



PAKISTAN STOCK EXCHANGE LIMITED

**INTERIM FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED
MARCH 31, 2017
(AUDITED)**

CORPORATE INFORMATION



BOARD OF DIRECTORS

Mr. Muneer Kamal (Chairman)
Mr. Nadeem Naqvi (Managing Director)
Mr. Abdul Majeed Adam
Mr. Samir Ahmed
Mr. Que Bo
Mr. Ahmed Chinoy
Mr. Moin M. Fudda
Mr. Abid Ali Habib
Ms. Rahat Kaunain Hassan
Mr. Zheng Hu
Ms. Yu Huali
Mr. Tawfiq A. Hussain
Mr. Muhammad Yasin Lakhani
Mr. Muhammad Naeem
Mr. Li Peng

COMPANY SECRETARY

Mr. Muhammad Rafique Umer

CHIEF REGULATORY OFFICER (ACTING)

Mr. Abbas Mirza

CHIEF FINANCIAL OFFICER

Mr. Ahmed Ali Mitha

NOMINATION COMMITTEE

Mr. Muneer Kamal (Chairman)
Ms. Rahat Kaunain Hassan
Mr. Zheng Hu
Mr. Tawfiq A. Hussain

REGULATORY AFFAIRS COMMITTEE

Mr. Tawfiq A. Hussain (Chairman)
Mr. Moin M. Fudda
Ms. Rahat Kaunain Hassan
Mr. Muhammad Naeem

AUDIT COMMITTEE

Mr. Muhammad Naeem (Chairman)
Mr. Samir Ahmed
Mr. Que Bo
Mr. Moin M. Fudda

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Muneer Kamal (Chairman)
Mr. Moin M. Fudda
Mr. Tawfiq A. Hussain
Mr. Li Peng

AUDITORS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISORS

Ghani Law Associates
Industrial Relations Advisors
Ijaz Ahmed & Associates
Advocates & Legal Consultants
Sayeed & Sayeed
Advocates & Legal Consultants

BANKERS

Allied Bank of Pakistan Limited
Askari Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Bank of Khyber
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House
99-B, Block "B", S.M.C.H.S.
Main Shahra-e-Faisal
Karachi 74400

REGISTERED ADDRESS

Stock Exchange Building
Stock Exchange Road
Karachi 74000
Phone: (92 21) 35205528-29
UAN: (92 21) 111 00 11 22
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DIRECTORS' REVIEW REPORT
For nine months ended March 31, 2017

The Board of Directors of Pakistan Stock Exchange Limited [PSX/Exchange] is pleased to present the audited financial statements for the nine months' period ending March 31, 2017.

FINANCIAL PERFORMANCE

Total revenue of the Exchange during this period was PKR 1,075 million versus PKR 991 million during the same period last year, showing an increase of 8%. Core operating revenue in this period grew by 29% year-on-year. This includes trading fee (increase of 62%), listing fee (increase of 1%), facilities and equipment fee (up by 34%) and other fees & income from exchange operations (up by 23%). Other key components of revenue performed as follows: Service Charges recovered from the National Clearing Company of the Pakistan (NCCPL) came to PKR 44.0 million; management fee from Investor Protection Fund (IPF) was PKR 84.7 million, lower by 41% as a substantial amount (PKR 2,031 million) of Clearing House Projection Fund (CHPF) was shifted over to NCCPL as part of the risk management function being transferred from PSX to NCCPL in April 2016. Net Treasury income declined by 56% to PKR 96.6 million in 9M FY16. This was due both to the fall in interest rates and maturing of high yielding government bond investments while the reinvestment rates were sharply lower.

Also, the Exchange subscribed to the rights issue of NCCPL to the tune of PKR 263.67 million, which reduced funds under management of the Treasury Department. On the other hand, Share of profits from associates (Central Depository Company, where PSX has 39.81% equity stake and NCCPL, where PSX has 47.06% equity stake) depicted a sharp rise of 52% YoY during the period under review, from PKR 176.7 million in 9M FY16 to PKR 269 million in 9M FY17.

The healthy growth of 29% in core operating revenue was driven by the increase in trading fee received as the average daily value traded (ADVT) in the ready (cash) market during 9M FY17 was significantly higher at PKR 16.0 billion versus PKR 9.6 billion in 9M FY16 and the ADVT in the deliverable futures market was PKR 4.1 billion during this period versus PKR 2.7 billion in the same period last year. The healthy performance of the market is also reflected in the fact that the KSE-100 increased by 26.84% between July 2016 and March 2017 and stood at 48155.96 on March 31, 2017. Market capitalization has also risen from US\$72.7 billion on June 30, 2016 to US\$94.3 billion as on April 30, 2017, a 29% growth.

Income from other sources also depicted healthy growth in the period under review. Facilities and equipment fee rose by 34% to PKR 52.8 million primarily due to rising usage of PSX's internet trading platform (KITs) provided to securities brokers and their customers which can also be configured for smart phone App. In January 2016, KITs accounted for 1% of total value traded and by January 2017 this had risen to 8%. Management believes that future growth in both the investor base and trading volumes will be driven by technology driven distribution facilities and services. There was also a one-off fillip in revenue from other income, due to Supreme Court's favorable decision regarding Workers' Welfare Fund which boosted other income by PKR 16.0 million.

On the cost side, excluding depreciation and amortization (D&A), expenses rose by 4% YoY in the nine months period ending March 31, 2017, to PKR 626.3 million versus PKR 599.4 million in

the previous nine months period. D&A charges grew by 11% to reach PKR 185.5 million during this period versus PKR 167.1 million last year, mainly due to capitalization of new building adjacent to Administration Block, assets procured from former Lahore and Islamabad exchanges operations into PSX, and procurement of hardware and licenses related to IT.

Within the expense head, human resource costs increased by 4% year on year in 9M FY17 versus 9M FY16. "Event" expenses such as "PSX Top Company Awards", presided over by the Honourable Prime Minister; Signing Ceremony of the Shareholder Agreement between PSX owners and the Chinese Strategic Investor Consortium; Promotional Events and Directors meetings led to considerable rise in this expense to PKR 25.9 million in the period under review versus PKR 14.1 million in the same period last year. IT operating expenses rose by 8.4% to PKR 64.4 million in 9M FY17 as against PKR 59.5 million in 9M FY16 while repair and maintenance charges rose by 10%. On the other hand, Legal/Professional/Demutualization expenses were lower by 51.2% YoY (reduction of PKR 16.4 million) as last year integration related legal expenses were incurred which were absent in the period under review. Travelling and Conveyance expenses were also lower by 20% YoY (reduction of PKR 4.1 million) as last year there was significant foreign travel involved due to international road shows related to MSCI Upgrade marketing efforts by PSX as well as presentations to potential strategic investors for the 40% equity stake divestment. After taking into account depreciation and amortization costs, total operating expenses increased by 5.9% YoY in the nine months ending March 31, 2017.

Due to timing issue a significant expense of PKR 57 million had to be booked in the nine month financial statements. This pertains to the provision against sub-lease rights to rooms in the new building constructed with the PSX campus. The back ground to this is as follows:

In April 2012 a concept paper was presented to the Board of PSX by the management highlighting that an old building structure on 1,950 square yards within the Exchange's campus was in highly dilapidated condition. It had offices of brokers, banks and other occupants on the basis of "Leave and License Agreement". The concept paper proposed that this old building structure be demolished and in lieu of that, the occupants be provided leases in modern premises in a new building to be constructed besides the Exchange's administration block on an area of approximately 400 square yards. Such an arrangement would benefit the Exchange by freeing up this 1,550 square yards which could then be classified as unencumbered and add to the overall real estate value of the Exchange to the tune of PKR 547 million. After deliberations, the Board of PSX approved the concept paper and the project commenced. The total cost of construction/de-recognition of the new building/main building came to around PKR 164 million. As the financial gain on land released from the old building structure came to PKR 547 million and the cost of the New Building/main building was PKR 164 million, there was net benefit for the Exchange.

At the same time, the ground floor of the New Building had additional space after swapping premises to two banks occupying the old structure. The banks agreed to occupy this additional space through new lease agreements with the Exchange. The total value of the leased space is about PKR 98 million. These lease agreements are being signed and PSX expects to receive the proceeds by May 10, 2017. Further, the basement of the New Building is temporarily in PSX's own use due to the construction of a new IT data center on 4th floor of the Administration Building and housing of a section of IT team and HR department in the basement. The data center is expected to be completed by 3QCY2017 at which point the management intends to lease out the

basement also. The basement covers an area of 3,280 square feet and the management estimates that it can be leased out for around PKR 82 million. Thus, upon completion of the entire construction and sub-leasing exercise, it is expected that the Exchange will be able to book a net gain of PKR 16 million (PKR 180 million received from lease out of ground floor and basement less PKR 164 million construction/de-recognition cost of the new building/main building). The accounting treatment of the above exercise envisages that as the rooms in the New Building get leased out to the occupants of the old building structure as part of the swap agreement, the construction cost has to be derecognized as provisions against the sub-lease rights.

So far, 42 rooms/offices in the new building/main building have been sub-let leading to booking of provision of PKR 57 million. As the payment from sub-leasing to banks is being received after the closure and audit of the nine month accounts ended March 31, 2017 this amount of PKR 98million will be reflected as gain in full-year accounts for the twelve month period ending June 30, 2017.

