

# **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.



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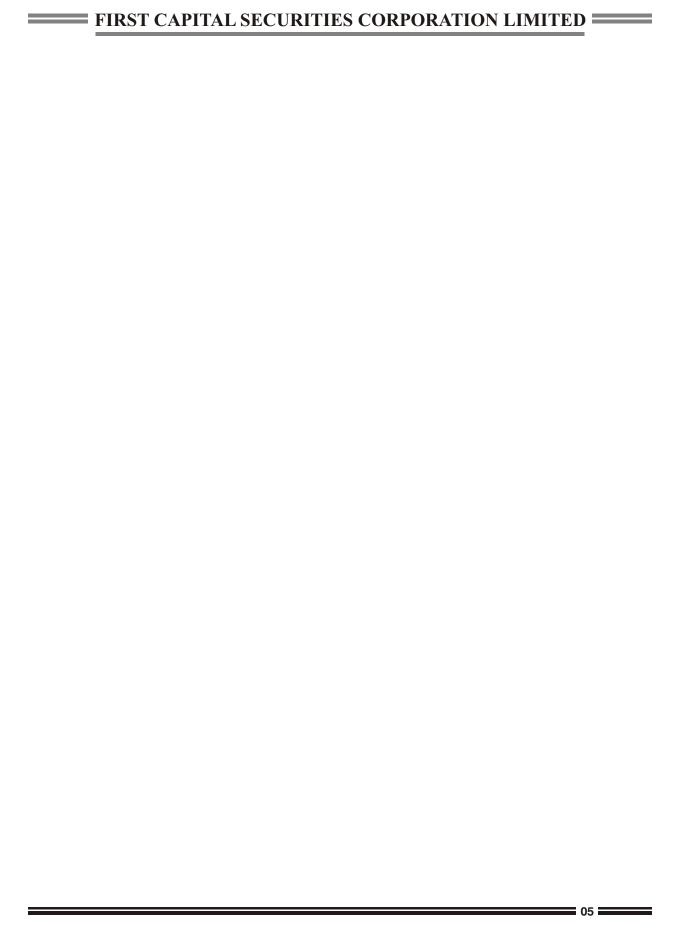
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# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30 JUNE 2014



# **COMPANY'S INFORMATION**

**Board of Directors** Aamna Taseer Executive

(Chairman & Chief Executive Officer)

Shehryar Ali Taseer Non-Executive
Maheen Ghani Taseer Non-Executive
Shehrbano Taseer Non-Executive
Kanwar Latafat Ali Khan Non-Executive
Sulaiman Ahmed Saeed Al-Hoqani Non-Executive
Jamal Said Al-Ojaili Independent

Chief Financial Officer Saeed Iqbal

**Audit Committee** Shehryar Ali Taseer (Chairman)

Maheen Ghani Taseer Shehrbano Taseer

**Human Resource and Remuneration** 

(HR&R) Committee Shehryar Ali Taseer (Chairman)

Aamna Taseer Shehrbano Taseer

Company Secretary Sajjad Ahmad

**Auditors** KPMG Taseer Hadi & Co.

**Chartered Accountants** 

**Legal Advisers** Mazhar Law Associates

Advocates & Solicitors

Bankers Allied Bank Limited

Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited

Standard Chartered Bank (Pakistan) Limited

Soneri Bank Limited

**Registrar and Shares Transfer Office**THK Associates (Pvt.) Limited

Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi.

**(**021) 111 000 322

**Registered Office** 2nd Floor, Pace Shopping Mall,

Fortress Stadium, Lahore Cantt.

Lahore, Pakistan

**1** (042) 36623005/6/8

Fax: (042) 36623121-36623122

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 21<sup>st</sup> Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited ("the Company") will be held on Friday, 31 October 2014 at 12:00 noon at the Registered Office of the Company, 2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore to transact the following business:

- 1. To confirm the minutes of Annual General Meeting held on 29 October 2013;
- 2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2014 together with the Directors' and Auditors' reports thereon; and
- 3. To appoint the Auditors of the Company for the year ending 30 June 2015 and to fix their remuneration

By order of the Board

Lahore: 09 October 2014

**Sajjad Ahmad**Company Secretary

### Notes:

- 1) The Members Register will remain closed from 24 October 2014 to 31 October 2014 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi, the Registrar and Share Transfer Office of the Company, by the close of business on 23 October 2014 will be considered in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting.
- 3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore, not less than 48 hours before the time of the meeting.
- 4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
  - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) Members are requested to notify any change in their registered address immediately.

STATUS OF INVESTMENTS AS REQUIRED VIDE SRO 27(1)2012 DATED 16 JANUARY 2012 (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012.

# First Capital Equities Limited (FCEL)

a)	Total investment approved;	Rs. 432.126 Million
b)	Amount of investment made to date;	Rs. 333.040 Million
c)	Reasons for not having made complete investment so far	The Company has invested up to the
	where resolution required it to be implemented in specified	extent of resources available only
	time; and	
d)	Material change in financial statements of associated company	
	or associat ed undertaking since date of the resolution passed	As below
	for approval of investment in such company	

The financial position of FCEL based on the audited financial statements as at 30 June 2013 and 30 June 2014 is stated hereunder:

	30 June 2013 (Audited)	30 June 2014 (Audited)	Changes
		Rupees	
Non-Current Assets	169,653,909	119,186,894	(50,467,015)
Current Assets	3,852,729,439	3,979,788,433	127,058,994
Current Liabilities	665,304,683	1,481,264,947	815,960,265
Non-Current Liabilities	3,144,233,111	2,337,161,609	(807,071,502)
Shareholders Equity	212,845,554	280,548,772	67,703,218

# **Media Times Limited (MTL)**

a)	Total investment approved;	Rs. 125.195 Million
b)	Amount of investment made to date;	NIL
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	MTL not yet declared book closure for right issue , which will be announced once necessary regulatory approvals are received as right is at 50% discount
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	As below

The financial position of MTL based on the audited financial statements as at 30 June 2013 and 30 June 2014 is stated hereunder:

	30 June 2013	30 June 2014	Changes
	(Audited)	(Audited)	
		Rupees	
Non-Current Assets	1,167,195,657	730,956,728	(436,238,929)
Current Assets	185,585,920	178,064,026	(7,521,894)
Current Liabilities	426,408,672	523,204,245	96,795,573
Non-Current Liabilities	166,178,225	192,339,798	26,161,573
Shareholders Equity	760,194,680	193,476,711	(566,717,969)

# DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC"), I am pleased to present the annual report of the company for the financial year 2013-14 together with the audited annual financial statements of the year as per the accounting, regulatory and legal standards/requirements.

### **Operational Results**

The Company's results for the Financial Year ("FY") 2014 are summarized as follows:

	30 June 2014	30 June 2013
	Rupees	Rupees
Revenue	118,572,314	(16,739,989)
Operating expenses	24,082,202	23,940,997
Impairment loss on available-for-sale investments	124,492,978	2,558,259,437
Finance and other costs	7,725,257	44,550
Loss after taxation	39,484,700	2,568,059,782
Earnings/(loss) per share (basic & diluted)	(0.12)	(8.11)

During the year under review, your company's year end loss after tax was Rs.39.48 million as compared to Rs. 2,568.06 million during the same period last year. Revenue showing a healthy increase includes Rs.106.83 million gain on disposal of long term investments. Operating expenses incurred during the year were Rs.24.03 million. Investments available for sale were revalued and the company had to report an impairment loss of Rs.124.49 million in comparison with Rs.2.558 billion last year.

### **Performance of Key Investments**

# First Capital Equities Limited ("FCEL")

FCEL reported an after tax loss Rs.292.30 million in the year under review as compared to Rs. 176.94 million last year. Loss per share was reported at Rs.2.07 in comparison with Rs. 1.64 last year.

### Lanka Securities (Private) Limited ("LSL")

"LSL" has reported after tax loss of LKR.16.76 million as compared to LKR.45.21 last year during the same period. EPS for the year was LKR (0.96) versus LKR (2.59) in the preceding year.

# First Capital Investments Limited ("FCIL")

FCIL has reported an after tax profit of Rs. 39.24 million during the FY-14 against Rs. 11.79 million in the same period last year. EPS for the period was recorded at Rs. 2.67 as compared to Rs. 1.04 during the preceding year.

# Falcon Commodities (Pvt.) Limited ("FCL")

Falcon has reported net loss of Rs.14.90 million as compared to after tax profit of Rs.0.26 million in the comparative period.

### World Press (Pvt.) Limited ("WPL")

During the period under review, WPL reported revenue of Rs. 42.78 million against Rs. 28.75 million in the corresponding year. Resultantly WPL posted after-tax profit of Rs. 0.45 million as compared to after tax loss of Rs. 10.79

million in the previous year. EPS was recorded at Rs.0.14 for the year as compared to the loss per share of Rs. 3.60 during the same period last year.

#### **Future Outlook**

Pakistan's economy has emerged from turbulent times with significant improvements on major fronts. For the first time in 5 years, GDP growth rate is reported to be at 4% mark, clocking in at 4.1% in FY14 against 3.7% in FY13. Progress was made on key structural reforms i.e. privatization process was resumed after a gap on 8 years and two capital market transactions were completed during FY14. Moreover, the process of privatizing public sector enterprises has also been initiated on a fast track basis and financial advisors for various entities have already been appointed. By the end of FY14, the country's foreign exchange reserves reached USD 14.1 billion due to higher foreign inflows which strengthened the Pak rupee and financial market as well.

Looking ahead, the government has restored some confidence with an intention to urgently address the country's investment to GDP ratio which fell to 14.2% in FY13 from 19.2% in FY08. The government has announced power sector reforms, resolution of circular debt, privatization of state owned enterprises, tax reforms, highest ever PSDP allocation to simulate economic activity which is expected to bear fruits going forward. Moreover, the government under the IMF's EFF is keen in bringing these quantitative targets as set by the IMF would also improve the country's balance of payments position.

Our objective and strategy going forward are to remain focused on enhancing our money market brokerage services, providing excellent financial advisory and staying firm on the ethical and regulatory standards to capitalize the opportunities up to the optimum level.

### **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

Due to loss incurred during the year board of directors does not recommend any pay out/dividend for the year.

### Earnings per share

Loss per share (basic and diluted) for the year ended June 30, 2014 was Rs. 0.12 as compared to Rs.8.11 per share for the last year.

### Changes in the Board of Directors

There is no change in the constitution of Board since the last Annual Report.

# **Delay in Election of Directors**

The term of directors was expired on 26<sup>th</sup> September 2012, the directors have fixed the number of directors as seven for the next term of three years in accordance with section 178 of the Companies Ordinance, 1984. However, the board did not decide the date of election of directors due to certain impediments in holding the election of Directors. It was agreed in a meeting of Board of Directors held on 06 October 2012 that the Board will decide a date for election as soon as the impediments are cleared.

### **Corporate and Financial Reporting Framework:**

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

- 1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- 2. Proper books of account of the Company have been maintained.
- 3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- **4.** International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure is disclosed.
- 5. The system of internal controls is sound in design and has been implemented and effectively monitored.
- **6.** There are no significant doubts upon the Company's ability to continue as a going concern.
- 7. The key financial data of last six years is summarized in the report.
- **8.** There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.
- **9.** The Company is in compliance with the requirement of training programs for Directors.

