

Pakistan Mercantile Exchange Limited
Financial Statements
For the quarter ended March 31, 2017

Pakistan Mercantile Exchange Limited
Directors' Review
For the nine months period ended March 31, 2017

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements for the nine month period ended March 31, 2017.

Global Environment

Keeping in view its confidence in the robustness of the economy and resilience to shocks, the US Federal Reserve (Fed) raised its key interest rate by 0.25 percentage point on March 15, 2017. Previously, the rates were raised only one time each in 2015 and 2016. However, Fed reaffirmed its commitment towards raising rates two more times in 2017.

During first nine months of current financial year (FY17), the prices of actively traded commodities mostly remained on upward trajectory. Crude oil price improved, particularly in Jan-Mar quarter after the consensus reached by OPEC and some non-OPEC members to curtail output. However, persistent rise in oil production in the US kept the price pegged. This trend was opposed to the movement witnessed during the corresponding nine months period of last year (FY16).

Gold price also registered upward move during Jan-Mar 2017, though a declining trend was witnessed in July-December 2016 period. The decline can be attributed to the Fed's effort to increase interest rate, but safe haven perception of yellow metal improved due to the tension surrounding North Korea, US attack on Syria and the French elections.

Pakistan Overview

During the period under review, the World Bank and Asian Development Bank showed satisfaction over Pakistan's on-going reforms and stability in macroeconomic achievements, thereby revising GDP growth target in upward trajectory in the range of 5% and 5.2% respectively.

The overall economic environment remained conducive backed by an accommodative monetary policy as policy rate at 5.75 per cent is the lowest in last few decades. During the period under review, inflation stood at 4.01 per cent compared to last year's 2.64 per cent reflecting higher domestic demand and increase in global commodity prices. The total collection by FBR in first nine months of the current financial year is Rs 2,258 billion which is unprecedented in the history. At present, the foreign exchange reserves are hovering around US\$ 22 billion, which are expected to reach over USD 23 billion by June 2017.

Pakistan Stock Exchange continued its upward trend. The benchmark KSE-100 index notched up at 48,155.93 on March 31, 2017. Moreover, The index posted a return of 46 per cent for the calendar year 2016, putting Pakistan in the spotlight as the best performing market in Asia and the fifth best among the world markets.

Business Review

Introducing New Products

PMEX is relentlessly striving to link the Exchange with the real economy by bringing agricultural commodities trade on its platform. In line with this objective and capitalizing on the success achieved in previous season, PMEX launched Hybrid Red Chilli Weekly Futures Contracts and longer dated Futures Contracts of all the varieties of red chilli i.e. Dandicut / Longi and Hybrid.

With the commencement of trading of new chilli crop in Oct-17, 2,205 tons of Red Chilli was traded at the Exchange during the trading season as compared to 605 tons in the last trading season. The increase in trading volume can be attributed to Exchange's concerted efforts to create awareness about the benefits of trading red chilli at the Exchange and the success achieved in bringing onboard Sindh Enterprise Development Fund (SEDF), Government of Sindh, to provide subsidy on trading fee to the farmers.

The Exchange achieved another milestone by arranging commodity based financing for the first time in the country for agri products kept at its designated warehouse for trading. The Exchange brought Zarai Taraqiati

Bank Limited (ZTBL) onboard to extend loan through its Umer Kot branch against the commodity as collateral. This step has written a new chapter in lending to farmers as it was made against their produce instead of traditional mode of lending against the land papers.

PMEX also launched cash settled futures contracts of Copper, Brent Crude Oil and deliverable contracts of Paddy Super Basmati Rice. The listing of new products at the Exchange will not only help the brokers to attract new business but will also provide portfolio diversification opportunities to the market participants.

Extending Outreach

The Exchange remained focused on expanding its network by inducting new members and activating dormant member across the country to offer trading opportunity to wide spectrum of investors in both small as well as large cities. Furthermore, to efficiently serve the clientele nationwide and to further expand the business, the Exchange opened two new branch offices in Islamabad and Lahore. PMEX is confident that the newly established branches are a step forward towards increasing its footprint and developing mutually beneficial relationship with the stakeholders in these cities as well.

