185,706
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 year</i>					
Loss for the year	-	-	(25,335,688)	-	(25,335,688)
Unrealised loss on re-measurement of available for sale investment	-	-	-	(9,505,511)	(9,505,511)
	-	-	(25,335,688)	(9,505,511)	(34,841,199)
<i>Transaction with owners of the Company</i>					
Cash dividend @ Rs. 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 30 June 2018	450,000,000	(50,000,000)	(5,284,285)	15,628,792	410,344,507

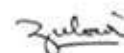
The annexed notes, from 1 to 37, form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

1. Corporate and general information**1.1 Legal Status and operations**

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under the Companies Act, 2017 (previously Companies Ordinance, 1984). The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

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

- House # 43-A/S. Zafar Ali Road, Aziz Avenue Gulberg-5, Lahore; and
- Plaza # 1167-CCA. Block - DD Phase - IV, DHA, Lahore Cantt.

1.2 Significant transactions and events affecting the Company's financial position and performance

- a) Due to the first time application of financial reporting requirements under the Companies Act 2017 (the Act) including disclosure and presentation requirements of the fourth schedule of the Act.
- b) For a detailed discussion about the Company's performance please refer to the Directors' report accompanied in the annual report of the Company for the year ended 30 June 2018.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These 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 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and have been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Property and equipment (note 3.2 and 4);
- Useful lives and impairment of intangible assets (note 3.3 and 5);
- Classification and valuation of investments (note 3.1, 6 and 9);
- Taxation (note 3.4 and 26);
- Provision against trade debts, investment in marginal financing system and other receivables (note 3.5, 3.6, 10, 11 and 30); and
- Contingencies and commitments (note 3.7 and 19)

2.5 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant:
 - IAS 7, 'Statement of Cash Flows' amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. The relevant disclosure have been made in these financial statements.
 - The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. The disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.
- b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:
 - There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.
- c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analysing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below:

3.1 Financial Instruments

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three categories (i.e. loans and receivables, held to maturity and fair value through profit or loss).

Fair value through profit or loss

An instrument is classified as 'at fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Company manages such investments and make purchase and sale decisions based on the fair value in accordance with the Company's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in profit and loss account.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

3.1.1 Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recognised.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.1.2 Measurement

Financial instruments are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Subsequent to initial recognition, financial instruments classified as 'available-for-sale' or 'fair value through profit and loss' are measured at fair value. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in equity until derecognised or impaired, then the accumulated fair value adjustments recognised in equity are included in the profit and loss account. Other financial assets are carried at amortised cost using the effective yield method, less impairment losses, if any.

3.1.3 Investment in marginal financing system

Payment made as a margin financing included as 'Investment in marginal financing system' at the fair value of the consideration given. All margin financing transactions are accounted for on the trade date.

3.1.4 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Investments classified as 'available for sale' or 'fair value through profit and loss' equity instruments, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit and loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss are not reversed subsequently in profit and loss.

Non financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurements.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.2 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property and equipment are recognized in profit and loss account as incurred.

Depreciation

Depreciation is calculated on cost of property and equipment less their estimated residual values using the straight-line method over their useful lives and is recognised in profit and loss account. Depreciation on additions to property and equipment is charged from the date asset is available for use, till the date of its disposal. The estimated useful lives of property and equipment for current and comparative periods are disclosed in note 4 to these financial statements.

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property and equipment is recognised in the profit and loss account.

3.3 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Right Entitlement Certificate (TREC)

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

Software

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation

Intangible assets with indefinite useful lives are not amortised, instead they are systematically tested for impairment at each balance sheet date. Intangible assets with finite useful lives are amortised at straight line basis over the useful life of the asset at the rate specified in note 5 to these financial statements.

3.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current tax

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5 Trade debts and other receivables

Trade debts and other receivables are recognised at fair value and subsequently measured at amortised cost less impairment losses, if any. A provision for impairment in trade and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.6 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.7 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.9 Revenue recognition

- Brokerage, commission, corporate finance income and other income are recognised as and when such services are provided.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on continuous funding system transactions and bank deposits is recognised on a time proportionate basis that takes into account the effective yield.
- Mark-up income from investment in marginal financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of the cost of that asset.

3.11 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to profit and loss account.

3.12 Basic and diluted earnings per share

The Company presents basic and diluted earnings / (loss) per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.13 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Running finance under mark-up arrangements that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

4. PROPERTY AND EQUIPMENT

	30 June 2018				
	Leasehold improvements	Furniture and fixtures	Vehicles (owned)	Vehicles (leased)	Computers and related accessories
	(Rupees)				
As at 30 June 2018					
Cost	7,417,348	7,716,318	14,049,600	-	19,292,571
Accumulated depreciation	(4,893,578)	(3,709,774)	(9,023,906)	-	(14,483,549)
Net book value	2,523,772	4,006,544	5,025,694	-	4,809,022
Additions during the year	-	-	2,839,639	-	954,496
Depreciation charge for the year	(873,585)	(794,321)	(1,971,303)	-	(2,143,849)
Net book value	1,650,187	3,212,223	5,894,030	-	3,619,669
As at 30 June 2018					
Cost	7,417,348	7,716,318	16,889,239	-	20,247,067
Accumulated depreciation	(5,767,161)	(4,504,095)	(10,995,209)	-	(16,627,398)
Net book value	1,650,187	3,212,223	5,894,030	-	3,619,669
Depreciation rates % per annum	20	10	20	20	20-33.33
	30 June 2017				
	Leasehold improvements	Furniture and fixtures	Vehicles (owned)	Vehicles (leased)	Computers and related accessories
	(Rupees)				
As at 30 June 2017					
Cost	7,275,348	6,785,273	11,382,100	-	15,650,586
Accumulated depreciation	(3,973,605)	(2,984,695)	(7,299,693)	-	(12,645,477)
Net book value	3,301,743	3,800,578	4,082,407	-	3,005,109
Additions during the year	142,000	931,045	2,667,500	-	3,641,985
Depreciation charge for the year	(919,971)	(725,079)	(1,724,213)	-	(1,838,072)
Net book value	2,523,772	4,006,544	5,025,694	-	4,809,022
As at 30 June 2017					
Cost	7,417,348	7,716,318	14,049,600	-	19,292,571
Accumulated depreciation	(4,893,578)	(3,709,774)	(9,023,906)	-	(14,483,549)
Net book value	2,523,772	4,006,544	5,025,694	-	4,809,022
Depreciation rates % per annum	20	10	20	20	20-33.33

4.1 The cost of fully depreciated assets as at 30 June 2018 is Rs. 18.02 million (2017: Rs. 16.410 million).

4.2 All immovable assets are situated at Head office in Karachi and branch offices in Lahore.

5. INTANGIBLE ASSETS

	Note	30 June 2018	30 June 2017
		(Rupees)	
Pakistan Mercantile Exchange - membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	5.1 & 5.2	2,500,000	5,000,000
Software	5.3	818,746	1,406,911
		<u>4,268,746</u>	<u>7,356,911</u>

- 5.1 This represents TREC acquired on surrender of Stock Exchange Membership Card. For details please refer Note 6.

PSX vide notice no. PSX/N- 5372, dated 15 September 2017, has maintained the notional value of TRE Certificate at 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. Upto 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 Certificates. 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.

5.2	Movement in Trading Right Entitlement Certificate (TREC)	Note	30 June 2018	30 June 2017
			(Rupees)	
	Opening Carrying value		5,000,000	19,926,170
	Impairment recognised during the year	5.2.1	(2,500,000)	(14,926,170)
	Closing carrying value		<u>2,500,000</u>	<u>5,000,000</u>

- 5.2.1 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.

5.3	Software	Note	30 June 2018	30 June 2017
	<i>Net carrying value basis</i>		(Rupees)	
	Opening net book value		1,406,911	758,548
	Additions		165,000	1,135,000
	Amortisation charge		(753,165)	(486,637)
	Closing net book value		<u>818,746</u>	<u>1,406,911</u>
	<i>Gross carrying value</i>			
	Cost		5,103,660	4,938,660
	Accumulated amortisation		(4,284,914)	(3,531,749)
	Net book value		<u>818,746</u>	<u>1,406,911</u>
	Amortisation rate		<u>33%</u>	<u>33%</u>
6.	INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED		<u>31,658,322</u>	<u>41,163,842</u>

30 June 2018	30 June 2017			
(Number of Shares)				
1,602,953	4,007,383	Opening balance	16,029,530	40,073,830
-	(1,602,953)	Sold to strategic investor (40% shares)	-	(16,029,530)
-	(801,477)	Sold to general public (20% shares)	-	(8,014,770)
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance represents 40% shares (2017: 40% shares) **	<u>16,029,530</u>	<u>16,029,530</u>

**** Market value basis**

Book value as of 30 June 2018	16,029,530
Unrealized gain as of 30 June 2018	15,628,792
Market value as of 30 June 2018	<u>31,658,322</u>

- 6.1** These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. At 30 June 2018, the outstanding 40% shares are classified as "Freeze" in the CDC report of the company.
- 6.2** This represents shares of PSX acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members (termed as "Initial shareholders" of the exchange after corporatization) of PSX by issuance of 4,007,383 shares to each initial shareholder in the following manner:
1. 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account - CDC of each initial shareholder.
 2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

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.

- 6.3** 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. The sale was completed on 10 March 2017.

As per the above mentioned letter, 10% of the consideration amount was 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 entire 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.

- 6.4** The Company has pledged the shares with PSX to fulfil the requirement of Base Minimum Capital. For details, refer note 34.

7. LONG TERM DEPOSITS

	<i>Note</i>	30 June 2018	30 June 2017
		(Rupees)	
Pakistan Stock Exchange Limited	7.1	5,425,000	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	7.2	1,250,000	1,250,000
Security deposit against office premises		1,841,200	839,200
Security deposit against PSO card		120,000	120,000
		<u>10,061,200</u>	<u>24,670,029</u>

7.1 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. 5 million for the requirement of BMC.

