



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014



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COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq <i>Chairman & Chief Executive Officer</i>	Executive
	<i>Farooq Bin Habib</i>	Executive
	Muhammad Junaid	Executive
	Ahsan Zia	Executive
	Mazhar Abbas	Executive
	Waseem ul Hassan	Executive
	Malik Fawad Tasawar	Independent
Chief Financial Officer	Mazhar Abbas	
Audit Committee	Malik Fawad Tasawar (Chairman) Farooq Bin Habib Ahsan Zia	
Human Resource and Remuneration (HR&R) Committee	Waseem ul Hasan (Chairman) Mian Ehsan Ul Haq Malik Fawad Tasawar	
Company Secretary	Arshad Ali	
Auditors	Aslam Malik & Co. Chartered Accountants	
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Ltd United Bank Limited	
Registered Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan. Tel: (042) 36623005/6/8 Fax: (042) 36623121-36623122	
Corporate Office	4 th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tel: (021) 111 226 226 Fax: (021) 35656710, 35656725	
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel: (042) 35839182	



MISSION

Our mission is to strive to become the **Leading Brokerage and its Related Business Company and Best Employer** in each market that we operate. We will adhere to the following principles and provide execution to direct our future. We shall experience growth through building quality relationships, knowledge, service and innovation.

Dedicated to Make it Happen

CLIENTS: We will offer every Client: Fast & Friendly Service, Commitment, Cleanliness, Dedication, Excellence, & Trust.

ASSOCIATES: We will offer every associate: Development, Loyalty, Opportunities, Open-Door, Teamwork, Training, & Benefits.

IMAGE: We will operate every facility: Professionally, Helpful, Positive, Bright, Clean, & Consistent.

COMMUNITY: We will offer every community: Involvement, Support, Stability, Respect, Assistance & Environmental Awareness.

STANDARDS: We will operate our business: Ethically, Competitively, Safely, Innovative, with High Expectations, & Quality Products.

VISION

Our Vision is linked with our Mission to be the **Leading Brokerage and its Related Business Company and Best Employer** in each market we operate. Our Vision will guide and direct us towards our mission, and communicates what we believe in as an operations group.

We Believe In

- Obligation to serve the *Shareholders' Interest*
- Providing Clients with *Consistent Outstanding Services*
- Showing and encouraging *Teamwork*
- Maintaining and developing high standards of *Image*
- Treating people with *Respect*
- Creating and developing a *Positive Environment*
- Building a *Reputation For Success*
- Providing services with the *Highest Quality*
- Operating with the highest *Integrity & Honesty*
- Exploring and encouraging *New & Innovative Ideas*
- Providing positive *Recognition & Reinforcement*
- Becoming a dependant fiber in every *Community*
- Continue to focus our associates with *Development & Training*
- Building and consistently growing overall *Revenues*
- Provide every Client with a *Pleasant Experience*
- Stay focused on our business by *Listening Intently*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of First Capital Equities Limited (“the Company”) will be held on Friday, 31 October 2014 at 4:00 p.m. at the Registered Office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, to transact the following business:

1. To confirm the minutes of last Extra Ordinary General Meeting held on 30 December 2013;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2014 together with the Directors' and Auditors' reports thereon;
3. To appoint Auditors of the Company for the year ending 30 June 2015 and to fix their remuneration;

By order of the Board

Lahore
October 09, 2014

Arshad Ali
Company Secretary

Notes:

- 1) The register of members will remain closed from 24 October 2014 to 31 October 2014 (both days inclusive). Transfers received at Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on 23 October 2014 will be treated in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. In order to be effective, proxies must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting.
- 3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore not less than 48 hours before the time of the meeting.
- 4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting



must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.

- b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
- 5) Members are requested to notify any change, if any, in their registered address immediately.

FINANCIAL HIGHLIGHTS - LAST SIX YEARS

PARTICULARS	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08
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(R u p e e s i n m i l l i o n)

Profit and Loss Account

Revenues	172.74	327.16	1,364.98	455.86	439.44	935.50	1,107.89
Expenses	462.91	500.46	1,412.56	675.01	716.09	1,176.68	741.41
(Loss) / Profit before tax	(290.55)	(176.11)	(66.99)	(364.09)	(301.16)	(371.44)	357.37
(Loss) / Profit after tax	(292.30)	(176.94)	(68.33)	(366.23)	(305.66)	(380.18)	293.09

Balance Sheet

Paid up capital	1,413.36	1,080.32	1,080.32	1,080.32	1,080.32	1,080.32	864.25
Shareholder's equity (2013 restated)	280.55	212.85	342.54	715.42	2,084.34	1,710.98	1,591.90
Liabilities	3,818.42	3,819.15	4,018.80	4,337.65	4,038.57	4,422.78	4,992.87
Total assets (2013 restated)	4,044.26	4,022.38	4,361.34	5,053.17	6,122.91	6,133.76	6,584.78
Investment value at cost	4,098.76	203.35	400.44	501.74	539.58	639.44	337.84
Investment value at mkt price	40.15	131.10	252.07	532.50	1,693.34	509.18	328.73

Ratios

(Loss) / Earning per share (Rs.)	(2.07)	(1.25)	(0.63)	(3.39)	(2.83)	(3.52)	2.71
Break up value (Rs.) (2013 restated)	1.98	1.97	3.17	6.62	19.29	15.84	18.42
Return on Equity (%)	(104.29)	(78.61)	(19.95)	(51.18)	(14.66)	(22.22)	18.41

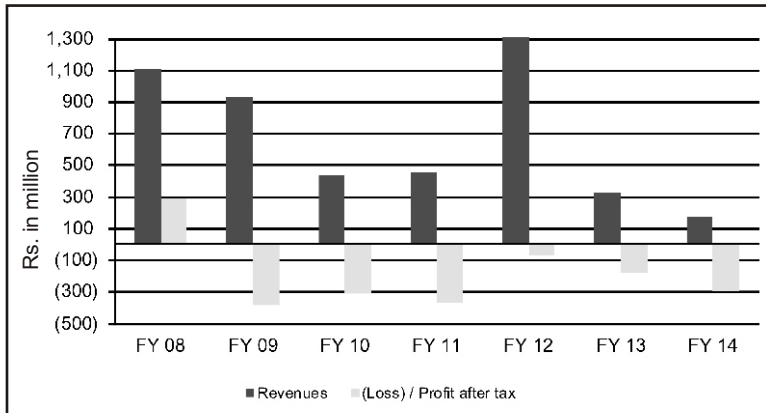
Payout (%)

Cash	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	25
Right	-	40%	-	-	-	-	-

EPS for year 2013 of Rs (1.25) per share has been restated due to the issue of right shares during the year.
 EPS for year 2008 of Rs 3.39 per share has been restated due to the issue of bonus shares during the year.

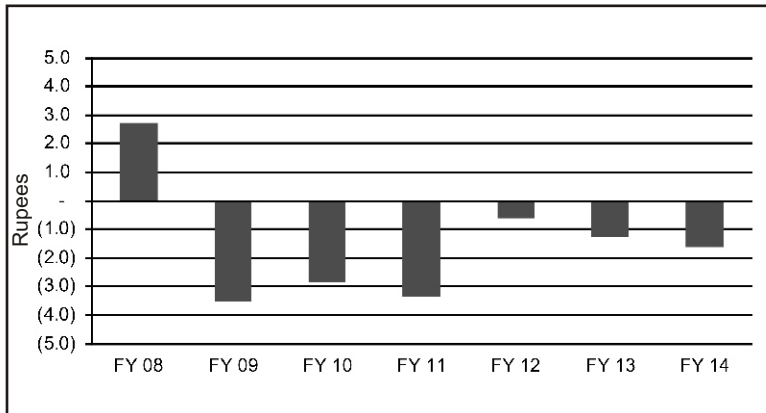
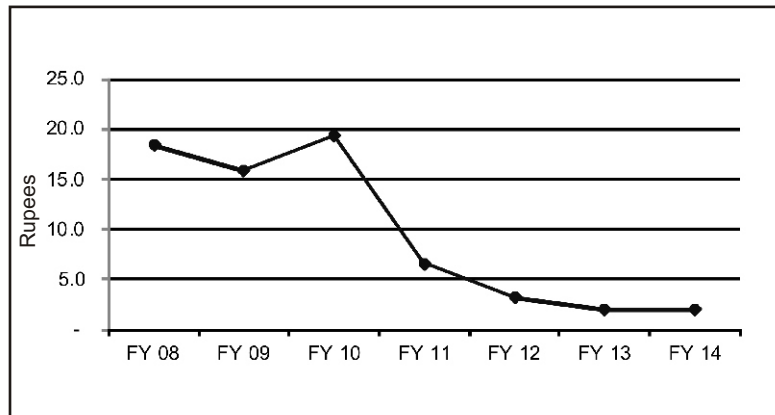


GRAPHICAL PRESENTATION



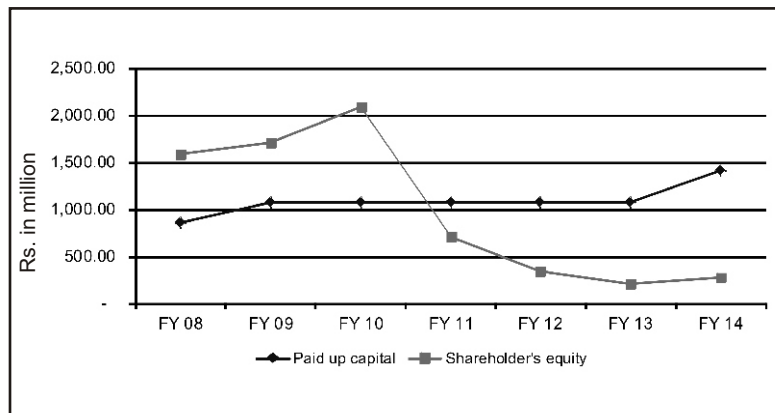
Revenue vs (Loss)/Profit After Tax

Break up Value



Earnings Per Share

Paid up Capital Vs Shareholder's Equity



DIRECTORS' REPORT

The Board of Directors of First Capital Equities Limited (“the Company” or “FCEL”) are pleased to present the Annual Report of 2014 along with the audited financial statements of the Company for the year ended June 30, 2014. FCEL is a leading brokerage house of Pakistan that provides a complete range of stock brokerage nationwide to a substantial and diversified clientele that includes corporations, financial institutions, retail clients, foreign investors and high net worth individuals.

