



HALF YEARLY
REPORT
DECEMBER 2014

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1. COMPANY INFORMATION

Board of Directors	<p>Mrs. Hanna Khan Mr. Muhammad Najam Ali Mr. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi Mr. Kashif Rafi Mr. Umer Habib Mr. Hassan Shahnawaz</p>	<p>Non-Executive Director, Chairperson Chief Executive Officer, Executive Director Non-Executive Director Non-Executive Director Chief Operating Officer, Executive Director Non-Executive Director Non-Executive Director / Independent Director</p>
Audit Committee	<p>Mr. Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Hassan Shahnawaz Mr. Zubair Ellahi</p>	<p>Member Member Member / Chairman Secretary</p>
Human Resource & Remuneration Committee	<p>Mr. Muhammad Najam Ali Mr. Zulqarnain Mahmood Khan Mr. Zubair Ellahi</p>	<p>Member Member Member/ Chairman</p>
	(The Company Secretary is the Secretary of the Committee)	
CFO & Company Secretary	Mr. Muhammad Asif Najmeo	
Chief Operating Officer	Mr. Kashif Rafi	
Associated Company	Next Advisor Limited.	
Auditor	<p>KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi</p>	
Bankers	<p>Askari Bank Limited Bank Al Falah Limited Bank of Punjab Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited Standard Chartered Bank Limited</p>	
Tax Advisors	<p>Junaidy, Shoaib, Asad & Co. Chartered Accountants Business and Finance Centre, Office No. 909, 9th Floor, Opp. State Bank of Pakistan, I. I. Chundrigar Road Karachi-74000</p>	
Legal Advisors	<p>Mohsin Tayebaly & Co. Barristers & Advocates 2nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi.</p>	
Share Registrar	<p>Technology Trade (Pvt.) Ltd 241-C, Block-2, PECHS, Karachi</p>	
Registered Office	<p>8th Floor Horizon Tower, Plot No. 2/6 Block III, Clifton, Karachi</p>	

2. DIRECTORS' REPORT

Economic Review

Although 1HFY15 started on a turbulent note, with the political temperature rising from the protracted sit-ins in Islamabad, the dramatic decline in oil prices provided significant macro-economic stability. Oil prices fell by 51% in the half-year, reducing CPI inflation average to 6.1% for the half year. The reduction in inflationary pressures, coupled with the expected benefit from reduction in the oil import bill, allowed the SBP to cut interest rates by 50bp to 9.5% in November 2014. The decline in long-term interest rates was much steeper, to the extent of 2.5%. Total liquid reserves of the country rose by US\$1.1bn during the half year, as two IMF loan tranches were received in December 2014, following successful completion of the fourth and fifth reviews. This allowed for relative stability in the currency, where the PKR/US\$ parity depreciated by a mere 2.1% during 1HFY15. The economic outlook for the coming months is sanguine, as inflation is expected to remain subdued and further cuts in the discount rate are expected. The sharp decline in oil prices has also provided a window of opportunity to the government, to address the issue of electricity subsidy and circular debt.

Capital Market Review

The KSE-100 index returned 8% in 1HFY15, closing at the level of 32,131 points. For CY14 as a whole, the return was an impressive 27%. During the 1HFY15, there was initially significant downward pressure on the market due to the political sit-ins in Islamabad, which led to a 6.1% correction in the index by end August. However, from that point, the KSE-100 returned 15.7% upto the end of Dec, spurred primarily by the decline in oil prices, the macro improvement from the oil price decline allowed the Pakistan equity market to re-rate, aided by the decline interest rates. Dividend yielding stocks and leveraged companies were amongst the top performers, given the macro backdrop. Sector-wise, cement and power were significant out-performers, whilst Oil and Gas lagged.


In terms of activity, 1HFY15 volumes came off by 14% YoY to 115mn shares, average daily traded value rose by 7%YoY to US\$74mn. Volumes could see an uptick going forward, with a strong pipeline of IPO's and secondary market offerings.