7.2 This represent deposits placed with Pakistan Mercantile Exchange for taking exposures in commodity market.

8. DEFERRED TAX ASSET - net

Deductible / (taxable) temporary difference arising in respect of:

Accelerated depreciation / amortisation		(339,248)	(1,503,919)
Liability against asset subject to finance lease		-	14,427
Carry forward losses		1,846,701	2,256,371
Unrealised loss on investment		94,191	417,600
	8.1	<u>1,401,644</u>	<u>1,184,479</u>

8.1 Reconciliation of deferred tax

	Balance as at 01 July 2016	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2017	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2018
	(Rupees)						
Deferred tax asset arising due to:							
Accelerated tax depreciation / amortization	(4,937,706)	3,433,787	-	(1,503,919)	1,164,671	-	(339,248)
Liability against asset subject to finance lease	14,427	-	-	14,427	(14,427)	-	-
Unrealised loss on investment	-	417,600	-	417,600	(323,409)	-	94,191
Carry forward losses	22,232,269	(19,975,898)	-	2,256,371	(609,570)	-	1,646,701
	<u>17,308,990</u>	<u>(16,124,511)</u>	<u>-</u>	<u>1,184,479</u>	<u>217,165</u>	<u>-</u>	<u>1,401,644</u>

9. SHORT TERM INVESTMENT CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

	<i>Note</i>	30 June 2018	30 June 2017
		(Rupees)	
Listed shares	9.1	<u>12,094,500</u>	<u>15,408,000</u>

9.1 Listed shares

30 June 2018 (Number of shares)	30 June 2017	Name of Investee	30 June 2018 Carrying amount	30 June 2018 Market value (Rupees)	30 June 2017 Market value
600,000	600,000	Pakistan Stock Exchange Limited	12,457,248	11,850,000	15,408,000
3,000	-	Meezan Bank Limited	285,197	244,500	-
		Unrealised loss on remeasurement of investment classified as 'at fair value through profit or loss account'	(627,943)	-	-
			<u>12,094,500</u>	<u>12,094,500</u>	<u>15,408,000</u>

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 mark-up upto the rate of 1 month KIBOR + 8%.

	<i>Note</i>	30 June 2018	30 June 2017
		(Rupees)	
Investment in MF at beginning of the year		4,274,411	-
Total placements during the year		258,941,980	1,927,247,793
Total release against MF during the year		(201,150,365)	(1,929,966,045)
Realised income on MF		1,309,553	6,966,434
Unrealised income on MF		1,841,503	26,229
		(197,999,309)	(1,922,973,382)
Balance at end of the year		<u>65,217,082</u>	<u>4,274,411</u>
11. TRADE DEBTS			
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	11.2 & 11.3	113,685,650	379,923,978
- Brokerage commission			
- Equity shares		11,082,634	15,237,971
- Money market and forex		2,825,438	2,279,771
- Consultancy fee		8,454,793	31,367,298
		<u>136,048,515</u>	<u>428,809,018</u>
- Provision for doubtful debts	11.1	(2,094,639)	-
		<u>133,953,876</u>	<u>428,809,018</u>
11.1 Provision for doubtful debts			
Opening balance		-	-
Provision for doubtful debts		2,094,639	-
Closing balance		<u>2,094,639</u>	<u>-</u>
11.2	This includes trade debts of Rs. Nil (30 June 2017: Rs. 0.330 million) receivable from related parties.		
11.3 Aging analysis			
The aging analysis of the trade debts relating to purchase of shares is as follows:			
	<i>Note</i>	Amount	Custody value
		(Rupees)	
Upto five days	11.4	111,960,338	171,221,926
More than five days	11.4	1,725,312	378,902,223
		<u>113,685,650</u>	<u>548,124,149</u>
11.4	These custody values are shown at market value after applying haircut of straight 15%.		
12. DEPOSITS AND PREPAYMENTS	<i>Note</i>	30 June 2018	30 June 2017
		(Rupees)	
Deposit against exposure margin	12.1	218,053,084	242,320,010
Deposit against Marginal Trading Services	12.2	8,677,046	24,804,190
Security deposits	12.3	1,128,679	1,128,679
Prepaid expenses		3,338,816	4,473,542
Sales tax receivables		714,004	3,499,163
Interest receivable against bank deposits		1,045,120	1,163,080
Receivable from PSX against disposal of shares	6.3	-	4,488,268
Mobilization Advance	12.4	5,400,000	-
		<u>238,356,829</u>	<u>281,876,932</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 2.75% to 3.60% (30 June 2017: 2.75% to 3.1%) 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 2.75% to 3.60% (30 June 2017: 2.75% to 3.1%) per annum.

12.3 This includes security deposit against leased asset of Rs. 0.347 million and a client's IPO of Rs. 0.718 million.

12.4 The amount has been paid to a contractor for renovation of new business office of the Company.

13. ADVANCES AND OTHER RECEIVABLES	Note	30 June 2018	30 June 2017
		(Rupees)	
<i>Considered good</i>			
Advance against salary - secured		176,061	306,237
Other receivables and advances - unsecured		4,240,164	2,046,131
		<u>4,416,225</u>	<u>2,352,368</u>

14. CASH AND BANK BALANCES

Balances with banks:			
Saving accounts - profit and loss account	14.1 & 14.2	114,824,807	200,696,032
Current accounts - conventional		12,081,935	68,873,156
Current accounts - shariah compliant		74,111	74,732
		<u>126,980,853</u>	<u>269,643,920</u>
Cash in hand		3,000	26,137
		<u>126,983,853</u>	<u>269,670,057</u>

14.1 Profit rate on saving accounts ranges from 3.75% to 4.60% per annum (30 June 2017: 3.75% to 4.1% per annum).

14.2 This include Rs. 112.899 million (30 June 2017: Rs. 194.903 million) kept in designated bank accounts maintained on behalf of clients.

15. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each fully paid in cash	15.1	450,000,000	200,000,000
Issue of right shares		-	250,000,000
		<u>450,000,000</u>	<u>450,000,000</u>

15.1 Pattern of shareholding

Categories of Shareholders	Number of shares held as at 1 July, 2017	% of shares	Number of shares purchased	Number of shares sold during the period	Number of shares held as on 30 June, 2018	% of shares
Companies						
- MCB Bank Limited - Treasury	4,360,500	9.69%	-	-	4,360,500	9.69%
- Maple Leaf Cement Factory Limited	3,375,000	7.50%	-	-	3,375,000	7.50%
- Abbas Corporation (Pvt) Limited	500,000	1.11%	-	-	500,000	1.11%
Individuals						
- Mr. Muhammad Najam Ali	12,368,250	27.49%	-	-	12,368,250	27.49%
- Mr. Arif Habib	2,900,000	6.44%	-	5,000	2,895,000	6.43%
- Mr. Srosh Tahir	3,575,000	7.94%	750,000	-	4,325,000	9.61%
- Mr. Muhammad Ahmad Khan Malik	2,017,500	4.49%	-	183,000	1,834,500	4.08%
- Mr. Adnan Afridi	4,500,000	10.00%	861,000	425,000	4,936,000	10.97%
- Other individuals	11,403,750	25.34%	-	998,000	10,405,750	23.12%
	<u>45,000,000</u>	<u>100.0%</u>			<u>45,000,000</u>	<u>100.0%</u>

16. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity						
	Short term loans from related parties - unsecured	Short term loan - unsecured	Unclaimed dividend	Current portion of liabilities against assets subject to Escrow	Trade and other payables	Issued, subscribed and paid-up capital	Discount on issue of shares	(Accumulated losses)/unappropriated profit	Unrealised gain on remeasurement of investments	Total
Balance as at 01 July 2017	47,185,739	60,074,988	-	48,080	546,429,450	450,000,000	(50,000,000)	65,051,403	25,134,303	1,143,923,973
Changes from financing cash flows										
Dividend paid	-	-	-	-	-	-	-	(45,000,000)	-	(45,000,000)
Total changes from financing cash flows	-	-	-	-	-	-	-	(45,000,000)	-	(45,000,000)
Liability - related										
Proceeds from Short term loan	541,063,359	146,081,674	-	-	-	-	-	-	-	687,145,033
Payment of Short term loan	(546,993,087)	(187,202,920)	-	-	-	-	-	-	-	(734,196,007)
Changes in Unclaimed Dividend	-	-	3,051,638	-	-	-	-	-	-	3,051,638
Payment of liabilities against assets subject to finance lease	-	-	-	(48,080)	-	-	-	-	-	(48,080)
Changes in Trade and other payables	-	-	-	-	(322,733,195)	-	-	(25,335,688)	-	(322,733,195)
Loss for the year	-	-	-	-	-	-	-	(25,335,688)	-	(25,335,688)
Other comprehensive income	-	-	-	-	-	-	-	(9,505,511)	-	(9,505,511)
	(5,929,728)	(41,121,246)	3,051,638	(48,080)	(322,733,195)	-	-	(25,335,688)	(9,505,511)	(401,621,820)
Balance as at 30 June 2018	41,256,011	18,953,742	3,051,638	-	223,666,255	450,000,000	(50,000,000)	(5,284,285)	15,628,792	687,302,153

17. SHORT TERM LOAN - unsecured

	Note	30 June 2018	30 June 2017
Movement in short term loan			
Loan at beginning of the year		60,074,988	2,003,762
Receipts during the year	17.1	146,081,674	96,636,974
Repayments of the loan during the year		(187,202,920)	(38,565,768)
Balance at end of the year		18,953,742	60,074,988

17.1 These loans carry mark-up rate 11.26% to 11.92% (30 June 2017: 11.20% to 11.28%) per annum. These loans were obtained to meet the working capital requirements of the Company.

