

Pakistan Mercantile Exchange Limited
Financial Statements
For the quarter ended March 31, 2018

Pakistan Mercantile Exchange Limited
Directors' Review
For the nine months ended March 31, 2018

Global Environment

During the period under review, the global economy continued to show strong resilience and is expected to grow at a rate of 3.5 percent. The US is operating at full employment, the upswing in Europe has spread across the continent, Japan is growing strongly and the outlook for Asia is bright. However, in parallel there are rising economic risks, including a rise in the probability of trade conflicts between major economies which could reverse the recent improvement in the global economy.

Crude oil prices mostly remained on upward trajectory due to efforts by OPEC members along with Russia to contain prevailing glut. Gold prices also inched higher due geopolitical conflict, uncertainty regarding US tax overhaul & interest rate and rising fear of likely US-China trade war.

Pakistan Overview

During the period under review, the external sector has weighed on economic growth and stressed the current account deficit. Exports were unable to keep pace with the surge in imports, held back by the still-overvalued rupee. Meanwhile, fiscal slippage has only exacerbated pressures in the external sector, and risks of further deterioration have additionally grown in the run-up to the July general elections. Buoyant household spending related to the recovery of the agricultural sector, as well as robust CPEC-linked investment, will support upbeat economic growth this fiscal year. However, the economy will take a hit from underwhelming export growth and booming imports.

Business Review

New Products

During the period under review, several new products were introduced to provide an enriched product suite to market participants. These products included futures contracts of US Equity Indices, new Composite Order Trading System (COTS / FX pairs) and higher denomination for ICotton, Silver, Crude Oil and Copper. Moreover, a Shariah Compliant Trading Platform was launched on December 26, 2017 to facilitate Islamic Financial Institutions to help deploy their excess liquidity. In this regard, PMEX has facilitated seven electronic commodity Murabaha transactions between various Banks, Corporates and SME's during the three month pilot period ended March 31, 2018.

Red Chilli Trade

The trade session for the current financial year has ended with a total of 1,506 tons traded as compared to 2,200 tons traded last year. The lowered volume is based on dependency on a single corporate buyer, National Foods, who sourced red chilli in the session from other sources besides PMEX platform.

New Membership

During the period under review, PMEX welcomed seven new members from Karachi and Lahore.

Technology

To offer the market participants upgraded trading experience, the Exchange initiated an overhaul of its technology infrastructure which includes front end application, back-end application and migration of core technology infrastructure to cloud. In this regard, the Exchange has successfully completed the

migration of its core technology architecture to cloud computing. Moreover, PMEX has provided MetaTrader 5 front-end Trading System to brokers/investors.

Financial Results

Following is the summary of results for the current and last period:


| | Nine months ended | |
|------------------------------------|--------------------------|------------------|
| | 31-Mar-18 | 31-Mar-17 |
| | (Rs. in million) | |
| Operating Income | 189.42 | 154.68 |
| Administrative expenses | (161.43) | (165.01) |
| Net (loss) / profit after taxation | 27.89 | (8.70) |
| | Rupees | |
| Earnings per share | 0.89 | (0.28) |

The nine months has ended with profit after tax of Rs. 27.89 million. The same has been achieved on the back of membership sales, positive contribution from newly added product portfolio and rationalization of trading fee rates w.e.f. November 2017. On the cost side, rates of market making fee were significantly slashed in October 2017, and fully discontinued from January 2018. Remaining expenses side have been generally kept under control.

Future Outlook

Going forward the concentration will be on enhancing the market participants and product suite further by adding a mix of globally benchmarked and local market driven products. To support these efforts, work is also being carried out on maturing the Global Trading Platform concept which would upkeep the efforts of the Agriculture product introduction.


