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The Chief Executive Officer  
Next Capital Limited  
8th Floor, Horizon Tower  
Plot # 2/6, Block III, Clifton  
Karachi

Our ref KA-AQ-1102B

Contact Muhammad Taufiq

28 February 2017

Dear Sir,

**Net Capital Balance Certificate**

This is to certify that the Net Capital Balance of Next Capital Limited, a TREC holder of Pakistan Stock Exchange Limited (PSX), as defined under Rule 2(d) of, and third schedule to the Securities and Exchange Rules, 1971, amounted to Rs. 108,908,733 as at 31 December 2016.

We further confirm that the above Net Capital Balance of Next Capital Limited is calculated on the basis of figures obtained from the un-audited condensed financial information of the Company for the half year ended 31 December 2016.

Yours faithfully,

KPMG Taseer Hadi & Co. |

Next Capital Limited  
Statement of Net Capital Balance

As at 31 December 2016

(Excess of current assets over current liabilities determined in accordance with the third Schedule of the Securities and Exchange Rules 1971 and the clarifications /guidelines issued by Securities and Exchange Commission of Pakistan (SECP).

Description	Valuation Basis	Note	Sub Total (Rupees)	Total
<b>Current Assets</b>				
Cash in hand, bank balances and cash deposit	As per book value	2		413,560,025
Trade Debts	As per book value Less: Overdue for more than 14 days	3	417,374,878 (13,019,003)	404,355,875
		<b>A</b>		<b>817,915,900</b>
<b>Current Liabilities</b>				
Trade payables	As per book value Less: Overdue for more than 30 days	4	479,469,514 (39,069,747)	440,399,767
Other liabilities	As per book value - Trade payables overdue for more than 30 days - Loan from directors - Loan from others - Accrued expenses and others	5 5.1	39,069,747 94,534,375 59,882,890 75,120,388	268,607,400
		<b>B</b>		<b>709,007,167</b>
<b>Net Capital Balance as at 31 December 2016</b>		<b>A - B</b>		<b>108,908,733</b>

The annexed notes 1 to 6 form an integral part of the statement.

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Chief Executive Officer



  
Chief Financial Officer

# Next Capital Limited

## Notes to the Statement of Net Capital Balance

For the period ended 31 December 2016

### 1. STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ("the Statement") of the Next Capital Limited ("the Company") has been prepared in accordance with Rule 2 (d) of the Third Schedule to the Securities and Exchange Rules, 1971 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP). All figures have been obtained from the un-audited condensed financial information of the Company for the half year ended 31 December 2016.

- 1.2 The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Cash in hand or in bank	As per book value
Trade receivables	Book value less those overdue for more than fourteen days.
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount.
Securities purchased for customer	Securities purchased for customers and held by the broker where the payment has not been received within fourteen days.
Any other assets as specified by the Commission	As per the valuation basis as determined by the Commission.
Trade payables	Book value less those overdue for more than 30 days.
Other liabilities	As classified under the generally accepted accounting principles.

### 2. CASH IN HAND, BANK BALANCES AND CASH DEPOSIT- stated at book value

31 December  
2016  
(Rupees)

Cash in hand	18,163
Bank balances pertaining to:	
- Next Capital Limited	
- Current account	9,270,597
- Profit and loss sharing account	5,585,449
- Excess balance in Clients' bank account	-
- Clients - current account and profit and loss sharing account	2.1 138,666,385
- Deposit against exposure margin	2.2 234,489,329
- Deposit against Marginal Trading Services	2.3 25,530,102
	<u>413,560,025</u>



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- 2.1 The client's bank account balance amounting to Rs. 140,897,259 has been restricted to overall trade payables balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on July 03, 2013, and clause 1.6A of the clarifications / guidelines issued by SECP on 03 July 2013 and on 08 September 2016 respectively.

Clients' Account Bank Balance as at December 31, 2016	140,897,259
Trade payable as at December 31, 2016	479,469,514
Less: Accrual of trade payable for T+2 transactions	(340,803,129)
Net Trade payable as at December 31, 2016	138,666,385
Excess Balance in Clients' Account Bank Balance as at December 31, 2016	<u><u>2,230,874</u></u>

- 2.2 This represents margin deposit with NCCPL consist of amounting Rs. 24.367 million against Futures Market, Rs.209 Million against Regular T+2 market and Rs. 1.122 Million against Bonds Automated Trading System(BATS) market
- 2.3 This represents deposit with National Clearing Company of Pakistan Limited against Marginal Trading System.
- 2.4 Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarifications issued by Securities and Exchange Commission of Pakistan (SECP).

### 3. TRADE DEBTS

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days

		31 December 2016 (Rupees)
Total receivable	3.1	417,374,878
Less: Receivables other than brokerage business	3.2	-
Total trade receivables		<u>417,374,878</u>
Less: Over due for more than 14 days		(13,019,003)
Balance generated within 14 days and/or not yet due		<u><u>404,355,875</u></u>

- 3.1 The break up of total receivable is as follows:

- Purchases of shares on behalf of clients	3.3	45,135,929
- Investments in Marginal Financing	3.4	33,414,452
- Brokerage commission on equity		22,285,873
- Recievable from NCCPL		316,538,624
		<u><u>417,374,878</u></u>

- 3.2 Amount receivable other than brokerage business is not included for the purpose of Net Capital Balance in accordance with clause 2.7 of clarification/guidelines issued by SECP dated 03 July 2013.



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3.3 These represent value of shares appearing in clients respective sub account to the extent of overdue balances for more than 14 days or value of securities, whichever is less in accordance with the clarifications /guidelines issued by SECP.

3.4 Investment in Marginal Financing

This amount is given as a Margin Financing System (MFS) to clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup at the rate of 1 month KIBOR + 8%.

4. TRADE PAYABLES

These represents balances due to customers in respect of trading of shares less trade payable balances overdue for more than 30 days and loan account balance which have been included in other liabilities.

5. OTHER LIABILITIES - at book value

These represents current liabilities, other than trade payable which are due within 30 days and the amount classified as loan account. Other liabilities are stated at book value.

5.1 The break up of accrued expenses and others is as follows:

- Accrued commission to traders	3,356,154
- Accrued salaries and other expenses	1,790,004
- Auditor's remuneration	500,000
- Tax deducted at source	7,714,154
- Provision for sales tax	2,560,063
- Provision for Worker's Welfare fund	1,022,779
- Commission payable	56,452,805
- Other payables	1,676,338
- Current Portion of Liabilities against asset subject to finance lease	48,091
	<u>75,120,388</u>

6. DATE OF ISSUANCE

28 FEB 2017

This statement is being issued on \_\_\_\_\_.

*Kmm*

*[Signature]*

Chief Executive Officer



*[Signature]*

Chief Financial Officer