
**Grant Thornton Anjum
Rahman**

1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

**INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Pakistan Mercantile Exchange Limited
Report on review of unconsolidated condensed interim financial statements**

T +92 21 35672951-56

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pakistan Mercantile Exchange Limited** as at **31 December 2021** and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six months' period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the content of note 1.3 to these unconsolidated condensed interim financial statements which explains the measure being taken by the Exchange to meet its minimum capital as required by the Future Market Act, 2016. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's report is **Khurram Jameel**.



Chartered Accountants
Karachi

Date: 11 March 2022

UDIN: RR202110093vEZTN3u27

Pakistan Mercantile Exchange Limited
Directors' Review
For the Six Months Period Ended December 31, 2021

On behalf of the Board of Directors of Pakistan Mercantile Exchange Limited, we are pleased to present the Directors' Review together with condensed interim financial information for the six months period ended December 31, 2021 which has been unaudited but auditors have performed their limited scope review.

Global Environment

During the period under review, the global recovery continued but the growth momentum slowed down due to the Omicron and Delta Covid variants and supply chain problems. Rising energy prices and supply disruptions resulted in higher and more broad-based inflation than anticipated.

In the global commodity markets, energy prices surged. Crude oil prices rose rapidly on the back of increased demand, weather-related supply disruptions, and restrained production by OPEC and its partners (OPEC+). Oil prices were also supported by higher natural gas prices, which increased due to extreme cold weather.

On the contrary, precious metal prices declined due to weak investment and physical demand. Gold prices were weighed down by outflows from gold-backed exchange-traded funds and slow central bank buying. Silver prices declined due to weak demand in industrial silver applications.

Pakistan Overview

During the period under review, the pace of the economic recovery exceeded expectations. The continued rollout of the COVID-19 vaccination program, structural reforms, and the expansion of social protection programs by the Government contributed to the GDP growth. Both the industrial and agricultural sectors performed well and supported in boosting the GDP growth rate.

The current account deficit rose to USD 9 billion, mainly due to imports growing by more than 66 percent and exports posting a growth of 25 percent. The deficit was contained to a large extent by remittance growing by more than 11 percent. The State Bank of Pakistan shifted from its accommodative monetary policy stance by raising the policy rate to 9.75 percent.

Business Review

Connecting to the Local Economy

Exchange had submitted a proposal for the documentation of the sugar industry based on EWR mechanism to the Prime Minister's Task Force a few months ago. The Task Force has issued its report and have assigned PMEX to develop legislation in consultation with the SECP/Law Division to pave the way for sugar futures.

In parallel, the Exchange is in the final phase of launching the Global Commodity Trading Platform (GCTP) through its wholly owned subsidiary, which is expected to significantly boost exports and provide access to newer markets to the local commodity producers and exporters.

Boosting Trading of Physical Gold

The Exchange plans to bring the trading of physical gold at its platform to regularize its trade and ensure its availability at the retail level. The Exchange has shared its plan with the relevant stakeholders and Prime Minister's Task Force on Gems & Jewelry and declaring PMEX as the official platform for gold trading within the country is under consideration.

Introducing New Products

To increase market depth and create new opportunities for the market participants with a special focus on developing retail clientele, the Exchange is in discussions with the Central Bank and the Commission to launch Market Treasury Bills (MTBs) on its trading platform.



Introducing Digital Payment Platform

At present, the Exchange, under the Direct Funds Model (DFM), directly collects funds from clients as well as transfers funds to the bank accounts of clients without the involvement of broker(s). However, the DFM has certain manual processes due to which funds collection becomes time-consuming and cumbersome at times.

To provide a fast and frictionless customer experience, PMEX commenced work to automate DFM in collaboration with MCB Bank. The Exchange has completed the automation of DFM and the functionality is expected to go live in the next quarter.

Introducing Online Account Opening

To promote a paperless environment and further facilitate clients of commodity futures brokers, PMEX is working in collaboration with National Clearing Company of Pakistan Limited (NCCPL) to introduce Online Account Opening. This facility will allow clients to open their accounts seamlessly from anywhere in the country and it is expected to go live in the next quarter.

Creating Awareness

The Exchange continued its efforts for creating awareness about the trading of commodity futures in Pakistan. In this regard, during the period under review, PMEX organized webinars for various educational institutes. Further, the Exchange organized webinars in collaboration with brokers for their potential and existing customers.

