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NEXT CAPITAL

VISION

To become the preferred Financial Services provider in Pakistan, assisting Individuals, Companies and Financial Institutions find optimal Capital Markets related solutions

MISSION

To offer a wide range of products and services in a transparent manner with an emphasis on integrity and client confidentiality

To provide customers with complete and innovative solutions by using the best minds and technology

NEXT CAPITAL

COMPANY INFORMATION

Board of Directors	Mr. Muhammad Najam Ali	Chief Executive Officer, Executive Director
	Mrs. Hanna Khan	Non-Executive Director, Chairperson
	Mr. Zulqarnain Mahmood Khan	Non-Executive Director
	Mr. Muhammad Zubair Ellahi	Non-Executive Director
	Mr. Umer Habib	Non-Executive Director
	Mr. Hassan Shahnawaz	Non-Executive / Independent Director
Audit Committee	Mr. Zulqarnain Mahmood Khan	Member
	Mrs. Hanna Khan	Member
	Mr. Hassan Shahnawaz	Member/ Chairman
	Mr. Zubair Ellahi	Member
	Mr. Om Perkash	Secretary
Human Resource & Remuneration Committee	Mr. Zubair Ellahi	Member/ Chairman
	Mr. Muhammad Najam Ali	Member
	Mr. Zulqarnain Mahmood Khan	Member
	(The Company Secretary is the Secretary of the Committee)	
CFO & Company Secretary	Mr. Mohammad Sohail Hassan	
Chief Operating Officer	Mr. Kashif Rafi	
Head of Internal Audit	Mr. Om Perkash	
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi	
Bankers	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 NIB Bank Limited	
Tax Advisors	Junaidy, Shoaib, Asad& Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahra-e-Faisal, Near Nursery Flyover Karachi	
Legal Advisors	Mohsin Tayebaly & Co. Barristers & Advocates 2nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi.	
Share Registrar	Technology Trade (Pvt.) Ltd 241-C, Block-2, PECHS, Karachi	
Registered Office	8th Floor Horizon Tower, Plot No. 2/6 Block III, Clifton, Karachi	

Notice is hereby given that the Seventh Annual General Meeting of Next Capital Limited will be held at the Hotel Royal Rodale Auditorium, TC-V, 34th Street, Khayaban-e-Sehar, Phase-V, Ext., D.H.A., Karachi on Wednesday, October 24, 2016 at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting (AGM) held on October 28, 2015.

2. To receive, consider and adoptthe Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

3. To approve the appointment ofthe Auditor for the year ending June 30, 2017 and fix their remuneration. The retiring Auditor Messrs. KPMG TaseerHadi& Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To elect seven (7) Directors of the company as fixed by the Board of Directors in accordance with the provisions of Section 178 of the Companies Ordinance 1984 for the term of three (3) years. The following are the names of retiring Directors, who are eligible for re-election:

   i. Muhammad Najam Ali
   ii. Hanna Khan
   iii. Muhammad Zulqarnain Mahmood Khan
   iv. Hassan Shahnawaz
   v. Zubair Elahi
   vi. Umer Habib

Any Other Business

5. To transact such other business as may be placed before the meeting with the permission of the Chair.

Karachi.
Dated: September 30, 2016

By order of the Board

Sohail Hassan
Company Secretary

NOTES

i. The Share Transfer Books of the Company will remain closed from 18th October, 2016 to 24th October, 2016 (both days inclusive).

ii. In terms of Section 178(3) of the Companies Ordinance, 1984 any person who seeks to contest an election to the office of director, whether he is a retiring director or otherwise, shall file with the Company, not later than fourteen (14) days before the date of this meeting, a notice of his intention to offer himself for election as a director.

iii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding of the meeting.

iv. Beneficial owners of the physical shares and whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original computerized National Identity Card (CNIC) along with participant's I.D. number and their account/sub-account number in CDC to facilitate identification at the time of the meeting. In case of proxy, attested copies of proxy's CNIC or passport, account/subaccount and participant's I.D. numbers must be deposited along with the Form of Proxy at the registered office of the Company as per paragraph No. iii above, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the proxy form and attested photocopies of CNIC or the passport of the beneficial owner. In case of proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of meeting (unless it has been provided earlier to the Shares Registrar).

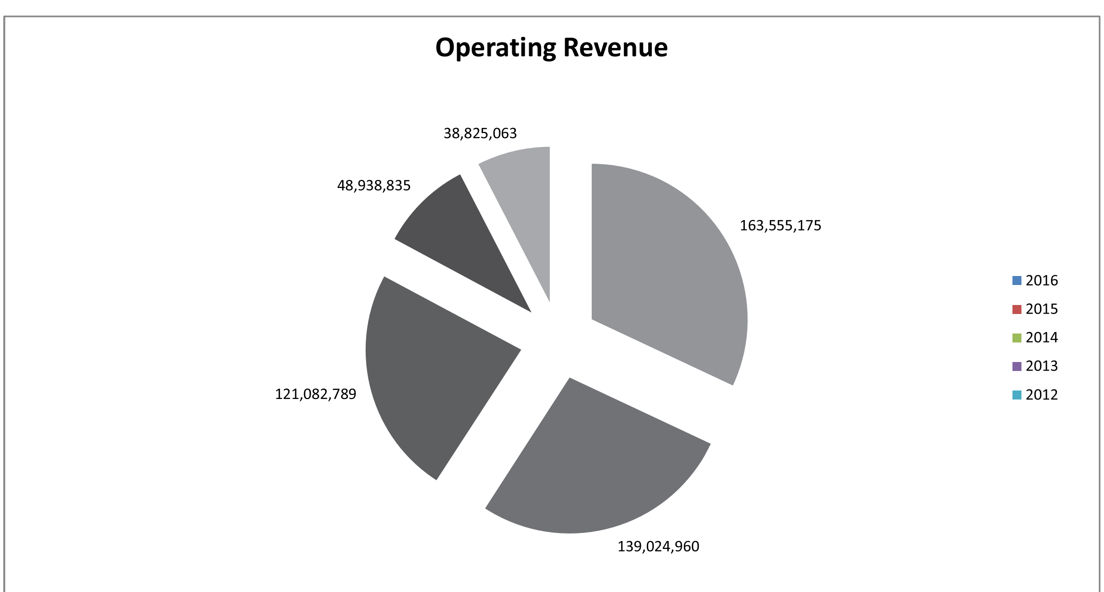
v. Physical transfers and deposit request under Central Depository System received at the close of business on October 16, 2016 by the Company’s registrar i.e. Technology Trade (Private) Limited, Dagia House, 241-C, Block2, P.E.C.H.S., Karachi will be treated as being in time for entitlement to attend the meeting.

vi. Members are requested to promptly notify the Company of any change in their address.

FINANCIAL HIGHLIGHTS

Financial and Operating Highlights
Year ended 30 June

	2016	2015	2014	2013	2012
Profit and Loss Account					
Operating revenue	163,555,175	139,024,960	121,082,789	48,938,835	38,825,063
Investement gains - net	1,311,084	3,596,358	2,406,390	1,523,996	(317,673)
Other income	21,722,940	10,223,774	10,589,637	7,729,936	3,204,528
Total turnover	**186,589,199**	**152,845,092**	**134,078,816**	**58,192,767**	**41,711,918**
Operating & administrative expenses	164,286,048	124,662,418	113,737,670	63,645,590	56,829,798
Finance cost	26,582,538	13,265,475	11,585,985	4,953,015	3,208,527
Profit/(loss) before taxation	(5,702,894)	14,703,671	8,755,161	(10,405,838)	(18,326,407)
Profit/(loss) after taxation	**(16,146,043)**	**8,862,713**	**7,435,902**	**(6,733,997)**	**(7,804,291)**
Balance Sheet					
Share capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Reserves	(37,909,634)	(21,763,591)	(30,611,717)	(38,062,206)	(31,328,209)
Share holders equity	162,090,366	178,236,409	169,388,283	161,937,794	168,671,791
Long term liabilities	92,211,634	108,592,232	48,090	2,170,055	3,225,475
Current assets	562,004,716	334,371,290	174,328,394	154,852,747	122,772,822
Current liabilities	404,289,330	152,997,624	103,170,400	88,369,662	46,624,094
Total assets	658,591,330	439,826,265	272,606,773	252,477,511	218,521,360
Total liabilities	496,500,964	261,589,856	103,218,490	90,539,717	49,849,569
RATIOS					
Performance	-3%	10%	7%	-18%	-44%
Profit before tax (%)	13%	20%	17%	-11%	-39%
Expense/income (%)	100%	90%	94%	130%	146%
Return on equity (%)	-10%	5%	4%	-4%	-5%
Leverage					
Financial leverage (x)	0.57 Times	0.61 Times	0 Times	0.01 Times	0.02 Times
Debt to equity (%)	57%	61%	0%	1%	2%
Interest cover (x)	0.79 Times	2.11 Times	1.76 Times	(1.1) Times	(4.71) Times
Liquidity					
Current (x)	1.39 Times	2.19 Times	1.69 Times	1.75 Times	2.63 Times