To summarize, without the above noted provision the pretax profit of the Exchange depicted a rise of 17% in the nine months ended March 31, 2017 to PKR 262.9 million versus PKR 224.5 million in the same period last year. After incorporating this provision charge, the pretax profit during this period came to PKR 205.9 million, showing a decline of 8% year-on-year. Lower tax incidence allowed Net Profit After Tax of PKR 146.6 million to be achieved, around 5% higher than in 9MFY16. Accordingly, earnings per share came to PKR 0.18 versus PKR 0.17 last year.

FUTURE OUTLOOK

Based on current stock market dynamics and expected developments the revenue and profitability outlook of the Exchange remains positive. Pakistan is slated to be included in MSCI Emerging Market Index from June 01, 2017. Market activity is expected to remain robust as this event occurs and although the actual number of stocks to be included in the MSCI-EM Index will be few, the positive sentiment effect and peer group valuation effect is likely to be beneficial for the overall market. At the same time, the process of actually launching derivative products such as cash settled futures and single stock options is finally coming to fruition after several false starts. There is concerted effort by PSX and the Securities and Exchange Commission of Pakistan (SECP) to launch these two products before calendar year end 2017. Happily, the strategic Chinese Investor Consortium is fully supportive of this initiative and are taking keen interest in helping the PSX team learn from the experience of China Financial Futures Exchange (CFFEX). Furthermore, it is expected that the SME Board, to cater for the growth funding needs of small and medium sized businesses, should be officially launched by end of June 2017. While the financial benefit of above developments will be realized in 2017-18 and beyond, the overall health and growth of the capital market is clearly looking strong.

Pakistan's economy is on target to reach 5% real GDP growth in the fiscal year 2016-17, ending on June 30, 2017. Improved demand conditions have positively impacted revenues and profits across the entire spectrum on commerce and industry with bank credit to the private sector displaying sustained increase. Although the external account remains a drag on economic growth due to sub-par performance of the export sector and higher imports related to CPEC and other development projects, the government is beginning to take action to mitigate the growing risk

from this side. Improved economic growth prospects are leading companies to embark on major expansion projects. For listed companies this means turning to the stock market for large rights issues and for unlisted companies it means looking at the potential of obtaining long term finance from public markets. In both cases, the primary market activity is expected to pick up going forward, which will positively impact the Exchange's listing income directly and trading income indirectly as more liquid scrips are made available to investors.

DIVESTMENT OF PSX'S SHARES

In pursuance of the Share Purchase Agreement ["SPA"] among Divestment Committee, PSX and members of Chinese Consortium, 40% equity stake of PSX was transferred to the accounts of Consortium members in a pre-determined ratio by the extended mutually agreed Closing Date. The members of Chinese Consortium include three Chinese exchanges namely; China Financial Futures Exchange Limited (holding 17% shares in PSX), Shanghai Stock Exchange (holding 8% shares in PSX) & Shenzhen Stock Exchange (holding 5% shares in PSX), and two local financial institutions i.e. Pak China Investment Company Limited) and Habib Bank Limited (holding 5% shares in PSX each). As agreed under the SPA, prior to the said transfer, sale proceeds was received in an Escrow Account and out of which, after retaining 10% thereof for one year, 90% was deposited in Divestment Proceeds Account of PSX, from where the same was disbursed to the selling shareholders equally. Thus, a major part of divestment was successfully concluded.

BOARD CHANGES

Consequent upon acquisition of PSX's 40% equity stake by Chinese Consortium, four nominees of the Consortium, namely Mr. Zheng HU (CEO-China Financial Futures Exchange), Mr. QUE Bo (Vice President-Shanghai Stock Exchange), Ms. Yu Huali (Vice Chief Engineer-Shenzhen Stock Exchange) and Mr. Li Peng (Vice Chairman & Managing Director-Pak China Investment Company Limited) were co-opted on the Board of PSX, in place of four nominee Directors of Securities and Exchange Commission of Pakistan ["SECP"], i.e. Mr. Tawfiq A. Hussain, Mr. Muhammad Naeem, Ms. Rahat Kaunain Hassan and Mr. Samir Ahmed by virtue of a directive of SECP dated March 10, 2017. Simultaneously, on the proposal of the Board, the Commission approved appointment of SECP's above-named nominee Directors so replaced as Independent Directors, in pursuance of the requirements of Securities Exchanges (Licensing and Operations) Regulations, 2016 ["Regulations"], thereby bringing the total strength of Board from eleven (11) to fifteen (15). Moreover, the two remaining nominee Directors of SECP on the Board of PSX i.e. Mr. Muneer Kamal and Mr. Moin M. Fudda, shall be construed as Independent Directors till the sale of PSX's shares representing not less than 20% of the paid-up capital, lying in blocked accounts, as provided in the Regulations. In addition, appointment of two more Independent Directors is yet to be made, so as to bring the number of Independent Directors equal to the number of Shareholders' Directors, as per the requirements of the Regulations.

OFFER FOR SALE OF SHARES

Pursuant to the provisions of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, and the amendments introduced in the Regulations framed thereunder, PSX has initiated the process of sale of its shares representing not less than 20% of the paid-up capital, lying in blocked accounts of initial shareholders, by way of an Offer for Sale and to proceed to self-listing of its shares.

For this purpose, the existing Divestment Committee was ratified by initial (selling) shareholders of PSX at their meeting held on April 28, 2017. The said Committee targets the completion of entire process by June 30, 2017.

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, Competition Commission 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, particularly the members of Divestment Committee, 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



MUNEER KAMAL
Chairman



NADEEM NAQVI
Managing Director

Karachi

May 10, 2017



Building a better
working world

PAKISTAN STOCK EXCHANGE LIMITED

**FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED 31 MARCH 2017**

EY Ford Rhodes
Chartered Accountants
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Pakistan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Pakistan Stock Exchange Limited

Opinion

We have audited the financial statements of Pakistan Stock Exchange Limited (the Company), which comprise of balance sheet as at 31 March 2017, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity for the nine months then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and of its financial performance for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter

We draw attention to the contents of notes 25.1 and 25.2 to the accompanying financial statements in respect of contingencies. The ultimate outcome of the matters referred therein cannot presently be determined with certainty and, hence, no provision for any liability that may arise from such matters has been made in the financial statements. Our opinion is not qualified in respect of this matter.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We are required to communicate to the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is being issued solely for the publication in prospectus for Initial Public Offerings of the Company as disclosed in note 42.2 to the financial statements. Accordingly, it should not be used for any other purpose without our written consent.

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 10 May 2017


Karachi

PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

		March 31, 2017	June 30, 2016
	Note	----- (Rupees in '000) ----	
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property and equipment	7	3,192,262	3,312,306
Intangibles	8	140,283	109,801
Investment property	9	682,084	682,084
Investment in associates	10	1,869,772	1,656,173
Long term investments	11	77,318	1,677,785
Long term deposits	12	40,619	40,537
Long term loans	13	760	1,606
Deferred tax asset	14	19,492	10,881
		6,022,590	7,491,173
CURRENT ASSETS			
Trade debts	15	80,771	40,917
Loans and advances	16	12,977	17,945
Prepayments	17	28,591	30,076
Other receivables	18	161,911	120,402
Short term investments	19	1,797,346	187,517
Taxation – net		430,279	430,837
Cash and bank balances	20	798,625	383,724
		3,310,500	1,211,418
Non-current assets held for disposal	38	3,993	-
TOTAL ASSETS		9,337,083	8,702,591
<u>EQUITY AND LIABILITIES</u>			
Share capital	21	8,014,766	8,014,766
Reserves		4,929	(13,031)
Total equity		8,019,695	8,001,735
NON-CURRENT LIABILITIES			
Dara F. Dastoor scholarship fund		2,000	2,000
Long term deposits	22	180,416	144,968
		182,416	146,968
CURRENT LIABILITIES			
Provision for wealth tax	23	1,684	1,684
Trade and other liabilities	24	1,133,288	552,204
		1,134,972	553,888
CONTINGENCIES AND COMMITMENTS			
	25		
TOTAL EQUITY AND LIABILITIES		9,337,083	8,702,591

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The annexed notes from 1 to 42 form an integral part of these financial statements.



 Chairman



 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED
PROFIT AND LOSS ACCOUNT
FOR NINE MONTHS ENDED MARCH 31, 2017

		March 31, 2017	March 31, 2016
	Note	----- (Rupees in '000) -----	
Revenue			
Listing fee	26	177,497	175,607
Income from exchange operations	27	337,882	227,846
Service charges	28	44,020	-
Management fee	29	84,691	144,528
Mark-up / interest income	30	96,638	346,012
Rental income from investment property		45,601	42,889
		786,329	936,882
Operating cost			
Administrative expenses	31	(811,785)	(761,278)
Financial and other charges	32	(60)	(131,605)
		(811,845)	(892,883)
Operating Profit		(25,516)	43,999
Other income	33	19,729	3,801
Provision for impairment against transfer of sub-lease of properties	38.1	(57,050)	-
Share of profit from associates	10	268,727	176,684
Net profit before taxation		205,890	224,484
Taxation	34	(59,241)	(84,550)
Net profit after taxation		146,649	139,934
Basic and diluted earnings per share	35	0.18	0.17

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The annexed notes from 1 to 42 form an integral part of these financial statements.