Performance Overview:

The Company has shown steady growth in its revenues; however, there was a corresponding increase in operating expenses. This has happened because the management is clearly focused in attracting high quality human resources to augment its existing team. We are hopeful that our key team will be completed by June 30, 2015 and shareholder can expect to see diversified and significant change in our operating revenues.

The management has now successfully completed most of the promises made at the time of listing. We are confident that the Company will emerge as one of the top financial service firm in the next eighteen months.

For and On behalf of the Board of Directors



Chairperson
Hanna Khan
February 26, 2015

3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Next Capital Limited** ("the Company") as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 condensed interim financial information 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31 December 2014 and 31 December 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

Date: 26 February 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

4. CONDENSED INTERIM BALANCE SHEET, AS AT DECEMBER 31, 2014

	Note	Unaudited 31 December 2014	Audited 30 June 2014
ASSETS			
Non-current assets			
Property and equipments	6	11,002,197	12,868,124
Intangible assets	7	20,988,965	21,053,390
Investment in shares of Karachi Stock Exchange Limited	8	40,073,830	40,073,830
Long term deposits		3,101,450	3,101,450
Investment in associate	9	9,402,580	-
Deferred tax asset	10	22,249,308	21,181,585
		106,818,330	98,278,379
Current assets			
Trade debts - considered good	11	91,406,022	70,679,981
Investments	12	2,611,175	5,035,964
Advances, deposits, prepayments and other receivables	13	39,242,223	88,022,783
Income tax refundable		11,166,102	7,581,082
Cash and bank balances		47,334,174	3,008,584
		191,759,696	174,328,394
Total assets		298,578,026	272,606,773
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
25,000,000 (30 June 2013: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up capital		200,000,000	200,000,000
Accumulated losses		(30,523,842)	(30,626,304)
Unrealized gain on re-measurement of available-for-sale investments		-	14,587
		169,476,158	169,388,283
Non-current liabilities			
Liabilities against assets subject to finance lease		-	48,090
Current liabilities			
Short term loan - unsecured	14	68,564,639	58,500,000
Current portion of liabilities against assets subject to finance lease		322,829	527,239
Trade and other payables	15	60,214,400	44,143,161
		129,101,868	103,170,400
Total equity and liabilities		298,578,026	272,606,773
Contingencies and Commitments	16		

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Signature


Chief Executive


Director

5. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT-(UNAUDITED), FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

		Six Months ended 31 December		Quarter ended 31 December	
	Note	2014	2013	2014	2013
		----- (Rupees) -----			
Operating revenue	17	48,738,828	36,043,269	27,277,972	14,346,558
Capital gain on sale of investments		2,396,690	628,528	2,028,043	1,306,885
Unrealised gain in the value of shares classified as at 'fair value through profit or loss'		459,958	(93,222)	(277,342)	-
Operating expenses	18	(29,186,593)	(20,466,764)	(16,708,492)	(9,420,484)
Administrative expenses		(21,954,591)	(19,415,052)	(12,022,141)	(9,290,045)
Financial charges		(5,474,248)	(5,404,383)	(2,831,231)	(2,681,531)
		(5,019,956)	(8,707,624)	(2,533,191)	(5,738,617)
Other income		5,507,054	4,139,448	2,573,593	2,876,463
Share of loss from associate	9	(597,420)	-	(597,420)	-
Net loss before taxation		(110,322)	(4,568,176)	(557,018)	(2,862,154)
Taxation	19	212,784	4,118,085	414,195	5,720,525
Net income / (loss) for the period		102,462	(450,091)	(142,823)	2,858,371
Earnings per share - basic & diluted	20	0.01	(0.02)	(0.0071)	0.14

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

K. Aggarwal



Chief Executive



Director

6. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME-(UNAUDITED), FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