Financial Results


Following is the summary of results for the periods ended December 31, 2021 and December 31, 2020:

	31-Dec-21	31-Dec-20
	(Rs. in million)	
Trading Fee - net	<u>95.80</u>	<u>73.92</u>
Operating income	<u>159.95</u>	<u>145.51</u>
Profit before taxation	<u>8.86</u>	<u>4.97</u>
Net profit after taxation (total comprehensive income)	<u>5.98</u>	<u>2.74</u>
	(Rupees)	
Earnings per share	<u>0.19</u>	<u>0.09</u>

Future Outlook

Going forward, under the able guidance of Securities & Exchange Commission of Pakistan (SECP) and the Board of Directors, the focus of the Exchange will remain on propagation of EWR regime, documentation of gold through the Exchange, making exchange services available throughout the country and introducing safe investment opportunities such as Treasury bills to the retail investors across the country.

In parallel, the Exchange will unveil GCTP, which will act as a historic milestone in revolutionizing the way sellers and buyers trade commodities not only in Pakistan, but globally. The integration of a documented local commodity market with GCTP would not only result in opening new international markets for the indigenous commodities but also increase exports thereby increasing the foreign exchange reserves of the country.



 Managing Director



 Chairman



PAKISTAN MERCANTILE EXCHANGE LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	(Unaudited) 31 December 2021 Note	(Audited) 30 June 2021 Rupees	(Unaudited) 31 December 2021 Note	(Audited) 30 June 2021 Rupees
EQUITY AND LIABILITIES			ASSETS	
Share capital and reserves			Non-current assets	
Authorised share capital	<u>1,000,000,000</u>	<u>1,000,000,000</u>	Property and equipment	20,557,720
Issued, subscribed and paid-up capital	313,551,620	313,551,620	Right of use assets	21,046,693
Reserves	(257,905,014)	(263,885,990)	Intangible assets	2,214,432
Total share holders' equity	<u>55,646,606</u>	<u>49,665,630</u>	Long term investments	7 <u>9,103,361</u>
				<u>52,922,206</u>
Non-current liabilities				<u>47,982,974</u>
Long-term deposits	<u>161,264,381</u>	<u>161,264,381</u>		
Lease liabilities	<u>19,108,824</u>	<u>22,307,424</u>		
	<u>180,373,205</u>	<u>183,571,805</u>		
Current liabilities			Current assets	
Staff gratuity	<u>443,196</u>	<u>707,556</u>	Supplies and consumables	<u>429,264</u>
Staff provident fund	<u>1,892,366</u>	<u>1,658,601</u>	Annual subscription receivable	<u>30,640,897</u>
Margins & deposits	4 <u>1,599,167,322</u>	<u>1,741,316,178</u>	Deposits and prepayments	<u>9,310,522</u>
Payable to settlement guarantee fund trust	5 <u>4,698,740</u>	<u>3,065,670</u>	Other receivables	<u>46,319,867</u>
Gold held on behalf of brokers/clients	<u>683,469,140</u>	<u>595,930,026</u>	Short term investments	8 <u>1,624,050,398</u>
Advance fee	<u>1,822,717</u>	<u>13,987,497</u>	Gold held on behalf of brokers/clients	<u>683,469,140</u>
Current portion of lease liability	<u>9,893,430</u>	<u>12,429,467</u>	Taxation - net	<u>63,319,944</u>
Creditors, accrued and other liabilities	<u>48,592,712</u>	<u>61,624,594</u>	Cash and bank balances	9 <u>75,537,196</u>
	<u>2,349,979,623</u>	<u>2,430,719,589</u>		<u>2,533,077,228</u>
	<u>2,585,999,434</u>	<u>2,663,957,024</u>		<u>2,585,999,434</u>
Contingencies and commitments	6			

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

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CHAIRMAN

CHIEF FINANCIAL OFFICER

MANAGING DIRECTOR

MANAGING DIRECTOR



PAKISTAN MERCANTILE EXCHANGE LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

	Note	Six months period ended		Three months period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
----- Rupees -----					
Operating income	10	159,949,174	145,507,732	84,565,354	69,300,504
Operating and administrative expenses	11	(156,723,590)	(144,424,026)	(83,008,663)	(69,742,901)
		3,225,584	1,083,706	1,556,691	(442,397)
Other income		9,277,493	7,414,689	4,173,552	2,367,759
Other charges		(231,933)	(159,763)	(106,663)	(91,973)
Finance costs		(2,517,020)	(3,364,089)	(1,214,337)	(1,787,412)
Share of loss from subsidiary	7.1	(896,659)	-	(896,659)	-
Profit before taxation		8,857,465	4,974,543	3,512,584	45,977
Taxation	12	(2,876,489)	(2,235,123)	(1,712,356)	(1,282,533)
Net profit / (loss) for the period		5,980,976	2,739,420	1,800,228	(1,236,556)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		5,980,976	2,739,420	1,800,228	(1,236,556)
Earnings / (loss) per share - basic		0.19	0.09	0.06	(0.04)