## **Board Meetings during the year**

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

Directors	Meetings Attended
Aamna Taseer	4
Shehryar Ali Taseer	4
Shehrbano Taseer	4
Maheen Ghani Taseer	3
Sulaiman Ahmad Saeed Al-Hoqani	1
Jamal Said Al-Ojaili	-
Kanwar Latafat Ali Khan	_

### **Trading by Directors**

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

#### **Audit Committee**

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

Audit Committee Member	Meetings Attended
Shehryar Ali Taseer (Chairman)	5
Maheen Ghani Taseer (Member)	5
Shehrbano Taseer (Member)	5

During the year no change in the audit committee members.

### Human Resource and Remuneration (HR&R) Committee

Keeping in view the requirements of the code of the corporate governance of Pakistan, applicable to the listed companies, the Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members; the chairman of the committee is an independent director. The names of the members of the committee are mentioned below.

#### **HR&R Committee Member**

Shehryar Ali Taseer (Chairman) Aamna Taseer Shehrbano Taseer

#### **Auditors**

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment. The Board of Directors has recommended their appointment as auditors of the Company for the financial year ending 30 June 2015 at a fee to be mutually agreed.

# Pattern of Shareholdings

The pattern of shareholdings as required under the section-236 of the Companies Ordinance, 1984 as well as per Listing Regulations of Stock Exchanges 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 09 October 2014

Aamna Taseer Chairman & Chief Executive Officer

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

# KEY FINANCIAL DATA FOR LAST SIX YEARS

FINANCIAL DATA Rupees in Thousands

	2014	2013	2012	2011	2010	2009	2008
Operating revenue	118,572	(16,740)	34,264	90,568	88,622	(1,352,116)	5,636,505
Operating expenses	24,082	23,941	40,878	58,179	76,856	77,564	181,830
Operatin profit	(30,002)	(2,598,940)	(575,846)	(109,789)	651,915	(1,429,680)	5,454,675
Other revenue	1,640	31,288	62,645	90,655	63,419	80,135	30,014
Financial Expenses	7,725	45	8,293	11,313	11,639	21,619	43,126
Taxation	3,397	363	2,040	6,377	4,471	1,546	118
Profit after Taxation	(39,485)	(2,568,060)	(523,534)	(36,823)	699,221	(1,372,710)	5,441,446
Bonus Share Interim & Final	-	-	_	-	10%	25%	40%

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

# PATTERN OF SHAREHOLDING AS AT 30 JUNE 2014

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of	Shareholdings			Shares Held	
Shareholders	From		То		
359		-	100	12,406	
547	1	-	500	158,727	
434	101	_	1000	333,190	
965	501		5000	2,305,936	
373	1001	-	10000	2,622,604	
56	5001	-	15000	707,290	
60	10001	-	20000	1,068,036	
36	15001	-	25000	841,633	
25	20001	-	30000	703,809	
10	25001	-	35000	326,858	
8	30001	-	40000	302,823	
9	35001	_	45000	379,039	
20	40001		50000	983,277	
9	45001	-	55000	472,380	
8	50001	-	60000	463,214	
7	55001	-	65000	441,841	
3	60001	-	70000	207,500	
3	65001	-	75000	214,868	
3	70001	-	80000	234,779	
1	75001	_	85000	84,810	
6	80001	_	90000	526,164	
2	85001		95000	183,907	
11	90001	-	100000	1,097,000	
1	95001	-	105000	105,000	
3	100001	-	110000	328,000	
2	105001	-			
2	110001	-	115000 120000	224,000	
	115001	-	135000	236,402	
1	130001	_		133,000	
1	135001		140000	140,000	
1	140001	-	145000	145,000	
3	145001	-	150000	450,000	
2	155001	-	160000	319,871	
2	160001	-	165000	324,104	
1	165001	-	170000	169,510	
1	180001	-	185000	180,667	
2	195001	-	200000	399,500	
2	200001	_	205000	407,960	
1	220001	-	225000	225,000	
2	240001	-	245000	483,155	
1	245001	<u>-</u>	250000	250,000	

# ==== FIRST CAPITAL SECURITIES CORPORATION LIMITED ====

No. of		Shareholdings		Shares Held
Shareholders	From		То	
1	270001	-	275000	275,000
1	300001	_	305000	303,356
1	315001		320000	317,605
1	330001	-	335000	331,000
1	365001	-	370000	367,484
2	370001	-	375000	747,289
2	395001	-	400000	799,360
1	445001	-	450000	446,000
1	465001	_	470000	465,400
1	495001		500000	500,000
1	505001	-	510000	508,500
1	545001	-	550000	550,000
1	550001	-	555000	551,501
1	600001	-	605000	602,000
1	625001	-	630000	628,300
1	655001	-	660000	660,000
1	695001	_	700000	695,750
1	945001		950000	946,391
1	960001	-	965000	961,636
1	2045001	-	2050000	2,048,345
1	2055001	-	2060000	2,058,348
1	2155001	-	2160000	2,158,478
1	3135001	-	3140000	3,139,988
1	3600001	_	3605000	3,602,283
1	3840001		3845000	3,843,000
1	3985001	-	3990000	3,988,559
1	3990001	-	3995000	3,991,754
1	4995001	-	5000000	4,996,865
1	6880001	-	6885000	6,882,500
1	8270001	-	8275000	8,272,928
1	9995001	-	10000000	10,000,000
1	11305001	_	11310000	11,308,000
1	12515001		12520000	12,519,170
1	25860001	-	25865000	25,863,000
1	33770001	-	33775000	33,772,767
1	34050001	-	34055000	34,050,449
1	45830001	-	45835000	45,831,823
1	68430001	-	68435000	68,432,023
				, , ,
3023				316,610,112

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

# PATTERN OF SHAREHOLDING AS AT 30 JUNE 2014

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	87,042,371	27.49
Associated Companies, undertakings and related parties.	-	-
NIT and ICP	1,500	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	13,380,519	4.23
Insurance	8,272,928	2.61
Modarabas and Mutual Funds	4,310,566	1.36
Share holders holding 10% or more	192,488,325	60.80
General Public a) Local b) Foreign	69,450,880 584,406	21.94 0.18
Others:		
- Joint Stock Companies	32,288,641	10.20
- Foreign Companies	101,278,301	31.99

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

# ==== FIRST CAPITAL SECURITIES CORPORATION LIMITED ====

# PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30 JUNE 2014

Shareholders' Category	Number of Shares held
Associated Companies, undertaking and related parties	
	-
Mutual Funds	4,310,566
Directors, CEO and their Spouse and Minor Children	
Aamna Taseer (CEO/Director)	2,158,478
Shehryar Ali Taseer (Director)	632
Shehrbano Taseer (Director)	556
Maheen Ghani (Director)	973
Sulaiman Ahmad Saeed Al-Hoqani (Director)	84,879,187
Jamal Said Al-Ojaili (Director)	1,850
Kanwar Latafat Ali Khan	695
Executives	
Public Sector Companies and Corporations	32,288,641
Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pention Funds	25,964,013
Shareholders holding 5% or more voting rights in the Company	
Salmaan Taseer Amythest Limited Sulaiman Ahmad Saeed Al-Hoqani Sisley Group Company Limited	35,574,835 72,034,306 84,879,187 25,863,000

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

# FIRST CAPITAL SECURITIES CORPORATION LIMITED ("THE COMPANY") FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

Category	Names
Independent Director	Jamal Said Al -Ojaili
Executive Director	Aamna Taseer
Non-Executive Directors	Shehryar Ali Taseer
	Maheen Ghani Taseer
	Shehrbano Taseer
	Sulaiman Ahmed Saeed Al-Hoqani
	Kanwar Latafat Ali Khan

The independent directors meet the criteria of independence under clause i (b) of the CCG.

The term of Board of Directors was expired on 26<sup>th</sup> September 2012, however, new election of Board of Directors could not be held due to certain impediments in holding the election. Securities and Exchange Commission of Pakistan vide its order dated 21 December 2012 has accepted the matter of succession of the estate of Late Mr. Salmaan Taseer as a valid impediment in holding the Election of Directors.

- 2) The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) A casual vacancy occurring on in the Board was filled up by the directors within 90 days.
- 5) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board /shareholders.
- 8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- 9) The Board arranged orientation courses/training programs for its directors during the year.
- 10) The Board has approved "appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The Board has formed an Audit Committee. It comprises three non-executive members, of whom all are non-executive director and chairman of the committee is non-executive director.
- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.
- The board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- The Board has in plane a mechanism for evaluation of performance of the Board.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with

For and on behalf of the Board

Lahore 09 October 2014

**Aamna Taseer**Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **First Capital Securities Corporation Limited ("the Company")** for the year ended 30 June 2014 to comply with the requirements of Listing Regulation no 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

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

As a 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 Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

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

	Reference of statement of compliance	Description
i.	Note 1	New election of Board of Directors could not be held on due date due to impediment in holding of election.
<b>Lahore</b> 09 Octobe	2014	KPMG Taseer Hadi & Co. Chartered Accountants (Bilal Ali)

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# **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **First Capital Securities Corporation Limited ("the Company")** as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change referred to in 4.13 with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Lahore: 09 October 2014

KPMG Taseer Hadi & Co. Chartered Accountants (Bilal Ali)

# ==== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

# BALANCE SHEET AS AT 30 JUNE 2014

		2014	2013	2012
	Note	Rupees	Rupees	Rupees
Non-current assets			(Restated)	(Restated)
Property, plant and equipment	5	228,369,706	139,574,926	140,251,533
Investment property	6	149,635,000	284,934,600	144,269,000
Long term investments	7	4,517,820,500	4,474,875,122	7,449,056,273
Long term loans		-	-	22,283,613
Long term deposits		37,500	37,500	266,850
		4,895,862,706	4,899,422,148	7,756,127,269
Current assets				<u> </u>
Trade debts - unsecured, considered good	8	2,519,394	2,007,784	1,298,501
Loans, advances and other receivables	9	50,142,000	154,500	3,368,920
Current portion of long term loans and advances		-	-	86,685,922
Prepayments		-	5,728	115,729
Interest accrued		-	-	3,916,146
Short term investments	10	53,370,023	182,316,334	88,221,974
Tax refunds due from the Government		28,777,220	30,468,166	29,280,600
Cash and bank balances	11	1,979,324	1,116,306	18,880,959
		136,787,961	216,068,818	231,768,751
<u>Current liabilities</u>				
Trade and other payables	12	29,939,462	34,993,390	34,551,661
Mark-up accrued		1,143,163	-	5,966,552
Short term borrowings		-	-	51,855,970
Current portion of long term loan	13	16,814,378	18,346,400	-
Current portion of liabilities against assets subject				
to finance lease		-	-	1,325,083
		47,897,003	53,339,790	93,699,266
Working capital employed		88,890,958	162,729,028	138,069,485
Non-current liabilities		4,984,753,664	5,062,151,176	7,894,196,754
Deferred liabilities	14	6,349,016	5,665,735	9,341,801
Long term loan	13	5,778,361	21,985,739	-
Zong will roun		12,127,377	27,651,474	9,341,801
Contingencies and commitments	15			
Net capital employed		4,972,626,287	5,034,499,702	7,884,854,953
Represented by:				
Share capital and reserves				
Issued, subscribed and paid-up capital	16	3,166,101,120	3,166,101,120	3,166,101,120
Reserves		-	22,797,136	305,478,367
Retained earnings		1,806,525,167	1,845,601,446	4,413,275,466
		4,972,626,287	5,034,499,702	7,884,854,953

