FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

CONTENTS

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq	Executive
	Chairman & Chief Executive Officer	
	Farooq Bin Habib	Executive
	Ashraf Liaquat Ali Khan	Independent
	Muhammad Junaid Godil	Executive
	Ahsan Zia	Executive
	Mazhar Abbas	Executive
	Kosala Udayanga Dodampe Gamage	Non-Executive
Chief Financial Officer	Mazhar Abbas	
Audit Committee	Farooq Bin Habib (Chairman) Ahsan Zia Kosala Udayanga Dodampe Gamage	
Company Secretary	Arshad Ali	
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants	
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi	
Registered Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan. Tel: (042) 36623005/6/8 Fax: (042) 36623121-36623122	
Corporate Office	4th 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	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Summit Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Ltd United Bank Limited	

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 17th Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company") will be held on Wednesday, 31 October 2012 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 Annual General Meeting held on 31 October 2011;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2012 together with the Directors' and Auditors' reports thereon;
3. To appoint Auditors of the Company for the year ending 30 June 2013 and to fix their remuneration;

By order of the Board

Lahore
October 09, 2012

Arshad Ali
Company Secretary

Notes:

1) The register of members will remain closed from 24 October 2012 to 31 October 2012 (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 2012 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 NIC 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 NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC 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

(Rupees in million)

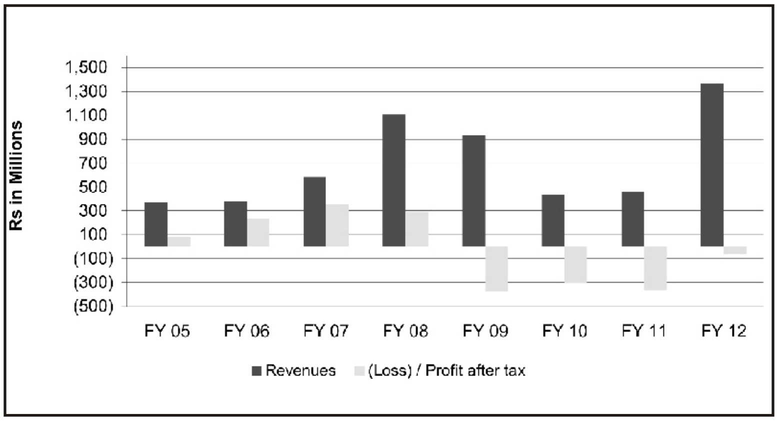
PARTICULARS	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07
Profit and Loss Account						
Revenues	1,364.98	455.86	439.44	935.50	1,107.89	586.93
Expenses	1,412.56	675.01	716.09	1,176.68	741.41	398.64
(Loss) / Profit before tax	(66.99)	(364.09)	(301.16)	(371.44)	357.37	408.02
(Loss) / Profit after tax	(68.33)	(366.23)	(305.66)	(380.18)	293.09	354.18
Balance Sheet						
Paid up capital	1,080.32	1,080.32	1,080.32	1,080.32	864.25	540.16
Shareholder's equity	342.54	715.52	2,084.34	1,710.98	1,591.90	1,298.82
Liabilities	4,018.80	4,337.65	4,038.57	4,422.78	4,992.87	2,157.80
Total assets	4,361.34	5,053.17	6,122.91	6,133.76	6,584.78	3,456.61
Investment value at cost	400.44	501.74	539.58	639.44	337.84	359.64
Investment value at mkt price	252.07	532.50	1,693.34	509.18	328.73	579.38
Ratios						
(Loss) /Earning per share (Rs.)	(0.63)	(3.39)	(2.83)	(3.52)	2.71	4.30
Break up value (Rs.)	3.17	6.62	19.29	15.84	18.42	24.05
Return on Equity (%)	(19.95)	(51.18)	(14.66)	(22.22)	18.41	29.48
Payout (%)						
Cash	-	-	-	-	-	-
Bonus	-	-	-	-	25	60
Right	-	-	-	-	-	-

* EPS for year 2008 of Rs 3.39 per share has been restated due to the issue of bonus shares during the year.

* EPS for year 2007 of Rs 7.09 per share has been restated due to the issue of bonus shares during the year.

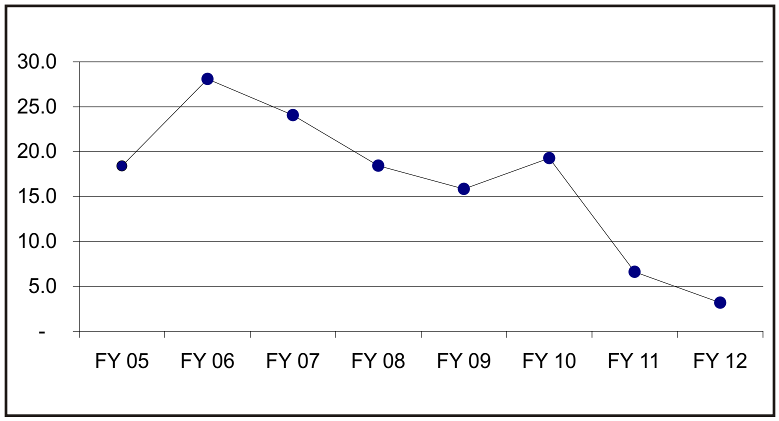
* EPS for year 2006 of Rs 9.69 per share has been restated due to the issue of bonus shares and right shares.

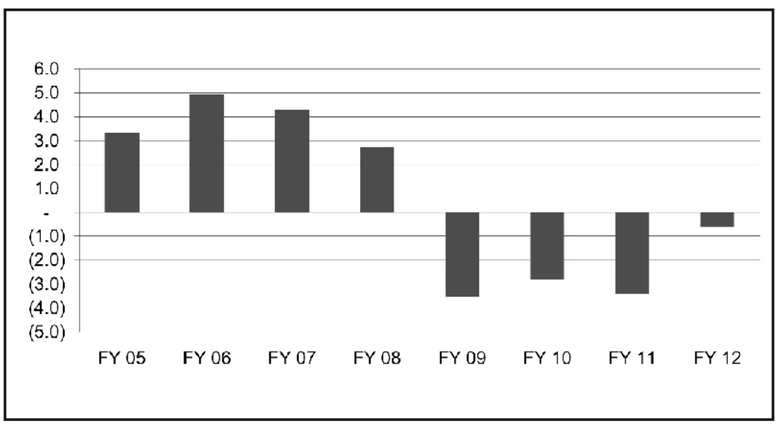
GRAPHICAL PRESENTATION



Revenue vs (Loss)/Profit After Tax

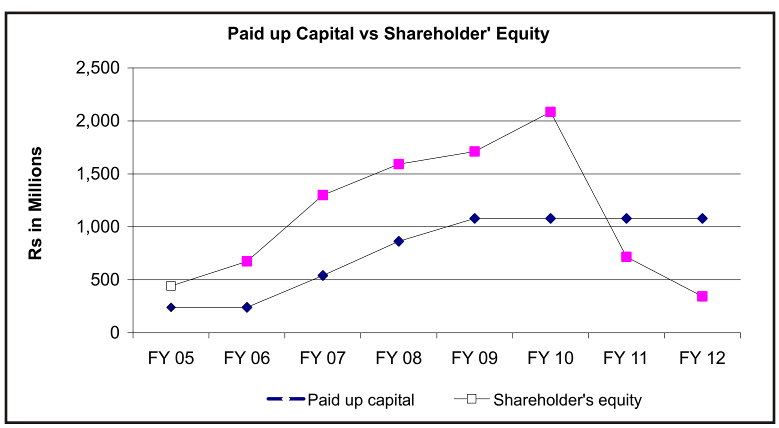
Break up Value





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 2012 along with the audited financial statements of the Company for the year ended June 30, 2012. FCEL, product 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

Pakistan stock market ended the fiscal year 2012 on a positive note by providing decent gain to investors, though failed to sustain its previous annual returns (FY10 36% & FY11 29%). The equity values as determined by KSE 100-index posted a return of 10% in FY12.

The quarter-wise performance of the market reveals that the market remained depressed during the initial two quarters (1HFY12 cumulative return of -9.2%) amid fragile political scenario at both domestic (government-judiciary tussle) and international fronts (Pak-US relations). Nonetheless, the later half of the fiscal provided 22% return. On overall basis, during FY12, the benchmark KSE-100 index closed the period at 13,801 points on end-June 2012 as against its commencing level of 12,496. Total market capitalization also increased by 7% to PRs3.52tn from that of PRs3.28tn on June 30, 2011.