Chairman


Managing Director

Karachi: April 25, 2018

PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

| | (Unaudited) March 31, 2018 | (Audited) June 30, 2017 | | (Unaudited) March 31, 2018 | (Audited) June 30, 2017 |
|--|----------------------------------|-------------------------------|---|----------------------------------|-------------------------------|
| Note | Rupees | Rupees | Note | Rupees | Rupees |
| EQUITY AND LIABILITIES | | | ASSETS | | |
| Share capital and reserves | | | Non-current assets | | |
| Authorised capital 50,000,000 (June 30, 2017: 50,000,000) ordinary shares of Rs. 10 each | <u>500,000,000</u> | <u>500,000,000</u> | Property and equipment | 7 17,580,904 | 23,471,770 |
| Issued, subscribed and paid-up capital 31,355,162 (June 30, 2017: 31,355,162) ordinary shares of Rs 10 each. | 313,551,620 | 313,551,620 | Intangible assets | 8 14,954,132 | 10,243,750 |
| Capital reserve - premium on issue of ordinary shares | 22,250,000 | 22,250,000 | Investment in associates | 20 | 20 |
| Accumulated loss | (386,743,521) | (414,629,571) | | | |
| | (50,941,901) | (78,827,951) | | | |
| Non-current liabilities | | | | | |
| Long-term deposits | 201,400,000 | 198,400,000 | | | |
| Current liabilities | | | Current assets | | |
| Staff gratuity payable to fund | 44,330,111 | 43,432,994 | Supplies and consumables | 583,780 | 709,696 |
| Payable to provident fund | 1,092,482 | 1,124,180 | Annual subscription receivable - considered good | 45,475,000 | 32,800,000 |
| Margins & Deposits | 4 1,184,890,681 | 1,299,354,277 | Advances, deposits and short-term prepayments | 7,121,678 | 9,371,846 |
| Payable to SGF Trust | 5 1,745,524 | 1,667,326 | Other receivables | 38,083,857 | 29,774,070 |
| Gold held on behalf of brokers/clients | 675,349,620 | 500,274,511 | Short term investments | 9 1,267,076,326 | 1,332,980,380 |
| Advance annual subscription fee and other fees | 25,300,747 | 14,914,165 | Gold held on behalf of brokers/clients | 675,349,620 | 500,274,511 |
| Creditors, accrued and other liabilities | 40,188,383 | 40,054,125 | Taxation - net | 40,690,957 | 42,724,558 |
| | 1,972,897,548 | 1,900,821,578 | Cash and bank balances | 16,439,373 | 38,043,026 |
| Contingencies and commitments | 6 | | | 2,090,820,591 | 1,986,678,087 |
| | <u>2,123,355,647</u> | <u>2,020,393,627</u> | | <u>2,123,355,647</u> | <u>2,020,393,627</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, 2018

| | Note | Nine months period ended | | Three months period ended | |
|--|------|-----------------------------|-------------------------------|----------------------------|-----------------------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| ----- Rupees ----- | | | | | |
| Operating income | 10 | 189,415,086 | 154,681,651 | 70,682,170 | 52,639,743 |
| Administrative and operating expenses | 11 | (161,433,908) 27,981,178 | (165,007,235) (10,325,584) | (54,321,597) 16,360,573 | (54,489,309) (1,849,566) |
| Other income | 12 | 8,513,573 | 5,055,307 | 4,244,122 | 1,584,037 |
| Finance costs | 13 | (1,564,706) | (1,684,412) | (527,244) | (611,048) |
| Other charges | | (1,332,394) | (146,125) | (1,309,958) | (228,590) |
| Profit / (Loss) before taxation | | 33,597,651 | (7,100,814) | 18,767,493 | (1,105,167) |
| Taxation | 14 | (5,711,601) | (1,599,324) | (3,224,188) | (120,579) |
| Net profit / (loss) after taxation | | 27,886,050 | (8,700,138) | 15,543,305 | (1,225,746) |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income for the period | | 27,886,050 | (8,700,138) | 15,543,305 | (1,225,746) |
| Earnings / (Loss) per share - basic and diluted | 15 | 0.89 | (0.28) | 0.50 | (0.04) |

