

DIRECTORS' REVIEW REPORT
For the quarter ended September 30, 2016

The Board of Directors of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited) [PSX/Exchange] is pleased to present the financial statements of the Exchange for the quarter ended September 30, 2016.

FINANCIAL REVIEW

Total Revenue of the Exchange in the first quarter of financial year 2016-17 (1QFY17) was PkR305million versus PkR323million in the same period last year (1QFY16), depicting a YoY decline of six percent.

In 1QFY17, Income from exchange operations and listing fees was PkR142million, the same as in 1QFY16. Management Fee and rental income together were PkR42.8million in 1QFY17 versus 38.5million showing just over 11% growth. However, Net Treasury Income (Markup/Interest income less financial charges) came out at PkR33.9million versus PkR72.6million in 1QFY16, i.e., a decrease of 53% YoY. This was primarily due to sharply lower interest rates on Government Securities where bulk of excess liquidity of the Exchange is deployed. Shifting of brokers margins to the National Clearing Company of Pakistan Limited (NCCPL) also impacted Treasury Income, however, this was mitigated by service charges received from NCCPL (PkR11million) in exchange for PSX managing their risk management technology infrastructure for the time being. As a result of the above, operating income of PSX came out at PkR230million in 1QFY17 versus PkR305million in 1QFY16, a decline of almost 25% YoY.

Looking at operating income in more detail, it is seen that while annual listing fee showed a marginal improvement of 5% YoY in 1QFY17 to PkR48.3million versus PkR46million last year, Initial Listing Fees decreased by 40% to PkR7.3million in 1QFY17 versus PkR12.0million in 1QFY16. As highlighted in our FY15-16 annual report, actions by some government bodies negatively impacted potential issuers' sentiments as well as created uncertainty for financial advisors. Although the Securities & Exchange Commission of Pakistan (SECP) has moved to remove uncertainty in this regard, it will take time for issuers and financial advisors to regain confidence. Furthermore, in the first quarter of last financial year, there were quite a few right issues which helped in generating listing fees. In the current financial year, there were much fewer right issues in the first quarter. Due to the above reasons, overall listing fees depicted a decline of 4% YoY in 1QFY17 to PkR55.6million.

Type of Issue	No. of Issues	Amount 1QFY17 (PkRmn)	No. of Issues	Amount 1QFY16 (PkRmn)
New Listings	1	697	1	2,375
Right Issues	2	332	11	8,733
TOTAL	3	1,029	12	11,108

Trading fee rose by 6% YoY in 1QFY17 to PkR67.3million. The average daily value traded in Ready (cash) market in 1QFY17 was around 17% higher YoY at PkR14billion versus PkR12billion in 1QFY16. Average daily volume traded was 9% higher at 351million shares versus 321million in the same period last year, with average share



price of PkR39, the same as last year. However, improvement in the Ready Market was negated by lower activity in the deliverable futures market (DFM). In 1QFY17 the average daily value traded was PkR3.0billion versus PkR3.5billion last year. Although the average daily volume in DFM was 51million traded shares in 1QFY17 versus 40million shares traded in 1QFY16, the average share price was sharply lower at PkR61 versus PkR87 in the same period last year, indicating greater focus on lower priced scrips.

On the cost side, Administration expenses increased by about 19% YoY in 1QFY17 to PkR269.7million as against PkR227.3million in 1QFY16. Within this head, HR cost increased by just under 2% YoY to PkR103million, despite induction of personnel from former Lahore and Islamabad stock exchanges into PSX as a consequence of Integration of the three exchanges in January 2016. Due to primarily the same reason, IT operational costs rose by 27% to PkR24million in 1QFY17 versus PkR19million in 1QFY16, as significant expenses related to connectivity, software licenses and infrastructure maintenance are being incurred in order to provide IT facilities and services to Islamabad and Lahore based TREC Holders. Rent, rates & insurance expenses in 1QFY17 were PkR8.7million versus PkR2.7million in 1QFY16 (YoY increase of PkR6.0million) as PSX has to pay rents & associated expenses to former ISE/LSE entities for using their premises. Another large expense item was Travelling, meetings and receptions which came out at PkR17.4million in 1QFY17 versus PkR5.3million in 1QFY16. This was due to international road shows/investor presentations related to the PSX divestment process and PSX's Top-25 Companies Award presided over by the Honorable Prime Minister, Mian Mohammed Nawaz Sharif. Both these expenses will not be occurring going forward in FY17. Finally, depreciation and amortization expense in 1QFY17 was PkR62million versus PkR54.3million in 1QFY16 (14% YoY increase) due to additional capital expenditure on infrastructure and IT hardware related to the Integration exercise, which was not present in 1QFY16. Thus, out of overall PkR42million YoY increase in operating costs in 1QFY17, over PkR30million is accounted for by the above noted items.

