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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Pakistan Mercantile Exchange Limited
Report on review of interim financial statements

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Mercantile Exchange Limited** as at **December 31, 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

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

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

Chartered Accountants

Karachi


Date: May 04, 2021

PAKISTAN MERCANTILE EXCHANGE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020


| | (Unaudited) December 31, 2020 | (Audited) June 30, 2020 | | (Unaudited) December 31, 2020 | (Audited) June 30, 2020 |
|--|-------------------------------------|-------------------------------|--|-------------------------------------|-------------------------------|
| Note | Rupees | Rupees | Note | Rupees | Rupees |
| EQUITY AND LIABILITIES | | | ASSETS | | |
| Share capital and reserves | | | Non-current assets | | |
| Authorised capital | <u>1,000,000,000</u> | <u>1,000,000,000</u> | Property and equipment | 16,540,033 | 18,485,782 |
| Issued, subscribed and paid-up capital | 313,551,620 | 313,551,620 | Right of use of assets | 32,746,407 | 38,553,172 |
| Reserves | <u>(269,820,401)</u> | <u>(272,559,821)</u> | Intangible assets | 2,278,502 | 3,417,753 |
| | 43,731,219 | 40,991,799 | Long-term investments | <u>20</u> | <u>20</u> |
| | | | | <u>51,564,962</u> | <u>60,456,727</u> |
| Non-current liabilities | | | Current assets | | |
| Long-term deposits | <u>160,973,915</u> | <u>160,319,915</u> | Supplies and consumables | 429,264 | 429,264 |
| Lease liabilities | <u>29,244,830</u> | <u>34,805,084</u> | Annual subscription receivable | 19,155,100 | 20,145,100 |
| | <u>190,218,745</u> | <u>195,124,999</u> | Deposits and prepayments | 8,635,340 | 6,122,184 |
| Current liabilities | | | Other receivables | 49,022,625 | 45,535,970 |
| Staff gratuity | <u>16,671,052</u> | <u>16,312,654</u> | Short term investments | 7 2,172,757,684 | 1,961,673,781 |
| Staff provident fund | <u>1,568,886</u> | <u>1,392,285</u> | Gold held on behalf of brokers/clients | 710,337,959 | 654,771,412 |
| Margins and deposits | 4 2,137,336,962 | 1,859,266,477 | Taxation - net | 66,662,455 | 62,385,663 |
| Payable to SGF trust | 5 3,940,950 | 4,099,683 | Cash and bank balances | 8 91,461,832 | 51,052,548 |
| Gold held on behalf of brokers/clients | 710,337,959 | 654,771,412 | | <u>3,118,462,259</u> | <u>2,802,115,922</u> |
| Advance fee | 1,899,997 | 14,574,997 | | | |
| Current portion of lease liabilities | 9,444,174 | 9,225,398 | | | |
| Creditors, accrued and other liabilities | <u>54,877,278</u> | <u>66,812,945</u> | | | |
| | <u>2,936,077,257</u> | <u>2,626,455,851</u> | | | |
| Contingencies and commitments | 6 | | | | |
| | <u>3,170,027,221</u> | <u>2,862,572,649</u> | | <u>3,170,027,221</u> | <u>2,862,572,649</u> |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


QTR

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CHAIRMAN

Endorsement 

CHIEF FINANCIAL OFFICER

X 

MANAGING DIRECTOR



MANAGING DIRECTOR

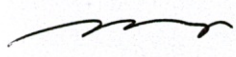
PAKISTAN MERCANTILE EXCHANGE LIMITED
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