 Chairman


 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED MARCH 31, 2017

	March 31, 2017	March 31, 2016
Note	----- (Rupees in '000) -----	
Net profit for the year	146,649	139,934
Other comprehensive loss		
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>		
Actuarial loss on employees' gratuity fund		
- Company	(9,258)	(10,209)
Tax effect on actuarial loss on employees' gratuity fund		
- Company	2,870	3,267
	(6,388)	(6,942)
<i>Items to be reclassified to profit and loss in subsequent periods:</i>		
Share of other comprehensive loss		
from associates' in respect of		
revaluation on available-for-sale investments	10.1 (2,079)	(8,062)
Total comprehensive income for the year	<u>138,182</u>	<u>124,930</u>

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The annexed notes from 1 to 42 form an integral part of these financial statements.

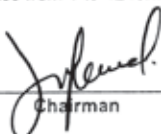

 Chairman


 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF CASH FLOWS
FOR NINE MONTHS ENDED MARCH 31, 2017

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	205,890	224,484
Non-cash adjustments to reconcile income before tax to net cash flows		
Depreciation on tangible assets	149,630	143,488
Amortisation on intangible assets	35,872	23,575
Provision for gratuity	16,220	15,169
Mark-up / interest income	(94,417)	(335,950)
Provision for trade debts consider doubtful	2,078	-
Provision against sub-lease rights	57,050	-
Discount on Pakistan Investment Bonds	(2,221)	(10,062)
Reversal of provision against receivables on recovery	(574)	(1,971)
Loss on disposal of fixed assets	299	18
Share of profit of associates	(268,727)	(176,684)
	(104,790)	(342,417)
	101,100	(117,933)
Working capital adjustments:		
(Increase) / decrease in current assets		
Trade debts	(41,358)	(8,969)
Loans and advances	4,968	(4,429)
Prepayments	1,485	(8,088)
Other receivables	(19,531)	(134,342)
	(54,436)	(155,828)
Increase / (decrease) in current liabilities		
Deposits from members against exposures and losses	-	(1,871,447)
Trade and other liabilities	564,253	36,515
	610,917	(2,108,693)
Income tax paid	(64,422)	(57,255)
Gratuity paid	(8,678)	(11,133)
Increase / (decrease) in deferred liability	-	(1,322)
Increase in long term deposit	35,448	104,413
Mark-up / interest received	165,261	405,073
	127,609	439,776
Net cash generated / (used in) from operating activities	738,526	(1,668,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(76,383)	(105,049)
Capital work-in-progress	(81,400)	(39,719)
Proceeds from sale of fixed assets	511	504
Dividend received	53,049	179,012
Purchase of right issue	-	(263,672)
Investment sold	3,109,262	743,502
Investments purchased	(3,209,206)	(380,426)
Increase in long term deposits	(82)	(1,157)
(Decrease) / increase in long term loans	846	(475)
Net cash (used in) / generated from investing activities	(203,403)	132,520
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(120,222)	(256,473)
Net cash used in financing activities	(120,222)	(256,473)
Net increase / (decrease) in cash and cash equivalents	414,901	(1,792,870)
Net decrease in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	383,724	5,624,185
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	798,625	3,831,315

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chairman


Managing Director


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PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED MARCH 31, 2017

	Share Capital	Reserves		Total
		Un- appropriated profit	Share of Associates' Reserves	
	(Rupees in '000)			
Balance as at July 01, 2015	8,014,766	140,781	(6,329)	8,149,218
Profit for the year	-	139,934	-	139,934
Other comprehensive loss	-	(6,942)	(8,062)	(15,004)
Total comprehensive income	-	132,992	(8,062)	124,930
Dividend for the year ended June 30, 2015 @ Re. 0.22 per share	-	(176,325)	-	(176,325)
Dividend for the period ended December 31, 2015 @ Re. 0.10 per share	-	(80,148)	-	(80,148)
Balance as at March 31, 2016	<u>8,014,766</u>	<u>17,300</u>	<u>(14,391)</u>	<u>8,017,675</u>
Balance as at July 01, 2016	8,014,766	8,187	(21,218)	8,001,735
Profit for the year	-	146,649	-	146,649
Other comprehensive loss	-	(6,388)	(2,079)	(8,467)
Total comprehensive income	-	140,261	(2,079)	138,182
Dividend for the year ended June 30, 2016 @ Re. 0.05 per share	-	(40,074)	-	(40,074)
Dividend for the period ended December 31, 2016 @ Re. 0.10 per share	-	(80,148)	-	(80,148)
Balance as at March 31, 2017	<u>8,014,766</u>	<u>28,226</u>	<u>(23,297)</u>	<u>8,019,695</u>

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The annexed notes from 1 to 42 form an integral part of these financial statements.


 Chairman


 Managing Director

PAKISTAN STOCK EXCHANGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED MARCH 31, 2017

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.

- 1.2 During the period, the Divestment process of 40% shares of PSX as required under the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 read with the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations 2012, has been completed and the shares sold to the successful bidder i.e. the Consortium which includes China Financial Futures Exchange (CFFEX), Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), Pak China Investment Company Limited (PCICL) and Habib Bank Limited (HBL).

The Share Purchase Agreement (SPA) between PSX, the Divestment Committee of PSX and the Consortium has been executed and signed on the December 27, 2016. The transaction has been completed and the 40% shares have been transferred to the consortium.

In respect of the divestment process, the PSX along with the Consortium and the Divestment Committee, signed an 'Escrow Agreement' for operating a bank account for the purposes of transfer of divestment proceeds from the Consortium to the shareholders.

In accordance with the terms of the Share Purchase Agreement, a total amount of Rs. 8.976 billion has been received as the sale price for the 40% shares of PSX paid by the Consortium to the Divestment Committee for further payment to the existing shareholders as a sale consideration against the purchase of 40% shares of the PSX. Out of these total proceeds received from the Consortium, 10% is retained in the 'Escrow Account' for a period of one year and will only be paid to shareholders if the same is not utilized by the Consortium for any liability arising within the retention period of one year from the closing period of the transaction.

The PSX is jointly maintaining the Escrow Account under the fiduciary capacity which has a balance of Rs. 900.189 million as at the period-end.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for operating fixed assets, investment property and certain investments which are valued on a fair value basis as stated in notes 4.2, 4.5 and 4.6 below.
- 3.2 These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

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

Improvements to Accounting Standards Issued by the IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
 IFRS 7 Financial Instruments: Disclosures - Servicing contracts
 IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
 IAS 19 Employee Benefits - Discount rate: regional market issue
 IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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

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4.2 Operating fixed assets - tangible

- 4.2.1 All categories of operating fixed assets are carried at revalued amount, being its fair value at the date of its revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
- 4.2.2 The surplus arising on revaluation of operating fixed assets is credited to the 'surplus on revaluation of assets' account shown below reserves. A revaluation deficit is recognised in the profit and loss account, except that the deficit offsets a previous surplus on any fixed asset, in which case, the deficit is charged to the balance of surplus on revaluation.
- 4.2.3 The depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year (net of deferred taxation) is transferred from surplus on revaluation of assets to retained earnings through statement of changes in funds and reserves to record realisation of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any balance of revaluation surplus is transferred to retained earnings.
- 4.2.4 The depreciation is charged to profit and loss account applying the diminishing balance method over its estimated useful life of the respective assets, except for "Computers and related accessories" which are depreciated using straight-line method. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. In respect of additions and disposals of assets, depreciation is charged from the month in which asset is available to use and continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle. Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.
- 4.2.5 Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.
- 4.2.6 An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

4.3 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

4.4 Intangible assets

These are stated at cost less accumulated amortisation. Amortisation is charged to income using the straight-line method at the rate disclosed in note 8 to the financial statements.

Amortisation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

Gains or losses on disposal of intangible assets, if any, are included in income currently.

4.5 Investment property

According to the new accounting policy, investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on remeasurement of investment property at fair value is recognised in profit and loss account. Fair value is evaluated annually by an independent professional valuer on the basis of professional assessment of present market value. Previously, investment property of the Company was carried at cost less accumulated depreciation and accumulated impairment losses.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised as income in the period of derecognition.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

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4.6 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss account, held to maturity and available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss account where transaction costs are charged to profit and loss account when incurred.

4.6.1 Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken to comprehensive income until the investment is disposed or impaired, at which time the respective surplus or deficit is transferred to profit and loss account.

Unquoted investments where active market does not exist and whose fair value cannot be reliably measured are stated at cost, less impairment, if any.

4.6.2 Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. These securities are either acquired for generating a profit from short-term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists, and related transaction costs are expensed out. These investments are measured at subsequent reporting dates at fair value and resulting gains and losses are included in the profit and loss account for the year.

4.6.3 Held to maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently.

4.6.4 Investment in associates

Investments in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of the associate. The profit and loss account reflects the Company's share of the results of the operations of the associate. Where there has been a change recognised in the other comprehensive income or surplus on revaluation of assets of the associate, the Company recognises its share in its comprehensive income or surplus on revaluation of assets, as the case may be.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit and loss account.

4.7 Trade debts and other receivables

These are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

4.8 Loans, advances and deposits

These are stated at cost, less allowance for any impairment.

4.9 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short term investments that are highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risks of changes in value.