New Memberships

The Exchange continued its efforts to bring onboard new members. During the period under review, two new members from Karachi and Lahore joined the Exchange.

Awareness, Education & Engagement

The Exchange continued its efforts to create awareness about futures trading in Pakistan. In this regard, PMEX organized awareness, education and engagement programs at its premises and also conducted such programs at Business Institutes and Universities. These interactive sessions were aimed at equipping existing / potential market participants and investors with the knowledge of the commodity trading fundamentals and providing hands-on experience of the trading system at PMEX.

Settlement Guarantee Fund

In accordance with SECP directives, the Exchange has established separate trust of Settlement Guarantee Fund (SGF) during the period. Monthly contribution has been started on the basis of SECP defined methodology and the amount of Rs. 57 million, allocated on the same methodology till establishment of trust, has also been transferred to the trust's bank account and invested in government securities therefrom.

Financial Results

Following is the summary of results:

	Nine months period ended	
	31-Mar-17	31-Mar-16
	(Rs.in million)	
Operating Income	154.68	152.59
Administrative and operating expenses	165.01	137.75
Net (loss) / profit after taxation	(8.70)	14.34
	Rupees	
Earnings per share – basic	(0.28)	0.50

The primary reason for decline in profitability is decrease in income from new membership which are available at a great discount in the secondary market. Moreover, it is challenging to sell new memberships due to stringent regulatory requirements on PMEX Brokers especially considering that most of the new entrants are used to working in unregulated environment without any such considerations and need time to get up to the

mark. Moreover, a significant portion of the negative results relates to reversal of unrealized gain on Pakistan Investment Bonds (PIBs) of Rs. 7.8 million due to increasing interest rate scenario and nearing maturity. Moreover, the delay in approval of Murabaha Contract has also impacted negatively in terms of achieving revenue targets, besides lower volume in Crude Oil due to relatively stable prices during the period. On the cost side, the increase is primarily related to annual increase in salaries and additional expenses of newly established branches in Lahore and Islamabad.

Future Outlook

Going forward, PMEX is working towards enhancing its technology infrastructure and electronic trading system to provide its brokers and their client a reliable and efficient trading experience. The Exchange is also working to expand and diversify its product range and attract new market participants. Moreover, the Exchange is actively working to bring agricultural commodities on its trading platform and a wide variety of products are being considered in this regard. PMEX is also working on a model to cross list commodities with other mercantile exchanges of the neighboring countries especially China considering the CPEC development.



Chairman




Managing Director


Karachi: April 28, 2017

PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017


	(Unaudited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees		(Unaudited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees
Note			Note		
EQUITY AND LIABILITIES			ASSETS		
Share capital and reserves			Non-current assets		
Authorised capital 50,000,000 (June 30, 2016: 47,200,000) ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>472,000,000</u>	Property and equipment	7 24,313,030	21,570,858
Nil (June 30, 2016: 2,800,000) preference shares of Rs. 10 each	<u>-</u>	<u>28,000,000</u>	Intangible assets	8 11,824,925	16,838,145
Issued, subscribed and paid-up capital 31,355,162 (June 30, 2016: 31,355,162) ordinary shares of Rs 10 each.	<u>313,551,620</u>	<u>313,551,620</u>	Investment in associates	20	20
Capital reserve - premium on issue of ordinary shares	<u>22,250,000</u>	<u>22,250,000</u>			
Accumulated loss	<u>(408,755,810)</u>	<u>(400,055,672)</u>			
	<u>(72,954,190)</u>	<u>(64,254,052)</u>			
Non-current liabilities					
Long-term deposits	196,900,000	196,150,000			
Current liabilities			Current assets		
Staff gratuity payable to fund	36,043,663	38,835,735	Supplies and consumables	732,160	243,620
Margins & Deposits	4 1,453,305,718	1,236,074,981	Annual subscription receivable		
Payable to SGF Trust	5 1,944,192	46,340,919	- considered good	32,286,000	24,425,000
Gold held on behalf of brokers/clients	447,393,672	385,128,662	Advances, deposits and short-term prepayments	8,557,827	11,637,753
Advance annual subscription fee and other fees	19,851,776	10,216,779	Other receivables	34,037,480	34,601,613
Advance members admission fee	-	2,500,000	Short term investments	9 1,488,150,083	1,229,873,219
Accrued finance cost	7,333,603	5,734,161	Gold held on behalf of brokers/clients	447,393,672	385,128,662
Creditors, accrued and other liabilities	42,087,653	34,915,472	Taxation - net	43,379,945	42,156,022
	<u>2,007,960,277</u>	<u>1,759,746,709</u>	Cash and bank balances	41,230,945	125,167,745
				<u>2,095,768,112</u>	<u>1,853,233,634</u>
Contingencies and commitments					
	<u>2,131,906,087</u>	<u>1,891,642,657</u>		<u>2,131,906,087</u>	<u>1,891,642,657</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