The 2HFY12 bullish rally, that started from mid of Jan-2012 and subsequently gained 2,454 points, mainly sparked by the Government's agreement upon all the proposals of SECP with respect to Capital Gain Tax regime for the individuals while resolving the issues in investors' favor. Meanwhile, strong corporate results expectation was also the major trigger at local bourses. The CGT development was taken overwhelmingly positive by the investors and the concerns over the macro economic performance, domestic politics and denting foreign relations with US remained largely ignored during the period. However, the dip in PAK-US relations affected the foreign investment in the country which dropped to negative US$261mn at the end of June-2012 as against the previous year positive figure of US$237mn.

In addition to improved market sentiments, the CGT development lent a great support in reviving the trading activity at KSE-100. That said, following the announcement, the aggressive investors participation lifted the average trading volume to 185mn shares in 2HFY12 a HoH increase of 208%. On YoY basis, KSE witnessed 126mn shares changing hands on average during FY12. In ready market, the average daily turnover increased by 34% to 126mn shares (PRs3.92bn or US$44mn) while the average daily volume on the same counter was recorded at 95mn shares (PRs3.79bn or US$44mn) in last year.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2012.

All Figures are in Million except EPS

	FY 12	FY 11
Brokerage income	80.35	107.74
Capital gain / (loss)	0.75	(1.33)
Income on placement	32.89	92.93
Other income	786.39	12.28
Unrealized gain on re-measurement of investment property	464.60	244.43
Loss on re-measurement of investments at fair value through profit or loss net	(19.42)	(144.94)
Loss after tax	(68.33)	(366.23)
Earnings Per Share (EPS) Rs*	(0.63)	(3.39)

Your Company successfully managed to minimize the losses incurred during the first half of FY12. That said, during the 2HFY12 your Company earned a profit of Rs 368 million as against loss of Rs 437 million incurred during 1HFY12. The second half bottom-line performance of the Company resultantly reduced the overall yearly loss to Rs 68 million which is also lower when compared with the previous year's loss of Rs 366 million. The brokerage and income from funds placement of your Company declined by 25% YoY at Rs 80 million and 65% at Rs 33 million during the year, respectively. Meanwhile, a notable support to the bottom-line of your company received from un-realized gain on re-measurement of investment property and higher other operating income. That said, the Company charged an unrealized gain of Rs 465 million (up 90% YoY) on investment property while the other income of Rs 786 million (up 64x YoY) was recorded during the year. Operating expenses remained 4.2x higher at Rs 1,006 million whereas financial charges remained 7% lower during the year.

An irrevocable guarantee of Rs. 9 million has been given to Karachi Stock Exchange (Guarantee) limited against exposure by a commercial bank on behalf of the Company. This guarantee is secured against a lien marked on a bank balance of parent company, subsequent to the year end guarantee of Rs. 9 million has been withdrawn and T Bills of amounting of Rs. 8,905,068/- has been given against exposure by parent company.

During the year the company has successfully received an approval from United Bank Limited for the restructuring of the loan facility extended by the bank amounting to Rs 1.50 billion. This has provided a much needed relief to your company as the amount represents approximately 47% of the total running finance facility currently availed by your Company from various lenders. Furthermore, your Company is in the advance stage of negotiations with other lenders for the restructuring of their outstanding dues.

FUTURE OUTLOOK

Going forward, your Company is likely to perform better in-line with the upbeat market performance which is now currently trading at an all time high level. This upsurge in the KSE-100 index is mainly on the back of successive cuts in the benchmark policy rate by the central bank that has resultantly increased the attractiveness of the equity market. Positive inflation readings have prompted the government to lower interest rates in the economy. Besides, other relevant macro indicators are yet to show some positive signs and tensed political environment ahead of election time are likely to keep the domestic business environment uncertain and investors on cautious mode. 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.

Your company remains committed to maximize the shareholder's wealth while keeping in view the interest of all stakeholders and took some prudent and effective measures during the year. The major debt re-structuring did by your company in previous years resulted in lower financial cost for the fiscal. Going forward, your company's focused strategy would be based on increasing revenue base, providing quality service 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, 2012 was Rs. (0.63) as compared to loss per share Rs. (3.39) in the last year.

CHANGES IN THE BOARD OF DIRECTORS

During the financial year Mr. Muhammad Junaid Godil and Mr. Kosala Udayanga Dodampe Gamage were appointed as directors by the Board of Directors in place of Mr. Muhammad Zubair Khalid and Miss Samira Ahmed Zia respectively.

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	3
Mr. Ashraf Liaquat Ali Khan	-
Mr. Farooq Bin Habib	4
Mr. Mazhar Abbas	4
Mr. Ahsan Zia	4
Mr. Muhammad Zubair Khalid (Resigned)	-
Miss Samira Ahmed Zia (Resigned)	2
Mr. Muammad Junaid Godil	3
Mr. Kosala Udayanga Dodampe Gamage	-

TRADING BY DIRECTORS

Details of trading in shares of the Company during the financial year, by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children in given in Annexure-I.

AUDIT COMMITTEE

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

Audit Committee Member	Meetings Attended
Farooq Bin Habib (Chairman)	2
Ahsan Zia (Member)	4
Kosala Udayanga Dodampe Gamage (Member)	-

During the year Mr. Farooq Bin Habib and Mr. Kosala Udayanga Dodampe Gamage appointed as member of the committee in place of Mr. Muhammad Junaid Godil and Miss Samira Ahmed Zia respectively.

CHANGE OF REGISTERED OFFICE

The Board of Directors of the Company has decided to shift the registered office of the Company to 2nd Floor of Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore with effect from October 05, 2012.

AUDITORS

The present Auditors, Messrs Nasir Javaid Maqsood Imran, 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 Nasir Javaid Maqsood Imran, Chartered Accountants as the Auditors of the Company for the financial year ending June 30, 2013.

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 system 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

Mian Ehsan ul Haq
Chairman & Chief Executive Officer

Lahore:
October 05, 2012

Annexure I

TRADING BY BOARD MEMBERS, COMPANY SECRETARY, CFO AND THEIR SPOUSE & MINOR CHILDREN

Directors	Opening balance as on 01-07-2011	Purchase	Bonus	Sale	Closing balance as on 30-06-2012
Mian Ehsan Ul Haq	5,400	-	-	-	5,400
Mazhar Abbas	5,400	-	-	-	5,400
Muhammad Zubair Khalid (Resigned)	5,400	-	-	600	4,800
Muhammad Junaid Godil	-	600	-	-	600
Ahsan Zia	5,400	-	-	-	5,400
Farooq Bin Habib	5,400	-	-	-	5,400
Ashraf Liaqat Ali Khan	5,400	-	-	-	5,400
Samira Ahmed Zia (Resigned)	4,320	-	-	500	3,820
Kosala Udayanga Dodampe Gamage	-	500	-	-	500
Spouces	-		-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Mazhar Abbas	5,400	-	-	-	5,400
Company Secretary					
Arshad Ali	-		-	-	-

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

INCORPORATION NUMBER: 0034157 OF 26-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
11	1	-	100	26
5	101	-	500	1,022
2	501	-	1000	1,464
137	1001	-	5000	538,860
5	5001	-	10000	27,000
1	20001	-	25000	22,960
1	25001	-	30000	26,105
1	105001	-	110000	110,000
1	125001	-	130000	128,395
1	190001	-	195000	195,000
2	230001	-	235000	470,000
1	290001	-	295000	293,000
1	490001	-	495000	492,500
1	1180001	-	1185000	1,185,000
1	1260001	-	1265000	1,265,000
1	1710001	-	1715000	1,710,250
1	1765001	-	1770000	1,767,000
1	4810001	-	4815000	4,815,000
1	10790001	-	10795000	10,792,718
1	11495001	-	11500000	11,500,000
1	18420001	-	18425000	18,425,000
1	54265001	-	54270000	54,265,200
178				**108,031,500**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	**28,100**	0.026
Associated Companies, undertakings and related parties.	**72,690,200**	67.405
NIT and ICP	**-**	-
Banks, Development Financial Institutions, Non Banking Financial Institutions	**1,265,000**	1.171
Insurance Companies	-	-
Modaraba and Mutual Fund	**128,395**	0.119
Share holders holding 10% or more	**90,385,200**	83.666
General Public		
a) Local	**22,337,633**	20.677
b) Foreign	**-**	-
Others:		
- Joint Stock Companies	**11,582,172**	10.721