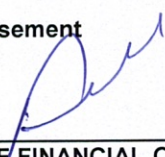
| | Note | Six months period ended | | Three months period ended | |
|---|------|----------------------------|------------------------------|---------------------------|------------------------------|
| | | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| ----- Rupees ----- | | | | | |
| Operating income | 9 | 145,507,732 | 153,425,240 | 69,300,504 | 65,802,853 |
| Operating and administrative expenses | 10 | (144,424,026) 1,083,706 | (156,455,397) (3,030,157) | (69,742,901) (442,397) | (75,829,656) (10,026,803) |
| Other income | | 7,414,689 | 12,620,321 | 2,367,759 | 6,327,898 |
| Other charges | | (159,763) | (183,168) | (91,973) | (125,855) |
| Finance costs | | (3,364,089) | (2,199,177) | (1,787,412) | (1,970,158) |
| Profit / (loss) before taxation | | 4,974,543 | 7,207,819 | 45,977 | (5,794,918) |
| Taxation | 11 | (2,235,123) | (2,337,129) | (1,282,533) | 517,636 |
| Profit / (loss) after taxation | | 2,739,420 | 4,870,690 | (1,236,556) | (5,277,282) |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income / (loss) for the period | | 2,739,420 | 4,870,690 | (1,236,556) | (5,277,282) |
| Earnings / (loss) per share - basic and diluted | | 0.09 | 0.16 | (0.04) | (0.17) |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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 CHAIRMAN

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 MANAGING DIRECTOR

Endorsement

 CHIEF FINANCIAL OFFICER

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 MANAGING DIRECTOR


PAKISTAN MERCANTILE EXCHANGE LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

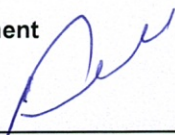
| | Issued, subscribed and paid-up capital | Capital - Premium on issue of ordinary shares | Reserves | | Total |
|--|--|--|----------------------------------|----------------------|-------------------|
| | | | Revenue - Accumulated Loss | Total | |
| ----- Rupees ----- | | | | | |
| Balance as at July 01, 2019 | 313,551,620 | 22,250,000 | (326,642,032) | (304,392,032) | 9,159,588 |
| Total comprehensive income for the ended December 31, 2019 | | | | | |
| Net profit for the period | - | - | 4,870,690 | 4,870,690 | 4,870,690 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 4,870,690 | 4,870,690 | 4,870,690 |
| Balance as at December 31, 2019 | 313,551,620 | 22,250,000 | (321,771,342) | (299,521,342) | 14,030,278 |
| Balance as at July 01, 2020 | 313,551,620 | 22,250,000 | (294,809,821) | (272,559,821) | 40,991,799 |
| Total comprehensive income for the period ended December 31, 2020 | | | | | |
| Net profit for the period | - | - | 2,739,420 | 2,739,420 | 2,739,420 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 2,739,420 | 2,739,420 | 2,739,420 |
| Balance as at December 31, 2020 | 313,551,620 | 22,250,000 | (292,070,401) | (269,820,401) | 43,731,219 |


The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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X 
 CHAIRMAN

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 MANAGING DIRECTOR

Endorsement 
 CHIEF FINANCIAL OFFICER

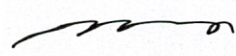
X 
 MANAGING DIRECTOR

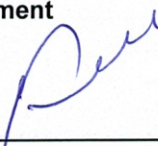
PAKISTAN MERCANTILE EXCHANGE LIMITED
 CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

| | Note | December 31, 2020 Rupees | December 31, 2019 Rupees |
|---|------|--------------------------------|--------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash used in operations | 12 | (5,148,325) | (15,967,339) |
| Long term deposits | | 654,000 | (750,000) |
| Taxes paid | | (6,511,915) | (12,819,489) |
| Provident fund paid | | (3,883,175) | (2,500,762) |
| Gratuity paid | | (3,976,249) | (3,910,099) |
| Net cash used in operating activities | | (18,865,664) | (35,947,689) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | | (1,619,560) | (1,734,712) |
| Proceeds from disposal of property and equipment | | - | 328,512 |
| Purchase of investments | | (239,138,514) | (303,652,894) |
| Proceeds from sale of investments | | 259,936,370 | 342,714,824 |
| Mark-up received on bank deposits and government securities | | 967,188 | 722,780 |
| Net cash generated from investing activities | | 20,145,484 | 38,378,510 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment against lease liabilities | | (5,341,478) | (6,903,697) |
| Net cash used in financing activities | | (5,341,478) | (6,903,697) |
| Net decrease in cash and cash equivalents (A+B+C) | | (4,061,658) | (4,472,876) |
| Cash and cash equivalents at beginning of the period | | 21,632,838 | (206,598) |
| Cash and cash equivalents at end of the period | | 17,571,180 | (4,679,474) |
| Cash and cash equivalents relating to margins and deposits | | 73,890,652 | 71,704,588 |
| Cash and cash equivalents at end of the period | | 91,461,832 | 67,025,114 |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