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4.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.11 Revenue recognition

- Income from initial listing fee is recognised when the securities are initially listed on the ready board. Income from annual listing fee is recognised on an accrual basis;
- Income in respect of trading by members in shares, contracts and bonds is recognised at the trade date;
- Rental income, facilities and equipment fees, non-operating facilities income and membership fees are recognised on accrual basis while other fees are recognised when received;
- Investments purchased at premium or discount, are amortized through the profit and loss account using the effective interest rate method;
- Income from investments and bank accounts is recognised on an accrual basis;
- Dividend income is recognised when the Company's right to receive dividend is established; and
- Management fee from PSX Investors Protection Fund is recognised on accrual basis as disclosed in note 30 to the financial statements.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account all tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided for in the financial statements.

Deferred

Deferred tax is recognised, using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except for taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit or taxable temporary differences will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.13 Staff retirement benefits

The Company operates an approved gratuity fund (defined benefit plan) for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Company's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur and are not reclassified to profit or loss in subsequent periods.

4.14 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

4.15 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention the market place.

4.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.13 Non-current assets held for disposal

Non-current assets held for disposal are classified as held for disposal if their carrying amounts will be recovered principally through a sale / disposal rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Property and equipment and intangible assets once classified as held for sale / disposal are not depreciated or amortised.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

	Notes
- Operating fixed assets	4.2, 4.3, 4.4, 7 and 8
- Investment property	4.5 and 9
- Classification of investments	4.6, 10, 11 and 19
- Provisions and contingencies	4.10, 23 and 25
- Taxation and Deferred tax	4.12 and 14
- Staff retirement benefits	4.13

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6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation or amendment:

6.1 Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
Amendments to IAS 7 Financial Instruments: Disclosure Initiative	01 January 2017
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for unrealised losses	01 January 2017
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets -clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
Amendments to IAS 40 Investment Property: Transfers of Investment Property	01 January 2018
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

6.2 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRS 16— Leases	January 01, 2019

	Note	March 31, 2017 ----- (Rupees in '000) -----	June 30, 2016
7. PROPERTY AND EQUIPMENT			
Operating fixed assets - tangible	7.1	3,171,394	3,175,605
Capital work-in-progress	7.2	20,868	136,701
		<u>3,192,262</u>	<u>3,312,306</u>

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7.1 OPERATING FIXED ASSETS – Tangible

March 31, 2017								
	Cost/Revalued Amount				Accumulated depreciation			Written Down Value
	As at July 01, 2016	Additions / (disposals) / (transfers)*	As at March 31, 2017	Rate / period	As at July 01, 2016	Charge for the year / (deletions) / (transfers)*	As at March 31, 2017	As at March 31, 2017
	(Rupees in '000)				(Rupees in '000)			
Leasehold land	2,677,882	-	2,677,882	99 years	354,424	59,072	413,496	2,264,386
Building on leasehold land (see note 7.1.1 & 7.1.2)	838,739	116,841 (69,287) *	886,293	5%	167,300	28,043 (8,244) *	187,099	699,194
Lift, generators and electric installation	96,629	30,092	126,721	25%	58,105	10,957	69,062	57,659
Furniture and fixtures	8,984	3,475 (63)	12,396	20%	4,840	955 (40)	5,755	6,641
Office equipment	54,929	10,991 (166)	65,754	20%	22,467	6,101 (95)	28,473	37,281
Computers and related accessories	307,395	44,430 (6,116)	345,709	20% & 33.33%	209,422	43,196 (6,017)	246,601	99,108
Vehicles	12,987	1,434 (1,330)	13,091	20%	5,382	1,306 (722)	5,966	7,125
	3,997,545	207,263 (76,962)	4,127,846		821,940	149,630 (15,118)	956,452	3,171,394
June 30, 2016								
	Cost/Revalued Amount				Accumulated depreciation			Written Down Value
	As at July 01, 2015	Additions / (Disposals)	As at June 30, 2016	Rate / period	As at July 1, 2015	Charge for the year / (deletions)	As at June 30, 2016	As at June 30, 2016
	(Rupees in '000)				(Rupees in '000)			
Leasehold land	2,677,882	-	2,677,882	99 years	275,663	78,761	354,424	2,323,458
Building on leasehold land	837,128	1,611	838,739	5%	132,003	35,297	167,300	671,439
Lift, generators and electric installation	96,629	-	96,629	25%	45,263	12,842	58,105	38,524
Furniture and fixtures	8,001	983	8,984	20%	3,951	889	4,840	4,144
Office equipment	37,400	17,529	54,929	20%	16,572	5,895	22,467	32,462
Computers and related accessories	261,569	45,826	307,395	20% & 33.33%	151,009	58,413	209,422	97,973
Vehicles	11,710	2,110 (833)	12,987	20%	3,843	1,751 (212)	5,382	7,605
	3,930,319	68,059 (833)	3,997,545		628,304	193,848 (212)	821,940	3,175,605

7.1.1 During the period, building on leasehold land to the extent of the carrying value of Rs 61.043 million has been transferred to Non-current assets held for disposal (see note 38).

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- 7.1.2 Included herein are certain properties (rooms in the new building and main building of the Company) having written down value of Rs. 94.329 million. These rooms / properties are not currently in possession of the PSX and are used by various members and other occupants under the 'leave & license' arrangement.

As fully explained in note 38 of the financial statements, the Board approved the plan for granting sub-leases to the occupants of the new building and main building. However, as per the current allocation plan approved by the Board, the sub-lease rights of these properties cannot be executed under the current circumstances. Accordingly, at present, these rooms / properties are not transferred to 'non-current assets held for disposal', and also not considered as impaired as at the period ended March 31, 2017.

- 7.1.3 In accordance with the Company's accounting policy, operating fixed assets were revalued in year 2012. The revaluation was carried out by an independent valuer, FAMCO Associates (Private) Limited on the basis of professional assessment of market values, which resulted in a surplus of Rs.3,390.421 million over the book value of the respective assets at the time of revaluation.

Had there been no revaluation, the net book value of the opening fixed assets would have been as follows:

		March 31, 2017	June 30, 2016
	Note	----- (Rupees in '000) -----	-----
Leasehold land		26	27
Building on leasehold land		171,671	59,940
Lift, generators and electric installation		57,594	38,445
Furniture and fixtures		6,564	4,029
Office equipment		36,143	31,060
Computers and related accessories		99,107	85,328
Vehicles		7,888	7,822
		<u>378,993</u>	<u>226,651</u>

- 7.1.4 Cost of fully depreciated assets is Rs. 525.926 (June 30, 2016: Rs. 362.467) million for nine months ended March 31, 2017.

7.2 Capital work-in-progress

Advances against:

- Computer hardware	-	13,344
- Lift generator and electric installation	1,463	-
- Construction of building / civil works	-	121,634
- Office equipment	6,241	768
- Civil works	12,278	904
- Vehicle	886	-
- Furniture and fixtures	-	51
	<u>20,868</u>	<u>136,701</u>

8. INTANGIBLES

Operating intangibles	8.1	118,001	84,668
Intangibles under development	8.2	22,282	25,133
		<u>140,283</u>	<u>109,801</u>

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8.1 Operating Intangibles

March 31, 2017								
	C O S T				ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at		As at		As at	Charge for	As at	As at
	July 01, 2016	Additions	March 31, 2017	Rate	July 01, 2016	the year	March 31, 2017	March 31, 2017
	(Rupees in '000)				(Rupees in '000)			
Computer software	281,978	46,695	328,673	25	230,622	19,608	250,230	78,443
Internally developed software and market products	211,565	22,510	234,075	25	178,253	16,264	194,517	39,558
	<u>493,543</u>	<u>69,205</u>	<u>562,748</u>		<u>408,875</u>	<u>35,872</u>	<u>444,747</u>	<u>118,001</u>
June 30, 2016								
	C O S T				ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at		As at		As at	Charge for	As at	As at
	July 01, 2015	Additions	June 30, 2016	Rate	July 01, 2015	the year	June 30, 2016	June 30, 2016
	(Rupees in '000)				(Rupees in '000)			
Computer software	222,218	59,760	281,978	25	219,147	11,475	230,622	51,356
Internally developed software and market products	194,687	16,878	211,565	25	156,728	21,525	178,253	33,312
	<u>416,905</u>	<u>76,638</u>	<u>493,543</u>		<u>375,875</u>	<u>33,000</u>	<u>408,875</u>	<u>84,668</u>

	March 31, 2017	June 30, 2016
Note	-- (Rupees in '000) --	
	15,120	17,870
	6,162	6,163
	<u>11,150</u>	<u>11,250</u>
	<u>32,432</u>	<u>35,283</u>
8.2.1	<u>(10,150)</u>	<u>(10,150)</u>
	<u>22,282</u>	<u>25,133</u>

8.2 Intangibles under development

Internally developed software
Internally developed market products
Computer software

Less: Provision for impairment

8.2.1 This represents provision for impairment against a software which failed to operate and consequently, the Company terminated the agreement and raised demand for the refund from the supplier, which is currently pending settlement.

9. INVESTMENT PROPERTY

	March 31, 2017	June 30, 2016
Note	-- (Rupees in '000) --	
Balance as at 1 July	682,084	694,549
Gain from changes in fair value	-	(12,465)
Balance as at	<u>682,084</u>	<u>682,084</u>

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- 9.1 Represents office spaces in PSX's building, the latest fair value of this property was carried out by Iqbal A. Nanjee & Company (Private) Limited, independent valuers as at June 30, 2016. However, the management has not carried out the valuation during the period. Hence, no gain from changes in the fair value of investment property is recorded during the period ended March 31, 2017 (June 30, 2016: loss of Rs. 12.465 million).
- 9.2 The rental income for nine months from the investment property amounted to Rs. 45,601 (June 30, 2016: Rs. 42,889) million.