CAPITAL MARKET

FY14 concluded as another year of exceptional growth for Pakistan Stock Market. The continued upbeat performance of the market pulled the benchmark KSE-100 index to 29,652 points level from the opening of 21,005. This resultantly generated a handsome return of 41% during the year. Total market capitalization also surged by 36% to PRs7.02tn from that of PRs5.15tn on June 30, 2013.

The exuberant performance of KSE-100 index was primarily backed by encouraging progress in economic recovery mainly aided by country's reemergence on the international investors' radar, restart of the privatization program (PPL & UBL sell-off), resurging of foreign exchange reserves, grant & commencement of Generalized System of Preference (GSP) plus Status by EU, successful clearance of much of circular debt, favorable figures of trade & current accounts and positive CPI readings to name a few. In addition, robust earnings announcement by the corporate sector also contributed significantly in propelling renewed interest in the market. The successful & peaceful transition of the democratic government coupled with pro-investor mindset of the incumbent setup jacked up the investors' confidence (particularly offshore funds) for Pakistan market. The improving dollar inflows in the economy on account of Coalition Support Fund (CSF), IMF loan tranches, approvals from other international lending institutions, US\$1.5bn from a friendly country, 3G/4G spectrum auction and US\$2bn EURO bond issue helped in recovering lost rupee value and provided much needed stability to PRs-US\$ parity. That said, the rupee-dollar exchange rate appreciated to PRs98 from PRs110 marked in Sep-13. Additionally, Pakistan's weight in MSCI FM index increased to 8.8% from 4.3% thus increasing its visibility in international investment options. The cumulative figure of SCRA marked at US\$672mn on end-Jun 2014.

In addition to improved market sentiments, trading activity also remained healthy. That said, the trading volume registered an increase of 7% YoY. KSE witnessed 215 million shares changing hands (PRs8.65bn or US\$84mn) in the ready market while the average daily volume on the same counter was recorded at 201mn shares (PRs5.76bn or US\$60mn) in the last year.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2014.

	<i>All Figures are in Million except EPS</i>	
	FY 14	FY 13
Brokerage income	120.70	83.67
Capital (loss)/ gain	(43.42)	10.06
Other income	92.61	210.64
Unrealized gain on re-measurement of investment property	2.85	22.79
Loss on re-measurement of investments at fair value through profit or loss net	(0.38)	(2.81)
Loss after tax	(292.30)	(176.94)
Earnings Per Share (EPS) Rs* (2013 restated)	(2.07)	(1.25)



Your Company ended FY14 with a net loss of Rs 292 million in FY14. The brokerage income of your Company improved notably by 44% YoY at Rs 121 million during the year. The unrealized gain on re-measurement of investment property and other operating income were recorded at Rs 3 million and Rs 93 million, respectively. The Company booked Capital loss of Rs 43 million as against previous year's gain of Rs 10 million. On overall basis, the income segment depicted bleak performance and recorded at Rs 172 million a fall of 47% YoY. Operating expenses remained 14% higher at Rs 142 million while financial expenses registered 15% decline at Rs 320 million. That said, the company ended the year with net loss of Rs 292 million, as against loss of Rs 177 million in the last year.

In the year 2012-13, the guarantee of T Bills amounting of Rs. 8,905,068/- has been given to Karachi Stock Exchange Limited against exposure by parent company, by replacing an irrevocable guarantee of Rs. 9 million to Karachi Stock Exchange Limited against exposure by a commercial bank on behalf of the Company.

FUTURE OUTLOOK

In line with the upbeat market performance expectation, your company is also likely to perform better accordingly. The trading activity is likely to resume with cooling off of recently tensed political environment of the country. The probable re-emergence of stable political environment will enable government to revive its reforms program and take pending unpopular corrective measures (e.g power tariff hike) smoothly. Moreover, it would further allow the economic managers to trigger reform agenda announced in Budget FY15 i.e, fiscal consolidation, structural reforms, broadening tax base, restructuring Public Sector Entities, eliminating untargeted subsidies, building reserves, etc. Despite upbeat performance, Pakistan stock market (KSE-100) still trades at discount to MSCI EM and FM - leaving room for further upside. Strong corporate earnings growth will ensure valuations to remain at attractive levels even after healthy run-up in equity prices during Fy14.

Your company remains committed to maximize the shareholder's wealth while keeping in view the interest of all stakeholders. As previously, your Company would try its best to cope with the challenges head on while remaining focused on improving service quality, expanding clientele and controlling cost.

PAYOUT FOR THE SHAREHOLDERS

Keeping in view the deteriorated capital market position, which also effected the Company, the Board of Directors does not recommend any payout this year.

RISK MANAGEMENT

The Company's principal business activities by their nature engender significant market and credit risks. In addition, the Company is also subject to various other risks including operating risk, legal risk and funding risk. Effective identification, assessment and management of these risks are critical to the success and stability of the Company. As a result comprehensive risk management policies and procedure have been established to identify, control and monitor each of these major risks.

COMPANY PERFORMANCE IN PAST YEARS

Past eight years Company performance chart is attached.

EARNINGS PER SHARE

Loss per share for the year ended June 30, 2014 was Rs. (2.07) as compared to loss per share Rs. (1.25) (restated) in the last year.

CHANGES IN THE BOARD OF DIRECTORS

Election of Directors was held during the month of December 2013 and all the retiring/existing directors were re-appointed for a further period of three year.

Subsequent to the election of directors Malik Fawad Tassarar is appointed as director by the Board of Directors in place of Mr. Ashraf Liaquat Ali Khan.

BOARD MEETINGS DURING THE YEAR

Four meetings of the Board of Directors were held during the year Attendance by each director is as under:

Directors	Meetings Attended
Mian Ehsan ul Haq	4
Ashraf Liquat Ali Khan (Deceased)	-
Farooq Bin Habib	4
Mazhar Abbas	4
Ahsan Zia	1
Muammad Junaid	4
Waseem-ul-Hassan	4
Malik Fawad Tasawar	-

TRADING BY DIRECTORS

During the year under review no trading in the Company shares were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children.

AUDIT COMMITTEE

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee. Five meeting of the Audit committee were held during the year. Attendance by each member is as under:

Audit Committee Member	Meetings Attended
Ashraf Liaquat Ali Khan (Deceased)	5
Farooq Bin Habib	5
Ahsan Zia (Member)	5
Malik Fawad Tassarar	-

Subsequent to the year Malik Fawad Tassarar is appointed as Chairman of the audit committee in place of Mr. Ashraf Liaquat Ali Khan.

AUDITORS

The present Auditors, Messrs Aslam Malik & Co. Chartered Accountants, shall retire and being eligible to offer themselves for re-appointment. The Board of Directors endorse the recommendation of the Audit Committee for the re-appointment of Messrs Aslam Malik & Co, Chartered Accountants as the Auditors of the Company for the financial year ending June 30, 2015.



PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as required under section 236 of the Companies Ordinance, 1984 and listing regulations are enclosed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Board of Directors of the company, for the purpose of establishing a framework of good corporate governance has fully adopted the Code of Corporate Governance, as per listing regulations of stock exchanges.

The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.

Proper books of account of the Company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

The systems of internal controls are sound in design and have been implemented and effectively monitored.

There are no significant doubts upon the Company's ability to continue as going concern.

The key financial data of last Six years is summarized in the report.