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

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT JUNE 30, 2012

Shareholders' Categories	Number of Shares held
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	72,690,200
Mutual Funds	-
First Capital Mutual Fund Limited	128,395
Directors and 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 Godil (Director)	600
Kosala Udayanga Dodampe Gamage (Director)	500
Executives	-
Public Sector Companies and Corporations	11,582,172
Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	1,265,000
Shareholders holding 5% or more voting interest in the Company	
First Capital Securities Corporation Limited	72,690,200
Sulaiman Ahmad Saeed Al-Hoqani	17,695,000
Pace Barka Properties Limited	10,792,718

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FIRST CAPITAL EQUITIES LIMITED ("THE COMPANY")
FOR THE YEAR ENDED 30 JUNE 2012

This statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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 Directors	Mr. Ashraf Liaquat Ali Khan
Executive Directors	Mian Ehsan ul Haq Mr. Farooq Bin Habib Mr. Muhammad Junaid Godil Mr. Ahsan Zia Mr. Mazhar Abbas
Non-Executive Directors	Mr. Kosala Udayanga Dodampe Gamage

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 NBFI 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) All the Directors on the Board are fully conversant with their duties and responsibilities as directors of Corporate Bodies. The Directors were apprised of their duties and responsibilities through orientation courses.

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. The composition of Audit Committee in accordance with revised CCG will be changed in due course of time.

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) There was no HR and Remuneration Committee as on 30 June 2012, however, subsequently the Board of Directors of the Company has decided to form an HR and Remuneration Committee. It will comprise of 3 members, of whom two will be non-executive directors and the chairman of the committee will be 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) We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of Board

Lahore
Dated: October 05, 2012

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 (the Company) to comply with the Listing Regulation No. 35 of Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

As 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the year ended June 30, 2012.

LAHORE
October 05, 2012

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of First Capital Equities Limited("the Company") as at June 30, 2012 and the related income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

  (i) the statement of financial position and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (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 statement of financial position, income statement, statement of comprehensive income, statement of cash flows 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, 2012 and of the loss,its cash flows andchanges in equityfor 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).

We draw attention to note 2 in the annexed financial statements which indicates in detail the uncertainties associated with the going concern of the company. Our opinion is not qualified in respect of this matter.

LAHORE
October 05, 2012

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	7	**69,919,506**	77,975,591
Stock exchange membership card and room	8	**40,700,000**	40,700,000
Investments - available for sale	9	**91,622,788**	396,268,558
Long term deposits and advances	10	**2,875,000**	3,154,800
		205,117,294	518,098,949
CURRENT ASSETS			
Trade debts - Unsecured	11	**2,300,120,868**	2,889,207,561
Investments	12	**160,450,284**	136,235,047
Investments property	13	**1,601,941,000**	1,137,338,260
Advances, deposits, prepayments and other receivables	14	**27,677,516**	20,459,185
Advance income tax		**55,104,343**	51,687,579
Fund Placements		**-**	289,900,675
Interest accrued	15	**528,872**	1,193,696
Cash and bank balances	16	**10,399,433**	9,053,382
		4,156,222,316	4,535,075,385
TOTAL ASSETS		**4,361,339,610**	**5,053,174,334**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share Capital		**1,100,000,000**	1,100,000,000
Issued, subscribed and paid up share capital	17	**1,080,315,000**	1,080,315,000
Reserves	18	**(128,946,362)**	175,699,408
Unappropriated loss		**(608,825,441)**	(540,490,678)
TOTAL EQUITY		**342,543,197**	715,523,730
NON - CURRENT LIABILITIES			
Long term financing	19	**2,618,287,394**	3,161,346,631
Interest Accrued		**620,336,365**	533,073,170
Staff retirement benefits	20	**43,461,589**	42,064,538
		3,282,085,348	3,736,484,339
CURRENT LIABILITIES			
Trade and other payables- Unsecured	21	**375,789,820**	227,114,772
Liabilities against repurchase agreements - Secured	22	**48,111,520**	143,754,625
Short term borrowings - Secured	23	**171,561,040**	174,779,831
Current portion of long term financing	19	**61,412,000**	-
Interest accrued	24	**55,364,369**	32,382,552
Provision for taxation		**24,472,316**	23,134,485
		736,711,065	601,166,265
CONTINGENCIES AND COMMITMENTS	25	-	-
TOTAL EQUITY AND LIABILITIES		**4,361,339,610**	5,053,174,334

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
INCOME			
Brokerage income		**80,353,266**	107,740,212
Capital gain / (loss) - net		**746,876**	(1,334,690)
Income on fund placements		**32,890,485**	92,927,216
Unrealized gain on re-measurement of investment property	13	**464,602,740**	244,243,751
Other operating income	26	**786,386,624**	12,284,446
		1,364,979,991	455,860,935
Loss on re-measurement of investments at fair value through profit or loss - net	12	**(19,419,683)**	(144,937,476)
		1,345,560,308	310,923,459
EXPENDITURE			
Operating expenses	27	**1,006,231,300**	236,149,325
Finance cost	28	**406,325,940**	438,865,190
		1,412,557,240	675,014,515
LOSS BEFORE TAXATION		**(66,996,932)**	(364,091,056)
Taxation	29	**(1,337,831)**	(2,143,915)
LOSS AFTER TAXATION		**(68,334,763)**	(366,234,971)
LOSS PER SHARE - BASIC AND DILUTED	30	**(0.63)**	(3.39)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Loss after taxation for the year	**(68,334,763)**	(366,234,971)
Other comprehensive income		
Unrealised loss on remeasurement of investment available for sale	**(304,645,770)**	(1,002,582,359)
Total comprehensive loss for the year	**(372,980,533)**	**(1,368,817,330)**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(66,996,932)**	(364,091,056)
Add: Items not involved in movement of funds			
Depreciation		**7,499,336**	11,214,633
Loss on re-measurement of investments at fair value through profit or loss - net		**19,419,683**	144,937,476
Gain on re-measurement of investment property		**(464,602,740)**	(244,243,751)
Deffered notional Income		**(580,546,760)**	-
Provision for doubtful debts	11.1	**889,915,045**	72,147,874
Bad debts written off		**686**	253,732
Provision for Doubt ful debts written back		**(397,533)**	-
Provision for interest written back		**(194,585,798)**	-
Interest accrued		**(34,106,450)**	(93,570,024)
Interest expense		**406,325,940**	438,865,190
Gain on sale of property and equipment	7.2	**(4,441,700)**	(3,870,515)
(Gain)/loss on foreign currency translation		**(516)**	2,955
Provision for gratuity		**9,339,437**	8,965,716
		53,818,630	334,703,285
		(13,178,302)	(29,387,770)
(Increase) / decrease in current assets			
Investments at fair value through profit or loss		**(43,634,920)**	13,321,664
Trade debts - unsecured		**(300,431,507)**	(431,047,736)
Advances, deposits, prepayments and other receivables		**(7,218,330)**	12,671,964
		(351,284,757)	(405,054,107)
Decrease / (increase) in current liabilities in trade and other payables		**148,675,048**	(58,145,085)
Cash used in operations		**(215,788,011)**	(492,586,962)
Interest received		**34,771,274**	96,997,546
Finance cost paid		**(19,217,485)**	(104,915,881)
Gratuity paid		**(7,942,386)**	(2,645,463)
Taxes paid		**(3,416,764)**	(5,091,543)
Net cash used in operating activities		**(211,593,372)**	(508,242,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(42,000)**	(154,180)
Proceeds from sale of property and equipment		**5,040,451**	4,177,000
Placements		**289,900,675**	492,192,488
Long term deposits and advances		**279,800**	(168,000)
Net cash generated in investing activities		**295,178,926**	496,047,308
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		**16,621,878**	60,965,992
Liabilities against repurchase agreements		**(95,643,105)**	(45,645,375)
Short term borrowings		**(3,218,791)**	(505,667)
Net cash (used in) / generated from financing activities		**(82,240,018)**	14,814,950
Effects of exchange rate changes in cash and cash equivalents		**516**	(2,955)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,345,535**	2,619,946
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**9,053,382**	6,436,391
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**10,399,433**	9,053,382