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: Chief Executive Officer Director 09 October 2014

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Revenue			
Money market services	17	10,699,047	13,825,746
Dividend income	18	75,840	1,824,225
Financial consultancy services		956,300	-
Investment property rentals		8,129,794	1,955,144
Gain / (Loss) on disposal of investments	19	106,829,291	(99,715,806)
Unrealized gain / (loss) on re-measurement of			
'investments at fair value through profit or loss'	10	(8,117,958)	60,004,702
Unrealized gain on re-measurement of investment			
property	6	-	5,366,000
		118,572,314	(16,739,989)
<u>Expenses</u>			
Impairment loss on 'available-for-			
sale' investments	20	(124,492,978)	(2,558,259,437)
Operating and administrative expenses	21	(24,082,202)	(23,940,997)
Operating loss		(30,002,866)	(2,598,940,423)
Other income	22	1,640,450	31,287,920
Finance costs	23	(7,725,257)	(44,550)
Loss before taxation		(36,087,673)	(2,567,697,053)
Taxation	24	(3,397,027)	(362,729)
Loss after taxation		(39,484,700)	(2,568,059,782)
Loss per share - basic and diluted	25	(0.12)	(8.11)

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: Chief Executive Officer Director 09 October 2014

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# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Loss after taxation		(39,484,700)	(2,568,059,782)
Other comprehensive loss for the year			
Items that will never be reclassified to profit or loss:			
Remeasurement of defined benefit plan (Note-15)		408,421	385,762
Items that are or may be reclassified to profit or loss:			
Net change in fair value of 'available-for-sale' financial assets reclassified to profit and loss account on disposal	19	(10,701,584)	(10,506,174)
Impairment loss recognized on 'available-for-sale' financial ass	ets	(12,095,552)	(272,175,057)
Other comprehensive loss for the year		(22,797,136)	(282,681,231)
Total comprehensive loss for the year		(61,873,415)	(2,850,355,251)

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: 09 October 2014

**Chief Executive Officer** 

Director

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Cash flows from operating activities  Loss before taxation		(26 097 672)	(2.567.607.053)
Adjustments for:		(36,087,673)	(2,567,697,053)
Finance costs		7,725,257	44,550
Dividend income		(75,840)	(1,824,225)
Unrealized loss / (gain) on re-measurement of inv	restments at 'fair	(,0,010)	(1,02 1,220)
value through profit or loss'		8,117,958	(60,004,702)
Impairment loss on 'available-for-sale' investment	S	124,492,978	2,558,259,437
Unrealized gain on re-measurement of investmen	t property at 'fair		
value through profit or loss'		-	(5,366,000)
Depreciation		516,678	731,107
Gain on disposal of property and equipment		(360,000)	(400,000)
loss on de-recognition of leased asset		-	(1,068,537)
Gain/(loss) on disposal of investment		(113,509,607)	110,743,826
Gain on derecognition of financial liability			(10,490,383)
Interest income		(1,263,754)	(19,165,140)
Provision for staff retirement benefits		1,284,202	2,347,980
(Loss) / profit before working capital changes		<u>26,927,872</u> (9,159,801)	2,573,807,913 6,110,860
		(9,139,601)	0,110,800
Changes in working capital		(711 (10)	(700,202)
Trade debts		(511,610)	(709,283)
Loans, advances and other receivables Prepayments		12,500 5,728	(29,000) 110,001
Trade and other payables		(4,731,234)	(681,694)
Trade and other payables		(5,224,616)	(1,309,976)
Net cash (used in) / generated from operations		(14,384,417)	4,800,884
Staff retirement benefits paid		(515,194)	(1,271,441)
Finance cost paid		(6,582,094)	(44,550)
Taxes paid		(1,706,081)	(1,550,295)
		(8,803,369)	(2,866,286)
Net cash (used in) / generated from operating ac	tivities	(23,187,786)	1,934,598
Cash flows from investing activities			
Dividend received		75,840	1,824,225
Capital expenditure incurred		(61,458)	(54,500)
Proceeds from disposal of property and equipment		360,000	400,000
Proceeds from disposal of Investment property		135,299,600	-
Long term loans and advances -net		126.064.115	83,747,206
Proceeds from disposal of long term investments		126,064,115	(77.502.242)
Long term investments - net Short term investments - net		(342,039,999) 120,828,353	(77,503,343) (34,089,658)
Interest received		1,263,754	13,004,015
Net cash generated/(used) investing activities		41,790,204	(12,672,055)
Cash flows from financing activities		11,720,201	(12,072,000)
Repayment of liabilities against assets subject to fin	ance lease	_	(27,196)
Long term loan repaid		(17,739,400)	(7,000,000)
Net cash used in financing activities		(17,739,400)	(7,027,196)
Net increase / (decrease) in cash and cash equiva-	lents	863,018	(17,764,653)
Cash and cash equivalents at the beginning of the	•	1,116,306	18,880,959
Cash and cash equivalents at the end of the year	11	1,979,324	1,116,306
The annexed notes 1 to 31 form an integral part of these			
Lahore: 09 October 2014	Chief Executive Officer		Director

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

		Capital reserve	Revenue reserve	
	Share	Fair value	Retained	
	capital	reserve	earnings	Total
		Rup	oees	
Balance as at 01 July 2012- as previously reported	3,166,101,120	305,478,367	4,412,696,360	7,884,275,847
Change in accounting policy for recognition of actuarial gains - note 15	-	-	579,106	579,106
Balance as at 1 July 2012 - Restated	3,166,101,120	305,478,367	4,413,275,466	7,884,854,953
Comprehensive loss for the year				
Loss for the year	-	-	(2,568,059,782)	(2,568,059,782)
Other comprehensive loss	-	(282,681,231)	-	(282,681,231)
Change in accounting policy for recognition of actuarial gains - note 15	-	-	385,762	385,762
Total comprehensive loss for the year	-	(282,681,231)	(2,567,674,020)	(2,850,355,251)
Balance as at 30 June 2013 - Restated	3,166,101,120	22,797,136	1,845,601,446	5,034,499,702
Comprehensive loss for the year				
Loss for the year	-	-	(39,484,700)	(39,484,700)
Other comprehensive loss	-	(22,797,136)	-	(22,797,136)
Remeasurement - experience adjustment - note 15	-		408,421	408,421
Total comprehensive loss for the year	-	(22,797,136)	(39,076,279)	(61,873,415)
Balance as at 30 June 2014	3,166,101,120	-	1,806,525,167	4,972,626,287

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: 09 October 2014

**Chief Executive Officer** 

Director

# NOTES TO THE FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30 JUNE 2014

### 1 Reporting entity

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 2nd floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

### 2 Basis of preparation

# 2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

Name of company	Shareholding
<u>Subsidiaries</u>	
<ul> <li>First Capital Investments Limited, an investment advisory company</li> <li>Lanka Securities (Private) Limited, a financial services company</li> <li>World Press (Private) Limited, a publishing company</li> <li>Falcon Commodities (Private) Limited, a brokerage house</li> <li>Ozer Investments Limited, a financial services company</li> <li>First Capital Equities Limited, research and brokerage house</li> <li>Evergreen Water Valley (Private) Limited, water purification services</li> </ul>	77.76% 51.00% 65.00% 100.00% 100.00% 73.23% 100.00%
<u>Associates</u>	
<ul> <li>Pace Barka Properties Limited, a real estate services company</li> <li>Pace Super Mall, a real estate services company</li> </ul>	17.95% 0.07%

# 2.2 Statement of compliance

- Media Times Limited, a media company

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

# 2.3 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.

25.31%

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

a)	Useful life and residual values of property and equipment	Note 4.1
b)	Impairment	Note 4.3
c)	Provisions	Note 4.12
d)	Staff retirement benefits	Note 4.13
e)	Provision for taxation	Note 4.15

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014;

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The amendments have no impact on financial statements of the Company.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The amendments have no impact on financial statements of the Company.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The amendments have no impact on financial statements of the Company.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The amendments have no impact on financial statements of the Company.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.
- Amendments to IAS 19 "Employee Benefits" Employee contributions a practical approach (effective for annual periods beginning on or after 01 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. These amendments have no impact on these financial statements of the Company.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments have no impact on financial statements of the Company.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to

Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
  - o IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
  - o IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
  - o IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
  - o Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
  - o IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
  - o IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

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

#### 4. Significant accounting policies

The policies set out below have been consistently applied to all periods presented except as explained in note 4.13.

### 4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 5.1 to the financial statements. Residual value and the useful life of an asset are reviewed at least at each financial year end.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged up to the month preceding the disposal of the asset. Where an

impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

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

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

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

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

### 4.2 Leases

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

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

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 5.1 Depreciation of leased assets is charged to income.

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

#### 4.3 Impairment

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

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

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

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

#### 4.4 Financial instruments

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

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

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

#### 4.5 Financial assets and liabilities

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

#### 4.6 Investments

### Investment in equity instruments of subsidiaries and associates

Investment in subsidiaries and associates where the Company have significant influence are classified as available for sale, for the purpose of measurement in the Company's separate financial statements.

### Available-for-sale

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

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

### Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading.

After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

### 4.7 Loans and receivables

### Trade debts

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

# 4.8 Settlement date accounting

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

# 4.9 Trade and other payables

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

# 4.10 Offsetting of financial assets and financial liabilities

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

### 4.11 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 4.14.

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

#### 4.12 Provisions and contingencies

Provisions are recognized in the balance sheet 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 balance sheet date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 4.13 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.

### 4.14 Revenue recognition

Capital gains or losses on sale of investments are recognised 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 is recognized on accrual basis.

### 4.15 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 after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### **Deferred**

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

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

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

### 4.16 Functional and presentation currency

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

### 4.17 Foreign currency

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

### 4.18 Cash and cash equivalents

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

### 4.19 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.

### 4.20 Operating segments

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and accessing performance of the operating segments, has been identified as the Board of Director of the Company that makes strategic decisions.