18. TRADE AND OTHER PAYABLES	Note	30 June 2018	30 June 2017
		(Rupees)	
Trade creditors	18.1 & 18.2	110,177,587	199,054,122
Payable to National Clearing Company of Pakistan Limited		96,487,559	237,848,781
Accrued commission to traders	18.3	2,290,544	7,112,339
Accrued salaries and other expenses		268,803	4,714,430
Auditor's remuneration		800,000	785,000
Tax deducted at source		2,503,163	10,114,940
Provision for sales tax		-	2,560,063
Provision for worker's welfare fund		-	1,522,779
Commission payable	18.4	7,717,309	82,310,810
Accrued Expenses		1,195,479	73,070
Accrued Markup		1,216,451	-
Other payables		1,039,360	333,116
		<u>223,696,255</u>	<u>546,429,450</u>

- 18.1 This includes trade payable of Rs. 0.151 million (30 June 2017: Rs. 26.124 million) payable to related parties.
- 18.2 This includes Rs. 6.35 million trade payable in respect of two days trading with T+2 settlement.
- 18.3 This includes commission payable of Rs. 0.213 million (30 June 2017: Rs. 4.062 million) to related parties.
- 18.4 This represents commission payable to a foreign brokerage house.

19. CONTINGENCIES AND COMMITMENTS

- 19.1 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.

19.2 Commitments

For sale of quoted securities under future contracts against counter commitments

320,177,215 4,223,000

For purchase of quoted securities under future contracts against counter commitments

200,844,325 55,547,935

- 19.2.1 The Company have unavailed running finance facilities with Sindh Bank Limited and MCB Bank Limited amounting to Rs. 250 million and Rs. 400 million respectively, which carry markup at the rate of 3 months KIBOR plus 3.5% and 1 month KIBOR plus 1.50% and will mature on 30 June 2019 and 31 March 2019 respectively.

20. OPERATING REVENUE	Note	30 June 2018	30 June 2017
		(Rupees)	
Brokerage income	20.1 & 20.2	201,388,112	281,830,873
Advisory / consultancy fee		88,248,749	117,852,669
Debt capital market services		2,825,000	-
		<u>272,461,861</u>	<u>399,683,542</u>
Less: Sales tax on services		31,345,170	45,981,293
		<u>241,116,691</u>	<u>353,702,249</u>
20.1 Brokerage Income - net of sales tax			
Equity brokerage			
- Institutional customers		107,731,224	155,021,991
- Retail Clients		70,488,344	94,385,861
		<u>178,219,568</u>	<u>249,407,852</u>
20.2 This includes brokerage earned from related parties amounting to Rs. 3.225 million (30 June 2017: Rs. 3.966 million).			
21. CAPITAL GAIN ON SALE OF INVESTMENTS			
Gain on sale of PSX shares		-	43,279,740
Gain / (loss) on sale of other companies shares		2,945,952	(647,452)
		<u>2,945,952</u>	<u>42,632,288</u>
22. OPERATING EXPENSES			
Salaries, wages and other benefits		52,783,934	42,835,080
Consultancy fee	22.1	16,033,314	12,616,291
Sub-underwriting commission	22.2	13,297,982	36,888,000
Commission and referral fee	22.3	32,688,087	36,825,783
Service and transaction charges		17,569,695	18,986,687
Fees and subscription		9,184,644	7,907,304
		<u>141,557,656</u>	<u>156,059,145</u>
22.1 This includes consultancy fee to the Directors of the Company amounting to Rs. 6.083 million (30 June 2017: Rs. 6.159 million).			
22.2 This expense was paid as per underwriting agreement entered with several parties for the underwriting of shares.			
22.3 This includes commission to the Directors of the Company amounting to Rs. 20.703 million (30 June 2017: Rs. 22.062 million).			
23. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	23.1	40,388,029	36,063,484
Telephone and communication charges		4,418,016	4,338,910
Rent rates and taxes		17,451,056	12,015,270
Utility charges		2,321,543	2,132,930
Vehicle running expenses		2,521,551	1,717,164
Depreciation	4	5,783,058	5,207,335
Amortisation	5.3	753,165	486,637
Legal and professional charges		1,339,560	437,750
Insurance		1,558,444	1,218,615
Printing, stationery and postage charges		1,212,485	1,783,522
Office supplies		830,194	982,631
Office repair and maintenance		2,432,611	2,119,114
Fees and subscription		1,881,192	2,852,517
Travelling and entertainment charges		5,577,693	4,065,364
Advertisement expenses		444,268	517,040
Auditor's remuneration	23.2	1,613,825	1,635,000
Workers' Welfare Fund		-	1,032,248
Security		2,482,835	2,307,118
Provision against receivables		2,094,639	-
Receivables written-off		1,000,000	62,148
Right issuance expense		-	901,790
Miscellaneous		2,473,379	1,486,079
		<u>98,577,541</u>	<u>83,362,666</u>

23.1 This includes remuneration to Chief Executive Officer amounting to Rs. 9.0 million (30 June 2017: Rs. 9.0 million).

23.2	Auditors' remuneration	Note	30 June 2018	30 June 2017
			(Rupees)	
	Audit fee		300,000	300,000
	Half yearly review		150,000	150,000
	Other services / certifications		965,000	860,000
	Out of pocket expenses		198,825	325,000
			<u>1,613,825</u>	<u>1,635,000</u>

24. FINANCE COST

Mark up charges	24.1	11,024,309	26,601,022
Bank charges		5,472,830	3,540,837
		<u>16,497,139</u>	<u>30,141,859</u>

24.1 This includes Rs. 5.022 million (30 June 2017: Rs.17.935 million) paid to related parties.

25. OTHER INCOME

Mark-up / interest on:			
- Bank balances - profit and loss account		11,069,776	15,363,137
- Investment in marginal financing system		3,151,056	7,503,604
Profit on exposure margin		5,420,324	5,397,889
Dividend income		506,803	414,564
Others		318,859	828,402
		<u>20,466,818</u>	<u>29,507,596</u>

26. TAXATION

26.1 Relationship between income tax expense and accounting profit

Profit before taxation	4,769,182	139,960,293
Tax at the applicable tax rate of 30% (30 June 2017: 31%)	1,430,755	43,387,691
Effect of income subject to final tax regime	23,673,185	(14,093,811)
Tax effect of change in tax rates	-	(558,355)
Tax effect of amount relating to prior year	(2,331,984)	-
Tax effect of minimum tax and alternate corporate tax (ACT)	7,332,914	8,343,552
Others	-	(79,821)
	<u>30,104,870</u>	<u>36,999,256</u>

- 26.1.1** The Company computes tax based on the generally accepted interpretations of the tax laws to ensures that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

	2017	2016	2015
	(Rupees)		
Income tax provision for the year (as per accounts)	<u>20,874,745</u>	<u>7,454,188</u>	<u>3,544,664</u>
Income tax as per tax return / assessment	<u>18,542,761</u>	<u>7,546,165</u>	<u>4,949,470</u>

The difference mainly pertains to cost allocation between NTR and FTR income in the tax provisions booked in financial statements and filed in returns in respective years.

- 26.1.2** The income tax returns of the Company have been filed up to tax year 2017 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.
- 26.1.3** Order under section 161 and 205 of the Income Tax Ordinance 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2016 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.10 million.

Order under section 161 and 205 of the Income Tax Ordinance 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2011 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.876 million. Against the said order the company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance 2001. The case has been heard, however, the decision in appeal is still pending.

Order for amendment in assessment under section 122 (5A) of the Income Tax Ordinance 2001 has been passed by the tax authorities for the tax year 2011 on the basis that the tax deduction under section 153(1)(b) of the Ordinance was minimum tax, therefore, no refund is allowable to the Company creating tax demand of Rs. 26,698. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance, 2001, where hearing in appeal is pending.

27. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	30 June 2018	30 June 2017
	(Rupees)	
(Loss) / profit for the year	<u>(25,335,688)</u>	<u>102,961,037</u>
	(Number)	
Weighted average number of ordinary shares in issue during the year	<u>45,000,000</u>	<u>37,033,424</u>
	(Rupees)	
(Loss) / earnings per share - basic and diluted	<u>(0.56)</u>	<u>2.78</u>

27.1 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.

27.2 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 83 of Companies Act 2017 (previously section 86 of 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.

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

During the year, 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.

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with related parties are entered into at rates negotiated with them. Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial statement are as follows:

28.1 Directors	30 June 2018	30 June 2017
	(Rupees)	
Short term loan from related parties		
Opening balance	47,185,739	33,373,677
Received during the year	541,063,359	713,927,228
Transfer from long term loans	-	50,624,882
Repayments during the year	(546,993,087)	(750,740,048)
Closing balance	41,256,011	47,185,739
Interest on short term loan		
Interest accrued during the year	5,021,760	9,232,413
Interest paid during the year	(5,021,760)	(9,232,413)
Long term loan from related parties		
Opening balance	-	92,211,634
Received during the year	-	47,630,195
Transfer to short term loans	-	(50,624,882)
Repayments during the year	-	(89,216,947)
Closing balance	-	-
Interest on long term loan		
Interest accrued during the year	-	8,702,282
Interest paid during the year	-	(8,702,282)

The loans obtained from related parties amounting to Rs. 541,063 million (30 June 2017: Rs. 764,552 million) out of which Rs. 546,994 million (30 June 2017: Rs. 750,740 million) was repaid during the year and Rs. 41,256 million (30 June 2017: Rs. 47,185 million) is outstanding at year end. These loans carry mark-up rate 11.26% to 11.92% (30 June 2017: 11.20% to 11.28%) per annum. These loans were obtained to meet the working capital requirements of the Company.