CHAIRMAN


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER


MANAGING DIRECTOR

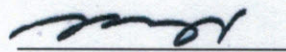
PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Note	Nine months period ended		Three months period ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees -----					
Operating income	10	154,681,651	152,594,520	52,639,743	49,246,933
Administrative and operating expenses	11	(165,007,235) (10,325,584)	(137,751,583) 14,842,938	(54,489,309) (1,849,566)	(48,407,620) 839,314
Other income	12	5,055,307	5,803,959	1,584,037	2,568,581
Finance costs	13	(1,684,412)	(3,175,070)	(611,048)	(869,592)
Other charges		(146,125)	(191,154)	(228,590)	(17,375)
Profit / (Loss) before taxation		(7,100,814)	17,280,672	(1,105,167)	2,520,928
Taxation	14	(1,599,324)	(2,937,714)	(120,579)	(335,309)
Net (loss) / profit after taxation		(8,700,138)	14,342,958	(1,225,746)	2,185,619
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		(8,700,138)	14,342,958	(1,225,746)	2,185,619
(Loss) / Earnings per share - basic	15	(0.28)	0.50	(0.04)	0.07
(Loss) / Earnings per share - diluted	15	(0.28)	0.47	(0.04)	0.07

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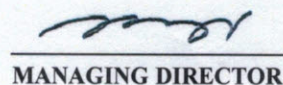
PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Note	Nine months period ended	
		March 31, 2017 Rupees	March 31, 2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	16.	11,402,414	24,118,704
Taxes paid - net		(2,904,515)	(2,678,331)
Gratuity paid		(7,083,814)	(8,636,433)
Prepayment		-	63,883
Net cash (used in) / generated from operating activities		<u>1,414,085</u>	<u>12,867,822</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	7	(10,355,868)	(1,858,011)
Purchase of intangible assets	8	-	(3,948,854)
Proceed from disposal of property and equipment		123,500	153,657
Payment against investment in government securities		(188,436,400)	(341,870,687)
Proceed from sale of government securities		189,583,753	333,105,178
Mark-up received on bank deposits		380,483	325,271
Net cash generated from / (used in) investing activities		<u>(8,704,532)</u>	<u>(14,093,447)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		-	6,331,150
Dividend paid on preference shares		-	(4,083,000)
Net cash used in financing activities		<u>-</u>	<u>2,248,150</u>
Net decrease in cash and cash equivalents (A+B+C)		(7,290,447)	1,022,525
Cash and cash equivalents at beginning of the period		<u>15,999,043</u>	<u>6,206,225</u>
Cash and cash equivalents at end of the period		8,708,596	7,228,750
Cash and cash equivalents relating to margins & deposits		<u>32,522,349</u>	<u>7,164,068</u>
Cash and cash equivalents at end of period including relating to margins & deposits		<u><u>41,230,945</u></u>	<u><u>14,392,818</u></u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



