

## NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

### **DIRECTORS' REPORT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

We are pleased to present the un-audited quarterly accounts of the Company for the nine months period ended March 31, 2015.

#### **Economy and Capital Market Review**

The macro-economic indicators for the past nine months depict a healthy and stable performance. The favorable developments witnessed in the current quarter ended March 31, 2015 were the reduction of Discount Rate by 1.5% in two tranches, reduction in inflation index to 2.5%, credit rating outlook upgrade from stable to positive by an internationally acclaimed credit rating agency and the Extended Fund Facility by IMF.

The Capital Market responded accordingly with the daily average trading values crossing levels of Rs. 10.7 billion as against Rs. 8.6 billion of similar nine months period of the preceding year. New records were also set with KSE 100 Index reaching mammoth levels of 35,000 points as well.

#### **Company's Financial Results**

The Company's overall financial results of the current nine months period have significantly improved in comparison with similar period of the preceding period. The company earned profit after tax of Rs. 110.9 million which is around 3.5 times of profits earned in similar period of preceding year.

This impressive improvement in overall profitability is mainly attributable to growth in operating income by 51%. The operating income of the current nine months period enhanced by Rs. 132 million mainly ascribable to higher CGT fee, enhanced leveraged market products fee and treasury income related to operations combined with enhanced trading values. The enhanced leveraged market product fee was due to enhanced activity witnessed in Margin Trading System whereas higher treasury yield is achieved due to fruitful gains in longer tenure position in Government Securities in a declining discount rate scenario.

## NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

The summarized financial results of the current nine months period in comparison with similar period of preceding year are tabulated below:

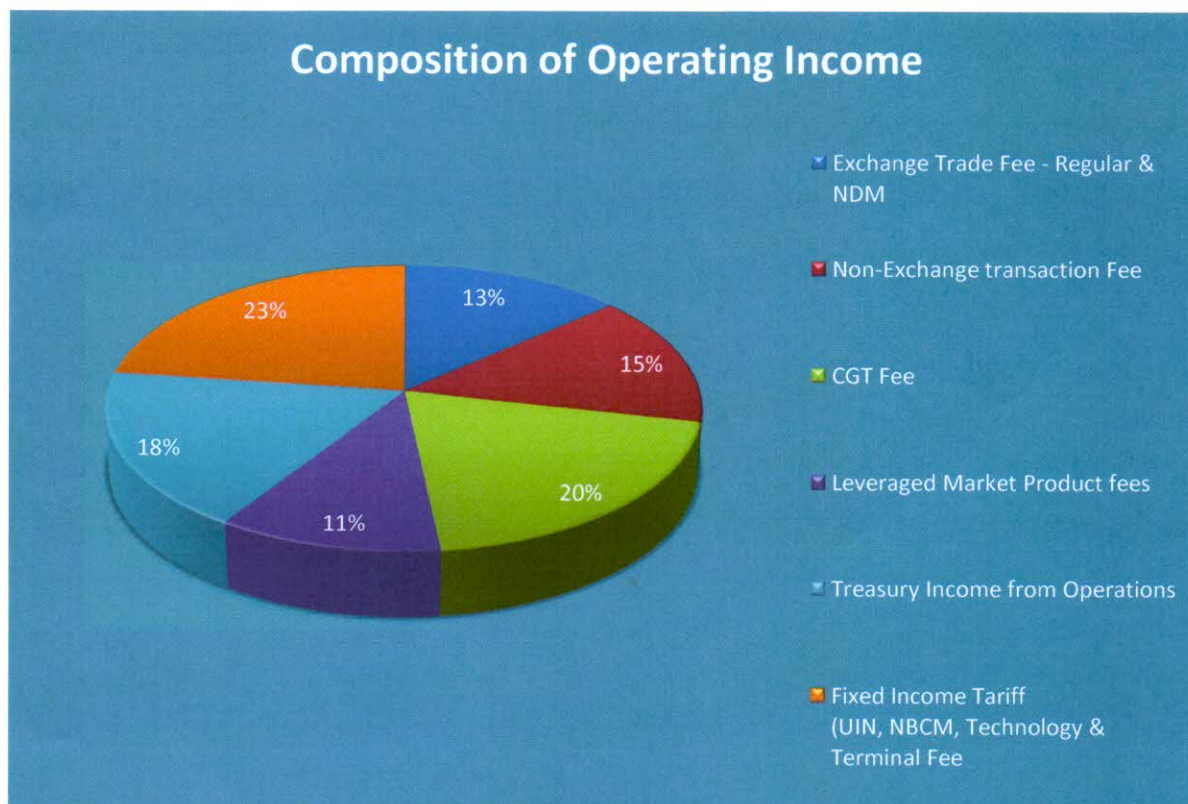
Particulars	Rupees in thousands			
	Nine Months Ended		Comparison	
	Current Period	Preceding Period	Amount	% age change
Operating income - net	389,675	257,371	132,304	51.4%
Operating and admin expenses	(255,880)	(225,266)	(30,614)	(13.6%)
Operating profit/(loss)	<b>133,795</b>	<b>32,105</b>	<b>101,690</b>	<b>316.7%</b>
Other Income	28,858	16,895	11,963	70.8%
Non Operating Charges	(4,958)	(2,255)	(2,703)	(120%)
Pre – tax profit	<b>157,695</b>	<b>46,745</b>	<b>110,950</b>	<b>237.4%</b>
Taxation	(46,751)	(15,630)	(31,121)	(199.1%)
Profit after taxation	<b>110,944</b>	<b>31,115</b>	<b>79,829</b>	<b>257%</b>

## NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

The summarized Operating income of the current nine months period in comparison with corresponding period of preceding year is tabulated below:

Particulars	Nine Months Ended		Rupees in thousands	
	Mar 31, 2015	Mar 31, 2014	Variance	
			Amount	% age change
Exchange Trade Fee - Regular & NDM	55,146	40,014	15,132	37.8%
Non-Exchange transaction fee	60,336	42,925	17,411	40.6%
CGT fee	80,892	54,029	26,863	49.7%
Leveraged Market Product fees	44,429	32,040	12,389	38.7%
Treasury income from Operations	72,743	28,979	43,764	151.0%
Fixed Tariff (UIN, NBCM fee, Technology & Terminal fee)	93,313	72,754	20,559	28.3%
<b>Gross Income</b>	<b>406,859</b>	<b>270,741</b>	<b>136,118</b>	<b>50.3%</b>
Less: Contribution towards NCC Clearing and Settlement Fund	(17,184)	(13,370)	(3,814)	(28.5%)
<b>Net Operating Income</b>	<b>389,675</b>	<b>257,371</b>	<b>132,304</b>	<b>51.4%</b>

The following pie-chart shows break-up of Operating income:



## NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

The summarized Operating and Administrative expenses of the current nine months period in comparison with similar period of preceding year are tabulated below:

Particulars	Nine Months Ended		Rupees in thousands	
	Mar 31, 2015	Mar 31, 2014	Variance	
			Amount	% age change
Personnel cost	121,669	100,197	(20,772)	(20.7%)
Depreciation / Amortization	25,227	25,076	(151)	(0.6%)
Repairs and maintenance - General	1,915	2,079	164	7.9%
Repairs and maintenance - hardware	19,390	20,468	1,078	5.3%
Repairs and maintenance - software	7,264	8,282	1,019	12.3%
Rent, rates and taxes	16,034	14,627	(1,406)	(9.6%)
Electricity & fuel	13,224	10,906	(2,319)	(21.3%)
Facilities Management fee	15,577	11,623	(3,954)	(34.0%)
Networking / Communication	7,280	6,977	(1,003)	(14.4%)
Insurance	4,475	4,025	(450)	(11.2%)
Vehicle Running and maintenance	3,022	2,505	(516)	(20.6%)
SECP Supervision fee	4,015	3,657	(358)	(9.8%)
Others	16,789	14,843	(1,946)	(13.1%)
<b>Total</b>	<b>255,880</b>	<b>225,266</b>	<b>(30,614)</b>	<b>(13.6%)</b>

The following pie-chart shows break-up of total expenses:

