

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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COMPANY INFORMATION

Board of Directors	Malik Safeer Raza Awan (Chairman) Mian Ehsan Ul Haq (Chief Executive) Ahsan Zia Waseem Ul Hassan Abdul Samad Zuhaib Khan Raja Suhail Qurban	Non Executive Executive Executive Executive Executive Independent Independent
Chief Financial Officer	Waseem Ul Hassan	
Audit Committee	Raja Suhail Qurban (Chairman) Zuhaib Khan Malik Safeer Raza Awan	
Human Resource and Remuneration (HR&R) Committee	Waseem Ul Hasan (Chairman) Mian Ehsan Ul Haq Abdul Samad	
Company Secretary	Shahzad Jawahar	
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants	
Legal Advisers	Muhammad Amir Advocates, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Bank Islami Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Soneri Bank Limited Summit Bank Limited United Bank Limited	
Registered Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan Tele: + 92-42-36623005/6/8 Fax: + 92-42-36623121, 36623122	
Main Corporate Office	4th Floor, Block B,C & D Lakson Square Building No. 1 Sarwar Shaheen Road, Karachi Tele: + 92-21-111 226 226 Fax: +92-21-5656710	
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K Commercial Model Town, Lahore Tele: + 92-42-5839182	

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 22nd Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company" or "FCEL") will be held on Saturday 28 October 2017 at 12:00 p.m. at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on 30 December 2016;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2017 together with the Chairman's Review, Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2018 and to fix their remuneration;

By order of the Board

Shahzad Jawahar
Company Secretary

Lahore:
06 October 2017

Notes:

- 1) The Members Register will remain closed from 21 October 2017 to 28 October 2017 (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 20 October 2017 will be considered 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. Proxies in order to be effective 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 a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.
- 4)
 - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
 - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/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 in their registered address immediately;
- 6) In accordance with S.R.O. 831(I)2012 dated 5 July 2012 issued by the Securities and Exchange Commission of Pakistan, dividend warrants should bear CNIC number of the registered member or the authorized person. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same with members folio no. mentioned thereon to the Company or directly to our Independent Share Registrar, Corplink (Pvt.) Limited;
- 7) In compliance with SECP notification no. 634/(I)/2014 dated 10 July 2014, the Company has placed the Audited Annual Financial Statements for the ended 30 June 2017 along with Auditors and Directors Reports thereon on its website: www.firstcapital.com.pk and Group's website www.pacepakistan.com;
- 8) In pursuance of SECP notification S.R.O. 787 (I) 2014 dated 08 September 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.firstcapital.com.pk and group's website www.pacepakistan.com;
- 9) If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of the meeting, the Company will arrange video conferencing facility in that city subject to availability of such facility in that city;
- 10) In pursuance of SECP notification S.R.O # 470(I)2016/ dated 31 May 2016, the Company has sent information regarding Annual audited Accounts of the Company to the shareholders in soft form i.e. CD. However, the Company will supply the hard copy of the Annual Audited Accounts to the Shareholders on demand, at their registered addresses, free of cost, within one week of such demand. The Company has placed on its website a standard request form, to communicate their need of hard copies instead of soft form.

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ فرسٹ کیپٹل ایکویٹیز لمیٹڈ ("کمپنی" یا "FCEL") کے شیئر ہولڈرز کا 22 واں سالانہ اجلاس عام بروز ہفتہ 28 اکتوبر 2017ء بوقت 12:00 بجے دن، بمقام دوسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم، کینٹ، لاہور میں مندرجہ ذیل امور پر غور و خوض کے لئے منعقد ہوگا:

عمومی امور

1. 30 ستمبر 2016ء کو منعقدہ غیر معمولی اجلاس عام کی کارروائیوں کی توثیق کرنا۔
2. 30 جون 2017ء کو اختتام پذیر سال کے لئے چیئرمین رویو ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ کمپنی کی مالیاتی اسٹیٹمنٹس کو وصول کرنا، مد نظر رکھنا اور منظوری دینا۔
3. 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین کرنا۔

بجانب بورڈ

شہزاد جواہر
کمپنی سیکریٹری

لاہور

06 اکتوبر 2017ء

نوٹس:

- (1) اراکین کا رجسٹر 21 اکتوبر 2017ء سے 28 اکتوبر 2017ء (بشمول دونوں ایام) تک بند رہے گا۔ کارپلنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور، کمپنی کے رجسٹرار اور شیئر ٹرانسفر آفس کو 20 اکتوبر 2017ء کو دفتری اوقات کے اختتام تک موصول تمام منتقلیاں سالانہ اجلاس عام کے مقصد کے لئے بروقت تصدیق کی جائیں گی۔
- (2) اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی دوسرے رکن کو اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کر سکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے رجسٹرڈ آفس میں کمپنی کو پراکسیز موصول ہو جانی چاہئیں۔
- (3) جائز ہونے کی غرض سے پراکسی کا انسٹرومنٹ اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہے) جس کے ماتحت یہ سائن کیا گیا ہے، یا نوٹری سے ایسے مختار نامہ کی مصدقہ نقل کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم لاہور کینٹ، لاہور میں اجلاس کے انعقاد سے 48 گھنٹے پہلے پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین پراکسی کے طور پر ثالث کے ذریعے ایگزیکوشن آفیسر کی تقرری کے بعد اجلاس کے انعقاد سے کم از کم 10 دن پہلے تحریری رضامندی کے ذریعے اپنے

ووٹ کا حق بذریعہ برقی ووٹنگ کر سکتے ہیں۔

- (4) (a) CDC کے واحد بنی فیشیل اور جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں۔ ان کو شرکت کا شناختی نمبر اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ ہمراہ لانا ہوگا تاکہ وہ اپنی شناخت کروا سکیں۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ جس پر نمائندگان کے نمونہ کے دستخط موجود ہوں کو اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔ (اگر یہ پہلے فراہم نہ کئے گئے ہوں)
- (b) پراکسی کے تقرر کے لئے CDC کا فرد واحد بنی فیشیل اور مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کروائے گا۔ جس میں شرکت کا شناختی نمبر اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر اور CNIC یا پاسپورٹ کی مصدقہ نقول بھی شامل ہیں۔ پراکسی فارم پر دو گواہان اپنے نام، پتے اور CNIC کے ہمراہ دستخط کریں گے۔ پراکسی اجلاس کے انعقاد کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ ظاہر کرے گا/گی۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز/مختار نامہ بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔

(5) اراکین کو درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتے میں تبدیلی کی صورت میں فوری طور پر آگاہ کریں۔

- (6) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 5 جولائی 2012 کے سرکلر نمبری SRO831(I)2012 کی ہدایات کے مطابق منافع منقسمہ کے وارنٹس پر رجسٹرڈ رکن یا مجاز شخص کا CNIC نمبر درج ہونا چاہئے۔ اسی طرح سے، اراکین جنہوں نے ابھی تک جائز CNIC یا NTN (کاروباری ادارہ ہونے کی صورت میں) کی نقل جمع نہیں کرائی ہے کو درخواست کی جاتی ہے کہ وہ انہیں رکن کے فوئیو نمبر کے ہمراہ کمپنی کو یا براہ راست ہمارے آزاد شیئر رجسٹرار، کارپلنک (پرائیویٹ) لمیٹڈ کو جمع کرا دیں۔

- (7) 10 جولائی 2014 کے SECP نوٹیفکیشن نمبر 634(I)/2014 کی تعمیل میں کمپنی 30 جون 2017ء کو اختتام پذیر سال کے لئے سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس بمع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کے اپنی ویب سائٹ www.firstcapital.com.pk اور ہمارے گروپ کی ویب سائٹ www.pacepakistan.com پر شائع کر دی ہے۔

- (8) SECP کے مورخہ 8 ستمبر 2014ء کے نوٹیفکیشن نمبر SRO 787(I)/2014 پر عمل درآمد کرتے ہوئے کمپنیوں کو اجازت دی گئی ہے کہ وہ اپنی سالانہ بیلنس شیٹ اور پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹرز اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی اسٹیٹمنٹس) بمع سالانہ اجلاس عام کی اطلاع (نوٹس) برقی خط کے ذریعے کمپنی کے اراکین کو فراہم کر سکیں۔ اس سہولت کے حصول کے خواہش مند اراکین کمپنی کو مطلوب اپنی معلومات کمپنی کو فراہم کریں اس تناظر میں کمپنی کی ویب سائٹ www.firstcapital.com.pk اور ہمارے گروپ کی ویب سائٹ www.pacepakistan.com پر سے فارم ڈاؤن لوڈ کیا جاسکتا ہے۔

- (9) اگر کمپنی جغرافیائی مقام پر رہائش پذیر 10 فی صد یا زائد شیئر ہولڈنگ کے حامل اراکین کی جانب سے اجلاس میں ویڈیو کانفرنس کے ذریعے شمولیت کی غرض سے اجلاس کے انعقاد سے 10 روز قبل رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کی صورت میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی۔

- (10) SECP کے مورخہ 31 مئی 2016 کے نوٹیفکیشن نمبر SRO#470(I)/2016 پر عمل درآمد کرتے ہوئے کمپنی نے اپنے سالانہ آڈیٹڈ اکاؤنٹس کی معلومات شیئر ہولڈرز کو سی ڈی کی صورت میں بھیج دی ہیں۔ تاہم، کمپنی سالانہ آڈیٹڈ اکاؤنٹس کی ہارڈ کاپی بھی شیئر ہولڈر کے مطالبہ کی صورت میں ان کے رجسٹرڈ پتے پر ایسے مطالبہ کے ایک ہفتہ کے اندر بالکل مفت فراہم کرے گی۔ کمپنی نے اپنی ویب سائٹ پر معیاری درخواست فارم شائع کیا ہوا ہے تاکہ وہ سافٹ کاپی کی بجائے ہارڈ کاپی کی صورت میں معلومات حاصل کر سکیں۔

Chairman's Review

Review Report by the Chairman on Board's overall performance u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of First Capital Equities Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

I am pleased to present the Annual Report for the year ended June 30, 2017,

- The Board of Directors ("the Board") of First Capital Equities Limited (FCEL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.
- The Board of FCEL is highly professional and experienced people. They bring a vast experience from different businesses including the independent directors. All board members are well aware of their responsibilities and fulfilling these diligently.
- The Board has adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the two directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and/or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the director report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws

I would like to place on record with thanks and appreciation to my fellow directors, shareholders, management and staff for their continued support in very challenging operating conditions. I look forward for more future success for the Company.

Lahore
Dated: October 02, 2017

Malik Safeer Raza Awan
Chairman

نظر ثانی رپورٹ منجانب چیئرمین

کمپنیز آرڈیننس 2017ء کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی پر چیئرمین کی نظر ثانی رپورٹ

کوڈ آف کارپوریٹ گورننس کے تحت بورڈ آف ڈائریکٹرز ("بورڈ") کی جانب سے فرسٹ کیپٹل ایکویٹیز لمیٹڈ ("کمپنی") کی سالانہ تقویم کی جاتی ہے۔ اس تقویم کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثرائت کو جانچا جائے اور کمپنی کے لئے طے کئے مقاصد کی مد میں توقعات پر پورا اتر جائے۔ ایسے شعبے جہاں بہتری کی ضرورت ہے کو حسب ضابطہ مد نظر رکھا گیا ہے اور حتمی منصوبے بنائے گئے ہیں۔

میں 30 جون، 2017ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کر رہا ہوں!

- ✓ فرسٹ کیپٹل ایکویٹیز لمیٹڈ (FCEL) کے بورڈ آف ڈائریکٹرز ("بورڈ") نے شیئرز ہولڈرز کے بہترین مفاد کو برقرار رکھنے کے لئے اپنے فرائض اور کمپنی کے امور کو موثر اور تسلی بخش انداز میں دلجمعی سے سرانجام دیا ہے۔
 - ✓ FCEL کا بورڈ انتہائی پیشہ ور اور تجربہ کار افراد پر مشتمل ہے۔ انہوں نے مختلف امور بشمول آزاد ڈائریکٹرز کے وسیع تجربہ کو بروئے کار لایا ہے۔ بورڈ کے تمام اراکین اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں اور انہیں دلجمعی سے ادا کر رہے ہیں۔
 - ✓ بورڈ کو غیر انتظامی اور آزاد ڈائریکٹرز اور ان کی کمیٹیوں کی ضابطہ کے تحت مناسب معاونت حاصل ہے اور یہ کہ بورڈ کے اراکین اور اس کی متعلقہ کمیٹیوں کے پاس کمپنی کے امور کو چلانے کے لئے موزوں مہارت، تجربہ اور علم موجود ہے۔
 - ✓ بورڈ نے یہ یقینی بنایا ہے کہ اپنے فرائض کو بخوبی سرانجام دینے کے لئے ڈائریکٹرز کو آگاہی کورسز فراہم کرے۔ اور یہ کہ دو ڈائریکٹرز نے ڈائریکٹرز اینگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لی ہے اور بقیہ ڈائریکٹرز ضابطہ کی اہلیت اور تجربہ کے معیار پر پورا اترتے ہیں۔
 - ✓ بورڈ نے آڈٹ اور ہیومن ریسورس اور مشاہرہ کمیٹی تشکیل دی ہے اور ان کی متعلقہ مزاد ریفرفس کو منظور کیا ہے۔ اور مناسب وسائل مقرر کئے ہیں تاکہ کمیٹیاں اپنے فرائض خوش دلی سے سرانجام دے سکیں۔
 - ✓ بورڈ نے یہ بھی یقینی بنایا ہے کہ بورڈ اور اس کی کمیٹیوں کے اجلاس مطلوب کورم کے ساتھ منعقد کئے جائیں، تمام فیصلہ سازی بورڈ کی قراردادوں کے ذریعے کی جائے اور تمام اجلاسوں کی کارروائیاں (بشمول کمیٹی کی کارروائیاں) مناسب طریقے سے ریکارڈ کی جارہی ہیں اور انہیں برقرار رکھا جا رہا ہے۔
 - ✓ بورڈ نے حکمت عملی کے عمل، انٹرپرائز رسک مینجمنٹ سسٹم، پالیسی ڈیولپمنٹ اور مالیاتی سٹرکچر، نگرانی اور منظوری میں مستعدی سے حصہ لیا ہے۔ سال کے دوران تمام نمایاں معاملات کو بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیا گیا تاکہ کاروباری فیصلہ سازی کے عمل کو مضبوط اور منظم کیا جائے۔ اور خاص طور پر آڈٹ کمیٹی کی سفارشات پر کمپنی کی جانب سے تمام متعلقہ پارٹی کے لین دین کو بورڈ نے منظور کیا۔
 - ✓ بورڈ نے یہ یقینی بنایا کہ انٹرئل کنٹرول کا مناسب نظام اس وقت قابل عمل ہے اور خود تشخیصی کے نظام اور/یا اندرونی آڈٹ سرگرمیوں کے ذریعے لگاتار اسسٹمنٹ کی جارہی ہے۔
 - ✓ بورڈ نے ڈائریکٹرز رپورٹ تیار اور منظور کی ہے اور یقینی بنایا ہے کہ ڈائریکٹرز کی رپورٹ کمپنی کی سرمایہ اور سالانہ مالیاتی اسسٹمنٹس کے ساتھ شائع کی جائے اور ڈائریکٹرز رپورٹ کے مندرجات لاگو قوانین اور ضوابط کے عین مطابق ہیں۔
 - ✓ بورڈ نے اپنے اختیارات کا استعمال بورڈ کو عائد کئے گئے اختیار کے مطابق اور کمپنی پر لاگو متعلقہ قوانین اور ضوابط کی روشنی میں ہی کیا ہے۔ اور بورڈ نے ڈائریکٹرز کے طور پر اپنے طرز عمل، اپنے اختیارات کے استعمال اور فیصلہ سازی میں لاگو قوانین و ضوابط کی تعمیل کو ہمیشہ ترجیح دی ہے۔
 - ✓ بورڈ نے خدمات حاصل کرنے، تشخیص کرنے، چیف ایگزیکٹو آفیسر اور دیگر اہم ایگزیکٹو بشمول چیف مالیاتی افسر، کمپنی سیکریٹری اور انٹرئل آڈٹ کے سربراہ کے معاوضے کو یقینی بنایا ہے۔
 - ✓ بورڈ نے یقینی بنایا ہے کہ اراکین کو معقول معلومات کی فراہمی بروقت کی جاتی ہے اور بورڈ کے اراکین کے اجلاسوں کے درمیانی عرصہ میں ارتقا سے آگاہ رکھا جاتا ہے۔
- میں آپریشنز کے ان سخت حالات میں اپنے ساتھی ڈائریکٹرز، شیئرز ہولڈرز، مینجمنٹ اور عملہ کی مسلسل حمایت کی شکرگزار ہوں اور انہیں قدر کی نگاہ سے دیکھتا ہوں۔ میں مستقبل میں کمپنی کی کامیابی کے لئے پُر امید ہوں۔

ملک سفیر رضا اعوان

چیئرمین

لاہور

102 اکتوبر 2017ء

DIRECTORS' REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Annual Report of 2017 along with the audited financial statements of the Company for the year ended June 30, 2017. FCEL is a leading brokerage house of Pakistan that provides a complete range of stock brokerage nationwide to a substantial and diversified clientele that includes corporations, financial institutions, retail clients, foreign investors and high net worth individuals (HNWI).

CAPITAL MARKET

Pakistan equity market concluded FY17 on a positive note and delivered 23% return as compared to 10% in FY16. The benchmark index soared to its all-time high level of 52,876 during the last quarter of FY17 however, major gain was witnessed in 2Q. Market capitalization registered substantial growth of 25.4% at PRs9.52 trillion versus PRs7.59 trillion in the previous year.

The exuberant performance of the market was on the back MSCI euphoria which led heavy-weight Banking sector and Oil & Gas to gain 20% and 15%, respectively. Moreover, investor confidence was aided by i) favorable domestic conditions as the security situation improved, ii) historic low interest rates and inflation, iii) ramped up foreign exchange reserves and iv) stable remittances. Further, strong domestic demand resulted in Cement, Steel and Auto sector achieving substantial increment in profitability.

Positive return assisted in improving trading activity at Pakistan market as evident from average daily volumes standing at 350mn vs. 208.1mn in FY16. Average traded value also improved to USD15.3bn vs. PkR9.5bn in the corresponding period last year.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2017.

*All Figures are in million except EPS**

	<u>FY 17</u>	<u>FY 16</u>
Brokerage income	78.33	46.58
Capital gain / (loss)	65.04	(0.42)
Gain on re-measurement of investments at fair value through profit or loss - net	18.61	11.03
Other income	406.91	256.93
Profit after tax	264.00	31.16
Earnings Per Share (EPS) Rs*	1.87	0.22

Your Company reported a profit of Rs 264 million in FY17 vs. Rs 31 million. The brokerage income of your Company increased by 68% YoY at Rs 78 million during FY17 versus that of Rs 46 million in last year. Further, the company recorded capital gain of Rs 65 million primarily on account of proceeds from the sale of PSX shares. Resultantly, on overall basis, the income segment moved north 2.8x YoY and settled at Rs 162 million. On the flip side, operating expenses surged by 2.8x YoY on account higher salary expenses and recording of provision against doubtful debts. Financial charges decreased by 66% YoY on account of restructuring of loans.

COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

In the current year's Audited report, the auditor's without qualifying their report have raised concerns over the Company's ability to continue as going concern. Since last year, the Company has earned an after tax profit of Rs. 264 million but still there is an operating loss of Rs. 112.15 million (2016: 207.30 million), moreover the accumulated losses of the company stand at Rs. 1,026.75 million as at June 30, 2017 (2016: 1,289.51). Moreover, the Company in order to carry on its business and to meet its current obligations required to generate sufficient profits. These conditions along with other matters, the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

The Company in order to carry on its business and to meet its current obligations requires generating sufficient cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. For this purpose the management of the Company has drawn up plans for:

- Hiring of renowned traders from the market
- Vigorously following the debtors for recovery
- Change in top operations management to improve the operations of the company.
- The Company is also relying on continued support from its sponsors through injection of cash.

During the current year, Company has also offered debt to assets swap against its properties to different commercial banks. Proposal currently is under review of the competent authorities of respective banks and management is of the view that this arrangement will be accepted.

Keeping in view the above, the management of the Company is confident that Company will come out of the current situation and will continue its business as going concern.

FUTURE OUTLOOK

Pakistan has embarked on an upward economic trajectory with GDP growth forecasts at 5%+ in the coming years, a view shared by well reputed international institutions such as the World Bank, IMF and ADB. At the same time, Inflation as measured by the CPI is expected to remain under control at below its target of 6% set by the GoP. FY17 average CPI clocked in at 4.3% vs. 2.8% in FY16. That said, slippages on the Current Account side (imports up 17.8%YoY; exports down 1.3%YoY) as well lackluster remittances (USD19.3bn - down 3.1%YoY) remain areas of concern. Foreign exchange reserves dived on account of external debt servicing (USD21.4bn at Jun-17), however lack of significant decline and the fact that USD20bn mark hasn't been breached has continued to support exchange rate and sustain USD/PKR parity.

Going forward, China-Pakistan Economic Corridor (CPEC) remains the major catalyst and determinant of future economic growth as all major macro variables (GDP growth, unemployment etc.) will be heavily dependent on the materialization of CPEC related benefits.

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company continued its contribution to the society as a socially responsible organization through discharge its obligations towards the peoples who work for it, peoples around its workplace and the society as whole.

HUMAN RESOURCE MANAGEMENT

The management of the Company believes strongly in principles, beliefs and philosophy of the company where employees are treated as family members. The Company is continuously striving to provide corporate and social work environment to its employees as this helps them to work in complete harmony in a healthy and professional way.

INTERNAL CONTROLS

The directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible

assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2017.

The board and audit committee regularly review reports of the internal audit function of the company related to the Company's control framework in order to satisfy the internal control requirements. The company's internal Audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

IMPACT OF THE COMPANY'S BUSINESS ON THE ENVIRONMENT

The Company's nature of business is service provider, hence its activities has very less impact on environment. The Company has a policy to minimize the use of paper by encouraging employees, departments and clients to communicate mostly through emails.

PAYOUT FOR THE SHAREHOLDERS

Keeping in view the un appropriated losses of 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 procedures have been established to identify, control and monitor each of these major risks.

COMPANY PERFORMANCE IN PAST YEARS

Past six years Company performance chart is attached.

EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2017 was Rs. 1.87 as compared to Rs. 0.22 in the last year.

ELECTION OF DIRECTORS / CHANGES IN THE BOARD OF DIRECTORS

New Board of Directors was elected for the term of next three years in the Extraordinary General Meeting of the Shareholders of the Company held on 30 December 2016 and Mr. Farooq Bin Habib, Mr. Muhammad Junaaid and Mr. Mazhar Abbas also retired from the board.

BOARD MEETINGS DURING THE YEAR

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

Directors	Meetings Attended
Mian Ehsan ul Haq	4
Farooq Bin Habib (Retired)	2
Mazhar Abbas (Retired)	2
Ahsan Zia	2

Muammad Junaid (Retired)	4
Waseem ul Hassan	4
Malik Safeer Raza Awan	2
Raja Suhail Qurban	2
Zuhaib Khan	2
Abdul Samad	4

The Directors who could not attend the meeting were duly granted leave by the Board.

TRADING OF DIRECTORS

Detail of trading in shares of the Company during the financial year, by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Annexure-1.

Human Resource and Remuneration (HR&R) Committee:

Keeping in view the requirement of the code of the corporate governance of Pakistan applicable in the listed companies, the Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members. Following are the members of HRR Committee:

Waseem Ul Hassan (Chairman)
Mian Ehsan Ul Haq
Abdul Samad

Audit Committee

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

Audit Committee Members	Meetings Attended
Farooq Bin Habib (Retired)	4
Mazhar Abbas (Retired)	4
Ahsan Zia (Resigned)	4
Malik Safeer Raza Awan	2
Raja Suhail Qurban	2
Zuhaib Khan	2

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee and re-constitutes the Audit committee consisting the following Directors:

Raja Suhail Quarban (Chairman)
Zuhaib Khan (Member)
Malik Safeer Raza Awan (Member)

AUDITORS

The present Auditors, Messrs Nasir Javaid Maqsood Imran (Chartered Accountants), have retired and being eligible, have offered themselves for re-appointment. The Board of Directors endorses 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, 2018.

PATTERN OF SHAREHOLDINGS

The pattern of shareholding as required under Section 227(2)(f) of the Companies Act 2017 and Listing regulations is enclosed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The systems of internal controls are sound in design and have been implemented and effectively monitored.
- 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

ACKNOWLEDGMENT

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 Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore
Dated: 02 October 2017

Director

Chief Executive Officer

فرسٹ کیپٹل ایکویٹیز لمیٹڈ

فرسٹ کیپٹل ایکویٹیز لمیٹڈ ("کمپنی" یا "FCEL") کے بورڈ آف ڈائریکٹرز سال 2017ء کی سالانہ رپورٹ میں 30 جون 2017ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹڈ اکاؤنٹس اور مالیاتی اسٹیٹمنٹس پیش کرنے میں فخر محسوس کرتے ہیں۔ FCEL پاکستان کا معروف بروکرینج ہاؤس ہے جو ٹھوس اور وافر کلائنٹس کو قومی سطح پر سٹاک بروکرینج کی مکمل رینج فراہم کرتا ہے۔ جس میں کارپوریشنز، مالیاتی ادارے، رئیل کلائنٹس، غیر ملکی سرمایہ دار اور HNWI شامل ہیں۔

کیپٹل مارکیٹ

پاکستان ایکویٹی مارکیٹ مالی سال 2017ء میں مثبت نوٹ پر بند ہوئی اور مالی سال 2016ء میں 10 فی صد کے مقابلہ میں 23 فیصد ریٹرن فراہم کئے۔ بنچ مارک انڈیکس مالی سال کے آخری کوارٹر میں 52,876 کی اعلیٰ ترین سطح پر پہنچا تاہم بنیادی منافع 2Q ظاہر ہوا۔ مارکیٹ سرمایہ داری میں 9.52 ٹریلین روپے پر 25.4 فی صد بھاری نمودار ہوئی جو کہ گذشتہ سال 7.59 ٹریلین روپے تھی۔

MSCI ایفوریٹا کی مدد سے مارکیٹ کی بہترین کارکردگی سامنے آئی جس نے بھاری بینک کے شعبہ اور تیل اور گیس کے شعبہ میں 20 فی صد اور 15 فی صد بالترتیب منافع ظاہر کیا۔ مزید یہ کہ سرمایہ دار کے بھروسہ میں (i) موافق قومی حالات کیونکہ سیکوریٹی حالات بہتر ہوئے (ii) تاریخی سود کی کم شرح اور افراط زر (iii) غیر ملکی زرمبادلہ میں اضافہ (iv) مستحکم تر سیل زر کی وجہ سے اضافہ ہوا۔ مزید برآں، مستحکم قومی طلب نے سیسٹ، سٹیل اور آٹو سیکٹر میں اعلیٰ سطحی ٹھوس منافع حاصل کرنے میں مدد دی۔