Prior to factoring in share of profit of associates, the Exchange incurred a loss of PkR40million in 1QFY17 versus a profit of PkR25.8million in the same period last year. After inclusion of the above items, pretax profit in 1QFY17 came out at PkR35.3million versus PkR94.3million in 1QFY16. After tax profit of PSX in 1QFY17 was PkR32million as against PkR57.5million in 1QFY16. The lower tax calculation was due to a significant deferred tax component in 1QFY17 which was not there in 1QFY16 and tax on dividend from associates in the 1QFY16. Based on weighted average number of ordinary shares outstanding during the period of 801,476,000, the earning per share (EPS) in 1QFY17 was PkR0.04 as against EPS of PkR0.07 in 1QFY16.

OUTLOOK

At the macro level, Pakistan's economic growth has continued to improve with FY16-17 real GDP growth projected at 5% or better. The IMF and World Bank have also endorsed this expected rate of economic growth. As the China-Pakistan Economic Corridor initiative kicks off in earnest this year, the Government's vision of investment led growth appears to be materializing. The private sector has already climbed on to the growth bandwagon with leading companies in major sectors such as power, cement, steel and autos all announcing significant expansion plans. The Government's own public sector development outlays are also rising. In fact, development expenditure has almost doubled from PkR313billion in FY11-12 to PkR602billion in FY15-16, according to the Ministry of Finance. With inflation relatively benign, interest rates are at a decade low level, spurring growth in bank lending to the private sector.



While domestic economic activity has been brisk, the export sector remains a laggard in part due to weak global trade dynamics and low economic growth in major markets for Pakistani exports and in part due to supply side constraints domestically. It is heartening to note however, that the Government has recognized this issue and is expected to shortly announce a PKR120-180billion package targeted to the export sectors, especially textiles. It will be a welcome initiative for the manufacturing sector, helping to reduce trade deficit on the one hand and generating employment and income growth on the other.

Global investors appear to be recognizing the new higher growth trajectory of Pakistan's economy. A clear example of this was the recent oversubscription for Pakistan's US Dollar Sukuk issue wherein the Government raised US\$1.0billion in term finance at very reasonable cost.

On the capital market front, foreign portfolio investors have become more active since MSCI announced in June 2016 the reclassification of Pakistan Market from its frontier index to emerging market index. This greater foreign participation has been mirrored in domestic investor activity pickup also, with average daily value traded around 30% higher in 1QFY16-17 versus the whole of FY15-16. Given the recent imposition of capital gains tax in the real estate sector, the playing field in terms of asset classes has become relatively more even and it is expected that this will be positive for domestic fund inflows in the capital market, going forward.

An interesting development has occurred in terms of trading activity in 2016. Last year, PSX launched its internet/wireless trading platform (KITS) for brokers and their investing clients. Until January 2016, only 1% of total trades took place on KITS. Post integration of the three exchanges on January 11, 2016, by September 30, 2016, KITS trades accounted for 8% of total trades with significant proportion coming from Islamabad and Lahore. More important, there has been a rapid take up from the mobile version of the KITS platform. It is expected that in the next two years, up to 20% of all trading is likely to originate from KITS with the bulk coming from the mobile platform. This should enable a significant expansion of the retail investor base in the medium term.

Pakistan Stock Exchange (PSX), in close collaboration with the Securities & Exchange Commission of Pakistan (SECP), is moving aggressively in three specific areas to boost market activity and broaden appeal of the capital market for investors.