29. 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 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Rupees)					
Managerial remuneration	6,000,000	6,000,000	4,066,667	10,000,000	28,337,609	20,713,111
House rent allowance	2,400,000	2,400,000	1,626,667	4,000,000	11,335,044	8,285,244
Medical	600,000	600,000	406,667	1,000,000	2,833,761	2,071,311
Commission	-	-	23,667,783	22,062,119	8,274,276	-
Consultancy fee	-	-	6,063,214	6,159,091	-	-
Directors' fees	-	-	-	-	-	-
	9,000,000	9,000,000	36,050,998	43,221,210	50,780,690	31,069,666
Number of Persons	1	1	3	3	20	18

- 29.1 The chief executive and certain executives of the Company have been provided with free use of Company's maintained cars as per their terms of employment.
- 29.2 Commission and consultancy fees includes amount paid to non-executive directors of the Company, amounting Rs. 20.195 million (30 June 2017: Rs. 21.861 million) and Rs. 6.083 million (2017: Rs. 6.159 million), respectively.
- 29.3 Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.
- 29.4 No fees is paid to directors for meetings attended by them.

30. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June 2018 is the carrying amount of the financial assets as set out below:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Long term deposits	7	10,061,200	24,670,029
Investment in marginal financing system	10	65,217,082	4,274,411
Trade debts	11	133,963,878	428,809,018
Advances	13	178,061	306,237
Deposits	12.1, 12.2 & 12.3	227,858,789	268,252,879
Other receivables	13	4,240,164	6,534,399
Cash and bank balances	14	126,980,853	269,643,920
		<u>568,488,025</u>	<u>1,002,490,893</u>
Secured		65,393,143	4,580,648
Unsecured		<u>503,094,882</u>	<u>997,910,245</u>
		<u>568,488,025</u>	<u>1,002,490,893</u>

30.1.1 The aging for trade debtors and other receivables at the balance sheet date is as follows:

	2018		2017	
	Gross (Rupees)	Impairment	Gross (Rupees)	Impairment
Not past due	121,362,866	-	394,941,559	-
Past due 15 - 30 days	3,227,710	-	3,288,570	-
Past due 31 days - 180 days	4,624,486	-	26,274,846	-
Past due 181 days - 365 days	4,050,814	-	3,863,768	-
More than 365 days	2,782,639	2,094,639	440,275	-
	136,048,515	2,094,639	428,809,018	-

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate. The Company is doing its utmost to recover the amount from the doubtful clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company.

Credit rating and collaterals

Bank balances are only held with reputable banks having sound credit ratings. The credit quality of the Company's bank balances can be assessed with reference of external credit ratings as follows:

	Rating Agency	Short term rating	Long term rating	30 June 2018	
				(Rupees)	(%)
MCB Bank Limited	PACRA	A-1+	AAA	121,824,134	96%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,627,116	3%
Bank Alfalah Limited	PACRA	A-1+	AA+	1,132,356	1%
The Bank of Punjab	PACRA	A-1+	AA	203,792	0%
Meezan Bank Limited	JCR-VIS	A-1+	AA	74,111	0%
Habib Bank Limited	JCR-VIS	A-1+	AAA	60,064	0%
JS Bank Limited	PACRA	A-1+	AA-	53,444	0%
Askari Bank	PACRA	A-1+	AA+	3,814	0%
Sindh Bank	JCR-VIS	A-1+	AA	1,919	0%
Faysal Bank Limited	PACRA	A-1+	AA	103	0%
				126,980,853	100%

	Rating Agency	Short term rating	Long term rating	30 June 2017	
				(Rupees)	(%)
MCB Bank Limited	PACRA	A-1+	AAA	268,517,200	100%
Bank Alfalah Limited	PACRA	A-1+	AA	552,222	0%
The Bank of Punjab	PACRA	A-1+	AA	252,282	0%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	204,974	0%
Meezan Bank Limited	JCR-VIS	A-1+	AA	74,732	0%
JS Bank Limited	PACRA	A-1+	AA-	38,593	0%
Askari Bank	PACRA	A-1+	AA+	3,814	0%
Faysal Bank Limited	PACRA	A-1+	AA	103	0%
				269,643,920	100%

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities, including interest payments:

30 June 2018						
Carrying amount	Contractual cash flows	Maturities				
		Less than six months	Upto one year	One to two years	Two to five years	
(Rupees)						
Liability against asset subject to finance lease	-	-	-	-	-	
Unclaimed dividend	3,051,638	(3,051,638)	(3,051,638)	-	-	
Short term loans from related parties - unsecured	41,256,011	(41,256,011)	-	(41,256,011)	-	
Short term loan - unsecured	18,953,742	(18,953,742)	-	(18,953,742)	-	
Trade and other payables	223,696,255	(223,696,255)	(223,696,255)	-	-	
	<u>286,957,646</u>	<u>(286,957,646)</u>	<u>(228,747,893)</u>	<u>(60,209,753)</u>	<u>-</u>	

30 June 2017						
Carrying amount	Contractual cash flows	Maturities				
		Less than six months	Upto one year	One to two years	Two to five years	
(Rupees)						
Liability against asset subject to finance lease	48,090	(48,090)	-	(48,090)	-	
Short term loans from related parties - unsecured	47,185,739	(47,185,739)	-	(47,185,739)	-	
Short term loan - unsecured	60,074,988	(60,074,988)	-	(60,074,988)	-	
Trade and other payables	546,429,450	(546,429,450)	(546,429,450)	-	-	
	<u>653,738,267</u>	<u>(653,738,267)</u>	<u>(546,429,450)</u>	<u>(107,308,817)</u>	<u>-</u>	

On the balance sheet date, the Company has cash and bank balances of Rs. 126.984 million (2017: Rs. 269.670 million) as mentioned in note 14.

30.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

Market risk management

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Effective Interest Rate		Carrying Amount	
	2018	2017	2018	2017
Variable rate instruments	(Percentage)		(Rupees)	
Financial assets				
Bank balances	3.75% to 4.6%	3.75% to 4.1%	<u>126,980,853</u>	<u>269,643,920</u>
Financial liabilities				
Liabilities against assets subject to finance lease	-	16.45% to 18.46%	-	<u>48,090</u>
Short term loans from related parties - unsecured	11.26% to 11.92%	11.20% to 11.25%	<u>41,256,011</u>	<u>47,185,739</u>
Short term loan - unsecured	11.26% to 11.92%	11.20% to 11.25%	<u>18,953,742</u>	<u>60,074,988</u>
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	2.75% to 3.80%	2.75% to 3.10%	<u>226,730,110</u>	<u>267,124,200</u>

Fair Value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not have affected the after tax profit of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2017.

	Profit and loss		Equity	
	100 bps Increase	100 bps decrease	100 bps Increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2018				
Variable rate instruments	1,080,271	(1,080,271)	1,080,271	(1,080,271)
As at 30 June 2017				
Variable rate instruments	2,095,208	(2,095,208)	2,095,208	(2,095,208)

Price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares.

The table below summarises the Company's equity price risk as of 30 June 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical Increase / (decrease) in profit / (loss) before tax	Hypothetical Increase / (decrease) in OCI	Hypothetical Increase / (decrease) in shareholders' equity
				(Rupees)		
30 June 2018	43,752,822	10% increase 10% decrease	48,128,104 39,377,540	1,209,450 (1,209,450)	3,185,832 (3,185,832)	4,375,282 (4,375,282)
30 June 2017	56,571,833	10% increase 10% decrease	62,229,016 50,914,650	1,540,800 (1,540,800)	4,116,384 (4,116,384)	5,657,184 (5,657,184)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

31. 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 analysis 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).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. These financial assets and financial liabilities, except for 60% investment in shares of PSX, are short term and their fair value approximates their carrying value.

On balance sheet financial instruments	30 June 2018					Fair value		
	Carrying value					Level 1	Level 2	Level 3
	Held for trading	Available for sale	Held to maturity	Loans and Receivables	Other financial liabilities			
(Rupees)								
Financial assets measured at fair value								
Investment in shares of Pakistan Stock Exchange Limited	12,094,500	31,658,322	-	-	-	43,752,822		
Financial assets not measured at fair value								
Investment in marginal financing	-	-	-	65,217,082	-			
Long term deposits	-	-	-	10,061,200	-			
Trade debts	-	-	-	133,953,876	-			
Deposits	-	-	-	229,617,813	-			
Advances and other receivables	-	-	-	4,416,225	-			
Cash and bank balances	-	-	-	126,983,853	-			
	12,094,500	31,658,322	-	570,250,149	-			
Financial liabilities not measured at fair value								
Short term loans from related parties - unsecured	-	-	-	-	41,258,011			
Short term loan - unsecured	-	-	-	-	18,953,742			
Unclaimed dividend	-	-	-	-	3,051,638			
Current portion of liabilities against assets subject to finance lease	-	-	-	-	-			
Trade and other payables	-	-	-	-	223,696,265			
	-	-	-	-	286,957,646			
On balance sheet financial instruments	30 June 2017					Fair value		
	Carrying amount					Level 1	Level 2	Level 3
	Held for trading	Available for sale	Held to maturity	Loans and Receivables	Other financial liabilities			
(Rupees)								
Financial assets measured at fair value								
Investment in shares of Pakistan Stock Exchange Limited	15,408,000	41,163,843	-	-	-	56,571,833		
Financial assets not measured at fair value								
Investment in marginal financing	-	-	-	4,274,411	-			
Long term deposits	-	-	-	24,670,029	-			
Trade debts	-	-	-	428,809,018	-			
Deposits	-	-	-	277,403,390	-			
Advances, deposits and other receivables	-	-	-	2,352,388	-			
Cash and bank balances	-	-	-	269,670,057	-			
	15,408,000	41,163,843	-	1,007,179,273	-			
Financial liabilities not measured at fair value								
Short term loans from related parties - unsecured	-	-	-	-	47,185,739			
Short term loan - unsecured	-	-	-	-	60,074,988			
Unclaimed dividend	-	-	-	-	-			
Current portion of liabilities against assets subject to finance lease	-	-	-	-	48,090			
Trade and other payables	-	-	-	-	546,429,450			
	-	-	-	-	653,738,267			

32. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

33. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segment during the year.