		Note	2014 Rupees	2013 Rupees
5	Property, plant and equipment			
	Property, plant and equipment Capital work in progress	5.1 5.3	89,709,956 138,659,750 228,369,706	915,176 138,659,750 139,574,926

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				Own	Owned accets			
		Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Plant, machinery and	Vehicles	Total
	Note				Rupees -	bees		
	Cost Balance at 1 July 2012	470,315	573,664	2,006,590	154,000		8,239,480	11,444,049
	Additions during the year	. 1	. 1		. 1	ı	. 1	54,500
	Disposals during the year	•	-	1	•		(845,000)	(845,000)
	Balance at 30 June 2013	470,315	573,664	2,061,090	154,000		7,394,480	10,653,549
	Balance at 1 July 2013	470,315	573,664	2,061,090	154,000		7,394,480	10,653,549
	Additions during the year 7.1.2	. 1	61,458			88,250,000	1,000,000	89,311,458
	Disposals during the year	1	1	1	1		(555,000)	(555,000)
	Balance at 30 June 2014	470,315	635,122	2,061,090	154,000	88,250,000	7,839,480	99,410,007
	Accumulated depreciation							
	Balance at 1 July 2012	470,315	513,235	1,	119,405	1	6,981,313	9,852,266
	Depreciation for the year	1	36,744	53,719	6,648	1	633,996	731,107
	Depreciation on disposals	- 210.021	- 0000	- 100 -		1	(845,000)	(845,000)
	Balance at 50 June 2013	4/0,313	549,979	1,821,/1/	120,033		6,770,309	9,738,373
	Balance at 1 July 2013	470,315	549,979	1,821,717	126,053		6,770,309	9,738,373
	Depreciation for the year 21	•	30,930	52,992	6,048	145,068	281,640	516,678
	Depreciation on disposals	•	-	-	•	-	(555,000)	(555,000)
	Balance at 30 June 2014	470,315	580,909	1,874,709	132,101	145,068	6,496,949	9,700,051
	Carrying Value							
	At 30 June 2013	1	23,685	239,373	27,947	1	624,171	915,176
	At 30 June 2014	'	54,213	186,381	21,899	88,104,932	1,342,531	89,709,956
	Rate of depreciation	10%	33%	10%	10%	20%	20%	
5.1.1	<b>5.1.1</b> Assets with cost amounting to Rs. 8,153,569 (2013: Rs. 6,976,812) are carried at nil book value	5,976,812) are carrie	ed at nil book valu	e,				
5.2	Disposal of property, plant and equipment							
	Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit	Mode of sale	Particulars of buyers
				Rupees				
	Vehicle	555,000	555,000	1	360,000	360,000	Negotiation	Mr. Mohiuddin
	2014	555,000	555,000	1	360,000	360,000		
	2013	845,000	845,000	'	400,000	400,000	Negotiation	Mr. Faridullah

**5.3** This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs. 133,634,515 (2013: Rs. 133,634,515) and Rs. 5,025,235 (2013: Rs. 5,025,235) respectively. Construction work on the said properties is in progress at 30 June 2014.

		Note	2014 Rupees	2013 Rupees
6	Investment property			
	Balance at 1 July		284,934,600	144,269,000
	Acquisitions during the year		-	135,299,600
	Disposal during the year	6.2	(135,299,600)	-
	Change in fair value		-	5,366,000
	Balance at 30 June		149,635,000	284,934,600

- **6.1** Investment property comprises of six commercial properties, out of which three properties are leased to third parties for rental income for a period of 11 months which is further extendable with mutual understanding of both parties.
- **6.2** Disposal during the year represents sale of nine shops in Pace Gujranwala Shopping Mall to FCEL during the year at fair market value at the time of transaction.
- **6.3** Three shops situated in Pace Gujranwala Shopping Mall, are mortgaged against bank guarantee provided to Ever Green Water Valley (Private) Limited (a related party) through a commercial bank. Three shops situated in Pace Shopping Mall, Fortress Stadium are encumbered against term finance facility availed by the Company from a commercial bank.
- 6.4 The fair value of investment property was determined by approved external, independent property valuer i.e. M/S Negotiators having appropriate recognized professional qualifications and recent experience in the location and the category of the property being valued. The independent valuer provides the fair value of the Company's property portfolio once in every year.

7	Long term investments - available-for-sale	Note	2014 Rupees	2013 Rupees
	Investment in related parties			
	Subsidiary companies - unquoted - at cost	7.1	211,310,738	186,060,738
	Associated companies - unquoted - at cost	7.2	547,313,110	547,313,110
	Associated company - quoted - at fair value	7.3	117,235,754	-
	Subsidiary companies - quoted - at fair value	7.4	3,641,960,898	3,741,501,274
			4,517,820,500	4,474,875,122

	Shares	sa	Cost		Break-up value per share	er share	Percentage of holding	of holding
Note	2014 20	2013	2014 Dung	2013	2014	2013	2014	2013
Subsidiary companies - unquoted - at cost					is and in view of the control of the			
First Capital Investments Limited	12,024,634	11,124,634	110,681,450	101,681,450	13.60	10.87	77.76%	76.39%
Lanka Securities (Private) Limited	8,912,250	8,912,250	46,229,683	46,229,683	13.90	14.50	51.00%	51.00%
World Press (Private) Limited	1,949,041	1,949,041	19,490,410	19,490,410	17.50	18.18	%00.59	65.00%
Falcon Commodities (Private) Limited	3,150,000	3,150,000	8,451,602	8,451,602	2.61	3.97	100.00%	100.00%
Trident Construct (Private) Limited 7.1.2	•	10,455,000	•	10,200,000		23.02		51.00%
Evergreen Water valley								
(Private) Limited 7.1.2	715,400	,	26,450,000	,	36.97	,	100.00%	•
Ozer Investments Limited	1,000	1,000	7,593	7,593		•	100.00%	100.00%
			211.310.738	186.060.738				

7.1

- All subsidiary companies have been incorporated in Pakistan except for Lanka Securities (Private) Limited and Ozer Investments Limited, which are incorporated in Sri Lanka. 7.1.1
- During the year the Company disposed of its entire shareholding i.e. 10,455,000 shares (51%) in Trident Construct (Private) Limitedto the other shareholder, who before the agreement held 49% remaining shares in the company. As agreed with counterparty in settlement agreement dated 27 June 2014, the consideration received for disposal of controlling interest was received in kind, as follows; 7.1.2

	Note	2014 Rupees
Investment in Evergreen Water Valley (Private) Limited	7.1.2.1	26,450,000
Construction machinery and equipment	7.1.2.2	88,250,000
Receivable from Pace Barka Properties Limited	7.1.2.3	50,000,000
Vehicles		1,000,000
		165,700,000

- This represents 100% holding (715,400shares with face value of Rs.10 each) in the subsidiary of Trident Construction (Private) Limited. The company is engaged in installation and manufacturing of water purification plant, RO systems, water softness system and other related activities. The fair value of the investment has been determined by an independent firm of Chartered Accountants Nasir Javed Maqsood Imran. 7.1.2.1
- acquired at fair value determined by approved external value i.e. M/S Premier Engineering Consultant, having appropriate recognized qualifications and experience in the category The acquired construction equipment includes 3 cranes, 2 transit mixers, 1 conc. pump, 1 concrete batching plant, scaffolding and shuttering equipment. The above assets were of assets being valued. 7.1.2.2
- 7.1.2.3 This represents receivable from associate of the Company i.e. Pace Barka Properties Limited transferred to the Company as per terms of settlement agreement.

# 7.2 Associated companies - unquoted - at cost

		Shares	S	Cost		Break-up value	per share	Percentage	of holding
	Note	2014	2013	2014	2013	<b>2014</b> 2013	2013	2014	<b>2014</b> 2013
	1	Number	er	Rupees	Si	Rupees	S	%	0%
Pace Barka Properties Limited		54,790,561	54,790,561	547,200,610	547,200,610	14.13	15.53	17.95%	17.95%
Pace Super Mall		11,250	11,250	112,500	112,500	10.01	10.00	0.07%	0.07%
	7.2.1			547,313,110	547,313,110				

The Company's investment in Pace Barka Properties Limited and Pace Super Mall is less than 20%, however these are considered as associates as per the requirements of IAS 28 Investment in Associate', as the Company has significant influence over the financial and operating policies of these companies. 7.2.1

# 7.3 Associated company - quoted - at fair value

	•	Shares	res	Market value	/alue	Market value per share	per share	Percentage of holding	of holding
	1	2014	2013	2014	2013	2014	2013	2014	2013
	Note	Number	1ber	Rupees	es	Rupees	es	%	
Media Times Limited	7.3.1	45,264,770	1	117,235,754	1	2.59	1	25.31%	1

This includes 1,790,000 (2013: 1,790,000) shares having market value of Rs. 4,636,100 (2013: 8,072,900) pledged against the loan of the Company. 7.3.1

During the year, the Company disposed 22.16% shares in Media Times Limited (MTL). The Company's effective holding in MTL has been decreased from 47.47% to 25.31%, due to which classification of investment in MTL has been changed from subsidiary to associate. 7.3.2

# 7.4 Subsidiary companies - at fair value

	,	Shares		Market value	zalue zalue	Market value per share	er share	Percentage of holding	of holding
		2014	2013	2014	2013	2014	2013	2014	2013
	Note	Numbe		Rupe	es	Rupees			
First Capital Equities Limited		103,494,200	70,190,200	,190,200 <b>3,641,960,898</b>	3,358,601,070	35.19	47.85	73.23%	64.97%
Media Times Limited	7.3.2	•	84,900,267		382,900,204		4.51	,	47.47%
				3,641,960,898	3,741,501,274				

Shares of all investee companies incorporated in Pakistan are ordinary fully paid-up shares, having a face value of Rs. 10 per share. 7.5

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

	Note	2014 Rupees	2013 Rupees
Trade debt-unsecured, considered good	1,000	•	•
Money market receivables Receivable against trade of shares	_	2,512,656 6,738 2,519,394	2,001,046 6,738 2,007,784
Loans, advances and other receivables			
Advances to staff - secured, considered good Other receivable - unsecured, considered good	7.1.2	142,000 50,000,000 50,142,000	154,500 - 154,500
<b>9.1</b> Advances to staff do not include any amount due from the Company.	= Chief Executive	(2013: Rs. Nil) no	or any Director of
	Note	2014 Rupees	2013 Rupees
Short term investments			
Market treasury bills - held to maturity Investments at fair value through profit or loss	10.1 10.2	8,553,233 44,816,790 53,370,023	9,085,575 173,230,759 182,316,334
10.1 These represent one year treasury bills with face value of to 9.95% per annum.	of Rs. 9 million. T	These carry effective	ve yield of 9.92%
	Note	2014 Rupees	2013 Rupees
10.2 Investments at fair value through profit or loss			
These investments are 'held for trading'			
Carrying value at 30 June: Related parties Others		45,619,614 7,315,134	74,380,454 38,845,603
Unrealized (loss)/ gain on re-measurement of	_	52,934,748	113,226,057
Ç ,	=	44,816,790	173,230,759
Fair value of short term investments at 30 June comprises of:			
Related parties Others	10.3 10.4	38,887,273 5,929,517 44,816,790	136,491,912 36,738,847 173,230,759
	Money market receivables Receivable against trade of shares  Loans, advances and other receivables Advances to staff - secured, considered good Other receivable - unsecured, considered good  9.1 Advances to staff do not include any amount due from the Company.  Short term investments  Market treasury bills - held to maturity Investments at fair value through profit or loss  10.1 These represent one year treasury bills with face value of to 9.95% per annum.  10.2 Investments at fair value through profit or loss  These investments are 'held for trading' Carrying value at 30 June: Related parties Others  Unrealized (loss)/ gain on re-measurement of investments - during the year  Fair value of short term investments at 30 June comprises of: Related parties	Money market receivables Receivable against trade of shares  Loans, advances and other receivables  Advances to staff - secured, considered good Other receivable - unsecured, considered good Other receivable - unsecured, considered good  7.1.2  9.1 Advances to staff do not include any amount due from Chief Executive the Company.  Note  Short term investments  Market treasury bills - held to maturity Investments at fair value through profit or loss  10.2  =  10.1 These represent one year treasury bills with face value of Rs. 9 million. To 9.95% per annum.  Note  10.2 Investments at fair value through profit or loss  These investments are 'held for trading'  Carrying value at 30 June: Related parties Others  Unrealized (loss)/ gain on re-measurement of investments - during the year  Fair value of short term investments at 30 June comprises of: Related parties  10.3	Money market receivables   Receivable against trade of shares   A

# 10.3 Held for trading - related parties

		Shares / unit	unit	Carrying value	value	Fair value	ne	Percentage of holding	of holding
		2014	2013	2014	2013	2014	2013	2014	2013
	Note -	Number	er	Rupee	S	Rupees	S	%	
<b>Telecommunication</b> Worldcall Telecom Limited	10.3.1	4,221,207	4,221,207	12,663,621	8,653,474	8,822,323	12,663,621	0.49%	0.49%
Real Estate Investment and Services Pace (Pakistan) Limited	10.3.2	7,506,676	28,253,776	32,879,241	65,638,142	29,951,637	123,751,539	2.69%	12.14%
Mutual Funds First Capital Mutual Fund Limited	10.3.3	10,330	10,330	76,752	88,838	113,313	76,752 136,491,912	0.03%	0.30%

10.3.1 This includes 2,972,308 (2013: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in posession of NAB. Refer to note 15.2

10.3.2 This includes 3,370,000 (2013: 3,370,000) shares having market value of Rs. 13,446,300 (2013: Rs. 14,760,600) are pledged against the loan of the Company.