X 
 CHAIRMAN

G. Khan

 MANAGING DIRECTOR

Endorsement

 CHIEF FINANCIAL OFFICER


 MANAGING DIRECTOR

PAKISTAN MERCANTILE EXCHANGE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Mercantile Exchange Limited ('the Exchange') was incorporated in Pakistan as a public limited company on April 20, 2002 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Certificate of Commencement of Business under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) was granted to the Exchange by the Securities and Exchange Commission of Pakistan (SECP) on May 20, 2002. The Certificate of Registration under Securities and Exchange Ordinance, 1969 to start operations as commodity exchange was granted by SECP on May 10, 2007 when the Exchange commenced its operations. After promulgation of the Futures Market Act, 2016, the Exchange has been granted license of Futures Exchange effective from June 15, 2017. Its registered office is situated at 3B, 3rd Floor, Bahria Complex IV, Chaudhry Khaliq-uz-Zaman Road, Gizri, Karachi, Pakistan. The Exchange has also two branch offices situated at Islamabad and Lahore.
- 1.2** The Exchange has been set-up principally to establish, regulate, control and provide physical facilities and marketplace necessary for trading in future contracts based on commodities and financial instruments and to perform all allied and incidental functions. This is a technology driven, de-mutualized, on-line futures exchange in Pakistan, regulated by SECP. The operations of the Exchange have been governed by the Pakistan Mercantile Exchange Limited (PMEX) General Regulations, 2007. During the period, PMEX General Regulation were replaced PMEX Rule Book which were approved by the SECP on September 18, 2020.
- 1.3** During the period, the Exchange has earned net profit of Rs. 2.739 million reducing the accumulated loss to Rs. 269.8 million and increase in equity to Rs. 43.731 million as at December 31, 2020. Pursuant to the license as futures exchange, the Exchange was required to meet minimum capital of Rs. 500 million net of losses by June 2020. The Exchange was in process of issuing right shares to existing shareholders which was planned to be offered by the end of financial year 2019-2020. However, due to lockdown, the Board has concluded that it would not be possible to meet the condition of minimum capital requirement and has requested the SECP to extend the date for one year under Clause 6(2) of Futures Exchanges (Licensing and Operations) Regulations, 2017 read with section 4(1)(a) of Futures Market Act, 2016 which is pending with the SECP. The Exchange expects a favorable decision on the request. Simultaneously, the Exchange is in the process of appointment of a financial advisor to meet the licensing condition by June 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - International Accounting Standard 34- "Interim Financial Reporting".
 - Provisions of and directives issued under the Companies Act, 2017.
- 2.2** Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the financial statements of the Exchange for the year ended June 30, 2020.

The figures of the condensed interim statement of profit or loss and condensed interim statements of other comprehensive income for the three months ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Exchange, as they have reviewed the cumulative figures for the six months ended December 31, 2020 and December 31, 2019.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2020 except for the adoption of the following new amended standards, which become effective for the current period:

PAKISTAN MERCANTILE EXCHANGE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

| Standards | Effective date (Annual periods beginning on or |
|--|---|
| IFRS 3 Definition of a Business (Amendment to IFRS 3) | January 01, 2020 |
| IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8) | January 01, 2020 |
| IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7) | January 01, 2020 |
| IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16) | January 01, 2020 |

The adoption of the above standards and amendments are not expected to have any material impact on Exchange's condensed interim financial statements.

