



FCSC

First Capital Securities Corporation Limited



First Capital Securities Corp Ltd.

First Capital Investments Ltd.

First Capital Equities Ltd.

First Capital Mutual Fund.

Annual Report 2020

Daily Times



Business



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FIRST CAPITAL SECURITIES CORPORATION LIMITED

VISION

First Capital Securities Corporation Limited aspires to become a well-diversified and successful conglomerate and develop its image as a premier telecom and financial services group.

MISSION

At First Capital Securities Corporation Limited we are committed to provide high quality services in a positive environment that encourages innovation, creativity and teamwork, promotes ethical and efficient behavior and enables shareholders to maximize the returns on their investments.

FIRST CAPITAL SECURITIES CORPORATION LIMITED

FINANCIAL STATEMENTS AS AT JUNE 30, 2020

STATEMENT OF FINANCIAL POSITION

STATEMENT OF PROFIT OR LOSS

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN EQUITY

NOTES TO THE FINANCIAL STATEMENTS

First Capital Securities Corporation Limited

Company Information

Board of Directors

Shehrbano Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Non-Executive
Shehryar Ali Taseer	Non-Executive
Mustafa Mujeeb Chaudhry	Non-Executive
Naeem Akhtar	Non-Executive
Umair Fakhra Alam	Independent

Chief Financial Officer

Saeed Iqbal

Audit Committee

Umair Fakhra Alam (Chairman)
Shehrbano Taseer (Member)
Naeem Akhtar (Member)

Human Resource and Remuneration (HR&R) Committee

Umair Fakhra Alam (Chairman)
Aamna Taseer (Member)
Shehrbano Taseer (Member)

Company Secretary

Sajjad Ahmad

Auditors

Nasir Javaid Maqsood Imran
Chartered Accountants

Legal Advisers

Mazhar Law Associates
Advocates & Solicitors

Bankers

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited

Registrar and Shares Transfer Office

Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial Model Town
Lahore
Tel: ☐(042) 35839182

Registered Office/Head Office

2nd Floor, Pace Shopping Mall
Fortress Stadium, Lahore Cantt
Lahore, Pakistan
Tel: ☐ (042)36623005/6/8
Fax: (042)36623121-36612122



First
Capital
Securities
Corporation Ltd

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting ("AGM") of the Shareholders of First Capital Securities Corporation Limited ("the Company" or "FCSC") will be held on Wednesday, 28 October 2020 at 12:00 p.m. at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, the Registered Office of the Company, to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on 28 October 2019;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2020 together with the Chairman's Review, Directors' Report and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2021 and to fix their remuneration;

4 Special Business

DISPOSAL OF 1,949,258 ORDINARY SHARES OF RS. 10.00 EACH, THE ENTIRE SHAREHOLDING (65%) OUT OF 100% OF THE COMPANY IN WORLD PRESS (PVT.) LIMITED, A SUBSIDIARY OF THE COMPANY. IN THIS REGARD TO PASS THE FOLLOWING SPECIAL RESOLUTIONS WITH OR WITHOUT MODIFICATION:

"RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to take all necessary steps to make disinvestment upto 1,949,258 ordinary shares of Rs. 10/- each (65%) in World Press (Pvt.) Limited, a subsidiary of the Company, to any prospective buyer in the market on such terms and conditions as may be approved by the Board of Directors of the Company".

"RESOLVED FURTHER THAT the Chief Executive officer/the Company Secretary of the Company be and is hereby authorized to complete any or all necessary required corporate and legal formalities for the completion of aforesaid disposal of shares."

By order of the Board


Sajjad Ahmad
Company Secretary

Lahore:
07 October 2020

Notes:-

- 1) The Members Register will remain closed from 21 October 2020 to 28 October 2020 (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, 2020 will be treated in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company 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 Company's Registered Office, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.
- 4) Pursuant to Companies (Postal Ballot) Regulations, 2018, the shareholders will be allowed to exercise their right to vote through postal ballot for election of directors
- 5) Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting.

The demand for video-link facility shall be received by the Share Registrar of the Company or directly to the Company at the email address given herein blow at least 7 (seven) days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: www.pacepakistan.com

Further, Securities & Exchange Commission of Pakistan vide its Circular No.5 dated March 17, 2020, has directed the listed companies to modify their usual planning for Annual General Meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID -19 situation.

Accordingly, the shareholders of the Company can opt to attend the meeting through Video/Webex. The shareholders whose names appear in the Books of the Company by the close of business on 20 October 2020 and who are interested to attend AGM through online platform are hereby requested to get themselves, registered with the Company Secretary Office by providing the following details at least 7 (seven) days prior before the meeting; through following means;

Email; sajjadahmad@pacepakistan.com, asattar@pacepakistan.com,
WhatsApp Number 0303-4444800, 0301-8449940

Please mention your Name, CNIC No, Folio / CDC A/C No & Number of shares for your identification.

Upon receipt of the above information from interested shareholders, the Company will send the login details / password at their email addresses. On the AGM day, shareholders will be

able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The members can also send their comments/suggestions related to the agenda items of the meeting on the above mentioned email and Whats App number .The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting.

- 6) Address of Independent Share Registrar of the Company: Name : **Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, (042) 35839182**
- 7) The Notice of Annual General Meeting has been placed on the Company's website: www.pacepakistan.com
- 8) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.

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

STATEMENT UNDER SECTION (3) OF SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business as to be transacted at the Annual General Meeting of the Company to be held on 28 October 2020.

DISPOSAL OF 1,949,258 ORDINARY SHARES OF RS. 10.00 EACH, THE ENTIRE SHAREHOLDING (65%) OF THE COMPANY IN WORLD PRESS (PVT.) LIMITED (“WPL”) A SUBSIDIARY OF THE COMPANY

The Board of Directors of the Company in their meeting held on 07 October 2020, decided to dispose off the entire shareholding of the Company in World Press (Pvt.) Limited, a subsidiary of the Company to any prospective buyer in the market.

WPL was incorporated on 11 September 2003 as private Limited Company and WPL is carrying on the business activities of printers, publisher, importer, exporter, printing of all kind of books newspapers, magazines, periodicals, journals and other literary etc.

The registered office of World Press (Pvt.) Limited is located at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore. The existing Authorized Share Capital of WPL

is Rs. 6,000,000 divided into 60,000,000 ordinary shares of having a par value of Rs.10/- each. The issued, subscribed and paid up capital is Rs. 29,989,580/- divided into 2,998,958 ordinary shares of Rs.10/- each, the cost to the Company.

World Press (Pvt.) Limited is subsidiary of the Company and the Company holds 65% shareholding i.e. 1,949,258 shares of WPL.

The break-up value per share of WPL is Rs. 0.0069 per share as per latest Annual Audited Accounts as at 30 June 2020. An extract of Profit & Loss Account of WPL for last three years is as under:

Particulars	June 2020 (Rupees)	June 2019 (Rupees)	June 2018 (Rupees)
Operating Profit/(Loss)	(8,917,020)	(1,794,052)	3,481,169
Net Profit/(Loss) after Tax	(7,529,717)	(1,794,052)	(3,221,817)
Earning per Share – Basic and Diluted	(2.51)	(0.60)	(1.07)

The financial position of WPL for last three years is as under:

Particulars	June 2020 (Rupees)	June 2019 (Rupees)	June 2018 (Rupees)
Assets			
Non-Current Assets	Nil	4,639,697	6,026,347
Current Assets	12,107,854	15,249,874	15,482,276
Total Assets	12,107,854	19,889,571	21,508,623
Equity and Liabilities			
Total Equity (Share Capital and Reserves)	20,852	7,550,569	9,344,621
Non-Current Liabilities	Nil	Nil	Nil
Current Liabilities	12,087,002	12,339,002	12,164,002
Total Liabilities	12,087,002	12,339,002	12,164,002

The fair value of WPL share is to be determined in accordance with law prior to the sale of shares on the bases of latest financial statements of the WP as at 30 June 2020. The rationale behind the disposal of this investment is that subsidiary is continuously facing losses and the equity of WPL is almost eroded. The WPL is a dormant entity with no revenue

for the financial year ended 30 June 2020. Therefore the Board of Directors has approved to dispose off this investment to avoid the continuous losses in future.

It is proposed to authorize Chief Executive Officer to take necessary steps to make disinvestment up to 1,949,258, the entire shareholding of the Company in WPL.

The Board of Directors in their meeting held on 07 October 2020 recommended to the Shareholders that an authority be given to the Chief Executive of the Company to negotiate terms and conditions of the sale with a buyer and recommend terms and conditions of disposal to the Board of Directors for final decision on the sale of shares of WPL. Mr. Anwar Ali, an individual holding 1,049,700 ordinary shares (35.00% of the total shareholding of the Company) has offered to buy the Company's shareholding at a fair value of WPL.

The sale price per share of WPL shall be equal to fair value of the shares to be determined in accordance with law, on the date of disposal. Further, the Company to also obtain the necessary valuations from a registered valuer to determine consideration.

It is also approved in the aforesaid Board of Directors meeting that an authorization of Shareholders be obtained for providing an authorization to Chief Executive officer or the Company Secretary of the Company to complete all necessary corporate and legal formalities for the purpose of the disposal of shares in the subsidiary of the Company.

STATUS OF INVESTMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

The Shareholders of the Company in their Annual General Meeting held on 28 October 2019 gave their approval to the Company and authorized to the Chief Executive of the Company to take all necessary steps to make additional equity investment(s) in the Share Capital of Pace Barka Properties Limited ("Pace Barka"), up to the extent of Rs. 100.00 million (Rupees one hundred million only) in accordance with the provisions of section 199 of the Companies Act, 2017, through an acquisition of the shares from open market including associated undertakings on such terms and conditions as to be authorized by the Board of Directors of the Company. Further, it was also approved to make a loan / advance of Rs. 100.00 million to the Pace Barka, not less than the borrowing cost of the Company.

Please note that no investment has been made till the date of notice of meeting in Pace Barka, due to insufficient cash flows.

The change in the financial statements of Pace Barka as at 30 June 2020 as compare to last year is as under:

	2020	2019 PKR in Million
Share Capital & Reserves	4,917	5,045
Non-Current Liabilities	0.217	0.249
Current Liabilities	1,471	1,403
Non-Current assets	4,024	4,064
Current Assets	2,582	2,633

Gross Loss for year	(130.71)	(116.12)
EPS	(0.43)	(0.38)

INSPECTION OF DOCUMENTS

Copies of the Memorandum and Articles of Association, Statement under section 134(3) of the Companies Act, 2017, latest pattern of shareholding and variation in shareholding of the shareholders, having 10% or more in the Company during the last six months, financial projections/plan of the Company, audited annual accounts for the last three years of the Company and WPL and all other related information of the Company may be inspected during the business hours at the Registered Office of the Company from the date of the publications of the this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

All the directors of the Company including the Chief Executive are (nominated by the Company) and their relatives (if any) are interested to the extent of their shares that are held by them. The effect of the resolutions on the interest of these directors including the Chief Executive and their relatives (if any) does not differ from its effect on the like interest of other shareholders. They have no other interest in the special business and / or resolutions except as specified herein.

نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("کمپنی" یا "FCSC") کے شیئر ہولڈرز کا 27 واں سالانہ اجلاس عام مورخہ 28 اکتوبر 2020ء بروز بدھ بوقت 12:00 بجے دوپہر کمپنی کے رجسٹرڈ دفتر واقع دوسری منزل پیس شاپنگ مال، فورٹریس سٹیڈیم لاہور کینٹ، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور:

1. 28 اکتوبر 2019ء کو منعقدہ سالانہ اجلاس عام کی روئیداد کی توثیق کرنا۔
2. 30 جون 2020ء کو اختتام پذیر سال کے لئے چیئرمین کی جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز رپورٹ کے ہمراہ کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کو وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
3. 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا معاوضہ طے کرنا۔

خصوصی امور

4. ایک ذیلی کمپنی ورلڈ پریس (پرائیویٹ) لمیٹڈ میں کمپنی کی کل 100 فی صد شیئر ہولڈنگ میں سے 65 فی صد شیئر ہولڈنگ یعنی 1,949,258 عمومی حصص کو 10 روپے فی حصص کی شرح سے فروخت کرنا۔ اس تناظر میں بمعہ/علاوہ ترمیم مندرجہ ذیل خصوصی قرارداد کو منظور کرنا:
"قرار پایا کہ کمپنی کے چیف ایگزیکٹو کو کمپنی کی ذیلی کمپنی ورلڈ پریس (پرائیویٹ) لمیٹڈ سے 1,949,258 عمومی حصص بحساب -/10 روپے فی حصص (65 فی صد شیئر ہولڈنگ) مارکیٹ میں کسی ممکنہ بائع کو کمپنی کے بورڈ آف ڈائریکٹرز کی منظور شدہ شرائط و ضوابط کے تحت سرمایہ داری فروخت کرنے کی غرض سے تمام ضروری اقدامات کرنے کا مجاز ٹھہرایا جاتا ہے۔"
"مزید قرار پایا کہ چیف ایگزیکٹو آفیسر/کمپنی سیکریٹری کو مذکورہ بالا حصص کی فروخت کا عمل مکمل کرنے کے لئے تمام ضروری کاروباری و قانونی تقاضے پورے کرنے کا مجاز ٹھہرایا جاتا ہے۔"

بحکم بورڈ

سجاد احمد
کمپنی سیکریٹری

لاہور

107 اکتوبر 2020ء

مندرجات:

- (1) اراکین کا رجسٹر 21 اکتوبر 2020ء سے 28 اکتوبر 2020ء (بشمول دونوں ایام) تک بند رہے گا۔ 20 اکتوبر 2020ء کو کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور، کمپنی کے رجسٹرار اور شیئر ٹرانسفر آفس کو کاروباری اوقات کار بند ہونے تک موصول ٹرانسفرز کو سالانہ اجلاس عام کے لئے بروقت تصور کیا جائے گا۔
 - (2) اجلاس میں شرکت اور رائے شماری کرنے کا اہل رکن اپنی جگہ اجلاس میں شرکت اور رائے شماری کرنے کے لئے کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے۔ مؤثر کرنے کے لئے اجلاس کے انعقاد سے 48 گھنٹے قبل پراکسیز کمپنی کے رجسٹرڈ آفس کو موصول ہو جانی چاہئیں۔
 - (3) جائز کرنے کی غرض سے پراکسی کا دستاویز اور مختار نامہ یا دیگر تھارٹی جس کے تحت یہ دستخط شدہ ہو، کمپنی کے مرکزی دفتر واقع دوسری منزل، پیس شاپنگ مال، فورٹریس اسٹیڈیم، لاہور کینٹ، لاہور کو اجلاس کے انعقاد سے 48 گھنٹے قبل پہنچ جانا چاہئے۔
 - (4) کمپنیز (پوسٹل بیلٹ) قواعد، 2018ء کے تحت ڈائریکٹرز کے انتخاب کے لئے اراکین کو پوسٹل بیلٹ کے ذریعے رائے شماری کا اختیار دیا جائے گا۔
 - (5) کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں دوسرے شہر میں مقیم 10 فی صد ٹوٹل ادا شدہ سرمایہ حصص کے حامل شیئر ہولڈرز ویڈیو لنک کے ذریعے اجلاس میں شرکت کی سہولت حاصل کرنے کی درخواست دے سکتے ہیں۔
- وڈیو لنک سہولت کی درخواست اجلاس کے انعقاد سے 7 (سات) یوم قبل کمپنی کے شیئر رجسٹرار یا بذریعہ مندرجہ ذیل ای میل ایڈریس کمپنی کو براہ راست معیاری فارم پر دی جائے۔ یہ معیاری فارم کمپنی کی ویب سائٹ www.pacepakistan.com سے ڈاؤن لوڈ کیا جاسکتا ہے۔
- مزید برآں، مورخہ 17 مارچ 2020ء کے مراسلہ نمبر 5 کے تحت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے لسٹڈ کمپنیوں کو COVID-19 وبا کے خطرات سے حصص داران کو بچانے کے لئے اپنے سالانہ اجلاس عام کے معمول میں تبدیلی کی ہدایات جاری کی ہیں۔
- اسی طرح سے کمپنی کے حصص داران ویڈیو/ویبیکس کے ذریعے اجلاس میں شرکت کرنے کا انتخاب کر سکتے ہیں۔ ایسے حصص داران جن کے نام 20 اکتوبر 2020ء کو کاروباری اوقات کار ختم ہونے تک کمپنی کی کتابوں میں ظاہر ہوتے ہیں اور وہ آن لائن پلیٹ فارم کے ذریعے AGM میں شرکت کے خواہش مند ہیں تو انہیں اجلاس کے انعقاد

سے کم از کم 7 (سات) یوم قبل کمپنی سیکریٹری کے دفتر میں اپنا اندراج کرانے کی درخواست کی جاتی ہے۔

ای میل: asattar@pacepakistan.com؛ jawahar@pacepakistan.com

وٹس ایپ نمبر: 0301-8449940؛ 0303-4444800

براہ کرم اپنی شناخت کی غرض سے اپنا نام، CNIC نمبر، فوئیو/ CDC اکاؤنٹ نمبر اور حصص کی تعداد بیان کریں۔
خواہش مند شیئر ہولڈرز سے مذکورہ بالا معلومات کی وصولی پر کمپنی اُن کے ای میل ایڈریس پر لاگ ان تفصیلات/ پاس ورڈ بھیجے گی۔ AGM کے وقت شیئر ہولڈرز AGM کارروائی میں اپنے سمارٹ فون یا کمپیوٹر ڈیوائس کے ذریعے کسی بھی موافق مقام سے لاگ ان کر کے شرکت کر سکتے ہیں۔

اراکین اجلاس کے ایجنڈا آئٹمز سے متعلق اپنی رائے/ تجاویز مذکورہ بالا ای میل ایڈریس اور وٹس ایپ نمبر پر بھیج سکتے ہیں۔ لاگ ان کی سہولت اجلاس کے انعقاد سے 30 منٹ قبل کھولی جائے گی تاکہ شرکاء اجلاس میں شمولیت اختیار کر سکیں۔

(6) کمپنی کے خود مختار شیئر رجسٹرار کا پتا: کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K، کمرشل ماڈل ٹاؤن، لاہور

(042)-35839182

(7) نوٹس برائے سالانہ اجلاس عام کمپنی کی ویب سائٹ www.pacepakistan.com پر شائع کر دیا گیا ہے۔

(8) (a) اجلاس میں شرکت اور رائے شماری کرنے کا اہل CDC کا فرد واحد بنی فیشل مالک اپنی شناخت ثابت کرنے کے لئے شرکت کا آئی ڈی اور اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بمعہ اصلی CNIC یا پاسپورٹ ہمراہ لائے گا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ جس پر nominees کے نمونہ کے دستخط موجود ہوں اجلاس کے انعقاد کے وقت پیش کرنا ہوگا (اگر یہ پہلے فراہم نہ کیا گیا ہو)

(b) پراکسیز کے تقرر کے لئے، CDC کا فرد واحد بنی فیشل مالک مذکورہ بالا ضروریات کے مطابق پراکسی فارم بمعہ شرکت کا آئی ڈی، اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بمعہ اصلی CNIC یا پاسپورٹ کی مصدقہ نقل جمع کرائے گا۔ دو افراد کی جانب سے ان کے نام، پتا اور CNIC نمبر کے ساتھ پراکسی فارم کی توثیق ہونی چاہئے۔ پراکسی کو اجلاس کے انعقاد کے وقت اپنا اصلی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں نمونہ کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ پراکسی فارم کے ساتھ جمع کرنا ہوگا (اگر یہ پہلے جمع نہ کرایا گیا ہو)۔

(9) اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتا میں تبدیلی کی صورت میں فوراً مطلع کریں۔

کمپنیز ایکٹ 2017 کے سیکشن 134 ذیلی سیکشن (3) کے تحت بیان

یہ بیان کمپنی کے سالانہ اجلاس عام منعقدہ 28 اکتوبر 2020ء میں زیر بحث امور سے متعلق ٹھوس حقائق مرتب کرتا ہے۔ کمپنی کی ذیلی کمپنی ورلڈ پریس (پرائیویٹ) لمیٹڈ ("WPL") میں کمپنی کے 1,949,258 عمومی حصص بحساب 10.00 روپے فی حصص (65 فی صد شیئر ہولڈنگ) کی فروخت

کمپنی کے بورڈ آف ڈائریکٹرز نے 07 اکتوبر 2020ء کو منعقدہ اپنے اجلاس میں کمپنی کی ذیلی کمپنی ورلڈ پریس (پرائیویٹ) لمیٹڈ میں کمپنی کی مکمل شیئر ہولڈنگ کو مارکیٹ میں ممکنہ بائع کو فروخت کرنے کا فیصلہ کیا ہے۔

WPL 11 ستمبر 2003 کو بطور پرائیویٹ لمیٹڈ کمپنی قائم ہوئی اور WPL پرنٹرز، پبلشرز، امپورٹرز، ایکسپورٹرز، ہر قسم کی کتابوں، اخباروں، رسالوں، مراسلوں اور دیگر ادبی مواد وغیرہ جیسے کاروباری امور سرانجام دیتی ہے۔

ورلڈ پریس (پرائیویٹ) لمیٹڈ کا رجسٹرڈ دفتر دوسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں واقع ہے۔ WPL کا موجودہ سرمایہ حصص 60,000,000 عمومی حصص میں تقسیم 6,000,000 روپے ہے جس کی مارکیٹ ویلیو -/10 روپے فی حصص ہے۔ جاری، سبسکرائبڈ اور ادا شدہ سرمایہ 2,998,958 حصص میں تقسیم -/29,989,580 روپے اور فی حصص قیمت -/10 روپے ہے۔

ورلڈ پریس (پرائیویٹ) لمیٹڈ کمپنی کی ذیلی کمپنی ہے اور کمپنی اس میں 65 فی صد شیئر ہولڈنگ یعنی WPL کے 1,949,258 حصص کی مالک ہے۔

WPL کے ہر حصص کی بریک اپ ویلیو 30 جون 2020ء کو تازہ ترین پڑتال شدہ کھاتوں کے مطابق 0.0069 روپے فی حصص ہے۔ گذشتہ تین برس کے لئے WPL کے نفع و نقصان کھاتوں کا حال مندرجہ ذیل ہے:

تفصیلات	جون 2020ء	جون 2019ء	جون 2018ء
آپریٹنگ نفع / (نقصان)	(8,917,020)	(1,794,052)	3,481,169
خالص نفع / (نقصان) علاوہ ٹیکس	(7,529,717)	(1,794,052)	(3,221,817)
فی حصص آمدنی - بیسک و ڈائی لیوٹڈ	(2.51)	(0.60)	(1.07)

گذشتہ تین برس کے لئے WPL کی مالیاتی حالت حسب ذیل ہے:

تفصیلات	جون 2020ء	جون 2019ء	جون 2018ء
.....روپے.....			
اثاثہ جات			
مستقل اثاثہ جات	-	4,639,697	6,026,347
حالیہ اثاثہ جات	12,107,854	15,249,874	15,482,276
کل اثاثہ جات	12,107,854	19,889,571	21,508,623
ایکویٹی اور واجبات			
کل ایکویٹی (سرمایہ حصص اور ذخائر)	20,852	7,550,560	9,344,621
طویل مدتی واجبات	-	-	-
حالیہ واجبات	12,087,002	12,339,002	12,164,002
کل واجبات	12,087,002	12,339,002	12,164,002

WPL کی 30 جون 2020ء کو تازہ ترین مالیاتی اسٹیٹمنٹس کی بنیاد پر حصص کی فروخت سے قبل قانون کے عین مطابق WPL کے حصص کی مارکیٹ قیمت کا تعین کیا جائے گا۔ اس سرمایہ داری کی فروخت کا بنیادی مقصد یہ ہے کہ ذیلی کمپنی خسارہ کا مسلسل سامنا کر رہی اور WPL کی ایکویٹی تقریباً ختم ہو چکی ہے۔ WPL ایک غیر فعال ادارہ ہے اور 30 جون 2020ء کو مالیاتی سال کے اختتام پر اس کی آمدنی صفر ہے۔ لہذا بورڈ آف ڈائریکٹرز نے مستقبل میں مسلسل خسارہ سے بچنے کے لئے اس سرمایہ داری کو فروخت کرنی کی منظوری دی ہے۔

WPL میں کمپنی کی مکمل شیئر ہولڈنگ پر مشتمل 1,949,258 روپے تک ذیلی کمپنی سے نکالنے کے لئے چیف ایگزیکٹو آفیسر کو ضروری اقدامات کرنے کے لئے مجاز ٹھہرانے کی تجویز دی جاتی ہے۔

بورڈ آف ڈائریکٹرز نے 10 اکتوبر 2020ء کو منعقدہ اپنے اجلاس میں حصص داران کو تجویز دی ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر کو خریدار کے ساتھ فروخت کی شرائط و ضوابط سے متعلق تبادلہ خیال کا مجاز ٹھہرایا جائے اور WPL کے حصص کی فروخت پر حتمی فیصلہ کے لئے بورڈ آف ڈائریکٹرز کو فروخت کرنے کی شرائط و ضوابط سے متعلق سفارشات دی جائیں۔ مسٹر انور علی، واحد مالک، جو 1,049,700 عمومی حصص (کمپنی کی کل شیئر ہولڈنگ کے 35.00 فی صد) کا مالک ہے نے کمپنی کی WPL میں شیئر ہولڈنگ کو مارکیٹ قیمت پر خریدنے کی پیشکش کی ہے۔

WPL کے حصص کی قیمت فروخت شیئرز کی فیئر ویلیو کے مساوی ہوگی جس کا تعین فروخت کے وقت قانون کے عین مطابق کیا جائے گا۔ مزید یہ کہ کمپنی نے قیمت کے تعین کے لئے رجسٹرڈ تخمینہ کنندہ سے خدمات حاصل کی ہیں۔

بورڈ کے مذکورہ بالا اجلاس میں یہ بھی طے پایا کہ چیف ایگزیکٹو آفیسر یا کمپنی سیکریٹری کو مجاز ٹھہرانے کے لئے شیئرز ہولڈرز کی منظوری حاصل کی جائے تاکہ کمپنی کی ذیلی کمپنی میں حصص کی فروخت کے باقاعدہ عمل کے لئے کاروباری و قانونی تقاضے پورے کئے جاسکیں۔

کمپنیز (معاون کمپنیوں یا ایسوسی ایٹڈ انڈر ٹیکنگز میں سرمایہ داری) ضوابط 2017ء کے ضابطہ نمبر 4(2) کے تحت سرمایہ داری کی حیثیت

کمپنی کے شیئرز ہولڈرز نے اپنے 28 اکتوبر 2019ء کو منعقدہ سالانہ اجلاس عام میں کمپنی کو منظوری دی ہے اور کمپنی کے چیف ایگزیکٹو آفیسر کو مجاز ٹھہرایا ہے کہ وہ کمپنیز ایکٹ 2017ء کے سیکشن 199 کی پیروی میں پیس بارکا پراپرٹیز لمیٹڈ (”پیس بارکا“) کے سرمایہ حصص میں 100.00 ملین روپے (ایک سو ملین روپے صرف) تک اضافی ایکویٹی انویسٹمنٹ کے لئے اقدامات اٹھائے۔ اس مقصد کے لئے بورڈ آف ڈائریکٹرز کی مجاز شرائط و ضوابط کے تحت اوپن مارکیٹ سے حصص اور معاون کمپنیاں حاصل کی جائیں گے۔ مزید یہ کہ پیس بارکا کو 100.00 ملین روپے کا قرضہ/پیشگی زر بھی منظور کیا گیا تھا جو کمپنی کی قرضہ حاصل کرنے کی لاگت سے کم نہیں ہے۔

ازراہ کرم یاد رہے کہ اجلاس نوٹس کی تاریخ اجراء سے آج تک ناکافی کیش فلوک کی وجہ سے پیس بارکا میں کوئی سرمایہ داری نہیں کی گئی ہے۔ گذشتہ برس اور 30 جون 2020ء میں پیس بارکا کی مالیاتی اسٹیٹمنٹس کا موازنہ حسب ذیل ہے:

2019	2020ء	
ملین روپوں میں		
5,045	4,917	سرمایہ حصص اور ذخائر
0.249	0.217	طویل مدتی واجبات
1,403	1,471	حالیہ واجبات
4,064	4,024	مستقل اثاثہ جات
2,633	2,582	حالیہ اثاثہ جات
(116.12)	(130.71)	سال بھر میں مجموعی خسارہ
(0.38)	(0.43)	فی حصص آمدنی

دستاویزات کا معائنہ

نوٹس کی تاریخ اجرا سے سالانہ اجلاس عام کی اختتام تک کمپنی کے رجسٹرڈ آفس میں کاروباری اوقات کار کے دوران میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی نقول، شیئر ہولڈنگ کی تازہ ترین وضع اور گذشتہ چھ ماہ کے دوران کمپنی میں 10 فی صد یا زائد شیئر ہولڈنگ کے حامل حصص داران کی شیئر ہولڈنگ میں تغیر، WPL کی مالیاتی اسٹیٹمنٹس، ممکنہ مالیاتی نتائج/کمپنی کے منصوبہ جات، گذشتہ تین سال کے پڑتال شدہ سالانہ کھاتے، کمپنی کی متعلقہ معلومات کا جائزہ لیا جاسکتا ہے۔

ڈائریکٹرز اور ان کے رشتہ داروں کی دلچسپی

کمپنی کے تمام ڈائریکٹرز بشمول چیف ایگزیکٹو اور ان کے رشتہ دار (اگر کوئی ہے) اپنے ملکیتی شیئرز کی حد تک دلچسپی رکھتے ہیں۔ ان ڈائریکٹرز بشمول چیف ایگزیکٹو اور ان کے رشتہ دار (اگر کوئی ہے) کے مفاد پر قراردادوں کا اثر دیگر شیئر ہولڈرز کے مساوی مفاد پر اثر سے مختلف نہ ہے۔ ان خصوصی امور اور/یا قرارداد میں کوئی مفاد نہ ہے۔

First Capital Securities Corporation Limited

Chairman's Review

A Review Report by the Chairman on Board's overall performance and effectiveness of role played by the Board in achieving the Company's objectives 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 Securities Corporation 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 Review for the year ended June 30, 2020,

- ❖ The Board of Directors ("the Board") of First Capital Securities Corporation Limited (FCSC) 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 FCSC 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 four 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;

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
07 October 2020

Shehrbano Taseer
Chairman

فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ

چیئر مین کی جائزہ رپورٹ

بورڈ کی مجموعی کارکردگی اور کمپنیز ایکٹ 2017ء کے سیکشن 192 کے تحت کمپنی کے مقاصد کے حصول کے لئے بورڈ کے مؤثر کردار پر چیئر مین کی جائزہ رپورٹ۔

کوڈ آف کارپوریٹ گورننس کے تحت فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیا گیا۔ اس جائزہ کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے طے شدہ اہداف کے تناظر میں توقعات کے برعکس بورڈ کی مجموعی کارکردگی اور تاثیر کا تعین کیا جائے۔ ایسے شعبے جن میں بہتری کی ضرورت ہے انہیں مد نظر رکھا گیا ہے اور ایکشن پلان مرتب کیا گیا ہے۔

میں 30 جون 2020ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کرتی ہوں۔

- ❖ فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("FCSC") کے بورڈ آف ڈائریکٹرز نے کمپنی کے شیئر ہولڈرز کے بہترین مفاد کو ملحوظ خاطر رکھتے ہوئے اپنے فرائض دلجمعی سے سرانجام دیئے ہیں اور کمپنی کے امور کو مؤثر انداز میں منظم کیا ہے۔
- ❖ FCSC کا انتہائی ماہر اور تجربہ کار افراد پر مشتمل ہے۔ وہ کئی اداروں سے وسیع تجربہ کے حامل افراد بشمول آزاد ڈائریکٹرز کو سامنے لائے ہیں۔ بورڈ کے تمام اراکین اپنے فرائض سے بخوبی آگاہ ہیں اور انہیں دلجمعی سے سرانجام دے رہے ہیں۔
- ❖ ضابطہ کے تحت بورڈ اور اس کی کمیٹیوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز کی مناسب نمائندگی موجود ہے۔ اور یہ کہ بورڈ کے اراکین اور اس کی متعلقہ کمیٹیاں کمپنی کے امور چلانے کے لئے موزوں مہارت، تجربہ اور علم کو بروئے کار لاتے ہیں۔
- ❖ بورڈ نے یقین دلایا ہے کہ مؤثر انداز میں اپنے فرائض سرانجام دینے کے لئے ڈائریکٹرز کو آگاہی کورس فراہم کئے گئے ہیں اور یہ کہ بورڈ کے چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت پہلے ہی اسناد حاصل کر لی ہیں اور باقی ڈائریکٹرز ضابطہ کے مطابق قابلیت اور تجربہ کے معیار پر پورا اترتے ہیں۔
- ❖ بورڈ نے آڈٹ اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی تشکیل دی ہے اور ان کے شرائط و ضوابط منظور کئے ہیں۔ اور اپنی فرائض کی انجام دہی کے لئے کمیٹیوں کو مناسب وسائل فراہم کئے ہیں۔
- ❖ بورڈ نے یقین دلایا ہے کہ بورڈ اور کمیٹیوں کے اجلاس مطلوب کورم کے تحت منعقد کئے جاتے ہیں اور فیصلہ سازی کے تمام امور بورڈ کی قرارداد سے ہی طے کئے جاتے ہیں اور تمام اجلاسوں (بشمول کمیٹی کے اجلاس) کی روئیداد کو مناسب انداز میں ریکارڈ کیا جاتا ہے۔

❖ بورڈ منصوبہ بندی کے عمل، رسک مینجمنٹ سسٹم، پالیسی ڈیولپمنٹ اور مالی ڈھانچہ، نگرانی اور منظوری کو احسن انداز میں پائیہ تکمیل تک پہنچاتا ہے۔ سال بھر میں تمام نمایاں معاملات کو بورڈ یا کمیٹیوں کے سامنے پیش کیا جاتا ہے تاکہ کاروباری فیصلہ سازی کے عمل کو مستحکم کیا جاسکے۔

❖ کاروباری فیصلہ سازی کے عمل کو مضبوط کرنے کے لئے سال بھر میں تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے سامنے رکھا جاتا ہے۔ اور خصوصاً، آڈٹ کمیٹی کی سفارشات پر بورڈ نے کمپنی کی جانب سے متعلقہ پارٹیوں سے لین دین کی منظوری دی ہے۔

❖ بورڈ نے یقینی دہانی کرائی ہے کہ انٹرنل کنٹرول کا مناسب نظام عمل میں لایا گیا ہے اور خود کار تعین کے نظام اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدہ نگرانی کی جاتی ہے۔

❖ بورڈ نے ڈائریکٹرز کی رپورٹ کو تیار اور منظور کیا ہے اور یہ یقینی دہانی کرائی ہے کہ لاگو قوانین و ضوابط کے عین مطابق ڈائریکٹرز کی رپورٹ کو کمپنی کے سہ ماہی اور سالانہ مالیاتی گوشواروں کے ساتھ شائع کیا جاتا ہے۔

❖ کمپنی پر لاگو متعلقہ قوانین و ضوابط کے تحت بورڈ نے تفویض کردہ اختیارات کی روشنی میں اپنا کردار ادا کیا ہے۔ اور بورڈ نے ہمیشہ ڈائریکٹرز کی حیثیت سے اپنے اختیارات کے استعمال اور فیصلہ سازی میں تمام لاگو قوانین و ضوابط کو ملحوظ خاطر رکھا ہے۔

❖ بورڈ نے چیف ایگزیکٹو اور دیگر کی ایگزیکٹو بشمول CFO، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ کی تقرری، تعین اور مشاہیرہ کو یقینی بنایا ہے۔

❖ بورڈ نے یقین دہانی کرائی ہے کہ بورڈ اپنے اراکین کو بروقت معلومات فراہم کرتا ہے اور بورڈ کے اراکین کو اجلاس کے دوران پیش رفت سے آگاہ رکھا جاتا ہے۔

میں ان مشکل حالات میں اپنے ساتھی ڈائریکٹرز، شیئر ہولڈرز، انتظامیہ اور عملہ کی مسلسل حمایت کی تہہ دل سے شکر گزار ہوں۔ میں مستقبل میں کمپنی کی ترقی کے لئے پرامید ہوں۔

آمنہ تاثیر
چیرمین

لاہور

107 اکتوبر 2020ء

FIRST CAPITAL SECURITIES CORPORATION LIMITED
DIRECTORS' REPORT

On behalf of the Board of Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC"), we are pleased to present the annual report of the Company together with the audited annual financial statements for the financial year 2020.

Operational Results

The principal business activities of the Company include equity investments and Money market operations. The Company's financial results for the Financial Year 2020 ("FY20") are summarized as follows:

	30 June 2020	30 June 2019
	Rupees	Rupees
Revenue	(148,516,962)	(250,343,288)
Operating expenses	48,786,795	45,660,798
Finance and other costs	242,768,587	175,324,081
Loss after taxation	(426,521,686)	(424,210,997)
Earnings/(loss) per share (basic & diluted)	(1.35)	(1.34)

During the period under review, the Company has reported loss after tax of Rs. 426.522 million (EPS: -1.35) as compared to loss of Rs. 424.211 million (EPS: -1.34) during the same period last year. The Company has generated gross loss of Rs. 148.517 during the period under review as compared to loss of Rs. 250.343 in the same period last year, mainly on the back of loss of Rs. 251.921 million from change in fair value of investment as compared to loss of Rs. 558.947 million in corresponding period last year. Finance cost increased to Rs. 67.444 million from Rs. 175.324 million.

During the year the Company incurred loss amounting Rs. 426.5 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,453.27 Million as at June 30, 2020 (2019: 1,028.39 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 2,056.69 Million. During the year Company failed to fulfil its obligation under diminishing musharka agreement with Silk Bank Limited which led to classification of loan liability as current liability.

Owing to the factors mentioned above 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. As at year end the management of the Company is in negotiation with bank to restructure its facility and is confident that this will be done on favorable terms.

Based on above mentioned assumption of the management these financial statements have been prepared on the going concern basis. The financial statements consequently, do not

include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

CAPITAL MARKET

During the period under review PSX-100 index (the benchmark) closed at 34422 points, an increase of 1.53%, as compared to loss of 19.11% in the same period last year. After two year's consecutive loss finally the equity market turned to positive. The period under review commenced on negative note mainly on the back of decelerated economic activities while grew cost of doing business and deteriorated relationship between the nuclear-armed India-Pakistan after the repealed of article 370 and imposition of curfew/lockdown in Indian occupied Kashmir. First half of the year ended with net return of 20.16% on the back of positive macro-economic indicators. Current account surplus of amount 98 million and surging interest in government securities as reflected by inflow of USD 713 million (T-Bills & PIBs) in SCRA account for Nov-19 and expectations for decrease in inflation rate led to boost the investor's confidence.

After a hefty gain in 1st half, the market has lost its pace on account of outbreak of covid-19. Oil & Gas sector remained under pressure during the period due to slowdown of economic activities that led to plunge in crude oil prices by more than 25% and headline news on circular debt continued to haunt the investors. Depressed export numbers, which stood at USD 957 million for the month of April-20, led to uncertainty over sustainability of Balance of Payment (BoP) situation that also caused to shrank investors' confidence. On the other side incentive package of PKR 50 billion for agri-sector for subsidized fertilizers, tractors and loans; and further 100 bps cut in Policy Rate provide some support to the market during the period.

Performance of Key Investments

First Capital Equities Limited ("FCEL")

FCEL reported a loss of Rs 3.48 million in FY20 vs. loss of Rs. 66.27 million. During the year due to discontinuation of operations, the brokerage income of your Company is NIL versus of Rs 20.15 million in last year. Further, FCEL recorded capital gain / (loss) of Rs NIL against loss of Rs. 0.48 million last year. Further, the Un-realized gain on re-measurement of investment is recorded at Rs. 8.36 million while other income arrived at Rs. 79.24 million which is on account of waiver of accrued mark up. Operating expenses increased by 6.90%, while financial expenses registered a decline of 95% during the year under review.

During the current year, FCEL has settled its total liability with JS Bank Limited through debt to assets swap arrangements against its investment property. FCEL has also offered similar debts to assets swap arrangement against its investment property to other financial institutions, which is currently under review of competent authorities of respective financial institutions and management is confident of respective financial institutions agreeing to stated arrangements offered by FCEL.

Lanka Securities (Private) Limited ("LSL")

LSL has reported loss after tax of LKR 13.40 million during the period under review as compared to loss of LKR 23.39 million during the same period last year. Loss per share for the year is recorded at LKR 0.77 as compared to LKR 1.34 in the preceding year.

First Capital Investments Limited (“FCIL”)

FCIL has posted loss after taxation of Rs. 3.96 million during the Financial Year 2020 (“FY-20”) as compared to loss after taxation of Rs. 48.62 million during the Financial Year 2019 (“FY-19”). Loss per share during the period under review is recorded at Rs. 0.19 as compared to loss per share of Rs. 2.32 during the same period last year. The recovery in the earnings of FCIL is mainly on the back of equity market performance that stated positive return of 1.53% during the period under review as compared to negative return of 19.11% during the FY-19.

World Press (Pvt.) Limited (“WPL”)

During the period under review WPL reported an after tax loss of Rs. 7.5 million as compared to a loss of Rs. 1.8 million in corresponding period last year. The Board of Director in their meeting held on 07 October 2020 has decided to dispose off the entire shareholding in WPL and in this respect CEO of the Company has been authorized to take necessary steps.

Evergreen Water Valley (Pvt.) Limited (“EGWV”)

During the financial year ending 30th June 2020 vs (FY-2019), the sales of the Company substantially decreased by 22%. The Company recorded the net sales of Rs. 167,739 million as compared to Rs. 216,166 million during last year, with a decrease of Rs. (48,427) million. Such a decrease in company’s revenue is primarily attributable due to the lock down (Covid-19 Pandemic) and to decrease in construction work at our Pace Circle Project. Net loss of company in comparison with the last year is also due to the decrease in construction work on our projects.

Future Outlook

The IMF predicts that the global economy will shrink 4.9% this year, which would be the worst annual contraction after the Second World War. On the local front, the economy was locked down at a large scale till May as the health infrastructure was overwhelmed with number of cases. As a result of the output gap, the forecasts for economic growth were lowered to -0.4%, compared to earlier growth expectations of 2.4%.

The COVID-19 pandemic affect the entire economy and cause severe financial stress for most of the business. However, timely response from government in form of massive stimulus packages mitigated the impact of COVID-19 outbreak to some extent. Incentive package of PKR 50 billion for agri-sector for subsidized fertilizers, tractors and loans; and further 100 bps cut in Policy Rate provide some support to the market during the period.

Beyond their positive impacts in short term, these measures are expected to support the economic recovery and post COVID-19.

Corporate Social Responsibility

The 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 2019.

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.

Risk management:

The Board recognizes that risk is an integral component of the business, and that it is characterized by both threat and opportunity. The Company fosters a risk aware corporate culture in all decision-making, and is committed to managing all risk in a proactive and effective manner through competent risk management. To support this commitment, risk is analyzed in order to inform the management decisions taken at all levels within the organization. Due to the limitations inherent in any risk management system, the process for identifying, evaluating and managing the material business risks is designed to manage, rather than eliminate, risk and to provide reasonable, but not absolute assurance, against material misstatement or loss. Certain risks, for example natural disasters, cannot be managed to an acceptable degree using internal controls. Such major risks are transferred to third parties in the local insurance markets, to the extent considered appropriate.

Impact of the company's business on the environment

The Company's nature of business is service provider and Investments, 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.

Key Financial Indicators

The key financial indicators of the Company's performance for the last six years are annexed to the report.

Payouts for the Shareholders

Keeping in view the cash flows of the company during the year ended June 30, 2019, board of directors does not recommend any pay out/ dividend for the year.

(Loss)/Earnings per share

Earnings per share (basic and diluted) for the year ended June 30, 2019 loss Rs. (1.34) as compared to loss per share Rs. (0.64) for the last year.

Delay in Election of Directors

The term of directors was expired on 26th September 2012, the directors have already fixed the number of directors as seven for the next term of three years. However, the board did not decide the date of election of directors due to an impediment in holding the election of Directors, i.e. non completion of succession of shares of late Mr. Salmaan Taseer.

Corporate and Financial Reporting Framework:

- The financial statements together with the notes drawn up by the management present fairly the company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment, except for changes referred in Note – 4 to the financial statements.
- The international accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure there from (if any) is adequately disclosed.
- Significant deviations from last year in operating results of the Company have been highlighted and reasons thereof explained above.
- There are statutory payments on account of taxes, duties, levies and charges which are outstanding and have been disclosed in Note – 15 to financial statements.

- Information about loans and other debt instruments in which the Company is in default or likely to default are disclosed in Note – 16 to the financial statements.

Code of Corporate Governance;

During the financial year 2020 revised “Listed Companies (Code of Corporate Governance) Regulations” has been implemented which requires certain changes in the Composition of the Board and Its Committees. The Company has changed the composition of Board and its committees.

Composition of Board

The following persons, during the financial year, remained Directors of the Company:

Names	Designation
Shehribano Taseer	Chairman
Aamna Taseer	CEO
Shehryar Ali Taseer	Director
Shahbaz Ali Taseer	Director
Sikandar Laeeq (resigned)	Director
Naeem Akhtar	Director
Mustafa Mujeeb Ch	Director
Umair Fakhhar Alam	Director

Mr. Umair Fakhhar Alam appointed as director in place of Mr. Sikandar Laeeq, subsequent to the year.

Total number of Directors	7
a) Male; and	5
b) Female:	2

Composition:

a) Independent Directors	2
b) Other Non-Executive Directors	4
c) Executive Directors; and	1
d) Female Director	2

Committee of the board

Audit Committee	Mr. Umair Fakhhar Alam (Chairman) Miss Shehribano Taseer (Member) Mr. Naeem Akhtar (Member)
Human Resource and Remuneration (HR&R)	Mr. Umair Fakhhar Alam (Chairman) Mrs. Aamna Taseer (Member)

Committee

Miss Shehrbano Taseer (Member)

The Statement of Compliance with Code of Corporate Governance is annexed.

EXECUTIVE REMUNERATION

The remuneration to the Chief Executive Officer and Executive at the Company is as follows:

	Directors			
	Chief Executive Officer		Executive Director	
	2020	2019	2020	2019
	----- R u p e e s -----			
Managerial remuneration	2,400,000	2,400,000	Nil	Nil

Trading of Directors

During the year no trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children.

Auditors

The present auditors M/s Nasir Javed Maqsood Imran, Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the Company for the year ending June 30, 2021, at a fee to be mutually agreed.

Pattern of Shareholdings

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

Acknowledgement

Availing this opportunity the Board desires to place on record their appreciation to the financial institutions, Government authorities and other stakeholders for their dedication and commitments. We would like to thank all shareholders of the company for the trust and confidence. We would like to express our gratitude towards Securities and Exchange Commission of Pakistan for its persistent guidance. Finally the Board would like to record its appreciation to all staff members for their hard work.

For and on behalf of the Board

Lahore
07 October 2020

Director

Aamna Taseer
CEO/Director

فرسٹ کیپٹل سیکیورٹیز کارپوریشن لمیٹڈ

ڈائریکٹرز کی رپورٹ

فرسٹ کیپٹل سیکیورٹیز کارپوریشن لمیٹڈ ("کمپنی" یا "FCSC") کے بورڈ آف ڈائریکٹرز کی جانب سے ہم مالیاتی سال 2020ء کے لئے پڑتال شدہ سالانہ مالیاتی اسٹیٹمنٹس کے ہمراہ کمپنی کی سالانہ رپورٹ ازراہ مسرت پیش کرتے ہیں۔

فعالی نتائج

کمپنی کی بنیادی کاروباری سرگرمیوں میں ایکویٹی انویسٹمنٹ اور منی مارکیٹ آپریشنز شامل ہیں۔ مالیاتی سال 2020ء کے لئے کمپنی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے۔

30 جون 2019ء	30 جون 2020ء	
روپے	روپے	
(250,343,288)	(148,516,962)	آمدنی
45,660,798	48,786,795	آپریٹنگ اخراجات
175,324,081	242,768,587	قرضوں پر لاگت اور دیگر
(424,210,997)	(426,521,686)	نقصان علاوہ ٹیکس
(1.34)	(1.35)	(بنیادی اور ایصال) آمدنی / (خسارہ) فی حصص

گذشتہ برس اسی مدت کے دوران 424.211 ملین روپے (فی حصص آمدنی: -1.34) خسارہ کے مقابلہ میں کمپنی نے زیر جائزہ مدت کے دوران 426.522 ملین روپے (فی حصص آمدنی: -1.35) خسارہ علاوہ ٹیکس رپورٹ کیا۔ گذشتہ برس اسی مدت میں 250.343 روپے مجموعی خسارہ کے مقابلہ میں کمپنی نے زیر جائزہ مدت کے دوران 148.517 روپے مجموعی خسارہ درج کیا۔ جو گذشتہ برس اسی مدت میں 558.947 ملین روپے خسارہ کے مقابلہ میں انویسٹمنٹ کی بنیادی قیمت میں تبدیلی کی وجہ سے 251.947 ملین روپے خسارہ کی وجہ سے تھا۔ قرضوں پر لاگت میں 175.324 ملین روپے سے 67.444 ملین روپے کمی واقع ہوئی۔

سال بھر میں کمپنی نے 426.5 ملین روپے خسارہ علاوہ ٹیکس درج کیا۔ جب کہ 30 جون 2020ء تک کمپنی کا مجموعی خسارہ 1,453.27 ملین روپے رہا (2019ء: 1028.39 ملین روپے)۔ رپورٹنگ کی تاریخ تک کمپنی کے حالیہ واجبات حالیہ اثاثہ جات سے 2,056.69 ملین روپے تک تجاوز کر گئے۔ سال بھر میں کمپنی نے سلک بینک لمیٹڈ سے قلیل مدتی مشارکہ

معاهدہ کے تحت اپنے فرائض سرانجام دیئے جس سے قرض کے واجبات کو حالیہ واجبات کی درجہ بندی دے دی گئی۔ مذکورہ بالا عوامل کے پیش نظر کمپنی نے اپنے کاروباری امور اور فرائض سرانجام دینے کے لئے معقول آپریٹنگ منافع اور کیش فلو کی ضرورت پر زور دیا۔ اسی طرح سے کمپنی کے کاروباری امور سے متعلقہ واضح بے یقینی موجود ہے جس سے عمومی کاروباری امور میں اس کے واجبات کی ادائیگی سے متعلق شکوک و شبہات پیدا ہوتے ہیں۔ کمپنی کا کاروبار جاری رکھنا بہتر کیش فلو پر منحصر ہے۔ سال کے اختتام پر کمپنی کی انتظامیہ اپنی سہولت کی ری سٹرکچرنگ کے سلسلہ میں بینک کے ساتھ مذاکرات کر رہی ہے اور انتظامیہ پر امید ہے کہ اس ری سٹرکچرنگ کی شرائط و ضوابط طے پا جائیں گی۔

انتظامیہ کے مذکورہ بالا مفروضہ کی بنیاد پر یہ مالیاتی اسٹیٹمنٹس جاری کاروبار کے طور پر تیار کی گئی ہیں۔ ان مالیاتی اسٹیٹمنٹس میں اثاثہ جات کی فروخت اور واجبات کی لیکویڈیشن کی مد میں ایڈجسٹمنٹ شامل نہ ہے جس سے یہ ظاہر ہو کہ کمپنی اپنا کاروبار جاری رکھنے کی صلاحیت نہیں رکھتی۔

کیپٹل مارکیٹ

زیر جائزہ مدت کے دوران PSC-100 اینڈیکس (ہینچ مارک) گذشتہ برس میں 19.11 فی صد کی کے مقابلہ میں 1.53 فی صد اضافہ کے ساتھ 34422 پوائنٹس پر بند ہوا۔ دو برس کے مسلسل خسارہ کے بعد ایکویٹی مارکیٹ کا رجحان مثبت رہا۔ سست رفتار معاشی سرگرمیوں، کاروباری لاگت میں اضافہ اور بھارتی مقبوضہ کشمیر میں آرتھیکل 370 ختم ہونے پر کرفیو/لاک ڈاؤن کے دو ایٹمی ممالک پاکستان اور بھارت میں کشیدہ تعلقات کی وجہ سے زیر جائزہ مدت کا آغاز منفی رجحان سے ہوا۔ زیر جائزہ سال کے اختتام پر پہلے نصف حصہ میں مثبت معاشی اشاریوں کی وجہ سے 20.16 فی صد کی خالص آمدنی درج ہوئی۔ 98 ملین روپے کا کرنٹ اکاؤنٹ سرپلس، گورنمنٹ سیکورٹیز میں بڑھتی ہوئی دلچسپی جو نومبر 2019ء کے لئے SCRA اکاؤنٹ میں 713 ملین روپے (ٹی بلز اور PIBs) کے ان فلو سے عیاں ہے اور افراط زر کی شرح میں متوقع کمی کی وجہ سے سرمایہ داروں کے اعتماد میں اضافہ ہوا۔

پہلے نصف حصہ میں بھاری منافع کے بعد COVID-19 کے حملہ کی وجہ سے مارکیٹ کی رفتار سست ہو گئی۔ اسی دورانیہ میں اقتصادی تیل اور گیس کے شعبے دباؤ میں رہے جس کی وجہ سے معاشی سرگرمیاں سست روی کا شکار رہیں اور خام تیل کی قیمت میں 25 فی صد اضافہ ہوا اور گردش قرضہ کی خبر سے سرمایہ داروں کے اعتماد کو ٹھیس پہنچی۔ اپریل 2020ء میں 957 ملین روپے کی گرتی ہوئی برآمدات سے ادائیگیوں (BoP) کے توازن کی صورت حال میں بے یقینی پیدا ہو گئی اور سرمایہ داروں کا اعتماد مزید کم ہو گیا۔ دوسری جانب سبسڈائزڈ فرٹیلائزرز، ٹریکٹرز اور قرضوں کی مد میں زرعی شعبہ کے لئے 50 بلین روپے کے رعایتی پیکیج کے اعلان اور پالیسی ریٹ میں 100 بی پی ایس کمی سے اس دورانیہ میں مارکیٹ کو سہارا دیا گیا۔

اہم انویسٹمنٹس کی کارکردگی

فرسٹ کیپٹل ایکویٹیز لمیٹڈ ("FCEL")

مالیاتی سال 2020ء میں FCEL نے 3.48 ملین روپے کا خسارہ درج کیا۔ آپریشنز کی معطلی کی وجہ سے اس سال آپ کی کمپنی کی بروکریج انکم صفر ہے جو گذشتہ برس 20.15 ملین روپے تھی۔ مزید یہ کہ، FCEL نے گذشتہ برس 0.48 ملین روپے خسارہ کے مقابلہ میں صفر روپے کیپٹل آمدنی / (خسارہ) درج کیا۔ مزید برآں، سرمایہ داری کے دوبارہ تعین پر غیر حاصل شدہ آمدنی 8.36 ملین روپے درج کی گئی جب کہ دیگر آمدنی 79.24 ملین روپے رہی جو لاگو مارک اپ کی چھوٹ کی وجہ سے ہے۔ آپریٹنگ اخراجات 6.90 فی صد رہے جب کہ مالیاتی اخراجات کی مد میں زیر جائزہ مدت کے دوران 95 فی صد کمی رجسٹر ہوئی۔

زیر جائزہ سال کے دوران FCEL نے JS بینک کے ساتھ اپنے تمام واجبات کو اثاثہ جات کے ساتھ تبادلہ کے ذریعے ادا کر دیئے ہیں۔ FCEL نے اپنی دیگر سرمایہ داری پراپرٹی کی مد میں دیگر مالیاتی اداروں کو بھی قرضوں کو اثاثہ جات میں تبادلہ کی پیشکش کی ہے۔ جس پر متعلقہ مالیاتی اداروں کے مجاز افسران غور کر رہے ہیں۔ اور انتظامیہ پر امید ہے کہ FCEL کی مذکورہ پیشکش کو قبول کر لیں گے۔

لنکاسیکیورٹیز (پرائیویٹ) لمیٹڈ ("LSL")

LSL نے گذشتہ برس اسی مدت میں 23.39 ملین لنکن روپے خسارہ کے مقابلہ میں زیر جائزہ مدت کے دوران 13.40 لنکن روپے خسارہ علاوہ ٹیکس رپورٹ کیا۔ گذشتہ برس 1.34 لنکن روپے خسارہ فی حصص کے مقابلہ میں رواں برس 0.77 لنکن روپے خسارہ فی حصص ریکارڈ ہوا۔

فرسٹ کیپٹل انویسٹمنٹس لمیٹڈ ("FCIL")

مالیاتی سال 2020ء کے دوران 3.96 ملین روپے خسارہ علاوہ ٹیکس درج ہوا جب کہ مالیاتی سال 2019ء کے دوران کمپنی نے 48.62 ملین روپے خسارہ علاوہ ٹیکس رپورٹ کیا۔ گذشتہ برس کی اسی مدت میں 2.32 روپے فی حصص خسارہ کے مقابلہ میں زیر جائزہ مدت کے دوران 0.19 روپے خسارہ فی حصص ریکارڈ ہوا۔ FCIL کی آمدنی ایکویٹی مارکیٹ کی بہتر کارکردگی سے منسوب کی جاتی ہے جو زیر جائزہ مدت کے دوران 1.53 فی صد کی مثبت آمدنی ظاہر کرتی ہے جب کہ مالیاتی سال 2019ء کے دوران یہی آمدنی 19.11 فی صد رہی۔

ورلڈ پریس (پرائیویٹ) لمیٹڈ (“WPL”)

گذشتہ برس اسی مدت میں 1.8 ملین روپے خسارہ کے مقابلہ میں WPL نے زیر جائزہ مدت کے دوران 7.4 ملین روپے خسارہ علاوہ ٹیکس رپورٹ کیا۔ بورڈ آف ڈائریکٹرز نے 07 اکتوبر 2020ء میں منعقدہ اپنے اجلاس میں WPL کی مکمل شیئر ہولڈنگ کو فروخت کرنے کا فیصلہ کیا اور اس تناظر میں کمپنی کے CEO کو ضروری اقدامات اٹھانے کے لئے مجاز ٹھہرایا گیا۔

ایورگرین واٹر ویلی (پرائیویٹ) لمیٹڈ (“EGWV”)

30 جون 2020ء اختتام پذیر مالیاتی سال اور مالیاتی سال 2019 کے موازنہ سے سیلز میں 22 فی صد نمایاں کمی دیکھی گئی۔ کمپنی نے گذشتہ برس کی اسی مدت میں 216,166 ملین روپے خالص سیلز کے مقابلہ میں (48,427) کمی کے ساتھ 167,739 ملین روپے کی خالص سیلز درج کی۔ کمپنی کی آمدنی میں یہ کمی (COVID-19 وبا) کی وجہ سے عائد لاک ڈاؤن اور پیس سرکل پروجیکٹ کے تعمیراتی کام کی معطلی سے منسوب کی جاتی ہے۔ گذشتہ برس کے مقابلہ میں خالص خسارہ ہمارے پروجیکٹ کے تعمیراتی کام کی معطلی کی وجہ سے ہے۔

مستقبل کا منظر نامہ

آئی ایم ایف پشین گوئی کرتا ہے کہ عالمی معیشت رواں سال 4.9 فی صد تک سکڑ جائے گی جو دوسری جنگ عظیم کے بعد سالانہ کے حساب سے سب سے زیادہ تفاوت ہے۔ ملکی سطح پر مئی تک کیسز کی تعداد میں اضافہ کی وجہ سے صحت کے شعبہ پر دباؤ کی وجہ سے وسیع پیمانے پر معیشت جمود کا شکار رہی۔ آؤٹ پٹ خلا کے نتیجے میں معاشی نمو کی شرح 0.4- فی صد ہونے کی پشین گوئی کی گئی ہے جب کہ قبل ازیں معاشی نمو 2.4 فی صد رہنے کی توقع تھی۔