During the year First Capital Mutual Fund Limited converted into open end scheme First Capital Mutual Fund and units equalling to outstanding shares at the time of conversion were issued to the Company. These units are held in CDC account of FCEL, a subsidiary company. 10.3.3

		Shares	es	Carrying value	value	Fair value	ne
	ļ	2014	2013	2014	2013	2014	2013
l l	Note	Number	)er	Rupee	Si	Rupees	s
Insurance							
Shaheen Insurance Company Limited		915,329	3,709,321	6,864,968	30,131,030	5,583,507	27,819,908
PICIC Insurance Limited		•	32,000	•	224,000	•	227,200
Adamjee insururance Limited		13	•	469	•	595	•
Cement							
Pioneer Cement Limited		31	11,031	910	325,415	1,446	323,980
Sugar							
Haseeb Waqas Sugar Mills Limited		1,000	417,788	19,000	7,729,078	5,880	7,937,972
Investment bank							
Arif Habib Limited	10.4.1	12,144	11,040	429,787	436,080	338,089	429,787
				7315134	30 045 503	713 000 3	TNO 017 71

10.4.1 This includes 12,100 (2013: Nil) shares having market value of Rs. 336,864 (2013: Rs.Nil) pledged against loan obtained by FCEL, a subsidiary company.

Shares of all investee companies are ordinary fully paid-up 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. 10.5

11

Cash and bank balances	Note	2014 Rupees	2013 Rupees
Cash in hand Cash at bank		4,304	5,343
- current accounts		597,228	30,357
- deposit accounts	11.1	1,377,792	1,080,606
-	_	1,975,020	1,110,963
	_	1,979,324	1,116,306
	=		:

11.1 The deposit accounts carry mark-up at rates ranging from 5% to 9% (2013: 5.12% to 9.41%) per annum.

		Note	Rupees	Rupees
12	Trade and other payables			
	Creditors	12.1	4,149,634	5,349,828
	Accrued liabilities		1,405,206	1,201,397
	Security deposit from tenants		486,660	1,796,960
	Payable against purchase of investment property	12.2	6,681,123	6,681,123
	Final settlements payable	12.3	11,373,570	11,696,264
	Salaries and other benefits payable		2,705,858	3,756,026
	Unclaimed dividend		1,858,918	1,858,918
	Withholding tax		258,946	468,045
	Other liabilities		1,019,547	2,184,829
		-	29,939,462	34,993,390

12.1 Creditors balance includes following balances payable in ordinary course of business to related parties:

	2014 Rupees	2013 Rupees
Media Times Limited	26,000	111,800
World Press (Private) Limited	576,462	362,172
	602,462	473,972

- 12.2 This amount is payable to Pace Pakistan Limited (associated company), against purchase of properties in Pace Fortress Stadium, Lahore.
- 12.3 This represents amount payable to employees who have left the Company on account of final settlement.

2014

2013

13

Long term loan	2014 Rupees	2013 Rupees (Restated)
From banking company - secured		
Long term loan	44,413,739	47,332,139
Payments made during the year	(21,821,000)	(7,000,000)
	22,592,739	40,332,139
Current portion shown under current liabilities	(16,814,378)	(18,346,400)
	5,778,361	21,985,739

13.1 The facility was originally obtained as short term credit line to finance the working capital requirements of the Company and was reprofiled on 13 August 2012. As per terms of the restructuring agreement the facility was converted into long term loan payable till 25 June 2015 in unequal quarterly installments. The revised markup rate was fixed at 10% per annum and the interest accrued during the grace period of initial 21 months was payable during the last year of the restructured loan agreement. The loan is secured against pledge of Company shares in CDC account with 40% margin, lien on bank deposit accounts and mortgage over 3 shops in Fortress Stadium. The loan has been carried at amortized cost using effective interest rate of 13.2% (2013: 13.2%).

		Note	2014 Rupees	2013 Rupees (Restated)
14	Deferred liabilities			
	Staff retirement benefits payable	14.1	6,349,016	5,665,735

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

The change in accounting policy has been accounted for retrospectively and comparative figures have been restated in accordance with International Accounting Standard-8 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in adjustment of prior year financial statements. The following table summarizes the impact of the above changes in the Company's financial statements:

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

	<u>Balanc</u>	re sheet - decrease	Note	2013 Rupees (Restated)	2012 Rupees (Restated)
	Deferre	ed liabilities		(385,762)	(579,106)
	Other o	comprehensive income - increase			
	Remeas	surement of defined benefit obligation		385,762	579,106
	14.1	Amount recognised in the balance sheet	Note	2014 Rupees	2013 Rupees (Restated)
		is as follows:			
		Present value of defined benefit obligation  Balance sheet liability at 30 June	14.3 —	6,349,016 6,349,016	5,665,735 5,665,735
	14.2	Movement in net obligation			
		Balance sheet liability at 01 July Expense chargeable to Profit and Loss account Remeasurements chargeable in other	14.4	5,665,735 1,284,202	9,341,801 2,347,980
		comprehensive income Benefit payable transferred to short term liability Benefits payments made by the Company	14.5	(408,421) (182,500)	(385,762) (5,140,042)
		during the year  Balance sheet liability at 30 June	_	(10,000) 6,349,016	(498,242) 5,665,735
14.3		nent in present value of defined benefit	_		
	Current Interest	t value of defined benefit obligation at 1 July t service cost t cost ts payable transferred to short term liability		5,665,735 699,406 584,796 (182,500)	9,341,801 1,133,546 1,214,434 (5,140,042)
		paid during the year		(10,000) (408,421)	(498,242) (385,762)
	Presen	t value of defined benefit obligation at 30 June	=	6,349,016	5,665,735
14.4	Amour	nt charged to profit and loss account			
	Interest		_	699,406 584,796	1,133,546 1,214,434
	Total a	mount chargeable to profit and loss account	=	1,284,202	2,347,980
14.5	Charge	ed to other comprehensive income			
	Experie	ence adjustments		(408,421)	(385,762)
			=	(408,421)	(385,762)

		2014	2013	2012	2011	2010
	_	Rupees	Rupees	Rupees	Rupees	Rupees
14.6	Historical information for gratuity plan					
	Present value of defined					
	benefit obligation	6,349,016	5,665,735	9,341,801	11,552,894	12,898,433
	Gain on actuarial experience adjustments					
	on plan liability	408,421	385,762	579,106	440,232	1,233,131

### 14.7 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 30 June would have been as follows:

	Increase	Decrease
Discount rate	5,939,548	6,809,283
Future salary increase	6,809,283	5,932,605

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 balance sheet.

**14.7.1** Actuarial valuation of this plan was carried out on 30 June 2014 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:

	2014	2013
Discount rate	13.25%	10.50%
	per annum	per annum
Expected rate of salary increase in future years	12.25%	9.5%
	per annum	per annum

### 15 Contingencies and commitments

15.1 Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the Company, the Company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million.

As agreed between the Company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The Company has provided a guarantee to

ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

During 2002 the senior management of the Company was contacted by 'National Accountability Bureau' (NAB) in respect of certain transactions in 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. Keeping in view that public funds were involved and based on legal advise that 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.

- 15.3 During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of World call Communications Limited (now World call Telecom Limited, an associated company). 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 favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.
- During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 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 favour of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29.04.2010. The matter will be redecided by the Lahore High Court. As such no provision has been made in the financial statements as the Company is confident of a favourable decision.

2014	2013
Rupees	Rupees
3,130,103	3,130,103

15.5 Commitments in respect of capital expenditure

### 16 Share capital

16.2

### 16.1 Authorized share capital

316,610,112

2014 2013 2014 2013 Number of shares -----Rupees--Ordinary shares of Rs. 10/-320,000,000 320,000,000 each 3,200,000,000 3,200,000,000 Issued, subscribed and paid-up capital 2014 2013 2014 2013 Number of shares ---Rupees---

Ordinary shares of Rs. 10/38,165,030 38,165,030 each fully paid in cash 381,650,300 381,650,300

Ordinary shares of Rs. 10/278,445,082 278,445,082 each issued as bonus shares 2,784,450,820 2,784,450,820

3,166,101,120

3,166,101,120

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

316,610,112

	20	2014		013
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Worldcall Telecom Limited	1.26	3,991,754	1.26	3,991,754
Amythest Limited	22.75	72,034,306	22.75	72,034,306

17	Money	market services	Note	2014 Rupees	2013 Rupees
	Money	market income currency		2,628,425 8,070,622 10,699,047	3,928,505 9,897,241 13,825,746
18	Divide	nd income		10,055,017	= =====================================
	Divide	nd income	18.1	75,840	1,824,225
	18.1	Dividend income includes amount received from First Capita to Rs. 15,495.	l Mutual	Fund (a related p	party) amounting
			Note	2014 Rupees	2013 Rupees
19	Gain /	(Loss) on sale of investments			
		Loss) on disposal of 'available-for-sale' ncial assets	19.1	102,808,023	(121,250,000)
	_	n on disposal of 'available-for-sale' financial ts reclassified from equity		10,701,584	10,506,174
		(Loss) on disposal of investments at fair value ugh profit or loss		(6,680,316) 106,829,291	11,028,020 (99,715,806)
	19.1	Gain / (loss) on disposal of 'available-for-sale' financial assets			
		Gain on disposal of long term investment in Trident Construct Private Limited Loss on disposal of other long term investments	19.1.1 19.1.2		- (121,250,000) (121,250,000)
	19.1.1	This represents gain arising on disposal of long term investme net off cost of Rs. 10.2 million. (Refer to note 7.1.2.)	nt for a c	consideration of l	Rs. 165.7 million
	10.1.3	This was to be a still a second of the secon	4. 1'. T'		112 E' + G - '- 1

- **19.1.2** This represents loss on disposal of Company's investment in Media Times Limited (2013: First Capital Equities Limited).
- This represents the diminution in value due to fall in quoted price of First Capital Equities Limited and Media Times Limited amounting to Rs. 49,680,172 and Rs. 74,812,807. (2013: Rs. 2,558,259,437 impairment Loss on First Capital Equities Limited).