There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

The Company is in compliance with the requirement of training programs for Directors

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore:
October 09, 2014


Mian Ehsan ul Haq
Chairman & Chief Executive Officer

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2014**

INCORPORATION NUMBER: 0034157 OF 26-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
11	1	-	100	26
3	101	-	500	759
2	501	-	1000	1464
137	1001	-	5000	539123
5	5001	-	10000	27000
1	20001	-	25000	22960
1	25001	-	30000	26105
1	125001	-	130000	128395
1	230001	-	235000	235000
1	490001	-	495000	492500
1	495001	-	500000	500000
1	1260001	-	1265000	1265000
1	1710001	-	1715000	1710250
1	1745001	-	1750000	1750000
1	2495001	-	2500000	2500000
1	4265001	-	4270000	4267000
1	4540001	-	4545000	4544000
1	4695001	-	4700000	4700000
1	7035001	-	7040000	7039000
1	8090001	-	8095000	8092718
1	18420001	-	18425000	18425000
1	33300001	-	33305000	33304000
1	51765001		51770000	51765200
176				141,335,500

**FIRST CAPITAL EQUITIES LIMITED
PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2014**

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	28,680	0.020
Associated Companies, undertakings and related parties.	103,494,200	73.226
NIT and ICP	-	-
Insurance Company	4,700,000	3.325
Modaraba and Mutual Fund	128,395	0.091
Banks, Development Financial Institutions, Non Banking Financial Institutions	1,265,000	0.895
Share holders holding 10% or more	103,494,200	73.226
Others:		
- Joint Stock Companies	16,426,172	11.622
General Public		
a) Local	15,293,053	10.820
b) Foreign	-	-

Note: Some of the shareholders are reflected in more than one category

**PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS
AS AT JUNE 30, 2014**

Shareholders' Categories	Number of Shares held
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	103,494,200
NIT and ICP	-
Directors, CEO & their Spouse and Minor Children	
Mian Ehsan ul Haq (CEO/Director)	5,400
Farooq Bin Habib (Director)	5,400
Mazhar Abbas (Director)	5,400
Ashraf Liaqat Ali Khan (Director)	5,400
Ahsan Zia (Director)	5,400
Muhammad Junaid (Director)	600
Waseem Ul Hassan (Director)	1,080
Executives	-
Public Sector Companies and Corporations	16,426,172
Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds	6,093,395
Shareholders holding 5% or more voting interest in the Company	
First Capital Securities Corporation Limited	103,494,200
Suliman Ahmad Saeed Al-Hoqani	13,056,000
Pace Barka Properties Limited	8,597,716



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

**FIRST CAPITAL EQUITIES LIMITED (“THE COMPANY”)
FOR THE YEAR ENDED JUNE 30, 2014**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited and Lahore 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:

Category	Names
Independent Director	Malik Fawad Tasawar
Executive Directors	Mian Ehsan ul Haq Mr. Farooq Bin Habib Mr. Muhammad Junaid Mr. Ahsan Zia Mr. Mazhar Abbas Mr. Waseem ul Hassan

The independent directors meet 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 in 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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) A casual vacancy occurring on in the Board was filled up by the directors 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, overall corporate strategy and significant policies of the Company. A complete record of particulars of 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) The Board arranged orientation courses/training programs for its directors during the year.

- 10) The Board has approved “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 the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO 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 three members. The Chairman of the Committee is an independent director.
- 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 of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members and the chairman of the committee is an independent director.
- 18) The board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
- 20) 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.
- 21) 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 stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) The Board has in plan a mechanism for evaluation of performance of the Board.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of Board

Lahore
Dated: October 09, 2014


Mian Ehsan ul Haq
Chief Executive Officer



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Capital Equities Limited to comply with the Listing Regulation of respective Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of the 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the code.

As part of our audit of 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's statement on internal control cover 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 its related party transaction 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 approval of 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, We report that 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

LAHORE
October 09, 2014

Aslam Malik & Co.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FIRST CAPITAL EQUITIES LIMITED as at June 30, 2014 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied accept for the changes as stated in note 5.17 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 & 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 June 30, 2014 and of the loss, its 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(XVIII of 1980).

Without qualifying our opinion we draw attention to Note 2 in the financial statements which indicates that the company incurred a net loss of Rs. 292.30 million (2013: 176.94 million) and as of that date company long term financing relating to askari bank turns into current liability. These conditions along with other matters as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

LAHORE
October 09, 2014

Aslam Malik & Company
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik



STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees <i>Restated</i>	2012 Rupees <i>Restated</i>
ASSETS				
NON - CURRENT ASSETS				
Property and equipment	6	59,893,426	64,897,196	69,919,506
Intangible assets	7	16,543,680	16,543,680	40,700,000
Investments - available for sale	8	39,870,788	85,338,033	91,622,788
Long term deposits and advances	9	2,879,000	2,875,000	2,875,000
		119,186,894	169,653,909	205,117,294
CURRENT ASSETS				
Trade debts - Unsecured	10	2,278,505,881	2,254,036,978	2,300,120,868
Investments	11	275,083	29,838,098	160,450,284
Investments property	12	1,601,903,100	1,463,751,500	1,601,941,000
Advances, deposits, prepayments and other receivables	13	18,231,120	26,809,844	27,677,516
Advance income tax		66,620,616	59,926,889	55,104,343
Interest accrued	14	1,142,777	337,079	528,872
Cash and bank balances	15	13,109,857	18,029,051	10,399,433
		3,979,788,433	3,852,729,439	4,156,222,316
TOTAL ASSETS		4,098,975,327	4,022,383,348	4,361,339,610
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized Share Capital		1,520,000,000	1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital	16	1,413,355,000	1,080,315,000	1,080,315,000
Reserves	17	(42,710,465)	(69,449,316)	(128,946,362)
Unappropriated loss		(1,090,095,763)	(798,020,131)	(599,433,985)
TOTAL EQUITY		280,548,772	212,845,554	351,934,653
NON - CURRENT LIABILITIES				
Long term financing	18	1,848,295,721	2,396,682,710	2,618,287,394
Interest Accrued		442,799,616	708,081,810	620,336,365
Staff retirement benefits	19	46,066,272	39,468,591	34,070,133
		2,337,161,609	3,144,233,111	3,272,693,892
CURRENT LIABILITIES				
Trade and other payables- Unsecured	20	167,391,582	163,555,188	375,789,820
Liabilities against repurchase agreements - Secured	21	-	48,111,520	48,111,520
Short term borrowings - Secured	22	543,971,647	171,561,040	171,561,040
Current portion of long term financing	18	261,793,998	150,580,000	61,412,000
Interest accrued	23	481,055,064	106,194,903	55,364,369
Provision for taxation		27,052,656	25,302,032	24,472,316
		1,481,264,947	665,304,683	736,711,065
CONTINGENCIES AND COMMITMENTS	24	-	-	-
TOTAL EQUITY AND LIABILITIES		4,098,975,327	4,022,383,348	4,361,339,610

The annexed notes from 1 to 34 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Statement of Profit & Loss Account

For the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Brokerage income		120,696,444	83,668,453
Capital (loss)/gain - net		(43,416,876)	10,061,793
Unrelised gain on re-measurement of Investment Property		2,852,000	22,790,500
Other operating income	25	92,609,998	210,642,197
		<u>172,741,566</u>	<u>327,162,943</u>
Loss on re-measurement of investments at fair value through profit or loss - net	11.1	(381,237)	(2,813,370)
		<u>172,360,329</u>	<u>324,349,573</u>
EXPENDITURE			
Operating expenses	26	142,499,568	124,607,242
Finance cost	27	320,408,480	375,853,293
		<u>462,908,048</u>	<u>500,460,535</u>
LOSS BEFORE TAXATION		<u>(290,547,720)</u>	<u>(176,110,962)</u>
Taxation	28	(1,750,624)	(829,716)
LOSS AFTER TAXATION		<u>(292,298,344)</u>	<u>(176,940,678)</u>
LOSS PER SHARE - BASIC AND DILUTED (2013 Restated)	29	<u>(2.07)</u>	<u>(1.25)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Lahore


Chief Executive


Director



Statement of Comprehensive Income

For the year ended June 30, 2014

	2014	2013
	Rupees	Rupees
		<i>(Restated)</i>
Loss after taxation for the year	(292,298,344)	(176,940,678)
Other comprehensive (loss) / income for the year		
<i>Items that will never be reclassified to profit or loss:</i>		
Remeasurement of defined benefit plan	222,712	228,362
<i>Items that are or may be reclassified to profit or loss:</i>		
Unrealised gain / (loss) on remeasurement of investment available for sale	(11,649,335)	6,918,553
Total comprehensive loss for the year	(303,724,967)	(169,793,763)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Lahore


Chief Executive


Director

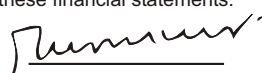
Statement of Cash Flows

For the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(290,547,720)	(176,110,962)
Add: Items not involved in movement of funds			
Depreciation		6,080,245	6,129,812
Loss on re-measurement of investments at fair value through profit or loss - net		381,237	2,813,370
Gain on re-measurement of investment property		(2,852,000)	(22,790,500)
Deferred notional income		(49,647,551)	(174,023,919)
Provision for doubtful debts		-	-
Provision for interest written back		(35,130,021)	-
Interest accrued		(3,199,607)	(1,790,230)
Interest expense		320,408,480	375,853,293
(Gain) on exchange of intangible asset		-	(21,873,830)
(Gain) on sale of property and equipment	6.2	(1,537,000)	(2,924,648)
Loss/(Gain) on foreign currency translation		4	(290)
Provision for gratuity		7,885,243	7,151,572
		<u>242,389,030</u>	<u>168,544,630</u>
		(48,158,689)	(7,566,331)
Decrease / (Increase) in current assets			
Investments at fair value through profit or loss		29,181,778	127,798,816
Trade debts - unsecured		(24,468,901)	46,083,890
Advances, deposits, prepayments and other receivables		8,578,735	867,672
		<u>13,291,612</u>	<u>174,750,378</u>
(Increase) / decrease in current liabilities in trade and other payables			
		<u>3,836,394</u>	<u>(212,234,632)</u>
Cash used in operations			
		<u>(31,030,684)</u>	<u>(45,050,585)</u>
Interest received		2,393,909	1,982,022
Finance cost paid		(2,387,066)	(22,880,461)
Gratuity paid		(1,064,850)	(1,524,752)
Taxes paid		(6,693,727)	(4,822,546)
Net cash used in operating activities		<u>(38,782,417)</u>	<u>(72,296,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,076,490)	(1,116,502)
Proceeds from sale of property and equipment		1,537,000	2,933,648
Investments available for sale		72,206,096	89,938,121
Investments property		(135,299,600)	160,980,000
Long term deposits and advances		(4,000)	-
Net cash generated in investing activities		<u>(62,636,994)</u>	<u>252,735,267</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance paid		(13,490,000)	(172,809,618)
Issuance of new capital		333,040,000	-
Liabilities against repurchase agreements		(48,111,520)	-
Short term borrowings		(174,938,259)	-
Net cash generated/(used in) financing activities		<u>96,500,221</u>	<u>(172,809,618)</u>
Effects of exchange rate changes in cash and cash equivalents		(4)	290
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(4,919,190)</u>	<u>7,629,327</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>18,029,051</u>	<u>10,399,433</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	<u>13,109,857</u>	<u>18,029,051</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Lahore