COVID-19 وبانے معیشت پر مضر اثرات مرتب کئے ہیں اور اکثر کاروباروں کو شدید مالیاتی دباؤ کا سامنا کرنا پڑا ہے۔ تاہم، معیشت کو متحرک کرنے کے لئے پیکیج کے اعلان پر مشتمل حکومت کے بروقت اقدامات کی وجہ سے COVID-19 کے مضر اثرات کے تدارک میں کافی حد تک مدد ملی ہے۔ سبسڈائزڈ فرٹیلائزر، ٹریکٹرز اور قرضوں کی مد میں زرعی شعبے کے لئے 50 بلین روپے کے رعایتی پیکیج اور پالیسی شرح میں مزید 100bps کی کمی سے اس دورانہ میں مارکیٹ کو سہلارا ملا۔ قلیل مدت کے لئے اس کے مثبت اثرات کے پیش نظر یہ اقدامات COVID-19 کے بعد معیشت کی بحالی میں سود مند ثابت ہوں گے۔

کاروباری و سماجی ذمہ داری

کمپنی سماجی طور پر ذمہ دار ادارہ کی حیثیت سے سوسائٹی میں اپنا مثبت کردار ادا کر رہی ہے۔ جس میں کمپنی کے لئے کام کرنے والے عملہ، کام کی جگہ کے گرد و نواح میں مقیم افراد اور سوسائٹی کے فرائض کی ادائیگی شامل ہے۔

ہیومن ریسورس مینجمنٹ

کمپنی کی انتظامیہ کمپنی کے اصول، ایمان اور فلسفہ پر مضبوط یقین رکھتی ہے جہاں ملازمین کو خاندان کے افراد کی حیثیت دی جاتی ہے۔ کمپنی اپنے ملازمین کو کاروباری و سماجی ورک انوائرنمنٹ فراہم کرنے کے لئے مسلسل کوشاں ہے تاکہ وہ خوشگوار اور پیشہ ورانہ انداز میں مکمل دیانت داری سے اپنے فرائض سرانجام دے سکیں۔

داخلی نظم و ضبط

ڈائریکٹرز اور انتظامیہ کمپنی کے داخلی نظم و ضبط کے نظام کو چلانے اور اس پر عمل درآمد کے لئے سالانہ جائزہ کی ذمہ دار ہے۔ تاکہ حصص داران کو اپنی سرمایہ داری پر بھاری منافع حاصل ہو سکے جو ذمہ داری سے خطرات کے انتظام اور تعین میں مددگار ثابت ہوتا ہے۔ اس میں مالیاتی، فعالی اور تعمیلی نظم و ضبط اور رسک مینجمنٹ طریقہ ہائے کار اور ان کی تاثیر کی نگرانی شامل ہے۔ ڈائریکٹرز نے 2020ء کو اختتام پذیر سال کے لئے سالانہ جائزہ اور تخمینہ کو مکمل کر لیا ہے۔

بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ انٹرنل آڈٹ فنکشن کی رپورٹ کا باقاعدگی سے جائزہ لیتی ہے تاکہ داخلی نظم و ضبط کے معیار کو برقرار رکھا جاسکے۔ کمپنی کا داخلی آڈٹ فنکشن کنٹرول سرگرمیوں کی تاثیر اور قیام کا جائزہ لیتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدہ رپورٹ کرتا ہے۔

رسک مینجمنٹ

بورڈ تسلیم کرتا ہے کہ کاروبار میں خطرات و خدشات بہت اہمیت کے حامل ہوتے ہیں لہذا یہ خطرہ اور مواقع دونوں کے طور پر قبول کئے جاتے ہیں۔ کمپنی ہر قسم کی فیصلہ سازی میں خطرات سے آگاہی کا کاروباری کلچر متعارف کراتی ہے اور تمام خطرات سے نبرد آزما ہونے کے لئے موزوں رسک مینجمنٹ کے ذریعے اپنا مؤثر اور فعال کردار ادا کرتی ہے۔ اس عزم کو پورا کرنے کی غرض سے رسک کا جائزہ لیا جاتا ہے تاکہ ادارہ میں تمام سطحوں پر فیصلہ سازی کے لئے انتظامیہ کو آگاہ کیا جاسکے۔ کسی بھی رسک مینجمنٹ سسٹم میں موجود حدود و قیود کی وجہ سے ٹھوس کاروباری خدشات کی شناخت، تعین اور انتظام کا طریق عمل خطرہ کو ختم کرنے کی بجائے اس سے نبرد آزما ہونے کے لئے تیار کیا گیا ہے۔ تاکہ مادی غلطی یا نقصان کی مد میں مناسب لیکن غیر حتمی یقین دہانی فراہم کی جاسکے۔ داخلی ضبط کے ذریعے مخصوص خطرات یعنی قدرتی آفات پر قابل قبول سطح تک قابو نہیں پایا جاسکتا۔ ایسے بڑے خطرات کو مقامی انشورنس مارکیٹ میں مناسب حد تک فریق ثالث کو منتقل کر دیا جاتا ہے۔

کمپنی کے کاروبار کا ماحول پر اثر

کمپنی کی کاروباری نوعیت خدمات کی فراہمی اور سرمایہ داری ہے لہذا اس کی سرگرمیوں کا ماحول پر بہت کم اثر ہوتا ہے۔ کمپنی نے ملازمین، تمام شعبہ جات اور کلائنٹس سے بذریعہ ای میل رابطہ سازی کی حوصلہ افزائی کر کے کاغذ کے کم استعمال کی پالیسی اپنائی ہے۔

اہم مالیاتی اشارے

گذشتہ چھ برسوں کے لئے کمپنی کی کارکردگی کے اہم مالیاتی اشارے رپورٹ کے ساتھ منسلک ہیں۔

حصص داران کو منافع کی ادائیگی

30 جون 2020ء کو اختتام پذیر سال کے دوران کمپنی کے کیش فلکومڈ نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے رواں برس کسی بھی قسم کے پے آؤٹ / منافع منقسمہ کی سفارش نہ کی ہے۔

(خسارہ) / آمدنی فی حصص

30 جون 2020ء کو اختتام پذیر سال کے لئے فی حصص آمدنی / (خسارہ) (بنیادی اور ڈائی لیوٹڈ) (1.34) روپے ہے جو گذشتہ برس (0.64) روپے تھا۔

ڈائریکٹرز کے انتخاب میں تاخیر

26 ستمبر 2012ء کو ڈائریکٹرز کی مدت ختم ہو گئی تھی۔ بورڈ آف ڈائریکٹرز نے آئندہ تین سال کی مدت کے لئے سات ڈائریکٹرز کی تعداد پہلے ہی مقرر کر لی ہے۔ تاہم، ڈائریکٹرز کے انتخاب میں چند رکاوٹوں یعنی سلمان تاثیر مرحوم کے حصص کی منتقلی کی عدم تکمیل کی وجہ سے ڈائریکٹرز کے انتخابات کی تاریخ کا فیصلہ تاحال نہ ہو سکا ہے۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک

- نوٹس کے ہمراہ انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بھرپور عکاسی کرتی ہیں۔
- کمپنی نے کھاتوں کے باضابطہ رجسٹر تیار کئے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا جاتا ہے اور اکاؤنٹنگ تخمینہ جات، ماسوائے مالیاتی اسٹیٹمنٹ کے نوٹ 4 میں بیان کردہ تبدیلیوں کے، مناسب اور قابل فیصلوں کی بنیاد پر لگائے جاتے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے رد و بدل (اگر کوئی ہو) کو مناسب انداز میں ظاہر کیا گیا ہے۔
- کمپنی کے فعال نتائج میں گذشتہ برس کے مقابلہ میں نمایاں فرق کو واضح کیا گیا ہے اور اس کی وجوہات وضاحت سے بیان کی گئی ہیں۔
- کچھ ٹیکسز، ڈیوٹیز، لیوی اور اخراجات کی مد میں قانونی ادائیگیاں ایسی ہیں جو واجب الادا ہیں اور انہیں مالیاتی اسٹیٹمنٹس کے نوٹ 15 میں بیان کیا گیا ہے۔

- قرضوں اور دیگر ڈیٹ انسٹرومنٹس، جن میں کمپنی نادہندہ ہے یا نادہندہ ہونے کا خدشہ ہے، کی تفصیلات مالیاتی اسٹیٹمنٹس کے نوٹ 16 میں بیان کی گئی ہیں۔

کوڈ آف کارپوریٹ گورننس

مالیاتی سال 2020ء کے دوران نظر ثانی شدہ 'لسٹڈ کمپنیز' (کوڈ آف کارپوریٹ گورننس) ضوابط کا اطلاق کیا گیا ہے جس کے نتیجے میں بورڈ اور اس کی کمیٹیوں کی ترکیب میں چند تبدیلیاں مطلوب ہیں۔ کمپنی نے بورڈ اور اس کی کمیٹیوں کی ترکیب میں تبدیلی کر دی ہے۔

بورڈ کی ترکیب

مالیاتی سال کے دوران مندرجہ ذیل افراد کمپنی کے ڈائریکٹرز برقرار رہے۔

نام	عہدہ
شہر بانو تاثیر	چیئر مین
آمنہ تاثیر	چیف ایگزیکٹو آفیسر
شہریار علی تاثیر	ڈائریکٹر
شہباز علی تاثیر	ڈائریکٹر
سکندر لیتق (مستعفی ہوئے)	ڈائریکٹر
نعیم اختر	ڈائریکٹر
مصطفیٰ مجیب چوہدری	ڈائریکٹر
عمیر فخر عالم	ڈائریکٹر

مسٹر عمیر فخر عالم کو مسٹر سکندر لیتق کی جگہ ڈائریکٹرز مقرر کیا گیا۔

7 ڈائریکٹرز کی کل تعداد

5 (a) مرد

2 (b) خواتین

ترکیب:

2	آزاد ڈائریکٹرز	(a)
4	دیگر نان ایگزیکٹو ڈائریکٹرز	(b)
1	ایگزیکٹو ڈائریکٹرز اور	(c)
2	خواتین ڈائریکٹرز	(d)

بورڈ کمیٹیاں

آڈٹ کمیٹی	مسٹر عمیر فخر عالم (چیئر مین)
	مس شہر بانو تاثیر (رکن)
	مسٹر نعیم اختر (رکن)
ہیومن ریسورس ریوژنیشن	مسٹر عمیر فخر عالم (چیئر مین)
کمیٹی (HR&R)	مسز آمنہ تاثیر (رکن)
	مس شہر بانو تاثیر (رکن)

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان ساتھ منسلک ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی کے چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کا معاوضہ حسب ذیل ہے:

ایگزیکٹو ڈائریکٹرز		چیف ایگزیکٹو آفیسر		
2019	2020	2019	2020	
3	1	1	1	
روپے	روپے	روپے	روپے	
-	-	2,400,000	2,400,000	انتظامی معاوضہ

ڈائریکٹرز کی تجارت

سال بھر میں کمپنی کے ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں کوئی تجارت سامنے نہ آئی ہے۔

آڈیٹرز

حالیہ آڈیٹرز میسرز ناصر جاوید مقصود عمران، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے 30 جون 2021ء کو اختتام پذیر سال کے لئے انہیں کمپنی کا آڈیٹر مقرر کرنے کی تجویز دی ہے جس کا معاوضہ باہمی رضامندی سے طے کیا جائے گا۔

شیئر ہولڈنگ کی وضع

کمپنیز ایکٹ 2017ء کے سیکشن (f)(2)227 اور پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے مطابق شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

اعتراف

اس موقع کا فائدہ اٹھاتے ہوئے بورڈ مالیتی اداروں، حکومتی اتھارٹیز اور دیگر اسٹیک ہولڈرز کے جذبہ اور عزم کو قدر کی نگاہ سے دیکھتا ہے اور کمپنی کے تمام شیئر ہولڈرز کے ہم پر اعتماد اور بھروسہ کے لئے بھی شکر گزار ہے۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل رہنمائی کے لئے بھی شکر یہ ادا کرتے ہیں۔ آخر میں بورڈ تمام سٹاف ممبران کی ان تھک محنت پر تہ دل سے شکر یہ ادا کرتا ہے۔

برائے/منجانب بورڈ آف ڈائریکٹرز

آمنہ تاثیر

چیف ایگزیکٹو آفیسر/ڈائریکٹر

لاہور

ڈائریکٹر

107 اکتوبر 2020ء

THE COMPANIES ACT, 2017

(Section 227(2)(f))

PATTERN OF SHAREHOLDING

1. CUIIN (Registration Number)

0032345

2. Name of the Company

FIRST CAPITAL SECURITIES CORPORATION LIMITED

3. Pattern of holding of the shares held by the shareholders as at

30-06-2020

4 No. of Shareholders	-----Shareholdings-----			Total Shares Held
	From		To	
375	1		100	12,247
611	101	-	500	200,108
520	501	-	1,000	427,993
1216	1,001	-	5,000	3,254,560
587	5,001	-	10,000	4,487,518
135	10,001	-	15,000	1,757,274
136	15,001	-	20,000	2,515,912
86	20,001	-	25,000	2,048,896
69	25,001	-	30,000	1,986,666
33	30,001	-	35,000	1,111,268
29	35,001	-	40,000	1,108,193
20	40,001	-	45,000	866,936
59	45,001	-	50,000	2,909,061
19	50,001	-	55,000	1,000,853
16	55,001	-	60,000	931,525
15	60,001	-	65,000	958,500
16	65,001	-	70,000	1,092,000
19	70,001	-	75,000	1,402,873
13	75,001	-	80,000	1,018,300
9	80,001	-	85,000	749,800
8	85,001	-	90,000	709,000
7	90,001	-	95,000	655,884
36	95,001	-	100,000	3,592,500
5	100,001	-	105,000	511,060
5	105,001	-	110,000	546,500
4	110,001	-	115,000	448,500
8	115,001	-	120,000	945,758
2	120,001	-	125,000	248,068
6	125,001	-	130,000	760,000
8	130,001	-	135,000	1,062,000
7	135,001	-	140,000	974,572
2	140,001	-	145,000	286,500
9	145,001	-	150,000	1,347,500
3	150,001	-	155,000	460,500
3	155,001	-	160,000	475,871
5	160,001	-	165,000	810,917
2	165,001	-	170,000	340,000
2	170,001	-	175,000	346,000
2	175,001	-	180,000	356,000
2	185,001	-	190,000	378,000
7	195,001	-	200,000	1,400,000
5	200,001	-	205,000	1,018,960
4	210,001	-	215,000	851,000
2	215,001	-	220,000	439,500
1	220,001	-	225,000	225,000

1	225,001	-	230,000	225,138
1	230,001	-	235,000	235,000
1	235,001	-	240,000	237,500
1	240,001	-	245,000	242,148
6	245,001	-	250,000	1,493,000
1	250,001	-	255,000	251,500
1	270,001	-	275,000	272,000
1	275,001	-	280,000	276,501
1	280,001	-	285,000	281,240
3	295,001	-	300,000	896,000
1	300,001	-	305,000	301,500
1	310,001	-	315,000	311,500
2	320,001	-	325,000	650,000
2	330,001	-	335,000	666,500
1	335,001	-	340,000	338,500
1	340,001	-	345,000	344,000
2	345,001	-	350,000	698,000
1	365,001	-	370,000	367,484
1	370,001	-	375,000	372,289
1	375,001	-	380,000	378,500
1	385,001	-	390,000	390,000
1	405,001	-	410,000	407,500
1	415,001	-	420,000	420,000
2	425,001	-	430,000	852,500
2	445,001	-	450,000	900,000
1	455,001	-	460,000	455,500
1	460,001	-	465,000	460,500
1	465,001	-	470,000	466,500
1	475,001	-	480,000	480,000
1	490,001	-	495,000	495,000
3	495,001	-	500,000	1,500,000
1	500,001	-	505,000	501,500
1	515,001	-	520,000	520,000
1	525,001	-	530,000	528,650
1	545,001	-	550,000	550,000
2	550,001	-	555,000	1,110,000
1	570,001	-	575,000	575,000
1	595,001	-	600,000	600,000
1	615,001	-	620,000	620,000
1	620,001	-	625,000	623,000
1	640,001	-	645,000	642,000
1	655,001	-	660,000	656,500
1	675,001	-	680,000	677,000
2	680,001	-	685,000	1,368,500
1	695,001	-	700,000	695,750
1	710,001	-	715,000	713,500
1	750,001	-	755,000	751,500
1	820,001	-	825,000	820,500
1	845,001	-	850,000	850,000
1	870,001	-	875,000	873,500
6	885,001	-	890,000	5,389,451
1	900,001	-	905,000	902,500
1	945,001	-	950,000	946,391
1	960,001	-	965,000	961,636
1	980,001	-	985,000	985,000
1	995,001	-	1,000,000	1,000,000
1	1,000,001	-	1,005,000	1,002,000
1	1,080,001	-	1,085,000	1,081,000
1	1,145,001	-	1,150,000	1,148,000
1	1,390,001	-	1,395,000	1,393,000
2	1,540,001	-	1,545,000	3,081,398

9	1,795,001	-	1,800,000	16,177,338
1	1,820,001	-	1,825,000	1,823,500
1	1,995,001	-	2,000,000	2,000,000
1	2,045,001	-	2,050,000	2,048,345
1	2,385,001	-	2,390,000	2,390,000
1	2,995,001	-	3,000,000	3,000,000
1	3,135,001	-	3,140,000	3,139,988
1	3,600,001	-	3,605,000	3,602,283
1	3,840,001	-	3,845,000	3,844,059
1	3,845,001	-	3,850,000	3,850,000
1	3,990,001	-	3,995,000	3,991,754
1	4,075,001	-	4,080,000	4,080,000
1	5,245,001	-	5,250,000	5,248,000
1	6,040,001	-	6,045,000	6,043,000
1	7,175,001	-	7,180,000	7,177,978
1	8,270,001	-	8,275,000	8,272,928
1	10,055,001	-	10,060,000	10,058,000
1	31,390,001	-	31,395,000	31,395,000
1	33,770,001	-	33,775,000	33,772,767
1	68,430,001	-	68,435,000	68,432,023
4239				316,610,112

5	Categories of shareholders	Shares held	Percentage
5.1(a)	Directors, CEO and their Spouse and Minor Children		
	Aamna Taseer	7,177,978	2.2671
	Shahbaz Ali Taseer	700	0.0002
	Shehryar Ali Taseer	2,390,632	0.7551
	Shehrbano Taseer	556	0.0002
	Mustafa Mujeeb Chaudhry	500	0.0002
	Naeem Akhtar	500	0.0002
	Umair Fakhra Alam	500	0.0002
5.1 (b)	Chief Executive Officer (7,177,978) share of (Aamna Taseer CEO)	-	-
5.1 ©	Directors spouse & minor children	-	-
5.1.1	Executive / Executives' spouse	-	-
5.2	Associated Companies, undertaking and related parties	-	-
	a) Amythest Limited	72,034,306	22.7517
	b) Sisly Group Company Limited	31,395,000	9.9160
5.3	NIT and ICP	3,848,546	1.2155
5.4	Banks, DFIs and NBFIs	12,359,084	3.9036
5.5	Insurance	8,272,928	2.6130
5.6	Modarabas	-	-
5.6.1	Mutual Funds	4,402	0.0014
5.7	Share holders holding 10% or more voting interest		
a)	a) Mr. Sulmaan Taseer (Late)	35,574,835	11.2362
b)	b) Amythest Limited	Refer 5.2 (a) above	-
5.8	General Public		
	a) Local	99,199,551	31.3318
		Refer 5.7 (a) above	
	b) Foreign Companies/Organizations/Individual / (repatriable bases)	27,796,300	8.7793
		Refer 5.2 (a) above	
		Refer 5.2 (b) above	
		Refer 5.7 (b) above	
5.9	Others		
	a) Joint Stock Companies	16,186,310	5.1124
	b) Pension fund Provident Fund etc.	367,484	0.1161
		316,610,112	100.0000

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
FOR THE YEAR ENDED JUNE 30 2020**

The company has complied with the requirements of the Regulations in the following manner:

1.	The total number of directors are seven as per the following:	
a.	Male:	05
b.	Female:	02
2.	The composition of board is as follows:	
(i)	Independent Directors	01
(ii)	Other Non-Executive Directors	04
(iii)	Executive Directors	02
(iv)	Female Directors	02
3.	The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.	
4.	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.	
5.	The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company	
6.	All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.	
7.	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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.	
8.	The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.	
9.	The Board has arranged Directors' Training program for the following:	
	(Name of Director)	Mrs. Aamna Taseer
		Mr. Shehryar Ali Taseer
		Miss Shehribano Taseer
	(Name of Executive & Designation (if applicable))	N/A
10.	The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.	
11.	CFO and CEO duly endorsed the financial statements before approval of the board.	

12.	The board has formed committees comprising of members given below:	
a.	Audit Committee (Name of members and Chairman)	Umair Fakhar Alam, (Chairman) Shehribano Taseer, (Member) Naeem Akhtar, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Umair Fakhar Alam, (Chairman) Aamna Taseer, (Member) Shehribano Taseer, (Member)
c.	Nomination Committee (if applicable) (Name of members and Chairman)	N/A
d.	Risk Management Committee (if applicable) (Name of members and Chairman)	N/A
13.	The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.	
14.	The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:	
a.	Audit Committee	06
b.	HR and Remuneration Committee	01
c.	Nomination Committee (if applicable)	N/A
d.	Risk Management Committee (if applicable)	N/A
15.	The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;	
16.	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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company	
17.	The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.	
18.	We confirm that all requirements of regulations 3, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with. Further, the company is in non-compliance with the requirements of Regulation 6 of Listed Companies Corporate Governance Regulations 2019 regarding minimum number of Independent Directors. The term of directors was expired on 26th September 2012, the directors have already fixed the number of directors as seven for the next term of three years. However, the board did not decide the date of election of directors due to an impediment in holding the election of Directors, i.e. due to non-completion of succession of shares of late Mr. Salmaan Taseer.	

For and on behalf of the Board

CHIEF EXECUTIVE

Lahore

07 October 2020

DIRECTOR

KEY FINANCIAL DATA FOR LAST 7 YEARS

FINANCIAL DATA

Rupees in Thousands

	2020	2019	2018	2017	2016	2015	2014
Operating revenue	(148,516)	(250,343)	(67,561)	28,461	65,455	70,213	118,572
Operating expenses	(48,786)	(45,660)	63,742	43,595	43,302	42,892	24,082
Operating profit/ (loss)	(197,303)	(296,004)	(209,018)	(1,955,658)	(842,060)	19,682	(30,002)
Other revenue	11,524	12,245	12,129	16,936	44,741	12,318	1,640
Financial Expenses	(242,768)	(175,324)	(5,133,556)	(27,787)	(24,542)	(14,257)	7,725
Taxation	2,025	34,871	(1,617)	(1,124)	(1,748)	(2,723)	3,397
Profit after Taxation	(426,521)	(424,210)	(203,640)	(1,939,874)	(799,091)	15,019	(39,485)
Bonus Share Interim & Final	-	-	-	-	-	-	-



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Islamabad Office:
Office # 12 & 13 3rd Floor
Fazal Arcade,
F-11 Markaz, Islamabad.
Tel: 051-2228138
Fax: 051-2228139
E-mail:
njmiconsultants@gmail.com
islamabadoffice@njmi.net

Independent Auditor's report to the members of First Capital Securities Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of First Capital Securities Corporation Limited, which comprises the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 2 in the annexed financial statements, which states that the company incurred loss amounting Rs. 426.5 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,453.27 Million as at June 30, 2020 (2019: 1,028.39 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 2,056.69 Million. During the year Company failed to fulfill its obligation under diminishing musharka agreement. Moreover, the Company in order to meet its current obligations required to generate sufficient profits and cash flows. As stated in Note 2, these events or conditions, along with other matters as

Karachi Office:

904, 9th Floor, Q.M. House, Plot No. 11/2, Ellander Road, Opp. Shaheen Complex, Off. I.I Chundrigar Road, Karachi Pakistan
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515

Lahore Office:

Office # 1102, Al-Hafeez Heights, 66-D/1, Ghalib Road, Gulberg-III, Lahore
Tel: 042-35754821-22, Fax: 042-36317513, E-mail: nasirg@wol.net.pk

set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit
1.	Investment property valuation As stated in the Note 7 of accompanying financial statements, the company has significant investment in property which are carried at fair value and substantial amount of fair value gain is recognized on those properties during the year. We identified investment property as key audit matter because it has material impact on Company's financials.	We performed following key audit procedures to address the assessed risk: <ul style="list-style-type: none">▪ Obtained independent valuers' report and took an understanding of the scope of valuers' work;▪ Assessed the competence, capabilities and objectivity of the external valuer;▪ We reconciled the detail of properties valued by the independent valuer to details provided by the company;▪ Compared values assigned by independent valuer with the actual transactions occurred during the year, to ensure that value of investment property is reasonable according to the market conditions and not overstated;▪ Assessed the appropriateness of the related disclosures in the Company's financial statements.



2. Litigations

There are a number of legal and regulatory matters for which no provision has been established, as disclosed in Note 19 of accompanying financial statements.

The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Also there is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis. Importantly, the decision to recognize a provision and the basis of measurement are purely judgmental.

We identified litigations as key audit matter because there is a high level of judgement involve in assessing the likelihood of their outcome which effect the level of provisioning and/or disclosures.

We performed following key audit procedures to address the assessed risk:

- Obtained understanding of the Company's controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee;
- Discussed open matters and developments with the Company's in-house legal counsel and read correspondence with external legal counsels, where relevant;
- Circularized confirmations to relevant third party legal representatives and follow up discussions, where appropriate, on certain material cases;
- Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessed the appropriateness of the related disclosures made in the accompanying financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report including, in particular, the Chairman's Review, Director's Report and Financial Highlights, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Date: 07-10-2020

Islamabad



Nasir Javaid Maqsood Imran

Chartered Accountants





NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Islamabad Office:
Office # 12 & 13 3rd Floor
Fazal Arcade,
F-11 Markaz, Islamabad.
Tel: 051-2228138
Fax: 051-2228139
E-mail:
njmiconsultants@gmail.com
islamabadoffice@njmi.net

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST CAPITAL
SECURITIES CORPORATION LIMITED**

**REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED
COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of "First Capital Securities Corporation Limited" (the Company) for the year ended **June 30, 2020** in accordance with the requirement of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

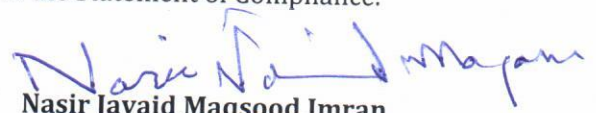

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers 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 Regulations 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2020**.

Further, we highlight that the Company has not complied with the provision of regulation 6 of the Regulations which require the company to have at least two or one third members of the Board whichever is higher as Independent Directors, as disclosed in the note 18 of the Statement of Compliance.