ثبیت ریٹرن کی وجہ سے پاکستان مارکیٹ میں تجارتی سرگرمی کی بہتری ہوئی جو کہ روزانہ کے اوسط 350 ملین حجم سے ظاہر ہوتا ہے۔ جو کہ مالی سال 2016ء میں 208.1 ملین روپے تھا۔ اوسط تجارتی قدر میں بھی 15.3 ملین روپے کا اضافہ ہوا۔ جو گذشتہ سال کی اسی مدت میں 9.5 ملین روپے تھا۔

آپ کی کمپنی کی کارکردگی

30 جون 2017ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کے کھاتوں کی مختصر صورت حال مندرجہ ذیل ہے

تمام اعداد و ائین میں ماسوائے EPS

مالی سال 2017ء	مالی سال 2016ء	
78.33	46.58	بروکرینج آمدنی
65.04	(0.42)	انویسٹمنٹ پر منافع / (نقصان)
		نفع یا نقصان کے ذریعے فیئر ویلیو پر
18.61	11.03	انویسٹمنٹ کے دوبارہ تخمینہ پر نفع یا نقصان۔ خالص
406.91	256.93	دیگر آمدنی
264.00	31.16	نفع ماسوائے ٹیکس
1.87	0.22	فی حصص آمدنی (EPS) روپے

آپ کی کمپنی نے 31 ملین روپے کے مقابلہ میں مالی سال 2017ء میں 264 ملین روپے کا نفع رپورٹ کیا۔ آپ کی کمپنی کی بروکرینج آمدنی میں مالی سال 2017ء میں 78 ملین روپے پر 68 فی صد اضافہ ہوا جو گذشتہ سال 46 ملین روپے تھا۔ مزید، PSX شیئرز کی فروخت سے حاصل شدہ رقم کی مدد میں کمپنی نے ابتدائی طور پر 65 ملین روپے کی کیپٹل آمدنی ریکارڈ کی۔ نتیجتاً، مجموعی طور پر، اکم کا گراف جنوب کی طرف 2.8x بڑھا جو کہ 162 ملین روپے پر مستحکم ہوا۔ دوسری طرف، آپریٹنگ اخراجات 2.8x پیچھے کی طرف مڑے جو تنخواہ کے زیادہ اخراجات اور مشکوک قرضوں پر پروویژن کی ریکارڈنگ کی وجہ سے ہوا۔ قرضوں کی ریٹرنگنگ کی وجہ سے مالیاتی اخراجات YoY 66% کم ہوئے۔

کمپنی کی کاروبار جاری رکھنے کی صلاحیت

رواں سال کی آڈیٹڈ رپورٹ میں، آپریٹرز نے اپنی رپورٹ کو شائع کئے بغیر کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر تخطیلات ظاہر کئے ہیں۔ گذشتہ سال سے کمپنی نے 264 ملین روپے کا منافع ماسوائے ٹیکس حاصل کیا لیکن پھر 112.15 ملین روپے کا آپریٹنگ خسارہ دیکھا گیا (2016: 207.30 ملین روپے)۔ مزید برآں، 30 جون 2017ء تک کمپنی کا مجموعی خسارہ 1,026.75 ملین روپے (2016: 1,289.51 ملین روپے)۔ مزید یہ کہ، کمپنی کو اپنا کاروبار جاری رکھنے اور اپنے حالیہ واجبات کو پورا کرنے کے لئے مناسب نفع حاصل کرنا ہوگا۔ یہ حالات بشمول دیگر معاملات اور غیر یقینی کی صورت حال کی وجہ سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر شکوک و شبہات پیدا کرتے ہیں۔

کمپنی کو اپنا کاروبار جاری رکھنے اور اپنے حالیہ واجبات کے ادائیگی کے لئے موزوں کیش فلوز کو جزیٹ کرنے کی ضرورت ہے۔ اسی طرح سے کمپنی کے آپریٹرز کی مدد میں بھی غیر یقینی کی صورت حال ہے جو اس کے واجبات کی ادائیگی میں شکوک و شبہات کو جنم دیتی ہے۔ کمپنی کے کاروبار جاری رکھنے کی صلاحیت بہتر کیش فلو سے مشروط ہے۔ اس مقصد کے لئے کمپنی کی انتظامیہ نے مندرجہ ذیل کے منصوبہ ترتیب دیا ہے:

مارکیٹ سے معروف تاجروں کی تقرری کرنا۔

وصولی کے لئے قرض دہندگان کا تعلق سے پیچھا کرنا۔

آپریٹنگ مینجمنٹ میں نمایاں تبدیلیاں تاکہ کمپنی کے آپریٹنگز میں بہتری لائی جاسکے۔

کمپنی نقدی فراہم کر کے اپنے معاونین سے مسلسل مدد پر انحصار کرے گی۔

رواں سال کے دوران اپنی پراپرٹیز کی مد میں مختلف کمرشل بینکوں کو قرض کی اخاثوں میں تبدیلی کی پیشکش کر چکی ہے۔ ہمارے پیشکشیں متعلقہ بینک کی قابل اتھارٹیز کے زیر غور ہیں اور انتظامیہ سمجھتی ہے کہ ہمارے انتظامات کو قبول کیا جائے گا۔

مندرجہ بالا کو مد نظر رکھتے ہوئے کمپنی کی انتظامیہ پر امید ہے کہ کمپنی حالیہ صورت حال سے نکل آئے گی اور اپنے کاروبار کو جاری رکھنے کے قابل ہو جائے گی۔

مستقبل کا نقطہ نظر

پاکستان آئندہ سالوں میں مجموعی قومی پیداوار کی مد میں 5 فی صد کے اونچے سطحی گراف کو حاصل کرنے کا خواہاں ہے۔ جس کا جائزہ معروف عالمی اداروں نے پیش کیا ہے جیسا کہ ورلڈ بینک، IMF اور ADB۔ اسی طرح سے CPI کی جانب سے تعین کئے گئے افراط زر کو حکومت پنجاب کی جانب سے 6 فی صد کے سیٹ کئے گئے ہدف سے کم پر کنٹرول رکھنے کی توقع ہے۔ مالی سال 2017ء میں وسطی CPI 4.3 فی صد ریکارڈ کی گئی جو مالی سال 2016 میں 2.8 فی صد تھی۔ کہا جاتا ہے کہ کرنٹ اکاؤنٹ کی مد میں کمی (درآمدات میں 17.8 YoY فیصد اضافہ اور برآمدات میں 1.3 YoY کمی) اور تریل زر میں کمی (19.3 بلین ڈالر - 3.1 YoY) فی صد جھکاؤ پریشانی کا باعث ہیں۔ غیر ملکی زرمبادلہ بیرونی قرضوں کی وجہ سے کم ہوا (جون 2017 تک 21.4 بلین ڈالر) تاہم، نمایاں جھکاؤ میں کمی اور تقریباً 20 بلین امریکی ڈالر کے ہدف میں کامیابی کی وجہ سے آنکھچ کی شرح کو فائدہ ہوا اور امریکی ڈالر اور پاکستان روپے میں موافقت رہی۔

مزید آگے چلتے ہوئے چین پاکستان اقتصادی راہداری (CPEC) ایک اہم عنصر ہے اور مستقبل میں اقتصادی نمو کی وجہ سے کیونکہ تمام بڑے میکرو تغیرات (GDP نمو، بے روزگاری وغیرہ) CPEC سے متعلق فوائد کے پائیدار تک پہنچنے پر مکمل انحصار کرتے ہیں۔

تمام سٹیک ہولڈرز کے مفاد کو مد نظر رکھتے ہوئے آپ کی کمپنی شیئرز ہولڈرز کی رقم کو بڑھانے کے لئے پرعزم ہے۔ جیسا کہ پہلے بیان کیا جا چکا ہے آپ کی کمپنی تمام چیلنجز سے نپٹنے کی ہر ممکن کوشش کر رہی ہے جب کہ یہ خدمات کے معیار، کلائنٹس کی وسعت اور لاگت کو کنٹرول کرنے پر بھرپور توجہ دے رہی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی بطور ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے ہمیشہ اپنی ذمہ داریاں اپنے لوگوں کے مفاد میں سرانجام دیتی ہے جو کہ کمپنی میں کام کرتے ہیں اور وہ لوگ جو کہ سوسائٹی اور کام کرنے کی جگہ کے ارد گرد موجود ہیں

انسانی وسائل کا انتظام

کمپنی کی انتظامیہ اصولوں، ایمان اور ملازمین کے ساتھ ایک خاندان کی طرح سلوک کرنے کے کمپنی کے فلسفہ پر پختہ یقین رکھتی ہے۔ کمپنی اپنے ملازمین کو کارپوریٹ اور سماجی کام کا ماحول فراہم کرنے میں مسلسل کوشاں ہے۔ تاکہ وہ پیشہ ورانہ انداز میں مکمل آرام و سکون کے ساتھ اپنا کام کر سکیں۔

انٹرنل کنٹرول

ڈائریکٹرز اور انتظامیہ کمپنی کے انٹرنل کنٹرول سسٹم اور اس کی سالانہ جانچ پڑتال کے ذمہ دار ہیں تاکہ شیئرز ہولڈرز کو ان کی سرمایہ داری پر خاطر خواہ ریٹرنز فراہم کئے جائیں۔ جو کہ ذمہ داری جانچ پڑتال اور خطرات کے انتظام سے مشروط ہے۔ اس میں مالیاتی، آپریٹنگ اور تعمیل کنٹرول اور رسک مینجمنٹ طریقہ کار اور ان کی تاثر شامل ہیں۔ ڈائریکٹرز نے سال 2017ء کے لئے سالانہ جائزہ اور تخمینہ مکمل کر لیا ہے۔ بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ انٹرنل آڈٹ فنکشن کی جائزہ رپورٹس کا مسلسل جائزہ لیتے ہیں تاکہ انٹرنل کنٹرول کی ضروریات کو پورا کیا جاسکے۔ کمپنی کا انٹرنل آڈٹ فنکشن کنٹرول سرگرمیوں کی تاثر اور استحکام کا جائزہ لیتا ہے اور آڈٹ کمیٹی اور بورڈ کو مسلسل رپورٹ کرتا رہتا ہے۔

کمپنی کے کاروبار کا ماحول پر اثر

کمپنی کے کاروبار کی فطرت سروس فراہم کرنا ہے، لہذا اس کی سرگرمیوں کا ماحول پر بہت کم اثر ہے۔ ای میلز کے ذریعے زیادہ سے زیادہ بات چیت کرنے کے لیے کمپنی ملازموں، محکموں اور گاہکوں کی کاغذ کا استعمال کم کرنے کی پالیسی پر حوصلہ افزائی کرتی ہے

شیئرز ہولڈرز کے لئے پے آؤٹ

کمپنی کے غیر معمولی خسارہ کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے اس سال کسی بھی قسم کے پے آؤٹ کی سفارش نہ کی ہے۔

رِسک مینجمنٹ

کمپنی کی بنیادی کاروباری سرگرمیاں عام طور پر نمایاں مارکیٹ اور کریڈٹ رِسک کا شکار ہوتی ہیں۔ مزید یہ کہ، کمپنی کو مزید دیگر خطرات بھی لاحق ہو سکتے ہیں جس میں آپریٹنگ رِسک، قانونی رِسک اور فنڈنگ رِسک شامل ہیں۔ مؤثر شناخت، تعین اور ان خطرات کا انتظام کمپنی کی کامیابی اور استحکام کے لئے بہت اہم ہیں۔ نتیجہ کے طور پر جامع رِسک مینجمنٹ پالیسیاں اور طریقہ کار ترتیب دیئے جاتے ہیں تاکہ شناخت کر کے بڑے خطرات کی نگرانی اور کنٹرول کیا جاسکے۔

گزشتہ سالوں میں کمپنی کی کارکردگی

گزشتہ چھ سالوں کی کارکردگی کا چارٹ ساتھ منسلک ہے۔

فی حصص آمدنی

30 جون 2017ء کو اختتام پذیر سال کے لئے فی حصص آمدنی 1.87 روپے تھی جو گزشتہ سال 0.22 روپے رہی۔

ڈائریکٹرز کا انتخاب / بورڈ آف ڈائریکٹرز میں تبدیلیاں

30 دسمبر 2016ء کو منعقدہ کمپنی کے شیئرز ہولڈرز کے غیر معمولی اجلاس عام میں آئندہ تین سال کی مدت کے لئے نئے بورڈ آف ڈائریکٹرز کا انتخاب ہوا۔ منتخب کردہ ڈائریکٹرز میں جناب فاروق بن حبیب، جناب محمد جنید اور جناب مظہر عباس بورڈ سے ریٹائر ہو گئے۔

سال کے دوران بورڈ کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

ڈائریکٹرز	اجلاس میں حاضری
میاں احسان الحق	4
فاروق بن حبیب (ریٹائرڈ)	2
مظہر عباس (ریٹائرڈ)	2
احسن ضیا	2
محمد جنید (ریٹائرڈ)	4
وسیم الحسن	4
ملک سفیر رضا اعوان	2
راجا سہیل قربان	2
ذوہیب خان	2
عبدالصمد	4

جو ڈائریکٹرز اجلاس میں شرکت نہ کر سکے انہیں بورڈ کی جانب سے حسب ضابطہ رخصت معافی کی گئی۔