All non-current assets of the Company as at 30 June 2018 are located in Pakistan.

34. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.3.1 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June 2018, the Company is required to maintain BMC of Rs. 26 million.

The notional value of the TREC and the break-up value of the shares for the purpose of BMC is determined by the PSX as under:

	30 June 2018 (Rupees)
Trading Right Entitlement Certificates	2,500,000
Cash deposit	5,000,000
Securitized 1,602,953 shares at Rs. 19.75 per share	31,658,322
	<u>39,158,322</u>

- 34.1 Pakistan Stock Exchange vide their circular No. PSX/N - 4700 dated 08 August 2017, allowed the brokerage houses to utilise the shareholding of Pakistan Stock Exchange Limited shares which is laid as freezed with Central Depository System against the deposit requirement of Base Minimum Capital (BMC).

35. RESEARCH ANALYST

At present, the Company employs six members in its research department (including head of research, two senior analysts, one junior analyst, a librarian and a data administrator). All members report to Head of Research who in turn reports to the Chief Executive Officer.

Compensation structure of research analysts is flat and is subject to qualification, experience and skill set of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the year, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 10.736 million which comprise basic salary, medical allowance and other benefits as per the Company's policy.

36. NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were 62 (30 June 2017: 68) and the average number of employees during the year was 70 (30 June 2017: 67).

37. GENERAL

37.1 Corresponding figures

The fourth schedule to the Companies Act 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

37.2 Date of authorisation for issue

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



Chief Executive



Chief Financial Officer



Director

6. PATTERN OF SHAREHOLDING FORM '34' SHAREHOLDER'S STATISTICS

1. Incorporation Number 71068

2. Name of the Company "NEXT CAPITAL LIMITED"

3. Pattern of holding of the shares held by the shareholders as at 30-JUN-2018

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
126	1	100	728
214	101	500	105,077
62	501	1,000	58,229
144	1,001	5,000	379,552
45	5,001	10,000	363,875
19	10,001	15,000	258,241
6	15,001	20,000	115,000
4	20,001	25,000	91,125
8	25,001	30,000	230,250
3	35,000	40,000	109,000
2	40,001	45,000	87,000
9	50,000	55,000	464,500
3	55,001	60,000	176,500
3	60,001	65,000	184,923
2	80,001	85,000	165,000
1	85,001	90,000	86,000
5	95,000	100,000	492,500
1	100,001	105,000	101,250
1	110,001	115,000	111,000
1	120,000	125,000	120,000
1	125,001	130,000	126,000
2	150,000	155,000	300,000
1	175,000	180,000	175,000
1	185,001	190,000	187,000
1	190,001	195,000	192,000
1	200,000	205,000	200,000
2	240,000	245,000	485,000
1	275,000	280,000	275,000
1	295,001	300,000	295,500
1	335,001	340,000	335,500
1	350,000	355,000	350,000
1	375,001	380,000	375,250
1	415,001	420,000	419,500
1	435,001	440,000	436,000
1	500,000	505,000	500,000
1	595,000	600,000	595,000
1	1,100,001	1,105,000	1,100,250
1	1,295,000	1,300,000	1,295,000
1	1,830,001	1,835,000	1,834,500
1	2,895,000	2,900,000	2,895,000
1	3,375,000	3,380,000	3,375,000
1	4,325,000	4,330,000	4,325,000
1	4,360,001	4,365,000	4,360,500
1	4,500,000	4,505,000	4,500,000
1	12,365,001	12,370,000	12,368,250
686			45,000,000

NEXT CAPITAL LIMITED
Categories Details of Shareholding as at June 30, 2018
Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

NAME		HOLDING	PERCENT
MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN	Individuals	2,250	0.01
MRS. HANNA KHAN	Individuals	562	0.00
MR. MUHAMMAD ZUBAIR ELLAHI	Individuals	562	0.00
MR. HASAN SHAHNAWAZ	Individuals	2,250	0.01
MR. UMER HABIB	Individuals	562	0.00
MUHAMMAD NAJAM ALI	Individuals	12,368,250	27.49
MRS. HANNA KHAN	Individuals	1,100,250	2.45
MR. TARIQ WASEEM GHAZI	Individuals	24,125	0.05
Sub-Total		13,498,811	30.00

Banks, Development Financial Institutions, Non Banking Financial Institutions

NAME		HOLDING	PERCENT
MCB BANK LIMITED - TREASURY	Financial Institutions	4,360,500	9.69
Sub-Total		4,360,500	9.69

Modarabas and Mutual Funds

NAME		HOLDING	PERCENT
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	Mutual Fund	375,250	0.83
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	Mutual Fund	595,000	1.32
Sub-Total		970,250	2.16

Others

NAME		HOLDING	PERCENT
MAPLE LEAF CEMENT FACTORY LTD	Joint Stock Companies	3,375,000	7.50
MAPLE LEAF CAPITAL LIMITED	Joint Stock Companies	1	0.00
Habib Bank AG Zurich Zurich Switzerland	Financial Institutions	37,000	0.08
MULTILINE SECURITIES (PVT) LIMITED	Joint Stock Companies	20,000	0.04
ABBAS CORPORATION (PVT) LIMITED	Joint Stock Companies	500,000	1.11
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	Joint Stock Companies	15,000	0.03
SHADAB INNOVATIONS (PRIVATE) LIMITED	Joint Stock Companies	29,000	0.06
ABA ALI HABIB SECURITIES (PVT) LIMITED	Joint Stock Companies	5,625	0.01
PEARL SECURITIES LIMITED - MF	Joint Stock Companies	30,000	0.07
ASDA SECURITIES (PVT.) LTD.	Joint Stock Companies	60,000	0.13
STANDARD CAPITAL SECURITIES (PVT) LIMITED - MF	Joint Stock Companies	18,000	0.04
BACKERS & PARTNERS (PRIVATE) LIMITED - MF	Joint Stock Companies	37,000	0.08
MRA SECURITIES LIMITED - MF	Joint Stock Companies	11,500	0.03

Sub-Total **4,138,126** **9.20**

Individual

	HOLDING	PERCENT
Individuals	22,032,313	48.95

Grand Total **45,000,000** **100**

PROXY FORM

I/We _____ being a member of Next Capital Limited hereby appoint Mr./Mrs./Miss. _____ of Next Capital Ltd failing whom Mr./Mrs./Miss. _____ of _____ as my/ our proxy to attend and act for me/ us, and on my/ our behalf, at the Annual General Meeting of the Company to be held on Wednesday, October 25, 2017 at 09:00 a.m. at The Royal Rodale Auditorium, TC-V, 34th Street, Khayaban-e-Sehar, Phase-V, Ext., D.H.A., Karachi, and any adjournment thereof.

Dated this _____ day of _____ 2018



Specimen Signature of

Proxy

Folio No. _____

Participant I.D. No. _____

Sub Account No. _____

Signature of Shareholder

Folio No. _____

Participant I.D. No. _____

Sub Account No. _____

Signature of Alternate Proxy

Folio No. _____

Participant I.D. No. _____

Sub Account No. _____

Note:

1. If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Next Capital Limited, 8th Floor, Horizon Tower, Plot No. 2/6, Block-III, Clifton, Karachi, to reach not less than 48 hours before the time appointed for holding the meeting.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy holder shall be furnished with the proxy form.
3. The proxy holder shall produce his / her original CNIC or original passport at the time of meeting.
4. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form to the Company

Affix
postage
stamp

The Company Secretary
Next Capital Limited

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

2018 گواہان

----- دستخط -----

نام

۲۔ دستخط

نام

کمپیوٹرائزڈ شناختی کارڈ نمبر-----

۱۔ یہ پراسی فارم، مکمل اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔

۲۔ پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کی CNIC کی تصدیق شدہ نقول جمع کی جائیں گی۔

۳۔ اجلاس کے وقت یہاں کسی کا حامل شخص اپنا اصل شناختی کارڈ فراہم کرے گا۔

۴۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (مختار نامہ) منظور شدہ دستخط کے ساتھ پراسی فارم کے ہمراہ جمع کی جائے گی۔

شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں، اکاؤنٹ یا سب اکاؤنٹ نمبر اور شریک کا آئی ڈی نمبر پر کسی فارم کے ساتھ کمپنی کے رجسٹرڈ آفس میں جمع کروانا ہے۔ پیرا گراف 11 کے مطابق دو گواہان جن کے نام، پتے، اور شناختی کارڈ نمبر پر کسی فارم پر وضع درج ہوں اور بینیفیشیل مالک کے شناختی کارڈ کی کاپیاں تصدیق شدہ یا پاسپورٹ کی تصدیق شدہ کاپی لازماً ہو۔ کارپوریٹ ممبران کی پر کسی کے حوالے سے، بورڈ آف ڈائریکٹرز کی منظوری۔ پاور آف اٹارنی جس پر نامزد کردہ کے دستخط ہوں، ملاقات سے پہلے سامنے لانے ہیں (بصورت دیگر کہ یہ پہلے ہی شیئرز رجسٹر کے پاس جمع کروادیے گئے ہوں)۔

۳۔ شیئرز کی فزیکل منتقلی یا سینٹرل ڈپازٹری کمپنی کے اکاؤنٹ میں منتقلی دونوں کاروباری وقت کے خاتمے کے وقت 17 اکتوبر 2018ء کمپنی کے رجسٹرار کے پاس، میں مقررہ وقت کے اندر میٹنگ میں موجود ووٹ دینا اور شرکت کرنے کی اجازت سمجھا جائے گا۔