	Six Months ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	<hr style="border-top: 1px dashed black;"/> -(Rupees) <hr style="border-top: 1px dashed black;"/>			
Net income / (loss) for the period	102,462	(450,091)	(142,823)	2,858,371
<u>Other comprehensive income:</u>				
<i>Items that are or may be reclassified subsequently to profit and loss account</i>				
Surplus on revaluation of available-for-sale investments transferred to income statement on disposal - net of deferred tax	(14,587)	-	(14,587)	-
Total Comprehensive income for the period	<u>87,875</u>	<u>(450,091)</u>	<u>(157,410)</u>	<u>2,858,371</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

K. A. Gupta



Chief Executive



Director

7. CONDENSED INTERIM CASH FLOW STATEMENT-(UNAUDITED), FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

	Six months ended	
	31 December 2014	31 December 2013
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before taxation	(110,322)	(4,568,176)
Adjustments for:		
- Depreciation	2,671,152	2,200,593
- Amortisation	64,425	48,333
- Gain on sale of investments	(2,396,690)	(628,528)
- Unrealised (gain) / loss in the value of shares classified as at 'fair value through profit or loss'	(459,958)	93,222
- Share of loss from associate	597,420	-
- Return on bank deposits	4,905,946	(2,216,357)
- Financial charges	5,474,248	5,300,944
	10,856,543	4,798,207
Cash generated from operating activities before working capital changes	10,746,221	230,031
(Increase) / decrease in current assets		
Trade debts	(20,726,041)	(45,663,455)
Investments in listed securities	2,424,789	(10,962,420)
Advances, deposits, prepayments and other receivables	48,780,560	(18,992,332)
	30,479,308	(75,618,207)
Increase in current liabilities		
Trade and other payables	15,888,699	(38,822,023)
	57,114,228	(114,210,199)
Financial charges paid	(5,474,248)	(4,804,383)
Taxes paid	(3,840,147)	(1,894,637)
Net cash generated from / (used in) operating activities	47,799,833	(120,909,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(805,225)	(892,220)
Investment in associate	(10,000,000)	-
Investments made during the period	(233,686,850)	(281,011,293)
Investments disposed off during the period	236,111,639	279,168,709
Proceeds from disposal of property and equipment	-	406,807
Return received on bank deposits	(4,905,946)	4,139,448
Net cash (used in) / generated from investing activities	(13,286,382)	1,811,451
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loans received	26,140,119	179,381,466
Short term loans repaid	(16,075,480)	(107,081,466)
Lease repayments made	(252,500)	(974,410)
Net cash used in financing activities	9,812,139	71,325,590
Net increase / (decrease) in cash and cash equivalents	44,325,590	(47,772,178)
Cash and cash equivalents at beginning of the period	3,008,584	96,162,782
Cash and cash equivalents at end of the period	47,334,174	48,390,604

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Signature

Signature

Chief Executive

Signature

Director

8. STATEMENT OF CHANGES IN EQUITY-(UNAUDITED), FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014.

	Issued, subscribed and paid-up capital	Accumulated losses	Unrealized appreciation on available for sale investments	Total
	(Rupees)			
Balance as at 1 July 2013	200,000,000	(38,062,206)	-	161,937,794
<i>Total comprehensive income for the period</i>				
Net income for the period	-	(450,091)	-	(450,091)
Balance as at 31 December 2013	<u>200,000,000</u>	<u>(38,512,297)</u>	<u>-</u>	<u>161,487,703</u>
Balance as at 1 July 2014	200,000,000	(30,626,304)	14,587	169,388,283
<i>Total comprehensive income for the period</i>				
Net profit for the period	-	102,462	-	102,462
Transfer of unrealised gain to income statement on disposal of available-for-sale investments - net of deferred tax	-	-	(14,587)	(14,587)
Balance as at 31 December 2014	<u>200,000,000</u>	<u>(30,523,842)</u>	<u>-</u>	<u>169,476,158</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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Chief Executive



Director

9. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION-(UNAUDITED), FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under Companies Ordinance, 1984. The Company has obtained corporate membership from Karachi Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of Karachi Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan. The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex and other financial instruments and consultancy services. Further, the Company is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange. The registered office of the Company is situated at 8th floor, Horizon Tower, Block III Clifton, Karachi.