Economic Review:

Broadly, Pakistan's key macro indicators improved considerably in FY16. Growth momentum accelerated, with GDP growth of 4.71 percent the highest level achieved in the last eight years. This was despite agri-growth being setback on account of massive decline in cotton production. However, strong growth in the industrial and services sector compensated to some extent. Large scale manufacturing grew by 4.70% during the year, led by automobiles, cement, and chemicals.

On the external account front, FX reserves rose to US$23.1bn by June-16, from US$18.7bn in Jun-15, ensuring more than six months of import cover. Lower international oil prices and strong remittances helped maintain the current account deficit at less than 1% of GDP. This improvement in the external sector was critical in maintaining the exchange rate stability during the year, and successful completion of the IMF program is now expected. Inflation remained well under control during the year, with average CPI reading falling to 3.18 percent in FY16 from 4.53 percent in FY15 A stable inflation and balance of payments outlook allowed policymakers to implement pro-growth strategies.

Going forward, we remain sanguine on the growth prospects of Pakistan economy, with both consumption and investment led growth. Key energy and infrastructure projects are being completed on a fast track basis under CPEC, which will help Pakistan to improve structural bottlenecks and increase manufacturing and trade activities.

Capital Market Review:

A major milestone was achieved this year with the integration of all the three stock exchanges into the Pakistan Stock Exchange (PSX), a vital step towards demutualization of the equity market in the country. The integration is expected to help reduce market fragmentation and create a strong case for attracting the strategic partnership necessary for providing technological expertise and assistance. Another very significant development was the upgrade of Pakistan to MSCI Emerging Markets, from MSCI Frontier Markets, which was announced in June 2016. This is expected to improve liquidity in the market to a great extent, and aid re-rating, as Pakistan's equity market comes on the radar of funds tracking emerging markets.

In terms of returns, the benchmark KSE-100 posted a return of 9.8% in FY16. This return was modest, considering the significant macro-economic improvements, and one key reason for it being subdued was significant net foreign portfolio selling of US$ 282mn during the year. The equity market's performance during FY16 was more like a tale of two halves, where the benchmark index market witnessed a decline of 6% in 1HFY16 and surged by 14% in 2H. Sectors that posted strong performance were Cement and Pharma, whereas Banks, Oil and Gas, and Fertilizer were laggards. Average daily volumes during FY16 fell by 5% Yoyo to 208 million shares, whereas average daily value traded declined by 17% to US$91 million.

Performance Overview:

The following table depicts the Company's performance in the current year:

	2016	2015
	PAK RUPEES	
Accumulated Loss as at July 01	**(21,763,591)**	**(30,626,304)**
Profit after tax for the year	**(16,146,043)**	**8,862,713**
Accumulated Loss June 30	**(37,909,634)**	**(21,763,591)**
Earnings Per Share- Rupees	**(0.81)**	**0.44**

Growth was a key management focus in FY16, with the company increased its market share across its key business segments. In particular, the company increased its presence considerably in foreign equity brokerage during FY16, adding three global broker dealers to its panel. The growth strategy is reflected in the top-line, where total revenue grew by a handsome 18%, whereas brokerage revenue grew by 44%. Profitability remained subdued given that the expense base was increased to execute the growth strategy, resulting in a loss before tax for FY16 of PKR 5.7mn, compared to a profit before tax of PKR 14.7 million for FY15. Loss after tax was PKR 16.15 million, compared to a profit of PKR 8.86 million last year. Taxation changes that instituted minimum taxation on advisory and FX and money market income resulted in a high tax charge.

Going forward, the prospect for profitability look sanguine, particularly as equity market activity is picking up pace, post announcement of Pakistan's inclusion in the MSCI Emerging Markets Index, by the MSCI Frontier Markets Also, improved economic activity is likely to boast interest in the stock market, and increase investment banking deal flow as well. Next Capital is well positioned to capture the increase in business, given its strong presence in the institutional and retail segment.

Statement under clause (xvi) of the Code of Corporate Governance contained in the Listing Regulation No.35:

(a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
(b) Proper books of account of the Company have been maintained;
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except for the changes in accounting policies as stated in note 3.1 to the accompanying financial statements, with which we concur;
(d) International Financial Reporting Standards, as applicable in Pakistan and the Companies Ordinance, 1984, as also stated in note no.2 of the financial statements, have been followed in preparation of financial statements;
(e) The system of internal control is sound in design and has been effectively implemented and monitored;
(f) The Company is financially sound and there are no significant doubts upon the Company's ability to continue as a going concern;
(g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
(h) Key operating and financial data of current year and preceding years is appearing on page 6;
(i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2016 except for those disclosed in the financial statements;
(j) All the material changes and commitments affecting the financial position of the company occurred between the balance sheet date and the date of the directors' report have been disclosed in the report.

Meetings of the Board of Directors:

Five Board meetings were held during the year 2016 and were attended by the Directors as follows:

Name	Designation	Attendance
Mr. Muhammad Najam Ali	Director/ Chief Executive Officer	5
Mrs. Hanna Khan	Director/ Chairperson	5
Mr. Muhammad Zulqarnain Mahmood Khan	Director	2
Mr. Muhammad Zubair Ellahi	Director	5
Mr. Hassan Shahnawaz	Director	4
Mr. Umer Habib	Director	3
Mr. Kashif Rafi	Director	5
Mr. Mohammad Arshad	Company Secretary/ CFO	2

During the year, casual vacancy was arising due to resignation of Mr. Kashif Rafi from the board and it was not filled because new election of directors will be held in forthcoming Annual General Meeting on October 24, 2016. The Board in its meeting held on September 9' 2016 appointed Mr. Mohammad Sohail

Hassan as CFO & Company Secretary in place of Mr. Mohammad Arshad who resigned from the position of CFO & Company Secretary.

External Auditors

The retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for reappointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors for the Company for the financial year ending June 30, 2017.

Appreciation and Acknowledgement

The management of Next Capital Limited extends their deepest appreciation to all the stake holders of the company, including its distinguished clients, hardworking employees, bankers, consultants and other business partners. We also thank the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP) and the Karachi Stock Exchange Limited (KSE) for their cooperation and kind support.

For and on behalf of the Board of Directors
Date: September 9, 2016

Hanna Khan

Hanna Khan
Chairperson

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Categories	Names
Independent Director	Mr. Hassan Shahnawaz
Executive Directors	Mr. Najam Ali Mr. Umer Habib
Non-Executive Directors	Mrs. Hanna Khan Mr.Zulqarnain Mahmood Khan Mr. Zubair Ellahi

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year two casual vacancies occurred in the Board, first on 29th September 2015 which was filled up within 90 days on 28th December 2015, and second vacancy has occurred on 30th June 2016 which will be filled up within 90 days.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/ mission statement and overall corporate strategy. Most of the significant policies of the company has been prepared and approved by the board, however, few policies are yet to be finalized and approved. A complete record of particulars of approved significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/ shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year, Mr. Umar Habib has completed the training as per requirement of Code of Corporate Governance.