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

	Issued, Subscribed and paid up capital	Capital Reserve: Share Premium	Capital Reserve: Reserve for issue of bonus shares	Capital Reserve: Fair Value reserve	Revenue Reserve: Unappropriated Profit / (loss)	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2010	**1,080,315,000**	**-**	**-**	**1,178,281,767**	**(174,255,708)**	**2,084,341,059**
Loss for the year after taxation	-	-	-	-	(366,234,971)	(366,234,971)
Other comprehensive income for the year						
Deficit on remeausurement of investment available for sale to fair value	-	-	-	(1,002,582,359)	-	(1,002,582,359)
Total other comprehensive loss for the year	-	-	-	(1,002,582,359)	-	(1,002,582,359)
Total comprehensive loss for the year	-	-	-	(1,002,582,359)	(366,234,971)	(1,368,817,330)
Balance as at June 30, 2011	**1,080,315,000**	**-**	**-**	**175,699,408**	**(540,490,679)**	**715,523,730**
Total comprehensive income for the year						
Loss for the year after taxation	-	-	-	-	(68,334,763)	(68,334,763)
Other comprehensive income for the year						
Deficit on remeausurement of investment available for sale to fair value	-	-	-	(304,645,770)	-	(304,645,770)
Total other comprehensive loss for the period - net of tax	-	-	-	(304,645,770)	-	(304,645,770)
Total comprehensive loss for the year	-	-	-	(304,645,770)	(68,334,763)	(372,980,532)
Balance as at June 30, 2012	**1,080,315,000**	**-**	**-**	**(128,946,362)**	**(608,825,441)**	**342,543,198**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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 (Guarantee) Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 67.28% (2011: 67.28%) 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 first half year, due to political instability, volume of trade in equity market remained very low, which resulted in decline in revenues of the company. The Company's existing borrowing facilities are fully utilized and have overdue payments of Rs. 3.246 billion and Rs. 675.7 million relating to loan repayments and accrued finance cost respectively. Also the company has long overdue receivables. The Company, in order to carry on its business and to meet its current obligations requires generating sufficient cash flows. Accordingly there is material uncertainty relating to the Company's operations that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and 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 include:-

1. Successful restructuring of borrowing facility, currently overdue, on soft repayment terms
2. Waiver of overdue and future mark up from the financial institutions.
3. De-mutualisation of KSE and issuance of shares in place of membership seat which resulted in increase in assets value.
4. Continuous increase in the value of investment property.
5. Vigorously following the debtors for recovery.

Subsequent to the financial year end, the stock index has been increased from 14,014.92 to 15,444.82. 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 These financial statements have been prepared under the historical cost convention, except for short term investments and certain financial assets that are stated at fair value and recognition of certain employee benefits at present value.

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

3.3 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.

3.4 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 01 July 2012:

- Amendments to IAS 12 deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a reputable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise 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 recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. 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.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 20092011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period which is the preceding period is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need to be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- The said improvements have no impact on financial statements of the Company.

- IFRS 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

4. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 or directives of the Companies Ordinance, 1984 shall prevail.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These 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.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

5.1. Staff retirement benefits

Defined benefit plan

Liability under defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to uncertainty. Further details are given in Note. 20.

5.2. Provision for taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

5.3. Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

5.4. Useful lives and residual values of property and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with corresponding effects on the depreciation charge and impairment.

Other areas where estimates and judgments are involved are disclosed in respective notes to the financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1. Fixed capital expenditure and depreciation

Property and equipment

These are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to income applying the straight line method whereby the cost is written-off over its estimated useful life at the rates as specified. 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.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

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. Gains or losses on disposal of fixed assets, if any, are taken to income currently.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

Assets subject to finance lease

Leases where 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 their fair value and present value of minimum lease payments at the date of commencement of lease, less accumulated depreciation and accumulated impairment loss, if any.

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 6. Depreciation on leased assets is charged to income.

Depreciation on additions is charged from the month in which the asset is put to use, while no depreciation is charged in the month of disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the revised carrying amount of the assets over its estimated useful life.

Residual value, depreciation method and the useful lives of the leased asset are reviewed at least at each financial year-end.

6.2. Stock Exchange membership card and room

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.

6.3. Impairment of non-financial assets

The carrying amount, other than inventories, 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. Impairment losses are recognized in the profit and loss.

Impairment loss is reversed when there is an indication that the impairment loss 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.

6.4. Investments and other financial assets

Investments within the scope of IAS 39 - “Financial Instruments: Recognition and Measurement” are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading and investments designated upon initial recognition as at fair value through profit or loss are recognized in the profit and loss account.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has the positive intention and ability to hold to maturity. After initial measurement, held to maturity investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process. As at June 30, 2012, the Company had no held-to-maturity investments (2011: Nil).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available for sale financial assets are measured at fair value (except for unquoted investments where active market does not exist which are carried at cost) with unrealized gains or losses being recognized directly in equity in the net unrealized gains reserve. When the investment is disposed off, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account. The investment, for which a quoted market is not available, is measured at cost. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the profit and loss account as 'dividend income' when the right of receipt has been established.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date except for the units of open end funds which are valued at the closing redemption price. For investments where there is no active market and fair value can not be reasonably calculated are carried at cost.

6.5. Trade and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any. Late payment charges, at the Company's borrowing cost, are charged to customers, on balances that remain overdue for a certain period of time, with mutual agreement.

6.6. Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit and loss account, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available for sale are not recognized in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the profit and loss account.

6.7. Taxation

Tax charged to profit or loss account comprises of current and deferred tax.

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law 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. 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.

6.8. Securities purchased and sold under resale/repurchase agreements

Repurchase agreement

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 agreement

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.

6.9. Deferred liability

The Company operates an un-funded gratuity scheme for its permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service.

Obligation of the scheme and profit and loss charge are made in accordance with the actuary's recommendation based on the actuarial valuation of the scheme as on June 30, 2012 using projected unit credit method.

Actuarial gains and losses that are in excess of the corridor limits as prescribed in IAS-19 (revised) “Employee Benefits” are amortized over the average remaining working lives of the employees participating in the plan.

6.10. 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.

6.11. 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.

6.12. Foreign currency translation

Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. 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.

The results and financial position of Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of balance sheet;

b) income and expenses for each income statement are translated at average exchange rates; and

c) all resulting exchange differences are recognized as a separate component of equity.

6.13. Revenue recognition

Capital gains or losses on sale of investments are recognised in the year in which they arise.

Brokerage income, consultancy and money market services are recognized on accrual basis and when services are provided.

Income on fund placements on account of continuous funding system is recognised on accrual basis.

Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.

Income from bank deposits, loans and advances is recognized on accrual basis.

Dividend income is recognized at the time of book closure of the company declaring the dividend.

Return on securities other than a share is recognized as and when it is due on time proportion basis.

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

Investment advisory fee is accounted for on accrual basis.

Revenue from sale of goods is recorded when the risks and rewards are transferred i.e. on delivery of goods to customers.

Rental income is recognized on accrual basis.

6.14. Finance costs

All finance costs are charged to profit and loss account.

6.15. 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 that is when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are long term loan, long term deposits and advances, fund placements, short term investments, trade debts, advances, other receivables and cash and bank balances.

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

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.

6.16. Offsetting of financial assets and financial liabilities

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

6.17. Investment properties

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 arm's length transaction.

Any gain or loss arising from a change in fair value is recognized in the profit and loss account.

When an item of property 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 and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit and loss account.

6.18. 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 Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by the regulation or convention in the market.

6.19. Proposed dividend and appropriations to reserves

Dividends declared and appropriations to reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared/appropriations are made.

6.20. Provisions

A provision is 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.

6.21. Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand and bank balances.

6.22. Transactions with related parties and associated undertakings

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.

6.23. Fiduciary assets

Assets held in trust or in fiduciary capacity are not treated as assets of the Company and accordingly are not disclosed in these financial statements.