2. BASIS OF PREPARATION

- 2.1** This Condensed interim financial information of the Company for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the company as at and for the year ended 30 June 2014.
- 2.3** This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi Stock Exchange.
- 2.4** This condensed interim financial information is presented in Pakistan Rupees which is the Company's functional currency.
- 2.5** The comparative balance sheet presented in this condensed interim financial information as at 31 December 2014 has been extracted from the audited financial statements of the Company for the year ended 30 June 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and the condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the six months period ended 31 December 2013.

3. ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are same as those applied in the preparation of the financial statements for the year ended 30 June 2014. A new accounting policy has been applied in respect of Company's investment in associated undertaking during the period as follows:

K. Agha

Investment in associate - equity method

Investments in associate where the Company has significant influence but not control over the financial and operating policies are accounted for using equity basis of accounting, under which the investment in associate are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of the profit or loss of the associate after the date of acquisition, less impairment losses, if any. The Company's share of the profit or loss of the associate is recognised in the Company's profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentations and disclosure in the condensed interim financial information

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

6. PROPERTY AND EQUIPMENTS

Unaudited 31 December 2014	Audited 30 June 2014
(Rupees)	

Opening written down value	12,868,124	12,338,255
Additions during the period / year - at cost		
- Lease hold improvement	613,400	517,380
- Furniture and fixtures	-	100,032
- Vehicles - Owned	-	6,222,584
- Computers and related accessories	191,825	1,238,347
	805,225	8,078,343
Written down value of deletions during the period / year	-	(963,928)
Depreciation for the period / year	(2,671,152)	(4,526,462)
	(2,671,152)	(5,490,390)
Transfer from leased to owned vehicles during the period / year	-	(2,058,084)
Closing written down value	11,002,197	12,868,124

K. A. Aggarwal

7. INTANGIBLE ASSETS		Unaudited 31 December 2014	Audited 30 June 2014
		(Rupees)	
		950,000	950,000
Pakistan Mercantile Exchange - Membership card			
Trading Right Entitlement Certificate (TREC)	7.1	19,926,170	19,926,170
Software		112,795	177,220
		<u>20,988,965</u>	<u>21,053,390</u>

- 7.1 This represents TREC acquired on surrender of Stock Exchange membership Card. For details please refer Note 8.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto 31 December 2019, the Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

8. INVESTMENT IN SHARES OF KARACHI STOCK EXCHANGE LIMITED - Available-for-sale

- 8.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of KSEL is equally distributed among 200 members of KSEL by issuance of 4,007,383 shares to each member in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the asset transferred and asset obtained can not be determined with reasonable accuracy, the above investment has been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company has been recognised as available for sale investment and the excess of value of shares over the carrying value of membership card in KSE is recognised as trading right.

Al Aqda

- 8.2** In compliance with the sub regulation 2.1 of the Regulation Governing Risk management (Regulation) of the KSEL, every TREC holder registered as the broker under Brokers and Agents Registration Rules 2001, is required to maintain a Base Minimum Capital in the amount and form as prescribed in the Regulations. As per notice no KSE/N-6955 dated 18 December 2013, the BMC is Rs. 31.165 million.

The Company's BMC is comprised of the sum of notional value of the TREC and breakup value of pledged 40% KSEL shares. The KSEL once in every six months reviews notional value of the TREC and the breakup value of its shares. As per notice No. KSE/N-4652 dated 24 September 2014, the revised notional value of the TREC was Rs. 15 million and the breakup value of the shares was Rs. 16.151 million (Rs. 10.076 per share) resulting in BMC maintained at Rs. 31.151 million against the requirements of Rs. 31.156 million.