Date: 07-10-20
Islamabad


Nasir Javaid Maqsood Imran
Chartered Accountants
Imran ul Haq 

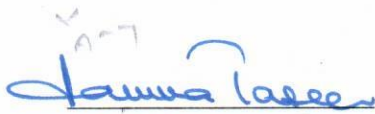
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FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	6	132,965,208	133,198,056
Investment properties	7	2,152,618,664	2,052,619,045
Long term investments	8	1,509,698,628	1,766,869,692
Long term deposits	9	37,500	37,500
		<u>3,795,320,000</u>	<u>3,952,724,293</u>
CURRENT ASSETS			
Trade debts - unsecured, considered good	10	809,746	1,528,578
Loans, advances, prepayments and other receivables	11	21,713,312	11,126,702
Short term investments	12	24,506,196	19,255,828
Advance tax	13	7,581,031	7,437,979
Cash and bank balances	14	360,596	356,006
		<u>54,970,881</u>	<u>39,705,093</u>
CURRENT LIABILITIES			
Trade and other payables	15	55,172,655	43,144,896
Principal payable	16	1,600,000,000	1,600,000,000
Rental payable	16	456,497,944	181,516,802
		<u>2,111,670,599</u>	<u>1,824,661,698</u>
NET CURRENT ASSETS		<u>1,738,620,282</u>	<u>2,167,767,688</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits payable	18	5,796,925	7,618,472
Deferred tax liability	17	20,000,275	22,434,684
		<u>25,797,200</u>	<u>30,053,156</u>
Contingencies and commitments	19	-	-
		<u>1,712,823,082</u>	<u>2,137,714,532</u>
REPRESENTED BY			
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital: 320,000,000 (June 2019: 320,000,000) ordinary shares of Rs. 10 each		<u>3,200,000,000</u>	<u>3,200,000,000</u>
Issued, subscribed and paid-up capital	20	3,166,101,120	3,166,101,120
Retained earnings		<u>(1,453,278,038)</u>	<u>(1,028,386,588)</u>
		<u>1,712,823,082</u>	<u>2,137,714,532</u>

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


Chief Executive Officer



Chief Financial Officer



Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
Rupees			
Revenue			
Money market services	21	3,404,115	8,739,898
Realized loss on disposal of 'investments at fair value through profit or loss'	23	-	(141,896)
Unrealized loss on re-measurement of 'investments at fair value through profit or loss'	23	(251,920,696)	(558,947,082)
Change in fair value of investment properties	7	99,999,619	300,005,792
		(148,516,962)	(250,343,288)
Expenses			
Operating and administrative expenses	24	(48,786,795)	(45,660,798)
Operating loss		(197,303,757)	(296,004,086)
Other income	25	11,524,743	12,245,263
Finance cost	26	(242,768,587)	(175,324,081)
Loss before taxation		(428,547,601)	(459,082,904)
Taxation	27	2,025,915	34,871,907
Loss after taxation		(426,521,686)	(424,210,997)
Loss per share			
- basic and diluted	28	(1.35)	(1.34)

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


Chief Executive Officer



Chief Financial Officer



Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
Loss after taxation	(426,521,686)	(424,210,997)
Other comprehensive income for the year:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post retirement benefit obligation	1,630,236	536,832
<i>Items that may subsequently reclassified to profit or loss:</i>		
Other comprehensive income for the year - net of tax	1,630,236	536,832
Total comprehensive loss for the year - net of tax	(424,891,450)	(423,674,165)

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

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Chief Executive Officer

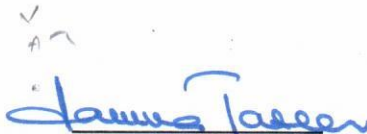

Chief Financial Officer



Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Revenue reserve	Total
		Retained earnings	
----- Rupees -----			
Balance as at July 01, 2018	3,166,101,120	(604,712,423)	2,561,388,697
Loss for the year	-	(424,210,997)	(424,210,997)
Other comprehensive income for the year - net of tax	-	536,832	536,832
Total comprehensive loss for the year - net of tax	-	(423,674,165)	(423,674,165)
Balance as at 30 June 2019	3,166,101,120	(1,028,386,588)	2,137,714,532
Balance as at July 01, 2019	3,166,101,120	(1,028,386,588)	2,137,714,532
Loss for the year	-	(426,521,686)	(426,521,686)
Other comprehensive income for the year - net of tax	-	1,630,236	1,630,236
Total comprehensive loss for the year - net of tax	-	(424,891,450)	(424,891,450)
Balance as at 30 June 2020	3,166,101,120	(1,453,278,038)	1,712,823,082

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


Chief Executive Officer

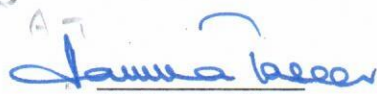

Chief Financial Officer

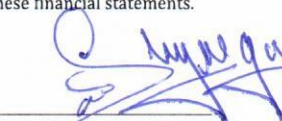

Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Cash flows from operating activities		
Loss before taxation	(428,547,601)	(459,082,904)
<i>Adjustments for:</i>		
Finance cost	242,768,587	175,324,081
Unrealized loss on re-measurement of investments at 'fair value through profit or loss'	251,920,696	558,947,082
Change in value of investment properties	(99,999,619)	(300,005,792)
Gain on sale of property, plant and equipment	-	(625,000)
Provision for penalty	32,227,745	1,102,939
Depreciation	232,848	17,738,282
Interest income	(14,223)	(115,112)
Provision for staff retirement benefits	1,513,059	1,592,628
	428,649,093	453,959,108
Loss before working capital changes	101,492	(5,123,796)
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	718,832	436,331
Loans, advances, prepayments and other receivables	(10,586,610)	114,877,418
<i>(Decrease)/increase in current liabilities:</i>		
Trade and other payables	10,323,389	(393,649,647)
	455,611	(278,335,898)
Cash generated from/(used in) operations	557,103	(283,459,694)
<i>Increase in non-current liabilities:</i>		
Staff retirement benefits paid	-	(4,675,726)
Finance cost paid	(15,190)	(23,259)
Taxes paid/adjusted-net	(551,546)	(1,665,080)
	(566,736)	(6,364,065)
Net cash outflow from operating activities	(9,633)	(289,823,759)
Cash flows from investing activities		
Purchase of investment property	-	(205,023,253)
Proceeds from disposal of property, plant and equipment	-	625,000
Purchase of investments	-	(8,618,648)
Interest received	14,223	115,112
Net cash generated from/(used in) investing activities	14,223	(212,901,789)
Cash flows from financing activities		
Loan acquired during the year	-	500,000,000
Net cash generated from financing activities	-	500,000,000
Net increase/(decrease) in cash and cash equivalents	4,590	(2,725,548)
Cash and cash equivalents at the beginning of the year	356,006	3,081,554
Cash and cash equivalents at the end of the year	360,596	356,006

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


Chief Executive Officer


Chief Executive Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 Legal status and nature of business

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on April 11, 1994 as a public limited company under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

Geographical location and location of other offices are as under:

Lahore-Head Office	Karachi-Corporate Office
2nd Floor Pace Shopping Mall, Fortress Stadium Lahore Cantt, Lahore	4th Floor, Block B,C,D Lakson Square Building No,01 Sarwar Shaheed Road Karachi

2 Going concern assumption

During the year company incurred loss amounting Rs. 426.5 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,453.27 Million as at June 30, 2020 (2019: 1,028.39 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 2,056.69 Million. During the year Company failed to fulfil its obligation under diminishing musharka agreement with Silk Bank Limited which led to classification of loan liability as current liability.

Owing to the factors mentioned above 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. As at year end the management of the Company is in negotiation with bank to restructure its facility and is confident that this will be done on favorable terms.

Based on above mentioned assumption of the management these financial statements have been prepared on the going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

3 Basis of preparation

3.1 Separate financial statements

These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

Subsidiaries

Company	Country of Incorporation	Nature of business	Effective holding %	
			2020	2019
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	78.86	78.86
Lanka Securities (Private) Limited (LSL)	Sri Lanka	Sale / purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	51.00	51.00
World Press (Private) Limited (WPL)	Pakistan	Carrying on the business of printing, publishing, packaging, advertisement and specialized directory business, stationers and dealing in all allied products.	65.00	65.00
First Capital Equities Limited (FCEL)	Pakistan	Sale / purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	73.23	73.23
Ever Green Water Valley (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities. The company is also engaged in construction activities.	100.00	100.00
Falcon Commodities (Private) Limited (FCL)	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00
First Construction Limited	Pakistan	A construction company.	100.00	100.00
Ozer Investments Limited (OIL)	Sri Lanka	OIL has not yet started its commercial activity however main objects are providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage.	100.00	100.00

Associates

- Pace Barka Properties Limited,	Pakistan	A real estate services company	17.95	17.95
- Pace Super Mall (Private) Limited	Pakistan	A real estate services company	0.07	0.07
- Media Times Limited,	Pakistan	A media company	25.31	25.31
- Pace (Pakistan) Limited	Pakistan	A real estate services company	2.52	2.38

3.2 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 Act, 2017. Approved Accounting Standards comprise of such International financial reporting standards as notified under the provisions of the Companies Act, 2017. Whenever the requirements of the Companies Act, 2017 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the Standards, the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

3.3 Basis of measurement

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

3.4 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in Note 5. The preparation of financial statements in conformity with approved accounting standards 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 and 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to Company's financial statements are as follows:

a)	Useful life and residual values of property and equipment	Note 5.2
b)	Impairment	Note 5.11
c)	Provisions and contingencies	Note 5.15 & Note 19
d)	Valuation of investment properties	Note 5.5
e)	Staff retirement benefits	Note 5.16
f)	Provision for taxation	Note 5.18

4 INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

4.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in note 5.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

5 SIGNIFICANT ACCOUNTING POLICIES

Except as described below in Note 5.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

5.1 Changes in significant accounting policies

The Company has adopted IFRS 16 Leases during the year and the new policy due to adoption is as follows:

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which are effective from annual periods beginning on or after January 01, 2019.

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

The Company has concluded that where the lease term of contracts are short-term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

The Company has adopted IFRS 16 from July 1, 2019 using the modified retrospective approach and the Company has assessed that the adoption of IFRS 16 does not have effect on prior period figures in statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity. The effect on prior period financial statements in statement of financial position on account of re-classification of leased assets from owned to leased category under investment properties.

5.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss by 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. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Maintenance and repairs are charged to profit or loss 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 2020 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.11).

5.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to property, plant and equipment as and when these are available for use.

5.4 Leases

Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets that falls under the category of investment properties are carried at fair value as mentioned in note 5.5.

Where the Company determines that the lease term of identified lease contracts are short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.5 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional 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 charged to profit or loss. Rental income from investment properties is accounted for as described in Note 7.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference 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 fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings. Any loss arising in this manner is immediately charged to profit or loss.

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.

5.6 Financial Instruments

i- Initial measurement of financial asset

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii- Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss

iii Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent.

The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.7 Trade debts, advances and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss

5.8 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks that form an integral part of the Company's cash management.

5.9 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

5.10 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit or loss over the period of the borrowing using the effective interest method. Borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

5.11 Impairment

Financial Assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

5.12 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.

5.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognized at cost which is the fair value of the consideration to be paid in future for goods and/or services, whether or not billed to the Company and subsequently measured at amortized cost using the effective interest method.

5.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

5.15 Provisions

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

5.16 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.

5.17 Revenue recognition

Capital gains or losses on sale of investments are recognized in the year in which they arise. Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided. Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up. Dividend income is recognized when the right to receive the dividend is established i.e. at the time of closure of share transfer book 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 credited to profit or loss on accrual basis.

5.18 Taxation

Income tax expense comprises of current and deferred tax. Income tax is charged or credited to profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted 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 statement of financial position liability method in respect of all 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. 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.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or substantially enacted by the statement of financial position date. Deferred tax is charged or credited to profit or loss, except in the case of items credited or charged directly to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.19 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.

5.20 Functional and presentation currency

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

5.21 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak 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 profit or loss.

5.22 Operating Segments

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The CEO is responsible for the Company's entire product portfolio and considers business as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis. The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

6 Property, plant and equipment

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	6.1	540,102	772,950
Capital work in progress (CWIP)	6.2	132,425,106	132,425,106
		132,965,208	133,198,056

6.1 Operating fixed assets

COST	Leasehold improvements	Computers	Office equipments	Furniture & fixtures	Plant, machinery and equipment	Vehicles	Total
	(Rupees)						
Balance as at 1 July 2018	470,315	720,622	2,061,090	154,000	88,250,000	7,805,230	99,461,257
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(1,400,000)	(1,400,000)
Balance as at 30 June 2019	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
Balance as at 1 July 2019	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2020	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
DEPRECIATION							
Balance as at 1 July 2018	470,315	720,622	2,010,915	153,490	70,745,068	6,849,615	80,950,025
Charge for the year	-	-	15,790	510	17,504,932	217,050	17,738,282
Disposals during the year	-	-	-	-	-	(1,400,000)	(1,400,000)
Balance as at 30 June 2019	470,315	720,622	2,026,705	154,000	88,250,000	5,666,665	97,288,307
Balance as at 1 July 2019	470,315	720,622	2,026,705	154,000	88,250,000	5,666,665	97,288,307
Charge for the year	-	-	15,792	-	-	217,056	232,848
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2020	470,315	720,622	2,042,497	154,000	88,250,000	5,883,721	97,521,155
Book value as at 30 June 2019	-	-	34,385	-	-	738,565	772,950
Book value as at 30 June 2020	-	-	18,593	-	-	521,509	540,102

Annual depreciation rate % **10%** **33%** **10%** **10%** **20%** **20%**

6.1.1 Assets with cost of Rs. 96,818,107 (2019: Rs. 96,818,107) are carried at nil book value.

6.2 Capital work in progress (CWIP)

	Note	2020	2019
		Rupees	Rupees
Opening balance		132,425,106	132,425,106
Additions during the year		-	-
Disposals during the year		-	-
Closing balance	6.2.1	<u>132,425,106</u>	<u>132,425,106</u>

6.2.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Circle, Lahore amounting to Rs 107,090,858 (2019: Rs 107,090,858) and Rs. 25,334,248 (2019: Rs 25,334,248) respectively. Construction work on these properties is in progress as at 30 June 2020.

This includes Rs. Rs. 25,334,248 (2019: Rs 25,334,248) paid for purchase of leasehold property.

6.2.2 The Company does not hold the title of capital work in progress which includes various shops and apartments situated at Pace Tower, Gulberg and Pace Circle, Lahore. Out of this CWIP amounting Rs. 70.13 million (2019: Rs. 70.13 million) is held in the name of Pace Pakistan Limited, CWIP of Rs. 36.95 Million (2019: Rs. 36.95 million) is held in the name of Mr. Liaquat Ali and CWIP amounting Rs. 25.33 million (2019: Rs. 25.33 million) is held in the name of Pace Barka Properties Limited. The title of these properties will be transferred on completion. However, the Company has complete control and possession of said property.

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7	Investment properties	Note	2020	2019
			Rupees	Rupees
	Opening balance		2,052,619,045	1,547,590,000
	Additions during the year	7.2	-	205,023,253
	Fair value adjustment		99,999,619	300,005,792
	Closing balance	7.1	<u>2,152,618,664</u>	<u>2,052,619,045</u>
Break of investment property is as follows:				
	Owned properties		252,616,000	252,619,045
	Leased properties -- right to use		1,900,002,664	1,800,000,000
			<u>2,152,618,664</u>	<u>2,052,619,045</u>

7.1 Investment property amounting Rs. 1,900 Million (2019: 1,800 Million) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharaka agreement.

The Company does not hold the title of investment property amounting Rs. 2,152.6 Million (2019: Rs. 2,502.6 Million), title of property amounting Rs. 1,940 Million, Rs 7.5 Million and Rs. 205 Million is held in the name of Pace (Pakistan) Limited, First Capital Equities Limited and Capital Heights (Pvt.) Limited respectively. The transfer of this property is in process as at year end. However, the Company has complete control and possession of said property.

7.2 Property situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi measuring 34,171 sqft purchased from Capital Heights (Private) Limited.

7.3 Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2020 by an approved independent valuer present on panel of Pakistan Bankers Association, M/s Negotiators. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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).

The following table presents the Company's investment properties that are measured at fair value at June 30, 2020:

	Fair value measurements at 30 June 2020 using significant other observable inputs (Level 2)
	Rupees
Recurring fair value measurements	
Investment properties	2,152,618,664

The following table presents the Company's investment properties that are measured at fair value at June 30, 2019:

Fair value
measurements at 30
June 2019 using
significant other
observable inputs
(Level 2)

Rupees

Recurring fair value measurements

Investment properties 2,052,619,045

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2019 or 2020.

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.

7.4 Particulars of the investment properties and forced sale value (FSV) are as follows:

- Various shops situated at Pace Shopping Mall, Mouza Dhola Zari G.T. Road, Gujranwala, having area of 196 Sqft (2019: 196 sqft) and forced sale value of Rs. 6,831,000 (2019: Rs. 6,831,090).

- Plot-D situated Near Rangers Headquarters Lahore Cantt, having area of 87444 Sqft (2019: 87444 sqft) and forced sale value of Rs. 1,710,002,398 (2019: Rs. 1,620,031,266).

- Various shops measuring 4000 sqft (2019: 4000sqft) situated at 5th Floor, Pace Shopping Mall, Model Town Link Road, Lahore and forced sale value of Rs. 36,000,000 (2019: Rs. 36,000,000).

-Various apartments measuring 34,171 sqft (2019: 34,171) situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi and forced sale value of Rs. 184,523,400 (2019: Rs. 184,523,400).

7.5 The direct expense relating to investment properties were Rs. 65,000 (2019: Rs. 60,000)

8 Long term investments

Investment in related parties

	Note	2020 Rupees	2019 Rupees
Subsidiary companies - Unquoted	8.1	324,710,585	349,935,688
Associated companies - Unquoted	8.2	935,726,130	990,808,347
Associated company - Quoted	8.3	59,749,496	38,022,407
Subsidiary company - Quoted	8.4	189,512,417	388,103,250
		1,509,698,628	1,766,869,692

8.1	Subsidiary companies - unquoted - at fair value	Note	Shares		2020	2019	Percentage of holding	
			2020	2019			2020	2019
			Number		Rupees		%	
	First Capital Investments Limited		16,561,634	16,561,634	198,928,938	200,022,279	78.86%	78.86%
	Lanka Securities (Private) Limited	8.1.2	9,166,886	9,166,886	118,159,495	120,007,848	51.00%	51.00%
	World Press (Private) Limited		1,949,041	1,949,041	-	6,441,136	65.00%	65.00%
	Falcon Commodities (Private) Limited		3,150,000	3,150,000	5,282,652	5,341,202	100.00%	100.00%
	Evergreen Water valley (Private) Limited		715,400	715,400	2,339,500	18,123,223	100.00%	100.00%
	Ozer Investments Limited		1,000	1,000	-	-	100.00%	100.00%
	First Construction Limited		20,000	20,000	-	-	100.00%	100.00%
					324,710,585	349,935,688		

8.1.1 Investment in unquoted securities are valued at fair value. Level 3 inputs were used for fair value calculation as per detail mentioned in note 31.3.4.

8.1.2 During the financial year 2000-2001, the Company has made an investment of 148,575 US Dollars (8,170,141 PKR) in Lanka Securities (Pvt.) Limited (LSPL), subsidiary of the Company, incorporated and domiciled in Srilanka subscribing 3,564,900 ordinary shares of LSPL @ 2.29/ PKR-each. Subsequently during the financial year 2007-2008 the company made a further investment of 626,429 US Dollars (38,059,842 PKR) subscribing 3,564,900 ordinary shares. The company have received return amounting 1,477,781 US Dollars (122,396,661 PKR) to date from LSPL.

8.2 Associated companies - unquoted - at fair value

8.2	Associated companies - unquoted - at fair value	Note	Shares		2020	2019	Percentage of holding	
			2020	2019			2020	2019
			Number		Rupees		%	
	Pace Barka Properties Limited		54,790,561	54,790,561	935,613,630	990,695,847	17.95%	17.95%
	Pace Super Mall Private Limited	8.2.1	11,250	11,250	112,500	112,500	0.07%	0.07%
					935,726,130	990,808,347		

8.2.1 The Company's investment in Pace Barka Properties Limited and Pace Super Mall Private Limited is less than 20% but they are considered to be an associates as per the requirement of IAS 28 'Investments in Associates' because the Company has significant influence over the financial and operating policies of these companies through representation on the Board of Directors of these companies.

8.2.2 Investment in unquoted securities are valued at fair value. Level 3 inputs were used for fair value calculation as per detail mentioned in note 30.3.4.

8.3 Associated company - quoted - at fair value

8.3	Associated company - quoted - at fair value	Note	Shares		Market value		Market value per share		Percentage of holding	
			2020	2019	2020	2019	2020	2019	2020	2019
			Number		Rupees		Rupees		%	
	Media Times Limited	8.3.1	45,264,770	45,264,770	59,749,496	38,022,407	1.32	0.84	25.31%	25.31%

8.3.1 Change in value of investment amounts of Rs. 21,727,089 (2019: Rs. 40,285,645) represents change in fair value of investment during the year. Level 1 inputs were used for fair value calculation for this quoted investment.

8.4 Subsidiary company - at fair value

8.4	Subsidiary company - at fair value	Note	Shares		Market value		Market value per share		Percentage of holding	
			2020	2019	2020	2019	2020	2019	2020	2019
			Number		Rupees		Rupees		%	
	First Capital Equities Limited (FCEL)	8.4.1	103,494,200	103,494,200	189,512,417	388,103,250	1.83	3.75	73.23%	73.23%

8.4.1 Decrease in value of investment amounts of Rs. 198,590,833 (2019: Rs. 481,248,030) represents decrease in fair value of investment during the year. Level 3 inputs were used for fair value calculation of investment as shares of FCEL are not traded actively so the quoted price of investment is not a reflective of fair value. Detail mentioned in note 30.3.4.

8.5 All investee companies incorporated in Pakistan except for Lanka Securities (Pvt.) Ltd. and Ozer Investments Ltd. which are incorporated in Sri Lanka. Shares of all investee companies are fully paid-up ordinary shares, having a face value of Rs. 10 per share except for Evergreen Water Valley (Pvt.) Limited, Lanka Securities (Pvt.) Ltd and Ozer Investments Ltd. where face value of share is Rs. 100, 8.75 and 8.75 respectively.

	Note	2020 Rupees	2019 Rupees
9 Long term deposits			
Other deposits		37,500	37,500
10 Trade debts-unsecured, considered good			
Money market receivables		809,746	1,528,578
		<u>809,746</u>	<u>1,528,578</u>

11 Loans, advances, prepayments and other receivables

Loans and advances

Advances to staff - secured, considered good	11.1	104,000	113,500
Due from related parties - unsecured, considered good	11.2	21,609,312	11,013,202
		<u>21,713,312</u>	<u>11,126,702</u>

11.1 This includes advance amounting Rs. Nil (2019: Rs. Nil) to Executive, Chief Executive Officer and Directors of the Company.

11.2 Due from related parties - unsecured, considered good

Media Times Limited	11.2.1	399,100	399,100
Evergreen Water Valley (Private) Limited	11.2.2	21,210,212	10,614,102
		<u>21,609,312</u>	<u>11,013,202</u>

11.2.1 This represents advance payment made to Media Times Limited against publishing which is normal course of business. No collateral is available against this. Maximum aggregate balance on the month end basis is Rs. 399,100 (2019: Rs. 400,900).

11.2.2 This represents receivables from subsidiary company against rental income for use of construction equipment, which is maximum balance on the month end basis. No collateral is available against same.

11.2.3 Aging of receivable from related parties

	Note	2020 Rupees	2019 Rupees
Neither past due nor impaired		2,850,000	2,850,000
Past due 1 - 60 days		-	-
Past due 61 - 120 days		3,249,100	3,249,100
Above 120 days		15,510,212	4,914,102
		<u>21,609,312</u>	<u>11,013,202</u>

12 Short term investments

Investments - at fair value through profit or loss	12.1	24,506,196	19,255,828
		<u>24,506,196</u>	<u>19,255,828</u>

12.1 Investments - at fair value through profit or loss

Carrying value at 1 July:			
Related parties		16,244,266	22,854,313
Others		3,011,562	8,225,108
Addition		-	14,270,097
Disposal		-	(5,651,443)
		<u>19,255,828</u>	<u>39,698,075</u>
Unrealized (loss)/gain on remeasurement of investments during the year		5,250,368	(20,442,241)
		<u>24,506,196</u>	<u>19,255,834</u>
Fair value of short term investments at 30 June:			
Related parties	12.2	20,787,299	16,244,266
Others	12.3	3,718,897	3,011,562
		<u>24,506,196</u>	<u>19,255,828</u>

12.2 Investments at fair value through profit or loss - related parties

	Note	Shares/units		Carrying value		Fair value		Percentage of holding	
		2020	2019	2020	2019	2020	2019	2020	2019
		Number		Rupees		Rupees		%	
a) Real Estate Investment and Services									
Pace (Pakistan) Limited (Associated Company)		7,038,176	7,038,176	10,416,500	23,797,242	14,850,551	10,416,500	2.52%	2.52%
b) Mutual Funds									
First Capital Mutual Fund Limited		935,466	935,466	5,827,766	7,675,719	5,936,748	5,827,766	5.63%	5.98%
				<u>16,244,266</u>	<u>31,472,961</u>	<u>20,787,299</u>	<u>16,244,266</u>		

12.3 Investments at fair value through profit or loss - others

	Note	Shares		Carrying value		Fair value	
		2020	2019	2020	2019	2020	2019
		Number		Rupees		Rupees	
a) Insurance							
Shaheen Insurance Company Limited		15,329	15,329	56,717	78,178	46,447	56,717
b) Telecommunication							
Worldcall Telecom Limited	12.3.1	4,221,207	4,221,207	2,954,845	8,146,930	3,672,450	2,954,845
				<u>3,011,562</u>	<u>8,225,108</u>	<u>3,718,897</u>	<u>3,011,562</u>

12.3.1 This includes 4,220,677 (2019: 4,220,677) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to Note 19.1.

12.4 During the year company sold investments having carrying value Rs. Nil (2019: Rs. 5,651,443) and loss amounting Rs. Nil (2019: Rs. 141,896) is realized during the year.

12.5 Shares of all investee companies are fully paid-up ordinary shares, having a face value of Rs 10/- per share except First Capital Mutual Fund. Fair value of these investments are determined using quoted market prices.

		2020	2019
	Note	Rupees	Rupees
13 Advance tax		7,581,031	7,437,979
14 Cash and bank balances			
Cash in hand		-	500
Cash at bank			
- current accounts		6,126	6,126
- deposit accounts	14.1	354,470	349,380
		360,596	355,506
		360,596	356,006
14.1	The deposit accounts carry mark-up at rates upto 13% (2019: upto 5%) per annum.		
15 Trade and other payables--unsecured			
Creditors	15.1	8,545,497	4,929,303
Accrued liabilities		16,786,748	11,171,296
Security deposit from tenants		486,660	486,660
Payable against purchase of investment property	15.2	6,681,123	6,681,123
Final settlements payable	15.3	18,043,865	16,351,751
Withholding income tax payable		4,103,031	3,417,063
Sales tax payable		102,842	89,920
Other liabilities		422,889	17,780
		55,172,655	43,144,896
15.1	Creditors balance includes following balances payable for services to related parties:		
World Press (Private) Limited		1,001,442	1,001,442
		1,001,442	1,001,442
15.2	This represent Rs. 6,681,123 (2019: Rs. 6,681,123) payable to Pace (Pakistan) Limited an associated company against purchase of property.		
15.3	This represents amount payable to employees who have left the Company on account of final settlement of gratuity.		
16 Loan Payable--secured			
Principal against diminishing musharka	16.1	1,600,000,000	1,600,000,000
Rental against diminishing musharka facility	16.1	423,167,260	180,413,863
Default penalty payable	16.2	33,330,684	1,102,939
		2,056,497,944	1,781,516,802
16.1	This represents balance payable against diminishing musharka agreement with Silk Bank Limited (Eman Islamic Banking). The rental payable against the facility is at the rate of 6 month KIBOR (ask side) plus 2% margin per annum. This payable is charged by the way of hypothecation over following assets: Diminishing Mushrka Asset Current Assets of the company		
16.2	This represents penalty payable till June 30, 2020 on the rental due at the rate of 6 month KIBOR (ask side) plus 5% per annum calculated on daily basis. The company was unable to pay the rental due against the use of diminishing musharka asset. Consequences of the default are as follows: - Bank have a right to issue written notice to the Company to terminate the agreement and repossess the diminishing musharka asset; - Bank can enforce the Company to fulfil its obligation under purchase agreement of musharka asset and - Bank have a right to demand accrued & unpaid rent and supplementary rent.		
17 Deferred tax liability			
Deferred tax liability	17.1	20,000,275	22,434,684
17.1 Deductible temporary differences			
Tax losses		-	65,208,528
Other		-	11,963,688
		-	77,172,216
Taxable temporary differences			
Revaluation gain on investment property		(20,000,275)	(44,832,540)
Surplus on revaluation of investment at fair value through P&L--unquoted		-	(54,774,360)
		(20,000,275)	(99,606,900)
Deferred tax asset/(liability)		(20,000,275)	(22,434,684)

	Note	2020 Rupees	2019 Rupees
17.2 Movement of tax asset / (liability) - net			
Opening balance		(22,434,684)	-
Impact of adoption of IFRS 9		-	(58,490,058)
Restated opening balance after IFRS 9 adoption		(22,434,684)	(58,490,058)
Charged to profit or loss		2,434,409	36,055,374
Charged to OCI		-	-
		(20,000,275)	(22,434,684)

17.3 The Company have 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 recognized deferred tax asset in these financial statements. The details are as follows:

	2020 Rupees	2019 Rupees
Deductible temporary differences	34,503,479	-
Tax losses --net	140,894,596	-
Unrecognized deferred tax asset	50,865,442	-

18 Staff retirement benefits payable

Gratuity	18.1	4,606,376	6,427,923
Accumulating compensated absences		1,190,549	1,190,549
		5,796,925	7,618,472

18.1 Movement in net obligation

Statement of financial position liability at 01 July		6,427,923	10,047,853
Expense chargeable to Profit or Loss account	18.3	1,513,059	1,592,628
Remeasurements chargeable in other comprehensive income	18.4	(1,630,236)	(536,832)
Benefit payable transferred to short term liability		(1,704,370)	(4,675,726)

Statement of financial position liability at 30 June

	4,606,376	6,427,923
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18.2 Movement in present value of defined benefit obligation is as follows:

	Note	2020 Rupees	2019 Rupees
Present value of defined benefit obligation at 1 July		6,427,923	10,047,853
Current service cost		718,516	898,729
Interest cost on defined benefit obligation		794,543	693,899
Benefits payable transferred to short term liability		(1,704,370)	(4,675,726)
Actuarial loss/(gains) from changes in financial assumptions		(11,946)	21,352
Actuarial loss/(gains) due to Experience adjustments		(1,618,290)	(558,184)
Present value of defined benefit obligation at 30 June		4,606,376	6,427,923

18.3 Amount charged to profit or loss

Current service cost	718,516	898,729
Interest cost	794,543	693,899
Total amount chargeable to profit or loss	1,513,059	1,592,628

18.4 Charged to other comprehensive income

Actuarial loss/(gains) from changes in financial assumptions	(11,946)	21,352
Actuarial loss/(gains) due to Experience adjustments	(1,618,290)	(558,184)
	(1,630,236)	(536,832)

	2020 Rupees	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees
18.5 Historical information for gratuity plan					
Present value of defined benefit obligation	4,606,376	6,427,923	10,047,853	9,177,400	8,078,606
Gain/(loss) on actuarial experience adjustments on plan liability	(1,618,290)	(558,184)	(650,528)	(7,323)	654,227

18.6 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined obligation as at June 30, 2020 would have been as follows:

	Increase	Decrease
Discount rate	4,383,002	4,853,485
Future salary increase	4,853,485	4,379,014

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for defined benefit obligation reported in the statement of financial position

18.7 Actuarial valuation of this plan was carried out on June 30, 2020 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:

	2020 per annum	2019 per annum
Discount rate used for profit or loss charge	14.25%	9.00%
Discount rate used for year-end obligation	8.50%	14.25%
Expected rate of salary increase in future years	N/A	N/A
Mortality rate	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

18.8 Estimated expenses to be charged to profit or loss account for financial year 2020-2021 is Rs 839,578 which includes Rs 453,361 in respect of current service cost and Rs. 386,217 in respect of interest cost in defined benefit obligation.

18.9 Weighted average duration of the defined benefit obligation is 5 years for gratuity.

19 Contingencies and commitments

19.1 The senior management of the Company was contacted by 'National Accountability Bureau' (NAB) dated June 22,2002 in respect of certain transactions in FIB carried out by the Company related to Workers Welfare Fund ("WWF") during the year 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the Company had colluded with WWF officials to defraud WWF.