ڈائریکٹرز کی تجارت

مالیاتی سال کے دوران کمپنی کے شیئرز میں ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچوں کی تجارت کی تفصیلات ضمیمہ 1 میں بیان کی گئی ہیں۔

انسانی وسائل اور مشاہرہ (HR&R) کمیٹی

سٹینڈ ریگولیشنز میں بیان کردہ پاکستان میں لاگو کوڈ آف کارپوریٹ گورننس کو مدنظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے HR اور مشاہرہ کمیٹی تشکیل دی ہے۔ یہ تین اراکین پر مشتمل ہے۔ ذیل میں HR&R کمیٹی کے اراکین کے نام بیان کئے گئے ہیں:

جناب وسیم الحسن (چیئرمین)

میاں احسان الحق (رکن)

جناب عبدالصمد (رکن)

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تحت بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی تشکیل دی ہے۔ سال کے دوران آڈٹ کمیٹی کے چھ اجلاس منعقد ہوئے۔ حاضری کی تفصیل درج ذیل ہے:

آڈٹ کمیٹی کے اراکین	اجلاس میں حاضری
فاروق بن حبیب (ریٹائرڈ)	4
جناب مظہر عباس (ریٹائرڈ)	4
جناب احسن ضیا (مستعفی)	4
ملک صفیر رضا اعوان	2
راجا سہیل قربان	2
جناب ذہیب خان	2

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی تشکیل دی ہے۔ اور دوبارہ تشکیل کردہ آڈٹ کمیٹی کے اراکین درج ذیل ہیں۔

راجا سہیل قربان	چیئر مین
ذہیب خان	رکن
ملک صفیر رضا اعوان	رکن

آڈیٹرز

موجودہ آڈیٹرز میسرز ناصر جاوید مقصود عمران (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو چکے ہیں اور اہل ہوتے ہوئے، اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کو ملحوظ خاطر رکھتے ہوئے 30 جون 2018ء کو اختتام پذیر سال کے لئے میسرز ناصر جاوید مقصود عمران (چارٹرڈ اکاؤنٹنٹس) کو کمپنی کے آڈیٹرز کے طور پر دوبارہ متعین کیا ہے۔

شینئر ہولڈنگ کی وضع

کمپنیز ایکٹ 2017ء کے سیکشن 227(2)(f) اور لسٹنگ ریگولیشنز کے تحت شینئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی نے بورڈ آف ڈائریکٹرز بہتر کارپوریٹ گورننس کے قیام کی غرض سے سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے تحت کوڈ آف کارپوریٹ گورننس کو مکمل طور پر اپنایا ہے۔
- یہ مالی اسٹیٹمنٹ کمپنی کی انتظامیہ نے مرتب کی ہیں جس میں کمپنی کے امور، عمل درآمد کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو بہتر انداز میں پیش کیا گیا ہے۔
- کمپنی کی باقاعدہ اکاؤنٹ بکس مرتب کی گئی ہیں۔
- مالی اسٹیٹمنٹ کی تیاری میں بین الاقوامی اکاؤنٹنگ سٹینڈرڈ، جو پاکستان میں قابل عمل ہیں، کا نفاذ کیا جاتا ہے اور میں سے کسی بھی قسم کی منتقلی کو مناسب طریقہ سے ظاہر کیا جاتا ہے۔
- انٹرنل کنٹرول کا نظام بہت اعلیٰ ہے اور اس پر مؤثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- لسٹنگ ریگولیشن میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری کی مد میں کوئی ابہام نہیں ہے۔
- گذشتہ چھ سال کا اہم مالیاتی ڈیٹا رپورٹ کے ساتھ مختصر بیان کیا گیا ہے۔
- ٹیکس، ڈیوٹی، لیویز اور جرمانوں کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں۔ اور منسلک اکاؤنٹس میں یہ بیان نہیں کئے گئے ہیں۔
- کمپنی ڈائریکٹرز کے لئے ٹریڈنگ پروگرام کی ضروریات پر مکمل طور پر عمل کرتی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز تمام شینئر ہولڈرز کی مسلسل حمایت کو قدر کی نگاہ سے دیکھتا ہے اور ان کا شکریہ ادا کرتا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور پاکستان سٹاک ایکسچینج لمیٹڈ کی جانب سے رہنمائی اور وسیع حمایت کو ملحوظ خاطر رکھتا ہے۔ آخر میں بورڈ تمام شرافت ممبرز کی انتھک محنت کا اعتراف کرتا ہے۔

مخانب بورڈ آف ڈائریکٹرز

لاہور

چیف ایگزیکٹو آفیسر

ڈائریکٹر

02 اکتوبر، 2017ء

Annexure I

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

Directors	Opening balance as on 01-07-2016	Purchase	Bonus	Sale	Closing balance as on 30-06-2017
Mian Ehsan Ul Haq	5,400	24,220	-	-	29,620
Mazhar Abbas (Retired)	5,400	-	-	5,400	-
Muhammad Junaid Godil (Retired)	500	-	-	5,400	-
Ahsan Zia	5,400	-	-	-	5,400
Farooq Bin Habib (Retired)	5,400	-	-	5,400	-
Waseem ul Hassan	500	-	-	-	500
Abdul Samad	600	-	-	-	600
Malik Safeer Raza Awan	2,250	-	-	-	2,250
Raja Suhail Qurban		600	-	-	600
Zuaib Khan		500	-	-	500
Spouces	-		-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Waseem Ul Hassan	500	-	-	-	500
Company Secretary					
Shahzad Jawahar	-	-	-	-	-

FORM 34
THE COMPANIES ACT 2017
(Section 227(2) (F))
PATTERN OF SHAREHOLDING

1. Incorporation Number L-07678 of 94-95

2. Name of the Company FIRST CAPITAL EQUITIES LIMITED.

3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
73	1	100	594
13	101	500	4,649
7	501	1,000	5,566
140	1,001	5,000	545,005
1	5,001	10,000	5,400
2	25,001	30,000	55,725
1	125,001	130,000	127,895
1	490,001	495,000	492,500
1	995,001	1,000,000	997,000
1	1,710,001	1,715,000	1,710,250
1	3,995,001	4,000,000	4,000,000
1	4,345,001	4,350,000	4,349,000
1	4,695,001	4,700,000	4,700,000
1	6,340,001	6,345,000	6,344,000
1	6,905,001	6,910,000	6,906,000
1	7,595,001	7,600,000	7,597,716
1	33,300,001	33,305,000	33,304,000
1	70,190,001	70,195,000	70,190,200
248			141,335,500

5	Categories of shareholders	Shares held	Percentage
5.1(a)	Directors, CEO and their Spouse and Minor Children		
	Mian Ehsan ul Haq	29,620	0.021
	Ahsan Zia	5,400	0.004
	Waseem Ul Hassan	1,080	0.001
	Abdul Samad	600	0.000
	Mailk Safeer Raza Awan	2,250	0.002
	Raja Suhail Qurban	600	0.000
	Zuhaib Khan	500	0.000
5.1(b)	Chief Executive Officer		
	Mian Ehsan ul Haq CEO	Refer 5.1 (a) above	-
5. (c)	Directors spouse & minor children	-	-
5.1.1	Executive / Executives' spouse	-	-
5.2	Associated Companies, undertaking and related parties	-	-
a)	First Capital Securities Corporation Limited	103,494,200	73.226
b)	Pace Barka Properties Limited	7,597,716	5.376
5.3	NIT and ICP	-	-
5.4	Banks, DFIs and NBFIs	-	-
5.5	Insurance	4,700,000	3.325
5.6	Modarabas	-	-
5.6.1	Mutual Funds	127,895	0.090
5.7	Share holders holding 5% or more voting interest		
a)	First Capital Securities Corporation Limited	Refer 5.2 (a) above	
b)	Pace Barka Properties Limited	Refer 5.2 (b) above	
c)	Mr. Sulaiman Ahmed Saeed Al-Hoqani	17,599,000	12.450
5.8	General Public		
	a) Local	2,248,460	1.591
	b) Foreign Companies/Orginzations/Individual / (repatriable bases)	Refer 5.7 (c) above	-
5.9	Others		
	Joint Stock Companies	5,528,179	3.911
	Pension fund Provident Fund etc.	-	-
		141,335,500	100.000

Financial Highlights

PARTICULARS	FY 17	FY 16	FY 15 (Rupees in million)	FY 14	FY 13	FY 12	FY 11
Profit and Loss Account							
Revenues	569.39	315.14	131.64	172.74	327.16	1,364.98	455.86
Expenses	274.64	265.52	366.23	462.91	500.46	1,412.56	675.01
Profit / (loss) before tax	294.75	49.62	(234.61)	(290.55)	(176.11)	(66.99)	(364.09)
Profit / (loss) after tax	264	31.16	(234.23)	(292.30)	(176.94)	(68.33)	(366.23)
Balance Sheet							
Paid up capital	1,413.36	1,413.36	1,413.36	1,413.36	1,080.32	1,080.32	1,080.32
Shareholder's equity	378.36	75.54	49.57	280.55	212.85	342.54	715.42
Liabilities	3,078.34	3,807.01	3,988.89	3,818.42	3,819.15	4,018.80	4,337.65
Total assets	3,456.70	3,882.53	4,038.45	4,098.98	4,022.38	4,361.34	5,053.17
Investment value at cost	97.02	112.45	40.20	52.18	203.35	400.44	501.74
Investment value at mkt price	146.66	118.73	39.32	40.15	131.10	252.07	532.50
Ratios							
Earning / (loss) per share (Rs.)	1.87	0.22	(1.66)	(2.07)	(1.25)	(0.63)	(3.39)
Break up value (Rs.)	2.68	0.53	0.35	1.98	1.97	3.17	6.62
Return on Equity (%)	69.78	41.25	(472.55)	(104.29)	(78.61)	(19.95)	(51.18)
Payout (%)							
Cash		-	-	-	-	-	-
Bonus		-	-	-	-	-	-
Right		-	-	-	40%	-	-

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in the rule book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- 1) The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Raja Suhail Qurban Zuhaib Khan
Non-Executive Directors	Malik Safeer Raza Awan
Executive Directors	Mian Ehsan ul Haq Mr. Ahsan Zia Mr. Waseem ul Hassan Mr. Abdul Samad

The requirement of Independent Directors in composition of Board under the Code will be made at the time of next election of directors.

- 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) During the year no any casual vacancy occurring on the Board. The Directors were elected in EOGM held on 30 December 2016 for the term of next three years.
- 5) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board /shareholders.
- 8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. Board had previously arranged Corporate Governance Leadership Skills (CGLS) training programs for its directors. Three directors have obtained certification of CGLS as required under the clause 5.19.7 of the CCG and are familiarized themselves on their responsibilities with the CCG.

- 10) The Board has approved "appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The Board has formed an Audit Committee. It comprises three members. The Chairman of the Committee is an independent director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members and the chairman of the committee is an independent director.
- 18) The board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24) The Board has developed a mechanism for the annual evaluation of the Board's own performance.
- 25) We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore
02 October 2017

Director

Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of "First Capital Equities Limited" (the Company) for the year ended June 30, 2017 to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks. The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2017.

**Date: October 02, 2017
Islamabad.**

**Nasir Javaid Maqsood Imran
Chartered Accountants
Imran-ul-Haq**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Capital Equities Limited ('the Company') as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the annexed financial statements which indicate that although the company has earned an after tax profit of **Rs. 264 million but still there is an operating loss of Rs. 112.15 million (2016: 207.30 million)**, and the accumulated losses of the company stand at Rs. 1,026.75 million as at June 30, 2017 (2016: 1,289.51). Moreover, the Company in order to carry on its business and to meet its current obligations required to generate sufficient profits. These conditions along with other matters as set forth in note 2 indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Date: 02, October 2017
Islamabad.

Nasir Javaid Maqsood Imran
Chartered Accountants
Imran-ul-Haq

FIRST CAPITAL EQUITIES LIMITED

Annual Report 2017

BALANCE SHEET

As At June 30, 2017

ASSETS

NON - CURRENT ASSETS

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
Property plant and equipment	6	43,952,022	49,085,029
Intangible assets	7	12,500,000	12,500,000
Investments property	8	1,602,449,600	1,608,469,500
Long term investments	9	59,851,308	34,288,815
Long term deposits, receivables and prepayments	10	9,487,966	5,512,559
		1,728,240,896	1,709,855,903

CURRENT ASSETS

Trade debts	11	1,513,588,111	1,990,328,119
Short term investments	12	86,805,188	84,440,219
Advances, deposits, prepayments and other receivables	13	26,976,399	7,766,551
Advance income tax	14	22,020,420	37,707,271
Interest accrued		81,798	319,972
Cash and bank balances	15	78,991,261	52,114,391
		1,728,463,177	2,172,676,523

TOTAL ASSETS

3,456,704,073	3,882,532,426
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EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised Share Capital		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital	16	1,413,355,000	1,413,355,000
Other reserves	17	(8,236,149)	(48,292,434)
Unappropriated loss		(1,026,758,252)	(1,289,518,215)

TOTAL EQUITY

378,360,599	75,544,351
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NON - CURRENT LIABILITIES

Long term financing	18	2,334,515,382	1,914,925,617
Interest Accrued		568,065,170	371,670,346
Deferred liabilities	19	36,208,177	32,284,579
		2,938,788,729	2,318,880,542

CURRENT LIABILITIES

Trade and other payables	20	106,597,027	165,988,912
Short term borrowings	21	-	634,157,148
Current portion of long term financing	18	2,206,000	246,506,008
Interest accrued	22	-	434,999,013
Provision for taxation		30,751,718	6,456,452
		139,554,745	1,488,107,533

CONTINGENCIES AND COMMITMENTS

-	-
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TOTAL EQUITY AND LIABILITIES

3,456,704,073	3,882,532,426
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The annexed notes from 1 to 36 form an integral part of these financial statements.