10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

11. The directors report for this year has been prepared in compliance with the requirements of the CCG and fully describes salient matters required to be disclosed

12. The financial statements of the Company were duly endorsed by CEO and Director before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of four members, of whom all are non-executive directors and chairman of the committee is an independent director. The secretary of Audit Committee is Head of Internal Audit.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The board is in the process of establishing a mechanism for annual evaluation of its own performance.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm

    and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the Stock Exchange.

23. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchange.

We confirm that all other material principles enshrined in the CCG have been complied with except for the matters already disclosed above, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Chief Executive Officer **Chief Financial Officer**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Next Capital Limited** for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

a) Paragraph 6 relating to finalizing and approving pending significant policies.

b) Paragraph 19 relating to mechanism for the annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance which is yet to be put in place by the Company.

Date: 9 September 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Next Capital Limited** ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes disclosed in note 3.1 to the accompanying financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss, cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co.

Date: 9 September 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

BALANCE SHEET AS AT JUNE 30 2016

	Note	30 June 2016	30 June 2015
ASSETS			
Non-current assets			
Property and equipment	4	**14,189,876**	12,054,466
Intangible assets	5	**21,634,718**	21,145,612
Investment in shares of Pakistan Stock Exchange Limited	6	**40,073,830**	40,073,830
Investment in associate	7	**-**	9,786,472
Long term deposits	8	**3,379,200**	3,501,450
Deferred tax asset	9	**17,308,990**	18,893,145
		96,586,614	105,454,975
Current assets			
Trade debts - considered good	10	**67,845,865**	119,753,156
Advances, deposits, prepayments and other receivables	11	**133,419,488**	58,580,293
Income tax refundable		**21,354,001**	14,453,501
Cash and bank balances	12	**339,385,362**	141,584,340
		562,004,716	334,371,290
Total assets	Rupees	**658,591,330**	439,826,265
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
50,000,000 (30 June 2015: 30,000,000) ordinary shares of Rs. 10 each	13	**500,000,000**	300,000,000
Issued, subscribed and paid-up capital	13	**200,000,000**	200,000,000
Accumulated losses		**(37,909,634)**	(21,763,591)
		162,090,366	178,236,409
Non-current liabilities			
Long term loans	14	**92,211,634**	108,592,232
Current liabilities			
Short term loan - unsecured	15	**35,377,459**	4,123,680
Current portion of liabilities against assets subject to finance lease	16	**48,090**	48,090
Trade and other payables	17	**368,863,781**	148,825,854
		404,289,330	152,997,624
Total equity and liabilities	Rupees	**658,591,330**	439,826,265
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 32 form an integral part of these financial statements

Chief Executive | **Director**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note		30 June 2016	30 June 2015
Operating revenue	19		**163,555,175**	139,024,960
Capital gain on investments				
- at fair value through profit or loss			**1,311,084**	3,580,027
- at available for sale			**-**	16,331
Operating expenses	20		**(91,251,747)**	(72,091,750)
Administrative expenses	21		**(73,034,301)**	(52,570,668)
Financial charges	22		**(26,582,538)**	(13,265,475)
			(26,002,327)	4,693,425
Other income	23		**21,722,940**	10,223,774
Share of loss from associate	7		**(1,423,507)**	(213,528)
Net (loss) / profit before taxation			**(5,702,894)**	14,703,671
Taxation	24			
- Current			**(7,454,188)**	(3,544,664)
- Prior			**(1,404,806)**	-
- Deferred			**(1,584,155)**	(2,296,294)
			(10,443,149)	(5,840,958)
Net (loss) / profit for the year		*Rupees*	**(16,146,043)**	8,862,713
(Loss) / Earnings per share - basic and diluted	25	*Rupees*	**(0.81)**	0.44

The annexed notes 1 to 32 form an integral part of these financial statements

Chief Executive **Director**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

		30 June 2016	30 June 2015
Net (loss) / profit for the year		**(16,146,043)**	8,862,713
Items that may or may not be reclassified to profit and loss			
Unrealised gain on investments held as available for sale investments transferred to profit and loss account on disposal - net of tax		**-**	(14,587)
Total comprehensive (loss) / income for the year	*Rupees*	**(16,146,043)**	8,848,126

The annexed notes 1 to 32 form an integral part of these financial statements

Chief Executive

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

		30 June 2016	30 June 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income before taxation		**(5,702,894)**	14,703,671
Adjustments for:			
- Depreciation		**4,560,987**	5,380,371
- Amortisation		**424,554**	107,778
- Provision for Worker's Welfare fund		**28,645**	461,886
- Share of loss from associate		**1,423,507**	213,528
- Capital gain on investments		**(1,311,084)**	(3,596,358)
- Return on bank and exposure deposits		**(18,078,552)**	(9,011,923)
- Financial charges		**26,582,538**	13,265,475
		13,630,595	6,820,757
Cash generated from operating activities before working capital changes		**7,927,701**	21,524,428
(Increase) / decrease in current assets			
Trade debts		**51,907,291**	(49,073,175)
Advances, deposits, prepayments and other receivables		**(74,716,945)**	29,442,490
		(22,809,654)	(19,630,685)
Increase in current liabilities			
Trade and other payables		**221,876,540**	104,682,693
Cash generated from operations		**206,994,587**	106,576,436
Financial charges paid		**(26,582,538)**	(13,265,475)
Taxes paid		**(17,626,752)**	(11,301,410)
Net cash generated from operating activities		**162,785,297**	82,009,551
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(6,696,397)**	(4,566,713)
Investments		**1,311,084**	8,632,322
Investment in associate		**8,362,965**	(10,000,000)
Purchase of intangible assets		**(913,660)**	(200,000)
Mark up received		**18,078,552**	9,011,923
Net cash generated from investing activities		**20,142,544**	2,877,532
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan - unsecured		**31,253,779**	(54,376,320)
Long term loans		**(16,380,598)**	108,592,232
Lease rentals paid		**-**	(527,239)
Net cash generated from financing activities		**14,873,181**	53,688,673
Net increase in cash and cash equivalents		**197,801,022**	138,575,756
Cash and cash equivalents at beginning of the year		**141,584,340**	3,008,584
Cash and cash equivalents at end of the year	*Rupees*	**339,385,362**	141,584,340

The annexed notes 1 to 32 form an integral part of these financial statements

Chief Executive **Director**

NEXT CAPITAL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

		Issued, subscribed and paid-up capital	Accumulated losses	Unrealised gain on re-measurement of available for sale investments	Total
Balance as at 1 July 2014		200,000,000	(30,626,304)	14,587	169,388,283
Total comprehensive income for the year					
Net profit for the year		-	8,862,713	-	8,862,713
Unrealised gain on investments held as available for sale investments transferred to profit and loss account on disposal - net of tax		-	-	(14,587)	(14,587)
Balance as at 30 June 2015		200,000,000	(21,763,591)	-	178,236,409
Total comprehensive income for the year					
Net loss for the year		-	(16,146,043)	-	(16,146,043)
Balance as at 30 June 2016	*Rupees*	**200,000,000**	**(37,909,634)**	**-**	**162,090,366**

The annexed notes 1 to 32 form an integral part of these financial statements

Chief Executive

Director

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 Pakistan 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 Pakistan 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 corporate finance 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, Pakistan.

2. BASIS OF PREPARATION

2.1 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 Account Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional currency and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, 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 results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the company in the application of approved accounting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a risk of material adjustment in next year are as follows:

Property and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

Trade debts

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.5 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash- settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 ‘Financial Instruments- Disclosures’. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by ‘Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in the the Company's financial statements.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except for the change in accounting policy as mentioned in note 3.1 to these financial statements.