0		Note	2014 Rupees	2013 Rupees
Opera	ting and administrative expenses			
Salarie	es, wages and other benefits	21.1	12,820,147	14,450,767
Rent, r	rates and taxes		643,030	780,040
Postage	e, telephone and stationary		425,104	503,667
Utilitie	es		217,604	190,168
Insurar	nce		120,599	238,170
Printin	g and stationery		835,927	761,096
Travell	ling and conveyance		653,106	148,467
Repairs	s and maintenance		279,477	239,209
	e running expenses		149,935	364,864
	ninment		544,334	624,306
Broker	rage commission and capital value tax		1,965,993	915,879
	e charges on rental income		1,924,915	493,373
	and professional		1,463,944	1,728,759
_	tisement		71,000	33,800
Audito	ors' remuneration	21.2	1,110,000	1,110,000
Deprec	ciation	5.1	516,678	731,107
Others			340,409	627,325
		-	24,082,202	23,940,997
21.1	Salaries, wages and other benefits includes Rs. 1,284,20 expense for the year.	12 (2013. RS. 2	2014 Rupees	2013 Rupees
21.2	Auditors' remuneration			
	Annual audit fee		475,000	475,000
	Fee for audit of consolidated financial statements		425,000	425,000
	Half yearly review		100,000	100,000
	Out of pocket expenses		110,000	110,000
	The second secon	-	1,110,000	1,110,000
Other	income	=		
Income	e from financial assets			
			1,263,754	729,631
Income	e on treasury bills /saving accounts it income from related party		1,263,754	729,631 18,435,509
Income	e on treasury bills /saving accounts		1,263,754	
Income Interest	e on treasury bills /saving accounts t income from related party		1,263,754	
Income Interest Income Gain or Gain or	e on treasury bills /saving accounts at income from related party  e from non-financial assets  In disposal of property and equipment and derecognition of financial liability		-	18,435,509
Income Interest Income Gain or Gain or	e on treasury bills /saving accounts at income from related party  e from non-financial assets  In disposal of property and equipment		-	18,435,509
Income Interest Income Gain or Gain or Insuran	e on treasury bills /saving accounts at income from related party  e from non-financial assets  In disposal of property and equipment and derecognition of financial liability		-	18,435,509 400,000 10,490,383

# ===== FIRST CAPITAL SECURITIES CORPORATION LIMITED =====

				2014	2013
				Rupees	Rupees
23	Financ	ee cost			
	Mark-ı	ıp on bank loans		7,665,469	-
		harges and commission		59,788	44,550
				7,725,257	44,550
24	Taxati	on			
	Curren	t tax		3,397,027	362,729
	24.1	In view of available unused tax losses the currer subletting of investment properties under section 15 Tax Ordinance, 2001.			
	Deferr	ed tax			
	24.2	The Company has a deferred tax asset amounting tunused tax losses and deductible temporary differentially, in accordance with the Income Tax Ordinance, be available in foreseeable future, the Company has statements.	ices. Tax losses wi 2001. However as	ill be carried forwards sufficient taxable	ard for six years profits may not
	24.3	Since the Company is liable to pay minimum tax, the	refore, no numerio	cal tax reconciliati	on is produced.
25	Earnir	ng per share		2014	2013
	25.1	Loss per share - basic			
		Net loss for the year	Rupees	(39,484,700) (2	2 568 059 782)
		Weight day and a great and a g			=======================================
		Weighted average number of ordinary shares	<b>3</b> .7 <b>7</b>	217 (10 112	
		at 30 June	Numbers	316,610,112	316,610,112
			Numbers Rupees	316,610,112 (0.12)	
	25.2	at 30 June			316,610,112
	25.2	at 30 June  Loss per share - basic	Rupees	(0.12)	316,610,112 (8.11)
		at 30 June  Loss per share - basic  Loss per share - diluted  There is no dilution effect on the basic EPS as the 0	Rupees	(0.12)	316,610,112 (8.11)
26		at 30 June  Loss per share - basic  Loss per share - diluted	Rupees	(0.12)	316,610,112 (8.11)
26	Numb	at 30 June  Loss per share - basic  Loss per share - diluted  There is no dilution effect on the basic EPS as the 0	Rupees	(0.12)	316,610,112 (8.11)
26	Number The av	at 30 June  Loss per share - basic  Loss per share - diluted  There is no dilution effect on the basic EPS as the cer of employees	Rupees	(0.12)	316,610,112 (8.11)
26	Number The av	at 30 June  Loss per share - basic  Loss per share - diluted  There is no dilution effect on the basic EPS as the Ger of employees  er of employees  erage and total number of employees are as follows:	Rupees	(0.12) such commitment	316,610,112 (8.11) ss.

# Transactions with related parties

27

Related parties comprise of entities over which the Directors are able to exercise significantinfluence. 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 those which have been specially disclosed elsewhere in these financial statements are as follows:

			2014		2013	3
Name of Parties	Nature of relationship	Nature and description of related party transaction	Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
				Ru	Rupees	
First Capital Equities Limited	Subsidiary	Loan given	ı	•	107,010,000	ı
		Long term loan repaid	•	•	221,447,882	•
		Interest income	•	•	17,979,075	
		Brokerage commission	2,562,620	•	727,051	
		Purchase of investment property		•	135,299,600	
		Disposal of investment property	135,299,600			
		Long term investment made	333,040,000	•	•	•
		Underwriting commission	956,300		1	1
World Press (Private) Limited	Subsidiary	Purchase of goods / services	868,582	576,462	684,250	362,172
First Capital Investments Limited	Subsidiary	Long term investment made	9,000,000	•	24,841,343	•
Trident Construct (Private) Limited	Subsidiary	Long term investment disposed	165,700,000	•	•	•
Evergreen Water Valley (Private) Limited	Subsidiary	Long term investment made	26,450,000	•	•	•
Pace Pakistan Limited	Associate	Service charges	1,924,915	1	493,373	•
		Fayable against purchase of investment property	ı	6,681,123	ı	6,681,123
Media Times Limited	Associate	Long term loan matured	1	1	4,608,922	•
		Interest income Purchase of goods / services	26,000	26,000	45/,410	118,000
First Capital Mutual Fund	Associate	Dividend income	15,495	•	ı	1

### 28 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

### 28.1 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 no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts.

### 28.1.1 Exposure to credit risk

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

Note	2014 Rupees	2013 Rupees
Other receivables 7.1.2	50,000,000	-
Long term deposits	37,500	37,500
Trade debts 28.1.2	2,519,394	2,007,784
Bank balances 28.1.2	1,975,020	1,110,963
	54,531,914	3,156,247

All financial assets subject to credit exposure at the balance sheet date represent domestic parties.

### 28.1.2 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**

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

the reporting date is:	Note	2014 Rupees	2013 Rupees
Neither past due nor impaired		997,575	794,414
Past due 1 - 60 days		1,384,873	1,058,444
Past due 61 - 120 days		136,946	154,926
	8	2,519,394	2,007,784

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

Commercial Banks	2,478,887	1,910,020
Mutual Funds	14,414	19,054
Brokerage house	6,738	6,738
Investments and financial services	19,355	71,972
	2,519,394	2,007,784

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

### Bank balances

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

	Rat	ting	Rating
	Short term	Long term	Agency
Faysal Bank Limited	A1+	AA	PACRA
Muslim Commercial Bank Limited	A1+	AAA	PACRA
Bank Al Falah Limited	A1+	AA	PACRA
Allied Bank Limited	A1+	AA+	PACRA
KASB Bank Limited	A3	BBB	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA

### 28.1.3 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 thereby mitigating any significant concentrations of credit risk.

### 28.2 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. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

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

	Carrying Amount	Contracted cashflow	Upto one year or less	One to two years	More than two years
			R u p e e s		
Financial liabilities					
Long term loan	22,592,739	33,217,779	24,437,515	8,780,264	-
Trade and other payables	28,047,596	28,047,596	28,047,596	-	-
Mark-up accrued	1,143,163	1,143,163	1,143,163	-	-
	50,640,335	61,265,375	52,485,111	8,780,264	_

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

	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
			R u p e e s		
Financial liabilities					
Long term loan	40,332,139	58,640,648	26,029,869	23,830,515	8,780,264
Trade and other payables	31,995,033	31,995,033	31,995,033	_	_
	31,995,033	33,545,420	33,545,420	-	-

### 28.3 Market risk

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

Market risk comprises of three types of risks:

- currency risks
- interest rate risks
- other price risks

### 28.3.1 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.

### 28.3.2 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 Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	Effe	ctive rate	Carrying	amount
	(in Pe	ercentage)	(Rup	ees)
Financial assets				
Long term loan	10	10	22,592,739	40,332,139

### Fair value sensitivity analysis for fixed rate instruments

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

### 28.3.3 Other price risk

Equity price risk arise from equity securities classified as available for sale as well 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 Group's listed equity investments are either listed on Karachi Stock Exchange or Lahore Stock Exchange. The table below summarizes the Company's equity price risk as of 30 June 2014 and 2013 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.

			2014		
	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		
Investments					
Subsidiary company - available	3,641,960,898	10% increase	4,006,156,988	364,196,090	-
for sale	-	10% decrease	3,277,764,808	(364,196,090)	-
Associated company - available	117,235,754	10% increase	128,959,330	11,723,575	-
for sale	-	10% decrease	105,512,179	(11,723,575)	-
Investments at fair value through	53,370,023	10% increase	58,707,025	-	5,337,002
profit or loss		10% decrease	48,033,021	-	(5,337,002)
	3,812,566,675	_			

			2014		
	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		
<u>Investments</u>					
Subsidiary companies - available	3,741,501,274	10% increase	4,115,651,402	374,150,127	-
for sale	-	10% decrease	3,367,351,147	(374,150,127)	-
Investments at fair value through	182,316,334	10% increase	200,547,967	-	18,231,633
profit or loss	-	10% decrease	164,084,701	-	(18,231,633)
	3,923,817,608				

### 28.3.4 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 balance sheet are as follows:

	20	)14	201	.3
	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
		Rup	ees	
Financial assets				
Long term investments	4,517,820,500	4,517,820,500	4,474,875,122	4,474,875,122
Short term investments	53,370,023	53,370,023	182,316,334	182,316,334
Long term deposits	37,500	37,500	37,500	37,500
Trade debts - unsecured, considered good	2,519,394	2,519,394	2,007,784	2,007,784
Loans, advances and other receivables	50,142,000	50,142,000	154,500	154,500
Cash and bank balances	1,979,324	1,979,324	1,116,306	1,116,306
	4,625,868,741	4,625,868,741	4,660,507,546	4,660,507,546
Financial liabilities				
Long term loan	22,592,739	22,592,739	40,332,139	40,332,139
Trade and other payables	29,939,462	29,939,462	34,993,390	34,993,390
Mark-up accrued	1,143,163	1,143,163		
	53,675,364	53,675,364	75,325,529	75,325,529

### b) Valuation of financial instruments

In case of equity instruments, the Company 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 Company determines fair values using valuation techniques.