Chief Executive


Director



Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserve	Total	
		Share Premium	Reserve for issue of bonus shares	Unappropriated Profit		
Rupees						
Balance as at July 01, 2012	1,080,315,000	-	-	(128,946,362)	(608,825,441)	342,543,198
Change in accounting policy for recognition of actuarial gains	-	-	-	-	9,391,456	9,391,456
Balance as at July 01, 2012 - as (Restated)	1,080,315,000	-	-	(128,946,362)	(599,433,985)	351,934,654
Loss for the year after taxation	-	-	-	-	(176,940,678)	(176,940,678)
Other comprehensive income for the year						
Fair value reserve realised	-	-	-	52,578,493	-	52,578,493
Surplus on remeasurement of investment available for sale to fair value	-	-	-	6,918,553	-	6,918,553
Total other comprehensive income for the year - net of tax	-	-	-	59,497,046	-	59,497,046
Total comprehensive loss for the year	-	-	-	59,497,046	(176,940,678)	(117,443,632)
Balance as at June 30, 2013	1,080,315,000	-	-	(69,449,316)	(776,374,663)	234,491,022
Reversal of gain on exchange of intangible assets	-	-	-	-	(21,873,830)	(21,873,830)
Change in accounting policy for recognition of actuarial gains	-	-	-	-	228,362	228,362
Balance as at June 30, 2013 - (Restated)	1,080,315,000	-	-	(69,449,316)	(798,020,131)	212,845,554
Total comprehensive income for the year						
Loss for the year after taxation	-	-	-	-	(292,298,344)	(292,298,344)
Issuance of new capital	333,040,000	-	-	-	-	333,040,000
Other comprehensive income for the year						
Fair value reserve realised	-	-	-	38,388,186	-	38,388,186
Remeasurement of defined benefit plan	-	-	-	-	222,712	222,712
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(11,649,335)	-	(11,649,335)
Total other comprehensive income for the year - net of tax	-	-	-	26,738,851	222,712	26,961,563
Total comprehensive loss for the year	-	-	-	26,738,851	(292,075,632)	(265,336,781)
Balance as at June 30, 2014	1,413,355,000	-	-	(42,710,465)	(1,090,095,763)	280,548,773

The annexed notes from 1 to 34 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Notes to the Financial Statements

For the year ended June 30, 2014

1. Status and nature of business

First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984. The Company was converted into a public limited company on June 18, 1997 and is listed on Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (2013: 64.97%) of the share capital of the Company. The principal activities of the Company include share brokerage and conducting / publishing business research.

The registered office is located at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore.

2. During the year Company has incurred loss after tax of Rs. 292.298 (2013:Rs.176.940) million and year end, its accumulated losses stood at Rs. 1,090.095 (2013: Rs.798.020) million. The Company, in order to carry on its business and to meet its current obligations requires generating sufficient cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cast sufficient doubt on the discharge its liabilities in the normal course of business. Continuation of the Company as a going concern is dependent on improved cash flows. For this purpose the management of the Company has drawn up plans which includes:-

- a) Successful restructuring of borrowing facilities, currently overdue, on soft repayment terms.
- b) Waiver of overdue and future mark up from the financial institutions.
- c) Continuous increase in the value of investment property.
- d) Vigorously following the debtors for recovery.

During the year, KSE 100 index has increased by 41.16% but subsequent to the year end and till the authorization of these financial statements an increase of 1.52% in KSE 100 index has been recorded. The Company is also relying on continued support from its sponsors through injection of further equity and realization of investment properties if the need arises.

3. Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain financial assets and investment properties that are stated at fair value and certain employee benefits which are presented at present value.

3.3 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 reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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 recognized in the period in which the estimate is 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.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are;

- | | |
|--|----------------|
| a) Useful life and residual values of property and equipment | Note 6 |
| b) Provisions | Note 10 |
| c) Staff retirement benefits | Note 19 |
| d) Provision for taxation | Note 28 |

4 Initial application of new standards, interpretations or amendments to existing standards and forthcoming requirements

4.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

4.2 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 will be effective for accounting periods beginning on or after July 01, 2013:

- * IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendments have no impact on financial statements of the Company.
- * Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.
- * IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements.
- * IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or

proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- * IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.
- * IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- * Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.
- * Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 01 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. These amendments have no impact on these financial statements of the Company.
- * 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.
- * Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments have no impact on financial statements of the Company.
- * 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 Company's financial statements.
- * Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply



prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

These amendments have no impact on financial statements of the Company.

5. Significant accounting policies

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 6.1 to the financial statements. Residual value and the useful life of an asset are reviewed at least at each financial year end.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged up to the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30, 2014 did not require any adjustment.

5.2 Intangible assets

(a) TRE Certificates

These are stated at revalued amount. Provision is made for decline in value other than temporary, if any.

(b) Others

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

5.3 Leases

Leases in term of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

5.4 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit and loss account. Individually significant financial assets are tested for impairment on individual basis. An impairment loss in respect of available-for-sale financial assets is calculated by the reference to its current fair value. Any cumulative loss in respect of an available-for-sale financial assets recognised previously in equity is transferred to profit and loss.

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate 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 and amortization, if no impairment loss had been charged.



For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

5.5 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

5.6 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 12.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit and loss account.

5.7 Securities purchased and sold under resale/repurchase agreements

Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as "securities sold under repurchase agreements" in short term borrowings. The difference between sale and repurchase price is treated as mark-up on borrowings and is accrued over the life of the repo agreement.

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are recorded as fund placements. The difference between purchase and resale price is treated as mark-up/interest

income on fund placements and is accrued over the life of the reverse repo agreement.

5.8 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5.9 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

5.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term deposits, short term investments, trade debts, loans and advances, other receivables and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are liabilities against assets subject to finance lease, mark-up accrued, long term / short term borrowings and trade and other payables.

5.11 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.12 Interest bearing borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit and loss account when the liabilities are derecognized as well as through the amortization process.

5.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

5.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

5.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

5.16 Staff retirement benefits

Defined benefit plan

The Company operates an un-funded gratuity plan for its eligible staff under which benefits are paid on cessation of employment subject to a minimum qualifying period of service, that is one year. The liability under the plan is determined on the basis of actuarial valuations carried out by using the "Projected unit credit method" and is charged to income.

Change in accounting policies – Staff retirement benefits

As a result of the amendments in IAS 19 (2011) Employee benefits, the Company has changed its accounting policy with respect to the base for determining the income or expense related to its post employment defined benefit plans. The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19 and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Previously actuarial gains and losses in excess of the corridor limit were recognized in profit or loss account over the remaining service life of employee. The change in accounting policy has been accounted for retrospectively and comparative figures have been restated accordingly.

	Cumulative effect upto June 30, 2013	Effect for the year ended June 30, 2013	Cumulative effect upto June 30, 2012
<u>Statement of changes in equity</u>			
Actuarial gains on retirement benefit plans included in other comprehensive income	9,619,818	228,362	9,391,456
<u>Balance sheet</u>			
Decrease in deferred liabilities	9,619,818	228,362	9,391,456

5.17 Revenue recognition

- * Capital gains or losses on sale of investments are recognised in the year in which they arise.
- * Income on fund placements on account of continuous funding system is recognised on accrual basis.
- * Brokerage income, consultancy and money market services are recognized as and when such services are provided.
- * Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.
- * Dividend income is recognized at the time of book closure of the company declaring the dividend.
- * Return on securities other than shares is recognized as and when it is due on time proportion basis.

* Mark-up/interest income is recognized on accrual basis.

* Rental income is recognized on accrual basis.

5.18 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

5.19 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency.