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

| | Note | Nine months period ended | |
|---|------|-----------------------------|-----------------------------|
| | | March 31, 2018 Rupees | March 31, 2017 Rupees |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 16. | 42,723,607 | 16,186,359 |
| Long term deposits | | 3,000,000 | - |
| Taxes paid - net | | (3,677,997) | (2,904,515) |
| Provident fund paid | | (4,460,186) | (4,783,945) |
| Gratuity paid | | (3,503,179) | (7,083,814) |
| Net cash generated from operating activities | | <u>34,082,245</u> | <u>1,414,085</u> |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (1,040,298) | (10,355,868) |
| Purchase of intangible assets | | (9,114,006) | - |
| Proceed from disposal of property and equipment | | - | 123,500 |
| Payment against investment in government securities | | (196,078,000) | (188,436,400) |
| Proceed from sale of government securities | | 179,836,879 | 189,583,753 |
| Mark-up received on bank deposits | | 372,860 | 380,483 |
| Net cash used in investing activities | | <u>(26,022,565)</u> | <u>(8,704,532)</u> |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net decrease in cash and cash equivalents (A+B+C) | | 8,059,680 | (7,290,447) |
| Cash and cash equivalents at beginning of the period | | 3,439,492 | 15,999,043 |
| Cash and cash equivalents at end of period | | 11,499,172 | 8,708,596 |
| Cash and cash equivalents at end of period relating to margins & deposits | | 4,940,201 | 32,522,349 |
| Cash and cash equivalents at end of period including relating to margins & deposits | | <u>16,439,373</u> | <u>41,230,945</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, 2018

| | Issued, subscribed and paid-up share capital | Capital reserve - premium on issue of ordinary shares | Accumulated profit / (loss) | Total |
|--|---|--|--------------------------------|--------------|
| | ----- Rupees ----- | | | |
| 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) |
| Balance as at June 30, 2017 (Audited) | 313,551,620 | 22,250,000 | (414,629,571) | (78,827,951) |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | - | 27,886,050 | 27,886,050 |
| Other comprehensive income | - | - | - | - |
| | - | - | 27,886,050 | 27,886,050 |
| Balance as at March 31, 2018 (Unaudited) | 313,551,620 | 22,250,000 | (386,743,521) | (50,941,901) |

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

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 repealed Companies Ordinance, 1984 now Companies Act, 2017. The Certificate of Commencement of Business under the repealed 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 the 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 marketplace necessary for trading in Commodity Future Contracts and to perform all allied and incidental functions. This is a technology driven, demutualized, 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.

During the period, BOD in its meeting dated August 29, 2017, approved and submitted the revised Pakistan Mercantile Exchange Limited (PMEX) General Regulations to SECP. The approval by SECP is still pending.

1.3 As at March 31, 2018, the Exchange has negative equity of Rs. 50.94 million (June 30, 2017: Rs. 78.83 million) and accumulated loss as of that date amounts to Rs. 386.74 million (June 30, 2017: Rs. 414.63 million). During the nine months period ended March 31, 2018, the Exchange has net profit of Rs. 27.88 million.

In order to improve the overall equity requirements, the Exchange is in process of raising equity and certain potential parties who expressed their interest have been evaluated by the Exchange with the assistance of a financial advisor, however the final decision and approval are pending. Further, the Exchange is also in the process of introducing certain new products that are also in the process of evaluation and approval before launching. These financial and operating measures are expected to improve the financial position of the Exchange.

1.4 This condensed interim financial information is presented in Pak Rupee, 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 Act, 2017. In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended March 31, 2018

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 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, 2018, but are considered not 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, 2017.

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 judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Exchange's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017.