On this basis, National Accountability Bureau required the Company to pay or guarantee to pay on account of WWF a sum of Rs. 46 Million in view that public funds were involved and it was the Company's vicarious liability. The Company had paid National Accountability Bureau an amount of Rs. 13.8 Million and had provided adequate security against the balance amount recovered from the parties involved.

National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. The Company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously. The Company is confident of its favorable outcome, therefore no provision has been made in the financial statements.

19.2 During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") raised a demand of Rs. 0.8 Million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favor of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honorable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honorable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. Honorable Lahore High Court passed an order dated 20-05-2015 to issue notices to the Appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated Appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favorable decision. Consequently, no provision has been made in these financial statements for this amount.

19.3 CTR No. 14/2002 reference has been directed against the judgment of ITAT dated 03.02.2001 whereby the order passed under 66 - A of the Income Tax Ordinance, 1979, for the assessment years 1995-1996, by IAC of the Income tax Range - III, Companies Zone - II, Lahore has been affirmed. The C.T.R is now pending before the Honorable Lahore High Court and is to be heard along with other identical matters. There is likelihood of a favorable decision in favor of Company in as much as said order is in conflict with earlier judgments of the superior courts. The case has to be fixed by office of the Honorable Lahore High Court Lahore.

19.4 The Income Tax Appellate Tribunal Lahore vide its Order dated 19th November 2008 for Assessment Year 1996-1997, 1999-2000, 2001-2001,2002-2003, Tax Year 2003 and 2004 held that allocation of expense cannot be made against Capital Gain. During the preceding year Tax References No. PTR 131/09 to 140/09 filed by the Tax Department against order of Income Tax Appellate Tribunal Lahore dated 19th November 2008. The Honorable Lahore High Court vide its order dated 10th March 2015 accepted the references filed by department for the above mentioned years, and cases were remanded back to Income Tax Appellate Tribunal Lahore. The Company has preferred CPLAs before the August Supreme Court against the Orders passed by the Lahore High Court Lahore in all Tax References Nos. PTR 131/09 to 140/09. The Company is confident of a favorable decision in the matter.

- 19.5 During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Equities Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the cumulative recovery of Rs. 188.74 Million from the Company or alternatively recovery of Rs. 0.513 Million from the Company against insurance premium. The case is pending before the honorable court of Mr. Imran Khan, Civil Judge Lahore. The legal counsel is confident of success of the case in company's favor.
- 19.6 During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd has filed suit against the Company, First Capital Equities Limited, Pace Barka Properties Limited, Mr. Azhar Ahmed Batla, Mrs. Amna Taseer and Adamjee Assurance Company Limited on May 14, 2018 for the recovery of Rs. 76,304,380 along with markup of 10% from March 15, 2012 to date. Plaintiff claims that they have an unsettled charge against property located at Clifton Karachi owned by Pace Barka Properties Limited (previously owned by First Capital Equities Limited). As per Pace Barka Properties Limited this claim is unlawful and no such charge exists on this property. The case is pending before the honorable High Court of Sindh. The legal counsel is confident of success of the case in company's favor.
- 19.7 During the current year, company have failed to fulfil its obligation under diminishing musharka agreement for rental payment. As a consequence Company might be asked for to pay the termination amount (accrued and unpaid rent, supplementary rent), until the date of approval of these financial statements no such notice have been received from Bank. As per management's opinion there is no other adverse consequences on the company except payment of unpaid and accrued rentals which is already classified as current liability. Detail mentioned in note 16.2.

2020	2019
Rupees	Rupees

19.8 Commitments in respect of capital expenditure

-	-
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19.9 The company extended the corporate guarantee amounting Rs. 480,000,000 in favor of Silk Bank Limited against the loan facility obtained by one of the wholly owned subsidiary Evergreen Water Valley (Pvt.) Limited.

20 Share capital

20.1 Issued, subscribed and paid-up capital

2020	2019
Number of shares	

2020	2019
-----Rupees-----	

38,165,030	38,165,030	Ordinary shares of Rs 10/- each fully paid in cash
278,445,082	278,445,082	Ordinary shares of Rs 10/- each issued as bonus shares
<u>316,610,112</u>	<u>316,610,112</u>	

381,650,300	381,650,300
2,784,450,820	2,784,450,820
<u>3,166,101,120</u>	<u>3,166,101,120</u>

20.2 Ordinary shares of the Company held by related parties as at year end are as follows

Note	2020	2019
	(Number of shares)	

Amythest Limited	20.3	72,034,182	72,034,182
Sisley Group	20.4	31,395,000	31,395,000

20.3 Beneficial owner of the above mentioned holding was Salman Taseer (Late) resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

20.4 Beneficial owner of the above mentioned holding is Aamna Taseer resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

21 Money market services

Note	2020	2019
	Rupees	Rupees

Money market income		
- local currency	2,875,388	5,449,553
- foreign currency	528,727	4,426,532
	3,404,115	9,876,085
Less: Sales tax	-	(1,136,187)
	<u>3,404,115</u>	<u>8,739,898</u>

Note	2020	2019
	Rupees	Rupees

22 Dividend income

Others	-	-
	<u>-</u>	<u>-</u>

		2020	2019
	Note	Rupees	Rupees
23 Gain/(Loss) on investments classified at fair value through profit or loss			
<i>Unrealized (loss)/gain on re-measurement of 'investments at fair value through profit or loss'</i>			
Unrealized gain/(loss) on resmeasurement of short term investments	12	5,250,368	(20,442,241)
Unrealized gain/(loss) on resmeasurement of long term investments	8	(257,171,064)	(538,504,841)
		(251,920,696)	(558,947,082)
<i>Realized (loss)/gain on disposal of 'investments at fair value through profit or loss'</i>			
Realized gain/(loss) on resmeasurement of short term investments		-	(141,896)
Realized gain/(loss) on resmeasurement of long term investments		-	-
		-	(141,896)

		2020	2019
	Note	Rupees	Rupees
24 Operating and administrative expenses			
Salaries, wages and other benefits	24.1	10,705,862	17,526,941
Rent, rates and taxes		100,000	1,018,716
Postage, telephone and stationary		332,523	366,346
Utilities		295,713	221,560
Insurance		-	7,196
Printing and stationery		19,549	306,387
Travelling and conveyance		31,860	92,310
Repairs and maintenance		417,660	808,199
Vehicle running expenses		54,150	264,848
Entertainment		74,060	523,347
Legal and professional		3,054,444	3,141,010
Advertisement		-	59,800
Auditors' remuneration	24.2	1,025,000	1,240,000
Depreciation	6.1	232,848	17,738,282
Others		215,381	1,242,917
Lease rentals - Ijarah facilities		-	-
Reversal of tax refund		-	-
Penalty on default	16.2	32,227,745	1,102,939
		48,786,795	45,660,798

24.1 Salaries, wages and other benefits includes Rs. 1,513,059 (2019: Rs. 1,592,628) in respect of gratuity expense for the year.

		2020	2019
	Note	Rupees	Rupees
24.2 Auditors' remuneration			
Annual audit fee		500,000	525,000
Fee for audit of consolidated financial statements		275,000	475,000
Half yearly review		200,000	200,000
Out of pocket expenses		50,000	40,000
		1,025,000	1,240,000

		2020	2019
	Note	Rupees	Rupees
25 Other income			
<u>Income from financial assets</u>			
Income on treasury bills /saving accounts		14,223	115,112
<u>Income from non-financial assets</u>			
Rental income of plant and machinery	25.1	11,400,000	11,400,000
Gain on sale of property plant and equipment		-	625,000
Liabilities written back		-	-
Miscellaneous income		110,520	105,151
		11,524,743	12,245,263

25.1 This represents income from lease of plant and machinery (construction equipment) to Evergreen Water Valley (Pvt.) Limited a subsidiary company.

		2020	2019
	Note	Rupees	Rupees
26 Finance cost			
Bank charges and commission		15,190	23,259
Markup on long term financing	16.1	242,753,397	175,300,822
		242,768,587	175,324,081

		2020	2019
	Note	Rupees	Rupees
27 Taxation			
Current tax			
For the year	27.1	408,494	1,183,467
Prior		-	-
Deferred tax expense/(income)	17	(2,434,409)	(36,055,374)
		<u>(2,025,915)</u>	<u>(34,871,907)</u>

27.1 Since the company showing tax loss for the year as a result taxable income for the year is Nil. Keeping in view this fact provision for taxation represents final tax under section 233 of the Income Tax Ordinance,2001. Which is 12% of revenue from money market services. Since the Company is subject to minimum tax therefore no numerical reconciliation of tax is produced.

28 Loss per share

28.1 Loss per share - basic

		2020	2019
Loss for the year	Rupees	(426,521,686)	(424,210,997)
Weighted average number of ordinary shares	Numbers	316,610,112	316,610,112
Loss per share - basic	Rupees	(1.35)	(1.34)

28.2 Loss per share - diluted

There is no dilution effect on the basic EPS as the Company has no such commitments.

29 Number of employees

The average and total number of employees are as follows:

	2020	2019
Average number of employees during the year	12	20
Total number of employees as at 30 June	8	19

30 Financial risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

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

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk arises from deposits with banks, trade debts, loans and advances and credit exposure arising as a result of dividends from equity securities and other receivable. The Company has concentration of credit risk in other receivables but this not considered to be significant as this includes a major portion overdue from related parties and remaining exposure is spread over a large number of counter parties in the case of trade debts to manage exposure to credit risk, the Company applies credit limits to its customers.

30.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

		2020	2019
	Note	Rupees	Rupees
Long term deposits	9	37,500	37,500
Trade debts	10	809,746	1,528,578
Other receivables	11	21,713,312	11,126,702
Bank balances	14	360,596	355,506
		<u>22,921,154</u>	<u>13,048,286</u>

All financial assets subject to credit exposure at the statement of financial position' date represent domestic parties

30.1.2 Credit quality of financial assets

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Banking companies and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers, supplier and others is assessed by reference to historical defaults rates and present ages.

30.1.2.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties, past experiences and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

	Rating		Rating	2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Faysal Bank Limited	A-1+	AA	PACRA	71,546	62,658
Allied Bank Limited	A-1+	AAA	PACRA	218,680	133,550
Bank Islami	A-1	A+	PACRA	6,126	6,126
Soneri Bank Limited	A-1+	AA-	PACRA	9,306	9,306
United Bank Limited	A-1+	AAA	VIS	44,893	133,821
Bank Alfalah Limited	A-1+	AA+	VIS	10,000	10,000
Silk Bank Limited	A-2	A-	VIS	45	45
				360,596	355,506

Trade debts

The trade debts as at the statement of financial position date are classified in Pak Rupees. The aging of trade receivables at the reporting date is:

	Note	2020 Rupees	2019 Rupees
Neither past due nor impaired	10	427,181	169,472
Past due		382,565	1,359,106
		809,746	1,528,578

The maximum exposure to credit risk for trade debts at the reporting date by type of counter party are as follows:

	2020 Rupees	2019 Rupees
Commercial banks	687,696	1,211,697
Others	122,050	316,881
	809,746	1,528,578

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

30.1.2.2 Counterparties without external credit ratings

Management estimates that the below mentioned balances will be recovered within next 12 months and the probability of default is expected to be zero as all the balance is receivable from related parties and employees of the Company. Consequently, no expected credit loss allowance is required.

	Note	2020 Rupees	2019 Rupees
<u>Loan and advances</u>			
Related parties	11	21,609,312	11,013,202
Employees		104,000	113,500
		21,713,312	11,126,702

30.1.3 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 broadly diversified and all other transactions are entered into with credit-worthy counterparties there by mitigating any significant concentrations of credit risk.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. During the year Company came under severe liquidity pressure as mentioned in note 2.

The following are the contractual maturities of financial liabilities as on June 30 2020:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
Rupees					
Financial liabilities					
Loan payable	1,600,000,000	1,600,000,000	1,600,000,000	-	-
Rental payable	456,497,944	456,497,944	456,497,944	-	-
Trade and other payables	55,172,655	55,172,655	55,172,655	-	-
	2,111,670,599	2,111,670,599	2,111,670,599	-	-

The following are the contractual maturities of financial liabilities as on June 30 2019:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
Rupees					
Financial liabilities					
Loan payable	1,600,000,000	1,600,000,000	1,600,000,000	-	-
Rental payable	181,516,802	181,516,802	181,516,802	-	-
Trade and other payables	43,144,896	43,144,896	43,144,896	-	-
	43,144,896	43,144,896	43,144,896	-	-

30.3 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

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

30.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Company was not exposed to foreign currency's risk as there was no foreign currency held by the Company at year end.

30.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The Company has adopted appropriate policies to cover interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from bank deposit accounts and long-term borrowing. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Company does not have any fixed rate financial instrument. The interest rate profile of the Company's interest-bearing financial instruments at the statement of financial position date was as under:

	2020	2019
	Rupees	Rupees
Financial assets	354,470	349,380
Financial liabilities	1,600,000,000	1,600,000,000
	<u>1,600,354,470</u>	<u>1,600,349,380</u>

Cash flow sensitivity analysis for variable rate instruments

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Company does not have any fixed rate financial instrument.

30.3.3 Other price risk

Equity price risk arise from equity securities classified as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

All of the Company's listed equity investments are listed on Pakistan Stock exchange. The table below summarizes the Company's equity price risk as of June 30 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. 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.

		2020			
Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase / (decrease) in OCI	"Hypothetical increase/ (decrease) in profit / (loss) before tax"	
Rupees			Rupees		
<u>Investments</u>					
Long term investments	249,261,913	10% increase	274,188,104	-	24,926,191
		10% decrease	224,335,722	-	(24,926,191)
Short term investments	24,506,196	10% increase	26,956,816	-	2,450,620
		10% decrease	22,055,576	-	(2,450,620)
	<u>273,768,109</u>				
		2019			
Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase / (decrease) in OCI	"Hypothetical increase/ (decrease) in profit / (loss) before tax"	
Rupees			Rupees		
<u>Investments</u>					
Long term investments	426,125,657	10% increase	468,738,223	-	42,612,566
		10% decrease	383,513,091	-	(42,612,566)
Short term investments	19,255,828	10% increase	21,181,411	-	1,925,583
		10% decrease	17,330,245	-	(1,925,583)
	<u>445,381,485</u>				

30.3.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

The carrying amount less impairment provision of trade debts and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

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)

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 categorized:

Recurring fair value measurements

	30-Jun-20			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Quoted investments	59,749,496	-	189,512,417	249,261,913
Unquoted investments	-	-	1,260,436,715	1,260,436,715
Investment properties	-	2,152,618,664	-	2,152,618,664
Short term investments	24,506,196	-	-	24,506,196
	30-Jun-19			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Quoted investments	426,125,657	-	-	426,125,657
Investment properties	-	2,052,619,045	-	2,052,619,045
Short term investments	19,255,828	-	-	19,255,828

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 statement of financial position 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.

As at June 30, 2020, the Company's long term investments in unquoted securities (see note 8), carried at fair value. The fair value of such investments is determined by using level 3 techniques. The fair value of investment in unquoted securities has been determined based on the net asset value.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year except for one quoted investment (FCEL) where level 3 inputs are used to determine fair value as shares of FCEL are not actively traded based on which management ascertained that quoted market value does not reflect actual fair value of investment.

30.4 Capital management

The Company's board policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the Return on Capital Employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. 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.

30.5 Financial instruments by category

	30-Jun-20			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
Financial Assets				
Rupees				
Long term investments	-	1,509,698,628	-	1,509,698,628
Long term deposits	37,500	-	-	37,500
Trade debts	809,746	-	-	809,746
Short term investments	-	24,506,196	-	24,506,196
Advances, deposits, prepayments and other receivables	21,713,312	-	-	21,713,312
Cash and bank balances	360,596	-	-	360,596
	22,921,154	1,534,204,824	-	1,557,125,978

	30-Jun-20			Total
	At amortized cost	Liabilities at fair value through profit or loss		
Financial Liabilities				
Trade and other payables-Unsecured		55,172,655	-	55,172,655
Long Term Payable		1,600,000,000	-	1,600,000,000
Mark up payable		456,497,944	-	456,497,944
		2,111,670,599	-	2,111,670,599

	30-Jun-19			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
Financial Assets				
Rupees				
Long term investments	-	1,766,869,692	-	1,766,869,692
Long term deposits	37,500	-	-	37,500
Trade debts	1,528,578	-	-	1,528,578
Short term investments	-	19,255,828	-	19,255,828
Advances, deposits, prepayments and other receivables	11,126,702	-	-	11,126,702
Cash and bank balances	356,006	-	-	356,006
	13,048,786	1,786,125,520	-	1,799,174,306

	30-Jun-19			Total
	At amortized cost	Liabilities at fair value through profit or loss		
Financial Liabilities				
Rupees				
Trade and other payables-Unsecured		43,144,896	-	43,144,896
Long term payable		1,600,000,000	-	1,600,000,000
Mark up payable		181,516,802	-	181,516,802
		1,824,661,698	-	1,824,661,698

31 Transactions with related parties

Related parties comprise of entities over which the Directors are able to exercise significant influence. Related parties include entities with common Directors, major shareholders, subsidiary undertakings, associated companies, Directors and key management personnel. Details of transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment disclosed in note 31 are as follows:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2020	2019
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
First Capital Equities Limited	Subsidiary(73.23% Shareholding)	Brokerage charges	-	11,715
Evergreen Water Valley (Private) Limited	Subsidiary(100% owned)	Rental income earned	11,400,000	11,400,000
		Rental income received	803,890	2,497,898
		Payment against investment property	-	2,000,000
Pace (Pakistan) Limited	Associate(Common Directorship)	Payment against purchase of property	-	401,000,000
		Paid on behalf for purchase of property	-	1,758,814
		Expense paid	-	259,214
Media Times Limited	Associate(Common Directorship)	Purchase of goods / services	-	59,200
		Advance against publishing	-	800,000

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

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

32 Remuneration of Chief Executive, Director and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and Executives of the company is as follows:

	Chief executive		Executive and non executive directors		Executives	
	2020	2019	2020	2019	2020	2019
	Rupees					
Managerial remuneration	2,400,000	2,400,000	-	-	1,479,840	6,185,280
Medical Expenses Reimbursed	-	-	-	-	65,085	94,080
Provision for gratuity	599,252	399,917	-	-	610,743	851,516
	<u>2,999,252</u>	<u>2,799,917</u>	<u>-</u>	<u>-</u>	<u>2,155,668</u>	<u>7,130,876</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>1</u>	<u>2</u>

32.1 The Company has also provided executives with company maintained cars. No fees were paid to any director for attending board and audit committee meetings.

32.2 Executives are employees whose basic salary exceed Rs. 1,200,000 in a financial year.

33 Date of authorization for issue

These financial statements were authorized for issue on October 07, 2020 by the Board of Directors.

34 Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison and duly disclosed in respective accounts.

35 Impact of Covid-19

Due to rapid spread of COVID-19 all across the world the overall global economy has been affected. In the end of March, 2020, the Government of the Punjab and Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations. In the Company's case, the lockdown was subsequently relaxed in the end of May, 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The COVID-19 Pandemic and associated impact on economic activity had certain effects on the operational and financial conditions of the Company for the year ended June 30, 2020 due to the subdued overall slowdown economic activity and discontinuity of business operations. However, to reduce the impact on the economy and business, regulators/ government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- recoverability of receivable balances;
- valuation of its equity investments;
- the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'; and
- going concern assumption used for the preparation of these financial statements.

The management of the Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no material impact on current financial statements of the Company.

36 General

The figures have been rounded off to the nearest Rupee.


Chief Executive Officer


Chief Financial Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED

***CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019***

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

STATEMENT OF CONSOLIDATED PROFIT OR LOSS

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT OF CONSOLIDATED CASH FLOWS

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Islamabad Office:
Office # 12 & 13 3rd Floor
Fazal Arcade,
F-11 Markaz, Islamabad.
Tel: 051-2228138
Fax: 051-2228139
E-mail:
njmiconsultants@gmail.com
islamabadoffice@njmi.net

Independent Auditor's report to the members of First Capital Securities Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of First Capital Securities Corporation Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the group as at June 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to note 2 to the consolidated financial statements which more fully explains the factors that indicate existence of material uncertainty that may cast significant doubt about the ability to continue as a going concern of First Capital Securities Corporation Limited (Parent Company) and First Capital Equities Limited, World Press (Private) Limited and Falcon Commodities (Private) Limited (Subsidiary Companies). However, the financial statements of said subsidiaries and parent company have been prepared on going concern basis, based on the financial and operational measures taken by the management except for Falcon Commodities (Private) Limited financial statements, which has been prepared on non-going concern basis. Our opinion is not qualified in respect of this matter.

Karachi Office:

904, 9th Floor, Q.M. House, Plot No. 11/2, Ellander Road, Opp. Shaheen Complex, Off. I.I Chundrigar Road, Karachi Pakistan
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515

Lahore Office:

Office # 1102, Al-Hafeez Heights, 66-D/1, Ghalib Road, Gulberg-III, Lahore
Tel: 042-35754821-22, Fax: 042-36317513, E-mail: nasirg@wol.net.pk

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit
1.	Investment property valuation As stated in the Note 8 of accompanying consolidated financial statements, the Group has purchased investment property of substantial amount during the year and have recognized substantial amount of fair value gain during the year We identified investment property as key audit matter because it has material impact on consolidated financial statements.	We performed following key audit procedures to address the assessed risk: <ul style="list-style-type: none">▪ Obtained independent valuer's report and took an understanding of the scope of valuer's work;▪ Assessed the competence, capabilities and objectivity of the external valuer;▪ We reconciled the detail of properties valued by the independent valuer to details provided by the company;▪ Compared values assigned by independent valuer with the actual transactions occurred during the year, to ensure that value of investment property is reasonable according to the market conditions and not overstated;▪ Assessed the appropriateness of the related disclosures in the Company's financial statements.
2.	Long term financing As stated in Note 18 of accompanying consolidated financial statements, the Group settled its loan during the year. The interest on loan settled during the year is waived off by the Bank. The valuation of this settled facility involve complex calculations and significant judgments.	We performed following key audit procedures to address the assessed risk: <ul style="list-style-type: none">▪ Obtained loan settlement agreements signed with banks. Inspected and obtained understanding of terms and conditions;▪ We critically assessed the design and implementation of controls in place to ensure compliance and to report any



We identified loan settlement as key audit matter because it has material impact on the on consolidated financial statements.

3. Litigations

There are a number of legal and regulatory matters for which no provision has been established, as disclosed in Note 20 of accompanying consolidated financial statements.

The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Also there is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis. Importantly, the decision to recognize a provision and the basis of measurement are purely judgmental.

We identified litigations as key audit matter because there is a high level of judgement involve in assessing the likelihood of their outcome which effect the level of provisioning and/or disclosures.

identified breach of the debt settlement agreements;

- Obtained direct confirmations from banks to confirm settlement and closing balances as at year end. Summarized the responses of banks, analyzed and matched with the amounts disclosed in the financial statements.

We performed following key audit procedures to address the assessed risk:

- Obtained understanding of the Group's controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee;
- Discussed open matters and developments with the Group's in-house legal counsel and read correspondence with external legal counsels, where relevant;
- Circularized confirmations to relevant external party legal representatives and follow up discussions, where appropriate, on certain material cases;
- Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessed the appropriateness of the related disclosures made in the accompanying consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

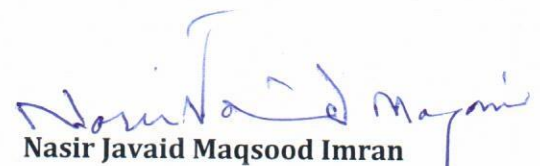

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Date: 07-10-20

Islamabad


Nasir Javaid Maqsood Imran
Chartered Accountants


FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Non-current assets			
Property, plant and equipment	6	276,584,196	270,274,885
Intangible assets	7	3,062,519	2,562,503
Investment properties	8	3,267,338,763	3,167,339,144
Investments accounted for using the equity method	9	476,694,768	500,799,831
Long term investments	10	10,706,385	14,058,889
Long term deposits and advances - considered good	11	13,166,098	12,692,602
		<u>4,047,552,729</u>	<u>3,967,727,854</u>
Current assets			
Stock in trade		968,643	1,077,093
Trade debts	13	562,330,611	380,137,747
Loans, advances and other receivables	14	731,574,307	770,961,191
Prepayments		947,110	1,027,296
Interest accrued		-	32,296
Short term investments	15	254,949,888	314,697,240
Cash and bank balances	16	47,971,595	61,391,700
		<u>1,598,742,154</u>	<u>1,529,324,563</u>
Current liabilities			
Trade and other payables	17	840,349,739	506,495,836
Current portion of long term loans - secured	18	3,077,036,279	2,690,131,432
Current portion of lease liability	19	6,572,471	-
Provision for taxation		8,515,914	2,671,118
		<u>3,932,474,403</u>	<u>3,199,298,386</u>
Net current assets		<u>(2,333,732,249)</u>	<u>(1,669,973,823)</u>
		<u>1,713,820,480</u>	<u>2,297,754,031</u>
Non-current liabilities			
Lease liability	19	7,175,728	-
Deferred tax liability	12	21,025,380	1,402,020
Deferred liabilities	19	26,057,985	30,171,408
Long term loans - secured	18	245,454,545	548,311,117
		<u>299,713,638</u>	<u>579,884,545</u>
Contingencies and commitments	20	-	-
		<u>1,414,106,842</u>	<u>1,717,869,486</u>
Represented by			
Equity			
Share Capital and Reserves			
Authorized share capital: 320,000,000 (2019: 320,000,000) ordinary shares of Rs 10 each		<u>3,200,000,000</u>	<u>3,200,000,000</u>
Issued, subscribed and paid-up share capital	21	3,166,101,120	3,166,101,120
Exchange translation reserve		48,668,733	53,446,569
Reserves capitalised		480,054,923	480,054,923
Retained earnings		(2,536,904,220)	(2,253,540,695)
Equity attributable to owners of the Parent Company		<u>1,157,920,556</u>	<u>1,446,061,917</u>
Non-controlling interests (NCI)		<u>256,186,286</u>	<u>271,807,569</u>
		<u>1,414,106,842</u>	<u>1,717,869,486</u>

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<u>CONTINUED OPERATIONS</u>			
Operating revenue	22	242,223,910	261,830,966
Direct costs	23	(136,583,208)	(181,164,461)
Gross profit		105,640,702	80,666,505
Unrealized gain on re-measurement of investments at fair value through profit or loss ¹	24	9,672,441	(62,953,686)
(Loss)/gain on investment properties		99,999,619	300,623,792
Operating and administrative expenses	25	(186,953,333)	(168,495,467)
Operating profit		28,359,429	149,841,144
Other income	26	108,726,574	110,807,599
Finance costs	27	(307,162,662)	(258,372,486)
		(198,436,088)	(147,564,887)
Share of loss from investments accounted for using the equity method - net of tax	9.1	(26,243,626)	(35,258,395)
Impairment on investment in associates	9	-	(6,528,524)
Loss before taxation		(196,320,285)	(39,510,662)
Taxation	28	(26,242,356)	(336,357)
Loss after taxation		(222,562,641)	(39,847,019)
<u>DISCONTINUED OPERATION</u>			
Loss after taxation from discontinued operation	29	(79,027,599)	(56,852,723)
Loss after taxation for the year		(301,590,240)	(96,699,742)
Basic and diluted earning/(loss) per share-- from continued operation	30	(0.73)	(0.06)
Basic and diluted loss per share-- from discontinued operation	30	(0.18)	(0.13)
Profit/(loss) attributable to:			
- Owners of the Parent Company from continuing operation		(289,541,954)	(100,295,853)
- Non-controlling interests		(12,048,286)	3,596,111
Loss for the year		(301,590,240)	(96,699,742)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

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Chief Executive Officer


Chief Financial Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Loss after taxation		(301,590,240)	(96,699,742)
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss:			
Remeasurement of defined benefit plan - net of tax	19.3	5,057,338	3,853,354
Items that may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of investments accounted for using the equity method - net of tax	9.2	308,740	64,828,938
Exchange differences on translation of foreign operations recognised as:			
- Exchange translation reserve		(4,777,836)	22,745,276
- Non-controlling interests		(4,590,469)	21,853,305
Other comprehensive (loss)/income for the year		(9,368,305)	44,598,581
Total comprehensive income/(loss) for the year		(305,592,467)	16,581,131
Total comprehensive income/(loss) attributable to :			
- Owners of the Parent Company from continuing operation		(289,971,184)	27,938,091
- Non-controlling interests		(15,621,283)	(11,356,960)
		(305,592,467)	16,581,131

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2020

	Attributable to owners of the Parent Company					Total equity
	Capital Reserve		Revenue Reserve			
	Share capital	Exchange translation reserve	Reserve capitalised	Retained earnings	Non-controlling interests	
Rupees						
Balance at 01 July 2018	3,166,101,120	30,701,293	480,054,923	(2,259,828,819)	283,164,529	1,700,193,046
Total comprehensive income / (loss) for the year						
Loss for the year				(62,029,026)	(34,670,716)	(96,699,742)
Other comprehensive income		22,745,276		67,221,841	23,313,756	113,280,873
Share of reserve on incremental depreciation - net of tax from associate				1,095,309		1,095,309
Total comprehensive income / (loss) for the year		22,745,276		6,288,124	(11,356,960)	17,676,440
Balance at 30 June 2019	3,166,101,120	53,446,569	480,054,923	(2,253,540,695)	271,807,569	1,717,869,486
Total comprehensive income / (loss) for the year						
Loss for the year				(289,541,954)	(12,048,286)	(301,590,240)
Other comprehensive income / (loss)		(4,777,836)		4,348,606	(3,572,997)	(4,002,227)
Share of reserve on incremental depreciation - net of tax from associate				1,829,823		1,829,823
Total comprehensive (loss)/income for the year		(4,777,836)		(283,363,525)	(15,621,283)	(303,762,644)
Balance at 30 June 2020	3,166,101,120	48,668,733	480,054,923	(2,536,904,220)	256,186,286	1,414,106,842

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

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 Chief Executive Officer


 Chief Financial Officer


 Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Cash used in operations	32	(65,855,567)	(865,409,212)
Retirement benefits paid - net		(819,180)	(6,230,205)
Finance costs paid		(17,037,209)	(3,815,197)
Taxes paid		(1,051,399)	(4,779,523)
Net cash used in operating activities		(84,763,355)	(880,234,137)
Cash flows from investing activities			
Purchase of property plant and equipment		(86,590)	(721,117)
Proceeds from sale of property, plant and equipment		720,000	31,407,002
Purchase of investment property		(25,000,000)	-
Proceeds from sale of investment property		162,870,000	-
Payment/receipts from investments - net		64,269,025	70,997,139
Asset management license		(750,025)	-
Dividend received		-	253,620
Long term deposits		314,800	(3,236,600)
Interest received		25,806,862	23,967,217
Net cash generated from investing activities		228,144,072	122,667,261
Cash flows from financing activities			
Receipt/(payment) of loan--net		(156,800,822)	664,608,325
Net cash generated from/(used in) financing activities		(156,800,822)	664,608,325
Net decrease in cash and cash equivalents		(13,420,105)	(92,958,551)
Cash and cash equivalents at the beginning of the year		61,391,700	154,350,251
Cash and cash equivalents at the end of the year	16	47,971,595	61,391,700

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 The Group and its operations

1.1 The Group consists of First Capital Securities Corporation Limited, (the Holding Company), Ever Green Water Valley (Private) Limited, Falcon Commodities (Private) Limited, First Capital Equities Limited, First Capital Investments Limited, First Construction Limited, Lanka Securities (Private) Limited, Ozer Investments Limited and World Press (Private) Limited (the subsidiary companies) [together referred to as "the Group"] and the Group's interest in equity accounted investee namely; First Capital Mutual Fund, Media Times Limited and Pace Baraka Properties Limited.