Director

Chief Executive

Chief Financial Officer

PROFIT AND LOSS ACCOUNT
For The Year Ended June 30, 2017

	<i>Note</i>	2017 ----- Rupees -----	2016 -----
INCOME			
Brokerage income	23	78,326,842	46,581,833
Capital gain / (loss) - net	24	65,036,821	(423,744)
Dividend income		510,955	1,020,436
Gain on re-measurement of investments at fair value through profit or loss - net	12.1	18,607,513	11,032,185
		<u>162,482,131</u>	<u>58,210,710</u>
EXPENDITURE			
Operating and administrative expenses	25	210,618,775	76,530,285
Finance cost	26	64,016,667	188,989,743
		<u>274,635,442</u>	<u>265,520,028</u>
OPERATING LOSS		<u>(112,153,311)</u>	<u>(207,309,318)</u>
OTHER INCOME	27	406,908,286	256,933,046
NET PROFIT BEFORE TAXATION		<u>294,754,975</u>	<u>49,623,728</u>
Taxation	28	30,751,718	18,464,816
PROFIT AFTER TAXATION		<u>264,003,257</u>	<u>31,158,912</u>
EARNING PER SHARE - BASIC AND DILUTED	29	<u>1.87</u>	<u>0.22</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended June 30, 2017

	2017	2016
	----- Rupees -----	
Profit after taxation for the year	264,003,257	31,158,912
Other comprehensive income / (loss) for the year		
<u>Items that will never be reclassified to profit or loss:</u>		
Remeasurement of defined benefit plan	(1,243,294)	(450,105)
<u>Items that are or may be reclassified to profit or loss:</u>		
Unrealised gain / (loss) on remeasurement of investment available for sale	40,056,285	(4,732,538)
Total other comprehensive income / (loss) - net of tax	38,812,991	(5,182,643)
Total comprehensive income	302,816,248	25,976,269

The annexed notes from 1 to 36 form an integral part of these financial statements.

CASH FLOW STATEMENT**For The Year Ended June 30, 2017**

	2017	2016
<i>Note</i>	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	294,754,975	49,623,728
Add: Items not involved in movement of funds		
Depreciation	5,572,188	5,828,297
Impairment	-	4,043,680
Capital gain on sale of investments - available for sale	(52,830,248)	-
Gain on re-measurement of investments at fair value through profit or loss - net	(18,607,513)	(11,032,185)
Loss / (gain) on re-measurement of investment property	6,019,900	(342,300)
Deposits written off	-	2,500,000
Dividend income	(510,955)	(1,020,436)
Accrued interest written back	(268,557,454)	(252,466,144)
Interest accrued	(893,522)	(1,268,147)
Interest expense	29,953,265	188,989,743
Gain on sale of investment property	(142,368,000)	-
Gain on sale of property and equipment	(153,301)	(1,208,000)
Bad debts written off	100,621,409	-
Provision for gratuity	5,306,437	(13,568,997)
	(336,447,794)	(79,544,489)
	(41,692,819)	(29,920,761)
Decrease / (Increase) in current assets		
Investments at fair value through profit or loss	16,242,544	(73,108,510)
Trade debts - unsecured	376,740,008	224,031,010
Advances, deposits, prepayments and other receivables	(19,209,847)	7,156,506
	373,772,705	158,079,006
Increase in current liabilities in trade and other payables		
	(59,391,885)	(15,126,042)
Cash generated in operations	272,688,001	113,032,203
Interest received	1,131,696	1,386,405
Dividend received	510,955	1,020,436
Finance cost paid	-	(140,719)
Gratuity paid	(2,626,133)	(1,353,500)
Refund received / (taxes paid)	8,608,984	(4,491,452)
Net cash generated in operating activities	280,313,503	109,453,373

Director

Chief Executive

Chief Financial Officer

CASH FLOW STATEMENT

For The Year Ended June 30, 2017

	2017	2016
<i>Note</i>	----- Rupees -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,177,475)	(1,287,200)
Proceeds from sale of property and equipment	891,600	1,208,000
Investments available for sale	67,324,040	-
Acquisition of investments property	(198,978,500)	9,290,400
Proceeds from investments property	341,346,500	-
Long term deposits and advances	(3,975,407)	(2,683,559)
Net cash generated in investing activities	205,430,758	6,527,641
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance paid	(458,867,391)	(73,943,715)
Short term borrowings	-	-
Net cash used in financing activities	(458,867,391)	(73,943,715)
Effects of exchange rate changes in cash and cash equivalents	-	-
Net Increase In Cash And Cash Equivalents	26,876,870	42,037,299
Cash And Cash Equivalents At The Beginning Of The Year	52,114,391	10,077,092
Cash And Cash Equivalents At The End Of The Year	78,991,261	52,114,391
15		

The annexed notes from 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2017

	Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserve		Total
		Share Premium	Reserve for issue of bonus shares	Other Reserve	Unappropriated Loss	
				Rupees		
Balance as at June 30, 2015	1,413,355,000	-	-	(43,559,896)	(1,320,227,022)	49,568,082
Profit for the year after taxation	-	-	-	-	31,158,912	31,158,912
Other comprehensive income for the year						
Fair value reserve realised	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	(450,105)	(450,105)
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(4,732,538)	-	(4,732,538)
Total other comprehensive loss for the year - net of tax	-	-	-	(4,732,538)	(450,105)	(5,182,643)
Total comprehensive income/(loss) for the year	-	-	-	(4,732,538)	30,708,807	25,976,269
Balance as at June 30, 2016	1,413,355,000	-	-	(48,292,434)	(1,289,518,215)	75,544,351
Profit for year after taxation	-	-	-	-	264,003,257	264,003,257
Other comprehensive income for the year						
Fair value reserve realised	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	(1,243,294)	(1,243,294)
Surplus on remeasurement of investment available for sale to fair value	-	-	-	40,056,285	-	40,056,285
Total other comprehensive income / (loss) for the year - net of tax	-	-	-	40,056,285	(1,243,294)	38,812,991
Total comprehensive income for the year	-	-	-	40,056,285	262,759,963	302,816,248
Balance as at June 30, 2017	1,413,355,000	-	-	(8,236,149)	(1,026,758,252)	378,360,599

The annexed notes from 1 to 36 form an integral part of these financial statements.

Director

Chief Executive

Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2017

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 Pakistan Stock Exchange Limited formerly Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (2016: 73.23%) 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

- 2 Although the company has earned an after tax profit of Rs. 264 Million but still there is an operating loss of Rs. 112.15 Million (2016: 207.30 Million), moreover the accumulated losses of the company stand at Rs. 1,026.75 million as at June 30, 2017 (2016: 1,289.51), however the company successfully signed debt property swaps and modified terms agreements of its long term loans with various banks. The mark up on various loans has also been waived / frozen. These facts have enabled the Company to earn an after tax profit of Rs. 264 million.

The Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. For this purpose the management of the Company has drawn up plans for :

- a) Hiring of renowned traders from the market
- b) Vigorously following the debtors for recovery
- c) Change in top operations management to improve the operations of the company.
- d) The Company is also relying on continued support from its sponsors.

Owing to these factors, these financial statements are prepared on going concern basis.

3 Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984. Approved Accounting Standards comprise of such International financial reporting standards as notified under the provisions of the Companies Ordinance 1984. Whenever the requirements of the Companies Ordinance 1984 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the Standards, the requirements of the Companies Ordinance 1984 or the requirements of the said directives take precedence.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for some intangible assets, investment property and certain financial assets that are stated at fair value and recognition of deferred liabilities at present value.

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions, that affect the application of

policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

a)	Useful life and residual values of property and equipment	Note 5.1
b)	Impairment	Note 5.3
c)	Provisions and contingencies	Note 5.13
d)	Staff retirement benefits	Note 5.14
e)	Provision for taxation	Note 5.16

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

4.1 The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment) IFRS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

Annual improvements to IFRSs 2012-2014 Cycle

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

4.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Yet not finalised
IAS 7- Statement of Cash Flows: Disclosure Initiative (Amendment)	January 1, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 4- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 1, 2018
IFRIC 22 -Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 -Uncertainty over Income tax treatment	January 1, 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Property plant and equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30, 2016 did not require any adjustment.

5.2 Intangible assets

(a) TRE Certificates

These are stated at closest estimate of fair value as issued by Pakistan Stock Exchange vide its circulars regularly. The carrying value is reviewed at each balance sheet date and impairment is charged if any indications arises for decline in value or the value issued by Pakistan Stock Exchange is lower than the carrying value, if any. These assets have an indefinite useful life so no amortization has been charged.

(b) Rooms and Others

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets have an indefinite useful life so no amortization has been charged.

5.3 Impairment

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

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

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

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

5.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the

financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

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

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

5.5 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet date. Impairment on these assets is charged in accordance with Note 5.3.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end.

The Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. If any such evidence exists for available for sale investments, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through profit and loss account.

Investments at fair value through profit or loss

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

5.6 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is charged to profit and loss on accrual basis.

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

5.7 Trade debts

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

5.8 Settlement date accounting

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

5.9 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, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.10 Interest bearing borrowings

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

5.11 Offsetting of financial assets and financial liabilities

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

5.12 Trade and other payables

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

5.13 Provisions

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

5.14 Staff retirement benefits

Defined benefit plan

The Company maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

5.15 Revenue recognition

- * Capital gains or losses on sale of investments are recognized in the year in which they arise.
- * Brokerage income, consultancy and money market services are recognized as and when such services are provided.
- * Dividend income is recognized at the time of book closure of the company declaring the dividend.
- * Return on securities other than shares is recognized as and when it is due on time proportion basis.
- * Mark-up/interest income is recognized on accrual basis.
- * Rental income from investment properties is recognized on accrual basis.

5.16 Taxation

Current

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

Deferred

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

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

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

5.17 Functional and presentation currency

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

5.18 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of

transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

5.19 Cash and cash equivalents

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

5.20 Related party transactions

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

5.21 Fair value

"Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date."

Specific valuation techniques used to value financial instruments include:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

"Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date."

6. PROPERTY PLANT AND EQUIPMENT

	2017	2016
Note	Rupees	
6.1	43,952,022	49,085,029
	43,952,022	49,085,029

6.1 Property, plant and equipment schedule

	Note	Freehold building	Computers	Office equipment	Furniture & fittings	Vehicles	Total
Rupees							
Year ended June 30, 2017							
Opening net book value (NBV)		44,326,721	658,061	1,311,909	1,912,161	876,182	49,085,034
Additions / transfers		-	692,150	433,825	-	51,500	1,177,475
Disposals	6.2	-	(43,216)	(1,750)	-	(693,333)	(738,299)
Depreciation charged		(3,372,790)	(488,540)	(663,489)	(992,152)	(55,217)	(5,572,188)
Balance as an June 30, 2017 (NBV)		40,953,931	818,455	1,080,495	920,009	179,132	43,952,022
Gross carrying value as at June 30, 2017							
Cost		67,455,802	18,128,965	16,411,169	14,089,243	25,170,633	141,255,812
Accumulated depreciation		(26,501,871)	(17,310,510)	(15,330,674)	(13,169,234)	(24,991,501)	(97,303,790)
Net book value		40,953,931	818,455	1,080,495	920,009	179,132	43,952,022
Year Ended June 30, 2016							
Opening net book value (NBV)		47,699,502	692,569	2,061,320	3,008,388	164,355	53,626,134
Additions / transfers		-	384,700	35,000	-	867,500	1,287,200
Disposals		-	-	-	-	-	-
Depreciations charged		(3,372,792)	(419,206)	(784,411)	(1,096,231)	(155,667)	(5,828,305)
Balance as at June 30, 2016 (NBV)		44,326,710	658,063	1,311,909	1,912,157	876,188	49,085,029
Gross carrying value as at June 30, 2016							
Cost		67,455,802	18,953,434	16,019,344	14,089,243	25,966,633	142,484,456
Accumulated depreciation		(23,129,090)	(18,295,371)	(14,707,435)	(12,177,086)	(25,090,445)	(93,399,427)
Net book value		44,326,712	658,063	1,311,909	1,912,157	876,188	49,085,029
Depreciation rate (% per annum)		5	33.33	10	10	20	

Free hold building having cost of Rs. 67.45 million (2016 Rs. 67.45 million) has been pledged with various banks against long term financing.

6.2 Disposal of property and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Particulars of Buyers
	Rupees			Rupees			
Vehicle	847,500	154,167	693,333	800,000	106,667	Negotiation	Rehan Khan
Computers	42,000	40,250	1,750	3,000	1,250	Negotiation	Multimedia Business Machine - Lahore
Computers	1,420,599	1,420,599	-	21,600	21,600	Negotiation	Muhammad Saleem
Computers	39,900	39,900	-	4,000	4,000	Negotiation	N I System - Karachi
Vehicle	47,500	47,500	-	20,000	20,000	Negotiation	Tariq Ali
Computers	56,220	13,004	43,216	43,000	(216)	Negotiation	Syed Athar Rauf
Total	2,453,719	1,715,420	738,299	891,600	153,301		

7 INTANGIBLE ASSETS

	Note	2017 ----- Rupees -----	2016 -----
Trading Right Entitlement Certificate (TREC)			
Pakistan Stock Exchange Limited	7.1	5,000,000	5,000,000
Room			
Pakistan Stock Exchange Limited		7,500,000	7,500,000
		<u>12,500,000</u>	<u>12,500,000</u>

- 7.1** This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX), in accordance with the requirements of the Stock Exchanges (Corporation, demutualization and Integration) Act, 2012 (The Act).