9. INVESTMENT IN ASSOCIATE - equity accounted for	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	(% of holding)		(Rupees)	
Next Advisors Limited 10,000 fully paid ordinary shares of Rs. 10 each	28.57%	-	10,000,000	-
Less: Share of loss from associate			(597,420)	-
			<u>9,402,580</u>	<u>-</u>

- 9.1** Associates are entities over which the Company has significant influence and no control. Company's investee company is considered to be its associate by virtue of common directorship and having significant influence.

During the period, the Company participated in the subscription of shares of Next Advisors Limited (NAL). It is a newly incorporated company which has obtained the license of providing "Investment Advisory Services" from the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). The NAL is principally engaged in the business of investment advisory, portfolio management and business and economic research services.

- 9.2** Share of loss after acquisition is recognised based on draft interim financial information as at and for the period ended 31 December 2014 as auditor reviewed financial information is not presently available. The summarised financial information of the equity accounted investee based on interim financial information is as follows:

	31 December 2014 (Rupees)
Assets	<u>33,165,056</u>
Liabilities	<u>256,066</u>
Total Revenue	<u>6,715,482</u>
Loss after taxation for the period	<u>(2,091,010)</u>

KPMG

	31 December 2014	30 June 2014
10. DEFERRED TAX ASSET		
	(Rupees)	
Tax losses carried forward	28,257,579	25,864,808
Taxable temporary differences arising on:		
- Accelerated tax depreciation and amortisation	(5,950,776)	(4,683,223)
- Unrealised gain in the value of shares classified as at 'fair value through profit or loss'	(57,495)	-
	<u>22,249,308</u>	<u>21,181,585</u>

10.1 Reconciliation of deferred tax

Balance as at 1 July 2014	21,181,585	20,977,283
Recognised in profit and loss account	1,059,869	212,156
Recognised in equity	7,854	(7,854)
Balance as at 31 December 2014	<u>22,249,308</u>	<u>21,181,585</u>

11. TRADE DEBTS - considered good

Receivable from clients on account of:

- Purchase of shares on behalf of clients	11.1	79,374,298	58,224,510
- Brokerage commission		10,231,724	5,191,797
- Consultancy fee		1,800,000	7,263,674
		<u>91,406,022</u>	<u>70,679,981</u>

11.1 This includes trade debts of Rs. 1.25 million (30 June 2014: 1.013 million) receivable from related parties.

12. INVESTMENT

Designated at fair value through profit or loss - quoted equity security	12.1	2,611,175	-
Available for sale	12.2	-	5,035,964
		<u>2,611,175</u>	<u>5,035,964</u>

12.1 Designated at fair value through profit or loss - quoted equity securities

	As at 01 July 2014	Purchased during the period	Sold during the period	As at 31 December 2014	Purchase Cost	Market Value as at 31 December 2014	Market value as at 30 June 2014
	(Rupees)			(Shares)	(Rupees)		
- Lafarge Pakistan Cement	-	6,214,500	6,064,000	150,500	2,151,217	2,611,175	-

12.2 Available for sale - open end mutual fund units

- PICIC Cash Fund Units	50,299	-	50,299	-	-	-	5,035,964
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		31 December 2014	30 June 2014
13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
		(Rupees)	
Advance against salary	13.1	465,924	1,753,200
Advance commission to traders - related party		518,631	608,000
Deposit against Marginal Trading Services	13.2	15,617,039	67,154,309
Deposit against exposure margin	13.3	13,841,733	14,867,797
Receivable from National Clearing Company of Pakistan Limited	13.4	6,199,872	-
Prepaid expenses		1,098,971	1,242,795
Other receivables and advances		1,500,053	2,396,682
		<u>39,242,223</u>	<u>88,022,783</u>

UAE

- 13.1** This includes advance against salary amounting to Rs. 0.199 million (30 June 2014: Rs. 1.336 million) due from Chief Executive Officer.
- 13.2** This represents deposit with National Clearing Company of Pakistan Limited against the Financing Participation Ratio (FPR) and sustained losses to date on Marginal Trading Services.
- 13.3** This represents deposit with Karachi Stock Exchange Limited against the exposure margin against trade in future and ready market.
- 13.4** This represents deposit with National Clearing Company of Pakistan Limited against the day to day settlement of regular market.