MANAGING DIRECTOR

PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Issued, subscribed and paid-up share capital	Preference share capital	Capital reserve premium on issue of ordinary shares	Accumulated profit / (loss)	Total
	----- Rupees -----				
Balance as at June 30, 2015 (Audited)	275,681,870	28,000,000	22,250,000	(431,724,191)	(105,792,321)
Total comprehensive income for the period					
Profit for the period	-	-	-	14,342,959	14,342,959
Other comprehensive income	-	-	-	-	-
Conversion of preference shares into ordinary	15,000,000	(15,000,000)	-	-	-
Issuance of further ordinary shares	6,331,150	-	-	-	6,331,150
	21,331,150	(15,000,000)	-	14,342,959	20,674,109
Balance as at March 31, 2016 (Unaudited)	297,013,020	13,000,000	22,250,000	(417,381,232)	(85,118,212)
Balance as at June 30, 2016 (Audited)	313,551,620	-	22,250,000	(400,055,672)	(64,254,052)
Total comprehensive income for the period					
Loss for the period	-	-	-	(8,700,138)	(8,700,138)
Other comprehensive income	-	-	-	-	-
	-	-	-	(8,700,138)	(8,700,138)
Balance as at March 31, 2017 (Unaudited)	313,551,620	-	22,250,000	(408,755,810)	(72,954,190)

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



MANAGING DIRECTOR

PAKISTAN MERCANTILE EXCHANGE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Mercantile Exchange Limited ("the Exchange") was incorporated in Pakistan as a public limited company on April 20, 2002 under the Companies Ordinance, 1984. The Certificate of Commencement under the Companies Ordinance, 1984 was granted to the Exchange by the Securities and Exchange Commission of Pakistan (SECP) on May 20, 2002. The Certificate of Registration under Securities and Exchange Ordinance, 1969 to start operations as commodity exchange was granted by SECP on May 10, 2007 when the Exchange commenced its operations. Its registered office is situated at 3B, 3rd Floor, Bahria Complex IV, Chaudhry Khaliq-uz-Zaman Road, Gizri, Karachi, Pakistan.
- 1.2 The Exchange has been set-up principally to establish, regulate, control and provide physical facilities and market place necessary for trading in Commodity Futures Contracts and to perform all allied and incidental functions. This is the first technology driven, de-mutualized, on-line commodity futures Exchange in Pakistan, regulated by SECP. The operations of the Exchange are governed by the Pakistan Mercantile Exchange Limited (PMEX) General Regulations, which were approved by the SECP on May 10, 2007 as amended from time to time.
- 1.3 The Exchange is an institution of national importance and is receiving cooperation and support from all the stakeholders. Moreover, new products are in the process of being designed, approval or launched for trading on the Exchange, which include Murahaba, Milli-tola through Telecom Companies, Mill-specific sugar etc. Further, the Exchange is in process of raising fresh equity for which various parties have submitted their expression of interest which are being evaluated by the Exchange with the help of appointed financial advisor.
- 1.4 This condensed interim financial information is presented in pak rupees, which is the functional and presentation currency of the Exchange.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information do not include all the information and disclosures reported in annual financial statements of the Exchange and should therefore be read in conjunction with its annual financial statements for the year ended June 30, 2016.
- 2.2 **New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended March 31, 2017**

There were certain new standards and amendments to the approved accounting standards issued by the International Accounting Standards Board (IASB) which became effective during the period but are considered not to be relevant or have any significant effect on the Exchange's operations and are, therefore, not disclosed in this condensed interim financial information.

- 2.3 **New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Exchange**

There are certain new amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2016, but are considered not to be relevant or have any significant effect on the Exchange's operations and are, therefore, not disclosed in this condensed interim financial information.

- 2.4 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Exchange for the year ended June 30, 2016.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Exchange's accounting policies and the key resources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016.