First, investor awareness activity of PSX in 1QFY16-17 has been ramped up jointly with SECP and major market participants from both the securities and asset management industries. A targeted program of financial and investment literacy enhancement is now fully underway. This should, over time, lead to broadening the investor base of the capital market. Second, a series of workshops are being rolled out to attract privately held business to a list on the Exchange via IPO's. PSX has joined hands with the SECP and South Asian Federation of Exchanges (SAFE) in this initiative. The SECP has also initiated a process by bringing into its ambit PSX, National Clearing Company of Pakistan (NCCPL) and Central Depository Company of Pakistan (CDC), to create an effective and technology driven listing and corporate action regime. E-IPOs and E-voting at Annual General Meetings are two major initiatives in this regard with timeline for roll out set within six months. Finally, given lack of debt and derivatives markets in Pakistan, including that of Islamic financial instruments, a joint initiative has been launched by the regulators, market infrastructure institutions and leading market participants to speed up the time to market of several product initiatives including securities lending and borrowing (SLB), enhancing eligible securities in the Margin Trading/Margin Financing System (MTS/MFS) as well as finalizing the regulatory framework for single stock option contracts and market making rules.



Based on the above initiatives, it is expected that both the supply side (increasing IPO's) and the demand side (number of investors - direct as well as via mutual funds) will get a boost in coming months, helping to create greater depth as well as trading activity at the Exchange.

A major development in the coming quarter will be the expected divestment of up to 40% equity stake of PSX to anchor investor consortium. The due diligence process is currently underway and it is expected that bids will be submitted by early to mid November 2016.

Given these strategic developments, the Board believes that outlook for the growth and development of the Exchange is very positive going forward.

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its gratitude to PSX's TREC-Holders and other stakeholders for their continued commitment and support to PSX and capital markets. The Board is also grateful to the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Federal Board of Revenue and the Ministry of Finance, Revenue and Economic Affairs, Government of Pakistan, for their active support and guidance to PSX at all times.

Furthermore, the Board would like to thank all Committee members for their guidance and support. The Board acknowledges and appreciates the professional expertise, diligence and dedication of all PSX staff members

For and on behalf of the Board of Directors



MUNEEB KAMAL
Chairman



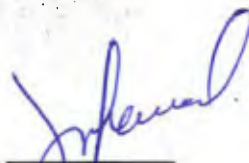
NADEEM NAQVI
Managing Director

Karachi
October 22, 2016

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	4 3,301,892	3,312,306
Intangibles	5 147,967	109,801
Investment property	682,085	682,084
Investment in associates	6 1,722,089	1,656,173
Long term investments	7 295,348	1,677,785
Long term deposits	40,537	40,537
Long term loans	1,830	1,606
Deferred tax asset	24,062	10,881
	6,215,810	7,491,173
CURRENT ASSETS		
Trade Debts	135,341	40,917
Loans and advances	21,782	17,945
Prepayments	33,898	30,076
Other receivables	140,463	120,402
Short term investments	1,514,165	187,517
Taxation – net	430,473	430,837
Cash and bank balances	8 489,759	383,724
	2,765,881	1,211,418
TOTAL ASSETS	8,981,691	8,702,591
EQUITY AND LIABILITIES		
Share Capital	8,014,766	8,014,766
Reserves	15,564	(13,031)
Total equity	8,030,330	8,001,735
NON-CURRENT LIABILITIES		
Dara F. Dastoor Scholarship Fund	2,000	2,000
Long term deposits	148,646	144,968
	150,646	146,968
CURRENT LIABILITIES		
Provision for wealth tax	1,684	1,684
Trade and other payables	799,031	552,204
	800,715	553,888
CONTINGENCIES AND COMMITMENTS	9	
TOTAL EQUITY AND LIABILITIES	8,981,691	8,702,591

The annexed notes from 1 to 17 form an integral part of these financial statements.