3.1 Standards, interpretations and amendments effective in current year

Following are standards which became effective during the year:

IFRS 10 'Consolidated Financial Statements', IFRS11 'Joint Arrangements', IFRS12 'Disclosure of Interests in Other Entities', IFRS13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Company.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments in to the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Company, except certain additional disclosures (refer note 28.4).

3.2 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis at the rates specified in note 4 to these financial statements. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognised when significant risk and rewards incidental to the ownership have been transferred to buyers.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date.

Gain or loss on disposal of an asset is charged to profit and loss account.

Leasehold improvements are stated at cost less depreciation and impairment losses, if any. Depreciation of lease hold improvements is charged to profit and loss account on straight line basis at the rate specified in note 4 to these financial statements.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and present value of minimum lease payments at inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Minimum lease payments made under the finance leases are apportioned between the financial charges and the reduction of the outstanding liability The financial charges are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

Depreciation is charged to profit and loss account applying the same basis as for owned assets.

Outstanding obligations under the lease less finance costs allocated to future periods are shown as liability.

3.3 Intangible assets

These represent computer softwares, membership card of Pakistan Mercantile Exchange Limited (PMEX) and Trading Rights Entitlement (TRE) Certificate. An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Pakistan Mercantile Exchange - Membership Card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

Trading Right Entitlement (TRE) Certificate

TRE Certificate is recorded on the basis as explained in note 6.

Softwares

Cost associated with maintaining computer software programme are recognised as an expense as incurred. Cost that are directly attributable to identifiable software and have probable economic benefit exceeding beyond one year are recognised as an intangible asset. Direct cost includes the purchase cost of software and other directly attributable cost to bring the software for its intended use.

Computer software is measured initially at cost and amortised over its useful life not exceeding three years. Subsequent to initial recognition, these are stated at cost less accumulated amortisation and impairment loss, if any.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. All regular way purchases and sales of investments are recognized / derecognized on the trade date. These are classified and measured as follows:

Investments at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognized in the profit and loss account currently.

Available-for-sale

Investments which are not classified in preceding category is classified as available- for-sale investments. After initial recognition, these investments are re-measured at fair value. Surplus / deficit arising from re-measurement are taken to other comprehensive income until the investments are sold / disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

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.

3.5 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

NEXT CAPITAL

3.6 Trade debts and other receivables

These are stated initially at fair value and subsequently measured at amortised cost less provision for impairment, if any.

A provision for impairment is recognised where there is objective evidence that the Company will not be able to collect all amounts due according to original terms of the receivable. The amount of provision is charged to profit and loss account.

Trade debts are written off when considered irrecoverable.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and other short term highly liquid investments with original maturities of three months or less, if any.

3.8 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised cost.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.10 Revenue recognition

Brokerage, commission, consultancy and other income are recognised as and when such services are provided.

Interest income is recognised on a time proportion basis using the effective interest rate of return.

Capital gain / (loss) on sale of securities are included in profit and loss account on the date at which the transaction takes place.

Miscellaneous income is recognised on receipt basis.

3.11 Expenses

All expenses are recognised in the profit and loss account on an accrual basis.

3.12 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.13 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. All 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 expired. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortised cost as the case may be.

3.14 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are 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.

3.16 Securities purchased under resale agreement

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included as reverse repo against marketable securities. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions and accrued over the life of the reverse repo agreement.

3.17 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to profit and loss account.

3.18 Share based payment

The grant-date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense in respect of those employees who become ineligible under the scheme is reversed and is recognized as income in the respective year.

3.19 Dividend distribution and appropriation

Dividend distribution and appropriation are recorded in the period in which the distribution and appropriation are approved.

3.20 Earning per share

Earning per share is calculated by dividing the (loss) / profit after tax for the year by the weighted average number of shares outstanding during the year.

4. PROPERTY AND EQUIPMENT

		30 June 2016					
Description		**Leasehold improvements**	**Furniture and fixtures**	**Vehicles (owned)**	**Vehicles (leased)**	**Computers and related accessories**	**Total**
As at 30 June 2015							
Cost		**4,888,280**	**4,836,802**	**8,592,100**	**2,790,000**	**13,289,767**	**34,396,949**
Accumulated depreciation		**(3,331,024)**	**(2,422,593)**	**(2,791,273)**	**(2,790,000)**	**(11,007,593)**	**(22,342,483)**
Net book value		**1,557,256**	**2,414,209**	**5,800,827**	**-**	**2,282,174**	**12,054,466**
* Additions during the year		**2,387,068**	**1,948,471**	**-**	**-**	**2,360,858**	**6,696,397**
Depreciation charge for the year		**(642,581)**	**(562,102)**	**(1,718,420)**	**-**	**(1,637,884)**	**(4,560,987)**
Net book value	*Rupees*	**3,301,743**	**3,800,578**	**4,082,407**	**-**	**3,005,148**	**14,189,876**
As at 30 June 2016							
Cost		**7,275,348**	**6,785,273**	**8,592,100**	**2,790,000**	**15,650,625**	**41,093,346**
Accumulated depreciation		**(3,973,605)**	**(2,984,695)**	**(4,509,693)**	**(2,790,000)**	**(12,645,477)**	**(26,903,470)**
Net book value	*Rupees*	**3,301,743**	**3,800,578**	**4,082,407**	**-**	**3,005,148**	**14,189,876**
Depreciation rates % per annum		**20**	**10**	**20**	**20**	**20-33.33**	

		30 June 2015					
Description		Leasehold improvements	Furniture and fixtures	Vehicles (owned)	Vehicles (leased)	Computers and related accessories	Total
As at 30 June 2014							
Cost		3,940,880	4,752,807	6,277,500	2,790,000	12,069,049	29,830,236
Accumulated depreciation		(2,504,725)	(1,945,162)	(1,304,313)	(2,232,000)	(8,975,912)	(16,962,112)
Net book value		1,436,155	2,807,645	4,973,187	558,000	3,093,137	12,868,124
Additions during the year		947,400	83,995	2,314,600	-	1,220,718	4,566,713
Depreciation charge for the year		(826,299)	(477,431)	(1,486,960)	(558,000)	(2,031,681)	(5,380,371)
Net book value	*Rupees*	1,557,256	2,414,209	5,800,827	-	2,282,174	12,054,466
As at 30 June 2015							
Cost		4,888,280	4,836,802	8,592,100	2,790,000	13,289,767	34,396,949
Accumulated depreciation		(3,331,024)	(2,422,593)	(2,791,273)	(2,790,000)	(11,007,593)	(22,342,483)
Net book value	*Rupees*	1,557,256	2,414,209	5,800,827	-	2,282,174	12,054,466
Depreciation rates % per annum		20	10	20	20	20-33.33	

* During the year company acquired following assets from Next Advisory Limited, a related party, furniture and fixture Rs 931,925 , lease hold improvements Rs 803,152 , computer and related accessories Rs 191,782 and Electrical equipment Rs 319,420 at book value.

4.1 The cost of fully depreciated assets as at 30 June 2016 is Rs. 13.366 million (2015: Rs. 10.376 million).

5. INTANGIBLE ASSETS

		30 June 2016	30 June 2015
Pakistan Mercantile Exchange - Membership Card		**950,000**	950,000
Trading Right Entitlement (TRE) Certificate	*5.1*	**19,926,170**	19,926,170
Softwares	*5.2*	**758,548**	269,442
	Rupees	**21,634,718**	21,145,612

5.1 This represents TRE Certificate acquired on surrender of Stock Exchange Membership Card. For details please refer Note 6.