	Note	2012 Rupees	2011 Rupees
7 PROPERTY AND EQUIPMENT			
	7.1	**69,919,506**	77,975,591
		69,919,506	77,975,591

7.1 Operating Fixed Assets

		Freehold building	Computers	Office equipment	Furniture & fittings	Motor vehicles	Total
Net carrying value as at July 01, 2011							
Opening net book value (NBV)		61,190,663	205,297	7,113,773	7,681,512	1,784,348	**77,975,593**
Additions / transfers		-	-	42,000	-	-	**42,000**
Disposals	7.2	-	(20)	(331,453)	(91,048)	(176,230)	**(598,751)**
Depreciations charged		(3,372,790)	(112,303)	(1,427,516)	(1,089,392)	(1,497,335)	**(7,499,336)**
Balance as at June 30, 2012 (NBV)		**57,817,873**	**92,974**	**5,396,804**	**6,501,072**	**110,783**	**69,919,506**
Gross carrying value as at June 30, 2012							
Cost		67,455,800	18,623,877	15,746,341	14,089,246	35,567,494	**151,482,758**
Accumulated depreciation		(9,637,927)	(18,530,903)	(10,349,537)	(7,588,174)	(35,456,711)	**(81,563,252)**
Net book value		**57,817,873**	**92,974**	**5,396,804**	**6,501,072**	**110,783**	**69,919,506**
Net carrying value as at July 01, 2010							
Opening net book value (NBV)		64,579,233	1,678,164	8,596,772	8,858,448	5,629,914	**89,342,531**
Additions / transfers		-	90,300	58,030	5,850	-	**154,180**
Disposals		-	-	-	-	(306,485)	**(306,485)**
Depreciations charged		(3,388,570)	(1,563,167)	(1,541,029)	(1,182,786)	(3,539,081)	**(11,214,633)**
Balance as at June 30, 2011 (NBV)		**61,190,663**	**205,297**	**7,113,773**	**7,681,512**	**1,784,348**	**77,975,591**
Gross carrying value as at June 30, 2011							
Cost		67,455,800	18,914,472	16,531,274	14,331,432	40,992,973	**158,225,949**
Accumulated depreciation		(6,265,137)	(18,709,175)	(9,417,501)	(6,649,920)	(39,208,625)	**(80,250,358)**
Net book value		**61,190,663**	**205,297**	**7,113,773**	**7,681,512**	**1,784,348**	**77,975,591**
Depreciation rate (% per annum)		**5**	**33.33**	**10**	**10**	**20**	

7.2 Disposal of property and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Particulars of Buyers
	Rupees			Rupees			
Computers	74,000	74,000	-	30,000	30,000	Negotiation	Muhammad Zubair Khalid
Computers	275,495	275,475	20	15,000	14,980	Negotiation	Muhammad Awais
Office Equipment	320,000	128,000	192,000	310,000	118,000	Negotiation	Asif Ahmad
Office Equipment	115,765	56,962	58,803	57,400	(1,403)	Negotiation	Khan Cooling Center
Office Equipment	84,975	43,904	41,071	37,000	(4,071)	Negotiation	Khurram Iftikhar
Office Equipment	1,825	943	882	1,200	318	Negotiation	Syed Azhar Ali
Office Equipment	13,100	6,332	6,768	4,000	(2,768)	Negotiation	Muhammad Shahzad
Office Equipment	232,365	200,436	31,929	-	(31,929)	Writtn off	-
Vehicle	790,500	777,325	13,175	550,000	536,825	Negotiation	Nabeel Aziz
Vehicle	850,000	850,000	-	687,751	687,751	Negotiation	Mudassar Aslam
Vehicle	662,740	563,329	99,411	700,000	600,589	Negotiation	Farhana Saba
Vehicle	595,000	595,000	-	450,000	450,000	Negotiation	Yousaf Ansari
Vehicle	560,000	560,000	-	450,000	450,000	Negotiation	Attique ur Rehman
Vehicle	424,300	360,656	63,644	450,000	386,356	Negotiation	Ghulam Mustafa
Vehicle	615,980	615,980	-	525,000	525,000	Negotiation	Atif Butt
Vehicle	868,500	868,500	-	715,000	715,000	Negotiation	Muhammad Assad Butt
Vehicle	58,460	58,460	-	27,000	27,000	Negotiation	Muhammad Fayyaz Khan
Furniture & Fixture	57,025	28,890	28,135	18,000	(10,135)	Negotiation	Khan Cooling Center
Furniture & Fixture	27,400	15,264	12,136	13,100	964	Negotiation	Syed Azhar Ali
Furniture & Fixture	157,761	106,984	50,777	-	(50,777)	Writtn off	-
Total	**6,785,191**	**6,186,440**	**598,751**	**5,040,451**	**4,441,700**		

8 STOCK EXCHANGE MEMBERSHIP CARD AND ROOM

		June 2012			June 2011		
		Cost			Cost		
		As at July 01, 2011	Additions/ (disposals)	As at June 30, 2012	As at July 01, 2010	Additions/ (disposals)	As at June 30, 2011
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Membership card	8.1						
Karachi Stock Exchange (Guarantee) Limited		**33,200,000**	**-**	**33,200,000**	33,200,000	-	33,200,000
Room							
Karachi Stock Exchange (Guarantee) Limited		**7,500,000**	**-**	**7,500,000**	7,500,000	-	7,500,000
		40,700,000	**-**	**40,700,000**	40,700,000	-	40,700,000

8.1 In accordance with the requirements of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012, the company is entitled to receive equity shares of Karachi Stock Exchange "KSE" and a tradintg right entitlement in lieu of its membership card of KSE. The said process of demutualization was finalized subsequent to the year end. whereby the Company received shareholding in KSE and a trading right entitlement in respect thereof.

		2012 Rupees	2011 Rupees

9 INVESTMENTS - AVAILABLE FOR SALE

	2012 Rupees	2011 Rupees
Media Times Limited		
22,905,697 (2011: 22,905,697) fully paid ordinary shares of Rs. 10 each		
Equity held 17.08% (June 2011 : 17.08%)	**396,268,558**	1,398,850,917
Loss on remeasurement of investment available for sale	**(304,645,770)**	(1,002,582,359)
	91,622,788	396,268,558

10 LONG TERM DEPOSITS AND ADVANCES

	Note	2012 Rupees	2011 Rupees
Deposits with:			
Karachi Stock Exchange (Guarantee) 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		**465,000**	744,800
		2,875,000	3,154,800

11 TRADE DEBTS - UNSECURED

	Note	2012 Rupees	2011 Rupees
Trade debts against purchase of shares:			
Considered good:			
Clients		**2,299,149,258**	2,888,928,269
Members		**971,610**	279,292
		2,300,120,868	2,889,207,561
Considered doubtful:			
Clients		**1,092,901,226**	203,383,714
Members		**3,911,979**	3,911,979
		1,096,813,205	207,295,693
Less: Provision for doubtful debts	**11.1**	**(1,096,813,205)**	(207,295,693)
		-	-
		2,300,120,868	2,889,207,561

11.1 Provision for doubtful debts

	Note	2012 Rupees	2011 Rupees
Opening balance		**207,295,693**	135,147,819
Provision for doubt ful debts written back		**(397,533)**	-
Charge for the year	**27**	**889,915,045**	72,147,874
Closing balance		**1,096,813,205**	207,295,693

	Note	2012 Rupees	2011 Rupees

12 INVESTMENTS

	Note	2012 Rupees	2011 Rupees
At fair value through profit or loss quoted equity securities	12.1	160,450,284	294,494,187
		160,450,284	**294,494,187**