During the year, the Pakistan Stock Exchange Limited (PSX) issued value of TREC at Rs. 5 million (2016: Rs. 5 million) as per the decision of the PSX for calculation of BMC. Consequently no impairment was needed.

- 7.2** The Company has no internally generated intangible assets.

8 INVESTMENT PROPERTY

	Note	2017 ----- Rupees -----	2016 -----
Balance as on July 01,		1,608,469,500	1,617,417,600
Acquisition during the year		198,978,500	-
		<u>1,807,448,000</u>	1,617,417,600
Disposal during the year	8.4	(198,978,500)	(9,290,400)
		<u>1,608,469,500</u>	1,608,127,200
(Decrease) / Increase in fair value		(6,019,900)	342,300
Balance as at June 30,	8.3	<u>1,602,449,600</u>	<u>1,608,469,500</u>

- 8.1** Investment Property comprises various shops / counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this properties to pay off the bank borrowings.

- 8.2** The direct operating expenses related to the investment property were Rs. 50,000/- (2016 Rs. 50,000/-).

- 8.3** The fair value of subject investment property is based on valuation that was carried out by M/s. Negotiator, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2017. The valuer determined the fair value of Rs. 1,602,449,600 (2016: 1,608,469,500), the effect of which has been incorporated in the financial statements. The table below analyses the non-financial

assets carried at fair value, by valuation method. The different levels have been defined in Note 5.23 & Note 8.6

8.4 During the year properties having carrying value of Rs. 198 Million were exchanged under debt property swap arrangements and adjusted against loans from banking companies having carrying amount of Rupees 341 Million, the resultant gain on the disposal of these properties was charged to other income.

8.5 "During 2016 these properties were designated as assets held for sale under the principles of IFRS-5. During the current year the company ceased to meet the criteria of IFRS-5 regarding sale of said properties within one year. Consequently these properties are reclassified in non current assets. In case of reclassification investment property is required to be measured at the lower of:-

-the amount at which it would have been carried if it had never been classified as held for sale (i.e.: its carrying amount before it was classified as held for sale as adjusted for any depreciation, amortisation, or revaluations that would have been recognised if it had not been so classified); and

-its recoverable amount at the date of the subsequent decision not to sell.

Consequently these assets are measured at fair value being the recoverable amount on the reporting date. "

8.6 "Recurring fair value measurements"

	Fair value measurements at June 30 2017 using "significant other observable inputs (Level 2)" Rupees
Investment properties	1,602,449,600
	Fair value measurements at June 30 2016 using "significant other observable inputs (Level 2)" Rupees
Investment properties	1,608,469,500

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2016 or 2017.

Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

9 LONG TERM INVESTMENTS

	<i>Note</i>	2017	2016
9.1 Investment in related parties		----- Rupees -----	
Available for sale			
Media Times Limited - quoted shares	9.1.1	18,687,475	10,132,495
9.2 Other Investments			
Available for sale			
Pakistan Stock Exchange Limited - quoted shares	9.2.1	41,163,833	24,156,320
		<u>59,851,308</u>	<u>34,288,815</u>

	2017	2016
	----- Rupees -----	
9.1.1 Movement of Investment in related parties		
Opening balance on July 01,	10,132,495	14,865,033
6,067,362 (2016: 6,067,362) Fully paid ordinary shares of Rs. 10 each		
Equity Held 3.39% (2016 : 3.39%)		
 Gain/(loss) on remeasurement of investment available for sale charged to OCI	8,554,980	(4,732,538)
 Closing balance on June 30,	18,687,475	10,132,495

Shares having value of Rs. 18,687,475 million (2016 Rs. 10,132,495 million) have been pledged with various commercial banks against long term financing.

9.2.1 Movement of other Investments	<i>Note</i>	2017 Rate Per Share	2016	2017 Rupees	2016
Opening balance		4,007,383	4,007,383	24,156,320	24,156,320
Addition		-	-	-	-
Deletion		(2,404,430)	-	(14,493,792)	-
 Closing		1,602,953	4,007,383	4,007,383	24,156,320
 Remeasurement of carrying shares	9.2.2	1,602,953	4,007,383	41,163,833	24,156,320
 Unrealized gain charged to OCI				31,501,305	
 Carrying value of shares sold during the year		2,404,430	-	14,493,792	-
Sale proceeds from the disposal		2,404,430	-	67,324,040	-
Capital gain realized				52,830,248	-

This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in accordance with requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX. Previously, active market was not available for such shares so these were measured at cost, the net asset value based valuation was considered as the closest estimate of fair value of these shares on the transaction date i.e. historical cost. During the year these shares were listed on the stock exchange and the company started to measure these using the quoted market prices readily available on the stock exchange being the active market of these securities.

During the year, PSX concluded bidding process for its equity stake where share price of Rs. 28 per share was offered by successful bidder. PSX sold these 60% (40% to the successful bidder & 20% to general public) shares of the company, held in separate blocked account in CDC at this price and sale proceeds were transferred in the designated bank account of the company. Capital gain of Rs. 52,830,247/- was earned on the sale of these shares.

9.2.2 Level 1 inputs i.e. Quoted prices (unadjusted) in active markets for these shares are used for recurring measurement of fair value.

10 LONG TERM DEPOSITS, RECEIVABLES AND PREPAYMENTS

	2017	2016
	----- Rupees -----	
Pakistan Stock Exchange Limited	2,397,442	3,653,159
Central Depository Company of Pakistan Limited	100,000	100,000
National Clearing Company of Pakistan Limited	1,400,000	400,000
Other deposits and receivables	5,590,524	1,359,400
	<u>9,487,966</u>	<u>5,512,559</u>

10.1 This includes balance receivable from First Capital Securities Corporation Limited (Parent Company) Rs. 890,400/- (June 2016 : Rs. 890,400/-).

11 TRADE DEBTS

	2017	2016
	----- Rupees -----	
Trade debts against purchase of shares:		
Considered good - unsecured		
Clients		
Related parties	11.1	182,477,610
Others	1,513,588,111	1,807,229,100
Members	-	621,409
	<u>1,513,588,111</u>	<u>1,990,328,119</u>
Considered doubtful:		
Clients	1,092,901,226	1,092,901,226
Members	3,911,979	3,911,979
	<u>1,096,813,205</u>	<u>1,096,813,205</u>
Less: Balance off set agaist provision for doubtful debts	11.1.2	-
Less: Provision for doubtful debts	11.1.2	(1,096,813,205)
	<u>-</u>	<u>-</u>
	<u>1,513,588,111</u>	<u>1,990,328,119</u>
11.1 Related parties		
Salmaan Taseer	-	13,571,120
Aamna Taseer	-	263,808
Shehryar Ali Taseer	-	682,743
Pace Barka Properties Limited	-	5,000
Suleman Al Houqani	-	167,944,259
First Capital Mutual Fund Limited	-	10,680
	<u>-</u>	<u>182,477,610</u>

11.1.1 During the year the balances receivable from Mr. Salman Taseer and Mr. Sueliman Saeed Ahmed Al-Houqqani were removed from the balances due from related parties as both these parties are deceased individuals.

Age analysis of trade debts from related parties is provided in Note 32.1.2.

11.1.2 Provision for doubtful debts

During the year the board of directors of the company decided to remove the 100% provision provided balances amounting to Rs. 1,096.813 Million from the balance sheet. The movement is as follows.

	2017	2016
	----- Rupees -----	
Opening balance	1,096,813,205	1,096,813,205
Charge for the year	-	-
Provision for Doubt full debts off set against the doubttdul balances	(1,096,813,205)	-
Closing balance	<u>-</u>	<u>1,096,813,205</u>

12 SHORT TERM INVESTMENTS

Note 2017 2016
----- Rupees -----

At fair value through profit or loss

Quoted equity securities

12.1	86,805,188	84,440,219
	<u>86,805,188</u>	<u>84,440,219</u>

12.1 Quoted equity securities held for trading

	2017			2016		
	Number of Shares	Carrying Amount	Market Value	Number of Shares	Carrying Amount	Market Value
	Rupees			Rupees		
Investments in related parties						
First Capital Mutual Fund Limited	1,792	21,128	22,902	1,792	22,418	21,128
Media Times Ltd	7,825,638	13,068,815	24,102,965	7,825,638	7,825,638	13,068,815
Pace (Pakistan) Limited	7,600,000	47,500,000	52,896,000	7,600,000	49,400,000	47,500,000
Other investments						
Arif Habib Ltd.	100	4,512	8,041	100	6,961	4,512
World Call Telecom	800,000	1,568,000	2,440,000	800,000	923,500	1,568,000
Haseeb Waqas Sugur Mills Ltd.	-	-	-	2,738,956	8,276,109	13,694,780
PICIC Insurance Limited	32,000	172,800	112,000	32,000	352,000	172,800
Pioneer Cement Limited	11,000	1,181,400	1,430,000	11,000	983,950	1,181,400
Colon Textile Mills Limited	-	-	-	237,480	883,425	607,949
Pakistan Telecommunication Limited	34,000	511,020	530,740	34,000	650,080	511,020
Shaheen Insurance Company Limited	834,000	4,170,000	5,262,540	1,221,963	4,083,953	6,109,815
Total Investment		68,197,675	86,805,188		73,408,034	84,440,219
Gain on remeasurement		18,607,513			11,032,185	
Total Investment as at June 30,		<u>86,805,188</u>			<u>84,440,219</u>	

12.2 Shares having carrying amount of Rs. 68,176,547/- (2016: Rs. 73,386,616/-) and market value of Rs. 86,782,286/- (2016: Rs. 84,419,091/-) are pledged as security against long term loans. Out of these shares having carrying value of Rs. NIL (2016: Rs. 4,104,396/-) and market value of Rs. NIL (June 2016: Rs. 6,589,815/-) have been transferred to commercial banks.

12.3 During the year capital gain of Rs. 12,358,326/- has received on sale of shares having cost of Rs. 16,242,544/-.

12.4 Level 1 inputs i.e. Quoted prices (unadjusted) in active markets for these shares are used for recurring measurement of fair value.

		2017	2016
	Note	----- Rupees -----	-----
13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured - considered good			
Executives	13.1	1,470,671	1,744,175
Employees	13.1	1,682,621	1,165,487
Deposits with			
Central Depository Company of Pakistan Limited		-	25,000
Others		5,900	411,652
Prepayments		19,831	17,837
Exposure with Pakistan Stock Exchange Limited	13.2	18,548,313	2,308,878
Accrued brokerage commission		249,714	153,050
Accrued rental income		403,000	1,495,000
Other receivables - considered good	13.3	4,596,349	445,472
		<u>26,976,399</u>	<u>7,766,551</u>

13.1 Advances given to Executives / Employees are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary / expenses claims. Advances to executives and employees does not include any amounts due from chief executive and directors (2016 : NIL).

13.2 This represents exposure deposit with the Pakistan Stock Exchange Limited under the exposure rules. This includes Rs. 18,000,000/- deposited with PSX against requirement of Base Minimum Capital.

		2017	2016
	Note	----- Rupees -----	-----
14 ADVANCE INCOME TAX			
Advance income tax		14,332,931	6,940,307
Income tax refund claimed	14.1	<u>7,687,489</u>	<u>30,766,964</u>
		<u>22,020,420</u>	<u>37,707,271</u>

14.1 During the year, the Company has received/adjusted Rs. 23,079,475 Income Tax refund claims up to 2015 under section 170 of Income Tax Ordinance 2001.

		2017	2016
	Note	----- Rupees -----	-----
15 CASH AND BANK BALANCES			
Cash at bank			
Current accounts	15.1	74,990,189	50,497,552
Deposit accounts	15.2	3,941,691	1,472,458
		78,931,880	51,970,010
Cash in hand		59,381	144,381
		<u>78,991,261</u>	<u>52,114,391</u>

15.1 Current accounts include clients' balances held in designated bank accounts of Rs. 74,281,396 (2016: Rs. 49,805,202/-)

15.2 These carry profit at rates ranging from 3% to 4% per annum (2016: 3% to 5% per annum).

16 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2017	2016		2017	2016
Number of Shares			Rupees	
73,316,250	73,316,250	Shares issued against cash consideration		
		Shares of Rs. 10/- each fully paid	733,162,500	733,162,500
		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
141,335,500	141,335,500		1,413,355,000	1,413,355,000

16.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 103,494,200 (73.23%) ordinary shares (2016: 103,494,200 (73.23 %)) of the Company.

17 OTHER RESERVES

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired. The details are as under:-

	Media Times Limited	Pakistan Stock Exchange Limited	Total
Balance as on July 01, 2016	(48,292,434)	-	(48,292,434)
Fair value increase during the year charge to OCI	8,554,980	84,331,553	92,886,533
Gain realized on assets derecognized and charged to profit and loss	-	(52,830,247)	(52,830,247)
Balance as on June 30, 2017	(39,737,454)	31,501,306	(8,236,148)

18 LONG TERM FINANCING

	Note	2017	2016
		Rupees	
Long term financing - Secured			
Loans from banking companies	18.1	2,362,732,545	2,221,164,466
Deferred notional income	18.3	(26,011,163)	(59,732,841)
		2,336,721,382	2,161,431,625
Less: Current portion shown under current liability		(2,206,000)	(246,506,008)
Long term portion		2,334,515,382	1,914,925,617

18.1 This includes agreements with different commercial banks with an original mark up rate of 8% and 3 months kibar plus 1.5% to 4 % p.a (2016: 8% and 3 months kibar plus 1.5% to 4 % p.a). But owing to the negotiations with the banks the markup on these loans was either waived or frozen. During the year the company also received grace letters for extension in payment of loans. Short term loans having carrying

amount of Rs. 550,322,913/- have been reclassified to long term loans. Refer Note 21.1 for details. These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. For details refer Note 6.1, 8.1, 9.1.1 and 12.1.