5.2 This represents accounting software with the cost and the carrying value as follows:

Net carrying value basis

		2016	2015
Opening net book value		**269,442**	177,220
Additions	*5.2.1*	**913,660**	200,000
Amortisation charge		**(424,554)**	(107,778)
Closing net book value	*Rupees*	**758,548**	269,442

Gross carrying value

		2016	2015
Cost		**3,803,660**	2,890,000
Accumulated amortisation		**(3,045,112)**	(2,620,558)
Net book value	*Rupees*	**758,548**	269,442
Amortisation rate		**33%**	33%

5.2.1 This includes the software FEDESA for foreign clients trading and CATALYST for money market department.

6. INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED - Available-for-sale

6.1 This represents unlisted ordinary shares of Pakistan Stock Exchange Limited (PSX) (Formerly Karachi Stock Exchange Limited) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares which consequent to the SECP approval of scheme of integration under Order No. SMD/SE/2(57)2002 dated Jaunary 06, 2016 under section 18(3) of the Stock Exchanges (Corporatisation, Demutialization, andIntergration) Act, 2012 integrated and converted to Pakistan Stock Exchange (PSX) . Under the demutualization arrangements the authorized and paid-up capital of PSX (Formerly 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 PSX is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of PSX by issuance of 4,007,383 shares to each initial shareholder in the following manner:

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institution. These can be assigned to the exchange to meet the requirements of Base Minimum Capital.

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

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 PSX is recognised as trading right. No gain or loss has been recorded on the exchange.

6.2 In compliance with the amendments to its regulations taking effect from the effective date of integration, 28 December 2015 in Chapter 19 of Regulation Governing Risk management of the PSX according to which every TREC holder shall maintain BMC as per the slabs with the exchange which shall be determined based on AUC.

Required BMC determined was amounting to Rs 26 million. Accordingly, the company has complied with the said requirement in the following manner :

1. Transferable TRE Certificate Lien marked with irrevocable authority in favour of exchange ;
2. Transferable 40% (1,602,953 shares of PSX) pledged in favour of the exchange ;
3. Cash deposited with the exchange amounting to Rs. 269,054 to fulfill the BMC requirement; and
4. Assignment and transfer of 461,471 shares of PSX to the exchange of all rights, title and interest in shares.

7. INVESTMENT IN ASSOCIATE - equity accounted for	**30 June 2016**	30 June 2015	**30 June 2016**	30 June 2015
	(% of holding)		**(Rupees)**	
Next Advisors Limited 1,000,000 fully paid ordinary shares of Rs. 10 each	-	28.57%	**10,000,000**	10,000,000
Less: Share of loss from associate to date			**(1,637,035)**	(213,528)
Less: Cash received			**(8,362,965)**	-
			-	9,786,472

Last year, the Company subscribed for the shares of Next Advisors Limited (NAL) which was principally engaged in the business of investment advisory, portfolio management and business and economic research services.

On 31 May 2016, NAL was wound up voluntarily by its shareholders. During the period it incurred losses of Rs. 4,981,825 (2015: Rs. 747,359), with NCL's share being Rs. 1,423,507 (2015: Rs. 213,528). Remaining investment of Rs. 8,362,965 has been received in the form of cash.

8. LONG TERM DEPOSITS

		30 June 2016	30 June 2015
Pakistan Stock Exchange Limited	*8.1*	**925,000**	700,000
Central Depository Company of Pakistan Limited		**125,000**	125,000
National Clearing Company of Pakistan Limited		**300,000**	300,000
Pakistan Mercantile Exchange	*8.2*	**1,250,000**	1,250,000
Security deposit against office premises		**659,200**	659,200
Security deposit against PSO card		**120,000**	120,000
Security deposit against leased assets		**-**	347,250
	Rupees	**3,379,200**	3,501,450

8.1 This represents deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular and future market.

8.2 This represents deposits placed with Pakistan Mercantile Exchange for taking exposures in commodity market.

9. DEFERRED TAX ASSET

		30 June 2016	30 June 2015
Deductible / (taxable) temporary difference arising in respect of:			
Accelerated depreciation / amortisation		**(4,937,706)**	(5,255,691)
Investment in associate		**-**	68,329
Liability subject to finance lease		**14,427**	15,389
Carry forward losses		**22,232,269**	24,065,118
	Rupees	**17,308,990**	18,893,145

9.1 Reconciliation of deferred tax

	Balance as at 01 July 2014	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2015	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2016
Deferred credits arising due to:							
Accelerated tax depreciation / amortization	(5,960,683)	704,992	-	(5,255,691)	317,985	-	(4,937,706)
Leased asset	(195,300)	195,300	-	-			-
Investment in associate	-	68,329	-	68,329	(68,329)	-	-
Liability subject to finance lease	201,365	(185,976)	-	15,389	(962)	-	14,427
Unrealised loss on investment	(7,854)	-	7,854	-	-	-	-
Carry forward losses	27,144,057	(3,078,939)	-	24,065,118	(1,832,849)		22,232,269
	21,181,585	**(2,296,294)**	**7,854**	**18,893,145**	**(1,584,155)**	**-**	**17,308,990**

10. TRADE DEBTS - considered good

		30 June 2016	30 June 2015
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	*10.1*	**48,782,471**	69,328,756
- Brokerage commission		**17,894,668**	11,392,047
- Consultancy fee		**1,168,726**	29,895,000
- Receivable from National Clearing Company of Pakistan Limited		**-**	9,137,353
	Rupees	**67,845,865**	119,753,156

10.1 This includes trade debts of Rs. 1.026 million (2015: Rs. 0.620 million) receivable from related parties.

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		**30 June 2016**	30 June 2015
Advance against salary		**156,918**	160,394
Deposit against exposure margin	*11.1*	**114,400,525**	36,181,095
Deposit against Marginal Trading Services	*11.2*	**12,073,352**	16,255,670
Security deposits	*11.3*	**1,128,679**	-
Prepaid expenses	*11.4*	**2,591,599**	1,672,403
Sales tax receivables		**773,523**	2,674,649
Other receivables and advances	*11.5*	**445,143**	1,636,082
Interest recievable on bank deposits		**1,849,749**	-
	Rupees	**133,419,488**	58,580,293

11.1 This represents deposit with National Clearing Company Limited against the exposure margin against trade in future and ready market.These deposits also carries profit at rates ranging from 3.12% to 3.82% (30 June 2015: 6%) per annum.

11.2 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. These deposits also carries profit at rates ranging from 3.12% to 3.82% (30 June 2015: 6%) per annum.

11.3 This represents security deposit against leased asset of Rs. 0.347 million and Rs. 0.781 million against IPO of a client.

11.4 PREPAID EXPENSES

Prepaid rent		**1,518,800**	925,526
Prepaid insurance		**571,137**	388,095
Others		**501,662**	358,782
	Rupees	**2,591,599**	1,672,403

11.5 OTHER RECEIVABLES AND ADVANCES

Other receivables and advances		**2,266,931**	2,392,991
Provision for impairment		**(1,342,127)**	-
Receivables written off		**(479,662)**	(756,909)
	Rupees	**445,142**	1,636,082

12. CASH AND BANK BALANCES

Balances with banks:			
Saving accounts - under markup arrangement	*12.1*	**316,451,175**	135,559,109
Current accounts - Conventional		**22,843,870**	5,940,674
Current accounts - Shariah Compliant		**74,732**	64,732
		339,369,777	141,564,515
Cash in hand		**15,585**	19,825
	Rupees	**339,385,362**	141,584,340

12.1 Profit rate on saving accounts ranges from 4% to 6.25% per annum (2015: 4.55 % to 6.6 % per annum).

13. **AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

			30 June 2016	30 June 2015
13.1	Authorised capital 50,000,000 (30 June 2015: 30,000,000) ordinary shares of Rs. 10 each	*13.1.1*	**500,000,000**	300,000,000
13.2	Issued, subscribed and paid-up capital	*Rupees*	**200,000,000**	200,000,000

13.1.1 During the year Company has increased authorised share capital from Rs. 300 million to Rs. 500 million by passing special resolution in extra ordinary general meeting (EOGM) of the Company held on 10 September 2015.

14. **LONG TERM LOANS**

Long term loan	*Rupees*	**92,211,634**	108,592,232

14.1 This represents loan obtained from a related party amounting to Rs. 92.211 million (2015: Rs. 104.254 million) and from others amounting to Nil (2015: Rs. 4.338) respectively. This loan carries mark-up rate 11.25% to 11.99% (2015: 11.83% to 12.98%) per annum and will mature in June 2018.