12.1 Quoted equity securities

	June 2012			June 2011		
	Number of Shares	Carrying Amount	Market Value	Number of Shares	Carrying Amount	Market Value
		Rupees	Rupees		Rupees	Rupees
MUTUAL FUNDS						
First Capital Mutual Fund Limited	3,735,330	9,338,325	16,584,865	3,735,330	8,591,259	9,338,326
COMMERCIAL BANK						
Bankislami Pakistan	2,026,055	6,888,587	21,678,789	2,026,055	6,503,637	6,888,587
INVESTMENT BANK						
Arif Habib Ltd.	11,040	217,157	378,230	11,040	404,800	217,157
TECHNOLOGY AND COMMUNICATION						
Media Times Limited	3,000,093	51,841,261	12,000,372	3,087,734	188,567,915	53,417,798
SUGUR						
Haseeb Waqas Sugur Mills Ltd.	529,000	6,125,820	4,522,950	529,000	11,532,200	6,125,820
CEMENT						
Pioneer Cement Ltd.	11,031	60,781	101,485	11,031	70,267	60,781
Javedan Cement Limited	300,000	18,411,000	25,530,000	300,000	19,170,000	18,411,000
INSURANCE						
Shaheen Insurance Company Limited	1,836,248	22,953,100	16,526,232	2,675,076	33,271,676	33,438,450
PICIC Incurance Ltd.	32,000	424,320	167,040	32,000	99,200	424,320
MISCELLANEOUS						
Pace (Pakistan) Limited	3,620,108	7,891,835	7,385,020	3,620,108	12,923,786	7,891,835
Sui Southern Gas	2,850,000	55,717,500	55,575,000	-	-	-
Pakistan Services	2	281	300	1	168	143
Transmission Eng	-	-	-	14,986	37,615	20,831
Total Investment		179,869,967	160,450,284		281,172,523	136,235,047
Loss on remeasurement		(19,419,683)			(144,937,476)	
Total Investment		160,450,284			136,235,047	

Shares having carrying amount of Rs. 179,183,470/- (2011: Rs. 222,076,323) and market value of Rs. 159,916,576/- (2011: Rs. 78,359,894) have been given as collateral against borrowings from various commercial banks and exposure to Karachi Stock Exchange (Guarantee) Limited.

13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

	2012 Rupees	2011 Rupees
Balance as on July 01,	**1,137,338,260**	893,094,509
Acquisition during the year	**-**	**65,888,480**
	1,137,338,260	958,982,989
Disposal during the year	**-**	**(65,888,480)**
	1,137,338,260	**893,094,509**
Increase in fair value	**464,602,740**	244,243,751
Balance as at June 30,	**1,601,941,000**	**1,137,338,260**

13.1 The carring amount of investment property is the fair value of property as determined by approved independent valuer M/s Negotiators as at June 30, 2012. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.

13.2 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.

	Note	2012 Rupees	2011 Rupees
14 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - Unsecured - Considered good			
Executives	**14.1**	**1,081,294**	4,122,850
Employees	**14.1**	**1,004,058**	1,875,352
Deposits with			
Central Depository Company of Pakistan Limited		**25,000**	25,000
Others		**857,936**	857,936
Prepayments		**12,707**	199,743
Exposure with Karachi Stock Exchange (Guarantee) Limited	**14.2**	**11,242,008**	-
Accrued brokerage commission		**178,656**	219,704
Accrued rental income		**-**	891,366
Advance for National Commodity Exchange Limited Membership		**2,500,000**	2,500,000
Other receivables	**14.3**	**10,775,857**	9,767,234
		27,677,516	20,459,185

14.1 Advances given to Executives / Employees are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary. These advances are secured against gratuity. Advances to executives / employees does not include any amount due from chief ecexutive and directors (2011 : NIL).

14.2 This represents exposure deposit with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules.

	Note	2012 Rupees	2011 Rupees
14.3 Other receivables considered good		**10,775,857**	9,767,234
Other receivables considered doubtful		**850,000**	850,000
Less: Provision for doubtful other receivables	**14.3.1**	**(850,000)**	(850,000)
		-	-
-		**10,775,857**	9,767,234
14.3.1 Provision for doubtful other receivables			
Opening balance		**850,000**	500,000
Charge for the year		**-**	350,000
Closing balance		**850,000**	850,000
15 INTEREST ACCRUED			
Interest accrued on:			
Other fund placements		**-**	1,033,858
Bank deposits		**528,872**	159,838
		528,872	1,193,696

	Note	2012 Rupees	2011 Rupees
16 CASH AND BANK BALANCES			
Cash at bank			
Local currency			
Current accounts		**3,646,838**	1,777,289
Deposit accounts	**16.1**	**6,714,150**	7,221,690
		10,360,988	8,998,979
Foreign currency			
Current accounts		**5,933**	5,623
		10,366,921	9,004,602
Cash in hand		**32,512**	48,781
		10,399,433	9,053,383

16.1 These carry profit at rates ranging from 2 % to 6 % per annum (2011: 2% to 6% per annum).

17 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2012	2011		2012 Rupees	2011 Rupees
Number of shares				
		Shares issued against cash consideration		
40,012,250	40,012,250	Ordinary shares of Rs. 10/- each fully paid	**400,122,500**	400,122,500
		Shares issued against consideration other than cash		
68,019,250	68,019,250	Bonus shares of Rs. 10/-each fully paid	**680,192,500**	680,192,500
108,031,500	108,031,500		**1,080,315,000**	1,080,315,000

17.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 72,690,200 (67.28 %) ordinary shares (2011: 72,690,200 (67.28 %)) of the Company.

	Note	2012 Rupees	2011 Rupees
18 RESERVES			
Fair value reserve			
Un -realized (loss) / gain - charged to equity		**(128,946,362)**	175,699,408

	Note	2012 Rupees	2011 Rupees
19 LONG TERM FINANCING			
- Secured	**19.1**	**3,073,218,895**	3,078,880,639
- Un Secured	**19.2**	**104,749,614**	82,465,992
		3,177,968,509	**3,161,346,631**
Deffered notional income	**19.3**	**(498,269,115)**	**-**
		2,679,699,394	**3,161,346,631**
Less: Current portion shown under current liability		**61,412,000**	-
Long term portion		**2,618,287,394**	**3,161,346,631**

19.1 This includes agreements with different commercial banks with a mark up rate of 8 % and 3 months kibor plus 3 % to 4 % p.a (2011 : 8 % and 3 months kibor plus 3 % to 4 % p.a). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. During the year, the Company has applied to commercial banks to further restructure of its loan for 5 years. M/s United Bank Limited has resturcture its loan of Rs. 1.5 billion upto December 2016 and forzen / waved its previous and future mark up on certain conditions. The management is confident to get the approvel for restructuring from other banks on same conditions. The shares having market value amounting to Rs. 947,214,901 (2011: Rs. 1,774,702,686) have been pledged by the Company which includes shares having market value of Rs. 152,055,284 (2011: Rs. 536,887,778) as security given by the parent company.

19.2 This represents an unsecured long term loan from parent company carrying mark-up at the rate 14.92 % per annum, payable on quarterly basis (2011 : 18 % per annum)

19.3 This represents the difference between amortized cost and carrying value of restructuring of NIDF facility of long term loan from United Bank Limited of Rs 1.5 billion. Amortized cost has been determined using effective interest rate of 12.06% per annum being the 6 month KIBOR rate. Movement is as follows:

	2012 Rupees	2011 Rupees
Deferred notional income		
As at beginning of the year	-	-
Occurred during the year	580,546,760	-
Amortized during the year	(82,277,645)	-
As at end of the year	**498,269,115**	**-**

20 STAFF RETIREMENT BENEFITS

Provision for Gratuity	**43,461,589**	42,064,538

20.1 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, 2012.

	2012 Rupees	2011 Rupees
Discount Rate	**13 %**	14 %
Expected rate of salary increase in future years	**12 %**	13 %
Average expected remaining employment period of employees	**13 Years**	13 Years

a) The amount to be recognized in the balance sheet is as follows:

Present value of obligation	**32,394,611**	36,198,876
Unrecognized actuarial gain	**9,391,456**	5,337,162
Benefits due but not paid	**1,675,522**	528,500
Liability recognized in the balance sheet	**43,461,589**	42,064,538

	Note	2012 Rupees	2011 Rupees

b) Movement of liability to be recognized in the balance sheet is as follows:

Present value of obligation at beginning of the year		**42,064,538**	35,744,285
Amount recognized during the year		**9,339,437**	8,965,716
Benefit payments made by the Company during the year		**(7,942,386)**	(2,645,463)
Net liability at the end of the year		**43,461,589**	42,064,538

c) The amount recognized in the profit and loss account is as follows:

Current service cost		**4,403,692**	4,873,076
Interest cost		**5,067,843**	4,092,640
Actuarial gain charge		**(132,098)**	-
Total amount charged to profit & loss	**27**	**9,339,437**	8,965,716

20.2 Historical information for Gratuity Plan;

Year	Present value of obligation Rupees	Actuarial gain/(loss) Rupees
2012	**43,461,589**	9,391,456
2011	**42,064,538**	5,337,162
2010	**35,744,285**	1,086,450
2009	**29,142,701**	(2,629,738)
2008	**27,375,357**	(5,431,576)
2007	**18,363,885**	(4,438,877)

21 TRADE AND OTHER PAYABLES- UNSECURED

	Note	2012 Rupees	2011 Rupees
Payable against sale of shares			
Clients		**192,172,789**	105,131,932
Members		**114,664,988**	58,646,299
National Clearing Company of Pakistan		**-**	379,295
Accrued and other liabilities		**42,475,465**	48,601,660
With holding tax payable		**26,476,578**	14,355,586
		375,789,820	227,114,772

22 LIABILITIES AGAINST REPURCHASE AGREEMENTS

Secured	**22.1**	**48,111,520**	48,111,520
Un Secured		**-**	95,643,105
		48,111,520	143,754,625

22.1 This represents the amount payable under repurchase agreements against the securities. The effective interest rate is 19 % per annum (2011: 19 % per annum) and is for a period of ninty days (2011: ninety days).