During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Exchange's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2020.

| | Note | (Unaudited) December 31, 2020 Rupees | (Audited) June 30, 2020 Rupees |
|---|------------|---|---|
| 4. MARGINS & DEPOSITS | | | |
| Clearing house deposits relating to brokers and clients | | 129,348,661 | 117,844,647 |
| Initial margins relating to brokers and clients | | 2,007,988,301 | 1,741,421,830 |
| | 4.1 | <u>2,137,336,962</u> | <u>1,859,266,477</u> |

4.1 The above margins and deposits has been applied as follows:

Clearing house deposits

| | | |
|--|--------------------|--------------------|
| Balances with banks | 23,124,333 | 15,542,939 |
| Investment in treasury bills | 106,456,658 | 104,056,220 |
| Adjustment of receivable from clearing deposits | - | (1,514,871) |
| Less: Amount allocated for transfer to SGF Trust | (232,331) | (239,641) |
| | 129,348,661 | 117,844,647 |

Initial margins

| | | |
|--|-----------------------------|-----------------------------|
| Balances with banks | 50,766,319 | 13,876,770 |
| Investment in treasury bills | 1,965,262,501 | 1,738,397,203 |
| Security deposit / prepayments | 36,000 | 36,000 |
| Adjustment of receivable from initial margins | - | (805,501) |
| Less: - Amount allocated for transfer to SGF Trust | (3,708,619) | (3,860,042) |
| - NCCPL payable | (4,367,900) | (6,222,600) |
| | 2,007,988,301 | 1,741,421,830 |
| | <u>2,137,336,962</u> | <u>1,859,266,477</u> |

5. PAYABLE TO SETTLEMENT GUARANTEE FUND TRUST

| | | |
|---|-------------------------|-------------------------|
| Payable to SGF trust from income earned on: | | |
| - clearing house deposits | 232,331 | 239,641 |
| - initial margins | 3,708,619 | 3,860,042 |
| | <u>3,940,950</u> | <u>4,099,683</u> |

6. CONTINGENCIES AND COMMITMENTS

There were no changes in the status of contingencies as reported in the audited annual financial statements for the year ended June 30, 2020. The cumulative financial impact of these various litigations is estimated to Rs.100.79 (June 30,2020: Rs.100.79) million. The management based on legal advisors opinion, believes that the Exchange has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in these condensed interim financial statements.

PAKISTAN MERCANTILE EXCHANGE LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

| | Note | (Unaudited) December 31, 2020 Rupees | (Audited) June 30, 2020 Rupees |
|---|------|---|---|
| 7. SHORT TERM INVESTMENTS - at FVTPL | | | |
| Investment in Treasury bills - margins and deposits | 7.1 | 2,071,719,159 | 1,846,587,328 |
| Investment in Treasury bills - others | | 102,393,843 | 115,086,453 |
| | | <u>2,174,113,002</u> | <u>1,961,673,781</u> |

7.1 These carry mark-up ranging from 6.4% to 7.48% (June 30, 2020: 8.04% to 11.22%) per annum and will mature on various dates up to July 15, 2021.

8. CASH AND BANK BALANCES

Cash at banks

- in current accounts

- in saving accounts

Cash in hand

| | | | |
|--|-----|-------------------|-------------------|
| | 8.1 | 23,746,594 | 724,178 |
| | | 67,664,057 | 50,299,013 |
| | | 51,180 | 29,356 |
| | | <u>91,461,832</u> | <u>51,052,548</u> |

8.1 These carry mark-up ranging from 5.5% to 5.75% (June 30, 2020: 9.5%) per annum.

| | (Unaudited) Six months period ended | | (Unaudited) Three months ended | |
|--|--|----------------------|-----------------------------------|----------------------|
| | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| | Rupees | | | |

9. OPERATING INCOME

| | | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| Trading fee - net | 78,919,996 | 72,683,124 | 33,984,548 | 24,270,457 |
| Annual membership fee | 12,675,000 | 12,575,000 | 6,337,500 | 7,137,500 |
| Share of Exchange from the income of margins and deposits | 46,765,118 | 55,418,502 | 25,662,600 | 25,961,931 |
| Infrastructure fee | 3,731,000 | 4,496,000 | 1,840,000 | 2,664,000 |
| Recovery of gold custody charges | 2,360,018 | 5,671,906 | 1,081,456 | 3,930,011 |
| Others | 1,056,600 | 2,580,708 | 394,400 | 1,838,954 |
| | <u>145,507,732</u> | <u>153,425,240</u> | <u>69,300,504</u> | <u>65,802,853</u> |