۴۔ ممبرز کے درخواست کی جاتی ہے کہ وہ اپنے شناختی کارڈ کی کاپیاں اور اگر پتے میں کوئی تبدیلی ہوئی ہو تو فوراً لکھائی میں رجسٹرار کے آفس کو مطلع کریں۔

ویڈیولنک سہولت کی اجازت

ایس ای سی پی کے سرکلر نمبر 10 بتاریخ 21 مئی 2014ء کے مطابق تمام ممبران ویڈیولنک کے ذریعے بھی عام اجلاس میں شرکت کر سکتے ہیں۔ اگر کمپنی کو 10 فیصد یا ڈائمنڈ شیئرز کے مالکان یا وہ جو بیرون ملک یا بیرون شہر مقیم ہیں ان کی جانب سے یہ درخواست آتی ہے، تو انہیں یہ درخواست میٹنگ ہونے سے کم از کم 10 دن پہلے کرنا ہوگی۔ کمپنی پھر ویڈیو کانفرنسنگ کا اہتمام کرے گی تاہم یہ شہر میں ایسی سہولت کے ہونے سے مشروط ہے۔

اس حوالے سے وہ ممبران جو ویڈیولنک کے ذریعے شرکت کرنا چاہتے ہیں انہیں دستخط شدہ درخواست کرنی ہے اور ایک مخصوص فارمیٹ میں رجسٹرار کے دفتر میں 10 دن پہلے جمع کروائیں۔

میں/ہم _____ جانب سے _____ بطور ممبران نیکسٹ کمپیٹل لمیٹڈ، شیئرز ہولڈرز _____ عمومی شیئرز رجسٹرڈ فوئیو کے تحت اکاؤنٹ نمبر _____ درخواست کرتا ہوں کہ ویڈیولنک سہولت کی اجازت دی جائے۔

۶۔ ممبران سے درخواست ہے کہ وہ پتے/رابطہ نمبر میں تبدیلی کے حوالے سے فوری طور پر مندرجہ ذیل پر اطلاع دیں:
ایم ایس فیکو ایسوی ایٹس پرائیویٹ لمیٹڈ، 8-F، نزد ہوٹل قارآن، نرسری، بلاک 6، پی ای سی ایچ ایٹس، شارع فیصل، کراچی،
ٹیلی فون نمبر: 3438 4621-3، 3438 0103-5، 92 21 3438 +، فیکس نمبر: 34380106

نوٹس برائے سالانہ جنرل میٹنگ

ٹیکسٹ کیپیٹل لمیٹڈ کی نویں سالانہ جنرل میٹنگ کا نوٹس دیا جا رہا ہے جس کا انعقاد کمپنی کے رجسٹرڈ آفس برہما آٹھواں فلور، ہورایزن ٹاور، پلاٹ نمبر 2/6 بلاک 11، کلکشن، کراچی بروز بدھ 24 اکتوبر 2018ء صبح 08:45 ہوگا جس میں درج ذیل امور زیر بحث لائے جائیں گے۔

عارضی کاروبار

- ۱۔ 25 اکتوبر 2017ء کو منعقدہ آٹھویں سالانہ عام میٹنگ کی روئیداد کی تصدیق کرنا۔
- ۲۔ 30 جون 2018ء کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کی وصولی اور منظوری کے علاوہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ بھی شامل ہے۔
- ۳۔ 30 جون 2018ء کو ختم ہونے والے سال کے لئے آڈیٹ کی تقرری اور ان کی تنخواہ کی منظوری حاصل کرنا، ریٹائر ہونے والے آڈیٹرز کی پی ایم جی تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی مالی سال 2019ء کے لئے دوبارہ تقرری کے لئے سفارش کرنا۔
- ۴۔ چیئر کی اجازت سے سالانہ عام اجلاس میں پیش کئے جانے والے دیگر امور کی منظوری لینا

بجلم بورڈ
محمد نجم علی
چیف ایگزیکٹو

کراچی
3 اکتوبر 2018

نوٹس:

- ۱۔ کمپنی کی شیئرز ٹرانسفر کس مورخہ 18 اکتوبر سے 24 اکتوبر 2018ء تک بند رہیں گی (بشمول دونوں دن)۔
- ۲۔ ہر ممبر کو اختیار ہے کہ وہ میٹنگ میں شرکت کرے اور ووٹ دے یا اپنی جگہ کسی پراکسی کو مقرر کرے جو ممبر کی طرف سے میٹنگ میں شرکت کرے اور ووٹ دے۔
- طریقہ کار اور مجوزہ ہدایات سیکورٹیز اینڈ ایکس چینج کمیشن کی جانب سے جاری کردہ سرکلر نمبر 1 ریفرنس نمبر 3(5-A)/Misc/ARO/LES/96 بتاریخ 26 جنوری 2000ء کے مطابق ہیں۔
- (a) ممبران، پراکسی یا نامزد کردہ میٹنگ میں شرکت کے لئے اپنا اور پینل شناختی کارڈ یا پاسپورٹ لائیں گے اور اپنا فوٹو نمبر اپنے ہمراہ لائیں گے۔
- (b) کارپوریٹ ادارہ ہونے کی صورت میں میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اور نامزدگی کی تصدیق شدہ شناختی کارڈ کی کاپیاں یا پاسپورٹ کی کاپی ساتھ لائیں۔
- (c) عمل درآمد یقینی بنانے کے لئے پراکسی فارم کو ہمارے دفتر سے رجسٹرار کے پاس جمع کروائیں جو ہر صورت میٹنگ سے 48 گھنٹے پہلے جمع ہو جانا چاہیے جس پر باقاعدہ دستخط ہوں، اسٹیپ گئی ہو اور دو گواہان کے نام پتے اور شناختی کارڈ نمبر اور دستخط ہوں۔
- (d) ایک شخص کے ہونے کی صورت میں بتفصیل مالک کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں ساتھ لائیں اور پراکسی اپنے ساتھ پراکسی کا پر شدہ فارم بھی لائے۔
- (e) کارپوریٹ ادارے کی جانب سے نامزد پراکسی کی صورت میں، بورڈ آف ڈائریکٹرز کی منظوری یا پاور آف اٹارنی اور پراکسی کی تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ جمع کروانی ہے۔
- (f) شیئرز کے بتفصیل مالک اور وہ جن کے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنی کمپیوٹرائزڈ شناختی کارڈ اپنے ساتھ لائیں اور اپنے سی ڈی سی اکاؤنٹ یا سب اکاؤنٹ نمبر بھی لائیں تاکہ شناخت میں کوئی مسئلہ نہ ہو۔ پراکسی کی صورت میں پراکسی کے

(ب) پرومٹریس اور معاوناتی کمیٹی

جناب حسن شاہدواز	چیرمین
جناب محمد ذفر عین محمود خان	ممبر
محترمہ تاج خان	ممبر
جناب عمر مصیب	ممبر

ڈائریکٹر کو معاونت:

کمیٹی اپنے بورڈ آف ڈائریکٹرز اور غیر ایگزیکٹو ڈائریکٹران کو کسی قسم کا معاوضہ نہیں دیتی، ماسوائے کمیشن اور کسٹلٹنسی فیس کے، کمیٹی کی اپنی پالیسی کے مطابق جس میں آزاد اور غیر ایگزیکٹو ڈائریکٹران بیان کردہ رازز، پیکچرز، آمدن کا مخصوص تناسب شیئر کرتے ہیں۔

کریڈٹ درجہ بندی

کمیٹی کے لئے جی آر۔وی آئی ایس کریڈٹ رینٹنگ کمیٹی لمیٹڈ کی جانب سے 'A-1A-2' (اے ایکس اے۔ٹو) درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کمیٹی کو محکمہ ثابت کرتی ہے۔ جی آر۔وی آئی ایس کریڈٹ رینٹنگ کمیٹی لمیٹڈ درجہ بندی کی تفویض بہتر کریڈٹ کو اپنی اور تحفظ کے فیکٹرز کو تسلیم کرنے پر کرتی ہے۔ تاہم ریسک فیکٹر معیشت میں استحکام اور پالیسیوں میں تسلسل سے مشروط ہے۔

منجمنٹ کی درجہ بندی

کمیٹی کے لئے جی آر۔وی آئی ایس کریڈٹ رینٹنگ کمیٹی لمیٹڈ کی جانب سے BMR2++ منجمنٹ درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کمیٹی کو محکمہ ثابت کرتی ہے۔ جی آر۔وی آئی ایس کریڈٹ رینٹنگ کمیٹی لمیٹڈ منجمنٹ کی جانب سے درجہ بندی کی تفویض منظم ریکورڈنگ کی قیام کی سطح مناسب ہر دینی کنٹرول، ایچ آر اور آئی ٹی سرورسز، ریسک منجمنٹ، مالیاتی انتظامات اور کلائنٹ کے ساتھ روابط کے لئے مناسب ابتدائی کنٹرول فریم ورک کے نافذ العمل ہونے پر کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داری:

کمیٹی بحیثیت ذمہ دار شہری کے مقامی لوگوں کی فلاح و بہبود کے لئے متعدد اقدامات لیتی رہتی ہے تاکہ پوری سوسائٹی میں مثبت تبدیلی آئے۔

ہر دینی آڈیٹرز:

میسرز کے پی ایم جی تاخیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بنیاد پر بعد از ریٹائرمنٹ خود کو دوبارہ تقرر کی لئے پیش کرتے ہیں۔ بورڈ نے آڈٹ کمیٹی سے میسرز کے پی ایم جی تاخیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور ہر دینی آڈیٹرز برائے مالی سال 2019 دوبارہ تقرر کی سفارش کی ہے۔

اعتراف اور کلام تشکر:

ٹیکسٹ کیوئل لمیٹڈ کی انتظامیہ تہذیب سے کمیٹی کے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتی ہے بشمول ہمارے قابل عزت کلائنٹس، منجمنٹ ملازمین، میگزینر، کسٹلٹنس اور دیگر کاروباری شراکت دار۔ ہم سیکورٹیز اینڈ ایکس چینج کمیشن، اسٹیٹ بینک آف پاکستان، فنانشل مارکیٹ ایسوسی ایشن اور پاکستان اسٹاک ایکس چینج کے بھی شکر گزار ہیں جو انہوں نے تعاون جاری رکھا۔



ذہیر علی
ڈائریکٹر



محمد علی
چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز کے اجلاس:
سال 2017-2018 کے دوران پانچ اجلاس منعقد کئے گئے جن میں ڈائریکٹران کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	حاضری
جنرل طارق وسیم قازی (ریٹائرڈ)	ڈائریکٹر - چیئرمین	۵
جناب محمد جمعلی	ڈائریکٹر - چیف ایگزیکٹو آفیسر	۵
محترمہ رحمتا خان	ڈائریکٹر	۵
جناب محمد ذوقرین محمود خان	ڈائریکٹر	۵
جناب محمد زہیر الہی	ڈائریکٹر	۵
جناب حسن شاہنواز	ڈائریکٹر	۵
جناب عمر حبیب	ڈائریکٹر	۳

27 فروری 2018 کو منعقدہ بورڈ کی ملاقات میں جناب ندیم الحق عثمانی کو جناب ادم پرکاش کی جگہ کمپنی کا چیف فنانس نامزد کیا گیا جنہوں نے اپنے عہدے سے استعفیٰ دے دیا تھا۔ مزید برآں 23 اپریل 2018 کو ہونے والی بورڈ میٹنگ میں جناب پرکاش کو ترقی دیکر جناب محسن علی کی جگہ اندرونی آڈٹ کا سربراہ نامزد کیا گیا۔

بورڈ کی ساخت:

۱۔ بورڈ ارکان کی تعداد سات ہے

(الف) مرد
(ب) خواتین

چھ
ایک

۲۔ بورڈ کی ساخت مندرجہ ذیل ہے:

کلیئر	نام
آزاد ڈائریکٹران	لیٹینٹ جنرل طارق وسیم قازی (ریٹائرڈ) جناب حسن شاہنواز
دیگر غیر ایگزیکٹو ڈائریکٹران	جناب محمد ذوقرین محمود خان محترمہ رحمتا خان جناب محمد زہیر الہی
ایگزیکٹو ڈائریکٹران	جناب محمد جمعلی جناب عمر حبیب

بورڈ کی ذیلی کمیٹیاں
بورڈ نے اپنے اراکین پر مشتمل ذیلی کمیٹیاں وضع کی ہیں جن کی تفصیلات مندرجہ ذیل ہیں:

(الف) آڈٹ کمیٹی
جناب حسن شاہنواز
جناب محمد ذوقرین محمود خان
جناب محمد زہیر الہی

چیئرمین
ممبر
ممبر

آگے غیر ملکی ڈولرز کی مالی معاونت کے نتیجے میں پاکستانی کرنسی مستحکم ہوئی اور قدر میں اضافہ دیکھا گیا۔ چین کی جانب سے آفیشل باہمی انفلوئیڈ میں 2 بلین ڈالر پاکستان کو فراہم کئے گئے (ایک ارب ڈالر ٹرانسفر کئے جا چکے ہیں) اور آئی ٹی سی ایف کی جانب سے 5-4 بلین ڈالر کی کریڈٹ سہولت کو 2020 تک بحال کر دیا گیا۔ ان فنڈز سے بیرونی قرضوں کی ادائیگی میں معاونت ملے گی۔ سعودیہ عرب کی جانب سے 10 ارب ڈالر کی امداد بھی ملنے کا غالب امکان ہے۔ اس الجھڑتے ہوئے مہلے کے ساتھ پاکستان کو آئی ایم ایف سے 12 بلین ڈالر کا تیل آؤٹ بیگ ملنے کا بھی امکان ہے جس سے پاکستان کی مالی پوزیشن مستحکم ہو جائے گی۔

کارکردگی کا جائزہ

زیر جائزہ مدت میں کمپنی کی کارکردگی کا خلاصہ مندرجہ ذیل ٹیبل میں موجود ہے:

2016-2017 پاکستانی روپے	2017-2018 پاکستانی روپے	
(37,909,834)	65,051,403	جولائی 1 تک مجموعی خسارہ
-	(45,000,000)	سال میں ادا کئے جانے والے یکیش ڈیوڈ
102,961,037	(25,335,688)	بعد از یکس منافع / نقصان برائے اختتام سال
65,051,403	(5,284,285)	مجموعی منافع / نقصان جون 30 تک
2.78	(0.56)	آمدن / خسارہ فی شخص (روپے میں)

نیکسٹ کیسٹھل نے 4.7 بلین روپے کا منافع قبل از یکس رپورٹ کیا ہے حالانکہ مارکیٹ بروکرینج اکم پروڈکٹس اکم سہ نہیں پائی اور مارکیٹ شدید مندی کا شکار رہی نتیجتاً کمپنی نے 25.3 بلین روپے کا نقصان ظاہر کیا ہے۔ ایکوینی مارکیٹ میں ٹریڈنگ حجم میں واضح کمی دیکھی گئی جو بروکرینج اکم لاکو ہونے پر پیدا ہوئی اور 28.5 فیصد کمی رہی۔ انشٹی ٹیوشنل اور ری ٹیل ایکوینی میں بالترتیب 30.5 اور 25.3 فیصد کمی ہوئی۔ ایڈوائزری اور کنسلٹنسی سروسز میں مارکیٹ کے غیر متحرک ہونے اور سیاسی حالات میں عدم استحکام کے باعث پورے سال میں 42 فیصد کم رہیں۔ ایکوینی بروکرینج پر یکس ریٹ 2018ء کے بجٹ میں ڈبل کر دیا گیا جس کی وجہ سے کمپنی کو 32.6 بلین روپے کی اضافی لاگت برداشت کرنا پڑی۔ مزید برآں ایٹھٹیلو یکس ریٹ ٹورویٹو 12.5 فیصد راجو مالی سال 2017ء میں 5.4 فیصد تھا۔ فنڈنگ کی ضروریات میں کمی کی بنیاد پر فنڈنگ سہولت کا استعمال کم رہا جس کے نتیجے میں فنڈس لاگت میں 46.6 فیصد کمی دیکھی گئی۔

ایسے ناموافق حالات کے باوجود کمپنی مالی سال 2018ء میں غیر ملکی ایکوینی بروکرینج کے میدان میں اپنی موجودگی قائم رکھنے میں کامیاب رہی۔ مستقبل میں کمپنی کی کوشش ہے کہ نمونہ بڑھانے کی حکمت عملی پر اپنی توجہ مرکوز رکھے۔ بروکرینج اکم پر یکس ریٹ میں کمی سے ایکوینی کاروبار میں نقصان کو ختم کیا جاسکتا ہے۔ مقامی ایکوینی کے لئے طویل مدتی حالات بہتر ہیں۔ انویسٹمنٹ بینکنگ کمپنی کی توجہ مرکز ہوگی۔ نیکسٹ کیسٹھل اس پوزیشن میں ہے کہ کاروبار کو ترقی دے سکے کیونکہ یہ انشٹی ٹیوشنل اور ری ٹیل سیکٹرز میں اپنی اعلیٰ کارکردگی کی بنیاد پر موجود ہے۔

بیان برائے قیام:

- ۱۔ تمام مالیاتی گوشوارے اور دستاویزات جو کمپنی کی منجمنٹ نے تیار کئے ہیں، واضح اور ایمانداری سے آپریٹنگ کیش فلو اور ایکوینی میں تبدیلی بیان کرتے ہیں۔
- ۲۔ کمپنی کے تمام مالیاتی گوشواروں کی کتاب میں باقاعدگی سے برقرار رکھی گئی ہیں۔
- ۳۔ مالیاتی گوشوارے تیار کرتے وقت درست اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے اور اکاؤنٹنگ کے اندازے سمجھداری اور فہم و فراست سے لئے گئے ہیں۔
- ۴۔ پاکستان میں نافذ العمل بین الاقوامی تخیل رپورٹنگ معیارات اور کنٹریز آرڈیننس 1984 اور جیسا کہ مالیاتی انشٹیتوشنل نوٹ نمبر 2 میں درج ہے، سب کے سب مالیاتی گوشوارے تیار کرتے وقت لاگو کئے گئے ہیں۔
- ۵۔ آؤٹ کسٹھل کی جانب سے اندرونی کنٹرول کا سسٹم بہت اور احسن انداز میں لاگو اور مانتز کیا گیا ہے۔
- ۶۔ کمپنی مالی طور پر مستحکم ہے اور مستقبل میں کمپنی کے کاروبار کرنے اور جاری رہنے پر کوئی قابل ذکر خدشات نہیں ہیں۔
- ۷۔ کارپوریٹ گورننس کی بہترین پریکٹسز جو سٹیک ریکولیشن میں درج ہیں ان میں سے کوئی میٹرل ڈیپارچمنٹس ہوا ہے۔
- ۸۔ موجودہ سال اور گزشتہ سالوں کا کلیدی آپریٹنگ اور مالی ڈیٹا نوٹس برائے سالانہ میٹنگ کے بعد دیا گیا ہے۔
- ۹۔ 30 جون 2017ء تک کے مالیاتی کھاتوں میں درج واجب الادا کے علاوہ کمپنی پر یکس، ڈیویڈنڈ، لیویز اور چارجز نہیں ہیں۔
- ۱۰۔ ایسی کوئی میٹرل تبدیلی یا کوئی ارادہ جس سے کمپنی کی مالی حیثیت میں کوئی تبدیلی آتی ہو وہ ویٹلس شیٹ اور ڈائریکٹرز رپورٹ میں اگر ہوں تو بیان کی گئی ہیں۔
- ۱۔ ڈائریکٹرز جتنی پروگرام کے تحت پانچ ڈائریکٹران تربیت حاصل کر چکے ہیں
- ۲۔ زیر جائزہ سال کے دوران ڈائریکٹران، سی ایف، ای او، ای او، کمپنی کے مینیجر، اندرونی آؤٹ کے سربراہ ان کی ازدواج اور بچوں نے کمپنی کے شیئرز میں لین دین نہیں کیا ہے۔
- ۱۱۔ شیئر ہولڈنگ کے پیئرن کی تفصیلات دی گئی ہیں۔