- 3.2 The financial risk management objectives and policies of the Exchange are consistent with those disclosed in the financial statements for the year ended June 30, 2017.

| | | (Unaudited) March 31 2018 Rupees | (Audited) June 30, 2017 Rupees |
|---|-------------|---|---|
| 4. MARGINS AND DEPOSITS | Note | | |
| Clearing house deposits relating to brokers | | 123,666,424 | 130,972,108 |
| Initial margins relating to brokers and clients | | 1,061,224,257 | 1,168,382,169 |
| | 4.1 | <u>1,184,890,681</u> | <u>1,299,354,277</u> |
| 4.1 The margin and deposits have been applied as follows: | | | |
| Clearing house deposits | | | |
| Balance with banks (saving / current accounts) | | 380,010 | 604,092 |
| Investment in Treasury bills | 9.1 | 123,470,145 | 130,541,493 |
| Less: amount allocated for transfer to SGF Trust | 4.3 | (183,731) | (173,477) |
| | | 123,666,424 | 130,972,108 |
| Initial margins | | | |
| Balance with banks (saving / current accounts) | | 4,560,191 | 33,999,442 |
| Investment in Treasury bills | 9.1 | 1,058,189,859 | 1,135,840,576 |
| Security deposit/prepayments - Locker (Gold) | | 36,000 | 36,000 |
| Less: amount allocated for transfer to SGF Trust | 4.3 | (1,561,793) | (1,493,849) |
| | | 1,061,224,257 | 1,168,382,169 |
| | | <u>1,184,890,681</u> | <u>1,299,354,277</u> |

- 4.2 All brokers are required to maintain a minimum clearing house deposits as may be specified by the Exchange. Clearing house deposits determine the maximum value of exposure that a broker can take across all his clients and across all contracts in all commodities.

- 4.3 SECP through its letter dated August 17, 2015 had advised the Exchange to establish a SGF Trust through a trust deed registered with registrar of Trusts. The Exchange established the Trust in 2017 and transferred the fund. The Exchange utilizes the SGF Trust's and other monies of the brokers to the extent necessary to fulfill its obligations, as specified under the Regulations whenever a broker fails to meet his settlement obligations arising out of the transactions, or whenever a broker is declared as a defaulter.

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. The residual amount from income / profit / gain from investment of margins and deposits is accounted for as a share of the PMEX in the income from margins and deposits, disclosed in note 10. However, from March 01, 2018, distribution to brokers and client has been hold and the same has become the part of residual income.

- 4.4 In addition to margins and deposits from brokers and clients, Exchange holds gold on behalf of their brokers and clients in fiduciary capacity which is valued using the closing rates.

| | Note | (Unaudited) March 31 2018 Rupees | (Audited) June 30, 2017 Rupees |
|--|------|--|--|
| 5. PAYABLE TO SETTLEMENT GUARANTEE FUND TRUST (SGF TRUST) | | | |
| Payable to SGF trust as allocated from income earned on margins & deposits | | <u>1,745,524</u> | <u>1,667,326</u> |
| 5.1 Movement for the year is as follows: | | | |
| Opening balance as at July 01 | | 1,667,326 | 46,340,919 |
| Amount allocated from income earned on: | | | |
| - clearing house deposits | | 1,606,723 | 2,295,279 |
| - initial margins | | 13,757,864 | 20,208,239 |
| | | 15,364,587 | 22,503,518 |
| Amount transferred during the period | | <u>(15,286,389)</u> | <u>(67,177,111)</u> |
| | | <u>1,745,524</u> | <u>1,667,326</u> |
| 6 CONTINGENCIES | | | |
| 6.1 There is no significant change in contingencies as those reported in the interim financial statements for the period ended December 31, 2017. | | | |
| 6.2 Commitments | | | |
| Commitments in respect of capital expenditure and services | | <u>8,305,000</u> | <u>8,305,000</u> |
| | | (Unaudited) March 31, 2018 Rupees | (Unaudited) March 31, 2017 Rupees |
| 7. PROPERTY AND EQUIPMENT | | | |
| Following additions in assets, at cost were made during the period: | | | |
| Leasehold improvements | | - | 2,609,920 |
| Electrical equipment | | 39,312 | 2,222,610 |
| Computer equipment | | 839,469 | 3,496,355 |
| Furniture and fittings | | - | 1,893,872 |
| Office equipment | | 161,517 | 441,951 |
| | | <u>1,040,298</u> | <u>10,664,708</u> |
| 8. INTANGIBLE ASSETS | | | |
| Following additions in intangible assets , at cost were made during the period: | | | |
| Computer software | | <u>9,114,006</u> | - |
| | | (Unaudited) March 31, 2018 Rupees | (Audited) June 30 2017 Rupees |
| 9. SHORT TERM INVESTMENTS | | | |
| At fair value through profit or loss | | | |
| Investments in Treasury Bills - margins and deposits | | 1,181,660,004 | 1,266,382,069 |
| Investments in Treasury Bills - Exchange | | 85,416,322 | 66,598,311 |
| Investments in Treasury Bills | 9.1 | <u>1,267,076,326</u> | <u>1,332,980,380</u> |
| 9.1 These Treasury Bills carry markup ranging from 5.99% to 6.26% (June 2017: 5.90% to 5.99%) per annum and will mature on various dates till March 29, 2018. | | | |