 Chairman



 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)

	Quarter Ended	
	September 30, 2016	September 30, 2015
Note	----- (Rupees in '000) -----	
Revenue		
Listing fee	10 55,616	58,025
Income from exchange operations	11 86,700	83,704
Service Charges @ 1% from NCCPL	10,956	-
Management fee	27,982	24,569
Mark-up / interest income	33,903	124,387
Rental income from investment property	14,792	13,911
	229,949	304,596
Operating cost		
Administrative expenses	12 (269,177)	(227,258)
Financial and other charges	(735)	(53,716)
	(269,912)	(280,974)
Operating profit	(39,963)	23,622
Other income	189	2,128
Share of profit from associates	6 75,155	68,509
Profit before taxation	35,381	94,259
Taxation	13 (3,378)	(36,741)
Profit after taxation	32,003	57,518
	----- (Rupees) -----	
Basic and diluted earnings per share	14 0.04	0.07

The annexed notes from 1 to 17 form an integral part of these financial statements.



 Chairman



 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)

	Quarter Ended	
	September 30, 2016	September 30, 2015
Note	(Rupees in '000) -----	
Net profit for the period	32,003	57,518
Other comprehensive income / (loss)		
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss on employees gratuity fund- net of tax	(2,129)	(2,314)
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive (loss) / income from associates' in respect of surplus / (deficit) on revaluation of available-for-sale investments	6 (1,279)	(647)
Total comprehensive income for the period	28,595	54,557

The annexed notes from 1 to 17 form an integral part of these financial statements.



 Chairman



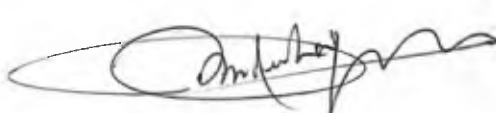
 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)

	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,381	94,259
Non-cash adjustments to reconcile income before tax to net cash flows		
Depreciation on tangible assets	50,640	47,232
Amortisation of intangibles	11,344	7,101
Provision for gratuity	5,406	4,930
Mark-up / interest income	(32,853)	(121,280)
Discount on PIBs	(1,050)	(3,107)
Share of profit from associates	(75,155)	(68,509)
	(41,668)	(133,633)
	(6,287)	(39,374)
Working capital adjustments:		
(Increase) / decrease in current assets		
Trade Debts	(94,424)	(41,117)
Loans and advances	(3,837)	(8,554)
Prepayments	(3,822)	(8,951)
Other receivables	52,706	(13,236)
	(49,377)	(71,858)
(Decrease) / Increase in current liabilities		
Deposits from members against exposures and losses	-	(1,987,605)
Trade and other payables	238,334	154,580
	182,670	(1,944,257)
Income tax paid	(15,237)	(8,372)
Increase in deferred liability	-	(1,322)
Increase / (Decrease) in long term deposits	3,678	56,275
Mark-up / interest received	104,628	164,988
	93,069	211,569
Net cash utilised In operations	275,739	(1,732,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(51,914)	(10,026)
Capital work-in-progress	(37,590)	(25,447)
Proceeds from sale of fixed assets	8	85
Investments sold	1,416,967	100,000
Investments purchased	(1,496,951)	(99,560)
Decrease In long term loans	(224)	(420)
	(169,704)	(35,368)
Net cash (utilised In) / generated from Investing activities	(169,704)	(35,368)
Net decrease In cash and cash equivalents	106,035	(1,768,056)
Cash and cash equivalents at the beginning of the period	383,724	5,624,185
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	489,759	3,856,129

The annexed notes from 1 to 17 form an integral part of these financial statements.

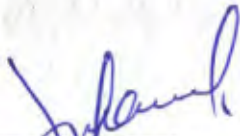

Chairman


Managing Director

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)

	Share Capital	Un- appropriated profit / (loss)	Share of Associates' Reserves	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2015	8,014,766	140,781	(6,329)	8,149,218
Profit for the for the three months period	-	57,518	-	57,518
Other comprehensive income	-	-	(2,961)	(2,961)
Total comprehensive income	-	57,518	(2,961)	54,557
Balance as at September 30, 2015	<u>8,014,766</u>	<u>198,299</u>	<u>(9,290)</u>	<u>8,203,775</u>
Balance as at July 1, 2016	8,014,766	8,187	(21,218)	8,001,735
Profit for the for the three months period	-	32,003	-	32,003
Other comprehensive income	-	(2,129)	(1,279)	(3,408)
Total comprehensive income	-	29,874	(1,279)	28,595
Balance as at September 30, 2016	<u>8,014,766</u>	<u>38,061</u>	<u>(22,497)</u>	<u>8,030,330</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.