15. **SHORT TERM LOANS - unsecured**

Loans at beginning of the year		**4,123,680**	58,500,000
Additions during the year	*15.1*	**409,540,745**	248,848,956
Repayments / transfer of the loans	*15.1*	**(378,286,966)**	(303,225,276)
Balance at end of the year	*Rupees*	**35,377,459**	4,123,680

15.1 This includes loans obtained during the year from related parties amounting to Rs. 357.908 million (2015: Rs. 240.076 million) out of which Rs. 328.658 million (2015: Rs. 290.953 million) was repaid during the year and Rs. 33.373 million (2015: Rs. 4.124 million) is outstanding at year end. These loans carry mark-up rate 11.25% to 11.98% (2015: 11.83% to 15.27%) per annum.

16. **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	30 June 2016		
	Minimum lease payments	**Financial charges**	**Present value of minimum lease payments**
Not later than one year	**48,090**	**-**	**48,090**
Later than one year and not later than five years	**-**	**-**	**-**
Rupees	**48,090**	**-**	**48,090**

	30 June 2015		
	Minimum lease payments	Financial charges	Present value of minimum lease payments
Not later than one year	48,772	682	48,090
Later than one year and not later than five years	-	-	-
Rupees	48,772	682	48,090

The above represents finance leases entered into with a financial institution for vehicles having a term of 5 years (2015: 5 years) and was matured in July 2015. Monthly payments of leases bearing pre-determined mark-up rates include finance charge ranging from per annum 16.45% to 18.46% (2015: 16.45% to 18.46%) which are used as discounting factor.

During the year the lease has been completed and the Company is in process of final settlement of the lease.

NEXT CAPITAL

17. TRADE AND OTHER PAYABLES

	Note	30 June 2016	30 June 2015
Trade creditors	17.1	**317,646,516**	124,810,306
Payable to National Clearing Company of Pakistan Limited	17.2	**16,004,539**	-
Accrued commission to traders	17.3	**2,163,101**	3,163,674
Accrued salaries and other expenses		**691,011**	128,572
Auditor's remuneration		**533,800**	245,970
Tax deducted at source		**5,555,813**	7,423,071
Provision for sales tax		**2,560,063**	2,560,063
Provision for Worker's Welfare fund		**490,531**	461,886
Commission payable	17.4	**18,203,571**	-
Markup payable	17.5	**3,988,024**	-
Payable to Next Advisors Limited		**-**	9,247,592
Payable to directors		**-**	30,000
Other payables		**1,026,812**	754,720
	Rupees	**368,863,781**	148,825,854

17.1 This includes trade payables of Rs. 2.497 million (2015: Rs. 1.169 million) payable to related parties.

17.2 This includes Rs. 15.70 million (2015: nil) payable in respect of two days trading with T+2 settlement.

17.3 This includes commission payable of Rs. 1.380 million (2015: Rs. 2.536 million) to related parties.

17.4 This represents commission payable to a foreign brokerage house.

17.5 This represents markup payable to a client on its client fund balance at rate of 4%.

18. CONTINGENCIES AND COMMITMENTS

18.1 The Sindh Revenue Board (SRB) passed an 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 filed appeal before the Commissioner Appeals (SRB) against the said order. The Commissioner Appeals (SRB) passed the final order dated 21 November 2014 for recovery of assessed amount Rs. 871,581 and default surcharge to be calculated at the time of payment.

The Company filed the petition against the order to the Honourable High Court of Sindh ("The Court") and the Court granted an interim order dated 28 November 2014 and restrained the SRB from demanding any payment till further orders by the Court. The Court via its order dated 28 August 2015 disposed off the said petition and directed the Company to pursue the appeal before the SRB-Tribunal. The Company filed the petition in SRB-Tribunal where no hearing during the year took place.

The management is of the view that such services were not taxable under the Sindh Sales Tax Act, 2011 and the Company was duly paying Sindh Sales Tax on brokerage services and filing Sindh Sales Tax accordingly. The Company is confident of a favorable outcome of the same, therefore, no provision has been made in this regard.

18.2 Commitments

	2016	2015
For sale of quoted securities under future contracts against counter commitments	**51,175,405**	259,710
For buy of quoted securities under future contracts against counter commitments	**301,166,940**	77,841,790

19. OPERATING REVENUE

	Note	2016	2015
Brokerage income	19.1	**140,301,241**	97,693,949
Advisory / consultancy fee		**23,253,934**	41,331,011
	Rupees	**163,555,175**	139,024,960

19.1 This includes brokerage income of Rs. 2.428 million (2015: Rs. 3.901 million) earned from related parties.

20. OPERATING EXPENSES

		30 June 2016	30 June 2015
Salaries, wages and other benefits	*21.1*	**40,932,531**	21,104,643
Consultancy fee	*20.1 & 20.2*	**12,388,922**	20,471,250
Commission and referral fee	*20.3*	**20,808,855**	23,146,366
Service and transaction charges		**10,691,818**	6,353,526
Fees and subscription		**6,429,621**	1,015,965
	Rupees	**91,251,747**	72,091,750

20.1 This includes consultancy fee of nil (2015: Rs. 5.079 million) in respect of consultancy services rendered by Next Advisors Limited relating to money market department, Rs. 3.178 million (2015: Rs. 9.027 million) in respect of corporate deals and nil (2015: Rs. 3.4 million) on account of daily market research.

20.2 This includes consultancy fee to the directors of the Company amounting to Rs.5.81 million (2015: Rs. 1.36 million).

20.3 This includes commission to the directors of the Company amounting to Rs. 17.142 million (2015: Rs. 18.61 million) and referral fee to Next Advisor Limited amounting to Rs. 0.109 million (2015: Rs.1.1 million) respectively.

21. ADMINISTRATIVE EXPENSES

		30 June 2016	30 June 2015
Salaries, wages and other benefits	*21.1*	**33,490,252**	17,267,435
Telephone and communication charges		**4,020,445**	3,328,081
Rent expense		**8,991,549**	4,996,816
Utility charges		**2,314,132**	1,609,846
Vehicle running expenses		**1,697,513**	2,567,077
Depreciation		**4,560,987**	5,380,371
Amortisation		**424,554**	107,778
Legal and professional charges		**522,920**	1,890,729
Auditor's remuneration	*21.2*	**1,027,440**	721,300
Insurance		**853,154**	434,231
Printing, stationery and postage charges		**1,020,822**	1,000,950
Office supplies		**520,384**	427,636
Office repair and maintenance		**2,017,240**	1,373,395
Branch office maintenance		**-**	457,799
Fees and subscription		**2,116,662**	1,950,520
Travelling and entertainment charges		**3,515,391**	3,837,546
Advertisement expenses		**605,320**	447,131
Security expense		**2,149,750**	2,019,225
Worker's Welfare fund		**28,645**	461,886
Provision for long outstanding balances		**1,342,127**	-
Receivables written-off		**479,662**	756,909
Miscellaneous expenses		**1,335,352**	1,534,007
	Rupees	**73,034,301**	52,570,668

21.1 This includes remuneration to Chief Executive Officer amounting to Rs. 9 million (2015: Rs. 9 million).

21.2 Auditor's remuneration

		30 June 2016	30 June 2015
Audit fee		**300,000**	300,000
Interim review fees		**150,000**	115,000
Other services		**326,140**	180,000
Out of pocket expenses and sales tax paid		**251,300**	126,300
	Rupees	**1,027,440**	721,300

22. FINANCIAL CHARGES

Mark up expense	*22.1*	**24,714,651**	12,509,572
Bank charges		**1,867,887**	698,250
Finance lease charges		**-**	57,653
	Rupees	**26,582,538**	13,265,475