1.2 First Capital Securities Corporation Limited ("the Holding Company") was incorporated in Pakistan on April 11, 1994 as a public limited company under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The Company is involved in making long and short term investments, money market operations and financial consultancy services. Geographical location and location of other offices are as under:

Head Office	Corporate Office
2nd Floor Pace Shopping Mall, Fortress Stadium Lahore Cant, Lahore.	4th Floor, Block B,C,D Lakson Square Building No,01 Sarwar Shaheed Road Karachi

1.3 Ever Green Water Valley (Private) Limited (the Subsidiary Company) was incorporated on December 22, 2005 as Private Limited Company under the repealed Companies Ordinance, 1984. The Company is engaged in the business of Installation & manufacturing of Water purification plants, RO systems, water softness systems and Construction of Buildings and other related activities. The registered office of the Company is situated at 2nd floor Pace Shopping mall, Fortress Stadium Lahore. Ever Green Water Valley (Private) Limited is the wholly owned subsidiary of the Holding Company.

1.4 Falcon Commodities (Private) Limited (the Subsidiary Company) was incorporated on December 22, 2005 as Private Limited Company under the repealed Companies Ordinance, 1984. The principal activity of the Company is to carry on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited. The registered office of the Company is situated at 4th Floor, Lakson Square Building No,01 Sarwar Shaheed Road Karachi. Falcon Commodities (Private) Limited is the wholly owned subsidiary of the Holding Company.

1.5 First Capital Equities Limited (FCEL) (the Subsidiary Company) was incorporated in Pakistan on January 26, 1995 as a private limited company, under the repealed 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 principal activities of the Company include share brokerage and conducting / publishing business research. The Holding Company has 73.23% ownership in First Capital Equities Limited. Geographical locations and addresses of all business units are as under:

Head Office	Corporate Office
2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt, Lahore.	4th Floor, Block B,C,D Lakson Square Building No,01 Sarwar Shaheed Road Karachi

1.6 First Capital Investments Limited (FCIL) (the Subsidiary Company) was incorporated in Pakistan on October 27, 1994 as a private company limited by shares, under the repealed Companies Ordinance, 1984 having registered office at 2nd Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore. Status of the Company was changed from private limited to public limited on August 06, 2003. The Securities and Exchange Commission of Pakistan (SECP) has issued a license to the Company to undertake Asset Management Services as required under the NBFC (Establishment and Regulation) Rules, 2003. The Company has been assigned Management Quality Rating "AM4++" by The Pakistan Credit Rating Agency Limited "PACRA" Credit Rating Company. The main activity of the company is to provide asset management services to First Capital Mutual Fund Limited (The fund). The Holding Company has 78.86% ownership in First Capital Investments Limited.

1.7 First Construction Limited (the Subsidiary Company) was incorporated on August 15, 2014 as Public Limited Company under the repealed Companies Ordinance, 1984. The principal activity of the Company is to undertake construction, development and related activities. The registered office of the Company is situated at 2nd Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore. First Construction Limited is the wholly owned subsidiary of the Holding Company.

1.8 Lanka Securities (Private) Limited (the Subsidiary Company) was incorporated in Sri Lanka in the year of 1989. The principal activity of the Company is equity debt security brokering and undertaking placement of equity debt securities. The registered office of the Company is situated at No. 228/1, Galle Road, Colombo 04, Sri Lanka. The Holding Company has 51% ownership in Lanka Securities (Private) Limited.

1.9 Ozer Investments Limited (OIL) (the Subsidiary Company) was incorporated in Sri Lanka in the year of 2010. OIL has not yet started its commercial activity however main objective of the Company is to provide financial advisory, portfolio management, margin provision unit trust management and stock brokerage services. The registered office of the Company is situated Colombo, Sri Lanka. Ozer Investments Limited is the wholly owned subsidiary of the Holding Company.

1.10 World Press (Private) Limited (WPPL) was incorporated in Pakistan on September 11, 2003 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 2nd floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt, Lahore and its principal place of business is at 113/13 Quaid-e- Azam Industrial estate Kot Lakhpat Lahore. The principal activity of the company is to carry on the business of printers, publishers, packaging, advertisement and specialized directory business, stationers and dealers in all allied products and paper, board and packing materials for industrial and commercial packing. The Holding Company has 65% ownership in World Press (Private) Limited.

1.11 Detail of Group's equity accounted investee is given in note 9 to these consolidated financial statements.

Going concern assumption

2.1 During the year Parent Company incurred loss amounting Rs. 426.5 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,453.27 Million as at June 30, 2020 (2019: 1,028.39 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 2,056.69 Million. During the year Company failed to fulfil its obligation under diminishing musharka agreement with Silk Bank Limited which led to classification of loan liability as current liability.

Owing to the factors mentioned above 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. As at year end the management of the Company is in negotiation with bank to restructure its facility and is confident that this will be done on favorable terms.

Based on above mentioned assumption of the management these financial statements have been prepared on the going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

2.2 The Board of the Directors of the First Capital Equities Limited (FCEL) (Subsidiary Company) in their meeting held on June 28, 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinue its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company.

During the year company incurred loss of Rs. 3.48 Million (2019: Rs. 66.2 Million) this also includes effect of liabilities written back amounting Rs. 78.5 Million (2019: Rs. 62.5 Million), moreover the accumulated losses of the company stand at Rs. 1,071.04 Million as at June 30, 2020 (2019: 1,067.55 Million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 498.77 Million (2019: Rs. 261.23 Million).

The management of the Company is continuously in process of negotiating its loan facilities with Banks and as a result of this Company settled its liability against loan form JS Bank Limited as mentioned in Note 16. Owing to the factors mentioned above 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 significant 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.

The management of the Company is confident that with change in Principal activity and overall expertise of group in real estate sector will have positive impact on the financial performance of the company. Moreover, management is confident that the remaining loan payable to UBL will be settled by sale of properties. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

2.3 The financial statements of the Falcon Commodities (Private) Limited (the subsidiary company) have been prepared on non-going concern basis due to the following reasons:

- The Company has generated no revenue during the year (2019: Rs. Nil) against administrative expenses of Rs. 58,550 (2019: Rs. 58,550). The historical trend of earning versus expenses shows a downward trend.
- The net worth and net capital balances of the Company as at June 30, 2020 is less than the minimum net worth requirement of Rs. 10 million and net capital balance requirement of Rs. 2.5 million.
- As at June 30, 2020 the outstanding balance of trade creditors stands at Rs. 372,147 whereas bank balance in client account is Rs. Nil.

The above mentioned conditions indicate existence of material uncertainty which cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. As the management has no realistic alternative basis, therefore these financial statements have been prepared using the non-going concern assumptions of accounting. However, the management of the Company has no intention to liquidate the Company.

2.4 During the year World Press (Private) Limited a subsidiary company has incurred an after tax loss of Rs. 7,529,717 (2019: Rs. 1,794,052), the accumulated losses of the company stands at Rs. 29.9 million (2019: Rs. 22.4 Million). Moreover, the reserves of the Company have been significantly depleted. The Company is also facing difficulties in earning revenue. These conditions raise significant doubts on the Company's ability to continue as a going concern. 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 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 and generation of revenue. For this purpose the management of the Company drawn up plans for :

- Hiring a professional workforce to run the company.
- Negotiating printing contracts with various clients and reviving the business relationships.

Owing to these factors, the financial statements of the subsidiary company are prepared on going concern basis.

Basis of preparation

3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for these financial reporting comprises of International Financial Reporting (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These consolidated financial statements have been prepared from the information available in the separate audited financial statements of the Parent Company for the year ended 30 June 2019 and the audited financial statements of the subsidiary companies for the year ended June 30, 2019 except for Ozer Investments Limited and First Construction Limited the result of whom have been consolidated based on unaudited financial statements. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in Note 9 to these consolidated financial statements.

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in note 5.2. These are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not stated in these consolidated financial statements.

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

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Group's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

4 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial statements of one subsidiary (Falcon Commodities (Private) Limited) that are prepared on break up basis, certain financial assets and investment properties that are stated at fair value and staff benefits which are presented at present value.

4.1 Critical accounting estimates and judgments

The Group's significant accounting policies are stated in Note 5. The preparation of financial statements in conformity with approved accounting standards 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 and 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. Revision to accounting estimates is recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to the Group's financial statements are as follows:

a)	Useful life and residual values of property and equipment	Note 5.3
b)	Impairment	Note 5.8
c)	Valuation of investment properties	Note 5.10
d)	Provisions	Note 5.19
e)	Staff retirement benefits	Note 5.22
f)	Provision for taxation	Note 5.24

5 Summary of significant accounting policies

5.1 Principles of consolidation and equity accounting

a) Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary companies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities except otherwise stated.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net reserves of the operation and of net assets of subsidiaries attributable to interests which are not owned by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interests in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss or through other comprehensive income as appropriate.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated profit or loss, and the Group's share of movements in other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Foreign currency transactions and translation

Functional and presentation currency

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

Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak 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 Pak 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 Pak Rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit or loss.

d) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rupees at exchange rates taking US Dollar as base rate at the reporting date. The income and expenses of foreign operations, are translated to Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the exchange reserve in equity.

5.2 Changes in significant accounting policies

The Group has adopted IFRS 16 Leases during the year and the new policy due to adoption is as follows:

The Group has adopted IFRS 16 'Leases' from 01 July 2019 which are effective from annual periods beginning on or after January 01, 2019.

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

The Group has concluded that where the lease term of contracts are short-term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

The Group has adopted IFRS 16 from July 1, 2019 using the modified retrospective approach and the Group has assessed that the adoption of IFRS 16 does not have effect on prior period figures in statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity. The effect on prior period financial statements in statement of financial position on account of re-classification of leased assets from owned to leased category under investment properties and property plant and equipment. In addition to this group recognized right-of-use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. Right of use assets amounting to Rs 20.3 million were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at June 30, 2019. Corresponding lease liabilities amounting to Rs 19.08 million were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of July 01, 2019. Consequently, depreciation charge on Right of use assets and financial charges on lease liabilities have been recognized in the statement of profit or loss and other comprehensive income.

Further, related changes to the accounting policies have been made in these consolidated financial statements.

5.3 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 these consolidated financial statements.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset available for intended 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 asset's 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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group 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 Group's estimates of residual value of property and equipment at 30 June 2019 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to property, plant and equipment as and when these are available for intended use.

5.5 Non-current assets classified as held for sale and discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale (IFRS 5). When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

5.6 Leases

Right of use asset

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets that falls under the category of investment properties are carried at fair value as mentioned in note 5.10.

Where the Group determines that the lease term of identified lease contracts are short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.7 Intangible assets

5.7.1 Trading Right Entitlement Certificate (TREC)

These are stated at closest estimate of fair value. Provision is made for decline in value other than temporary, if any.

5.7.2 Others

Intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Amortization is charged to the profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each statement of financial position date. Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

5.8 Impairment

Financial Assets

The Group recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

5.9 Long term loans

These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition these are measured at amortized cost using the effective interest rate method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loan.

5.10 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently, these are stated at fair value. The fair value is determined annually by an independent professional 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 charged to profit or loss. Rental income from investment properties is accounted for as described in note 5.23.

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference 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 fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings. Any loss arising in this manner is immediately charged to profit or loss.

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.

5.11 Financial assets

i). Initial measurement of financial asset

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii). Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

iii). Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent.

The Group derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.12 Trade debts

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss

5.13 Settlement date accounting

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

5.14 Inventories

Inventories except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials are valued using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.
- Work in process is valued at the cost of material including appropriate conversion cost.
- Finished goods are valued at cost comprising cost of materials and appropriate conversion cost.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

5.15 Stores, spares and loose tools

Usable stores and spares are valued at the lower of weighted average cost and net realizable value, while items considered obsolete are carried at nil value. Items in transit are stated at cost comprising invoice values plus other charges incurred thereon.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

5.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

5.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognized at cost which is the fair value of the consideration to be paid in future for goods and/or services, whether or not billed to the Group and subsequently measured at amortized cost using the effective interest rate method.

5.18 Offsetting of financial assets and financial liabilities

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

5.19 Provisions

Provisions are recognized when the Group has a 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 statement of financial position date and adjusted to reflect current best estimate.

5.20 Securities purchased and sold under resale / repurchase agreements

Repurchase agreements

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

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse Repo) are not recognized in the statement of financial position. Amounts paid under these obligations are recorded as fund placements. The difference between purchase and resale price is treated as mark-up / interest income on placements and is accrued over the life of the reverse Repo agreement.

5.21 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction cost. Subsequent to the initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.22 Staff retirement benefits

Defined benefit plan

The Group 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 except for some subsidiaries where effect of actuarial assumption is immaterial. When the calculation results in a potential asset for the Group, 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 Group 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.

Lanka Securities (Private) Limited operates an gratuity plan for those employees who have completed specific period of service and provision is made annually to cover the obligations under the plan. These benefits are calculated with reference to last drawn salary and prescribed qualifying period of services of the employees.

5.23 Revenue recognition

- a) Capital gains or losses on sale of investments are recognized in the year in which they arise.
- b) Brokerage income, consultancy and money market services are recognized on accrual basis and when services are provided.
- c) Income on placements on account of continuous funding system is recognized on accrual basis.
- d) Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.
- e) Income from bank deposits, loans and advances is recognized on accrual basis.
- f) Dividend income is recognized at the time of book closure of the company declaring the dividend.
- g) Return on securities other than shares is recognized as and when it is due on time proportion basis.
- h) Mark-up/interest income is recognized on accrual basis.
- i) Investment advisory fee is accounted for on accrual basis.
- j) Revenue from sale of goods is recorded when the risks and rewards are transferred i.e. on delivery of goods to customers.
- k) Rental income is recognized on accrual basis.
- l) Revenue from printing services are accounted for at the time of acceptance of goods by the customers.
- m) **Construction contracts**

Revenue is recognized in accordance with the five step model by applying the following:

Step 1 : Identify the contract with a customer;

Step 2 : Identify the performance obligations in the contract;

Step 3 : Determine the transaction price of the contract;

Step 4 : Allocate the transaction price to each of the separate performance obligations in the contract; and

Step 5 : Recognize the revenue when (or as) the entity satisfies a performance obligation.

Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs;
- (ii) the group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- (iii) the group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at a point in time. For sale of properties under construction, the Group's performance for contracts creates an asset that the customer controls as the asset is created and its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Accordingly, revenue for these contracts is recognized over time.

The Group measures its progress towards satisfaction of performance obligation using an input method by reference to the cost incurred relative to the total expected inputs to the completion of the properties. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

5.24 Taxation

Current

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

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. 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.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or substantially enacted by the statement of financial position date. Deferred tax is charged or credited to profit or loss, except in the case of items credited or charged directly to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.25 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized upto the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit in the year/period in which they are incurred.

5.26 Proposed dividend and appropriations to reserves

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

5.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

	Note	2020 Rupees	2019 Rupees
6			
Property, plant and equipment			
Operating fixed assets	6.1	3,915,773	10,518,179
Capital work-in-progress	6.2	255,230,106	255,230,106
Right of use assets	6.3	17,438,317	4,526,600
		276,584,196	270,274,885

6.1 Operating fixed assets

	Owned assets								Total
	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	
-----Rupees-----									
Cost									
Balance at 01 July 2018	20,792,005	886,088	470,315	109,104,660	36,058,538	23,720,777	28,119,202	59,641,624	278,793,209
Additions during the year	-	-	-	-	191,392	522,093	7,632	-	721,117
Disposals during the year	(20,792,005)	-	-	-	(1,037,170)	(1,361,627)	(1,137,513)	(13,090,685)	(37,419,000)
Exchange differences					3,606,992	669,201	2,560,174	2,423,927	9,260,294
Balance at 30 June 2019	-	886,088	470,315	109,104,660	38,819,752	23,550,444	29,549,495	48,974,866	251,355,620
Balance at 01 July 2019	-	886,088	470,315	109,104,660	38,819,752	23,550,444	29,549,495	48,974,866	251,355,620
Additions during the year	-	-	-	-	70,245	16,345	-	-	86,590
Disposals during the year	-	-	-	(20,854,660)	(236,561)	(1,948,665)	(35,700)	(7,337,000)	(30,412,586)
Exchange differences					(662,991)	(126,150)	(469,437)	(444,358)	(1,702,936)
Balance at 30 June 2020	-	886,088	470,315	88,250,000	37,990,445	21,491,974	29,044,358	41,193,508	219,326,688
Accumulated depreciation									
Balance at 01 July 2018	2,062,700	886,088	470,315	85,575,931	34,319,008	22,108,028	26,072,367	56,372,711	227,867,148
Depreciation for the year	173,267	-	-	18,888,987	779,010	451,768	886,022	1,526,016	22,705,070
Depreciation on disposals	(2,235,967)	-	-	-	(1,037,170)	(1,166,451)	(1,048,602)	(13,033,597)	(18,521,787)
Exchange differences	-	-	-	-	3,420,455	611,111	2,331,517	2,423,927	8,787,010
Balance at 30 June 2019	-	886,088	470,315	104,464,918	37,481,303	22,004,456	28,241,304	47,289,057	240,837,441
Balance at 01 July 2019	-	886,088	470,315	104,464,918	37,481,303	22,004,456	28,241,304	47,289,057	240,837,441
Depreciation for the year	-	-	-	-	483,695	401,751	566,308	511,800	1,963,554
Depreciation on disposals	-	-	-	(16,214,918)	(236,561)	(1,948,665)	(35,700)	(7,337,000)	(25,772,844)
Exchange differences	-	-	-	-	(628,940)	(112,508)	(431,429)	(444,359)	(1,617,236)
Balance at 30 June 2020	-	886,088	470,315	88,250,000	37,099,497	20,345,034	28,340,483	40,019,498	215,410,915
Carrying value									
As at 30 June 2019	-	-	-	4,639,742	1,338,449	1,545,988	1,308,191	1,685,809	10,518,179
As at 30 June 2020	-	-	-	-	890,948	1,146,940	703,875	1,174,010	3,915,773
Rate of depreciation (%)	5	20	10	7.5 to 20	33 to 50	10 to 12.5	10 to 50	20 to 25	

	Note	2020 Rupees	2019 Rupees
6.1.1			
Depreciation for the year has been allocated as follows:			
Operating and administrative expenses	25	<u>1,963,554</u>	<u>22,705,070</u>
		1,963,554	22,705,070
6.2			
Capital work-in-progress			
Opening balance		255,230,106	218,360,106
Additions during the year		-	36,870,000
Disposals during the year		-	-
Closing balance	6.2.1	<u>255,230,106</u>	<u>255,230,106</u>

6.2.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Circle, Lahore amounting to Rs 229.89 Million (2019: Rs 193.02 Million) and Rs. 25.33 Million (2019: Rs 25.33 Million) respectively. Construction work on these properties is in progress as at 30 June 2020. This includes Rs. 25.33 Million (2019: 25.33 Million) paid for purchase of leasehold property.

6.2.2 The Group does not hold the title of capital work in progress which includes various shops and apartments situated at Pace Tower, Gulberg and Pace Circle, Lahore. Out of this CWIP amounting Rs. 70.13 million (2019: Rs. 70.13 million) is held in the name of Pace Pakistan Limited, CWIP of Rs. 36.95 Million (2019: Rs. 36.95 million) is held in the name of Mr. Liaquat Ali, CWIP of Rs. 44.6 Million (2019: Rs. 44.6 million) is held in the name of Wireless and Cable (Pvt.) Limited and CWIP amounting Rs. 25.33 million (2019: Rs. 25.33 million) is held in the name of Pace Barka Properties Limited. The title of these properties will be transferred on completion. However, the Group has complete control and possession of said property.

	Note	2020 Rupees	2019 Rupees
6.3			
Right of use assets -- Leasehold Building			
Cost			
Opening balance		5,683,200	5,683,200
Additions during the year		20,391,767	-
Closing balance		<u>26,074,967</u>	<u>5,683,200</u>
Accumulated depreciation			
Opening balance		1,156,600	979,000
Charge during the year		7,480,050	177,600
Closing balance		<u>8,636,650</u>	<u>1,156,600</u>
Net book value		<u>17,438,317</u>	<u>4,526,600</u>

Depreciation for the year has been allocated to operative and administrative expenses.

7			
Intangible assets			
Membership cards		2,500,000	2,500,000
Asset management license		562,519	62,503
Total	7.1	<u>3,062,519</u>	<u>2,562,503</u>

7.1 Movement in the intangible assets is as follows:

Opening balance cost		3,250,025	5,750,025
Addition		750,024	-
Impairment loss charged during the year	7.2	-	(2,500,000)
Closing balance cost		<u>4,000,049</u>	<u>3,250,025</u>
Opening Balance - Accumulated amortization		687,522	437,514
Add: Amortization for the year		250,008	250,008
Closing Balance - Accumulated amortization		<u>937,530</u>	<u>687,522</u>
Closing balance		<u>3,062,519</u>	<u>2,562,503</u>

7.2 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, one of the subsidiary company First Capital Equities Limited decided to discontinued its brokerage operation due to which TREC is classified as held for sale as a result value of TREC is measured at lower of carrying value and fair value less cost to sale.

7.3 All the amortization on intangibles has been charged to profit or loss.

7.4 Group has no internally generated intangible assets.

8	Note	2020 Rupees	2019 Rupees
Investment properties			
Opening balance		3,167,339,144	2,890,575,782
Acquisition during the year		291,822,340	846,091,352
Disposal during the year	8.4 & 8.8	(291,822,340)	(869,951,782)
Fair value adjustment		99,999,619	300,623,792
Closing balance	8.1 & 8.2	<u>3,267,338,763</u>	<u>3,167,339,144</u>

8.1 Investment properties comprises of following:

- Property situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi measuring 70,667 sqft (2019; 70,667) amounting to Rs. 421.49 Million (June 30 2019: Rs. 421.49 Million), title of this property is in name of Capital Heights (Private) Limited which will be transferred on completion of construction work although group have complete control and possession of property.

- Property comprises various shops / counters in shopping malls situated at Gujranwala and Gujrat. Properties having value of Rs. 832 Million (2019: 832 Million) having area of 28,472 sqft (2019: 28,472sqft).

- Plot-D situated Near Rangers Headquarters Lahore Cantt, having area of 87444 Sqft (2019: 87444 sqft) and market value of Rs. 1,900 Million (2019: Rs. 1,800 Million), title of this property is in name of Pace Pakistan Limited--related party which is mortgaged against the loan facility and title will be transferred after property is released by bank although group have complete control and possession of property.

8.2 These includes properties amounting to Rs. 824.7 Million (2019: Rs. 824.7 Million) that are under mortgage by banks against the borrowings. In addition to above investment property amounting Rs. 1,900 Million (2019: Rs. 1,800) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharaka agreement.

8.3 The direct expense relating to investment properties were Rs. 100,000 (2019: Rs. 115,000)

8.4 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, 2020.

8.5 The table below analyze the non-financial assets carried at fair value, by valuation method. The different levels of fair value also have been defined below:

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).

The following table presents the Group's investment properties that are measured at fair value at 30 June 2020.

Recurring fair value measurements	Fair value measurements at 30 June 2020 using significant other observable inputs (Level 2)
	Rupees
Investment properties	3,267,338,763
	<u>3,267,338,763</u>

The following table presents the Group's investment properties that are measured at fair value at 30 June 2019.

Recurring fair value measurements	Fair value measurements at 30 June 2019 using significant other observable inputs (Level 2)
	Rupees
Investment properties	3,167,339,144
	<u>3,167,339,144</u>

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2020 or 2019.

Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties have 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.

8.6 Forced sale value of the investment properties are as follows:

Particulars	Location	Forced sale value		Forced sale value	
		Area Sq. Ft	June	Area Sq. Ft	June
			2020		2019
		Rupees		Rupees	
Various shops,	Grand Trunk Road, Pace Gujrat, Gujrat	26912	720,625,500	26912	720,625,500
Various Shops	'Muza dhola zari, G.T Road, Pace Shopping Mall, Gujranwala	1560	28,446,300	1560	28,446,390
Plot-D	Near Rangers Headquarters Lahore	87444	1,710,002,398	87444	1,620,005,033
5th Floor	Pace Mall Model town Link Road Lahore	11354	102,186,090	11354	102,186,090
Various apartments	Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad	70667	379,344,599	70667	379,342,217
		197937	2,940,604,887	197937	2,850,605,230

8.7 Details of investment property disposed off having book value each in excess of Rs.5 Million are as follows:

During the year Company disposed investment property for Rs. 156,843,000 and Rs. 134,979,340 having book value of Rs. 139,822,340 and Rs. 152,000,000 to JS Bank Limited and WorldCall Mobile (Pvt.) Limited respectively. Mode of sale was through negotiation with buyers.

9 Investment accounted for using the equity method

	Note	2020 Rupees	2019 Rupees
First Capital Mutual Fund Limited (FCMF)-Quoted			
7,621,133 (2019: 5,035,462) ordinary units of Rs 10 each			
Equity held 32% (2019: 32%)			
Share of profit/(Loss) - net of tax	9.1	1,879,537	(13,914,533)
Less: Impairment loss on associate investment		-	(6,528,524)
		33,249,464	31,369,927
Media Times Limited-Quoted			
59,592,270 (2019:59,592,270) ordinary shares of Rs 10 each			
Equity held: 33.32% (2019:33.32%)			
Investment during the year		-	499,245
Share of loss for the year - net of tax	9.1	-	(499,245)
		-	-
These includes 13,893,000 shares (2019: 13,893,000 shares) out of total shares that are pledged with various commercial banks.			
Pace Super Mall (Private) Limited-Unquoted			
11,250 (2019: 11,250) ordinary shares of Rs 10 each			
Equity held: 0.07% (2019: 0.07%)			
		112,500	112,500
		112,500	112,500
Pace Barka Properties Limited-Unquoted			
54,790,561 (2019: 54,790,561) ordinary shares of Rs 10			
Equity held: 17.95% (2019: 17.95%)			
Share of (loss)/ profit for the year - net of tax	9.1	469,317,404	424,237,774
Share of other comprehensive (loss)/income for the year	9.2	(28,123,163)	(20,844,617)
Share of other reserves for the year	9.3	308,740	64,828,938
		1,829,823	1,095,309
		443,332,804	469,317,404
Total investments accounted for using equity method		476,694,768	500,799,831
9.1 Share of (loss)/profit of associates.			
First Capital Mutual Fund Limited		1,879,537	(13,914,533)
Media Times Limited		-	(499,245)
Pace Barka Properties Limited		(28,123,163)	(20,844,617)
		(26,243,626)	(35,258,395)
9.2 Share of other comprehensive (loss)/income from associates			
First Capital Mutual Fund Limited		-	-
Media Times Limited		-	-
Pace Barka Properties Limited		308,740	64,828,938
		308,740	64,828,938
9.3 Share of other comprehensive (loss)/income from associates			
First Capital Mutual Fund Limited		-	-
Media Times Limited		-	-
Pace Barka Properties Limited		1,829,823	1,095,309
		1,829,823	1,095,309
9.4 Refer note 38.5 for summarized financial information for associates accounted for using equity method.			
	Note	2020 Rupees	2019 Rupees
10 Long term investments			
Pakistan Stock Exchange Limited	10.1	10,706,385	14,058,889

10.1 Movement of long term Investments

	2020	2019	2020	2019
	Number of shares		Rupees	
Opening balance	1,081,453	1,172,953	14,058,889	23,165,822
Addition	-	-	-	-
Deletion	-	(91,500)	-	(1,807,125)
Closing	1,081,453	1,081,453	14,058,889	21,358,697
Remeasurement of carrying value of shares	10.2	1,081,453	10,706,385	14,058,889
Unrealized (loss)/gain charged to P&L/OCI			(3,352,504)	(7,299,808)
Sale proceeds from the disposal			-	(1,478,600)
Carrying value of shares sold during the year			-	(1,807,125)
Capital gain realized			-	328,525

10.2 Shares having value of Rs. 10,703,821/- (2019: Rs. 14,055,522/-) are freeze against Base Minimum Capital with Pakistan Stock Exchange.