		Note	2012 Rupees	2011 Rupees
23	**SHORT TERM BORROWINGS- SECURED**	**23.1**	**171,561,040**	174,779,831

23.1 This facility have been obtained from JS Bank Limited under mark up arrangements. These facilities carry mark up at rate from 3 month KIBOR plus 4 % per annum payable quarterly (2011: 3 months KIBOR plus 4 % per annum). These are secured against pledge of quoted equity securities having market value of Rs.39,219,436 (2011: Rs. 180,764,257).

	2012 Rupees	2011 Rupees
24 INTEREST ACCRUED		
Interest accrued on:		
Long term financing	**3,839,583**	875,762
Short term borrowings	**30,106,553**	14,984,764
Repurchase agreements	**21,418,233**	16,522,026
	55,364,369	32,382,552

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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.

25.1.2 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.

25.1.3 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.

25.1.4 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.

25.1.5 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.

25.1.6 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.

25.1.7 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 Trail Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed in favour of the Company.

The Company has also filed an application for winding up the Universal Equity (Pvt.) Limited in the Securities & Exchange Commission of Pakistan.

25.1.8 An irrevocable guarantee of Rs. 9 million has been given to Karachi Stock Exchange (Guarantee) limited against exposure by a commercial bank on behalf of the Company. This guarantee is secured against a lien marked on a bank balance of parent company, subsquent to the year end guarantee of Rs. 9 million has been withdrawn and T Bills of amunting of Rs. 8,905,068/- has been given against exposure by parent company.

25.1.9 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.

25.1.10 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.

25.1.11 The Company has entered into an arrangement with United bank limited for the rescheduling / restructuring of their financial liabilities. The bank has frozen/wavied off their accrued markup upto May 29, 2012, amounting to Rs. 326 million 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. As the result, the Company has written back the accrued mark up of Rs. 194.5 million.

25.2 Commitments

Company has agreed to pay following sums, with respect to trading of shares to KSE:

	Less than one year Rupees	One year and above Rupees
Commitments in respect of:		
Sale of shares	**53,190,034**	-
Purchase of shares	**53,438,826**	-

	Note	2012 Rupees	2011 Rupees
26 OTHER OPERATING INCOME			
Return on deposit accounts		**1,215,965**	642,808
Dividend income		**529,000**	3,540
Gain on sale of property and equipment		**4,441,700**	3,870,515
(Loss) / gain on foreign currency translation		**516**	(2,955)
Provision for Doubt ful debts written back		**397,533**	-
Accrued Interest written back	**25.1.11**	**194,585,798**	-
Take up commission		**-**	250,000
Deferred notional Income	**19.3**	**580,546,760**	-
Rental Income		**1,528,056**	1,468,866
Others		**3,141,296**	6,051,672
		786,386,624	12,284,446
27 OPERATING EXPENSES			
Salaries and benefits		**66,034,651**	96,763,266
Provision for gratuity	**20.1**	**9,339,437**	8,965,716
Stock Exchange and settlement charges		**2,286,003**	2,374,217
Rent, rates and taxes		**4,378,765**	4,973,204
Communication		**4,366,473**	5,583,828
Utilities		**2,691,077**	3,333,590
Insurance		**1,802,500**	2,843,524

	Note	2012 Rupees	2011 Rupees
Printing and stationery		**608,084**	974,449
Traveling and conveyance		**4,767,512**	6,838,067
Repair and maintenance		**3,467,703**	3,436,312
Postage and courier		**618,739**	867,563
Newspaper and periodicals		**137,872**	165,511
Entertainment		**989,956**	926,606
Legal and professional		**108,310**	4,274,599
Provision for doubtful debts	11.1	**889,915,045**	72,147,874
Bad debts written off directly		**686**	253,732
Advertisement		**71,000**	318,920
Auditors' remuneration	27.1	**929,000**	1,119,000
Depreciation	7.1	**7,499,336**	11,214,633
Fee and subscription		**2,423,971**	3,678,371
CDC and stamps charges		**2,673,102**	3,815,400
Donation		**-**	10,000
Other expenses		**1,122,078**	1,270,943
		1,006,231,300	236,149,325

27.1 *Auditors' remuneration*

	2012 Rupees	2011 Rupees
Statutory audit	**600,000**	600,000
Half year review	**200,000**	200,000
Certifications	**129,000**	319,000
	929,000	1,119,000

28 FINANCE COST

	Note	2012 Rupees	2011 Rupees
Mark-up on short term borrowings		**30,243,615**	218,700,095
Mark-up on repurchase agreements		**9,141,189**	44,794,864
Mark-up on long term financing		**284,397,130**	174,401,887
Mark-up amortized - UBL loan	19.3	**82,277,645**	-
Bank charges and commission		**266,361**	968,344
		406,325,940	438,865,190

29 TAXATION

	2012 Rupees	2011 Rupees
Current	**1,337,831**	2,143,915
Prior Year	**-**	-
	1,337,831	2,143,915

29.1 Relationship between income tax expense and accounting profit:

	2012 Rupees	2011 Rupees
Loss before taxation	**(66,996,932)**	(364,091,056)
Tax effect of net income chargeable under minimum tax	**1,337,831**	2,143,915

29.2 Considering the unavailability of taxable profits in foreseeable future due to the fact that most of the Company's taxable income is being assessed under final taxation, the Company has not incorporated deferred tax asset in these financial statements.

29.3 The returns of total income for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008 , 2009, 2010 and 2011 were filed by the Company under self assessment scheme and are deemed to be assessed except for returns for Tax years 2003 and 2004. Refer to note 24.1.5 for tax related contingencies.

	2012	2011
30 LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation attributable to ordinary share holders - Rupees	**(68,334,763)**	(366,234,971)
Number of ordinary shares	**108,031,500**	108,031,500
Loss per share - Basic and Diluted - Rupees per share	**(0.63)**	(3.39)

30.1 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.

31. 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 34 are as follows:

	2012			
	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	-	**11,699**	-	-
Long term loan obtained	-	**9,943,590**	-	-
Interest on long term loan	-	**15,301,972**	-	-

	2011			
	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	-	156,935	-	-
Investment property	-	65,888,480	-	-
Long term loan obtained	-	82,465,992	-	-
Long term loan paid	-	6,500,000	-	-
Interest on long term loan	-	1,841,394	-	-

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

32 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.

32.1 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.