	Note	March 31, 2017	June 30, 2016
		-- (Rupees in '000) --	
10. INVESTMENT IN ASSOCIATES - under equity method of accounting			
Unquoted companies			
Central Depository Company of Pakistan Limited [(CDC) (39,808,000 shares having face value Rs. 398,080,000)]		1,287,473	1,118,184
National Clearing Company of Pakistan Limited [(NCCPL) (23,730,462 shares having face value Rs. 237,304,620)]		582,299	537,989
	10.1	1,869,772	1,655,173

10.1 Reconciliation of changes in carrying value of investment in associate

	March 31, 2017		
	CDC	NCCPL	Total
	(Rupees in '000)		
Opening balance	1,118,184	537,989	1,656,173
Share of profit for the period	178,977	89,750	268,727
Deficit on revaluation of associates' available-for-sale investments	(1,727)	(352)	(2,079)
Dividend received during the period	(7,961)	(45,088)	(53,049)
Closing balance	<u>1,287,473</u>	<u>582,299</u>	<u>1,869,772</u>

	June 30, 2016		
	CDC	NCCPL	Total
	(Rupees in '000)		
Opening balance	1,029,809	574,099	1,603,908
Share of profit for the period	181,250	64,916	246,166
Deficit on revaluation of associates' available-for-sale investments	(8,006)	(3,453)	(11,459)
Actuarial loss on employees' gratuity fund	(781)	(2,649)	(3,430)
Dividend received during the period	(84,088)	(94,924)	(179,012)
Closing balance	<u>1,118,184</u>	<u>537,989</u>	<u>1,656,173</u>

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10.2 Summarised financial information of the associates of the Company are as follows:

Name of associate	Country of incorporation	2017				Interest held %
		Total assets	Total liabilities	Profit	Revenue	
Central Depository Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs.32.59 based on the latest unaudited financial statements available for the period ended March 31, 2017.	Pakistan	3,859,716	600,654	449,578	1,352,527	39.81
National Clearing Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs 24.54 based on the latest unaudited financial statements available for the period ended March 31, 2017.	Pakistan	21,337,761	20,100,393	190,714	676,304	47.06
		25,197,477	20,701,047	640,292	2,028,831	

Name of associate	Country of incorporation	Total assets	Total liabilities	2016		Interest held %
				Profit	Revenues	
				(Rupees in '000)		
Central Depository Company of Pakistan Limited	Pakistan	3,420,572	608,473	455,288	1,512,493	39.81
Break-up value of each ordinary share of Rs.10 is Rs.43.26 based on the latest audited accounts available for the period ended June 30, 2015.						
National Clearing Company of Pakistan Limited	Pakistan	9,628,042	8,484,831	137,943	624,456	47.06
Break-up value of each ordinary share of Rs.10 is Rs. 22.67 based on the latest audited accounts available for the period ended June 30, 2016.						
		<u>13,048,614</u>	<u>9,093,304</u>	<u>593,231</u>	<u>2,136,949</u>	
					March 31, 2017	June 30, 2016
					(Rupees in '000)	

11. 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. The break-up value of each ordinary share is Rs.41.50 (based on latest available unaudited financial statements for the period ended March 31, 2017).	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. The break-up value of each ordinary share is negative Rs.2.36 (based on latest available unaudited financial statements for the period ended March 31, 2017).	74,818	74,818

Held to maturity

Pakistan Investment Bonds (PIBs)

-	1,600,467
<u>77,318</u>	<u>1,677,785</u>

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		March 31, 2017	June 30, 2016
	Note	---- (Rupees in '000) ----	
12. LONG TERM DEPOSITS			
Earnest money	12.1	33,819	33,819
Utilities		2,790	2,791
Others		4,010	3,927
		<u>40,619</u>	<u>40,537</u>

- 12.1 This includes 10% of the bid amount, amounting to Rs.32.999 (June 30, 2016: Rs.32.999) million, paid by the Company to Pakistan Railways during the year ended June 30, 1993 as earnest money against the purchase of land. However, as a result of initiation of certain legal proceedings by one of the bidders, further action for purchase of land could not take place. Subsequently, Pakistan Railways cancelled the sale of railway land to the Company and requested the Company to apply for the refund of the above-referred amount. The Court has dismissed the suit on merit, which was filed by above-referred bidder.

During the year ended June 30, 2002, based upon the legal advice obtained, the Company filed a counter suit against Pakistan Railways for specific performance of the agreement which, if decided in favour of the Company, may require the Company to purchase the land and pay the balance of the purchase consideration, amounting to Rs.296.995 (June 30, 2016: Rs.296.995) million. The said case is pending adjudication in High Court of Sindh.

13. LONG TERM LOANS

Employees - Considered good, secured	13.1	4,111	6,229
Recoverable within one year shown under current assets		<u>(3,351)</u>	<u>(4,623)</u>
		<u>760</u>	<u>1,606</u>

- 13.1 These personal loans are sanctioned for the purchase of motorcycles, performing Hajj and other domestic purposes. These are secured against the outstanding balances in the Employees' Gratuity Fund. These are recoverable in monthly instalments over a period, with original maturity between 2 and 5 (June 30, 2016: 2 and 5) years and are interest free. All outstanding long term loans at the year end will mature within one to three years.

March 31,
2017

June 30,
2016

---- (Rupees in '000) ----

14. DEFERRED TAX ASSET		
Deductible temporary differences arising from:		
Provision for debts considered doubtful	10,051	9,893
Carry forward tax losses	265,297	278,521
Provision for defined benefit liability	19,857	16,986
Minimum tax	24,089	24,089
	319,294	329,489
Taxable temporary differences arising from:		
Differences between written down value and tax base of assets	(297,828)	(309,050)
Share of profit from associates	(1,974)	(9,558)
	(299,802)	(318,608)
	19,492	10,881

14.1

- 14.1 The management, based on the current period results and the future years projections, estimates that sufficient taxable profits would be available in the future against which the deferred tax asset of Rs. 19.492 million as at the period ended could be realized. Accordingly, the deferred tax asset has been fully recognised in these financial statements in accordance with the accounting policy of the Company as disclosed in note 4.12.

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		March 31, 2017	June 30, 2016
	Note	--- (Rupees in '000) ---	
15. TRADE DEBTS			
Unsecured			
Considered good			
Due from members	15.1	25,697	9,019
Due from companies	15.2	55,074	31,898
		80,771	40,917
Considered doubtful			
Due from companies		29,081	27,577
		109,852	68,494
Provision for doubtful debts	15.3	(29,081)	(27,577)
		80,771	40,917
15.1	Included herein is a sum of Rs. 1.4 (June 30, 2016: Rs. 0.51) million due from related parties.		
15.2	Included herein is a sum of Rs. 0.16 (June 30, 2016: Rs. 1.22) million due from related parties.		
15.3	Reconciliation of provision for trade debts		
Opening balance		27,577	28,124
Provision for the year	31	3,458	1,733
Amount recovered / reversed	33	(1,954)	(2,280)
			-
Closing balance		29,081	27,577
16. LOANS AND ADVANCES			
Loans - secured, considered good			
- Current portion of long term loans to employees	13	3,351	4,623
Advances, considered good			
- Employees		6,707	8,647
- Suppliers		2,919	4,675
		9,626	13,322
		12,977	17,945
17. PREPAYMENTS			
Maintenance of information technology equipment / software		14,729	19,108
Insurance		5,263	601
Others		8,599	10,367
		28,591	30,076
18. OTHER RECEIVABLES			
Due from members		5,672	6,400
Due from non-members	18.1	18,651	16,152
Interest / profit accrued on PLS savings accounts		3,560	1,135
Due from an ex-member	18.2	6,574	6,574
Management fee receivable		28,501	21,090
Others	18.3	102,294	72,392
		165,252	123,743
Less: Provision for doubtful receivable		(3,341)	(3,341)
		161,911	120,402

18.1 This represents amount due on account of license fee and reimbursement of electricity charges, etc. incurred by the Company.

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- 18.2 This represents amount due from an ex-member upon the cancellation of his membership and declaration as a defaulter. As a result thereof, certain shares of the ex-member were taken over by the Company in order to square up the ex-member's position and are held pending the outcome of a law suit brought against the Company by him in the Honourable High Court of Sindh. The market value of these shares (including bonus shares) as at March 31, 2017 amounted to Rs.54,022 (June 30, 2016: Rs.22,616) million. Further, as disclosed in note 20.6 included in bank balances Rs. 11,010 and Rs.8,320 (June 30, 2016: Rs 10,452 and Rs 7,632) million received as dividend and bank profit respectively.

- 18.3 This includes receivable from NCCPL amounting to Rs.16,843 million (June 30, 2016: Rs.17,062 million) on account of Margin Trading Sytem and Rs.11,393 million (June 30, 2016: Rs. 6,943 million) on account of service charges @ 1%.