22.1 This includes Rs. 18.915 million (2015: Rs.11.899 million) paid to related parties.

23. OTHER INCOME

Mark-up / interest on:			
- Bank balances (under mark-up arrangements)		**13,928,583**	5,616,512
- Shariah compliant investment		**22,457**	-
Profit on cash margin		**4,127,512**	3,395,411
Dividend income	*23.1*	**2,784,113**	1,211,851
Others		**860,275**	-
	Rupees	**21,722,940**	10,223,774

23.1 Ordinary shares of listed Company

Pakistan Stock exchange Limited		**1,282,363**	1,211,851
United Bank Limited		**1,500,000**	-
Hascol Petrolum Limited		**1,750**	-
	Rupees	**2,784,113**	1,211,851

24. TAXATION

24.1 Relationship between income tax expense and accounting profit

(Loss) / income before taxation	**(5,702,894)**	14,703,671
Tax at the applicable tax rate of 32% (2015: 33%)	**(1,824,926)**	4,852,211
Tax effect of income taxed at different tax rates	**5,809,068**	(1,015,979)
Tax effect of change in tax rates	**1,286,432**	1,743,805
Tax effect of permanent difference	**885,003**	-
Tax effect of amount relating to prior year	**1,404,806**	-
Tax effect of minimum tax	**2,941,241**	-
Others	**(58,475)**	260,921
	10,443,149	5,840,958

24.2 The returns of income tax have been filed up to and including tax year 2015 (corresponding to financial year ended 30 June 2014).

24.3 Order under section 161 and 205 of the Income Tax Ordinance 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2011 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.876 million. Against the said order the company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance 2001. The case has been heard, however, the decision in appeal is still pending.

25. (LOSS) / EARNINGS PER SHARE- BASIC AND DILUTED

There is no dilutive effect on the basic profit per share which is based on:

		30 June 2016	30 June 2015
(Loss) / profit for the year	*Rupees*	**(16,146,043)**	8,862,713
Weighted average number of ordinary shares in issue during the year	*Number*	**20,000,000**	20,000,000
(Loss) / profit per share - basic and diluted	*Rupees*	**(0.81)**	0.44

26. 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	
	30 June 2016	30 June 2015	**30 June 2016**	30 June 2015	**30 June 2016**	30 June 2015
	---------- (Rupees) ----------					
Managerial remuneration	**6,000,000**	6,000,000	**3,966,667**	2,787,444	**32,250,822**	12,516,778
House rent allowance	**2,400,000**	2,400,000	**1,586,667**	1,114,978	**12,900,329**	5,006,711
Medical	**600,000**	600,000	**396,667**	278,744	**3,225,082**	1,251,678
Commission	**-**	-	**17,142,767**	18,609,872	**3,291,082**	117,122
Consultancy fee	**-**	-	**5,809,755**	1,360,000	**-**	-
	9,000,000	9,000,000	**28,902,523**	24,151,038	**51,667,315**	18,892,289
Number of persons	**1**	1	**6**	5	**38**	19

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

26.2 The Company with the approval of shareholders by way of special resolution in general meeting held on 13 September 2011 entered into a Stock Option Agreement dated 7th October, 2011 with the Chief Executive (CEO), whereby the CEO was 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.

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of major shareholders, associated companies with or without common directors, other companies with common directors, directors and key management personnel. Transactions with related parties are 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 at year end with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

		30 June 2016	30 June 2015
Short term loan from related parties			
Opening balance		**4,123,680**	55,000,000
Received during the year		**357,908,400**	240,076,421
Repayment / transfer during the year		**(328,658,403)**	(290,952,741)
Interest accrued during the year		**6,818,001**	10,652,644
Interest paid during the year		**(6,818,001)**	(10,652,644)
Closing balance	*Rupees*	**33,373,677**	4,123,680
Long term loan			
Opening balance		**104,253,645**	-
Received during the year		**104,266,195**	104,253,645
Repayment / transfer during the year		**(116,308,206)**	-
Interest accrued during the year		**12,097,318**	1,246,301
Interest paid during the year		**(12,097,318)**	(1,246,301)
Closing balance	*Rupees*	**92,211,634**	104,253,645

Transactions with key management personnel

- Remuneration to key management personnel is disclosed in note 26.

Transactions with Next Advisors Limited (NAL)

Payments / (receipts) with respect to			
- consultancy services relating to money market department	*Rupees*	**-**	5,079,329
- consultancy services relating to corporate deals	*Rupees*	**3,178,969**	9,026,985
- Daily market research	*Rupees*	**-**	3,400,000
- Referral fee on equity clients	*Rupees*	**109,769**	1,099,795
- Reimbursement of expenses incurred on behalf of NAL	*Rupees*	**-**	(3,590,235)
- Purchase of fixed assets from NAL	*Rupees*	**2,246,279**	-
Payable to Next Advisors Limited	*Rupees*	**-**	9,247,592

28. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

28.1 Credit risk

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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June 2016 is the carrying amount of the financial assets as set out below:

		30 June 2016	30 June 2015
Long term deposits		**3,379,200**	3,501,450
Trade debts		**67,845,865**	119,753,156
Advances		**156,918**	160,394
Deposits		**127,602,556**	52,436,765
Other receivables		**2,294,892**	1,636,082
Bank balances		**339,369,777**	141,564,515
	Rupees	**540,649,208**	319,052,362
Secured		**156,918**	160,394
Unsecured		**540,492,290**	320,564,371
	Rupees	**540,649,208**	319,052,362

The aging for trade debtors and other receivables at the balance sheet date is as follows:

	2016		2015	
	Gross	**Impairment**	Gross	Impairment
	--------------- (Rupees) ---------------		--------------- (Rupees) ---------------	
Not past due	**63,230,247**	**-**	108,780,560	-
Past due 15 - 30 days	**1,999,929**	**-**	2,285,416	-
Past due 31 days - 180 days	**2,086,266**	**-**	3,660,980	-
More than 181 days	**529,423**	**-**	5,026,200	-
	67,845,865	**-**	119,753,156	-

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate. The Company is doing its utmost to recover the amount from the doubtful clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company.

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to A+ assigned by reputable credit rating agencies.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company’s total credit exposure. The Company's portfolio of financial instruments is diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities, including interest payments:

	30 June 2016					
	Maturities					
	Carrying amount	**Contractual cash flows**	**Less than six months**	**Upto one year**	**One to two years**	**Two to five years**
Liability against asset subject to finance lease	**48,090**	**(48,090)**	**(48,090)**	**-**	**-**	**-**
Long Term Loans	**92,211,634**	**(92,211,634)**	**-**	**-**	**(92,211,634)**	**-**
Short Term Loans	**35,377,459**	**(35,377,459)**	**(33,373,678)**	**(2,003,781)**	**-**	**-**
Trade and other payables	**368,863,781**	**(368,863,781)**	**(368,863,781)**	**-**	**-**	**-**
Rupees	**496,500,964**	**(496,500,964)**	**(402,285,549)**	**(2,003,781)**	**(92,211,634)**	**-**

	30 June 2015					
	Maturities					
	Carrying amount	Contractual cash flows	less than six months	upto one year	One to two years	Two to five years
Liability against asset subject to finance lease	48,090	(48,090)	(48,090)	-	-	-
Long Term Loans	108,592,232	(108,592,232)	-	-	(108,592,232)	-
Short Term Loans	4,123,680	(4,123,680)	-	(4,123,680)	-	-
Trade and other payables	148,825,854	(148,825,854)	(148,825,854)	-	-	-
Rupees	261,589,856	(261,589,856)	(148,873,944)	(4,123,680)	(108,592,232)	-

On the balance sheet date, the Company has cash and bank balances of Rs. 339.385 million (2015: Rs. 141.584 million) as mentioned in note 12.

28.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Market risk management

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

At the reporting date the interest rate profile of Company's interest bearing financial instruments is as follows:

	Effective Interest Rate		Carrying Amount	
	2016	2015	**2016**	2015
	--------------- (Percentage) ---------------		---------------- (Rupees) ----------------	
Fixed rate instruments				
Financial assets				
Bank balances	**4% to 6.25%**	4.55% to 6.6%	**316,451,175**	135,559,109
Financial liabilities				
Liabilities against assets subject to finance lease	**16.45% to 18.46%**	16.45% to 18.46%	**48,090**	48,090

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not have affected the after tax loss of the Company.