- 18.2** During the year loans having carrying amount of Rs. 458,867,391/- have been paid / adjusted against disposal of shares and investment property.
- 18.3** This represents the difference between amortization cost and carrying value and restructuring of long term loans. Amortized cost has been determined using effective interest rate 6.05% to 9.05% (2016: 6.05% to 9.05%) per annum based on the 6 month KIBOR rate. Movement is as follows:

	2017	2016
	----- Rupees -----	
Deferred notional income		
As at beginning of the year	59,732,842	182,336,158
Occurred during the year	-	-
Amortized during the year	(33,721,679)	(122,603,316)
As at end of the year	<u>26,011,163</u>	<u>59,732,842</u>

19 DEFERRED LIABILITIES

Provision for Gratuity	<u>36,208,177</u>	<u>32,284,579</u>
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- 19.1** The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2017.

	2017	2016
	----- Rupees -----	
<u>Statement of financial position</u>		
Present value of defined benefits obligations	34,881,310	31,592,079
plus payables	1,326,867	692,500
Balance sheet liability/(asset)	<u>36,208,177</u>	<u>32,284,579</u>

Change in present value of defined benefits obligations

Present value of defined benefits obligation	31,592,079	45,490,471
Current service cost	2,634,735	4,243,594
Past service cost (credit)	-	-
Interest cost on defined benefits obligation	2,671,702	4,397,320
Benefits due but not paid (payables)	(1,186,867)	(140,000)
Benefits paid	(2,626,133)	(639,500)
Gain and losses arising on plan settlements	-	(22,209,911)

Remeasurements:

Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	18,943	(56,653)
Experience adjustments	1,776,851	506,758
Present value of defined benefits obligation	<u>34,881,310</u>	<u>31,592,079</u>

Expenses to be charged to P&L

	2017	2016
	----- Rupees -----	
Current service cost	2,634,735	4,243,594
Past service cost (credit)	-	-
Gain and losses arising on plan settlements	-	(22,209,911)
Interest cost on defined benefits obligation	2,671,702	4,397,320
Expenses chargeable to P&L	<u>5,306,437</u>	<u>(13,568,997)</u>

Total remeasurements chargeable in other comprehensive income

Remeasurement of plan obligation:

Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	18,943	(56,653)
Experience adjustments	1,776,851	506,757
	<u>1,795,794</u>	<u>450,104</u>

Change in net liability

<u>Balance sheet liability/(asset)</u>	32,284,579	46,756,971
Expenses chargeable to P&L	5,306,437	(13,568,997)
Remeasurements chargeable in other comprehensive income	1,795,794	450,105
Benefits paid	(2,626,133)	(1,353,500)
Adjustment to last years payables	(552,500)	-
<u>Balance sheet liability/(asset)</u>	<u>36,208,177</u>	<u>32,284,579</u>

Significant actuarial assumptions

Discount rate for interest cost in P&L charge	9.00%	9.75%
Discount rate for year end obligation	9.25%	9.00%
Salary increase used for year end obligation		
Salary increase FY 2017	N/A	8.00%
Salary increase FY 2018	8.25%	8.00%
Salary increase FY 2019	8.25%	8.00%
Salary increase FY 2020	8.25%	8.00%
Salary increase FY 2021	8.25%	8.00%
Salary increase FY 2022	8.25%	8.00%
Salary increase FY 2023 onward	8.25%	8.00%
Next salary is increased at	July 01, 2017	July 01, 2016

Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60

20 TRADE AND OTHER PAYABLES

	2017	2016
	----- Rupees -----	
Payable against sale of shares - un secured		
Clients	72,488,591	63,203,404
Members	-	947,278
Accrued and other liabilities	29,719,639	74,542,542
With holding tax payable	4,388,796	27,295,687
	<u>106,597,027</u>	<u>165,988,912</u>

20.1 This includes balance payable to associated company i.e. Falcon Commodities (Pvt) Limited Rs. 3,336,132/- (June 2016: Rs. 3,750,000/-).

21 SHORT TERM BORROWINGS	Note	2017	2016
		----- Rupees -----	
Short term borrowings - Secured			
Loan from banking companies	21.1	-	634,157,148

21.1 This included agreements with different commercial banks with a mark up rate of 3, 6 months kibar plus 1.8% to 2.5% and 20% (2016 : 3, 6 months kibar plus 1.8% to 2.5% and 20% p.a). These facilities were secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. Moreover, legal proceedings are also pending in honourable high courts against few of these balances. Refer to Note 30.1.5 to 30.1.10. These cases are pending since 2011 and 2016, during the year these liabilities are reclassified as long term as per the opinion of the legal counsel of the company as these cases are not likely to be decided within next years.

22 INTEREST ACCRUED	2017	2016
	----- Rupees -----	
Interest accrued on:		
Short term borrowings	-	434,999,013
	-	434,999,013

This represents the decretal amount claimed by banks through legal cases against the company. The legal proceedings are pending in honourable high courts against these balances. Refer to Note 30.1.5 to 30.1.10. These cases are pending since 2011 and 2016, during the year these liabilities are reclassified as long term as per the opinion of the legal opinion of the lawyer of the company as these cases are not likely to be decided within next years.

23 BROKERAGE INCOME	2017	2016
	----- Rupees -----	
Income form Institutional Customers	13,052,922	6,569,871
Income from Retail Customers	65,273,920	40,011,962
	78,326,842	46,581,833

24 CAPITAL GAIN / (LOSS)

This represents the realized gain from disposal of available for sale and held for trading investments as disclosed in Note 9.2.1 and Note 12.3.

25 OPERATING AND ADMINISTRATIVE EXPENSES	Note	2017	2016
		----- Rupees -----	
Salaries and benefits		62,920,980	48,030,483
Provision for gratuity	19.1	5,306,437	(13,568,997)
Stock Exchange and settlement charges		5,490,156	3,415,728
Rent, rates and taxes		1,858,576	2,946,719
Communication		4,344,337	4,597,930
Utilities		3,052,407	3,091,712
Insurance		808,412	881,849
Printing and stationery		714,277	594,017
Traveling and conveyance		1,115,304	509,305
Repair and maintenance		3,768,848	3,913,842

	<i>Note</i>	2017	2016
		Rupees	
Postage and courier		1,193,390	1,005,647
Newspaper and periodicals		99,204	198,150
Entertainment		1,719,587	1,497,468
Legal and professional		4,418,769	1,895,477
Deposits written off directly		-	2,500,000
Bad Debts written off directly		100,621,409	-
Advertisement		202,816	29,986
Auditors' remuneration	25.1	1,040,000	1,115,000
Depreciation	6.1	5,572,188	5,828,297
Fee and subscription		3,584,660	1,295,075
CDC and stamps charges		1,810,962	1,505,112
Impairment expense		-	4,043,680
Other expenses		976,056	1,203,805
		210,618,775	76,530,285
25.1 Auditors' remuneration			
Statutory audit		625,000	600,000
Half year review		215,000	200,000
Certifications		200,000	315,000
		1,040,000	1,115,000
26 FINANCE COST			
Mark-up on short term borrowings		17,836,968	49,787,794
Mark-up on long term financing		12,116,297	16,457,914
Mark up Amortized	18.3	33,721,679	122,603,316
Bank charges and commission		341,723	140,719
		64,016,667	188,989,743
27 OTHER INCOME			
Income from financial assets			
Return on deposit accounts		893,522	1,268,147
Income from assets other then financial assets			
Gain on sale of property and equipment		153,517	1,208,000
Gain on sale of investment property		142,368,000	-
Unrealized (loss)/gain on re-measurement of investment property		(6,019,900)	342,300
Accrued Interest written back		268,557,454	252,466,144
Rental Income		-	1,638,000
Others		955,693	10,455
		406,014,764	255,664,899
		406,908,286	256,933,046

28 TAXATION	Note	2017	2016
		----- Rupees -----	
Current year			
-Alternate Corporate Tax	28.1	11,573,287	6,328,897
-Final Tax		19,178,431	127,555
		30,751,718	6,456,452
Prior year		-	12,008,364
		30,751,718	18,464,816

28.1 The company has utilized tax losses for calculation of taxable profit for the year, as a result the the taxable income for the year is calculated at nil. Keeping in view of this fact provision for taxation represents (alternate corporate tax) under section 113 C of the Income tax Ordinance, 2001. Which is 17% of accounting profit after deduction of final tax income of Rs. 226,676,806.

28.2 The Company has a deferred tax asset on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However as sufficient taxable profits may not be available in foreseeable future, the Company has not recognised deferred tax asset in these financial statements. The details are as follows:

	2017	2016
	----- Rupees -----	
Deductible temporary differences	29,793,216	26,083,711
Tax losses	1,262,790,668	1,439,408,707
Unrecognized deferred tax asset	387,775,165	454,302,650

28.3 Since the Company is liable to pay alternate corporate tax under section 113 C of the Income Tax Ordinance 2001, therefore, no numerical tax reconciliation is produced.

29 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	Note	2017	2016
		----- Rupees -----	
Profit after taxation attributable to ordinary share holders - Rupees		264,003,257	31,158,912
Number of ordinary shares		141,335,500	141,335,500
Earning per share - Basic and Diluted - Rupees per share	29.1	1.87	0.22

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

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 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

- 30.1.2** 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.
- 30.1.3** 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 dishonored 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 dishonored cheque. The Learned Trial 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 Trial Court passed in favor of the Company. Later on the civil suit filed by the Universal Equities (Pvt.) Limited was dismissed by the court. However the company has also filed an application for winding up the Universal Equities (Pvt.) Limited before the honorable Lahore High Court Lahore. Which is pending before the High Court and the company is confident of a favorable decision in the case.
- 30.1.4** 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 mark up portion claimed by the bank is Rs. 82.29 million. The court may also award the cost of fund together with cost of suit, if the case is decided against the company. The legal advisors are confident of success of the case in company's favour.
- 30.1.5** 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.
- 30.1.6** In the year 2014-15, the Company was contesting the case with Askari Bank Limited in the Honorable High Courts of Sindh and Lahore, in which PLA to defend the cases has been filed by the Company. The Company has also lodged counter claim and claim damages from Askari Bank Limited. On the other hand, the legal advisor of the Company is of considered opinion that legal process of the recovery suit stated above may take several years as the courts are yet to render judgments about the liability of the Company and the terms of repayment of the loan amount in stated proceedings. The management and directors, in view of pending litigations with Askari Bank Limited. The mark up portion claimed by the bank is Rs. 236 million. The court may also award the cost of fund together with cost of suit, if the case is decided against the company. The legal advisors are confident of success of the case in company's favour.

30.1.7 During the current year Soneri Bank Limited has filed suit against the company for recovery of Rs. 148,342,600/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honourable High Court of Sindh. The legal advisor is confident of success of the case in companys' favour.

30.1.8 During the current year JS Bank Limited has filed suit against the company for recovery of Rs. 234,484,862/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honourable High Court of Sindh. The legal advisor is confident of success of the case in companys' favour.

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

30.2 Commitments

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

	Less than one year Rupees	One year and above Rupees
<i>Commitments in respect of:</i>		
Sale of shares	900,562,615	-
Purchase of shares	836,092,776	-

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:

2017			
Associated Companies	Parent Company	Key management Personnel of the entity, its parent and their close family members	Other Related Parties
Rupees			
Brokerage income	-	27,396	-
			139,849
2016			
Associated Companies	Parent Company	Key management Personnel of the entity, its parent and their close family members	Other Related Parties
Rupees			
Brokerage income	-	-	497,608
Investment property	-	9,290,400	-

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 and charging an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.
- Deposit of margins before execution of orders for all retail clientele.
- "Obtaining adequate securities for all receivables / fund placements. The Risk Management Committee has established a credit policy under which each newcustomer is analysed individually for creditworthiness"

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:

	2017	2016
	----- Rupees -----	
Long term deposits and advances	9,487,966	5,512,559
Trade debts - unsecured	1,513,588,111	1,990,328,119
Advances, deposits and other receivables	26,956,568	7,748,714
Interest accrued	81,798	319,972
Bank balance	78,931,880	51,970,010
	<u>1,629,046,323</u>	<u>2,055,879,375</u>

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

	Short Term	Long Term	Agency	2017	2016
				----- Rupees -----	
Askari Bank Limited	A1 +	AA	JCR - VIS	415,707	33,223
Bank Alfalah Limited	A 1 +	AA	PACRA	704,036	233,065
Bank Al Habib Limited	A 1 +	AA +	PACRA	6,610	156,689
Bank Islami Limited	A 1	A +	PACRA	1,560	1,560
Faysal Bank Limited	A - 1 +	AA	JCR - VIS	1,644	71,659
Habib Metropolitan Bank Limited	A 1 +	AA +	PACRA	29,831	80,170
MCB Bank Limited	A 1 +	AAA	PACRA	36,864,533	51,236,255
Dubai Islamic Bank	A-1	A+	JCR - VIS	40,009,000	-
NIB Bank Limited	A 1 +	AA -	PACRA	897,316	155,745
United Bank Limited	A - 1 +	AAA	JCR - VIS	1,643	1,643
				<u>78,931,880</u>	<u>51,970,010</u>

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

Related parties

	2017					
	Neither past due nor impaired (1 - 30 days)	Past due (31 - 90 days)	Past due (91 - 180 days)	Past due (181 - 365 days)	More than 1 year	Total
	Rupees					
Salmaan Taseer	-	-	-	-	-	-
Shahbaz Ali Taseer	-	-	-	-	-	-
Shehryar Ali Taseer	-	-	-	-	-	-
Suleman Al Houqani	-	-	-	-	-	-
Fisrt Capital Mutual Fund Limited	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No impairment allowance is necessary in respect of amount due from related parties

	2016					Total
	Neither past due nor impaired (1 - 30 days)	Past due (31 - 90 days)	Past due (91 - 180 days)	Past due (181 - 365 days)	More than 1 year	
	Rupees					
Salmaan Taseer	-	-	-	-	13,571,120	13,571,120
Aamna Taseer	263,808	-	-	-	-	263,808
Shehryar Ali Taseer	221,498	70,288	390,957	-	-	682,743
Suleman Al Houqani	-	-	-	-	167,944,259	167,944,259
Pace Barka Properties Limited	-	-	-	5,000	-	5,000
Fisrt Capital Mutual Fund Limited	11,680	-	-	-	-	11,680
	496,986	70,288	390,957	5,000	181,515,379	182,478,610

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Other clients

	Note	2017	2016
		Rupees	
Neither past due nor impaired 1 - 30 days	32.1.2.1	483,060,711	1,433,168,449
Past due 30 - 90 days		419,817,575	15,792,487
Past due 90 - 180 days		178,898,972	24,729,981
Past due 180 - 365 days		413,854	334,158,592
More than 1 year		431,396,998	-
		<u>1,513,588,110</u>	<u>1,807,849,509</u>

32.1.2.1 This Include client balance of Rs. 1,029,499/- with in 5 days.

During the year, trade debts of 100,621,409 (2016: Rs. NIL) were provided for / written off.