| | * (Unaudited) | | (Unaudited) | |
|--|--------------------------|----------|---------------|----------|
| | Nine months period ended | | Quarter ended | |
| | March 31 | March 31 | March 31 | March 31 |
| | 2018 | 2017 | 2018 | 2017 |
| | Rupees | | | |

10. OPERATING INCOME

| | | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| Trading fee | 106,878,684 | 90,427,450 | 41,788,812 | 31,769,338 |
| Annual membership fee | 18,163,751 | 14,182,500 | 5,864,583 | 5,432,500 |
| Entrance fee | 17,500,000 | 5,000,000 | 6,750,000 | 2,500,000 |
| Share of PMEX from the income of margins and deposits | 27,871,070 | 26,088,436 | 9,779,487 | 6,473,503 |
| Management fee on SGF Trust | 1,340,038 | 347,646 | 557,376 | 347,646 |
| Income related to IT Services | 6,736,000 | 6,639,500 | 2,170,000 | 2,136,900 |
| PMEX infrastructure fee | 5,342,000 | 5,287,000 | 1,798,000 | 1,762,000 |
| Fee for membership transfer and issuance of certificate | 600,000 | 1,600,000 | 200,000 | 400,000 |
| Application fee | 175,000 | 25,000 | 25,000 | 25,000 |
| Recovery of gold custody charges | 3,002,671 | 2,440,000 | 1,082,834 | 846,357 |
| Advertisement income | 1,080,000 | 2,218,450 | 360,000 | 793,450 |
| Gain on sale of USB keys | 212,484 | 126,140 | 75,624 | 43,792 |
| Front end charges | 309,988 | 193,000 | 158,154 | 76,756 |
| Auto liquidation charges | 203,400 | 106,528 | 72,300 | 32,500 |
| | <u>189,415,086</u> | <u>154,681,651</u> | <u>70,682,170</u> | <u>52,639,743</u> |