	Note	March 31, 2017	June 30, 2016
		----- (Rupees in '000) -----	
19. SHORT TERM INVESTMENTS			
Held to maturity			
Market Treasury Bills	19.1	1,576,987	187,517
Pakistan Investment Bonds (PIBs)	19.2	220,359	-
		<u>1,797,346</u>	<u>187,517</u>

- 19.1 These represent Market Treasury Bills having cost of Rs. 1,553,876 (June 30, 2016: Rs. 184,26) million and interest accrued thereon of Rs. 23,111 (June 30, 2016: Rs. 3.25) million. The effective rate of return 5.87% (June 30, 2016: 6.55%) per annum. These will mature latest by January 18, 2018.

- 19.2 These represent Pakistan Investment Bonds (PIBs) having cost of Rs. 208,748 million and interest accrued thereon of Rs.9.39 million (June 30, 2016: Rs. 77.41) million and amortization of discount of Rs.2.217 million (June 30, 2016: Rs.11.55) million. The effective rate of return 12.32% per annum (June 30, 2016:12.58%). These will mature latest by July 18, 2017.

20. CASH AND BANK BALANCES

In hand		31	10
With banks on:	20.1, 20.3		
Current accounts	& 20.4	202,075	103
PLS accounts in:			
foreign currency		2,178	2,843
local currency	20.1 to 20.7	<u>594,341</u>	<u>380,768</u>
		<u>798,625</u>	<u>383,724</u>

- 20.1 Included in 'current accounts' and 'PLS accounts' are Rs. 0.06 (June 30, 2016: Rs.0.06) million and Rs. Nil (June 30, 2016: Rs. Nil) million, representing deposits from members against exposures and losses (refer note 24).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 year is 4.98% (June 30, 2016: 5.18%).

- 20.2 Included herein are funds earmarked by the Company against the outstanding balance in the Dara F. Dastoor Scholarship Fund, amounting to Rs. 2.110 (June 30, 2016: Rs. 2.220) million .

- 20.3 Included herein are balances, aggregating to Rs. 8.493 (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 (note 24.1).

- 20.4 Included herein is Rs. 527,564 (June 30, 2016: Rs. 283,480) million held by the Company on account of disposal of membership cards and sale proceeds from divestment of 40% shares of defaulter / expelled / suspended members (note

- 20.5 Included herein Rs. Nil (June 30, 2016: Rs. 183.635) million deposited with related parties.

- 20.6 Included herein Rs 19.33 (June 30, 2016: Rs.18.084) million related to bank profit and dividends received on the shares of an ex-member as disclosed in note 18.2.

- 20.7 Included herein Rs. 242.616 (June 30, 2016: Nil) million deposited with the Company on account of Divestment of 40% shares of PSX. The rate of return is 3.75% (June 30, 2016: Nil), see note 24.3.

21. SHARE CAPITAL

	March 31, 2017	June 30, 2016		March 31, 2017	June 30, 2016
	-----Number of shares-----		Note	----- (Rupees in '000) -----	
1,000,000,000	1,000,000,000	Authorised capital		10,000,000	10,000,000
		Ordinary shares of Rs.10/- each			
		Issued, subscribed and paid-up capital			
		Ordinary shares of Rs. 10/- each -	21.1	8,014,766	8,014,766
801,476,600	801,476,600	(other than cash)			

- 21.1 This includes shares issued against surplus on revaluation of the assets of the Company of Rs.3,288 million in accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. This treatment regarding the surplus has also been approved by the Securities and Exchange Commission of Pakistan.

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		March 31, 2017	June 30, 2016
	Note	----- (Rupees in '000) -----	
22. LONG TERM DEPOSITS			
Clearing house deposits from members	22.1	176,936	141,478
Other security deposits		<u>3,480</u>	<u>3,490</u>
		<u>180,416</u>	<u>144,968</u>
22.1	Subsequent to the period, the SECP vide its letter No. SND/SE/8(4) dated on 04 April 2016, has accorded its approval to transfer the basic deposit pertaining to regular market amounting to Rs. 56.4 million and TFC (BATS) market amounting to Rs. 1.950 million from PSX to NCCPL.		
23. PROVISION FOR WEALTH TAX	23.1	<u>1,684</u>	<u>1,684</u>
23.1	Included herein are (a) a sum of Rs. 0.500 (June 30, 2016: Rs. 0.500) million, representing provision in respect of the assessed liability for the assessment year 1999-2000 and (b) a sum of Rs. 1.184 (June 30, 2016: Rs. 1.184) million, representing provision for the assessment year 2000-2001 the assessment of which is currently pending finalisation by the relevant tax authorities.		
Further, the Inspecting Additional Commissioner raised an additional demand of Rs.19.184 million in respect of assessment years 1996-97 to 1999-2000 against which various appeals have been filed by the Company with the Income Tax Appellate Tribunal (ITAT). During the year ended June 30, 2002, the ITAT on appeals filed by the Company allowed relief to the Company by cancelling the wealth tax orders and allowing exemption under the Wealth Tax Act 1963. Against this decision of the ITAT, during the year ended June 30, 2007, the Income Tax Department filed an appeal with the Honourable High Court of Sindh against the order issued by the ITAT. Pending the resolution of these matters, no provision has been made in these financial statements for a sum of Rs.19.184 (June 30, 2016: Rs.19.184) million (note 25.1).			
24. TRADE AND OTHER LIABILITIES			
Deposits against Arbitration	24.1	8,493	8,462
Accrued expenses		39,550	36,585
Provision for staff bonus		-	27,500
		<u>48,043</u>	<u>72,647</u>
Other liabilities			
Due to members		6,135	315
Due to non-members		799	531
Retention money		535	535
Fees and rent received in advance		89,232	18,944
Amount held against defaulter / expelled / suspended members	24.2	527,564	253,480
Employees' Gratuity Fund	24.6	84,316	67,629
Tax deducted at source		409	432
Various taxes collected from members		71,745	34,098
SECP supervision fee		2,061	1,470
SECP transaction fee		1,767	1,278
Payable to members against divestment proceeds	24.3	242,644	-
Workers' Welfare Fund payable	24.4	-	18,931
Others	24.5	58,038	51,914
		<u>1,085,245</u>	<u>479,557</u>
		<u>1,133,288</u>	<u>552,204</u>
24.1	This represents amount deposited with the Company by members with respect to certain arbitration cases pending settlement (note 20.3).		
24.2	This represents amount obtained on disposal of membership cards and sale proceeds received from sale of 40% Divestment of PSX Shares of defaulter / expelled / suspended members, including profit accrued thereon, deposited in a separate bank account to be utilised for the settlement of dues of the defaulter members, including investors claim, if any (note 20.4).		
24.3	This represents amount deposited with the Company on account of divestment of 40% shares of PSX related to certain shareholders.		
24.4	During the period, the Honorable Supreme Court of Pakistan passed a judgement declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers' Welfare Fund Ordinance, 1971, as unlawful and thereby striking down such amendments. Pursuant to the same, the Company reversed the entire provision for WWF, amounting to Rs 18.931 million, as the Company is of the view that there is no basis to maintain such provision anymore.		
24.5	This includes an amount of Rs.1.775 (30 June 2016: Nil) million with respect to 1% of the listing fee of the Company. The said amount is booked as liability in line with the Boards decision in its meeting held on July 14, 2016 as required under clause 5(iii)(b) of the draft Centralized Customer Protection Fund Regulations 2016. As the Centralized Customer Protection Fund Regulations 2016 are still in draft form, the amount has not been transferred to Investor Protection Fund and will only be transferred once the said Regulations are implemented by the SECP.		
24.6	The latest actuarial valuation was carried out as at June 30, 2016 in which the actuary estimated the liability for the year ended June 30, 2017 and therefore, the liability for the period ended March 31, 2017 is recorded on the proportionate basis, as the same is considered to be the most appropriate estimate by the management.		

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25. CONTINGENCIES AND COMMITMENTS

25.1 Tax related contingencies

- 25.1.1 Contingency relating to wealth tax amounts to Rs.19.184 (June 30, 2016: Rs 19.184) million is discussed in detail in note 23. Pending resolution of this matter, no provision has been made in these financial statements for any liability that may arise on this account.

25.2 Contingencies relating to PSX's operations

Law suits filed during 1997

- 25.2.1 A lawsuit was filed by five investors against the Company and an ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 (June 30, 2016: Rs.70.00) million together with interest thereon. The investors alleged that the Company had unlawfully taken possession and disposed off some shares belonging to the petitioners that were lying with the ex-member. The legal advisor of the Company considers that above mentioned lawsuit is expected to be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.

Law suits filed during 2000

- 25.2.2 An ex-member filed a lawsuit against the Company, CDC and the SECP, in the Honourable High Court of Sindh, for cancelling his membership and declaring him as a defaulter for a claim of Rs.300 (June 30, 2016: Rs.300) million, from each. The Company is of the view that the ex-member was declared as a defaulter in accordance with its regulations as the said member had not made payments to settle his liability to the Company for the ready clearing dues and exposure and losses aggregating to Rs.351.392 (June 30, 2016: Rs.351.392) million. A sum of Rs.302.882 (June 30, 2016: Rs.302.882) million, including Rs 6.574 (June 30, 2016: Rs.6.574) million was subsequently realized by the Company from the sale of the assets of the ex-member.