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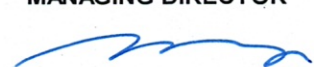
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 CHAIRMAN


 CHIEF FINANCIAL OFFICER



 MANAGING DIRECTOR


 MANAGING DIRECTOR



PAKISTAN MERCANTILE EXCHANGE LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)


	Six months period ended	
	31 December 2021	31 December 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,857,465	4,974,543
Adjustments for non cash and other items:		
Depreciation	9,884,723	9,372,074
Amortization	1,455,599	1,139,251
Finance cost	2,517,020	284,014
Provision for gratuity	4,809,653	4,050,633
Provident fund	4,827,821	4,059,776
Loss on disposal of short term investments	42,054	7,686
Gain on disposal of property and equipment	(217,105)	-
Return on short term investments	(3,527,904)	(3,979,025)
Unrealized gain on remeasurement of short term investments	31,268	(582)
Share of loss from subsidiary	896,659	-
	20,719,788	14,933,827
Working capital changes		
Decrease / (increase) in current assets		
Annual subscription receivable	1,562,500	990,000
Deposits and prepayments	(1,357,057)	(2,513,156)
Other receivables	280,209	(1,166,284)
	485,652	(2,689,440)
Decrease in current liabilities		
Advance annual subscription and other fees	(12,164,780)	(12,675,000)
Creditors, accrued and other liabilities	(11,848,382)	(10,080,967)
	(24,013,162)	(22,755,967)
Cash generated from / (used in) operations	6,049,743	(5,537,037)
Long term deposits	-	654,000
Taxes paid - net	(675,149)	(6,511,915)
Provident fund paid	(4,594,056)	(3,883,175)
Gratuity paid	(5,074,013)	(3,976,249)
Net cash used in operating activities	(4,293,475)	(19,254,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,649,600)	(1,619,560)
Proceeds from disposal of property and equipment	221,272	-
Purchases of intangible assets	(2,530,780)	-
Investments made during the period	(267,455,150)	(239,138,514)
Proceeds from sale of investments	254,390,248	261,292,270
Net cash (used in) / generated from investing activities	(20,024,010)	20,534,196
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment against lease liabilities	(8,251,657)	(5,341,478)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(32,569,142)	(4,061,658)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	44,608,980	21,632,838
	12,039,838	17,571,180
CASH AND CASH EQUIVALENTS RELATING TO MARGINS & DEPOSITS	63,497,358	73,890,652
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	75,537,196	91,461,832

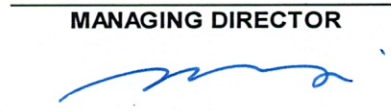
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 CHAIRMAN


 CHIEF FINANCIAL OFFICER



 MANAGING DIRECTOR


 MANAGING DIRECTOR

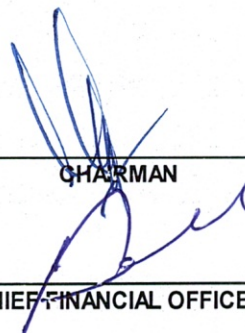




PAKISTAN MERCANTILE EXCHANGE LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

	Reserves			Total shareholders' equity	
	Issued, subscribed and paid-up capital	Shares premium	Revenue - accumulated losses		Total reserves
----- Rupees -----					
Balance as at 01 July 2020	313,551,620	22,250,000	(294,809,821)	(272,559,821)	40,991,799
<i>Total comprehensive income</i>					
Net profit for the period	-	-	2,739,420	2,739,420	2,739,420
Other comprehensive income for the period	-	-	-	-	-
	-	-	2,739,420	2,739,420	2,739,420
Balance as at 31 December 2020	313,551,620	22,250,000	(292,070,401)	(269,820,401)	43,731,219
Balance as at 01 July 2021	313,551,620	22,250,000	(286,135,990)	(263,885,990)	49,665,630
<i>Total comprehensive income</i>					
Net profit for the period	-	-	5,980,976	5,980,976	5,980,976
Other comprehensive income for the period	-	-	-	-	-
	-	-	5,980,976	5,980,976	5,980,976
Balance as at 31 December 2021	313,551,620	22,250,000	(280,155,014)	(257,905,014)	55,646,606

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

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 CHAIRMAN
 CHIEF FINANCIAL OFFICER


 MANAGING DIRECTOR

 MANAGING DIRECTOR

PAKISTAN MERCANTILE EXCHANGE LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