 Chairman



 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED (FORMERLY KARACHI STOCK EXCHANGE LIMITED)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1 Pakistan Stock Exchange Limited (the Company or PSX) [formerly Karachi Stock Exchange Limited (KSE)] was incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) on March 10, 1949 as a Company Limited by Guarantee. However, on August 27, 2012 the Company was re-registered as public company limited by shares under the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act 2012 (XV of 2012).

The Company is engaged in conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scripts, participation term certificates, modaraba certificates, stocks, bonds, debentures stock, government papers, loans, and any other instruments and securities of like nature including, but not limited to, special national fund bonds, bearer national fund bonds, foreign exchange bearer certificates and documents of similar nature, issued by the Government of Pakistan or any other agency authorised by the Government of Pakistan.

The registered office of the Company is situated at Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

- 2.1 These condensed Interim Financial statements of the Company for the three months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34- "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the SECP. Wherever the requirements differ, the provision of the Companies Ordinance, 1984 and the said directives have been followed.
- 2.2 These 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 June 30, 2016

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 27 – Separate Financial Statements – (Amended)
IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any material effect on the financial statements.

4. PROPERTY AND EQUIPMENT	Note	September 30,	June 30,
		2016 (Un-audited)	2016 (Audited)
		----- (Rupees in '000) -----	
Operating fixed assets - Tangible	4.1	3,165,468	3,175,605
Capital work-in-progress	4.2	136,424	136,701
		<u>3,301,892</u>	<u>3,312,306</u>

4.1 Operating fixed assets - Tangible	For the Quarter Ended September 30, 2016 (Un-audited)		For the Year Ended June 30, 2016 (Audited)	
	Additions (Cost)	Deletions (Cost)	Additions/ Transfers (Cost)	Deletions/ Transfers (Cost)
----- (Rupees in '000) -----				
Building on leasehold land	-	-	1,611	-
Lift, generators and electric installation	224	-	-	-
Furniture and fixtures	36	-	983	-
Office equipment	6,852	-	17,529	-
Computers and related accessories	32,135	-	45,826	-
Vehicles	1,024	80	2,110	833
	<u>40,271</u>	<u>80</u>	<u>68,059</u>	<u>833</u>

4.1.1 Additions during the period includes Rs.25.837 million transferred from capital work in progress

4.2 Capital work-in-progress	Note	September 30,	June 30,
		2016 (Un-audited)	2016 (Audited)
		----- (Rupees in '000) -----	
Advances against:			
- Computer hardware		2,945	13,344
- Construction of Building	4.2.1	126,464	121,634
- Office Equipment		1,001	768
- Civil Works		1,360	904
- Furniture and Fixtures		1,293	51
- Lift, generator and electric installation		3,361	-
		<u>136,424</u>	<u>136,701</u>

4.2.1 The Company in its Extraordinary General Meeting (EOGM) dated February 24, 2016 had granted approval under section 196 of the Companies Ordinance, 1984 for sub-lease of offices in New Building of Pakistan Stock Exchange Limited [PSX], and on 8th Floor of PSX's Main Building, in favor of 60 occupants of Old Building of PSX.

In view of the above decision of the shareholders of PSX, the Company has approached Securities and Exchange Commission of Pakistan (SECP) for its approval for the same and the matter is still pending at SECP's end.

5. INTANGIBLES

Operating Intangibles	5.1	122,565	84,668
Intangibles under development	5.2	25,402	25,133
		<u>147,967</u>	<u>109,801</u>
5.1 Operating Intangibles			
Opening balance - cost		493,543	416,905
Additions during the period			
Computer software acquired		35,269	59,760
Internally developed software		13,972	16,878
	5.1.1	49,241	76,638
		<u>542,784</u>	<u>493,543</u>
Less: Accumulated Depreciation		(420,219)	(408,875)
		<u>122,565</u>	<u>84,668</u>

5.1.1 Additions during the period includes Rs. 11.790 million transferred from capital work-in-progress.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
Note	----- (Rupees in '000) -----	
5.2 Intangibles under development		
Internally developed software	8,720	17,870
Internally developed market products	6,163	6,163
Computer software	20,669	11,250
	35,552	35,283
Provision for impairment	(10,150)	(10,150)
	<u>25,402</u>	<u>25,133</u>