3.2 The financial risk management objectives and policies of the Exchange are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	Note	(Unaudited) March 31 2017 Rupees	(Audited) June 30, 2016 Rupees
4. MARGINS AND DEPOSITS			
Clearing house deposits relating to brokers		136,914,845	136,032,267
Initial margins relating to brokers and clients		1,316,390,873	1,100,042,714
	4.1	<u>1,453,305,718</u>	<u>1,236,074,981</u>
4.1 The margin and deposits have been applied as follows:			
Clearing house deposits			
Saving / current accounts		6,301,040	17,278,049
Investment in Treasury bills	9.1	130,811,390	123,663,922
Less: amount allocated for transfer to SGF Trust		(197,585)	(4,909,704)
		136,914,845	136,032,267
Initial margins			
Saving/current accounts		26,221,309	91,890,653
Investment in Treasury bills	9.1	1,291,880,171	876,621,030
Investment in Pakistan Investment Bonds (PIBs)		-	165,376,674
Accrued markup on PIBs and saving accounts		-	7,549,572
Security deposit/prepayments - Locker (Gold)		36,000	36,000
Less: amount allocated for transfer to SGF Trust		(1,746,607)	(41,431,215)
		1,316,390,873	1,100,042,714
Total Margins and Deposits		<u>1,453,305,718</u>	<u>1,236,074,981</u>

4.2 During 2015-16, SECP, through its letter dated August 17, 2015, advised the Exchange to establish a SGF trust through a trust deed registered with Registrar of Trusts. During the period, the Exchange established the trust and transferred the fund as mentioned in note 5 below.

As per the above SECP letter, Exchange is distributing 50% of the amount calculated by applying a rate 50 basis points below the minimum bank profit rate to brokers and clients on their average monthly balance, and remaining 50% is transferred to SGF Trust. After allocation, residual amount from income/profit/gain from investment of margins and deposits is accounted for as a share of the Exchange from the income of margins & deposits.

	Note	(Unaudited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees
5. PAYABLE TO SETTLEMENT GUARANTEE FUND (SGF) TRUST			
Payable to SGF trust as allocated from income earned on			
- clearing house deposits	4.2	197,585	4,909,704
- initial margins	4.2	1,746,607	41,431,215
		<u>1,944,192</u>	<u>46,340,919</u>
6 CONTINGENCIES			
6.1 There is no significant change in contingencies as those reported in the interim financial statements for the year ended June 30, 2016.			
		(Unaudited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees
6.2 Commitments			
Commitments in respect of capital expenditure and services		-	463,260
		(Unaudited) March 31, 2017 Rupees	(Unaudited) March 31, 2016 Rupees
7. PROPERTY AND EQUIPMENT			
Following additions in assets, at cost were made during the period: -			
Leasehold improvements		2,609,920	39,590
Electrical equipment		2,222,610	
Computer equipment		3,496,355	1,691,839
Furniture and fittings		1,893,872	-
Office equipment		441,951	126,582
Capital work in progress		-	-
		<u>10,664,708</u>	<u>1,858,011</u>
8. INTANGIBLE ASSETS			
Following additions in intangible assets , at cost were made during the period: -			
Computer software		-	3,948,854
		(Unaudited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees
9. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Investments in Treasury Bills		1,488,150,083	1,064,496,545
Investments in Pakistan Investments Bonds		-	165,376,674
	9.1	<u>1,488,150,083</u>	<u>1,229,873,219</u>
9.1 This includes investments made from the margins and deposits received from brokers and clients amounting to Rs.1,422.691 million (June 30, 2016: Rs.1,000.285 million) as fully detailed in note 4.1. Remaining represents investment of the Exchange amounting to Rs. 65.458 million (June 30, 2016: Rs. 64.212 million).			
9.2 These treasury bills carrying markup rate ranging from 5.82% to 5.95% (June 30, 2016: 5.9% to 6.2%) that will mature on various dates upto September 28, 2017.			