5.20 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

5.21 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

5.22 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

6 PROPERTY AND EQUIPMENT

Note	2014 Rupees	2013 Rupees
6.1	59,893,441	64,897,196
	<u>59,893,441</u>	<u>64,897,196</u>

6.1 Operating Fixed Assets

	Freehold building	Computers	Office equipment	Furniture & fittings	Motor vehicles	Total
Year Ended June 30, 2014						
Opening net book value (NBV)	54,445,083	217,022	4,217,145	5,255,258	762,688	64,897,196
Additions / transfers	-	876,490	-	-	200,000	1,076,490
Disposals	6.2	-	-	-	-	-
Depreciations charged	(3,372,792)	(176,052)	(1,200,266)	(1,147,803)	(183,333)	(6,080,245)
Balance as at June 30, 2014 (NBV)	<u>51,072,291</u>	<u>917,460</u>	<u>3,016,879</u>	<u>4,107,455</u>	<u>779,355</u>	<u>59,893,441</u>
Gross carrying value as at June 30, 2014						
Cost	67,455,800	19,741,867	15,844,343	14,089,246	30,427,774	147,559,030
Accumulated depreciation	(16,383,509)	(18,824,407)	(12,827,464)	(9,981,791)	(29,648,419)	(87,665,589)
Net book value	<u>51,072,291</u>	<u>917,460</u>	<u>3,016,879</u>	<u>4,107,455</u>	<u>779,355</u>	<u>59,893,441</u>
Year Ended June 30, 2013						
Opening net book value (NBV)	57,817,873	92,974	5,396,804	6,501,072	110,783	69,919,506
Additions / transfers	-	241,500	125,002	-	750,000	1,116,502
Disposals	-	-	(9,000)	-	-	(9,000)
Depreciations charged	(3,372,790)	(117,452)	(1,295,661)	(1,245,814)	(98,095)	(6,129,812)
Balance as at June 30, 2013 (NBV)	<u>54,445,083</u>	<u>217,022</u>	<u>4,217,145</u>	<u>5,255,258</u>	<u>762,688</u>	<u>64,897,196</u>
Gross carrying value as at June 30, 2013						
Cost	67,455,800	18,865,377	15,844,343	14,089,246	32,496,374	148,751,139
Accumulated depreciation	(13,010,716)	(18,648,355)	(11,627,198)	(8,833,988)	(31,733,686)	(83,853,943)
Net book value	<u>54,445,084</u>	<u>217,022</u>	<u>4,217,145</u>	<u>5,255,258</u>	<u>762,688</u>	<u>64,897,196</u>
Depreciation rate (% per annum)	5	33.33	10	10	20	

6.2 Disposal of property and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Particulars of Buyers
	Rupees			Rupees			
Vehicle	1,343,000	1,343,000	-	832,000	832,000	Negotiation	Abid Hussain
Vehicle	187,500	187,500	-	70,000	70,000	Negotiation	Hassam Autos
Vehicle	41,000	41,000	-	15,000	15,000	Negotiation	Shahzad Khurram
Vehicle	54,000	54,000	-	20,000	20,000	Negotiation	Syed Najaf Hssain
Vehicle	643,000	643,000	-	600,000	600,000	Negotiation	Rabia Hussain
Total	2,268,500	2,268,500	-	1,537,000	1,537,000		

7 INTANGIBLE ASSETS

	Note	2014 Rupees	2013 Rupees
Trading Right Entitlement Certificate (TREC) Karachi Stock Exchange Limited	7.1	9,043,680	9,043,680
Room Karachi Stock Exchange Limited		7,500,000	7,500,000
		16,543,680	16,543,680

7.1 This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporation, demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualization process. The TREC has been recorded at Rs. 9,043,680/- (for detail refer note 9.2).

8 INVESTMENTS - AVAILABLE FOR SALE

	Note	2014 Rupees	2013 Rupees
Quoted Shares Media Times Limited	8.1	15,714,468	61,181,713
Unquoted Shares Karachi Stock Exchange Limited	8.2	24,156,320	24,156,320
		39,870,788	85,338,033

8.1 6,067,362 (2012: 22,905,697) Fully paid ordinary shares of Rs. 10 each Equity Held 3.56% (2013 : 7.58%)		27,363,803	54,263,160
(Loss)/gain on remeasurement of investment available for sale		(11,649,335)	6,918,553
		15,714,468	61,181,713

8.2 During the year 2012-13, the demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from Karachi Stock Exchange against its membership card. The Company has also recorded a gain on exchange of intangible asset Rs. 21,873,830/-.

The Karachi Stock Exchange Limited (KSE) vide its notice # KSE/N-5639 dated October 10, 2013 to its TREC holders states that, "Nature and value of the asset given up (membership card) is similar to the nature and value of the asset acquired (shares and TREC). Therefore, exchange of asset will not result in any gain or loss. Further, it can be argued that de-recognition of the membership card has not accrued because the rights of the card holders were not lost any point during the exchange"



In this connection, paragraph 45 of IAS 38, Inter-alla states that where the fair value of neither the asset received nor the asset given up can be really measured, the cost of asset received should be measured at the carrying amount of the asset given up, and no gain or loss arise.

KSE is therefore of the view that there will not be any gain or loss recorded in the accounts of TREC holder on conversion of membership card at the time of acquisition of shares and TREC of KSE, after its demutualization.

Keeping in view the above guide lines of KSE, the management of the company has decided to reverse the gain on exchange of intangible asset Rs. 21,873,830/- and it has been directly charged to retained earnings.

	2013 Rupees	2013 Rupees Restared Effect	2013 Rupees Restated
<u>Statement of changes in equity</u>			
Reversal of gain on exchange of intangible assets		<u>(21,873,830)</u>	
<u>Balance sheet</u>			
Trading Right Entitlement Certificate (TREC)	15,000,000	(5,956,320)	9,043,680
Karachi Stock Exchange Limited	40,073,830	<u>(15,917,510)</u> <u>(21,873,830)</u>	24,156,320

The 4,007,383 shares of KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying asset and liabilities of the Stock exchange in accordance with requirements of the demutualization Act. In other words, shares of Rs. 40,073,830/- received by the company represents its share in the fair value of the net assets of the KSE. Under these circumstances where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further, the KSE has also introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 15 million as per the decision of the BOD of the KSE. This face indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and safeguard the investor's interest. In the absence of an active market of TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair value of KSE shares (Rs. 40,073,830/-) and TREC (Rs. 15,000,000), the Company has allocated its carrying value in the ration of 0.7276 to shares and 0.2724 to TREC.

	Note	2014 Rupees	2013 Rupees
9 LONG TERM DEPOSITS AND ADVANCES			
Deposits with:			
Karachi Stock Exchange Limited		1,860,000	1,860,000
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		450,000	450,000
Other lease deposits		469,000	465,000
		2,879,000	2,875,000
10 TRADE DEBTS - UNSECURED			
Trade debts against purchase of shares:			
Considered good:			
Clients		2,277,884,476	2,253,415,578
Members		621,405	621,400
		2,278,505,881	2,254,036,978
Considered doubtful:			
Clients		1,092,901,226	1,092,901,226
Members		3,911,979	3,911,979
		1,096,813,205	1,096,813,205
Less: Provision for doubtful debts	10.1	(1,096,813,205)	(1,096,813,205)
		2,278,505,881	2,254,036,978
10.1 Provision for doubtful debts			
Opening balance		1,096,813,205	1,096,813,205
Provision for Doubt ful debts written back		-	-
Charge for the year	26	-	-
Closing balance		1,096,813,205	1,096,813,205
11 INVESTMENTS			
At fair value through profit or loss			
Quoted equity securities	11.1	275,083	29,838,098
		275,083	29,838,098

11.1 Quoted equity securities

	2014			2013		
	Number of shares	Carrying Amount Rupees	Market value Rupees	Number of shares	Carrying Amount Rupees	Market value Rupees
MUTUAL FUNDS						
First Capital Mutual Fund Limited	-	-	-	3,725,000	31,662,500	27,676,750
INVESTMENT BANK						
Arif Habib Ltd.	1,348	47,728	86,353	1,226	37,805	47,728
SUGUR						
Haseeb Waqas Sugur Mills Ltd.	32,000	608,000	188,160	111,212	950,863	2,113,028
MISCELLANEOUS						
Pakistan Services	2	592	570	2	300	592
Total Investment		656,320	275,083		32,651,468	29,838,098
Loss on remeasurement		(381,237)			(2,813,370)	
Total Investment as at June 30,		275,083			29,838,098	

Shares having carrying amount of Rs. 611,541/- (2013: Rs. 32,613,363) and market value of Rs. 194,566/- (2013: Rs. 29,789,778) have been given as collateral against borrowings from various commercial banks.



	Note	2014 Rupees	2013 Rupees
12 INVESTMENTS PROPERTY - AVAILABLE FOR SALE			
Balance as on July 01, 2013		1,463,751,500	1,601,941,000
Acquisition during the year	12.2	135,299,600	-
		<u>1,599,051,100</u>	<u>1,601,941,000</u>
Disposal during the year		-	(160,980,000)
		<u>1,599,051,100</u>	<u>1,440,961,000</u>
Increase in fair value		2,852,000	22,790,500
Balance as at June 30, 2014		<u>1,601,903,100</u>	<u>1,463,751,500</u>

12.1 Investment Property comprises various shops / counter acquired from various parties including First Capital Securities Corporation Limited (Parent Company) in various shopping malls situated at Gujranwala and Gujrat. The transaction with parent company has been made on arm's length basis. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this property to pay off the bank borrowings.

12.2 Last year the Company has entered into an agreement with Parent Company i.e First Capital Securities Corporation Limited to its sell nine shops situated in Pace Gujranwala Shopping Mall, on the condition to release shops from the relevant banking institutions. In the current year the said property has been given back.