6. INVESTMENT IN ASSOCIATES - under equity method of accounting

	September 30, 2016 (Un-Audited)		June 30, 2016 (Audited)	
	Central Depository Company of Pakistan	National Clearing Company of Pakistan	Total	Total
	----- (Rupees in '000) -----			
Opening Balance	1,118,184	537,989	1,656,173	1,603,908
Share of profit for the period	51,613	23,542	75,156	246,166
Deficit/(Surplus) on revaluation of associates	(995)	(283)	(1,279)	(11,459)
Actuarial loss on employees gratuity fund	-	-	-	(3,430)
Dividend received during the period	(7,961)	-	(7,961)	(179,012)
Closing balance	<u>1,160,841</u>	<u>561,248</u>	<u>1,722,089</u>	<u>1,656,173</u>

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
Note	----- (Rupees in '000) -----	
7. LONG TERM INVESTMENTS		
Available for sale - unquoted		
JCR VIS Credit Rating Company Limited, a related party 250,000 (June 30, 2016: 250,000) Ordinary shares of Rs. 10 each, representing 12.50% (June 30, 2016: 12.50%) shareholding.	2,500	2,500
Pakistan Mercantile Exchange Limited (PMEX), a related party 8,909,052 (June 30, 2016: 8,909,052) Ordinary shares of Rs. 10 each, representing 28.4% (June 30, 2016: 28.4%) shareholding.	74,818	74,818
Held to maturity		
Pakistan Investment Bonds (PIBs)	<u>218,030</u>	<u>1,600,467</u>
	<u>295,348</u>	<u>1,677,785</u>

8. CASH AND BANK BALANCES

In hand		100	10
With banks on			
Current accounts		104	103
PLS accounts in:			
foreign currency		2,886	2,843
local currency	8.1 to 8.4	<u>486,669</u>	<u>380,768</u>
		<u>489,759</u>	<u>383,724</u>

8.1 Rate of return on PLS accounts varies from 1.69% to 5.50% (June 30, 2016: 1.69% to 6.30%). However, the effective rate for the period is 4.91% (June 30, 2016: 5.18%).

8.2 Included herein are funds earmarked by the Company against the outstanding balance in the Dara F. Dastoor Scholarship Fund, amounting to Rs.2.047 (June 30, 2016: Rs.2.220) million.

8.3 Included herein are balances, aggregating to Rs.8.465 (June 30, 2016: Rs. 8.462) million, deposited with the Company by members and an ex-member with respect to certain arbitration cases pending settlement.

8.4 Included herein is Rs 287.625 (June 30, 2016: Rs 283.480) million held by the Company on account of disposal of membership cards of defaulting / expelled members.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There were no change in the status of contingencies, as reported in notes 26.1 to 26.3 to the annual financial statements of the Company for the year ended June 30, 2016.

9.2 Commitments

9.2.1 Capital expenditure

Aggregate commitments for capital expenditure at the end of the period were Rs.7.428 (June 30, 2016: Rs.7.664) million.

10. LISTING FEE

Annual fees
Initial fees

Quarter Ended	
September 30, 2016	September 30, 2015
----- (Rupees In '000) -----	
----- (Un-audited) -----	
48,345	45,988
7,271	12,037
<u>55,616</u>	<u>58,025</u>

Quarter Ended	
September 30, 2016	September 30, 2015
----- (Rupees In '000) -----	
----- (Un-audited) -----	

11. INCOME FROM EXCHANGE OPERATIONS

Trading fee
Facilities and equipment fee
Income from non-trading facilities
Membership fee
Other fee

67,272	63,318
11,273	12,056
6,882	5,188
960	482
313	2,660
<u>86,700</u>	<u>83,704</u>