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:

30 June 2014		Level 1	Level 2	Level 3	Total
Equity securities					
Financial assets at fair value through profit or loss	Rupees	44,816,790	-	-	44,816,790
Available-for-sale financial assets	Rupees	3,759,196,652		-	3,759,196,652
30 June 2013					
Equity securities					
Financial assets at fair value through profit or loss	Rupees	173,230,759			173,230,759
Available-for-sale financial assets	Rupees	3,741,501,274	-	_	3,741,501,274

### 28.4 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 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 other stakeholders, and
- (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 adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company 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 as at 30 June 2014 and at 30 June 2013 were as follows:

 Z014 Rupees
 2013 Rupees

 Rupees
 Rupees

 Total debt
 23,735,902
 40,332,139

 Total equity and debt
 4,996,362,189
 5,073,866,973

 Debt-to-equity ratio
 0.48%
 0.79%

The decrease in the debt-to-equity ratio in 2014 resulted primarily from decrease in Debt during the year, because of repayment of loan and no additional borrowings were made during the year.

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

### 29 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, full time working directors and executives of the Company is as follows:

-	Chief executive			Executive and non executive directors		Executives	
	<b>2014</b> 2013		<b>2014</b> 2013		2014	2013	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Managerial remuneration	2,400,000	2,400,000	-	-	3,728,400	4,696,265	
Medical	-	-	-	-	188,669	205,440	
Provision for gratuity	120,908	169,990	-	-	842,392	1,629,947	
Others	-	-	-	-	430,011	257,592	
	2,520,908	2,569,990	-	_	5,189,472	6,789,244	
Number of persons	1	1	6	6	3	5	

The Company 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 salaries exceed Rs. 500,000 in a financial year.

### 30 Date of authorization for issue

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

### 31 General

The figures have been rounded off to the nearest Rupee.

Figures have been reclassified / rearranged wherever necessary, however no major rearrangement / reclassification has been made.

Lahore: Chief Executive Officer Director 09 October 2014





# **CONSOLIDATED FINANCIAL STATEMENTS**

# FOR THE YEAR ENDED 30 June 2014



### **Auditors' Report to the Members**

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **First Capital Securities Corporation Limited ("the Holding Company")** and its subsidiary companies as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of First Capital Securities Corporation Limited. Financial statements of subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Falcon Commodities (Private) Limited and Evergreen Water Valley (Private) were audited by other firms of auditors, whose reports have been furnished to us. Financial statements of Lanka Securities (Private) Limited were reviewed under Sri Lanka Auditing practice statement by other firm of auditors, whose report has been furnished to us. Our opinion, in so far as it relates to the amounts included for such companies, is based solely on reports of such other auditors. These consolidated financial statements also include unaudited financial figures of subsidiaries namely Trident Construct (Private) Limited and Ozer Investment Limited (a foreign subsidiary in Sri Lanka). These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in note 34 to the consolidated financial statements, the consolidated financial statements include loss after tax for the year from discontinued operations amounting to Rs.73.30 million in respect of subsidiary company Trident Construct (Private) Limited. We were unable to obtain sufficient appropriate audit evidence in respect of the amounts related to the subsidiary incorporated in the consolidated financial statements, as financial statements for the year ended 30 June 2014 were neither audited nor alternate procedures could be performed. Consequently, we were unable to determine whether any adjustment was necessary.

In our opinion, except for the possible effects on the consolidated financial statements of the matter described above, the consolidated financial statements present fairly the financial position of First Capital Securities Corporation Limited and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

We also draw attention to note 2.3 to the consolidated financial statements which more fully explains the factors that indicate the existence of a material uncertainty which may cast significant doubt on First Capital Equity Limited's ability to continue as a going concern. However, its financial statements have been prepared on going concern basis, based on the financial and operational measures taken by the management. Our opinion is not qualified in respect of this matter.

Lahore:

09 October 2014

KPMG Taseer Hadi & Co.

Chartered Accountants (Bilal Ali)

### $\blacksquare$ FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP $\blacksquare$

### DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of First Capital Securities Corporation Limited ("the Group") is pleased to present the audited annual financial statements of the Company for the year ended June 30, 2014.

### **Operational Results**

The Company's results for the Financial Year ("FY") 2014 are summarized as follows:

	30 June 2014	30 June 2013
	Rupees	in million
Revenue	254	623
Direct Cost	57	407
Gross profit	199	237
Operating expenses	435	412
Share of (loss)/profit of associated companies	(120)	18
Unrealized profit/(loss) on re-measurement of investment	9	58
Loss after taxation	682	288
Non-controlling interest	(198)	(173)
Loss per share (basic & diluted)	(1.56)	(0.37)

The Group showed mixed results with a decline in revenues due to the disposal of two subsidiaries i.e. Trident Construct (Pvt.) Ltd., and Media Times Limited and remained Rs.254 million in comparison with Rs.623 million last year. Loss per share was Rs.1.56 as compared to Rs.0.59 in corresponding period.

### **Performance of Key Investments**

### First Capital Equities Limited ("FCEL")

"FCEL" reported an after tax loss Rs.292 million in the year under review as compared to Rs. 177 million last year. Loss per share remained Rs.2.07 in comparison with Rs.1.25 last year.

### Lanka Securities (Private) Limited ("LSL")

"LSL" has reported after tax loss of LKR.11 million as compared to LKR.33 million last year due to downfall in the revenue in relation with suppressed stock markets in Sri Lanka. EPS for the period was LKR (0.72) per share versus LKR 1.86 per share in the preceding year.

### First Capital Investments Limited ("FCIL")

"FCIL" has reported an after tax profit of Rs. 39 million during the FY-14 against net profit of Rs. 12 million in the same period last year. EPS for the period was recorded at Rs. 2.67 as compared to Rs. 1.04 during the same period last year.

### Falcon Commodities (Pvt.) Limited ("FCL")

"FCL" has reported its revenues at Rs. 1.63 million in comparison with Rs.4.89 million as reported last year for the same period. FCL has reported a net loss of Rs.14.90 million as compared to profit Rs.0.26 million in the preceding year.

### === FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP ====

### World Press (Pvt.) Limited ("WPL")

During the year under review, "WPL" reported revenue Rs. 42.78 million against Rs. 28.75 million in the corresponding year. Resultantly "WPL" posted after-tax profit of Rs. 0.42 million as compared to after tax loss of Rs. 10.79 million in the previous year. EPS for the year was recorded at Rs.0.14 as compared to the loss per share of Rs. (3.60) during the same period last year.

### Evergreen Water Valley (Pvt.) Limited ("EGWV")

The wholly owned "EGWV" no revenue sustained a loss of Rs.180.01 million due to heavy amount of bad debts being written off, she showed a net profit of Rs.7.65 million in preceding year.

For and on behalf of the Board

Lahore 09 October 2014

Aamna Taseer Chief Executive Officer

# CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
Non current assets			, ,	
Property, plant and equipment	6	407,376,222	1,286,048,664	1,413,939,149
Intangible assets	7	19,043,680	171,417,250	196,120,370
Investment property	8	149,635,000	1,748,686,100	143,592,640
Investment in equity - accounted investees	9	628,640,878	522,985,114	588,043,276
Long term investments	10	24,156,320	24,156,320	-
Long term deposits and advances	11	11,632,925	26,920,861	18,380,955
Deferred tax assets	12	5,205,020	173,632,991	188,311,908
Current assets		1,245,690,045	3,953,847,300	2,548,388,298
Stock in trade		3,194,677	12,795,823	15,392,364
Trade debts	13	2,784,052,569	3,109,601,160	3,054,255,897
Loans, advances and other receivables	14	73,892,053	230,831,491	233,927,141
Prepayments		653,413	1,640,608	3,638,150
Interest accrued		1,176,174	337,079	621,460
Deposits and other receivables	15	17,844,907	63,364,413	72,365,741
Short term investments	16	73,977,576	214,984,370	238,584,992
Tax refund due from Government		60,973,647	71,423,680	72,256,063
Cash and bank balances	17	204,191,221	284,333,261	329,052,967
		3,219,956,237	3,989,311,885	4,020,094,775
Assets held for sale				
Investment property	18	1,601,903,100	-	1,601,941,000
Current liabilities				
Trade and other payables	19	580,666,718	901,136,538	1,094,703,376
Mark-up accrued		482,198,227	142,279,019	73,131,087
Short term borrowings	20	547,788,263	250,409,378	274,202,414
Current portion of long term loan	24	278,608,376	169,908,220	64,593,820
Liability against repurchase agreement	21	-	48,111,520	48,111,520
Current portion of liabilities against assets subject to finance lease	22	7,495,525	19,396,885	25,472,407
		1,896,757,109	1,531,241,560	1,580,214,624
Working capital employed		2,925,102,228	2,458,070,325	4,041,821,151
Non-current liabilities		4,170,792,273	6,411,917,625	6,590,209,449
Deferred liabilities	23	72,999,149	131,259,768	119,588,579
Long term loans	24	2,301,873,698	3,230,594,001	3,202,615,242
Liabilities against assets subject to finance lease	22	8,076,581	15,489,830	14,247,147
Contingencies and commitments	25	2,382,949,428	3,377,343,599	3,336,450,968
Net capital employed	4.3	1,787,842,845	3,034,574,026	3,253,758,481
Represented by:		,,.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,,
Share capital and reserves				
Issued, subscribed and paid-up capital	26	3,166,101,120	3,166,101,120	3,166,101,120
Exchange translation reserve		28,903,533	28,672,594	19,041,956
Reserves capitalised		478,240,308	572,590,308	564,735,308
Retained earnings		(2,153,362,006)	(1,594,344,291)	(1,483,548,286)
Equity attributable to owners of the Company		1,519,882,955	2,173,019,731	2,266,330,098
Non-controlling interest		267,959,890	861,554,295	987,428,383
		1,787,842,845	3,034,574,026	3,253,758,481

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Lahore: Chief Executive Officer Director

65

09 October 2014

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Continuing operations	2.7		<b></b>
Operating revenue	27	253,546,481	623,000,997
Gain on investment property		2,852,000	21,032,460
	• 0	256,398,481	644,033,457
Direct costs	28	(57,398,109)	(407,195,065)
Gross profit		199,000,372	236,838,392
Loss on disposal of long term investments	2.2	(101,216,984)	-
Unrealized gain on re-measurement of 'investments			
at fair value through profit or loss'	16	9,003,337	58,330,164
Operating and administrative expenses	29	(435,418,965)	(412,459,362)
Other income	30	104,362,229	214,689,088
		(224,270,011)	97,398,282
Finance cost	31	(331,226,359)	(382,431,448)
		(555,496,370)	(285,033,166)
Share of (loss) / profit of equity accounted investees (net of tax)	9	(120,503,624)	18,206,014
Loss before taxation		(675,999,994)	(266,827,152)
Taxation	32	(5,853,101)	(21,159,245)
Loss after taxation from continued operations		(681,853,095)	(287,986,397)
Loss for the year from discontinued operations (net of tax)	34	(73,298,449)	(1,979,809)
Loss for the year		(755,151,544)	(289,966,206)
Basic and diluted loss per share		(1.76)	(0.37)
Basic and diluted loss per share - from continuing operations	33	(1.56)	(0.37)
Dusic and direct 1035 per share. If our continuing operations	33	(1.50)	(0.57)
Loss attributable to:			
- Owners of the Company		(557,242,392)	(117,388,472)
- Non-controlling interest		(197,909,152)	(172,577,734)
Loss for the year		(755,151,544)	(289,966,206)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Lahore: Chief Executive Officer Director 09 October 2014