12.3 The fair value of subject investment property is based on valuation that was carried out by M/s. Negotiator, independent valuer as on June 30, 2014. The value determined the fair value of Rs. 1,601,903,100/-, the effect of which has been incorporated in the financial statements.

	Note	2014 Rupees	2013 Rupees
13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - Unsecured - Considered good			
Executives	13.1	4,843,960	1,955,398
Employees	13.1	1,575,287	1,507,963
Deposits with			
Central Depository Company of Pakistan Limited		25,000	25,000
Others		857,936	857,936
Prepayments		118,057	34,624
Exposure with Karachi Stock Exchange Limited	13.2	6,633,844	13,434,438
Accrued brokerage commission		542,532	639,910
Accrued rental income		-	780,000
Advance for National Commodity Exchange Limited Membership		2,500,000	2,500,000
Other receivables	13.3	1,134,505	5,074,574
		<u>18,231,120</u>	<u>26,809,844</u>

13.1 Advances given to Executives / Employees are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary / expenses claims. These advances are secured against gratuity. Advances to executives / employees does not include any amount due from chief executive and directors (2013 : NIL).

13.2 This represents exposure deposit with the Karachi Stock Exchange Limited under the exposure rules.

	Note	2014 Rupees	2013 Rupees
13.3 Other receivables considered good		1,134,505	5,074,574
Other receivables considered doubtful		850,000	850,000
Less: Provision for doubtful other receivables	13.3.1	(850,000)	(850,000)
		-	-
		<u>1,134,505</u>	<u>5,074,574</u>
13.3.1 Provision for doubtful other receivables			
Opening balance		850,000	850,000
Charge for the year		-	-
Closing balance		<u>850,000</u>	<u>850,000</u>
14 INTEREST ACCRUED			
Interest accrued on:			
Bank deposits		1,142,777	337,079
		<u>1,142,777</u>	<u>337,079</u>
15 CASH AND BANK BALANCES			
Cash at bank			
Local currency			
Current accounts		3,126,860	6,714,674
Deposit accounts	15.1	9,931,028	11,254,025
		13,057,888	17,968,699
Foreign currency			
Current accounts		6,220	6,224
		<u>13,064,108</u>	<u>17,974,922</u>
Cash in hand		45,749	54,129
		<u>13,109,857</u>	<u>18,029,051</u>
15.1 These carry profit at rates ranging from 6% to 8% per annum (2013: 6% to 8% per annum).			

16 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2014	2013		2014 Rupees	2013 Rupees
Number of shares					
Shares issued against cash consideration					
Ordinary shares of Rs. 10/- each fully paid	73,316,250	40,012,250		733,162,500	400,122,500
Shares issued against consideration other than cash					
Bonus shares of Rs. 10/-each fully paid	68,019,250	68,019,250		680,192,500	680,192,500
	<u>141,335,500</u>	<u>108,031,500</u>		<u>1,413,355,000</u>	<u>1,080,315,000</u>

16.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 103,494,200 (73.23%) ordinary shares (2013: 70,190,200 (64.97 %)) of the Company.

During the year, the parent company FCSC inject capital of Rs. 333,040,000/- against 33,340,000 shares at the rate of Rs. 10/- per share.

	Note	2014 Rupees	2013 Rupees
17 RESERVES			
Fair value reserve			
Un -realized loss - charged to equity		<u>(42,710,465)</u>	<u>(69,449,316)</u>
18 LONG TERM FINANCING			
- Secured	18.1	<u>2,444,320,025</u>	3,005,158,891
- Un Secured		<u>-</u>	-
		2,444,320,025	3,005,158,891
Deferred notional income	18.2	<u>(334,230,306)</u>	<u>(457,896,181)</u>
		2,110,089,719	2,547,262,710
Less: Current portion shown under current liability		<u>261,793,998</u>	150,580,000
Long term portion		<u>1,848,295,721</u>	<u>2,396,682,710</u>

18.1 This includes agreements with different commercial banks with a mark up rate of 8% to 20% and 3 months kibar plus 3% to 4 % p.a (2013 : 8%-20% and 3 months kibar plus 3% to 4%). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 334,336,358 (2013 : 1,058,785,992) have been pledged by the Company.

18.2 This represents the difference between amortization cost and carrying value and restructuring of long term loans. Amortized cost has been determined using effective interest rate 9.13% to 12.06% (2013 : 9.13% to 12.06%) per annum being the 6 month KIBOR rate. Movement is as follows:

	2014 Rupees	2013 Rupees
Deferred notional income		
As at beginning of the year	457,896,181	498,269,115
Occurred during the year	49,647,551	174,023,919
Amortized during the year	<u>(173,313,426)</u>	<u>(214,396,853)</u>
As at end of the year	<u>334,230,306</u>	<u>457,896,181</u>
	2014 Rupees	2013 Rupees
19 STAFF RETIREMENT BENEFITS		<i>(Restated)</i>
Provision for Gratuity	<u>46,066,272</u>	<u>39,468,591</u>

19.1 The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2014.

FY 2012-2013
July 01, 2012
Rupees

Re-statement Impact of IAS 19 (2011)

Present value of defined benefit obligations	32,394,611
plus Payables	1,675,522
plus Unrecognised actuarial gains/less unrecognized actuarial losses	9,391,456
less Unrecognized past service costs/plus unrecognized past service credit	-
less Unrecognized transitional liability	-
	43,461,589
Unrecognized amounts charged to retained earnings	(9,391,456)
Restated balance sheet liability/(asset)	34,070,133

	2014	2013
	Rupees	Rupees
Statement of financial position		<i>(Restated)</i>
Present value of defined benefits obligations	45,498,772	38,132,741
plus payables	567,500	1,335,850
Balance sheet liability/(asset)	46,066,272	39,468,591

Change in present value of defined benefits obligations

Present value of defined benefits obligation	38,132,741	32,394,611
Current service cost	3,896,871	3,413,503
Past service cost (credit)	-	-
Interest cost on defined benefits obligation	3,988,372	4,211,299
Benefits due but not paid (payables)	(35,000)	(775,350)
Benefits paid	(261,500)	(409,730)
Gain and losses arising on plan settlements	-	-
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	-	-
Experience adjustments	(222,712)	(701,592)
Present value of defined benefits obligation	45,498,772	38,132,741

	2014	2013
	Rupees	Rupees
Expenses to be charged to P&L		
Current service cost	3,896,871	3,413,503
Past service cost (credit)	-	-
Gain and losses arising on plan settlements	-	-
Interest cost on defined benefits obligation	3,988,372	4,211,299
Expenses chargeable to P&L	7,885,243	7,624,802

Total remeasurements chargeable in other comprehensive income

Remeasurement of plan obligation:

Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	-	-
Experience adjustments	(222,712)	(701,592)
	(222,712)	(701,592)



	2014	2013
	Rupees	Rupees
Change in net liability		
Balance sheet liability/(asset)	39,468,591	34,070,133
Expenses chargeable to P&L	7,885,243	7,624,802
Remeasurements chargeable in other comprehensive income	(222,712)	(701,592)
Benefits paid	(1,064,850)	(1,524,752)
Benefits payable transferred to short term liability	-	-
Balance sheet liability/(asset)	46,066,272	39,468,591

Significant actuarial assumptions

Discount rate for interest cost in P&L charge	10.50%	13%
Discount rate for year end obligation	13.50%	10.50%
Salary increase used for year end obligation		
Salary increase FY 2014	N/A	9.50%
Salary increase FY 2015	12.50%	9.50%
Salary increase FY 2016	12.50%	9.50%
Salary increase FY 2017	12.50%	9.50%
Salary increase FY 2018	12.50%	9.50%
Salary increase FY 2019	12.50%	9.50%
Salary increase FY 2020 onward	12.50%	9.50%
Next salary is increased at	July 01, 2014	Jan 01, 2014
Mortality rates	SLIC 2001-2005 Setback 1 year	EFU 61-66
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60

	Note	2014	2013
		Rupees	Rupees
20 TRADE AND OTHER PAYABLES- UNSECURED			
Payable against sale of shares			
Clients	20.1	72,952,549	62,821,695
Members		947,278	22,747,278
Accrued and other liabilities		39,338,826	41,366,529
With holding tax payable		54,152,927	36,619,686
		167,391,582	163,555,188

20.1 This includes balance payable to associated company i.e Falcon Commodities (Pvt) Limited Rs. 4,993,740/- (June 2013 : NIL).

	2014	2013
	Rupees	Rupees
21 LIABILITIES AGAINST REPURCHASE AGREEMENTS		
Secured	-	48,111,520
Un Secured	-	-
	-	48,111,520

	Note	2014 Rupees	2013 Rupees
22 SHORT TERM BORROWINGS- SECURED	22.1	543,971,647	171,561,040

22.1 This includes agreements with different commercial banks with a mark up rate of 3 months kibar plus 3% to 4 % p.a (2013 : 3 months kibar plus 4%). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 62,458,725 (2013 : 44,219,914) have been pledged by the Company.

	2014 Rupees	2013 Rupees
23 INTEREST ACCRUED		
Interest accrued on:		
Short term borrowings	481,055,064	75,635,478
Repurchase agreements	-	30,559,425
	481,055,064	106,194,903

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 During the year 2000 certain clients of the Company defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of the Company at that time, arranged for the requisite financing and assumed the open positions and obligations of the defaulting clients. The loans so arranged by ABN AMRO were secured specifically against the amounts recoverable from these defaulting clients and were repayable only through amounts recovered from such defaulting clients. These loans were interest free and exchange risk had been assumed by ABN AMRO pursuant to the loan agreements signed between the Company and ABN AMRO. Accordingly the Company had set off these loans and such recoverable amounts.