	Quarter Ended	
	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
12. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	12.1 103,050	101,332
Rent, rates and taxes	3,864	300
Fuel and power	17,327	17,370
Repairs and maintenance	12,053	11,193
Computer maintenance and related expenses	23,992	18,838
Insurance	4,803	2,426
Telephone, courier and postage	1,400	930
Printing and stationery	3,172	2,580
Audit fee	392	317
Legal and professional charges	4,878	3,579
Depreciation - operating fixed assets	50,640	47,232
Amortisation of intangibles	11,344	7,101
Travelling and conveyance	8,238	2,830
General office expense	1,847	1,188
Reception meetings and functions	9,207	2,510
Advertisement, marketing and development	3,076	329
Security expenses	5,536	4,303
Subscription fee	1,947	538
SECP supervision fee	1,423	1,417
Contribution to IPF @ 1%	12.2 556	-
Other expenses	432	945
	<u>269,177</u>	<u>227,258</u>

12.1 Included herein a sum of Rs. 5.406 (September 30, 2015: Rs. 4.930) million in respect of retirement benefits.

12.2 During the year the Board decided under the SECP directive 506(1)/2016 to contribute to IPF by charging 1% of the listing fees and full amount of penalties and fines which is directly classify under the other liability.

	Quarter Ended	
	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
13. TAXATION		
Current	15,601	26,986
Deferred	(12,223)	9,755
	<u>3,378</u>	<u>36,741</u>

14. BASIC AND DILUTED EARNINGS PER SHARE

	----- (Rupees in '000) -----	
Profit after taxation	<u>32,003</u>	<u>57,518</u>
	(Numbers in '000)	
Weighted average number of ordinary shares outstanding during the period	<u>801,476</u>	<u>801,476</u>
	----- (Rupees) -----	
Basic and diluted earnings per share	<u>0.04</u>	<u>0.07</u>

15. RELATED PARTY TRANSACTIONS

The related parties comprise of associates, companies with common directorship, staff gratuity fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Following are the details of transactions with related parties during the Quarter ended 30 September 2016 and 30 September 2015:

	Quarter Ended	
	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	
Management fee		
PSX Clearing House Protection Fund	-	20,690
PSX investors Protection Fund	27,982	3,879
	<u>27,982</u>	<u>24,569</u>
Dividend Income		
Central Depository Company of Pakistan Limited (CDCPL)	7,961	84,099
National Clearing Company of Pakistan Limited (NCCPL)	-	94,924
	<u>7,961</u>	<u>179,023</u>
Income from investment property		
Central Depository Company of Pakistan (CDC)	1,520	1,520
National Clearing Company of Pakistan Limited (NCCPL)	3,513	3,516
	<u>5,033</u>	<u>5,036</u>
Income from margin trading system - NCCPL	<u>10,534</u>	<u>7,043</u>
CDC Fee	<u>484</u>	<u>471</u>
Trading fees		
Aba Ali Habib Securities (Private) Limited	1,427	2,029
Adam Securities (Private) Limited	2,740	3,186
Lakhani Securities (Private) Limited	49	52
Topline Securities (Private) Limited	-	822
	<u>4,216</u>	<u>6,089</u>
Facilities and equipment fees		
Aba Ali Habib Securities (Private) Limited	301	339
Adam Securities (Private) Limited	1,381	1,299
Lakhani Securities (Private) Limited	12	12
Topline Securities (Private) Limited	-	224
Abid Ali Habib Securities (Private) Limited	2	2
	<u>1,696</u>	<u>1,876</u>
Profit on PLS account		
Bank Islami Pakistan Limited	-	1,081
	<u>-</u>	<u>1,081</u>
Listing fees		
National Bank of Pakistan	901	947
Tri-Pack Films Limited	-	491
Thal Limited	-	610
Descon Oxychem Limited	-	254
Engro Corporation Limited	1,032	943
EFU Life Assurance Limited	-	590
Sui Southern Gas Company Limited	-	641
Standard Chartered Bank (Pakistan) Limited	-	826
Bank Islami Pakistan Limited	-	575
Archroma Pakistan Limited	591	-
KSB Pumps Limited	394	-
Wyeth Pakistan Limited	400	-
	<u>3,318</u>	<u>5,877</u>
Insurance Premium		
EFU life Assurance Limited	-	2,955
	<u>-</u>	<u>2,955</u>

16. DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements have been authorised for issue on 22 OCT 2016 by the Board of Directors of the Company.

17. GENERAL

17.1 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, there are no material reclassifications to report.

17.2 Figures have been rounded off to the nearest thousand rupees.



Chairman

Managing Director