14. SHORT TERM LOAN	31 December 2014	30 June 2014
	(Rupees)	
Loan at beginning of the period / year	58,500,000	-
Additions during the period / year	26,140,119	241,221,192
Repayments of the loan during the period / year	(16,075,480)	(182,721,192)
Balance at end of the period / year	68,564,639	58,500,000

- 14.1** The mark-up was paid at rates ranging from 14.71% to 15.32% (30 June 2014: 13% to 15.37%).

15. TRADE AND OTHER PAYABLES

Trade creditors	<i>15.1</i>	50,308,082	32,620,253
Payable to directors		30,000	30,000
Payable to National Clearing Company of Pakistan Limited		273,255	1,133,835
Accrued commission to traders		2,526,684	5,478,293
Accrued salaries and other expenses		444,231	1,712,633
Payable to Next Advisor Limited	<i>18.1</i>	2,825,177	-
Auditor's remuneration		245,970	133,470
Tax deducted at source		2,864,108	2,681,568
Other payables		696,893	353,109
		60,214,400	44,143,161

- 15.1** This includes trade payable of Rs. 0.372 million (30 June 2014: Rs. 13.877 million) payable to related parties.

16. CONTINGENCIES AND COMMITMENTS

- 16.1** The Sindh Revenue Board (SRB) has passed Order for recovery of sindh sales tax on advisory services amounting to Rs. 871,581 for the tax period July 2011 to June 2012. The Company has filed appeal before the Commissioner Appeals (SRB) against the said order. The management is of the view that such services are not taxable under the Sindh Sales Tax Act, 2011. The tax advisors of the Company are confident of a favorable outcome.

- 16.2** For income tax contingencies, refer note 19.1.

16.3 Commitments

For sale of quoted securities under future contracts against counter commitments	1,856,060	8,122,525
For purchase of quoted securities under future contracts against counter commitments	110,133,245	622,275

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17. OPERATING REVENUE		Six months ended		Quarter ended	
		31 December		31 December	
		2014	2013	2014	2013
		(Unaudited)			
		(Rupees)			
Brokerage income	17.1	41,295,127	26,573,109	21,849,489	12,860,423
Advisory / consultancy fee		7,443,701	9,470,160	5,428,483	1,486,135
		<u>48,738,828</u>	<u>36,043,269</u>	<u>27,277,972</u>	<u>14,346,558</u>

- 17.1 This includes brokerage earned from related parties amounting to Rs. 1.176 million (31 December 2013: 0.398 million)

18. OPERATING EXPENSES	Note	Six months ended		Quarter ended	
		31 December		31 December	
		2014	2013	2014	2013
		(Unaudited)			
		(Rupees)			
Salaries, wages and other benefits		9,735,000	7,280,183	5,138,400	4,108,200
Consultancy fee	18.1 & 18.2	8,144,329	2,979,856	5,030,174	1,125,000
Commission and referral fee	18.3	8,121,337	7,871,792	4,871,244	3,183,656
Service and transaction charges		2,700,074	2,039,073	1,473,821	874,151
Fees and subscription		485,853	295,860	194,853	129,477
		<u>29,186,593</u>	<u>20,466,764</u>	<u>16,708,492</u>	<u>9,420,484</u>

- 18.1 This includes consultancy fee of Rs. 5.079 million in respect of consultancy services rendered by Next Advisor Limited relating to money market department and Rs. 1 million on account of daily market research.
- 18.2 This includes consultancy fee to the directors of the Company amounting to Rs. 1.2 million (31 December 2013: nil).
- 18.3 This includes commission to the directors of the Company amounting to Rs. 6.919 million (31 December 2013: 6.98 million) and referral fee to Next Advisor Limited amounting to Rs. 0.636 million respectively.