	(Unaudited)		(Unaudited)	
	Nine months period ended		Quarter ended	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
 Rupees			
10. OPERATING INCOME				
Exchange trading fee	90,427,450	88,456,135	31,769,338	29,121,243
Annual membership fee	14,182,500	12,624,999	5,432,500	4,100,000
Entrance fee	5,000,000	8,250,000	2,500,000	-
Fee for membership transfer and issuance of certificate	1,600,000	600,000	1,200,000	200,000
Application fee	25,000	40,000	25,000	-
Share in income of margins & deposits	26,088,436	33,373,420	6,473,503	11,212,019
Management fee on SGF Trust	347,646	-	347,646	-
Income related to IT Services	6,639,500	3,902,644	2,136,900	1,432,927
Gain on sale of USB keys	126,140	172,692	43,792	12,792
Gold vault charges	2,440,000	916,993	846,357	355,315
Advertisement income	2,218,450	1,940,000	793,450	495,000
Front end charges	193,000	49,538	76,756	49,538
PMEX infrastructure fee	5,287,000	1,759,000	1,762,000	1,759,000
Auto liquidation charges	106,528	509,100	32,500	509,100
	<u>154,681,651</u>	<u>152,594,520</u>	<u>53,439,743</u>	<u>49,246,933</u>

11. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and benefits	107,444,643	84,602,180	36,031,762	29,977,992
Directors' fee	1,865,000	1,365,000	620,000	510,000
Depreciation	7,352,185	7,539,884	2,477,183	2,503,719
Amortisation	5,013,219	3,785,602	1,601,746	1,232,823
Communication	3,741,388	4,504,833	1,319,359	1,399,876
Utilities	1,542,560	1,280,749	478,034	431,810
Legal and professional	1,510,446	2,827,695	429,115	389,898
Rent	9,621,536	6,594,000	3,221,487	2,214,000
Repairs and maintenance	6,172,393	3,673,875	2,133,012	1,318,040
Market making / Liquidity expenses	6,898,989	6,580,847	2,427,542	2,268,441
Travelling and conveyance				
- Employees and others	663,863	995,925	270,520	272,086
- Directors	2,235,614	1,732,566	234,765	799,725
	2,899,477	2,728,491	505,285	1,071,811
Fees and subscription	895,878	1,546,386	264,769	519,391
Security services	464,640	406,340	157,080	147,180
Insurance	410,553	633,213	137,006	10,519
SECP supervision fee	1,249,910	1,525,946	538,829	515,757
Auditors' remuneration	496,000	450,000	150,000	150,000
Marketing expenses	6,473,845	6,864,670	1,642,496	3,450,968
Printing and stationery	304,164	290,643	98,666	103,149
Entertainment	650,408	551,229	255,937	192,246
	<u>165,007,235</u>	<u>137,751,583</u>	<u>54,489,309</u>	<u>48,407,620</u>

	(Unaudited)		(Unaudited)	
	Nine months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
..... Rupees				
12. OTHER INCOME - NET				
<i>Income from financial assets</i>				
Mark-up on bank deposits	401,112	418,835	73,355	206,778
Return on government securities	2,401,305	3,908,993	849,776	1,201,803
(Loss)/Gain on disposal of government securities	(7,023)	8,487	-	-
<i>Income from non - financial assets</i>				
Penalties recovered	869,009	1,186,644	570,252	1,039,000
Others	1,390,904	281,000	88,000	121,000
	<u>5,055,307</u>	<u>5,803,959</u>	<u>1,581,383</u>	<u>2,568,581</u>

13. FINANCE COST

This mainly represents finance cost charged at the average rate of income by the Exchange on the accumulated balance of gratuity payable to the staff gratuity fund.

		(Unaudited)		(Unaudited)	
		Nine months period ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
14. TAXATION					
Current - for the period	14.1	1,202,318	2,937,714	120,579	335,309
- prior period		397,006		397,006	
		<u>1,599,324</u>	<u>2,937,714</u>	<u>517,585</u>	<u>335,309</u>

14.1 The provision for current income tax is based on minimum tax under section 113 of the Income Tax Ordinance, 2001.

14.2 There is no significant change in deferred tax assets as those reported in the interim financial statements for the period ended December 31, 2016.