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 20 April 2002 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Certificate of Commencement of Business was granted to the Exchange by the Securities and Exchange Commission of Pakistan (SECP) on 20 May 2002. The Certificate of Registration under Securities and Exchange Ordinance, 1969 to start operations as commodity exchange was granted by SECP on 10 May 2007 when the Exchange commenced its operations. After promulgation of the Futures Market Act 2016, the Exchange was granted license of Futures Commodity Exchange with effect from 15 June 2017. Its registered office is situated at 3B, 3rd Floor, Bahria Complex IV, Chaudhry Khaliq-uz-Zaman Road, Gizri, Karachi, Pakistan. The Exchange has also two branch offices situated at Islamabad and Lahore.
- 1.2 The Exchange has been setup principally to establish, regulate, control and provide physical facilities and marketplace necessary for trading in future contracts and to perform all allied and incidental functions. This is a technology driven, demutualized, on-line futures exchange in Pakistan, regulated by SECP. The operations of the Exchange are governed by the Pakistan Mercantile Exchange Limited (PMEX) General Regulations Rule Book of approved by SECP.
- 1.3 Pursuant to the license as futures exchange, the Exchange was required to meet minimum capital of Rs. 500 million net of losses by 30 June 2020. However, as of 31 December 2021 the net equity of Exchange amounted to Rs 55.65 million. Accordingly, the Exchange has requested the SECP through a letter dated 3 June 2021 to extend the date for three years, however, the matter is pending with the SECP. The management expects a favorable response in this respect.
- 1.4 These are the separate financial statements of the Exchange. The Exchange also prepares the consolidated financial statements.

2. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Act;
- Provisions of and directives issued under the Act; and

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2021.
- 2.3 The figures of these unconsolidated condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended 31 December 2021 and 31 December 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months ended 31 December 2021 and 31 December 2020.

3. ACCOUNTING POLICIES, ESTIMATES, JUDGMENTS AND FINANCIAL RISK POLICIES

The accounting policies, estimates, judgments and financial risk policies used in these unconsolidated condensed interim financial statements are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2021 except as disclosed in note 7.

PAKISTAN MERCANTILE EXCHANGE LIMITED
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

	(Unaudited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
4. MARGINS & DEPOSITS		
Clearing house deposits relating to brokers and clients	148,991,145	141,332,109
Initial margins relating to brokers and clients	1,450,176,177	1,599,984,069
	<u>1,599,167,322</u>	<u>1,741,316,178</u>
4.1 The above margins and deposits has been applied as follows:		
Clearing house deposits		
Balances with banks	1,025,448	41,878,211
Investment in treasury bills	148,400,374	99,693,932
Less: Amount allocated for transfer to SGF Trust	(434,677)	(240,034)
	148,991,145	141,332,109
Initial margins		
Balances with banks	62,471,910	320,631,652
Investment in treasury bills	1,396,634,780	1,288,028,003
Security deposit / prepayments - Locker (Gold)	36,000	36,000
Less: Amount allocated for transfer to SGF Trust	(4,264,063)	(2,825,636)
NCCPL payable	(4,702,450)	(5,885,950)
	1,450,176,177	1,599,984,069
	<u>1,599,167,322</u>	<u>1,741,316,178</u>
5. PAYABLE TO SETTLEMENT GUARANTEE FUND TRUST		
Payable to Settlement Guarantee Fund Trust from		
- clearing house deposits	434,677	240,034
- initial margins	4,264,063	2,825,636
	<u>4,698,740</u>	<u>3,065,670</u>
5.1 Movement for the period / year is as follows:		
Opening balance	3,065,670	4,099,683
Amount allocated from income earned on:		
- clearing house deposits	1,793,721	2,736,980
- initial margins	18,553,312	37,831,151
	20,347,033	40,568,131
Amount transferred during the period / year	(18,713,963)	(41,602,144)
Closing balance	<u>4,698,740</u>	<u>3,065,670</u>
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There were no changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2021. The cumulative financial impact of these various litigations is estimated to Rs.94.736 (30 June 2021: Rs.94.736) million. The management, based on legal advisors opinions, believes that the Exchange has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in these unconsolidated condensed interim financial statements.		
6.2 Commitments		
There are no commitments as at 31 December 2021.		

PAKISTAN MERCANTILE EXCHANGE LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

		(Unaudited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
7. LONG TERM INVESTMENTS			
Subsidiary	7.1	9,103,341	-
Associates			
- NCEL Building Management Limited		10	10
- Institute of Financial Market of Pakistan		10	10
		<u>9,103,361</u>	<u>20</u>
7.1 Subsidiary			
Investment made during the period		10,000,000	-
Share of loss for the period		(896,659)	-
Closing balance		<u>9,103,341</u>	<u>-</u>

During the period, the Exchange has set up a wholly-owned subsidiary 'Global Commodity Trading Platform (Private) Limited (GCTP)' to offer an e-commerce platform for trading commodities. However, as of the period end, GCTP has not yet commenced its business operations. The Exchange carries its investment in subsidiaries under equity method of accounting.