11. ADMINISTRATIVE AND OPERATING EXPENSES

| | | | | |
|------------------------------------|--------------------|--------------------|-------------------|-------------------|
| Salaries and benefits | 94,574,015 | 97,886,211 | 31,587,998 | 36,031,762 |
| Gratuity | 4,400,296 | 4,774,487 | 1,476,874 | 1,572,338 |
| Provident fund | 4,428,488 | 4,783,945 | 1,486,735 | 1,580,418 |
| Directors' fee | 1,095,000 | 1,865,000 | 405,000 | 620,000 |
| Depreciation | 6,931,163 | 7,352,185 | 2,210,249 | 2,477,183 |
| Amortisation | 4,403,622 | 5,013,219 | 1,509,338 | 1,601,746 |
| Communication | 4,242,027 | 3,741,388 | 1,345,640 | 1,319,359 |
| Cloud hosting | 5,785,100 | - | 3,785,100 | - |
| Utilities | 1,685,680 | 1,542,560 | 545,306 | 478,034 |
| Legal and professional | 4,003,866 | 1,556,446 | 2,061,635 | 429,115 |
| Rent | 9,708,389 | 9,621,536 | 2,871,605 | 3,221,487 |
| Repairs and maintenance | 6,206,530 | 6,172,393 | 1,695,800 | 2,133,012 |
| Market making / Liquidity expenses | 2,289,897 | 6,898,989 | - | 2,427,542 |
| Travelling and conveyance | | | | |
| - Employees and others | 759,243 | 663,863 | 283,952 | 270,520 |
| - Directors | 2,155,004 | 2,235,614 | 637,374 | 234,765 |
| | <u>2,914,247</u> | <u>2,899,477</u> | <u>921,326</u> | <u>505,285</u> |
| * Fees and subscription | 696,135 | 895,878 | 131,847 | 264,769 |
| Security services | 482,240 | 464,640 | 163,680 | 157,080 |
| Insurance | 325,712 | 410,553 | 103,975 | 137,006 |
| SECP supervision fee | 1,491,728 | 1,249,910 | 612,159 | 538,829 |
| Auditors' remuneration | 450,000 | 450,000 | 150,000 | 150,000 |
| Marketing | 4,394,367 | 6,473,845 | 886,653 | 1,642,496 |
| Printing and stationery | 178,471 | 304,164 | 77,579 | 98,666 |
| Entertainment | 746,935 | 650,408 | 293,098 | 255,937 |
| | <u>161,433,908</u> | <u>165,007,235</u> | <u>54,321,597</u> | <u>54,489,309</u> |

| | (Unaudited) Nine months period ended | | (Unaudited) Quarter ended | |
|---|---|-------------------|------------------------------|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Rupees | | | | |
| 12. OTHER INCOME - NET | | | | |
| <i>Income from financial assets</i> | | | | |
| Mark-up on bank deposits | 377,305 | 401,112 | 127,424 | 73,355 |
| Return on government securities | 2,587,572 | 2,401,305 | 1,009,038 | 849,776 |
| Realised (Loss) / Gain on disposal of - investments at fair value through profit or loss | (10,682) | (7,023) | - | 2,654 |
| <i>Income from non - financial assets</i> | | | | |
| Penalties recovered | 567,228 | 869,009 | 152,500 | 570,252 |
| CGT processing fee | 4,582,150 | - | 2,755,160 | - |
| Others | 410,000 | 1,390,904 | 200,000 | 88,000 |
| | <u>8,513,573</u> | <u>5,055,307</u> | <u>4,244,122</u> | <u>1,584,037</u> |

13. FINANCE COST

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

| | (Unaudited) Nine months period ended | | (Unaudited) Quarter ended | |
|--------------------------|---|-------------------|------------------------------|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 14. TAXATION | | | | |
| Current - for the period | 5,745,315 | 1,202,318 | 3,224,188 | 120,579 |
| - prior period | (33,714) | 397,006 | - | - |
| | <u>5,711,601</u> | <u>1,599,324</u> | <u>3,224,188</u> | <u>120,579</u> |

14.1 The provision for current income tax is based on 17% of accounting profit under section 113C 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, 2017.

| | (Unaudited) Nine months period ended | | (Unaudited) Quarter ended | |
|--|---|--------------------|------------------------------|--------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 15. EARNINGS PER SHARE - Basic & Diluted | | | | |
| 15.1 Earnings per share | | | | |
| Profit / (loss) attributable to ordinary shareholders | Rupees <u>27,886,050</u> | <u>(8,700,138)</u> | <u>15,543,305</u> | <u>(1,225,746)</u> |
| Weighted average number of shares | Number <u>31,355,162</u> | <u>31,355,162</u> | <u>31,355,162</u> | <u>31,355,162</u> |
| Earnings per share | Rupees <u>0.89</u> | <u>(0.28)</u> | <u>0.50</u> | <u>(0.04)</u> |

The Exchange has no dilutive potential shares and therefore, there is no dilutive effect.