ڈائریکٹرز رپورٹ

اقتصادی جائزہ:

ملک کی اقتصادی نمونے ترقی کی رفتار کو برقرار رکھا ہے اور ریئل جی ڈی پی میں سالانہ نمو 5.8 فیصد (0.4 فیصد سال بنیاد پر) ریکارڈ کی گئی۔ ملک کے زراعت اور میٹو-فیکچرنگ سیکٹرز میں باآزاد نمونہ 3.8 فیصد اور 6.2 فیصد دیکھی گئی۔ سروس سیکٹر کی سالانہ نمو گزشتہ سال کے اعداد و شمار 6.5 کے مقابلے میں گزشتہ مالی سال میں 6.4 فیصد ریکارڈ کی گئی۔ قارمز کی پیداوار میں استعمال ہونے والی اشیاء پر سبسڈی، کم لاگت اور پانی کی مسلسل فراہمی سے زراعت کے شعبے کو مجموعی طور پر فائدہ ہوا۔ میٹو-فیکچرنگ سیکٹر میں گزشتہ سال نمونہ 2.1 فیصد رہی تھی۔ میٹو-فیکچرنگ شعبے میں ترقی بجلی کی مسلسل ترسیل اور صارفین کی قوت خرید سے مشروط ہوتی ہے تاہم زیر جائزہ مالی سال میں افراط زر میں اضافے کی وجہ سے اوسط کنزیومر پرائس انڈیکس گزشتہ سال کے اعداد و شمار 4.2 فیصد سے کم ہو کر 3.9 فیصد ریکارڈ کی گئی جس کی بڑی وجہ فوڈ پرائس انڈیکس کو کنٹرول کرنا رہا۔ تاہم ملک کو سب سے سنگین مسئلہ تجارتی اور کرنٹ اکاؤنٹ خسارہ کی شکل میں درپیش ہے۔

زیر جائزہ مالی سال کے دوران کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 5.8 فیصد (18.5 ارب ڈالر) تک پہنچ گیا جبکہ گزشتہ مالی سال میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کا 4.1 فیصد تھا۔ درآمد شدہ مشینوں کی تعداد میں اضافہ، پاک چین اقتصادی راہداری سے متعلقہ فرانسپورٹیشن کے اخراجات، آئل درآمدات اور ایل این جی کی درآمد کی وجہ سے درآمدی بل میں اضافہ ہوا۔ برآمدات اور ترسیل زر میں مجموعی بڑی رکاوٹ ہے۔ غیر ملکی زرمبادلہ 21.4 ارب ڈالر سے کم ہو کر مالی سال 2017ء میں 16.4 ارب ڈالر رہ گئے جس کی وجہ سے اسٹیٹ بینک آف پاکستان کے پاس ملکی درآمدی بل کی ادائیگی کی صلاحیت چار مہینے سے کم ہو کر 2.1 مہینے ہو گئی ہے۔ زیر جائزہ مالی سال میں مالی خسارہ جی ڈی پی کا 6.6 فیصد رہا (5.8 فیصد گزشتہ سال)۔ آمدن میں کم نموا اور بلند موجودہ اخراجات (انکیشن اخراجات) نے مالی مشکلات میں مزید اضافہ کیا ہے۔ البانی خساروں پر حاصل کی جانے والی فنانسنگ کے لئے ترقیاتی اخراجات میں بڑے پیمانے پر کمی کرنا ہوگی اور مقامی اور بیرونی قرضے بھی حاصل کرنے ہوں گے۔ مالی سال 2018ء میں پاکستان کا بیرونی قرضہ 95 بلین ڈالر کی سطح تک جا پہنچا ہے (جی ڈی پی کا 33.6 فیصد)، اس کے مقابلے میں گزشتہ سال بیرونی قرضہ 83 فیصد (جی ڈی پی کا 27.4 فیصد) تھا۔

پاکستانی روپے کی قدر میں ڈالر کے مقابلے میں بھرپور کمی دیکھی گئی اور کرنسی کی مالیت میں 15.9 فیصد کمی واقع ہوئی۔ دسمبر 2017ء کو کی جانے والی روپے کی قدر میں کمی کا نتیجہ شرح سود میں اضافے کی فصل میں سامنے آیا اور شرح سود 75 میں پوائنٹس اضافے کے ساتھ 6.5 فیصد ہو گیا اور ڈسکاؤنٹ ریٹ سال کے اختتام تک 7 فیصد ہو گیا۔ پھر جون 2018ء کے بعد سے کرنسی کی قدر میں 2.5 فیصد کمی کی گئی اور شرح سود میں 100 میں پوائنٹس کا اضافہ کیا گیا۔

اب جب عام انتخابات 2018ء ہو چکے ہیں، نئی حکومت کو ان مسائل سے سنجیدگی سے تیر د آنا ہوتا ہے جن میں قرضوں کی دوبارہ ادائیگیاں اور کم ہوتے غیر ملکی زرمبادلہ شامل ہیں تاکہ مالی معاملات کو منجھالا جاسکے۔ ایک منظم و مربوط پالیسی فریم ورک کی ضرورت ہے تاکہ ان چیلنجز کا سامنا کیا جاسکے ساتھ ہی بیرونی بخش فلو ز کو بڑھا کر طویل مدتی پائیدار نمونے کے لئے اقدامات کرنا ہوں گے۔

کمیونل مارکیٹ کا جائزہ:

مالی سال 2018ء کی پہلی ششماہی کے دوران مارکیٹ مندی کا شکار رہی کیونکہ 155 بلین ڈالر کی بیرونی سرمایہ کاری باہر منتقل ہوئی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 97 بلین ڈالر کی بیرونی سرمایہ کاری باہر منتقل ہوئی تھی۔ اس اضافے کی وجوہات میں سیاسی عدم استحکام، عام انکیشن کا انعقاد اور سابق وزیر اعظم کی نااہلی، بینکنگ کو درپیش مسائل (انجی بی ایل، ڈی ایف ایس جرمائہ اور میٹن فکس میں ری ورسل کا عدالتی فیصلہ)، آئل کیمٹی ایلڈ وائزری کا سائل اور وزارت برائے پیٹرولیم کا آر ایف او سے چلنے والے پائپس بند کرنے کا فیصلہ جس سے آئی پی ہیز اور ریٹائنرز متاثر ہوئیں، کوئلے کی قیمت میں 22 فیصد اضافہ اور بریٹ پرائسنگ میں 37 فیصد اضافہ جس کے نتیجے میں اداہم کی کوانٹیلیٹی کی کمی کا سامنا کرنا پڑا شامل ہیں۔

2018ء میں پاکستان اسٹاک ایکس چینج میں بعد از انتخابات سرمایہ داروں کی جانب سے کی جانے والی سرمایہ کاری میں اضافہ دیکھا گیا۔ جنوری سے اسٹاک مارکیٹ میں 8.8 فیصد زائد سرمایہ کاری دیکھی گئی اور میٹ ان فلو ز 85.7 بلین ڈالر رہے (اپریل 2014ء کے بعد سے سب سے زیادہ)۔ سیاسی میدان میں بھی استحکام ہے باوجود اس کے کہ سینٹ کے انتخابات سے کچھ اثر پڑا، اضافی ریگولیشنری ڈویژن لایو کی گئیں، برآمدی ٹیکس میں تبدیلی روکنا ہوئی اور پاکستانی کرنسی کی قدر میں ڈالر کے مقابلے میں 5 فیصد کمی کی گئی اور شرح سود میں 25 میں پوائنٹس کا اضافہ کیا گیا۔ کرنسی کی قدر میں گراؤٹ کی وجہ سے غیر ملکی زرمبادلہ میں بھی نمایاں کمی ہوئی اور جولائی 2018ء تک ذخائر 15.7 بلین ڈالر کی سطح تک آ گئے جبکہ درآمدی بل کی ادائیگی چھ ارب ڈالر رہی جس کی وجہ سے بیلس آف میٹھت کا مسئلہ سامنے آیا۔ بعد میں اپریل 2018ء میں دی جانے والی اینیسنٹی اسکیم کی بدولت نسبتاً استحکام آیا اور مارکیٹ 46,637 کے بلند ترین سطح سمور کی گئی۔ مزید براں بجٹ اصلاحات کی گئیں جن میں بروکر کمیشن پر ٹیکس کی ایڈجسٹمنٹ، میڈیٹل فکسز کی طرف سے دیئے جانے والے بونس شیئرز پر روڈ ہولڈنگ ٹیکس کی چھوٹ اور سٹاک اور انڈیکس کی ٹریڈنگ کی سہولت پر ٹیکس کریڈٹ شامل ہیں۔ جون 2018ء کے اختتام تک پاکستان کی شیئ مارک ایڈیکس KSE-100 میں پانی انڈیکس کے مقابلے میں 4 فیصد اضافہ ہوا۔ ایم ایس سی آئی ای ایم انڈیکس میں 10 فیصد کمی ہوئی، KSE All Shares میں چھ فیصد کمی دیکھی گئی اور میٹ ایف آئی پی آئی کے آؤٹ فلو ز 289 بلین ڈالر رہے اور اوسط حجم ٹرن اور 174.53 بلین روپے (8.14 بلین روپے اوسط ویلیو ٹریڈ) رہا۔

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