The Company had initiated cases against the defaulting clients for recovery of the amounts due from them. Based on the legal opinion, the management considers that if the recovery suits succeed entirely or partially and result in recovery of an amount from clients, the only obligation of the Company is to remit the same to ABN AMRO. Whereas in case the recovery suits are unsuccessful, the aforesaid loan will lapse for all purposes and it will extinguish the recovery of loans from clients and this will not affect, in any manner, the financial position of the Company, as it does not have any obligation to pay any amounts to ABN AMRO from its own sources. The defaulting clients had made a counter claim in the said proceedings. The eventual outcome of these cases or counter claims is uncertain at this stage.

The Company has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalized against the Company except for those mentioned above. The existence and the magnitude of any such claims, other than mentioned in these financial statements, are not presently known.

24.1.2 Mr. Assad ullah Sajid has filed a petition with Securities and Exchange Commission of Pakistan against the Company for refund of deposit of Rs. 590,740 deposited for purchase of shares on his behalf. The management is confident that the matter will be decided in the Company's favour.

24.1.3 During the year 2007-08, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to the Company under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the Company has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. The Company has submitted its reply to the show cause notice to the SECP. SECP



has decided the case and has imposed a fine of Rs. 500,000/- on the Company. The Company has filed an appeal in Appellate Tribunal SECP against the aforesaid order, which is in process.

24.1.4 During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by the Company.

24.1.5 The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs.5.4 million. The Company filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). The Company has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of the Company.

The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability upto Rs.1.4 million on account of apportionment of expenses to capital gain. The Company has filed appeal before the Commissioner of Income Tax (Appeals) against the said order. The management is confident that the appeal will be decided in favour of the Company.

24.1.6 During the year 2008-09, M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of the Company has defaulted to pay their debts Rs. 239,900,022/-. The Company has filed a suit for recovery from these clients. The Management is confident that company would be able to recover the above stated debt.

24.1.7 During the year 2009 - 10 the Company has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonoured cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by the Company and for recovery of Rs. 25.20 million till February 2010. The Universal Equities (Pvt) Limited has filed a suit for permanent injunction alleging therein that the Company be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trial Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned down the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trial Court passed in favour of the Company.

The Company has also filed an application for winding up the Universal Equity (Pvt.) Limited in Honourable Lahore High Court.

24.1.8 The guarantee of T Bills amounting of Rs. 8,905,068/- has been given to Karachi Stock Exchange Limited against exposure by parent company.

24.1.9 During the year 2010 - 11, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the Company and a Notice u/s 176 of the "Contract Act 1872" was served to the Company by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The Company has filed a suit before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192/- on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The Company has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby the JS Bank Limited has been restrained from selling the securities pledged by the Company. The Company is very much confident of success of the case in its favour.

24.1.10 A case was filed in the Sindh High Court for the Recovery of Rs. 5,161,670 along further mark up of 20 % from the date of suit till realization against loss on trading of shares from Mr. Nazimuddin Siddique who act as agent of the Company under brokerage agency agreement. The outstanding balance is against various clients under the agency agreement.

24.1.11 During the Year, the Company is contesting banking recovery suits with Askari Bank Limited pending adjudication before the Honorable Sindh High Court at Karachi and Lahore High Court Lahore, in which PLA to defend the cases has already been filed by the Company. The Company is also in process of initiating appropriate proceedings to lodge counter claim and also to claim damages from Askari Bank. The legal advisor of the Company is of considered opinion that legal process in stated banking recovery suits by Askari Bank may take several years as the courts are yet to render judgments about the liability of the Company and the terms for repayment of the loan amount in stated proceedings. Considering the nature of pending litigation with Askari Bank Limited and the opinion from the legal advisor; the management and directors of the Company are confident of success of the case in its favour.

24.1.12 The Company has entered into an arrangement with different commercial banks for the rescheduling / restructuring of their financial liabilities. The bank has frozen/waived off their accrued markup and any further markup on certain terms and conditions. The main issue in this restructuring is that if the company failed on a single issue, the concession / reliefs shall stand withdrawn. The Company is very much confident that they will adhere to all the terms and conditions.

24.2 Commitments

Company has agreed to pay further sums, with respect to bindings legal agreements for items stated below:

	Less than one year Rupees	One year and above Rupees
Commitments in respect of:		
Sale of shares	707,140,121	-
Purchase of shares	854,816,664	-

	Note	2014 Rupees	2013 Rupees
25 OTHER OPERATING INCOME			
Return on deposit accounts		3,199,607	1,790,230
Dividend income		875,792	2,461,085
Gain on sale of property and equipment		1,537,000	2,924,648
(Loss)/gain on foreign currency translation		(4)	290
Accrued Interest written back		35,130,021	-
Deferred Notional Income	18.2	49,647,551	174,023,919
Rental Income		1,599,000	1,544,028
Gain on exchange of intangible asset	8.2	-	21,873,830
Others		621,032	6,024,167
		92,609,998	210,642,197



	Note	2014 Rupees	2013 Rupees
26 OPERATING EXPENSES			
Salaries and benefits		86,640,963	62,493,241
Provision for gratuity	19.1	7,885,243	7,151,572
Stock Exchange and settlement charges		4,217,059	3,344,915
Rent, rates and taxes		3,742,408	4,179,324
Communication		5,395,484	4,198,964
Utilities		3,720,046	2,723,993
Insurance		681,591	1,014,919
Printing and stationery		547,919	552,023
Traveling and conveyance		4,012,476	2,534,892
Repair and maintenance		4,814,521	3,891,188
Postage and courier		874,532	756,891
Newspaper and periodicals		154,377	159,732
Entertainment		2,219,099	1,484,803
Legal and professional		2,220,258	1,322,324
Advertisement		106,170	6,490
Auditors' remuneration	26.1	895,000	1,009,000
Depreciation	6.1	6,080,245	6,129,812
Fee and subscription		2,782,072	1,742,596
CDC and stamps charges		2,548,400	2,096,930
Other expenses		2,961,705	17,813,632
		<u>142,499,568</u>	<u>124,607,242</u>
26.1 Auditors' remuneration			
Statutory audit		600,000	600,000
Half year review		200,000	200,000
Certifications		95,000	209,000
		<u>895,000</u>	<u>1,009,000</u>
27 FINANCE COST			
Mark-up on short term borrowings		103,926,285	30,243,615
Mark-up on repurchase agreements		4,570,596	9,141,192
Mark-up on long term financing		38,299,056	121,818,451
Mark up Amortized	18.2	173,313,426	214,396,853
Bank charges and commission		299,116	253,182
		<u>320,408,480</u>	<u>375,853,293</u>
28 TAXATION			
Current		1,750,624	829,716
Prior Year		-	-
		<u>1,750,624</u>	<u>829,716</u>

28.1 In view of the unused tax losses provisions made represents minimum tax under section 113 of the Income tax Ordinance, 2001. In addition to the above, the provision includes taxation on capital gains in respect of income arising from such source.

28.2 The returns of total income for the Tax Year 2005 to 2013 were filed by the Company under self assessment scheme and are deemed to be assessed.

28.3 The Company has a deferred tax asset on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future, the Company has not recognised deferred tax assets in these financial statements.

28.4 Since the Company is liable to pay minimum tax, therefore, no numerical tax reconciliation is produced.

	2014	2013
	Rupees	Rupees
29 LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation attributable to ordinary share holders - Rupees	(292,298,344)	(176,940,678)
Number of ordinary shares (2013 restated)	141,335,500	141,335,500
Loss per share - Basic and Diluted - Rupees per share (2013 restated)	(2.07)	(1.25)

29.1 No figure for diluted loss per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

30. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment disclosed in note 32 are as follows:

	2014			
	Associated Company	Parent Company	Key management personnel of the entity, its parent and their closed family members	Other Related Parties
	Rupees	Rupees	Rupees	Rupees
Brokerage income	57,250	2,562,620	-	-
Investment property	-	135,299,600	-	-
Investment in share capital	-	333,040,000	-	-
Underwriting commission	-	956,300	-	-

	2013			
	Associated Company	Parent Company	Key management personnel of the entity, its parent and their closed family members	Other Related Parties
	Rupees	Rupees	Rupees	Rupees
Brokerage income	-	727,051	-	-
Investment property	-	135,299,600	-	-
Long term loan obtained	-	107,010,000	-	-
Long term loan paid	-	221,447,883	-	-
Interest on long term loan	-	17,979,386	-	-

30.1 The amounts due to / due from related parties are disclosed in respective notes to the financial statements.



31 FINANCIAL INSTRUMENTS

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

31.1 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. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables / fund placements.

31.1.1 Exposure to credit risk

The carrying values of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014	2013
	Rupees	Rupees
Investments - available for sale	39,870,788	85,338,033
Long term deposits and advances	2,879,000	2,875,000
Trade debts - unsecured	2,278,505,881	2,254,036,978
Investments	275,083	29,838,098
Advances, deposits and other receivables	18,113,063	23,417,284
Interest accrued	1,142,777	337,079
Bank balance	13,064,108	17,974,922
	2,353,850,699	2,413,817,394

The credit quality of financial assets can be assessed by reference to external credit rating as follows: defaults.