		(Unaudited)		(Unaudited)	
		Nine months period ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
15. EARNINGS PER SHARE					
15.1 Basic earnings per share					
(Loss) / Profit for the period	Rupees	<u>(8,700,138)</u>	14,342,959	<u>(1,225,746)</u>	2,185,619
Weighted average number of shares	Number	<u>31,355,162</u>	28,491,244	<u>31,355,162</u>	29,701,302
(Loss) / Earnings per share	Rupees	<u>(0.28)</u>	0.50	<u>(0)</u>	0.07
15.2 Diluted earnings per share					
(Loss) / Profit for the period	Rupees	<u>(8,700,138)</u>	14,342,959	<u>(1,225,746)</u>	2,185,619
Weighted average number of shares	Number	<u>31,355,162</u>	30,777,647	<u>31,355,162</u>	31,001,302
(Loss) / Earnings per share	Rupees	<u>(0.28)</u>	0.47	<u>(0)</u>	0.07

		(Unaudited)	
		Nine months period ended	
		March 31,	March 31,
		2017	2016
		Rupees	Rupees
16. CASH GENERATED FROM OPERATIONS			
(Loss) / Profit before taxation		(7,100,814)	17,280,673
Adjustments for non cash charges and other items:			
Depreciation		7,352,185	7,539,884
Amortisation		5,013,219	3,785,602
Provision for gratuity		4,774,487	2,521,352
Loss / (Gain) on disposal of government securities		7,023	(8,487)
Mark-up on bank deposits		(401,112)	(418,835)
Return on government securities		(2,401,305)	(3,908,993)
Loss on sale of property and equipment		138,013	172,182
Working capital changes	16.1	4,020,718	(2,844,674)
		<u>18,503,228</u>	<u>6,838,031</u>
Cash (used in) / generated from operations		<u>11,402,414</u>	<u>24,118,704</u>

16.1 Working capital changes

Decrease / (increase) in current assets

Supplies and consumables	(488,540)	111,724
Annual subscription receivable	(7,861,000)	(6,824,000)
Advances, deposits and short-term prepayments	3,079,926	(3,448,036)
Other receivables	(6,616,288)	(2,645,231)
	<u>(11,885,902)</u>	<u>(12,805,543)</u>

(Decrease) / increase in current liabilities

Advance annual subscription and other fees	9,634,997	4,820,676
Advance for members admission fee	(2,500,000)	-
Accrued finance cost	1,599,442	(3,257,771)
Creditors, accrued and other liabilities	7,172,181	8,397,964
	<u>15,906,620</u>	<u>9,960,869</u>
	<u>4,020,718</u>	<u>(2,844,674)</u>

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, other companies with common directors, and key management personnel. Details of transactions with related parties during the period are as follows:

		(Unaudited)	
		Nine months period ended	
Relationship with the Exchange	Nature of transactions	March 31,	March 31,
		2017	2016
		Rupees	Rupees
Associated undertakings	Receipt of technology fee	120,000	84,000
	Receipt of annual subscription	225,000	100,000
	Receipt of infrastructure fee	37,000	-
	Payment to Investor Protection Fund Trust	1,571,658	2,494,295
	Payment to Gratuity Fund	4,708,932	8,636,433
	Payment to Provident Fund	9,439,420	935,498
Directors	Directors' meeting fee	1,865,000	1,365,000
Key management personnel	Salaries and benefits	49,961,106	31,671,310
	Post employment benefits	5,264,190	2,467,926

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Exchange's financial assets which are carried at fair value:

	As at March 31, 2017			Total
	Level 1	Level 2	Level 3	
	-----Rupees in '000'-----			
Assets				
Investment in securities, treasury bills - at fair value through Profit or Loss	-	1,488,150,083	-	1,488,150,083

	As at June 30, 2016			Total
	Level 1	Level 2	Level 3	
	-----Rupees in '000'-----			
Assets				
Investment in securities, treasury bills - at fair value through Profit or Loss	-	1,229,873,219	-	1,229,873,219

The carrying values of other financial assets and liabilities as reflected in this condensed interim financial information approximate their fair values.

19. GENERAL


Figures have been rounded off to the nearest Rupee.

20. DATE OF AUTHORISATION OF ISSUE

This condensed interim financial information was authorized for issue on APRIL 28, 2017 by the Board of Directors of the Exchange.



CHAIRMAN



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



MANAGING DIRECTOR