10. ADMINISTRATIVE AND OPERATING EXPENSES

| | | | | |
|---------------------------|--------------------|--------------------|-------------------|-------------------|
| Salaries and benefits | 86,438,219 | 83,945,348 | 42,438,648 | 42,568,776 |
| Gratuity | 4,050,633 | 3,757,716 | 2,059,420 | 1,875,011 |
| Provident fund | 4,059,776 | 3,766,976 | 2,075,108 | 1,883,060 |
| Directors' fee | 1,080,000 | 1,110,000 | 630,000 | 675,000 |
| Depreciation | 9,372,074 | 9,867,496 | 4,777,339 | 7,866,689 |
| Amortization | 1,139,251 | 2,677,067 | 569,625 | 1,330,479 |
| Communication | 3,283,605 | 3,666,466 | 1,459,894 | 2,037,687 |
| Cloud hosting | 4,708,138 | 8,733,146 | 1,163,287 | 4,133,092 |
| Utilities | 1,174,646 | 1,279,125 | 485,377 | 618,989 |
| Legal and professional | 2,601,244 | 1,650,463 | 1,271,241 | (58,946) |
| Rent | - | - | - | (3,414,352) |
| Repairs and maintenance | 3,053,982 | 3,361,591 | 1,587,672 | 1,606,352 |
| Travelling and conveyance | | | | |
| - Employees and others | 6,000 | 588,451 | 6,000 | 486,781 |
| - Directors | 125,857 | 1,883,340 | 125,857 | 1,144,051 |
| | 131,857 | 2,471,791 | 131,857 | 1,630,832 |
| Fee and subscription | 19,198,336 | 19,575,760 | 9,281,869 | 9,768,269 |
| Security services | 398,628 | 327,360 | 210,952 | 163,680 |
| Insurance | 155,518 | 216,018 | 56,979 | 97,126 |
| SECP supervision fee | 953,260 | 1,660,456 | 413,452 | 721,308 |
| Auditors' remuneration | 345,000 | 172,500 | 172,500 | (22,500) |
| Marketing expense | 1,862,506 | 3,656,352 | 697,844 | 1,807,306 |
| Printing and stationery | 97,939 | 159,367 | 57,722 | 140,870 |
| CWIP written off | - | 3,790,000 | - | - |
| Entertainment | 319,414 | 610,399 | 202,115 | 400,928 |
| | <u>144,424,026</u> | <u>156,455,397</u> | <u>69,742,901</u> | <u>75,829,656</u> |

PAKISTAN MERCANTILE EXCHANGE LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

| | Note | (Unaudited) Six months period ended | | (Unaudited) Three months ended | |
|--------------------------|------|--|----------------------|-----------------------------------|----------------------|
| | | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| | | Rupees | | | |
| 11. TAXATION | | | | | |
| Current - for the period | 11.1 | <u>2,235,123</u> | <u>2,337,129</u> | <u>1,282,533</u> | <u>(517,636)</u> |

11.1 The provision for current income is based on minimum tax @ 1.5% under section 113 of the Income Tax Ordinance, 2001.

11.2 The Exchange has not recognised net deferred tax asset amounting to Rs.57.142 million as at December 31, 2020 on net deductible temporary difference aggregating to Rs. 143.33 million as at December 31, 2020 as timing of availability of sufficient profits cannot be determined.