	Rating		Rating Agency	2014	2013
	Short Term	Long Term		Rupees	Rupees
Askari Bank Limited	A 1 +	AA	PACRA	283,572	602,987
Bank Alfalah Limited	A 1 +	AA	PACRA	843,752	634,356
Bank Al Habib Limited	A 1 +	AA +	PACRA	89,589	60,080
Faysal Bank Limited	A 1 +	AA	PACRA	958,362	765,049
Habib Metropolitan Bank Limited	A 1 +	AA +	PACRA	197,906	163,095
KASB Bank Limited	A 3	BBB	PACRA	9,026	9,026
MCB Bank Limited	A 1 +	AAA	PACRA	9,184,054	12,669,482
NIB Bank Limited	A 1 +	AA -	PACRA	57,473	224,128

	Rating		Rating Agency	2014	2013
	Short Term	Long Term		Rupees	Rupees
Silk Bank Limited	A -2	A -	JCR - VIS	3,403	3,444
Standard Chartered Bank of Pakistan Ltd	A 1 +	AAA	PACRA	1,366,242	2,831,793
Summit Bank Limited	A -3	A -	JCR - VIS	69,086	9,838
United Bank Limited	A- 1 +	AA +	JCR - VIS	1,643	1,643
				13,064,108	15,912,450

31.1.2 The age of trade debts at the reporting date was:

	2014	2013
	Rupees	Rupees
Past due but not impaired		
Past due 0 - 30 days	1,215,458,740	7,144,637
Past due 30 - 90 days	3,013,027	2,158,370
Past due 90 - 180 days	521,714	648,213
Past due 180 - 365 days	6,909,663	6,512,051
More then 1 year	1,052,602,737	2,237,573,719
	2,278,505,881	2,254,036,990

During the year, trade debts of Rs. Nil (2013 : Rs.NIL) were provided for / written off.

31.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

The following are the contractual maturities of financial liabilities as on June 30, 2014.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	2,110,089,719	138,686,000	123,107,998	1,848,295,721	-
Trade & other payables - Unsecured	167,391,582	167,391,582	-	-	-
Short term borrowing - secured	543,971,647	-	543,971,647	-	-
Interest accrued	923,854,680	481,055,064	-	442,799,616	-
	3,745,307,627	787,132,645	667,079,645	2,291,095,337	-

The following are the contractual maturities of financial liabilities as on June 30, 2013

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	2,547,262,710	67,813,000	82,767,000	2,396,682,710	-
Trade & other payables - Unsecured	163,555,188	163,555,188	-	-	-
Liability against repurchase agreement - secured	48,111,520	48,111,520	-	-	-
Short term borrowing - secured	171,561,040	-	171,561,040	-	-
Interest accrued	814,276,713	106,194,903	-	708,081,810	-
	3,744,767,171	385,674,611	254,328,040	3,104,764,520	-



31.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

31.3.1 Currency risk

Foreign currency risk arises mainly where payables/receivables exist due to transactions with foreign clients. The company does not view hedging as being financially feasible owing to the excessive cost involved in relation to the amount at risk.

	2014		2013	
	Rupees	US Dollar	Rupees	US Dollar
Foreign Currency Bank Account	6,220	63	6,224	63
	6,220	63	6,224	63

The following significant exchange rates applied during the year

	Average Rates		Reporting date rate	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
US Dollars	102.70	96.44	98.55	98.60

Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and decrease in Profit & Loss Account by Rs. 311 (June 2013 ; Rs. 302). This analysis assumes that all other variables were held constant.

A 5 % weakening of Rupee would have an equal but opposite effect.

The sensitivity analysis prepared is not necessarily indicative of the effect on loss for the year and assets / liabilities of the Company.

31.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.. The Company's exposure to interest rate risk and the effective interest rates of its financial assets and financial liabilities are summarized as follows:

	Interest bearing				Non interest bearing				Total
	One month to three months Rupees	Three months to one year Rupees	One year to five years Rupees	More than five year Rupees	One month to three months Rupees	Three months to one year Rupees	One year to five years Rupees	More than five year Rupees	
Financial assets 2014									
Investments - available for sale	-	-	-	-	-	-	39,870,788	-	39,870,788
Long term deposits and advances	-	-	-	-	-	-	2,879,000	-	2,879,000
Trade debts - unsecured	-	-	-	-	2,278,505,881	-	-	-	2,278,505,881
Investments	-	-	-	-	275,083	-	-	-	275,083
Advances, deposits and other receivables	6,633,844	-	-	-	11,479,220	-	-	-	18,113,063
Interest accrued	-	-	-	-	1,142,777	-	-	-	1,142,777
Bank balances	9,931,028	-	-	-	3,133,080	-	-	-	13,064,108
	16,564,871	-	-	-	2,294,536,041	-	42,749,788	-	2,353,850,699
Effective interest rates	2% to 6%								
Financial liabilities 2014									
Long term financing	138,686,000	123,107,998	1,848,295,721	-	-	-	-	-	2,110,089,719
Trade & other payables - Unsecured	-	-	-	-	167,391,582	-	-	-	167,391,582
Short term borrowing - secured	-	543,971,647	-	-	-	-	-	-	543,971,647
Interest accrued	138,686,000	667,079,645	1,848,295,721	-	481,055,064	-	442,799,616	-	923,854,680
	(122,121,129)	(667,079,645)	(1,848,295,721)	-	1,646,089,395	-	(400,049,828)	-	(1,391,456,928)
On balance sheet gap	-	-	-	-	-	-	-	-	-
Off balance sheet gap	-	-	-	-	-	-	-	-	-
Financial assets 2013									
Investments - available for sale	-	-	-	-	-	-	85,338,033	-	85,338,033
Long term deposits and advances	-	-	-	-	-	-	2,875,000	-	2,875,000
Trade debts - unsecured	-	-	-	-	2,254,036,978	-	-	-	2,254,036,978
Investments	-	-	-	-	29,838,098	-	-	-	29,838,098
Advances, deposits and other receivables	13,434,438	-	-	-	9,982,846	-	-	-	23,417,284
Interest accrued	-	-	-	-	337,079	-	-	-	337,079
Bank balances	11,254,025	-	-	-	6,720,898	-	-	-	17,974,923
	24,688,463	-	-	-	2,300,915,899	-	88,213,033	-	2,413,817,395
Effective interest rates	2% to 6%								
Financial liabilities 2013									
Long term financing	67,813,000	82,767,000	2,396,682,710	-	-	-	-	-	2,547,262,710
Trade & other payables - Unsecured	-	-	-	-	163,555,188	-	-	-	163,555,188
Liability against repurchase agreement - secured	48,111,520	-	-	-	-	-	-	-	48,111,520
Short term borrowing - secured	-	171,561,040	-	-	-	-	-	-	171,561,040
Interest accrued	115,924,520	254,328,040	2,396,682,710	-	106,194,903	-	708,081,810	-	814,276,713
	(91,236,057)	(254,328,040)	(2,396,682,710)	-	2,031,165,808	-	(619,868,777)	-	(1,330,949,777)
On balance sheet gap	-	-	-	-	-	-	-	-	-
Off balance sheet gap	-	-	-	-	-	-	-	-	-



31.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 40,145,871 (2013 : Rs. 131,093,641) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For price sensitivity analysis it is observed that KSE 100 index has increased by 41.16% during the year but subsequent to the year end and till the authorization of these financial statements an increase of 1.52% in KSE 100 index has been recorded.

31.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer liability in an ordinary transaction between market participants at the measurement date.

31.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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 minimize risk.

During the year the Company has no significant gearing.

Neither there were any change in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	1	1	5	5	15	8
Total Number	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	2,760,000	1,580,000	10,112,000	8,094,667	12,196,011	8,135,613
House Rent	1,104,000	632,000	4,044,800	3,237,867	4,878,404	3,254,245
Commission	-	-	-	-	331,336	-
Medical Expenses Reimbursed	156,574	61,444	-	-	-	-
Gratuity paid	-	-	-	395,022	600,000	720,000
Utilities	276,000	158,000	1,011,200	809,467	1,219,601	813,561
	4,296,574	2,431,444	15,168,000	12,537,022	19,225,352	12,923,419

32.1 In addition, Chief Executive, Directors and some executives have been provided with Company maintained cars.

32.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2013: Nil).

33 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 09, 2014.

34 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore



Chief Executive



Director





FORM OF PROXY

The Company Secretary
First Capital Equities Limited
2nd Floor, Pace Shopping Mall,
Fortress Stadium, Lahore-Cantt., Lahore.

Folio No./CDC A/c. No. _____
Shares Held: _____

I / We _____ of _____
(Name) (Address)

being the member (s) of **First Capital Equities Limited** hereby appoint Mr. / Mrs./

Miss _____ of _____
(Name) (Address)

or failing him / her / Mr. / Mrs. / Miss. _____ of _____
(Name) (Address)

[who is also member of the Company vide Registered Folio No. _____ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at Registered Office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore on October 31, 2014 at 4:00 p.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2014.

(Witnesses)

1. _____

2. _____

**Affix Revenue Stamp
of Rupees Five**

Signature _____

(signature appended should agree with the specimen signature registered with the Company)

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Officer of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as a proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. CDC account holder, will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