| | Note | (Unaudited) | |
|---|------|-----------------------------|-----------------------------|
| | | Nine months period ended | |
| | | March 31, 2018 Rupees | March 31, 2017 Rupees |
| 16. CASH GENERATED FROM OPERATIONS | | | |
| Profit / (Loss) before taxation | | 33,597,651 | (7,100,814) |
| Adjustments for non cash charges and other items: | | | |
| Depreciation | | 6,931,163 | 7,352,185 |
| Amortisation | | 4,403,622 | 5,013,219 |
| Provision for gratuity | | 4,400,296 | 4,774,487 |
| Loss on disposal of government securities | | 10,682 | 7,023 |
| Mark-up on bank deposits | | (377,305) | (401,112) |
| Return on government securities | | (2,587,572) | (2,401,305) |
| Loss on sale of property and equipment | | - | 138,013 |
| Working capital changes | 16.1 | (8,083,418) | 4,020,718 |
| | | 4,697,468 | 18,503,228 |
| Cash generated from operations | | 38,295,119 | 11,402,414 |
| 16.1 Working capital changes | | | |
| <i>Decrease / (increase) in current assets</i> | | | |
| Supplies and consumables | | 125,916 | (488,540) |
| Annual subscription receivable | | (12,675,000) | (7,861,000) |
| Advances, deposits and short-term prepayments | | 2,250,168 | 3,079,926 |
| Other receivables | | (8,305,342) | (6,616,288) |
| | | (18,604,258) | (11,885,902) |
| <i>(Decrease) / increase in current liabilities</i> | | | |
| Advance annual subscription and other fees | | 10,386,582 | 9,634,997 |
| Advance for members admission fee | | - | (2,500,000) |
| Creditors, accrued and other liabilities | | 134,258 | 7,172,181 |
| | | 10,520,840 | 15,906,620 |
| | | (8,083,418) | 4,020,718 |
| 17. 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 Exchange has investments in Treasury Bills (T-Bills) amounting to Rs. 85.416 million (2017: Rs. 66.598 million), investments made from margins and deposits in treasury bills of Rs. 1,181.660 million (2017: Rs. 1,266.382 million) which are valued under Level 2 valuation method. The Exchange does not have any investment valued under Level 1 or Level 3 category.

There were no transfers between levels or changes in valuation techniques during the period.

18. 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, other than those disclosed elsewhere, are as follows:

| Relationship with the Exchange | Nature of transactions | (Unaudited) | |
|--------------------------------|--|--------------------------|-------------------|
| | | Nine months period ended | |
| | | March 31, 2018 | March 31, 2017 |
| | | Rupees | Rupees |
| Associated undertakings | Receipt of technology fee | 120,000 | 120,000 |
| | Receipt of annual subscription | 75,000 | 225,000 |
| | Receipt of deposit against initial margin | 906,886 | - |
| | Repayment of deposit against initial margin | 1,766,938 | - |
| | Receipt of deposit against clearing deposits | 10,000 | - |
| | Receipt of infrastructure fee | - | 37,000 |
| | Payment to Settlement Guarantee Fund Trust | 15,286,389 | 61,474,604 |
| | Payment to Investor Protection Fund Trust | 878,992 | 1,571,658 |
| | Payment to Gratuity Fund | 4,321,679 | 4,708,932 |
| | Payment to Provident Fund | 8,890,857 | 9,439,420 |
| Directors | Directors' meeting fee | 1,095,000 | 1,865,000 |
| Managing Director | Salaries and benefits | 12,690,626 | 11,558,229 |
| | Post employment benefits | 1,525,032 | 1,326,114 |
| Key management personnel | Salaries and benefits | 34,754,294 | 38,402,877 |
| | Post employment benefits | 2,879,664 | 3,938,076 |

19. DATE OF AUTHORISATION OF ISSUE

This condensed interim financial information was authorized for issue on 25 APR 2018 by the Board of Directors of the Exchange.

20. GENERAL

Figures have been rounded off to the nearest Rupee.



 CHAIRMAN



 CHIEF FINANCIAL OFFICER



 MANAGING DIRECTOR



 MANAGING DIRECTOR