Other price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares.

The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain. There is no outstanding exposure of the Company in lieu of equity securities as at 30 June 2016.

28.4 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.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. Since investment in Pakistan Stock Exchange Limited (PSX) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for investment in PSX and financial assets and financial liabilities not measured at fair value. These financial assets and financial liabilities, except investment in PSX, are short term and their fair value approximates their carrying value.

On balance sheet financial instruments

	30 June 2016							
	Carrying Amount				Fair alue			
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets- measured at fair value	-	-	-	-	-	-	-	-
Financial assets - not measured at fair value								
Investment in PSX shares	-	40,073,830	-	-				
Trade debts	-	-	67,845,865	-				
Long term deposits	-	-	3,379,200	-				
Other receivable	-	-	133,419,488	-				
Cash and bank balances	-	-	339,385,362	-				
	-	40,073,830	544,029,915	-				
Financial liabilities - not measured at fair value								
Trade and other payables	-	-	-	368,863,781				
Loans payable	-	-	-	127,589,093				
	-	-	-	496,452,874				

On balance sheet financial instruments

	30 June 2015							
	Carrying Amount				Fair alue			
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets - measured at fair value	-	-	-	-	-	-	-	-
Financial assets - not measured at fair value								
Investment in PSX shares	-	40,073,830	-	-				
Trade debts	-	-	119,753,156	-				
Long term deposits	-	-	3,501,450	-				
Other receivable	-	-	58,580,293	-				
Cash and bank balances	-	-	141,584,340	-				
	-	40,073,830	323,419,239	-				
Financial liabilities - not measured at fair value								
Trade and other payables	-	-	-	148,825,854				
Loans payable	-	-	-	112,715,912				
	-	-	-	261,541,766				

28.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

29. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segments during the year.

All non-current assets of the Company as at 30 June 2016 are located in Pakistan.

30. ALL SHARES ISLAMIC INDEX SCREENING

All loans and advances and deposits carrying any mark-up are as disclosed in the relevent notes. The capital gain on investments includes Rs. 157,421 pertaining to shariah compliant investment.

31. NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were 66 (2015: 48) and the average number of employees during the year was 62 (2015: 44).

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 9, 2016 by the Board of Directors of the Company.

Chief Executive **Director**

6. PATTERN OF SHARHOLDING FORM '34' SHAREHOLDER'S STATISTICS

1. Incorporation Number 0071068

2. Name of the Company NEXT CAPITAL LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30-JUN-16

No. of Shareholders	Shareholdings			Total Shares Held
120	Shareholding From	1	To 100	768
206	Shareholding From	101	To 500	102,000
22	Shareholding From	501	To 1000	21,503
40	Shareholding From	1001	To 5000	119,340
15	Shareholding From	5001	To 10000	128,723
5	Shareholding From	10001	To 15000	60,000
5	Shareholding From	15001	To 20000	96,500
4	Shareholding From	20001	To 25000	98,000
1	Shareholding From	25001	To 30000	27,500
1	Shareholding From	30001	To 35000	35,000
2	Shareholding From	35001	To 40000	79,000
1	Shareholding From	40001	To 45000	45,000
3	Shareholding From	45001	To 50000	146,000
1	Shareholding From	55001	To 60000	60,000
1	Shareholding From	60001	To 65000	65,000
1	Shareholding From	70001	To 75000	74,500
1	Shareholding From	75001	To 80000	76,000
1	Shareholding From	80001	To 85000	80,688
2	Shareholding From	85001	To 90000	177,500
1	Shareholding From	90001	To 95000	95,000
2	Shareholding From	95001	To 100000	200,000
2	Shareholding From	100001	To 105000	208,000
1	Shareholding From	120001	To 125000	125,000
2	Shareholding From	125001	To 130000	255,500
1	Shareholding From	180001	To 185000	183,000
1	Shareholding From	235001	To 240000	239,000
2	Shareholding From	245001	To 250000	496,500
1	Shareholding From	375001	To 380000	376,500
1	Shareholding From	465001	To 470000	467,000
1	Shareholding From	485001	To 490000	489,000
1	Shareholding From	495001	To 500000	500,000
1	Shareholding From	500001	To 505000	503,500
3	Shareholding From	1495001	To 1500000	4,497,000
1	Shareholding From	1920001	To 1925000	1,921,978
1	Shareholding From	1945001	To 1950000	1,950,000
1	Shareholding From	1995001	To 2000000	2,000,000
1	Shareholding From	3995001	To 4000000	4,000,000
456				20,000,000

NEXT CAPITAL

Categories of Shareholders		Shares Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.			
MCB BANK LIMITED - TREASURY		1,950,000	
	Sub-Totals :	1,950,000	9.75
INSURANCE COMPANIES			
TPL DIRECT INSURANCE LIMITED		88,500	
	Sub-Totals :	88,500	0.44
DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
MRS. HANNA KHAN		489,250	
MR. UMER HABIB		250	
MR. KASHIF RAFI		503,750	
MR. HASAN SHAHNAWAZ		1,000	
MR. MUHAMMAD NAJAM ALI		5,497,000	
MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN		1,000	
MR. MUHAMMAD ZUBAIR ELLAHI		250	
	Sub-Totals :	6,492,500	32.46
MODARABAS AND MUTUAL FUNDS.			
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUN		250,000	
	Sub-Totals :	250,000	1.25
FOREIGN INVESTORS			
SHAKIL ABBAS RIZVI		11,000	
	Sub-Totals :	11,000	0.06
OTHERS			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT)		500,000	
ABA ALI HABIB SECURITIES (PVT) LIMITED		2,500	
DJM SECURITIES (PRIVATE) LIMITED		19,000	
MAPLE LEAF CEMENT FACTORY LTD		1,500,000	
SALIM SOZER SECURITIES (PVT.) LTD.		65,000	
ARIF HABIB CORPORATION LIMITED		103,000	
ARIF HABIB LIMITED		1,921,978	
MAPLE LEAF CAPITAL LIMITED		1	
ABBAS CORPORATION (PVT) LIMITED		1,500,000	
	Sub-Totals :	5,611,479	28.06
Individual			
Local - Individuals		5,596,521	
	Sub-Totals :	5,596,521	27.98
	G-Totals :	20,000,000	100.00

15. PROXY FORM

I/We____ being a member of Next Capital Limited hereby appoint Mr./Mrs./Miss. ____ of Next Capital Ltd failing whom Mr./Mrs./Miss.______________________________of_________________ as my/ our proxy to attend and act for me/ us, and on my/ our behalf, at the Annual General Meeting of the Company to be held on Monday, October 24, 2016 at 09:00 a.m. at The Royal Rodale Auditorium, TC-V, 34th Street, Khayaban-e-Sehar, Phase-V, Ext., D.H.A., Karachi, and any adjournment thereof.

Dated this___________________ day of __________________ 2016

Revenue Stamp Rs.5/=

Specimen Signature of Proxy _____________________

Folio No. _____________________

Participant I.D. No. _____________________

Sub Account No. _____________________

Signature of Shareholder _____________________

Folio No. _____________________

Participant I.D. No. _____________________

Sub Account No. _____________________

Signature of Alternate Proxy _____________________

Folio No. _____________________

Participant I.D. No. _____________________

Sub Account No. _____________________

Note:

1. If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Next Capital Limited, 8th Floor, Horizon Tower, Plot No. 2/6, Block-III, Clifton, Karachi, to reach not less than 48 hours before the time appointed for holding the meeting.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy holder shall be furnished with the proxy form.
3. The proxy holder shall produce his / her original CNIC or original passport at the time of meeting.
4. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form to the Company

Affix
postage
stamp

The Company Secretary
Next Capital Limited

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