Based on past experience the management believes that no other impairment allowance is necessary in respect of trade receivables past due as majority of receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is mainly concentrated in trade debts where major transactions are entered into with credit-worthy counterparties there by mitigating any significant concentrations of credit risk.

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 as only 4% of total liabilities are due within next 12 months.

The following are the contractual maturities of financial liabilities as on June 30, 2017.

	Carrying Amount	One month to three months	Three months to one year	One year to five years	More than five years
Long term financing	2,336,721,382	1,226,610	979,390	2,334,515,382	-
Trade & other payables - Unsecured	106,597,027	106,597,027	-	-	-
Interest accrued	568,065,170	-	-	568,065,170	-
	3,011,383,579	107,823,637	979,390	2,902,580,552	-

The following are the contractual maturities of financial liabilities as on June 30, 2016.

	Carrying Amount	One month to three months	Three months to one year	One year to five years	More than five years
Long term financing	2,112,772,024	220,248,000	306,627,926	1,585,896,098	-
Trade & other payables - Unsecured	181,114,954	181,114,954	-	-	-
Short term borrowing - secured	634,157,148	634,157,148	-	-	-
Interest accrued	992,889,795	637,677,363	-	355,212,432	-
	3,920,933,921	1,673,197,465	306,627,926	1,941,108,530	-

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

Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients.

Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and decrease in Profit & Loss Account by NIL (2016 : NIL). 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.

32.3.2

Interest rate risk

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

	Interest bearing				Non interest bearing				Total
	One month to three months	Three months to one year	One year to five years	More than five year	One month to three months	Three months to one year	One year to five years	More than five year	
Financial assets 2017					Rupees				
Investments - available for sale	-	-	-	-	-	-	59,851,308	-	59,851,308
Long term deposits and advances	-	-	-	-	-	-	9,487,966	-	9,487,966
Trade debts - unsecured	-	-	-	-	1,513,588,111	-	-	-	1,513,588,111
Investments	-	-	-	-	86,805,188	-	-	-	86,805,188
Advances, deposits and other receivables	18,548,313	-	-	-	8,408,255	-	-	-	26,956,568
Interest accrued	-	-	-	-	81,798	-	-	-	81,798
Bank balances	3,941,691	-	-	-	74,990,189	-	-	-	78,931,880
	22,490,004	-	-	-	1,683,873,542	-	69,339,274	-	1,775,702,819
Effective interest rates	2% to 6%								
Financial liabilities 2017									
Long term financing	1,226,610	979,390	2,334,515,382	-	-	-	-	-	2,336,721,382
Trade & other payables - Unsecured	-	-	-	-	106,597,027	-	-	-	106,597,027
Short term borrowing - secured	-	-	-	-	-	-	-	-	-
Interest accrued	-	-	-	-	-	-	568,065,170	-	568,065,170
	1,226,610	979,390	2,334,515,382	-	106,597,027	-	568,065,170	-	3,011,383,579
On balance sheet gap	21,263,394	(979,390)	(2,334,515,382)	-	1,577,276,515	-	(498,725,896)	-	(1,235,680,760)
Off balance sheet gap	-	-	-	-	-	-	-	-	-
Financial assets 2016									
Investments - available for sale	-	-	-	-	-	-	34,288,815	-	34,288,815
Long term deposits and advances	-	-	-	-	-	-	5,512,559	-	5,512,559
Trade debts - unsecured	-	-	-	-	1,990,328,119	-	-	-	1,990,328,119
Investments	-	-	-	-	84,440,219	-	-	-	84,440,219
Advances, deposits and other receivables	2,308,878	-	-	-	5,439,836	-	-	-	7,748,714
Interest accrued	-	-	-	-	319,972	-	-	-	319,972
Bank balances	1,472,458	-	-	-	50,497,552	-	-	-	51,970,010
	3,781,336	-	-	-	2,131,025,699	-	39,801,374	-	2,174,608,409
Effective interest rates	2 % to 6%	-							
Financial liabilities 2016									
Long term financing	1,226,610	245,279,398	1,914,925,617	-	-	-	-	-	2,161,431,625
Trade & other payables - Unsecured	-	-	-	-	165,988,912	-	-	-	165,988,912
Short term borrowing - secured	-	634,157,148	-	-	-	-	-	-	634,157,148
Interest accrued	-	-	-	-	434,999,013	-	371,670,346	-	806,669,359
	1,226,610	879,436,546	1,914,925,617	-	600,987,925	-	371,670,346	-	3,768,247,044
On balance sheet gap	2,554,726	(879,436,546)	(1,914,925,617)	-	1,530,037,774	-	(331,868,972)	-	(1,593,638,636)
Off balance sheet gap	-	-	-	-	-	-	-	-	-

32.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 146,646.496/- (2016 : Rs. 118,729,033/-) 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.

The total number of clients of the company are 3,013 and the total holding against these clients is Rupees 1,332 million.

Sensitivity analysis

During the year, PSX 100 index has increased by 23.24% but subsequent to the year end and till the authorization of these financial statements an increase of 8% in PSX 100 index has been recorded. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

2017					
	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	"Hypothetical increase/ (decrease) in profit /(loss) before tax"
Long term investments	59,851,308	+10%	65,836,439	5,985,131	-
	59,851,308	-10%	(53,866,177)	(5,985,131)	-
Short term investments	86,805,188	+10%	95,485,707	8,680,519	8,680,519
	86,805,188	-10%	78,124,669	(8,680,519)	(8,680,519)
2016					
	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	"Hypothetical increase/ (decrease) in profit /(loss) before tax"
Long term investments	10,132,495	+10%	11,145,745	1,013,250	-
	10,132,495	-10%	(11,145,745)	(1,013,250)	-
Short term investments	84,440,219	+10%	92,884,241	8,444,022	8,444,022
	84,440,219	-10%	75,996,197	(8,444,022)	(8,444,022)

32.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 5.23.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Recurring fair value measurements

	2017			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Available for Sale"	59,851,308	-	-	59,851,308
Short term investments classified as "Held for Trading"	86,805,188	-	-	86,805,188
	2016			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Available for Sale"	10,132,495	-	24,156,320	34,288,815
Short term investments classified as "Held for Trading"	84,440,219	-	-	84,440,219

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

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.

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 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and disclosed in relevant notes.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVE	
	2017	2016	2017	2016	2017	2016
	1	1	3	4	25	10
	Rupees					
Managerial Remuneration	2,760,000	2,760,000	3,703,333	6,846,667	17,669,294	6,200,000
House Rent	1,104,000	1,104,000	1,481,333	2,378,667	7,067,718	2,480,000
Medical Expenses Reimbursed	93,973	7,790	-	-	-	-
Provision for gratuity	345,000	345,000	810,000	395,000	3,490,075	892,500
Utilities	276,000	276,000	370,334	684,667	1,766,929	620,000
	4,578,973	4,492,790	6,365,000	10,305,001	29,994,016	10,192,500

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

34.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2016: Nil).

34.3 Total number of employees are 67 as on June 30, 2017 (June 2016 : 64) and average employees during the year were 66 (June 2016 : 70)

35 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 02, 2017.

36 GENERAL

Figures have been rounded off to the nearest rupee .

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED

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: _____

Option 1 Appointing other person as Proxy

I/We _____ S/o D/o W/o _____
CNIC _____ being the member(s) of First Capital
Equities Limited hereby appoint Mr./Mrs./Ms./ _____ S/o D/o W/o _____
CNIC _____ or failing him / her Mr. / Mrs. Miss
_____ S/o. D/o. W/o. _____ CNIC _____
as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting
of the Company to be held on 28 October 2017 at 12:00 p.m. and at any adjournment thereof.

Signed under my/our hands on this _____ day of _____, 2017

Affix Revenue Stamp of
Rupees Five

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

Option 2 E-voting as per the Companies (E-voting) Regulations, 2016

I/we _____ S/o D/o W/o _____ CNIC _____ being a member of First Capital
Equities Limited holder of _____ Class _____ Ordinary share(s) as per Registered Folio No. _____ hereby
opt for e-voting through intermediary and hereby consent the appointment of execution officer
_____ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016
and hereby demand for poll for resolutions. My secured email address is _____, please send login
details, password and electronic signature through email.

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

(Please See Notes on reverse)

Notes

1. A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
2. 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 a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.
 - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
 - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

پراکسی فارم

..... فوئیو نمبر/ CDC اکاؤنٹ نمبر:

..... موجود حصص:

کمپنی سیکریٹری

فرسٹ کیپٹل ایکویٹیز لمیٹڈ

دوسری منزل، پیس شاپنگ مال،

فورٹریس سٹیڈیم، لاہور کیٹ، لاہور

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ ہم ولد/ بنت/ زوجہ/ بنت شناختی کارڈ

نمبر کے حامل فرسٹ کیپٹل ایکویٹیز لمیٹڈ کے رکن کی حیثیت سے

..... ولد/ بنت/ زوجہ شناختی کارڈ نمبر

..... کو اس کی ناکامی کی صورت میں

..... ولد/ بنت/ زوجہ شناختی کارڈ نمبر

..... 28 اکتوبر 2017ء کو دن 12:00 بجے منعقد ہونے والے سالانہ اجلاس یا اس کے کسی بھی

وقفہ میں عام میں اپنی/ ہماری جگہ شرکت اور ووٹ کرنے کے لئے اپنا/ ہمارا پراکسی مقرر کرتے ہیں۔

..... بتاریخ

..... زیر دستخط

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

.....

گواہ 2 کے دستخط

گواہ 1 کے دستخط

دوسری وضع

کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت برقی ووٹنگ

میں/ ہم ولد/ بنت/ زوجہ/ بنت شناختی کارڈ

نمبر کے حامل فرسٹ کیپٹل ایکویٹیز لمیٹڈ کے رکن اور حصص، درجہ

..... فوئیو نمبر کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا

چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت ایگزیکوشن آفیسر..... کی
پراکسی کے طور پر تقرری پر رضامندی کا اظہار کرتے ہیں۔ اس لئے ہم قراردادوں پر پولنگ میں ووٹ کا مطالبہ کرتے ہیں۔ میرا محفوظ ای میل
ایڈریس..... ہے برائے مہربانی لاگ ان کی تفصیلات، پاس ورڈ اور برقی دستخط اس ای میل پر بھیج دیں۔

تاریخ.....
زیر دستخط.....

کی موجودگی میں دستخط کئے گئے

گواہ 2 کے دستخط

گواہ 1 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کر سکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔
2. جائز ہونے کی غرض سے، پراکسی کا دستاویز اور مختار نامہ یا اتھارٹی (اگر کوئی ہے) جسے کے ماتحت اس پر دستخط کئے گئے ہیں، یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین ثالث بطور پراکسی کی جانب سے ایگزیکوشن آفیسر کی تعیناتی پر کمپنی کے اجلاس کے انعقاد سے 10 دن پہلے اپنی تحریری رضامندی سے مشروط برقی ووٹنگ کے ذریعے اپنا حق رائے دہی استعمال کر سکتے ہیں۔

(a) CDC کے واحد بنی فیشیل مالک جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں، اپنی شراکت کی شناخت، اکاؤنٹ اور ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ دکھا کر اپنی شناخت کروائیں گے۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمع نامزدگان کے نمونہ کے دستخط (اگر یہ قبل ازیں فراہم نہ کیا گیا ہے) اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔

(b) پراکسی کے تقرر کے لئے CDC کے انفرادی بنی فیشیل مالکان شراکت کے آئی ڈی، اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ کی مصدقہ نقول کے مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔ دو گواہان اپنے نام، پتا اور CNIC نمبر کے ہمراہ پراکسی فارم کی توثیق کریں گے۔ اجلاس کے انعقاد کے وقت پراکسی اپنا اصلی CNIC یا پاسپورٹ پیش کریں گے۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانے ہوں گے۔