| | Note | (Unaudited) Six months period ended | |
|---|------|--|----------------------|
| | | December 31, 2020 | December 31, 2019 |
| | | Rupees | Rupees |
| 12. CASH USED IN OPERATIONS | | | |
| Profit before taxation | | 4,974,543 | 7,207,819 |
| Adjustments for non cash charges and other items: | | | |
| Depreciation | | 9,372,074 | 9,867,496 |
| Amortisation | | 1,139,251 | 2,677,067 |
| CWIP written off | | - | 3,790,000 |
| Finance costs | | 284,014 | 2,199,177 |
| Provision for gratuity | | 4,050,633 | 3,757,716 |
| Provision for provident fund | | 4,059,776 | 3,766,976 |
| Loss / (gain) on disposal of government securities | | 7,686 | (1,265) |
| Gain on disposal of property and equipment | | - | (328,512) |
| Mark-up on bank deposits | | (967,188) | (739,465) |
| Unrealised loss on remeasurement of government securities | | 1,355,318 | |
| Return on government securities | | (3,979,025) | (8,081,785) |
| Working capital changes | 12.1 | (25,445,407) | (40,082,563) |
| | | <u>(10,122,868)</u> | <u>(23,175,158)</u> |
| | | <u>(5,148,325)</u> | <u>(15,967,339)</u> |

12.1 Working capital changes

Decrease / (increase) in current assets

| | | |
|---|--------------------|---------------------|
| Supplies and consumables | - | 14,792 |
| Annual subscription receivable | 990,000 | 2,064,169 |
| Advances, deposits and short-term prepayments | (2,513,156) | (1,873,061) |
| Other receivables | (1,166,284) | (13,843,783) |
| | <u>(2,689,440)</u> | <u>(13,637,883)</u> |

(Decrease) / increase in current liabilities

| | | |
|--|---------------------|---------------------|
| Advance annual subscription and other fees | (12,675,000) | (14,082,129) |
| Creditors, accrued and other liabilities | (10,080,967) | (12,362,551) |
| | <u>(22,755,967)</u> | <u>(26,444,680)</u> |
| | <u>(25,445,407)</u> | <u>(40,082,563)</u> |

13. FINANCIAL RISK MANAGEMENT, OBJECTIVE AND POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Exchange as at June 30, 2020.

14. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities are estimated to approximate their fair values. There were no transfer among levels during the period.

15. TRANSACTIONS WITH RELATED PARTIES


Related parties comprise of associates, staff retirement funds, investor funds, directors and key management personnel.

PAKISTAN MERCANTILE EXCHANGE LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

| Transactions during the period | (Unaudited) | |
|---|-------------------------|----------------------|
| | Six months period ended | |
| | December 31, 2020 | December 31, 2019 |
| | Rupees | Rupees |
| Margin and Deposits | | |
| Associated company | | |
| Zahid latif securities (Private) Ltd | 2,700,000 | 2,891,873 |
| Rent and utilities | | |
| Associated company | | |
| ISE REIT Management Ltd. | 1,330,217 | 1,990,451 |
| Salaries and benefits | | |
| Directors | 18,038,229 | 15,411,128 |
| Key Management Personnel's | 25,233,459 | 22,934,803 |
| Retirement benefits | | |
| PMEX Gratuity Fund | 3,976,249 | 3,125,958 |
| PMEX Provident Fund | 7,942,951 | 6,267,738 |
| Payment to Funds | | |
| SGF Trust | 24,029,293 | 35,162,173 |
| Investor Protection Fund | 665,544 | 610,343 |
| | December 31, 2020 | June 30, 2020 |
| | -----Rupees----- | |
| | (Un-audited) | (Audited) |
| Balance at period / year end | | |
| Deposit and prepayments | | |
| Associated company | | |
| ISE REIT Management Limited | 828,929 | 922,822 |
| Retirement benefit plan | | |
| PMEX Provident Fund | 1,568,886 | 1,392,285 |
| PMEX Gratuity Fund | 16,671,052 | 16,312,654 |
| Common directorship | | |
| Payable to SGF Trust | 3,940,950 | 4,099,683 |
| Creditors, accrued and other liabilities | | |
| Directors' fee payable | 330,000 | 1,275,000 |

16. DATE OF AUTHORISATION OF ISSUE

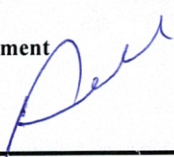
These condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Exchange.

CHAIR


 CHAIRMAN



 MANAGING DIRECTOR

Endorsement


 CHIEF FINANCIAL OFFICER



 MANAGING DIRECTOR