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

	Note	2020 Rupees	2019 Rupees
11			
Long term deposits and advances - considered good			
Security deposits with:			
- Central Depository Company (CDC)		100,000	100,000
- Others		37,500	352,300
- Fix Deposit in Colombo stock exchange		4,016,365	3,228,069
- Retention money	11.1	9,012,233	9,012,233
		13,166,098	12,692,602

11.1 This represents money retained by Pace Barka Properties Limited (Associate Company) at 5% of contract work on account of interim payment certificates (IPCs) raised regarding work done on the Pace Circle Project. The maximum amount outstanding at any time during the year calculated by reference to month end balances is Rs. 9.02 Million (2019: 9.02 Million).

	Note	2020 Rupees	2019 Rupees
12			
Deferred tax			
This comprises of the following:			
Deferred tax liability in respect of gain on investment property		20,000,275	-
Deferred tax liability in respect of others		1,025,105	1,402,020
Defer tax liability	12.2	21,025,380	1,402,020

12.1 The Group has a unrecognized deferred tax asset amounting to Rs. 525.95 Million (2019: Rs. 521.48 Million) arising 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, to recognise this defer tax asset in consolidated financial statement.

12.2 This includes deferred tax liability relating to Lanka Securities (Private) Limited subsidiary Company. The same falls under the regulation of different tax authority.

12.3 Increase in deferred tax liability is due to derecognition of deferred tax asset by parent company and origination of taxable temporary differences.

	Note	2020 Rupees	2019 Rupees
13			
Trade debts			
Money market receivables:			
Unsecured - considered good		809,746	1,528,578
Receivables against purchase of shares by clients:			
Unsecured - considered good		175,619,165	252,741,664
Unsecured - considered doubtful		271,851,411	194,991,316
		447,470,576	447,732,980
Receivable against professional services rendered :			
Related Parties - unsecured, considered good	13.1	16,941,168	21,945,577

Others:	Note	2020 Rupees	2019 Rupees
Unsecured - considered good		368,960,532	103,921,928
Unsecured - considered doubtful		1,143,540	523,093
		370,104,072	104,445,021
		835,325,562	575,652,156
Less: provision for doubtful debts	13.2	(272,994,951)	(195,514,409)
		562,330,611	380,137,747

13.1 This includes asset management fee amounting to Rs 4,117,968 (2019: Rs. 4,109,733) receivable from First Capital Mutual Fund, an associated company. This also includes receivable from Media Times Limited, an associated amounting to Rs 9,000,000 (2019 : Rs 12,133,829). This also includes receivable from Pace Barka Properties Limited, an associated amounting to Rs 3,823,200 (2019 : Rs. 5,702,014). Maximum aggregate balance is same as closing.

13.2 Provision for doubtful debts	Note	2020 Rupees	2019 Rupees
Opening balance		195,514,409	169,318,095
Charge for the year	25	77,480,542	26,923,590
Bad debts written off		-	(727,276)
Closing balance		272,994,951	195,514,409

13.3 During the year the board of directors of the subsidiaries First Capital Equities Limited and Lanka Securities (Pvt.) Ltd. charged provision against the receivable balances of debtors which are considered doubtful amounting Rs. 76.8 Million (2019: Rs. 25.9 Million) and Rs. 0.6 Million (2019: Rs. 0.9 Million) respectively.

14 Loans, advances and other receivables	Note	2020 Rupees	2019 Rupees
Considered good			
Advances to employees:			
- Executives	14.1	124,000	370,871
- Others		3,099,556	6,871,882
		3,223,556	7,242,753
Unsecured - considered good			
Due from associated companies	14.2	92,367,387	17,308,618
Stock exchanges	14.3	4,300,000	4,843,935
Advance to supplier	14.4	151,159,444	181,778,364
Receivable against sale of investment property	14.5	469,755,657	549,045,729
Other		10,768,263	10,741,792
		731,574,307	770,961,191

14.1 This does not include any loan , advance given to Chief executive or Directors.

14.2 This include receivable from Media Time Limited given as advance in the normal course of business amounting Rs 1,200,080 (2019: Rs 1,700,080) maximum aggregate balance on month end basis is Rs. 1,700,800 (2019: Rs 1,700,080). This includes receivable from First Capital Mutual Fund amounting Rs. 107,430 (2019: Rs. Rs. 121,649) against dividend and expense sharing and maximum aggregate is also same No collateral is available against this balance. This also includes Rs. 91.05 Million (2019: Rs. 15.48 Million) receivable from Pace Barka Properties Limited against construction contract and maximum aggregate is also same.

14.3 This includes exposure deposit with the National Clearing Company of Pakistan Limited under the exposure rules. This includes Rs. 4,300,000/ (2019: Rs. 4,300,000/-) deposited with PSX against requirement of Base Minimum Capital.

14.4 This includes amount due with respect to HVAC works and with respect to purchase of vertical transportation system at Pace Circle Project. The advance includes partial payment in kind through transfer of properties.

14.5 This includes receivable against sale of investment property amounting Rs. 291.03 Million (2019: Rs. 332.27 Million) from Worldcall Mobile (Pvt.) Limited. Group retains title of the property transferred as collateral against receivable balance. This also includes Rs. 178.71 Million (2019: Rs. 213.5 Million) receivable from Pace Pakistan Limited -- Related party against sale of investment property no collateral is available against this and maximum aggregate balance during the year is Rs. 213.5 Million (2019: Rs. 213.5 Million) calculated on month end basis.

15	Short term investments	Note	2020 Rupees	2019 Rupees
	Term deposits	15.1	167,552,014	244,428,356
	Investments at fair value through profit or loss	15.2	87,397,874	70,268,884
			254,949,888	314,697,240

15.1 This represents investment in fixed deposits and repo with Bank of Ceylon related party. The maximum amount outstanding at any time during the year calculated by reference to month end balances is Rs. 167.5 Million (2019: 224.4 Million).

15.2	Investments at fair value through profit or loss	Note	2020 Rupees	2019 Rupees
Carrying value at 30 June:				
	- Related parties	15.2.1	66,980,791	110,611,739
	- Others	15.2.2	7,392,138	15,311,023
			74,372,929	125,922,762
Unrealized (loss)/gain on remeasurement of				
investments during the year				
			13,024,945	(55,653,878)
			87,397,874	70,268,884
Fair value of investments at fair value through				
profit or loss at 30 June comprises of:				
	- Related parties	15.2.1	79,252,548	62,876,746
	- Others	15.2.2	8,145,326	7,392,138
			87,397,874	70,268,884

15.2.1 Investments at fair value through profit and loss - related parties

	Note	Shares/Units		Carrying value		Fair value		Percentage holding	
		2020	2019	2020	2019	2020	2019	2020	2019
		-----Number-----		-----Rupees-----		-----Rupees-----		%	%
Real estate investment and services									
Pace (Pakistan) Limited - associated company		14,638,176	14,638,176	21,664,500	49,561,538	30,886,551	21,664,500	5.25%	5.25%
Mutual funds									
First Capital Mutual Fund Limited - associate		7,621,133	6,615,340	45,316,291	61,050,201	48,365,997	41,212,246	46.00%	42.31%
				66,980,791	110,611,739	79,252,548	62,876,746		

15.2.2 Investments at fair value through profit and loss - others

	Note	Shares		Carrying value		Fair value	
		2020	2019	2020	2019	2020	2019
		-----Number-----		-----Rupees-----		-----Rupees-----	
Insurance							
Shaheen Insurance Company Limited		849,329	849,329	3,142,517	4,331,578	2,573,467	3,142,517
PICIC Insurance Limited		32,000	32,000	36,800	70,400	22,720	36,800
Investment Banks							
Arif Habib Limited		120	120	3,796	6,100	3,904	3,796
Cement							
Pioneer Cement Limited		11,000	11,000	249,150	515,460	693,440	249,150
D.G Khan Cement Limited		-	-	-	-	-	-
Service Industry							
Pakistan Service Industry		80	80	81,600	80,820	79,200	81,600
Telecommunication							
Worldcall Telecom Limited	15.2.4	5,138,707	5,138,707	3,597,095	9,917,705	4,470,675	3,597,095
Pakistan Telecommunication Limited		34,000	34,000	281,180	388,960	301,920	281,180
	15.2.3			7,392,138	15,311,023	8,145,326	7,392,138

15.2.3 Shares having carrying amount of Rs. 19,477,666/- (2019: Rs. 45,840,496/-) and market value of Rs. 26,624,222/- (2019: 22,037,629/-) are pledged as security against long term loans.

15.2.4 This includes 4,220,677 (2019: 4,220,677) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to note 25.1.2

15.2.5 During the year Group sold investments having carrying value Rs. Nil (2019: Rs. 18,538,686) and realized loss of Rs. Nil (2019: Rs. 289,976).

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

	Note	2020 Rupees	2019 Rupees
16			
Cash and bank balances			
Cash in hand		151,055	160,184
Cash at bank:			
- Current accounts - local and foreign currency	16.1	502,488	3,360,779
- Saving accounts - local and foreign currency	16.2	47,318,052	57,870,737
		47,820,540	61,231,516
		47,971,595	61,391,700

16.1 This includes Sri Lankan Rupees amounting to LKR. 6,797,047 (2019: LKR. 7,726,084).

16.2 The deposit accounts carry mark-up at rates ranging from 2% to 13% (2019: 2% to 13%) per annum.

	Note	2020 Rupees	2019 Rupees
17			
Trade and other payables			
Trade creditors	17.1	547,814,261	342,545,370
Accrued liabilities	17.2	114,855,611	79,040,829
Advances from customers	17.3	678,760	678,760
Payable against purchase of property	17.4	121,503,463	6,681,123
Sales tax		102,842	89,920
Federal excise duty	17.5	3,786,830	3,786,830
Security deposit of shopkeepers		486,660	486,660
Withholding tax		26,955,371	25,353,244
Other liabilities	17.6	24,165,941	24,863,908
Contract liability	17.7	-	22,969,192
		840,349,739	506,495,836

17.1 Trade creditors include following balances payable in ordinary course of business to associates:

	2020 Rupees	2019 Rupees
Pace Barka Properties Limited	123,926,176	123,926,176
Pace (Pakistan) Limited	74,987,591	65,386,302
	198,913,767	189,312,478

17.2 This includes payable amounting Rs 949,424 (2019: Rs. 196,300) to Media Times Limited, an associated company against printing and advertisement by one of the subsidiary of the company and balance amounting Rs. 2,556,043 (2019: Rs 1,215,705) to Chief Executive of one of the subsidiary on account of salary and expenses. This also includes Rs. 196,300 (2019: Rs. 196,300) to Media Times Limited against advertisement expense. This includes payable amounting Rs. 132,191 (2019: Rs. 132,191) to Pace Pakistan Limited, an associated company against purchase of vehicle by one of the subsidiary of the company

17.3 This includes Rs. 85,790 (2019: 85,790) payable to Pace Barka Properties Limited against printing advance.

17.4 This includes Rs. 121.5 Million (2019: Rs. 6.68 Million) payable to Pace Pakistan Limited, an associated company against purchase of properties in Pace Fortress Stadium, and Near Ranger headquarters Lahore and Pace Tower, Gulberg Lahore.

	Note	2020 Rupees	2019 Rupees
17.5			
Federal Excise Duty (FED):			
Opening balance			
- Related to asset management	17.5.1	3,713,207	3,713,207
- Other		73,623	73,623
Closing balance		3,786,830	3,786,830

17.5.1 As per requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of management company has been applied effectively from 13 June 2013. The subsidiary is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. A stay order against the collection has been granted by the Honourable Sindh High Court on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) as on 04 September 2013.

On 30 June 2016 the Honourable Sindh High Court of Pakistan passed a Judgment that after 18th amendment in Constitution of Pakistan the provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of FED after 1 July 2011 is Ultra Vires to the Constitution of Pakistan. Further, subsequent to the year-end Finance Act 2018 has excluded the asset management companies from levy of FED with effect from 01 July 2016 where provinces have levied their respective provincial sales tax.

In view of uncertainty regarding the applicability of FED on asset management services, the management as a matter of abundant caution, has not reversed the provision of FED and related sales tax impact amounting to Rs 3.713 million (2019: Rs 3.713 million) as the Federal Board of Revenue could file an appeal with Honourable Supreme Court of Pakistan against the Judgment passed by Honourable Sindh High Court of Pakistan.

17.6 This includes Rs 18,043,865 (2019: Rs 16,351,751) payable by Parent Company in respect of final settlements of employees who have left the company.

This also includes amount Rs. 211,363 (2019: Rs. 211,363) payable to First Capital Mutual Fund a fund managed by FCIL a subsidiary company and Rs. 1,573,950 (2019: Rs. 866,190) to Pace Pakistan Limited.

17.7 This includes payable amounting Rs. Nil (2019: 22.6 Million) to Pace Barka Properties Limited and Pace Pakistan Limited respectively, against construction contracts.

18	Long term loans - secured	Note	2020 Rupees	2019 Rupees
	Term finance facilities		3,322,490,824	3,158,217,101
	Deferred notional income	18.1	-	(2,067,417)
	Accrued mark-up classified as long term		-	82,292,865
			<u>3,322,490,824</u>	<u>3,238,442,549</u>
	Current portion	18.2	<u>(3,077,036,279)</u>	<u>(2,690,131,432)</u>
		18.3	<u>245,454,545</u>	<u>548,311,117</u>

18.1 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 upto 12.29% (2019: upto 12.29%) per annum based on the original loan agreements.. Movement is as follows:

	2020 Rupees	2019 Rupees
Deferred notional income		
Opening balance	2,067,417	42,695,331
Amortized during the year	(2,067,417)	(40,627,914)
Closing balance	-	2,067,417

18.2 This includes loan obtained from United Bank Limited (UBL) with an original mark up rates of 8% (2019: 8%) by one of the subsidiary First Capital Equities Limited . But owing to the negotiations with the bank the markup on this loan was frozen. The management of the Company is in negotiation with UBL and are confident that this loan will be settled against property as previously done on favorable terms. The bank has granted extension to the Company for settlement of loan till December 31, 2020.

During the year parent company failed to fulfil its obligation under diminishing musharka agreement and recognized penalty payable till June 30, 2020 on the rental due at the rate of 6 month KIBOR (ask side) plus 5% per annum calculated on daily basis. The parent company was unable to pay the rental due against the use of diminishing musharka asset. Consequences of the default are as follows:

- Bank have a right to issue written notice to FCSCS to terminate the agreement and repossess the diminishing musharka asset;
- Bank can enforce FCSC to fulfil its obligation under purchase agreement of musharka asset and
- Bank have a right to demand accrued & unpaid rent and supplementary rent.

This payable is charged by the way of hypothecation over following assets:

- Diminishing Mushrka Asset
- Current assets of the parent company

18.3 During the year one of the subsidiary First Capital Equities Limited settled loan of JS Bank Limited amounting Rs. 156.8 Million. The interest accrued on loan amounting Rs. 78.5 Million is waived off as per the settlement agreement.

19	Lease liability	Note	2020 Rupees	2019 Rupees
	Present value of minimum lease payments		13,748,199	-
	Less: Current portion of lease liabilities		(6,572,471)	-
			<u>7,175,728</u>	-
	Maturity analysis			
	Not later than 1 year		6,572,471	-
	Later than 1 year		8,831,232	-
			<u>15,403,703</u>	-

19	Staff retirement benefits	Note	2020 Rupees	2019 Rupees
	Amount recognized in the statement of financial position is as follows:			
	Present value of defined benefit obligation	19.1	24,867,436	28,980,859
	Accumulating compensated absences		1,190,549	1,190,549
			<u>26,057,985</u>	<u>30,171,408</u>

19.1	Movement in net obligation		2020 Rupees	2019 Rupees
	Liability at 01 July		28,980,859	66,231,435
	Expense charged to profit or loss account	19.2	3,467,465	10,395,833
	Remeasurements charged in other comprehensive income	19.3	(5,057,338)	(3,853,354)
	Benefits payable transferred to short term liability		(1,704,370)	(4,675,726)
	Benefits paid during the year		(819,180)	(39,117,329)
	Liability at 30 June		<u>24,867,436</u>	<u>28,980,859</u>

19.2	Charged to profit or loss		2020 Rupees	2019 Rupees
	Current service cost		2,752,565	9,662,502
	Interest cost		714,900	733,331
			<u>3,467,465</u>	<u>10,395,833</u>

	Note	2020 Rupees	2019 Rupees
19.3	Charged to other comprehensive income		
Changes in financial assumptions		(102,191)	(585,363)
Experience adjustments		(4,955,147)	(3,267,991)
		<u>(5,057,338)</u>	<u>(3,853,354)</u>

The latest valuation of defined benefit obligation was conducted by Nauman Associates (consulting actuaries) except for Lanka Securities (Private) Limited and Evergreen Water Valley (Private) Limited as of 30 June 2020. Significant actuarial assumptions are as follows:

		2020	2019
Discount rate	Per annum	up to 14.25%	up to 11.5%
Discount rate used for year-end obligation	Per annum	up to 10.5%	up to 11.5%
Expected rate of salary increase in future years	Per annum	up to 10%	up to 10%

20 Contingencies and commitments

20.1 Contingencies

Parent Company

- 20.1.1** The senior management of the Company was contacted by 'National Accountability Bureau' (NAB) dated June 22,2002 in respect of certain transactions in FIB carried out by the Company related to Workers Welfare Fund ("WWF") during the year 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the Company had colluded with WWF officials to defraud WWF. On this basis, National Accountability Bureau required the Company to pay or guarantee to pay on account of WWF a sum of Rs. 46 Million in view that public funds were involved and it was the Company's vicarious liability. The Company had paid National Accountability Bureau an amount of Rs. 13.8 Million and had provided adequate security against the balance amount recovered from the parties involved. National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. The Company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously. The Company is confident of its favorable outcome, therefore no provision has been made in the financial statements.
- 20.1.2** During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") raised a demand of Rs. 0.8 Million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favor of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the judgment of the Honorable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honorable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. Honorable Lahore High Court passed an order dated 20-05-2015 to issue notices to the Appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated Appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favorable decision. Consequently, no provision has been made in these financial statements for this amount.
- 20.1.3** CTR No. 14/2002 reference has been directed against the judgment of ITAT dated 03.02.2001 whereby the order passed under 66 - A of the Income Tax Ordinance, 1979, for the assessment years 1995-1996, by IAC of the Income tax Range - III, Companies Zone - II, Lahore has been affirmed. The C.T.R is now pending before the Honorable Lahore High Court and is to be heard along with other identical matters. There is likelihood of a favorable decision in favor of Company in as much as said order is in conflict with earlier judgments of the superior courts. The case has to be fixed by office of the Honorable Lahore High Court Lahore.
- 20.1.4** The Income Tax Appellate Tribunal Lahore vide its Order dated 19th November 2008 for Assessment Year 1996-1997, 1999-2000, 2001-2001,2002-2003, Tax Year 2003 and 2004 held that allocation of expense cannot be made against Capital Gain. During the preceding year Tax References No. PTR 131/09 to 140/09 filed by the Tax Department against order of Income Tax Appellate Tribunal Lahore dated 19th November 2008. The Honorable Lahore High Court vide its order dated 10th March 2015 accepted the references filed by department for the above mentioned years, and cases were remanded back to Income Tax Appellate Tribunal Lahore. The Company has preferred CPLAs before the August Supreme Court against the Orders passed by the Lahore High Court Lahore in all Tax References Nos. PTR 131/09 to 140/09. The Company is confident of a favorable decision in the matter.
- 20.1.5** During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Equities Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the cumulative recovery of Rs. 188.74 Million from the Company or alternatively recovery of Rs. 0.513 Million from the Company against insurance premium. The case is pending before the honourable court of Mr. Imran Khan, Civil Judge Lahore. The legal counsel is confident of success of the case in company's favor.
- 20.1.6** During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd has filed suit against the Company, First Capital Equities Limited, Pace Barka Properties Limited, Mr. Azhar Ahmed Batla, Mrs. Amna Taseer and Adamjee Assurance Company Limited on May 14, 2018 for the recovery of Rs. 76,304,380 along with markup of 10% from March 15, 2012 to date. Plaintiff claims that they have an unsettled charge against property located at Clifton Karachi owned by Pace Barka Properties Limited (previously owned by First Capital Equities Limited). As per Pace Barka Properties Limited this claim is unlawful and no such charge exists on this property. The case is pending before the honorable High Court of Sindh. The legal counsel is confident of success of the case in company's favor.
- 20.1.7** During the current year, company have failed to fulfill its obligation under diminishing musharka agreement for rental payment. As a consequence Company might be asked for to pay the termination amount (accrued and unpaid rent, supplementary rent), until the date of approval of these financial statements no such notice have been received from Bank. As per management's opinion there is no other adverse consequences on the company except payment of unpaid and accrued rentals which is already classified and current liability. Refer note 21 for detail.

First Capital Equities Limited (the subsidiary company)

- 20.1.8** 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 on April 17, 2009. The Company has filed an appeal in Appellate Tribunal SECP against the aforesaid order and as a result the order was set aside by Tribunal on December 03, 2015 with an instructions to initiate fresh proceedings as per law.
- 20.1.9** 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 on February 01, 2009 in Civil Court, Lahore for recovery from these clients. The Management is confident that company would be able to recover the above stated debt.
- 20.1.10** During the year 2009-10 the Company has lodged a complaint to Securities and Exchange Commission of Pakistan on September 10, 2009 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 down 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 on June 20, 2011 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.
- 20.1.11** 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 on February 03, 2011 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. During the year the Company entered in to a settlement agreement with Bank and settled its loan liability and the legal case is in process of withdrawal.
- 20.1.12** A case was filed in the Sindh High Court on May 19, 2009 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. Legal counsel is confident about the recoverability of balance but adopting conservative approach management decided to provide provision against this balance.
- 20.1.13** In the year 2014-15, the Company was contesting the case with Askari Bank Limited in the Honourable High Courts of Sindh and Lahore filed on February 04, 2014, 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. During the year Company entered in to a settlement agreement with Askari Bank Limited and Company disposed the counter claim while the Bank agreed to withdraw the original case as per the settlement agreement.
- 20.1.14** During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Securities Corporation Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the cumulative recovery of Rs. 188.74 Million from First Capital Securities Corporation Limited or alternatively recovery of Rs. 105.78 Million from the Company against reverse repo purchase transaction and insurance premium. The case is pending before the honorable court of Mr. Imran Khan, Civil Judge Lahore. The legal counsel is confident of success of the case in company's favor.
- 20.1.15** During the year 2016-17, Soneri Bank Limited has filed suit against the company on May 27, 2016 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 honorable High Court of Sindh. The Company entered in debt property swap agreement with Bank, as per settlement agreement negotiated the Bank agrees to withdraw this case on settlement of agreed liability.
- 20.1.16** During the year 2016-17, JS Bank Limited has filed suit against the company on May 05, 2018 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 honorable High Court of Sindh. During the year the Company entered in to a settlement agreement with Bank and settled its loan liability and the legal case is in process of withdrawal.
- 20.1.17** During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd has filed suit against the Company, First Capital Securities Corporation Limited, Pace Barka Properties Limited, Mr. Azhar Ahmed Batla, Mrs. Amna Taseer and Adamjee Assurance Company Limited on May 14, 2018 for the recovery of Rs. 76,304,380 along with markup of 10% from March 15, 2012 to date. Plaintiff claims that they have an unsettled charge against property located at Clifton Karachi owned by Pace Barka Properties Limited (previously owned by First Capital Equities Limited). As per Pace Barka Properties Limited this claim is unlawful and no such charge exists on this property. The case is pending before the honorable High Court of Sindh. The legal counsel is confident of success of the case in company's favor.
- 20.1.18** During the year ending June 2018 a complaint was filed by Mr. David Williams Jeans before the Learned Judge, Consumer Court, Lahore on November 11, 2018 against the Company stating therein that an amount of € 12,750/- had been transferred in 2003 to the Company for the purchase of shares of World Call Company. The claimant sought relief of Rs. 2,200,000 and € 12,750/- against the Company. While as per the legal counselor of the Company this will be settled against the transfer of shares and there is no likelihood of any financial loss. Based on this legal counsellor opinion management decided not to record any provision as value of provision is not certain.
- 20.1.19** 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 mark-up and any further mark-up 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.
- World Press (Private) Limited (the subsidiary company)**
- 20.1.20** The company is non compliant with the provisions of various tax laws. This may result in imposition of penalty from the relevant regulatory authority. Since, the amount of penalty cannot be measured reliably thus no provision has been recorded in the financial statements.

Lanka Securities (Private) Limited (the subsidiary company)

- 20.1.21** During the year 2014 via case No. DMR/2544/14 plaintiff named Ananda Wijerathne filed a suit against Lanka Securities Private Limited in the District Court of Colombo for the recovery of amount Rs LKR 1,300,000 (PKR 987,817). The case is awaiting further trial.
- 20.1.22** During the year 2014 via case No. HCC/503/14/MR plaintiff named C.A Chanmukapawan filed a suit against Lanka Securities Private Limited in the Commercial High Court of Colombo for the recovery of amount LKR 3,298,534 (PKR 2,506,422). The case is awaiting further trial
- 20.1.23** During the year 2016 via case No. HCC/31/16/MR plaintiff named HNB filed a suit against Lanka Securities Private Limited in the Commercial High Court of Colombo for the recovery of amount Rs LKR 11,000,000 (PKR 8,358,453). The case is awaiting further trial in Supreme Court of Sri Lanka.
- 20.1.24** During the year 2018 via case No. 1/42/2018 plaintiff named Buddhika Suraj Wickramaratne on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 1-Borella. The case is fixed for trial on September 12,2018 on account of defendants (Lanka Securities Private Limited) witness to be cross examined.
- 20.1.25** During the year 2018 via case No. 8/180/17 plaintiff named JCR Udayakumara on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 8-Borella. The case is awaiting further trial on October 23,2018 on account of defendants (Lanka Securities Private Limited) witness to be cross examined.
- 20.1.26** During the year 2018 via case No. 1/43/2018 plaintiff named KDLK Randeniya on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 1-Borella. The further court dates for the above case are September 12,2018, October 17,2018 & November 14,2018.
- 20.1.27** During current year via case No. CA/Writ/326/2019 plaintiff Court of Appeals filed a suit against Lanka Securities Private Limited in the local court. The case is awaiting trial

The lawyers and Directors of the subsidiary company are of the opinion that the outcome of these cases will not result in material liability for the company. Accordingly no provision recognized in the financial statements.

Falcon Commodities (Private) Limited (the subsidiary company)

- 20.1.28** The Income tax department has passed an order dated 07 May 2014 against the Company for the recovery of tax amounting to Rs. 362,215 for the tax year 2012. The tax authorities have disallowed certain expenses amounting to Rs. 1,355,803. The Commissioner of Inland Revenue (Appeals) has remanded back the case to the tax department. Therefore, in view of the above no provision is recognized in these financial statements.

	Note	2020 Rupees	2019 Rupees
20.2			
Commitments			

Commitments include amounts in respect of:

Capital expenditure	20.2.1	12,195,000	12,195,000
Ijarah lease rental		-	3,331,995
		12,195,000	15,526,995

20.2.1 One of the subsidiary (First Capital Investment Limited) entered into an agreement to purchase capital work in progress from Wireless n Cable (Pvt.) Ltd for Rs. 49,065,000. Out of this Rs. 36,870,000 is paid as an advance and remaining Rs. 12,195,000 is to be paid as per the property purchase agreement.

21 Share capital

Issued, subscribed and paid-up share capital

2020	2019		2020	2019
-----Number of shares-----			-----Rupees-----	
38,165,030	38,165,030	Ordinary shares of Rs 10 each fully paid in cash	381,650,300	381,650,300
278,445,082	278,445,082	Ordinary shares of Rs 10 each issued as bonus shares	2,784,450,820	2,784,450,820
316,610,112	316,610,112		3,166,101,120	3,166,101,120

21.1 Ordinary shares of the Parent Company held by related parties as at year end are as follows:

	Note	2020		2019	
		Percentage of holding	Number of shares	Percentage of holding	Number of shares
Amythest Limited	21.1.1	22.75%	72,034,306	22.75%	72,034,306
Sisley Group	21.1.2	9.92%	31,395,000	9.92%	31,395,000

21.1.1 Beneficial owner of the above mentioned holding was Salman Taseer (Late) resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

21.1.2 Beneficial owner of the above mentioned holding is Aamna Taseer resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

	Note	2020 Rupees	2019 Rupees
22			
Operating revenue			
Revenue from construction contracts		167,739,553	216,166,968
Brokerage income		66,827,617	30,397,024
Dividend income		-	253,620
Money market income		3,846,650	9,876,085
(Loss)/gain on sale of investments		2,104,045	3,565,479
Investment advisory fee from FCMF and open fund management		2,492,353	2,822,254
Rental income		-	275,000
		243,010,218	263,356,430
Sales tax		(786,308)	(1,525,464)
		242,223,910	261,830,966
23			
Direct costs			
Materials consumed		-	18,734,468
Salaries and benefits		25,538,944	50,535,027
Electricity and fuel consumed		1,443,619	8,627,511
Rent, rates and taxes		532,000	-
Postage and communication		100,670	1,108,767
Travelling expenses		34,700	81,500
Entertainment		4,485	200,328
Repair and maintenance		135,339	1,315,126
Vehicle running and maintenance		-	37,050
Rental expense of machinery		-	10,380,603
Other construction expenses		102,785,547	41,222,940
Miscellaneous		6,007,904	8,507,064
Installations		-	40,414,077
		136,583,208	181,164,461
24			
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'			
Long term investments	10	(3,352,504)	(7,299,808)
Short term investments	15	13,024,945	(55,653,878)
		9,672,441	(62,953,686)
25			
Operating and administrative expenses			
Salaries, wages and benefits		67,230,183	112,033,412
Stock exchange charges		2,945	2,897,655
Rent, rates and taxes		1,748,056	4,399,218
Telephone and fax		325,853	2,980,524
Utilities		445,224	3,134,631
Insurance		-	234,797
Printing and stationery		40,839	710,633
Travelling and conveyance		403,672	2,826,772
Repairs and maintenance		444,687	2,849,220
Postage and courier		544,580	817,518
Vehicle running		795,992	2,314,814
News papers and periodicals		-	61,818
Entertainment		156,215	1,504,631
Brokerage commission and capital value tax		-	-
Legal and professional charges		6,090,809	5,722,412
Lease rentals on Ijarah facilities		2,014,696	3,347,120
Advertisement		4,091,496	3,939,201
Provision for doubtful debts	13.2	77,480,542	26,923,590
Bad debt written off		3,603,004	-
Fees and subscriptions		1,176,694	1,716,931
Auditors' remuneration	25.1	2,679,717	3,399,951
Depreciation on right to use asset	6.3	7,480,050	177,600
Depreciation	6.1	1,963,554	22,705,070
Deposits written off		2,934,962	1,881,375
Impairment loss on TREC	7.1	-	2,500,000
Miscellaneous		84,327,162	36,171,382
		265,980,932	245,250,275
Related to discontinued operations		79,027,599	76,754,808
Related to continuing operations		186,953,333	168,495,467

25.1 Auditors' remuneration

	Parent company	Subsidiary companies	Total 2020	Total 2019
	-----Rupees-----			
Annual audit	500,000	1,300,217	1,800,217	2,023,451
Consolidated accounts	275,000	-	275,000	475,000
Half yearly review	200,000	287,000	487,000	495,000
Other certifications	-	-	-	295,000
Out of pocket expenses	50,000	67,500	117,500	111,500
	1,025,000	1,654,717	2,679,717	3,399,951

	Note	2020 Rupees	2019 Rupees
26 Other income			
Income from financial assets			
Income on deposit accounts		2,926,089	2,602,844
Interest from staff loans		69,946	71,181
Income on term deposits		16,619,337	21,666,803
Income from other than financial assets			
Gain on sale of property, plant and equipment		2,107,303	12,509,789
Liabilities and accrued interest written back		78,510,295	62,507,396
Gain on sale of investment property		-	5,400,000
Interest income on delayed payments		8,277,357	3,341,078
Miscellaneous		216,247	2,708,508
		108,726,574	110,807,599

	Note	2020 Rupees	2019 Rupees
27 Finance costs			
Mark-up on long term loans		301,660,518	216,658,959
Mark-up on short term borrowings		408,301	192,068
Mark up amortized	18.1	2,067,417	40,627,914
Finance charges on assets subject to finance lease		2,612,074	-
Bank charges and commission		414,352	893,545
Loan settlement charges		-	-
		307,162,662	258,372,486

		2020 Rupees	2019 Rupees
28 Taxation			
Current		7,018,200	13,243,328
Prior Year		-	(13,086,169)
Deferred		19,224,156	179,198
		26,242,356	336,357

28.1 There is no relationship between tax expense and accounting profit since the majority of the Group Companies have taxable losses for the year and are subject to minimum and final. Accordingly no numerical reconciliation has been presented.