19. TAXATION	Note	Six months ended		Quarter ended	
		31 December		31 December	
		2014	2013	2014	2013
		(Unaudited)			
		(Rupees)			
Current		847,085	807,256	585,094	663,790
Prior		-	(10,351)	-	(10,351)
Deferred		(1,059,869)	(4,914,990)	(999,289)	(6,373,964)
		<u>(212,784)</u>	<u>(4,118,085)</u>	<u>(414,195)</u>	<u>(5,720,525)</u>

19.1 Current status of tax assessments

There is no change in the status of the current tax assessment as referred in note 23.2 of financial statements for the year ended 30 June 2014.

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20. EARNINGS PER SHARE - BASIC AND DILUTED

	Six months ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Un-audited) -----			
	----- (Rupees) -----			
- Loss for the period	102,462	(450,091)	(142,823)	2,858,371
	----- (Numbers) -----			
- Weighted average number of ordinary shares in issue during the period	20,000,000	20,000,000	20,000,000	20,000,000
	----- (Rupees) -----			
Earnings per share Basic & Diluted	0.01	(0.02)	(0.0071)	0.14

20.1 Diluted earnings per share has not been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

20.2 The Company with the approval of shareholders by way of special resolution in general meeting held on 13 September 2011 has entered into a Stock Option Agreement dated 7th October, 2011 with the Chief Executive (CEO), whereby the CEO has been granted Options to subscribe for the ordinary shares of the Company. Issuance of shares by the Company against exercise of the Options is, however, subject to the approval of the Securities & Exchange Commission of Pakistan (the Commission) under section 86 of Companies Ordinance, 1984. The number of share options granted are up to 2 million shares with consideration in cash having an exercise price of Rs. 10 per share. The exercise period is five years and six months after one year from the date of listing of the Company. However, the option is yet to be approved by the Securities and Exchange Commission of Pakistan (SECP). Further the value of option is considered to be nil in view of the fact that the market value of the share of the Company is significantly less than the face value and its exercise price.

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors, key management personnel and close family members of the directors and key management personnel. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

As At

	Un-audited 31 December 2014	Audited 30 June 2014
21.1 Short term loan from related parties		
	(Rupees)	
Opening balance	55,000,000	-
Received during the period / year	22,584,249	233,221,192
Repayments during the period / year	(12,575,480)	(178,221,192)
Interest accrued during the period / year	4,767,752	9,624,352
Interest paid during the period / year	(4,767,752)	(9,624,352)
Closing balance	<u>65,008,769</u>	<u>55,000,000</u>

21.1.1 Above balance carry markup rate 14.71% to 15.32% (30 June 2014: 13% to 15.37%) per annum.

21.2 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Rupees) -----					
Managerial remuneration	3,000,000	3,000,000	520,003	360,002	4,526,023	2,735,347
House rent allowance	1,200,000	1,200,000	208,001	144,001	1,810,409	1,094,139
Medical	300,000	300,000	52,000	36,000	452,602	273,535
Commission and consultancy fee	-	-	8,119,683	6,980,060	-	-
	<u>4,500,000</u>	<u>4,500,000</u>	<u>8,899,687</u>	<u>7,520,063</u>	<u>6,789,034</u>	<u>4,103,021</u>

21.3 The Company provides the chief executive and certain executives with the Company maintained cars as per their terms of employment.

22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information was authorised for issue by the Board of Directors of the Company in their meeting held on February 26, 2015

K. Aggarwal



Chief Executive



Director



Head Office:

8th Floor Horizon Tower, Plot No. 2/6
Block III, Clifton, Karachi
Pakistan

UAN: 92-21-111-639-825

Fax: 92-21-35292621

Lahore Branch Office:

House No. 43-A/5,
Zafar Ali Road,
Aziz Avenue,
Gulberg-5, Lahore.

Ph: 92-42-35791281-88

Fax: 92-42-35791289