8. SHORT TERM INVESTMENTS - at FVTPL

Treasury bills			
- margins and deposits		1,544,420,521	1,387,721,935
- others		79,629,877	72,495,760
	8.1	<u>1,624,050,398</u>	<u>1,460,217,695</u>

8.1 These carry markup ranging from 7.21% to 10.66% (30 June 2021: 7.31% to 7.37%) per annum and will mature on various dates up to 24 March 2022.

9. CASH AND BANK BALANCES

Cash at banks

- in current accounts		976,711	635,217
- in saving accounts	9.1	74,532,789	406,450,522
		<u>75,509,500</u>	<u>407,085,739</u>
Cash in hand		27,696	33,104
		<u>75,537,196</u>	<u>407,118,843</u>

9.1 These accounts carry mark-up ranging from 5.5% to 7.25% (30 June 2021: 4.5% to 5.5%) per annum.



PAKISTAN MERCANTILE EXCHANGE LIMITED
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021 (UN-AUDITED)

	(Unaudited) Six months period ended		(Unaudited) Three months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
..... Rupees				
10. OPERATING INCOME				
Trading fee - net	95,801,528	78,919,996	52,999,759	33,984,548
Annual membership fee	12,120,834	12,675,000	6,077,084	6,337,500
Share of PMEX from the income of margins and deposits	44,046,772	46,765,118	21,546,898	25,662,600
Infrastructure fee	3,755,000	3,731,000	1,871,000	1,840,000
Recovery of gold custody charges	2,244,540	2,360,018	1,195,413	1,081,456
Others	1,980,500	1,056,600	875,200	394,400
	<u>159,949,174</u>	<u>145,507,732</u>	<u>84,565,354</u>	<u>69,300,504</u>
11. ADMINISTRATIVE AND OPERATING EXPENSES				
Salaries and benefits	94,270,388	86,438,219	51,535,194	42,438,648
Gratuity	4,809,653	4,050,633	2,413,142	2,059,420
Provident fund	4,827,821	4,059,776	2,429,591	2,075,108
Directors' fee	870,000	1,080,000	315,000	630,000
Depreciation	9,884,723	9,372,074	4,946,129	4,777,339
Amortization	1,455,599	1,139,251	727,800	569,625
Communication	2,435,063	3,283,605	990,344	1,459,894
Cloud hosting	8,556,185	4,708,138	4,267,658	1,163,287
Utilities	1,405,952	1,174,646	762,545	485,377
Legal and professional	2,612,014	2,601,244	1,407,488	1,271,241
Repairs and maintenance	2,360,836	3,053,982	1,213,861	1,587,672
Travelling and conveyance				
- Employees and others	64,309	6,000	45,500	6,000
- Directors (incl. Managing Director)	18,810	125,857	-	125,857
	83,119	131,857	45,500	131,857
Fee and subscription	19,135,193	19,198,336	9,624,399	9,281,869
Security services	373,560	398,628	186,780	210,952
Insurance	350,120	155,518	173,016	56,979
SECP supervision fee	1,116,774	953,260	605,479	413,452
Auditors' remuneration	379,500	345,000	170,775	172,500
Marketing expense	963,745	1,862,506	697,844	697,844
Printing and stationery	121,080	97,939	67,716	57,722
Entertainment	712,265	319,414	428,402	202,115
	<u>156,723,590</u>	<u>144,424,026</u>	<u>83,008,663</u>	<u>69,742,901</u>

12. TAXATION

The provision for taxation is based on current rate of taxation @ 29% (31 December 2020: minimum tax @ 1.5% under section 113 of the Income Tax Ordinance, 2001). The Exchange has not recognised net deferred tax asset amounting to Rs.54.025 million as at 31 December 2021 on net deductible temporary difference aggregating to Rs. 123.936 million as timing of availability of sufficient profits cannot be determined.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement benefit funds, investors' funds, directors and key management personnel.

Transactions during the period	(Unaudited) Six months period ended	
	31 December 2021	31 December 2020
	-----Rupees-----	
Margin and Deposits		
Associated company		
Zahid latif securities (Private) Ltd	<u>6,500,000</u>	<u>(2,700,000)</u>
Rent and utilities		
Associated company		
ISE REIT Management Ltd.	<u>(1,273,277)</u>	<u>(1,330,217)</u>