29 Discontinued operations

During the year the management of one of the subsidiary company (First Capital Equities Limited) decided to surrender its TREC with Pakistan Stock Exchange and to discontinue stock broker operations due to continuous loss and declining market. The broker operation was not previously classified as a discontinued operation. The comparative statement of profit or loss has been restated to show the discontinued operation separately from continuing operations. Results of discontinued operations are as follows:

	Note	2020 Rupees	2019 Rupees
Brokerage commission			
Brokerage income - gross		-	24,020,666
Less:			
Sales tax		-	(3,009,383)
Capital value tax		-	(857,273)
Brokerage income - net		-	20,154,010
Operating and administrative expenses		(79,027,599)	(76,754,808)
Taxation		-	(251,925)
Loss after taxation from discontinued operations		(79,027,599)	(56,852,723)
29.1 Cash flows from/(used in) discontinued operations			
Net cash used in operating activities		(2,167,504)	(72,837,843)
Net cash from investing activities		-	-
Net cash flow for the year		(2,167,504)	(72,837,843)

30 Earning/(loss) per share - basic and diluted

Net profit/(loss) for the year from continued operations	Rupees	<u>(231,670,043)</u>	<u>(20,395,777)</u>
Net profit/(loss) for the year from discontinued operations	Rupees	<u>(57,871,911)</u>	<u>(41,633,249)</u>
Weighted average number of ordinary shares as at 30 June	Numbers	<u>316,610,112</u>	<u>316,610,112</u>
Earning/(loss) per share - basic and diluted--continued operations	Rupees	<u>(0.73)</u>	<u>(0.06)</u>
Earning/(loss) per share - basic and diluted -- discontinued operations	Rupees	<u>(0.18)</u>	<u>(0.13)</u>

There is no dilution effect on the basic EPS as the Group has no such commitments.

31 Transactions with related parties

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, associated companies, directors and key management personnel. Details of significant transactions and balances with related parties, other than those which have been specially disclosed elsewhere in these consolidated financial statements are as follows:

Details of transactions with related parties and balances with them at year end are as follows:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2020	2019
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
Bank of Ceylon	Associated	Share transaction	539,983,869	508,874,070
		Brokerage income	2,436,177	2,319,048
		Interest income	26,198,698	-
		Investment in Repo	15,172,935	14,298,785
		Investment in fixed deposit	46,438,256	43,762,834
Merchant Bank of Sri Lanka	Associated company	Share transaction	5,142,663	4,846,381
		Brokerage income	32,538	31,017
Pace Pakistan Limited	Associated company (share holding 5.11%)	Purchase of property	139,822,340	378,000,000
		Service Charges	671,760	671,760
		Brokerage income	-	4,741
		Sale of investment property	-	430,000,000
		Payment on behalf of group	-	1,758,814
		Sale of goods and services provided	55,080,749	38,400,000
		Payments against Purchase of property	59,813,082	620,235,214
First Capital Mutual Fund	Associate (shareholding 63.42%)	Asset management fee	2,492,353	2,432,977
		Brokerage income	-	42,980
		Other Receivable	107,430	121,649
		Payment received	2,605,767	188,466
		Investment in units	20,500,000	-
		Redemption of units	18,500,000	-
Pace Barka Properties Limited	Associate (shareholding 17.95%)	Rental income earned	-	-
		Sale of goods and services	12,616,625	95,393,979
		Payment received	-	-
Media Times Limited	Associate (shareholding 33.08%)	Purchase of goods and services	753,124	59,200
		Advance against publishing	500,000	800,000

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

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

32 Cash generated from operations

	2020 Rupees	2019 Rupees
Loss before taxation	(275,347,884)	(96,111,460)
<i>Adjustments for:</i>		
Depreciation	1,963,554	22,705,070
Depreciation of right of use	7,480,050	177,600
Finance cost	307,162,662	216,851,027
Accrued interest written back	(78,510,295)	(62,507,396)
Loss/(Gain) on re-measurement of short term investments	(9,672,441)	62,953,686
Loss on disposal of investment properties	-	-
Loss/(gain) on re-measurement of investment properties	(99,999,619)	(300,623,792)
Capital gain on sale of investments	(2,104,045)	(3,565,479)
Gain on disposal of property, plant and equipment	(2,107,303)	(12,509,789)
Provision for doubtful debts and bad debts written off	77,480,542	26,923,590
Deposits written off	2,934,962	1,881,375
Impairment losses	-	2,500,000
Share of loss from investments accounted for using equity method	26,243,626	35,258,395
Impairment on investment in associates	-	6,528,524
Dividend income	-	(253,620)
Retirement benefits	3,467,465	6,638,795
Interest income	(24,988,226)	(25,837,475)
Bad debts written off	3,603,004	-
Amortization	250,008	250,008
Provision for penalty	32,227,745	-
Deferred notional income	-	40,627,914
	245,431,689	17,998,433
Loss before working capital changes	(29,916,195)	(78,113,027)
<i>Effect on cash flow due to working capital changes:</i>		
<i>Decrease/(increase) in:</i>		
Inventories	108,450	35,576,694
Trade debts	(261,764,697)	253,585,473
Loans and advances	(14,404,509)	(398,141,374)
Short term investments	-	59,243,018
	(276,060,756)	(49,736,189)
<i>(Decrease)/increase in:</i>		
Trade and other payables	240,121,384	(737,068,871)
Short term borrowings	-	(491,125)
	240,121,384	(737,559,996)
	(35,939,372)	(787,296,185)
	(65,855,567)	(865,409,212)

33 Financial instruments

The Group 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 Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

33.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Group's credit risk arises from deposits with banks, trade debts, loans and advances and credit exposure arising as a result of dividends from equity securities and other receivables. The Group has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts.

To manage exposure to credit risk in respect of loans and advances, management performs credit reviews taking into account the borrower's financial position, past experience and other factors. Loans terms and conditions are approved by the competent authority.

33.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the year end:

	Note	2020 Rupees	2019 Rupees
Long term deposits and advances		13,166,098	12,692,602
Long term investments		10,706,385	14,058,889
Trade debts - net	33.1.2	562,330,611	380,137,747
Loans and advances		731,574,307	770,961,191
Interest accrued		-	32,296
Short term investments	33.1.2	254,949,888	314,697,240
Bank balances	33.1.2	47,820,540	61,231,516
		<u>1,620,547,829</u>	<u>1,553,811,481</u>

33.1.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Trade debts	2020 Rupees	2019 Rupees
Trade debts as at balance sheet date are classified as follows:		
Foreign	368,960,532	103,921,928
Domestic	193,370,079	276,215,819
	<u>562,330,611</u>	<u>380,137,747</u>

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade receivables at the reporting date is:

	2020	2019
	<u>2020</u>	<u>2019</u>
	-----Rs.-----	
Neither past due not impaired	369,587,913	490,439
Past due 1 - 60 days	3,387,121	4,898,129
Past due 61 - 120 days	1,210,410	12,405,623
Above 120 days	188,145,167	362,343,556
	<u>562,330,611</u>	<u>380,137,747</u>

Short term investments

These short term investments are pledged with various financial institutions. For details, refer note 15.

Bank balances

Bank balances as at balance sheet date are classified as follows:

	Note	2020 Rupees	2019 Rupees
Foreign		6,797,047	7,276,084
Domestic		41,023,493	53,955,432
	16	<u>47,820,540</u>	<u>61,231,516</u>

The credit quality of Group's bank balances can be assessed with reference to external credit rating agencies as follows:

	Rating		Rating agency
	Short term	Long term	
Faysal Bank Limited	A-1 +	AA	PACRA
Bank Al Falah Limited	A-1 +	AA+	VIS
Allied Bank Limited	A-1 +	AAA	PACRA
Bank Islami Limited	A-1	A+	PACRA
Soneri Bank Limited	A-1 +	AA-	PACRA
Habib Metropolitan Bank Limited	A-1 +	AA+	PACRA
Bank Al Habib Limited	A-1 +	AA+	PACRA
Silk Bank Limited	A-2	A-	VIS
United Bank Limited	A-1 +	AAA	VIS
Askari Bank Limited	A-1 +	AA+	PACRA
Albaraka Islamic bank	A1	A	PACRA
MCB Bank Limited	A-1 +	AAA	PACRA
MCB Islamic Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Limited	A-1 +	AA	VIS
JS Bank Limited	A-1 +	AA-	PACRA
Bank of Ceylon	NA	AA+	Fitch Ratings
MBSL Bank	NA	A	ICRA (Lanka)

33.1.3 Counterparties without external credit ratings

Management estimates that the below mentioned balances will be recovered within next 12 months and the probability of default is expected to be zero. Consequently, no expected credit loss allowance is required.

	Note	2020 Rupees	2019 Rupees
Long term deposits and advances		13,166,098	12,692,602
Long term investments		10,706,385	14,058,889
Trade debts - net		562,330,611	380,137,747
Loans and advances		731,574,307	770,961,191
Interest accrued		-	32,296
Short term investments		254,949,888	314,697,240
		<u>1,572,727,289</u>	<u>1,492,579,965</u>

33.1.4 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 Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

33.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of financial liabilities:

	2020				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
Financial liabilities	-----Rupees-----				
Long term loan	3,322,490,824	3,322,490,824	3,077,036,279	245,454,545	-
Trade and other payables	840,349,739	840,349,739	840,349,739	-	-
Mark-up accrued	-	-	-	-	-
	<u>4,162,840,563</u>	<u>4,162,840,563</u>	<u>3,917,386,018</u>	<u>245,454,545</u>	<u>-</u>
	-----Rupees-----				
	2019				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
Financial liabilities	-----Rupees-----				
Long term loan	3,156,149,684	3,156,149,684	2,690,131,432	466,018,252	-
Trade and other payables	506,495,836	506,495,836	506,495,836	-	-
Mark-up accrued	82,292,865	82,292,865	-	82,292,865	-
	<u>3,744,938,385</u>	<u>3,744,938,385</u>	<u>3,196,627,268</u>	<u>548,311,117</u>	<u>-</u>

33.3 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 Group's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

33.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Group was exposed to foreign currency's risk on conversion of balance in foreign currency account maintained in Lankan Rupees (LKR). The Group's exposure to foreign currency risk for LKR and US dollar is as follows:

	2020 Rupees	2019 Rupees
Foreign debtors	368,960,532	103,921,928
Foreign currency bank accounts	6,797,047	7,276,084
Foreign creditor and other payables	328,413,383	121,436,771
Net exposure	<u>47,344,196</u>	<u>(10,238,759)</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2020	2019	2020	2019
LKR to PKR	0.883	0.817	0.893	0.846

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency account balance.

	2020 Rupees	2019 Rupees
Net effect on profit or loss	4,734,420	(1,023,876)
	<u>4,734,420</u>	<u>(1,023,876)</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / (liabilities) of the Group.

33.3.2 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. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	Effective rate (in Percentage)		Carrying amount (Rupees)	
	2020	2019	2020	2019
Financial liabilities				
Long term loans - secured	up to 15	up to 15	3,322,490,824	3,238,442,549
			<u>3,322,490,824</u>	<u>3,238,442,549</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss	
	100 bps Increase	100 bps Decrease
Rupees		
As at 30 June 2020		
Cash flow sensitivity - Variable rate financial liabilities	33,224,908	(33,224,908)
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial liabilities	31,561,497	(31,561,497)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/(loss) for the year and assets / liabilities of the Group.

33.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to equity price risk because of investments held by the Group and classified on the balance sheet at fair value through profit or loss and available for sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. 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 Group's equity investment portfolio.

	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
-----Rupees-----					
2020					
Investments					
Investments at fair value through profit or loss	98,104,259	10% increase	107,914,685	-	9,810,426
		10% decrease	88,293,833	-	(9,810,426)
	98,104,259				
2019					
Investments					
Investments at fair value through profit or loss	84,327,773	10% increase	77,295,772	-	7,026,888
		10% decrease	63,241,996	-	(7,026,888)
	84,327,773				

33.3.4 Fair value of financial instruments

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

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
Financial assets				
Long term investments	10,706,385	10,706,385	14,058,889	14,058,889
Long term deposits and advances - considered good	13,166,098	13,166,098	12,692,602	12,692,602
Trade debts	562,330,611	562,330,611	380,137,747	380,137,747
Loans, advances and other receivables	731,574,307	731,574,307	770,961,191	770,961,191
Interest accrued	-	-	32,296	32,296
Short term investments	254,949,888	254,949,888	314,697,240	314,697,240
Cash and bank balances	47,971,595	47,971,595	61,391,700	61,391,700
	1,620,698,884	1,620,698,884	1,553,971,665	1,553,971,665

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities	-----Rupees-----			
Long term loan	3,322,490,824	3,322,490,824	3,238,442,549	3,238,442,549
Trade and other payables	840,349,739	840,349,739	506,495,836	506,495,836
	4,162,840,563	4,162,840,563	3,744,938,385	3,744,938,385

b) Valuation of financial instruments

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

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:

	Level 1	Level 2	Level 3	Total
30 June 2020	-----Rupees-----			
Equity securities				
Long term investments	14,058,889			14,058,889
Short term investments	70,268,884	-	-	70,268,884
	84,327,773	-	-	84,327,773
30 June 2019				
Equity securities				
Long term investments	14,058,889			14,058,889
Short term investments	70,268,884			70,268,884
	84,327,773	-	-	84,327,773

33.3.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

33.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- (ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios at 30 June 2020 and at 30 June 2019 were as follows:

	2020	2019
	Rupees	Rupees
Total debt	3,322,490,824	3,238,442,549
Total equity and debt	4,736,597,666	4,956,312,035
Debt-to-equity ratio	70.15%	65.34%

The increase in the debt-to-equity ratio in 2020 resulted primarily due to material finance facility obtained by Group during the year.

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

34 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the chief executive, directors and executives of the Group is as follows:

	Chief executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	-----Rupees-----					
Short Term Employee Benefits						
Managerial remuneration	2,400,000	2,400,000	-	-	24,215,266	33,711,232
Re-imbursable expenses	-	-	-	-	283,479	807,238
Utilities	-	-	-	-	140,000	442,956
House rent	-	-	-	-	560,000	1,771,824
Post Employment Benefits						
Provision for gratuity	599,252	228,573	-	-	7,829,347	6,903,402
	<u>2,999,252</u>	<u>2,628,573</u>	<u>-</u>	<u>-</u>	<u>33,028,092</u>	<u>43,636,652</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>11</u>	<u>17</u>

The Group has also provided executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

Executives are employees whose basic salary exceed Rs. 1,200,000 in a financial year. Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

	2020	2019
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35 Number of employees

The average and total number of employees are as follows:

Holding Company

Average number of employees during the year

12 20

Total number of employees as at 30 June

8 19

Subsidiary Companies

Average number of employees during the year

93 92

Total number of employees as at 30 June

61 125

36 Operating segments

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

Type of segments and nature of business

1 Financial services

Business of long and short term investments, sale/purchase of shares, money market operations and financial consultancy services.

2 Investment advisory services

Investment advisory services to open end mutual funds.

3 Construction and water sanitation

Business of construction, development and other related activities of real estate properties. Installation and manufacturing of water purification plants, reverse osmosis systems and water softness system.

4 Printing and publishing

Business of printers, publishers, packaging, advertisement, specialized directory and stationers.

The identification of operating segments was based on the internal organizational and reporting structure, built on the different products and services within the Group. Allocation of the individual organizational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Ordinance, 1984. For the presentation of reportable segments in accordance with IFRS 8, both operating segments with comparable economic features and operating segments not meeting the quantitative thresholds were aggregated with other operating segments.

37 Segment analysis and reconciliation

Information regarding the results of each reportable segments is included below. Performance is measured on the base of profit after tax as included in internal management reporting that are reviewed by the Group Executive Committee. Segment profit is used to measure performance and making strategic decisions as such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

37.1 Information about reportable segments

	Financial Services		Investment advisory services		Printing and publishing		Construction and water sanitation		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	-----Rupees-----									
External revenues	70,231,732	58,689,479	2,148,580	2,432,977	-	-	167,739,553	216,166,968	240,119,865	277,289,424
Direct cost	(5,418,496)	(5,094,784)	-	-	-	-	(131,164,712)	(176,069,677)	(136,583,208)	(181,164,461)
Operating expenses	(233,559,065)	(211,062,234)	(13,171,190)	(21,720,014)	(8,917,020)	(1,794,052)	(10,333,657)	(17,202,499)	(265,980,932)	(251,778,799)
Other income	104,434,767	100,617,204	2,421,349	3,013,781	1,387,303	-	2,587,200	11,872,166	110,830,619	115,503,151
Finance cost	(248,234,874)	(216,581,720)	(3,244)	(20,524)	-	-	(58,924,544)	(41,770,242)	(307,162,662)	(258,372,486)
Gain on investment properties	99,999,619	300,623,792	-	-	-	-	-	-	99,999,619	300,623,792
Unrealized gain / (loss) on re-measurement of short investment	6,731,925	(44,968,824)	2,940,516	(17,984,862)	-	-	-	-	9,672,441	(62,953,686)
Share of loss from investments accounted for using the equity method	(28,123,163)	(21,343,862)	1,879,537	(13,914,533)	-	-	-	-	(26,243,626)	(35,258,395)
Profit / (loss) before taxation	(233,937,555)	(39,120,949)	(3,784,452)	(48,193,175)	(7,529,717)	(1,794,052)	(30,096,160)	(7,003,284)	(275,347,884)	(96,111,460)
Taxation expense for the year	(19,632,650)	11,433,536	(171,886)	(194,638)	-	-	(6,437,820)	(11,827,180)	(26,242,356)	(588,282)
Profit / (loss) after taxation	(253,570,205)	(27,687,413)	(3,956,338)	(48,387,813)	(7,529,717)	(1,794,052)	(36,533,980)	(18,830,464)	(301,590,240)	(96,699,742)
Other information										
Segment assets	4,660,646,372	4,507,139,214	211,293,627	212,720,273	9,013,731	16,795,449	765,341,153	760,397,481	5,646,294,883	5,497,052,417
Segment liabilities	3,473,917,481	3,064,365,488	7,606,656	6,183,086	9,994,322	10,246,322	740,669,582	698,388,035	4,232,188,041	3,779,182,931
Depreciation	1,668,986	19,833,900	85,620	1,421,440	-	1,386,650	208,948	240,680	1,963,554	22,882,670
Capital expenditure	86,590	7,254,775	-	-	-	-	-	-	86,590	7,254,775

	2020	2019
	Rupees	Rupees
37.2 Reconciliation of assets		
Assets		
Total assets of reportable segments	5,169,600,115	4,996,252,586
Investments accounted for using the equity method	476,694,768	500,799,831
Consolidated total assets	<u>5,646,294,883</u>	<u>5,497,052,417</u>

37.3 Geographical information

Segment revenue is based on the geographical location of the customers and segments assets are based on geographical location of the assets.

	2020	2019
	Rupees	Rupees
37.3.1 Revenue		
Pakistan	175,396,293	231,422,227
Sri Lanka	66,827,617	30,408,739
	<u>242,223,910</u>	<u>261,830,966</u>

37.3.2 Non-current assets

Pakistan	4,028,795,862	3,962,061,177
Sri Lanka	18,756,867	5,666,677
	<u>4,047,552,729</u>	<u>3,967,727,854</u>

37.4 Revenue on the basis of major products and services

Dividend income	-	253,620
Money market income	3,404,115	8,739,898
(Loss) / gain on sale of investments	2,104,045	3,565,479
Investment advisory fee from FCMF	2,148,580	2,432,977
Brokerage income	66,827,617	30,397,024
Rental income	-	275,000
Revenue against construction contracts	167,739,553	216,166,968
	<u>242,223,910</u>	<u>261,830,966</u>

38 Interests in other entities

38.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the owners of the parent		Ownership interest held by non-controlling interests		Principal activities
		2020	2019	2020	2019	
First Capital Investments Limited	Pakistan	78.86%	78.86%	21.14%	21.14%	Asset management services
Lanka Securities (Private) Limited	Sri Lanka	51%	51%	49%	49%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
World Press (Private) Limited	Pakistan	65%	65%	35%	35%	Printing, publishers, packaging, advertisement and specialized directory business and stationers
Falcon Commodities (Private) Limited	Pakistan	100%	100%	0%	0%	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited
Ozer Investments Limited	Sri Lanka	100%	100%	0%	0%	Providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage
First Capital Equities Limited	Pakistan	73.23%	73.23%	26.77%	26.77%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
Evergreen Water Valley (Private) Limited	Pakistan	100%	100%	0%	0%	Installation and manufacturing of water purification plants and construction activities
First Construct Limited	Pakistan	100%	100%	0%	0%	Construction company

38.2 Non-controlling interests

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	First Capital Investments Limited		Lanka Securities (Private) Limited		First Capital Equities Limited		World Press (Private) Limited	
	2020	2019	2020	2019	2020	2019	2020	2019
Summarized balance sheet								
Current assets	17,195,659	63,113,967	555,307,842	366,841,604	509,245,495	627,924,323	12,107,854	15,249,874
Current liabilities	9,446,226	8,144,313	332,069,972	125,215,366	1,008,014,920	889,162,881	12,087,002	12,339,002
Current net assets / (liabilities)	7,749,433	54,969,654	223,237,870	241,626,238	(498,769,425)	(261,238,558)	20,852	2,910,872
Non-current assets	161,394,611	159,278,278	18,756,867	10,351,545	844,759,872	845,848,001	-	4,639,697
Non-current liabilities	7,874,949	7,710,745	10,309,482	1,402,020	3,675,000	238,811,117	-	-
Non-current net assets/(liabilities)	153,519,662	151,567,533	8,447,385	8,949,525	841,084,872	607,036,884	-	4,639,697
Net assets	161,269,095	206,537,187	231,685,255	250,575,763	342,315,447	345,798,326	20,852	7,550,569
Accumulated non-controlling interests	34,092,287	43,661,961	113,525,775	122,782,124	91,637,845	92,570,212	7,298	2,642,699
Summarized statement of comprehensive income								
Revenue (continued & discontinued operation)	7,510,445	(15,995,638)	61,409,121	30,408,739	8,358,759	17,094,595	-	-
Profit/(loss) for the year	(46,374,214)	(48,624,385)	(12,619,224)	(19,112,212)	(3,482,879)	(66,273,719)	(7,529,717)	(1,794,052)
Other comprehensive income/(loss)	1,106,122	590,972	1,151,468	2,725,551	-	-	-	-
Total comprehensive income/(loss)	(48,033,413)	(48,033,413)	(17,124,641)	(17,124,641)	(66,273,719)	(66,273,719)	(7,529,717)	(1,794,052)
Profit/(loss) allocated to NCI	(9,803,509)	(10,279,195)	(6,183,420)	(9,364,984)	(932,367)	(17,741,475)	(2,635,401)	(627,918)
Other comprehensive income/(loss) allocated to NCI	233,834	124,931	564,219	1,335,520	-	-	-	-
Dividends paid to NCI	-	-	-	-	-	-	-	-
Summarized cash flows								
Cash flows from operating activities	(7,182,984)	24,787,704	(76,537,307)	(41,760,017)	21,125,100	(429,490,843)	(6,035,191)	(232,402)
Cash flows from investing activities	(2,750,025)	(15,000,000)	10,590,331	47,811,230	132,563,000	455,201,977	6,027,000	-
Cash flows from financing activities	-	-	-	-	(156,800,822)	(128,891,675)	-	-
Net (decrease)/increase in cash and cash equivalents	(9,933,009)	9,787,704	(65,946,976)	6,051,213	(3,112,722)	(103,180,541)	(8,191)	(232,402)

38.3 Interests in associates

Set out below are the associates of the group as at 30 June 2018 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares except FCMF, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held and total units in case of mutual fund.

Name of entity	Place of business	Ownership interest held by the Group		Quoted Fair Value		Carrying Value	
		2020	2019	2020	2019	2020	2019
First Capital Mutual Fund	Pakistan	46.00%	42.31%	33,249,464	31,369,927	33,249,464	31,369,927
Media Times Limited	Pakistan	33.32%	33.32%	78,661,796	50,057,505	-	-
Pace Barka Properties Limited	Pakistan	18.00%	18.00%	-	-	469,317,404	469,317,404
Pace Super Mall	Pakistan	0.10%	0.10%	-	-	112,500	112,500
				111,911,260	81,427,432	502,679,368	500,799,831

38.4 Commitments and contingent liabilities in respect of associates

No commitments and contingent liabilities in respect of associates exist as at 30 June 2020.

38.5 Summarized financial information for associates

	First Capital Mutual Fund		Media Times Limited		Pace Barka Properties Limited	
	2020	2019	2020	2019	2020	2019
Summarized balance sheet						
Current assets	125,269,263	117,255,677	55,765,345	50,448,918	2,581,543	2,633,717
Current liabilities	19,742,437	19,843,565	842,075,069	776,576,393	1,471,530	1,403,192
Current net assets / (liabilities)	105,526,826	97,412,112	(786,309,724)	(726,127,475)	1,110,013	1,230,525
Non-current assets	-	-	226,127,376	275,743,200	4,033,986	4,064,349
Non-current liabilities	-	-	284,649,288	291,216,227	253,144	249,064
Non-current net assets	-	-	(58,521,912)	(15,473,027)	3,780,842	3,815,285
Net assets/(liabilities)	105,526,826	97,412,112	(844,831,636)	(741,600,502)	4,890,855	5,045,810
Summarized statement of comprehensive income						
Revenue	10,787,703	(37,764,548)	165,452,269	177,165,827	(25,410)	195,763
Profit/(loss) for the year	6,206,554	(43,208,097)	(110,019,052)	(244,506,124)	(156,675)	(116,126)
Other comprehensive (loss)/income	-	-	6,787,918	1,189,323	1,720	361,164
Total comprehensive income/(loss)	6,206,554	(43,208,097)	(103,231,134)	(243,316,801)	(154,955)	245,038

39 Date of authorization for issue

These consolidated financial statements were authorized for issue on 07-10-2020 by the Board of Directors of the Holding Company.

40 General

Corresponding figures have been re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Figures have been rounded off to the nearest of Pak Rupee.



Chief Executive Officer



Chief Financial Officer



Director



FORM OF PROXY

The Company Secretary
First Capital Securities Corporation 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 Securities
Corporation 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
2020 at 12:00 p.m. and at any adjournment thereof.

Signed under my/our hands on this _____ day of _____, 2020

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 Securities
Corporation 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

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.
 - 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.

FIRST CAPITAL SECURITIES CORPORATION LIMITED

کمپنی سیکرٹری

پراکسی فارم

فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ
دوسری منزل، پیس شاپنگ مال،
فورٹریس سٹیڈیم، لاہور کینٹ، لاہور

فولیو نمبر/ CDC اکاؤنٹ نمبر:

موجودہ حصص:

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ ہم ولد/ زوجہ/ بنت شناختی کارڈ
نمبر کے حامل فرسٹ کیپٹل سیکورٹیز کارپوریشن 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 2020ء کو 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 دستخطی

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/ زوجہ/ بنت ، شناختی کارڈ
نمبر کے حامل فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ کے رکن اور حصص،
درجہ ، فولیو 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 ایگزیکٹو
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۔
بتاریخ

زیر دستخطی

کی موجودگی میں دستخط کئے گئے

گواہ 2 کے دستخط

گواہ 1 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

FIRST CAPITAL SECURITIES CORPORATION LIMITED

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 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 مختا 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 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۔