32.1.1 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:

	2012 Rupees	2011 Rupees
Investments - available for sale	**91,622,788**	396,268,558
Long term deposits and advances	**2,875,000**	3,154,800
Trade debts - unsecured	**2,300,120,868**	2,889,207,561
Investments	**160,450,284**	136,235,047
Advances, deposits and other receivables	**24,306,872**	16,876,506
Placements	**-**	289,900,675
Interest accrued	**528,872**	1,193,696
Bank balance	**10,366,921**	9,004,601
	2,590,271,605	3,741,841,444

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

	Rating Short Term	Rating Long Term	Rating Agency	2012 Rupees	2011 Rupees
Habib Metropolitian Bank Limited	A 1 +	AA +	PACRA	200,291	29,123
Bank Alfalah Limited	A 1 +	AA	PACRA	401,892	149,600
Bank Al Habib Limited	A 1 +	AA +	PACRA	68,563	2,571
Faysal Bank Limited	A 1 +	AA	PACRA	18,142	238,631
KASB Bank Limited	A 3	BBB	PACRA	9,626	9,613
MCB Bank Limited	A 1 +	AA +	PACRA	8,175,629	6,909,580
Summit Bank Limited	A -2	A	JCR - VIS	149,112	33,991
Silk Bank Limited	A -2	A -	JCR - VIS	10,732	7,288
Standard Chartered Bank of Pakistan Ltd	A 1 +	AAA	PACRA	869,032	1,405,959
United Bank Limited	A 1 +	AA +	JCR - VIS	1,643	2,093
NIB Bank Limited	A 1 +	AA -	PACRA	161,762	164,944
Askari Bank Limited	A 1 +	AA	PACRA	296,486	47,163
Habib Bank Limited	A- 1 +	AAA	JCR - VIS	4,010	4,045
				10,366,920	**9,004,602**

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

	2012 Rupees	2011 Rupees
Past due but not impaired		
Past due 0 - 30 days	**2,904,833**	1,495,352,106
Past due 30 - 90 days	**429,638,955**	20,110,968
Past due 90 - 180 days	**76,344,615**	209,582,806
Past due 180 - 365 days	**144,908,471**	334,886,243
More then 1 year	**1,646,323,994**	829,275,438
	2,300,120,868	2,889,207,561

During the year, trade debts of Rs. 889,915,730 (2011 : Rs. 72,401,605) were provided for / written off.

32.2 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, 2012.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	**2,679,699,393**	2,853,000	58,559,000	2,618,287,393	-
Trade & other payables - Unsecured	**375,789,820**	375,789,820	-	-	-
Liability against repurchase agreement -	**48,111,520**	48,111,520	-	-	-
Short term borrowing - secured	**171,561,040**	-	171,561,040	-	-
Interest accrued	**675,700,735**	55,364,369	-	620,336,366	-
	3,950,862,508	**482,118,709**	**230,120,040**	**3,238,623,759**	**-**

The following are the contractual maturities of financial liabilities as on June 30, 2011.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	**2,014,683,341**	-	-	82,465,992	1,932,217,349
Trade & other payables - Unsecured	**227,114,773**	227,114,773	-	-	-
Liability against repurchase agreement -	**143,754,625**	143,754,625	-	-	-
Short term borrowing - secured	**1,321,443,121**	-	1,321,443,121	-	-
Interest accrued	**565,455,722**	565,455,722	-	-	-
	4,272,451,582	**936,325,120**	**1,321,443,121**	**82,465,992**	**1,932,217,349**

32.3 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.

32.3.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. Foreign currency risk arises mainly where payable/receivable 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.

	2012		2011	
	Rupees	US Dollar	Rupees	US Dollar
Foreign Currency Bank Account	5,933	63	5,622	65
	5,933	**63**	5,622	65

The following significant exchange rates applied during the year

	Average Rates		Reporting date rate	
	2012 Rupees	2011 US Dollar	2012 Rupees	2011 US Dollar
US Dollars	**90.99**	85.65	**94.00**	85.85

32.3.2 Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and decrease in Profit & Loss Account by Rs. 296 (June 2011 ; Rs. 296). 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.

32.3.3 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 summarised as follows:

	Interest bearing				Non interest bearing				
	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	Total Rupees
Financial assets 2012									
Investments - available for sale	-	-	-	-	-	-	91,622,788	-	91,622,788
Long term deposits and advances	-	-	-	-	-	-	2,875,000	-	2,875,000
Trade debts - unsecured	-	-	-	-	2,300,120,868	-	-	-	2,300,120,868
Investments	-	-	-	-	160,450,284	-	-	-	160,450,284
Advances, deposits and other receivables	11,242,008	-	-	-	13,064,864	-	-	-	24,306,872
Interest accrued	-	-	-	-	528,872	-	-	-	528,872
Bank balances	6,714,150	-	-	-	3,652,771	-	-	-	10,366,921
	17,956,158	-	-	-	2,477,817,659	-	94,497,788	-	2,590,271,605
Effective interest rates	2 % to 20 %								
Financial liabilities 2011									
Long term financing	2,853,000	58,559,000	2,618,287,393	-	-	-	-	-	2,679,699,393
Trade & other payables - Unsecured	-	-	-	-	375,789,820	-	-	-	375,789,820
Liability against repurchase agreement - secured	48,111,520	-	-	-	-	-	-	-	48,111,520
Short term borrowing - secured	-	171,561,040	-	-	-	-	-	-	171,561,040
Interest accrued	-	-	-	-	55,364,369	-	620,336,366	-	675,700,735
	50,964,520	230,120,040	2,618,287,393	-	431,154,189	-	620,336,366	-	3,950,862,508
On balance sheet gap	**(33,008,362)**	**(230,120,040)**	**(2,618,287,393)**	**-**	**2,046,663,470**	**-**	**(525,838,578)**	**-**	**(1,360,590,903)**
Off balance sheet gap	-	-	-	-	-	-	-	-	-
Financial assets 2011									
Investments - available for sale	-	-	-	-	-	-	396,268,558	-	396,268,558
Long term deposits and advances	-	-	-	-	-	-	3,154,800	-	3,154,800
Trade debts - unsecured	-	-	-	-	2,889,207,561	-	-	-	2,889,207,561
Investments	-	-	-	-	136,235,047	-	-	-	136,235,047
Advances, deposits and other receivables	-	-	-	-	16,876,506	-	-	-	16,876,506
Placements	289,900,675	-	-	-	-	-	-	-	289,900,675
Interest accrued	-	-	-	-	1,193,696	-	-	-	1,193,696
Bank balances	7,221,690	-	-	-	1,782,912	-	-	-	9,004,602
	297,122,365	-	-	-	3,045,295,722	-	399,423,358	-	3,741,841,445
Effective interest rates	2 % to 20 %	-							
Financial liabilities 2011									
Long term financing	-	-	82,465,992	3,078,880,639	-	-	-	-	3,161,346,631
Trade & other payables - Unsecured	-	-	-	-	227,114,772	-	-	-	227,114,772
Liability against repurchase agreement - secured	143,754,625	-	-	-	-	-	-	-	143,754,625
Short term borrowing - secured	-	174,779,831	-	-	-	-	-	-	174,779,831
Interest accrued	-	-	-	-	32,382,552	-	-	-	32,382,552
	143,754,625	174,779,831	82,465,992	3,078,880,639	259,497,324	-	-	-	3,739,378,411
On balance sheet gap	**153,367,740**	**(174,779,831)**	**(82,465,992)**	**(3,078,880,639)**	**2,785,798,398**	**-**	**399,423,358**	**-**	**2,463,034**
Off balance sheet gap	-	-	-	-	-	-	-	-	-

32.3.4 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. 251,073,072 (2011 : Rs. 532,503,604) 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 13.29 % during the year but subsequent to the year end and till the authorization of these financial statements an increase of 9.20 % in KSE 100 index has been recorded.

32.3.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

32.4 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.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
Total Number	1	1	5	4	11	23
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	**1,580,000**	1,580,000	**6,312,000**	5,572,000	**9,507,667**	15,781,242
House Rent	**632,000**	632,000	**2,524,800**	2,228,800	**3,803,067**	6,312,497
Commission	**-**	-	**-**	-	**58,254**	88,854
Medical Expenses Reimbursed	**-**	137,074	**17,934**	71,474	**-**	4,687
Gratuity paid	**-**	-	**1,504,978**	-	**1,495,000**	-
Utilities	**158,000**	158,000	**631,200**	557,200	**950,767**	1,578,124
	2,370,000	2,507,074	**10,990,912**	8,429,474	**15,814,755**	23,765,404

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

33.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2011: Nil).

34 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 05, 2012.

35 GENERAL

35.1 Comparative figures

Comparative figures have been reclassified, wherever necessary for better presentation. However, no significant reclassification have been made during the year except for the following

Account Head	From	To	Amount Rupees
Investment property	Non current assets	Current assets	**1,137,338,260**
Current liabilities	Short term borrowings - Secured	Long term financing	**1,146,663,290**
Current liabilities	Interest accrued	Interest accrued on long term financing	**533,073,170**

35.2 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, 2012 at 4:00 p.m. and at any adjournment thereof.

Signature this ___________________ Day of _________________ 2012.

Affix Revenue Stamp of Rupees Five

(Witnesses)

1. ____________

2. ____________

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 then 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.