Subsequently, a fund management and investment company filed a lawsuit in the Honourable High Court of Sindh against the above mentioned ex-member, CDC, SECP and the Company. The petitioners, alleged that the company had unlawfully taken the delivery of shares for which the petitioners had entered into that the Company had unlawfully taken the delivery of shares for which the petitioners had entered into contracts for purchase with the ex-member. The petitioners claimed declaration, injunction and delivery of the undelivered shares and damages of Rs.500 (June 30, 2016: Rs.500) million from the Company.

In addition to the lawsuits referred above, five lawsuits involving the ex-members' default were filed against several other defendants and the Company in the Honourable High Court of Sindh for the recovery of damages of Rs.6,851.274 (June 30, 2016: Rs.6,851.274) million for declaration, injunction, recovery of shares, damages and compensation.

The legal advisor of the Company considers that above mentioned lawsuits would be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these.

Law suits filed during 2008

- 25.2.3 As a result of a dispute between the Company and a member (suspended), whereby the member (suspended) was not sharing certain information relating to trading of shares, the Company complained to the SECP and the member (suspended) fearing about any coercive action by the Company and SECP, filed a suit against the Company in the Honourable High Court of Sindh. However, the SECP before filing the law suit by the member, had already suspended the license of the brokerage of the member. The member (suspended) has filed the above law suit for declaration, permanent injunction, mandatory injunction and damages of Rs.2,000 (June 30, 2016: Rs.2,000) million against the Company. The legal advisor of the Company considers that above mentioned lawsuits would be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.

- 25.2.4 The Islamabad Stock Exchange (Guarantee) Limited filed a complaint with the Competition Commission of Pakistan (CCP) against the Company alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. The CCP passed directed the Company to take corrective measures along with the other exchanges of Pakistan and in case of failure to comply with the direction of the CCP, the Company will be liable to pay a penalty of Rs. 50 (June 30, 2016: Rs.50) million and additional penalty of Rs.250,000 per day for each day of non-compliance. The Company has filed an appeal before the Supreme Court against the CCP's Order. As per the legal advisor, the Company has a reasonable case in respect of the above. Hence, no provision for any liability which may arise in this regard has been made in the financial statements.

25.2.5 Law suits filed during 2017

During the period, the Company has received a demand notice amounting to Rs. 32.17 million from Karachi and Water Sewerage Board (KWSB) in respect of water, sewerage, conservancy and fire charges. In respect of this, the Company has already recorded a liability to the extent of Rs. 6.10 million in the prior years. However, the Company is of the view that, since the Company is not receiving any sort of utilities from KWSB therefore, such demand is not valid. In view of the same, a petition has been filed by the Company in the court of law against the above demand of KWSB. The matter is currently pending adjudication and based on the view of the legal advisor of the Company, a positive outcome is expected in favour of the Company, and hence, no provision has been made by the Company against the above demand in these financial statements.

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- 25.2.6 In addition to the above stated litigations, there are various other lawsuits filed by ex-members and / or their customers and penalties imposed by the CCP and SECP, which the Company is currently contesting in various courts of laws / forums. Following are the issues in relation to such litigations / penalties:

- Customer of members claiming for losses on their investments arising due to fixation of floor prices by the Company.
- CCP imposing penalty for placement of floor.
- Customer of members claiming for losses due to certain activities of members resulting in financial loss to the customers.
- Third party claiming for damages from Company for putting restriction for operating in office premises which the third party bought from ex-member.
- Counter claim of a member against the penalties imposed by the PSX due to non-compliance of certain Regulations by the member.

The cumulative financial impact of these various litigations is estimated to be Rs. 58,257 (June 30, 2016: Rs. 58,257) million. The management of the Company, based on legal advisors opinions, believes that the Company has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in the financial statements of the Company.

25.3 Commitments

Aggregate commitments for capital expenditure at the end of nine months were Rs.33,909 (June 30, 2016: Rs.7,664) million.

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	
26. LISTING FEE		
Annual fees	146,975	139,257
Initial fees	30,522	36,350
	<u>177,497</u>	<u>175,607</u>
27. INCOME FROM EXCHANGE OPERATIONS		
Trading fee	253,984	156,731
Facilities and equipment fee	52,779	39,513
Income from non-trading facilities	21,089	21,799
Membership fee	2,872	1,447
Other fee	7,158	8,356
	<u>337,882</u>	<u>227,846</u>

28. SERVICE CHARGES

During the previous year, PSX received a directive from the SECP under section 12(c)(d) and 170 (i) of the Securities Act, 2015, to transfer the risk management function from PSX to National Clearing Company of Pakistan Limited (NCCPL). In this respect, all the deposits from members against the exposure and losses were transferred to NCCPL. Since the entire network of PSX will be used, the NCCPL will reimburse 1% service charge to PSX as approved by the board.

29. MANAGEMENT FEE

The Company used to manage PSX Clearing House Protection Fund (CHPF) and PSX Investors Protection Fund (IPF) till April 30, 2016. Effective May 1, 2016, now the Company only manages PSX Investors Protection Fund (IPF) which includes provision of services related to finance and investment, risk management and customers services and investors complaints. The management fee is charged based on the following rates as approved by the Board of Directors of the Company:

	CHPF		IPF	
	March, 2017	June, 2016	March, 2017	June, 2016
	----- % -----			
<u>On fund size of CHPF</u>				
For the period from July 1 to March 31	-	4%	-	-
<u>On fund size of IPF</u>				
For the period from July 1 to March 31	-	-	4%	4%

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		March 31, 2017	March 31, 2016
	Note	----- (Rupees in '000) -----	
30. MARK-UP / INTEREST INCOME			
Return on:			
Government securities		79,197	172,917
PLS saving accounts		17,441	173,095
		<u>96,638</u>	<u>346,012</u>

31. ADMINISTRATIVE EXPENSES

Salaries and other benefits	31.1	319,324	307,289
Rent, rates and taxes		11,901	1,492
Fuel and power		43,745	45,068
Repairs and maintenance		35,987	32,702
Computer maintenance and related expenses		64,442	59,475
Insurance		15,085	9,153
Telephone, courier and postage		4,304	4,660
Printing and stationery		9,395	10,920
Donations		-	4,500
Auditors' remuneration	31.2	4,888	3,863
Legal and professional charges		15,620	25,338
Demutualisation expense		-	6,700
Depreciation	7.1	149,630	143,488
Amortisation	8.1	35,872	23,575
Travelling and conveyance		16,647	20,751
General office expense		5,703	5,494
Receptions, meetings and functions		25,872	14,093
Advertisement, marketing and development		7,770	16,530
SECP supervision fee		5,154	4,035
Provision for trade debts considered doubtful - net	15.3	3,458	-
Security expenses		15,502	13,820
Subscription fee		7,794	1,544
Loss on sale of fixed assets		299	18
Training and development		2,283	2,161
Other expenses		11,110	4,609
		<u>811,785</u>	<u>761,278</u>

31.1 Included herein is a sum of Rs.16.22 (June 30, 2016: Rs.15.17) million in respect of retirement benefits.

31.2 Auditors' remuneration

Special audit	600	739
Annual audit	624	577
Half yearly review	262	262
Other special assignment	-	1,000
Taxation and other services	3,297	1,180
Out of pocket expenses	105	105
	<u>4,888</u>	<u>3,863</u>

32. FINANCIAL AND OTHER CHARGES

Return on cash margin against ready and		
Future exposure and losses	-	126,386
Bank charges	60	638
Workers' Welfare Fund	-	4,581
	<u>60</u>	<u>131,605</u>

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	Note	March 31, 2017	March 31, 2016
		----- (Rupees in '000) -----	
33. OTHER INCOME			
Bad debts recovered		574	1,971
Reversal of Provision against Workers' Welfare Fund		18,931	-
Others		224	1,830
		<u>19,729</u>	<u>3,801</u>
34. TAXATION			
Current		64,980	37,371
Deferred		(5,739)	47,179
	34.1	<u>59,241</u>	<u>84,550</u>
34.1	The numerical reconciliation is not provided as the tax charge of the Company is mainly comprise of minimum tax and tax at reduced rates under the relevant sections of Income Tax Ordinance, 2001.		
35. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		<u>146,649</u>	<u>139,934</u>
		(Numbers in '000)	
Weighted average number of ordinary shares outstanding during the year		<u>801,476</u>	<u>801,476</u>
		(Rupees)	
Basic and diluted earnings per share (Rupees)		<u>0.18</u>	<u>0.17</u>
36. REMUNERATION OF MANAGING DIRECTOR AND DIRECTORS			

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including benefits, to the Managing Director and Directors of the Company are as follows:

	March 31, 2017		
	Managing Director	Directors	Total
	----- (Rupees in '000) -----		
Managerial remuneration	15,148	-	15,148
Reimbursement of expenses	788	-	788
Fees	-	12,500	12,500
	<u>15,936</u>	<u>12,500</u>	<u>28,436</u>
Number	<u>1</u>	<u>14</u>	
	March 31, 2016		
	Managing Director	Directors	Total
	----- (Rupees in '000) -----		
Managerial remuneration	13,465	-	13,465
Reimbursement of expenses	810	-	810
Fees	-	8,000	8,000
	<u>14,275</u>	<u>8,000</u>	<u>22,275</u>
Number	<u>1</u>	<u>10</u>	

36.1 The Managing Director of the Company is also provided with the free use of Company owned and maintained car.

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37. 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.

The balances with related parties are disclosed in respective notes to the financial statements. Following are the details of transactions with related parties during the period ended March 31, 2017 and March 31, 2016.

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	
Management fee		
PSX Clearing House Protection Fund (CHPF)	-	120,310
PSX Investors Protection Fund (IPF)	84,691	24,218
	<u>84,691</u>	<u>144,528</u>
Service charges		
National Clearing Company of Pakistan Limited (NCCPL)	44,020	-
Dividend Income		
Central Depository Company of Pakistan Limited (CDCPL)	7,961	84,088
National Clearing Company of Pakistan Limited (NCCPL)	45,088	94,924
	<u>53,049</u>	<u>179,012</u>
Income from investment property		
CDCPL	4,560	4,560
NCCPL	10,541	10,548
	<u>15,101</u>	<u>15,108</u>
Income from Margin Trading System - NCCPL	<u>35,622</u>	<u>22,279</u>
CDC fees - CDCPL	<u>7,746</u>	<u>1,279</u>
Trading fees		
Aba Ali Habib Securities (Private) Limited	6,480	4,674
Adam Securities (Private) Limited	9,587	7,787
Topline Securities (Private) Limited	-	1,952
Lakhani Securities (Private) Limited	175	138
	<u>16,242</u>	<u>14,551</u>
Profit on PLS account		
BankIslami Pakistan Limited	-	1,539
	<u>-</u>	<u>1,539</u>
Facilities and equipment fees		
Aba Ali Habib Securities (Private) Limited	781	339
Adam Securities (Private) Limited	2,902	1,342
Topline Securities (Private) Limited	-	224
Lakhani Securities (Private) Limited	143	12
Abid Ali Habib Securities (Private) Limited	3	2
Engro Corporation Limited	8	-
Archroma Pakistan Limited	9	-
KSB Pumps Limited	8	-
National Bank of Pakistan	104	-
National Refinery Limited	8	-
	<u>3,965</u>	<u>1,919</u>
Listing fees		
National Bank of Pakistan	901	947
National Refinery Limited	620	-
Engro Corporation Limited	1,032	943
Archroma Pakistan Limited	591	601
KSB Pumps Limited	394	368
WYETH Pakistan Limited	400	465
Tri-Pack Films Limited	-	320
Thal Limited	-	398
Descon Oxychem Limited	-	166
BankIslami Pakistan Limited	-	375
EFU Life Assurance Limited	-	385
Sui Southern Gas Company Limited	-	418
Standard Chartered Bank (Pakistan) Limited	-	539
	<u>3,938</u>	<u>5,925</u>
Insurance Premium		
EFU Life Assurance Limited	-	1,927
Retirement benefit plan		
Payment made to gratuity fund during the year	<u>8,678</u>	<u>11,133</u>
Donation		
Developments in Literacy	-	326
Sindh Institute of Urology and Transplantation	-	489
	<u>-</u>	<u>815</u>

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38. NON - CURRENT ASSETS HELD FOR DISPOSAL

	Note	March 31, 2017 ----- (Rupees in '000) -----	March 31, 2016 -----
Transfer of sub-lease of properties	38.1	57,050	-
Office space for disposal	38.2	3,993	-
		<u>61,043</u>	
Less: Provision for impairment against transfer of sub-lease of properties	38.1	<u>57,050</u>	<u>-</u>
		<u>3,993</u>	

38.1 During the period, the Board of Directors of the Company in their meeting held on 07 December 2016 ratified its earlier decision whereby, the plan of construction of new building and granting of sub-lease rights therein to occupants of the old building in terms of the allocation plan was approved. As per the approved plan, the sub-lease / transfer of ownership is on the continuation of principal of "leave and license" arrangement with the occupants of the old building and hence, the Company will not receive any additional consideration for sub-lease rights provided to the occupants. Accordingly, the sub-lease process in respect of such rooms has been substantially completed subsequent to period end.

In view of the above facts and circumstances, the subject properties eligible for sub-leases, having an aggregate book value of Rs. 57,050 million have been reclassified from 'property and equipment' to 'non-current assets held for disposal' in terms of the requirements of IFRS -5 - "Non-current Assets Held for Sale and Discontinued Operations." Further, as required under IAS-36 - "Impairment of Assets" upon classification as held for disposal, the above properties were tested for impairment, and considering that the sub-leases in respect of these properties would be provided without any consideration, an impairment loss amounting to Rs. 57,050 million has been recognized by the Company in these financial statements.

38.2 In addition to above, the Company has decided to sell certain office spaces (having an aggregate book value of Rs. 3,993 million as at the period end) to third parties and for this purpose, subsequent to the period end, the Company has entered into sale agreements with third parties and have also received pay orders against the sale of these offices to extent of Rs. 98.28 million. The fair value of these properties as at the period end was Rs. 114.075 million. In view of the above facts and circumstances, the subject properties have been reclassified from 'property and equipment' to 'non-current assets held for disposal' in terms of the requirements of IFRS -5 - "Non-current Assets Held for Sale and Discontinued Operations."

39. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise long term and short term deposits, accrued and other liabilities. The financial assets comprise of short term investments, cash at bank, trade debts, loans and advances, long term deposits and other receivables.

The Company is exposed to market risk, credit risk and liquidity risk.

39.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, equity price risk and currency risk. The Company is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

39.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term investments and bank deposits in saving accounts. At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

March 31, 2017				
Interest / mark-up bearing				
	Effective yield / mark-up rate %	Upto six months	More than six months	Total
		(Rupees in '000)		
Financial assets				
Government securities	5.85 - 12.32	1,797,346	-	1,797,346
Cash and bank balances	1.69 - 5.50	596,519	-	596,519
		<u>2,393,865</u>	<u>-</u>	<u>2,393,865</u>
June 30, 2016				
Interest / mark-up bearing				
	Effective yield / mark-up rate %	Upto six months	More than six months	Total
		(Rupees in '000)		
Financial assets				
Government Securities	6.23 - 12.58	187,517	1,600,467	1,787,984
Cash and bank balances	1.69 - 6.30	383,611	-	383,611
		<u>571,128</u>	<u>1,600,467</u>	<u>2,171,595</u>

The following table demonstrates the sensitivity of Company's income for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on profit	
	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	
Change in basis point		
+ 100	23,939	21,716
- 100	(23,939)	(21,716)

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39.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the bank balance in saving accounts maintained in US dollars amounting to Rs. 2.178 (June 30, 2016: Rs.2.843) million [US dollars 0.020 (June 30, 2016: US dollars 0.027) million].

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax and reserves.

	Change in US dollar rate	Effect on profit before tax	Effect on reserves
		----- (Rupees in '000) -----	
2017	+10%	218	218
	-10%	(218)	(218)
2016	+10%	284	284
	-10%	(284)	(284)

39.4 Credit risk

39.4.1 Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on its short term investments, deposits, trade debts, loans and advances, cash at bank and other receivables. The table below shows the maximum exposure to credit risk for the components of the balance sheet.

	Note	March 31, 2017	June 30, 2016
		----- (Rupees in '000) -----	
Financial assets			
Government Securities			
- Market treasury bills		1,576,987	187,517
- Pakistan Investment Bonds (PIBs)		220,359	1,600,467
Cash at bank		798,594	383,714
Trade debts	38.4.2	80,771	40,917
Loans and advances		12,977	17,945
Long term deposits		40,619	40,537
Other receivables		161,911	120,402
		<u>2,892,218</u>	<u>2,391,499</u>

39.4.2 This includes trade debts of Rs. 9.805 million which are past due but not impaired.

39.4.3 Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the credit quality of Company's exposure with respect to cash at bank only:

	March 31, 2017	June 30, 2016
	----- (%) -----	
Ratings *		
AAA	79.71	1.06
AA+	20.28	74.37
AA	-	23.41
AA-	0.01	0.23
A1+	-	-
A+	-	0.57
A	-	0.36
	<u>100.00</u>	<u>100.00</u>

* Ratings are performed by PACRA and JCR-VIS

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39.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the Company's reputation. The table below summarizes the maturity profile of Company's financial liability:

March 31, 2017				
	On demand	Upto three months	More than one year	Total
-----Rupees in '000-----				
Long term deposits	-	-	180,416	180,416
Deposits from members against exposures and losses	-	-	-	-
Trade and other liabilities	1,133,288	-	-	1,133,288
Total	1,133,288	-	180,416	1,313,704

June 30, 2016				
	On demand	Upto three months	More than one year	Total
-----Rupees in '000-----				
Long term deposits	-	-	144,968	144,968
Deposits from members against exposures and losses	-	-	-	-
Trade and other liabilities	552,204	-	-	552,204
Total	552,204	-	144,968	697,172

39.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of government securities is determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of financial assets and liabilities of the Fund, other than government securities, approximate their carrying amount due to short-term maturities of these instruments.

39.7 Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2017, the Company's long term investments are in unquoted securities (see note 11), which are carried at cost, less impairment, if any.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 10 MAY 2017 by the Board of Directors of the Company.

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41. NUMBER OF EMPLOYEES

The number of employees as at March 31, 2017 were 267 (June 30, 2016: 276).

42. GENERAL

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

42.2 These financial statements for the nine months period ended March 31, 2017 have been prepared by the management of the Company for the purpose of publication in prospectus for Initial Public Offering.

42.3 Certain prior year figures have reclassified for comparison purposes. However, there are no material reclassifications to report. EY



Chairman

Managing Director