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees (Restated)
Loss after taxation	(755,151,544)	(289,966,206)
Other comprehensive income for the year		
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit plan - net of tax	1,631,565	(1,579,241)
Items that are or may be subsequently reclassified to profit or loss:		
Equity accounted investees- share of other comprehensive loss	(19,043,695)	(82,693,138)
Foreign currency translation differences - foreign operations recognised as:		
- Currency translation reserve	230,939	9,630,638
- Non-controlling interest	221,884	9,252,967
Other comprehensive gain for the year	452,823	18,883,605
Total comprehensive loss for the year	(772,110,851)	(355,354,980)
Total comprehensive loss attributable to:		
- Owners of the Company	(575,076,253)	(191,159,579)
- Non-controlling interest	(197,034,598)	(164,195,401)
	(772,110,851)	(355,354,980)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Lahore: Chief Executive Officer Director

09 October 2014

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Cash flows from operating activities	Note	2014 Rupees	2013 Rupees (Restated)
Cash generated from / (used in) operations	36	271,597,159	(40,701,824)
Long term deposits and advances		4,105,931	(8,539,906)
Retirement benefits paid		(3,177,930)	(4,165,841)
Finance costs		42,948,167	(313,283,516)
Taxes paid		(8,040,232)	(6,480,328)
Net cash generated from / (used in) operating activities		307,433,095	(373,171,415)
Cash flows from investing activities			
Fixed capital expenditure		(10,963,525)	(62,612)
Proceeds of property, plant and equipment		5,741,636	14,643,472
Short term investments - net		150,010,131	34,729,542
Disposal of subsidiary - net of cash		159,418,487	128,240,428
Proceeds of investment property		-	17,880,000
Acquisition of associate - net		(14,721,810)	(3,674,437)
Investment in associates		-	(10,292,723)
Long term loans		(716,176,405)	-
Dividend received from associate		10,464,750	-
Mark-up received		47,966,210	8,862,041
Net cash generated (used in) / from investing activities		(368,260,526)	190,325,711
Cash flows from financing activities			
Repayment of liabilities against assets subject			
to finance lease - net		(19,314,609)	4,832,839
Long term loan		-	133,293,159
Net cash (used in) / generated from financing activities		(19,314,609)	138,125,998
Net decrease in cash and cash equivalents		(80,142,040)	(44,719,706)
Cash and cash equivalents at the beginning of the year		284,333,261	329,052,967
Cash and cash equivalents at the end of the year	17	204,191,221	284,333,261

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Lahore: Chief Executive Officer Director

09 October 2014

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

		Attributa	ble to owners of t	he Company			
	Share	Translation	Reserve	Retained		Non-controlling	Total
	capital	reserve	capitalised	earnings	Total	interests	equity
				Rupees			
Balance at 01 July 2012 as previously reported	3,166,101,120	19,041,956	564,735,308	(1,491,531,691)	2,258,346,693	983,585,725	3,241,932,418
Change in accounting policy for recognition of actuarial gains - note 23	-	-	-	7,983,405	7,983,405	3,842,658	11,826,063
Balance at 01 July 2012 - Restated	3,166,101,120	19,041,956	564,735,308	(1,483,548,286)	2,266,330,098	987,428,383	3,253,758,481
Comprehensive loss for the year							
Loss for the year - Restated (note 9 and 10)				(117,388,472)	(117,388,472)	(172,577,734)	(289,966,206)
Other comprehensive loss - Restated (note 10)	-	9,630,638	-	(82,693,138)	(73,062,500)	9,252,967	(63,809,533)
•	-	9,030,038	-	(82,093,138)	(73,062,300)	9,232,907	(03,809,333)
Change in accounting policy for recognition							
of actuarial gains	-	-	_	(708,607)	(708,607)	(870,634)	(1,579,241)
Total comprehensive loss for the year - Restated	-	9,630,638	-	(200,790,217)	(191,159,579)	(164,195,401)	(355,354,980)
Changes in ownership interests in subsidiaries				,			
Disposal of subsidiary without losing							
control - FCEL	-	-	-	88,166,923	88,166,923	11,833,077	100,000,000
Disposal of subsidiary without losing							
control - MTL	-	-	-	9,950,765	9,950,765	18,289,663	28,240,428
Issue of bonus shares by subsidiary	-	-	7,855,000	(7,855,000)	-	-	-
Increase in NCI of FCIL	-	-	-	(268,476)	(268,476)	8,198,573	7,930,097
	-	-	7,855,000	89,994,212	97,849,212	38,321,313	136,170,525
Balance at 30 June 2013 - Restated	3,166,101,120	28,672,594	572,590,308	(1,594,344,291)	2,173,019,731	861,554,295	3,034,574,026
Balance at 01 July 2013 - Restated	3,166,101,120	28,672,594	572,590,308	(1,594,344,291)	2,173,019,731	861,554,295	3,034,574,026
Comprehensive loss for the year							
Loss for the year	-	-	-	(557,242,392)	(557,242,392)	(197,909,152)	(755,151,544)
Other comprehensive loss	-	230,939	-	(18,064,800)	(17,833,861)	874,554	(16,959,307)
Total comprehensive income /	,,		1			,	
(loss) for the year	-	230,939	-	(575,307,192)	(575,076,253)	(197,034,598)	(772,110,851)
Changes in ownership interests in subsidiaries				1			
Change in NCI on exercise of right shares - FCIL	-	-	-	877,343	877,343	(877,343)	-
Change in NCI on exercise of right shares - FCEL	-	-	-	(89,021,673)	(89,021,673)	89,021,673	-
Acquisition of non-controlling interests			1		-	-	-
without a change in control - EGW	-	-	-	10,083,807	10,083,807	(23,044,307)	(12,960,500)
Disposal of subsidiary (TCL)	-	-	(94,350,000)	94,350,000	-	(194,363,699)	(194,363,699)
Disposal of subsidiary (MTL)	-	-	-	-	-	(267,296,131)	(267,296,131)
	-	-	(94,350,000)	16,289,477	(78,060,523)	(396,559,807)	(474,620,330)
Balance at 30 June 2014	3,166,101,120	28,903,533	478,240,308	(2,153,362,006)	1,519,882,955	267,959,890	1,787,842,845

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Lahore: 09 October 2014

**Chief Executive Officer** 

Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Reporting entity

First Capital Securities Corporation Limited ("the Parent Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore - Cantt., Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

The Group consists of the following subsidiaries:

Company	Company Country of Nature of business		Effecting Holding %		
	incorporation		2014	2013	
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking F i n a n c e C o m p a n i e s (Establishment and Regulation) Rules, 2003.	77.76	76.39	
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 printers, publishers, packaging, advertisement and specialized directory business, stationers and dealing in all allied products.	65.00	65.00	
Media Times Limited (MTL)	Pakistan	Publications of daily English and Urdu news papers, and engaged in production, promotion, advertisement distribution and broadcasting of television programmes.	-	53.03	
First Capital Equities Limited (FCEL)	Pakistan	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	73.23	64.97	
Ever Green Water Valley (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities.	100.00	51.00	

Company	Country of	Nature of business	Effecting I	
	incorporation		2014	2013
Trident Construct (Private) Limited (TCL)	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	-	51.00
Falcon Commodition (Private) Limited (FCL)	es Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	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, stock brokerage.	100.00	100.00

### 2 Significant events

2.1 During the year the Group disposed of its entire shareholding i.e. 10,455,000 shares (51%) in Trident Construct (Private) Limited to the other shareholder representing non-controlling interest, who before the agreement held 49% remaining shares in the company. As agreed with counterparty in settlement agreement dated 27 June 2014, the consideration received for disposal of controlling interest was received in kind, as follows:

	Note	Rupees
Investment in Evergreen Water Valley (Private) Limited	2.1.1	26,450,000
Construction machinery and equipment	2.1.2	88,250,000
Receivable from Pace Barka Properties Limited	2.1.3	50,000,000
Vehicles		1,000,000
		165,700,000

- 2.1.1 This represents 100% holding (7,154,000 shares with face value of Rs.10 each) in the subsidiary of Trident Construct (Private) Limited. The company is engaged in installation and manufacturing of water purification plant, RO systems, water softness system and other related activities. The fair value of the investment has been determined by an independent firm of Chartered Accountants Nasir Javed Maqsood Imran & Co. Prior to the transaction, the Group held effective share holding of 51% in Evergreen Water valley (Private) Limited.
- **2.1.2** The acquired construction equipment includes 3 cranes, 2 transit mixers, 1 conc. pump, 1 concrete batching plant, scaffolding and shuttering equipment. The above assets were acquired at fair value determined by approved external valuer i.e. M/S Premier Engineering Consultant, having appropriate recognized qualifications and experience in the category of assets being valued.
- **2.1.3** This represents receivable from associate of the Group i.e. Pace Barka Properties Limited, transferred to the Company as per terms of settlement agreement.
- 2.2 During the year, the Group disposed of controlling interest in Media Times Limited (MTL) which was involved in publications of daily English and Urdu news paper. MTL was also engaged in production,

promotion, advertisement distribution and broadcasting of television programmes. The disposal of controlling interest resulted in decrease in effective shareholding from 53.03% to 27.79%.

- 2.3 During the year, First Capital Equity Limited (FCEL) a subsidiary company, has incurred loss after tax of Rs. 292.298 million (2013: Rs. 176.940 million) and at year end, its accumulated losses stood at Rs.1090.096 million (2013: Rs. 798.020 million) causing decrease in shareholders' equity to Rs. 280.549 million (2013: Rs. 212.846 million). FCEL, in order to continue its business requires sufficient cash flows, however, certain amount of trade debts are slow moving. These factors indicate existence of material uncertainty and creates doubts about FCEL's ability to continue as going concern. However, despite of associated uncertainties, FCEL expects that increase in trading activities in stock market and recovery of trade receivables from its customers will improve the profitability and liquidity of FCEL. To improve profitability and liquidity, management of FCEL has drawn up plans which includes:
  - Successful restructuring of borrowing facilities, currently overdue, on soft repayment terms.
  - Waiver of overdue and future mark up from the financial institutions.
  - Disposal of investment properties to generate sufficient liquidity.
  - Vigorously following the debtors for recovery

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

Based on the above mentioned financial measures and related operational measures being taken by FCEL the management is confident of the profitable operations in the foreseeable future and has accounted for FCEL on going concern basis.

### 3 Basis of preparation

### 3.1 Consolidated financial statements

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 2014 and the audited financial statements of the subsidiary companies for the year ended 30 June 2014, except for Trident Construct (Private) Limited and Ozer Investments Limited. 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.

The accounting policies used by the subsidiary companies in preparation of its financial statements are consistent with that of the Parent Company.

### 3.2 Statement of compliance

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

### 3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investment property and investments at fair value through profit and loss, which are stated at fair value and obligations in respect of certain employee benefits which are measured at present value.

### 3.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees which is also the Group's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

### 3.5 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

		TVOIE
a)	Useful life and residual values of property, plant and equipment	5.3
b)	Impairment	5.8
c)	Provisions	5.20
d)	Staff retirement benefits	5.22
e)	Provision for taxation	5.21

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is

Note

exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial
  Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope
  amendments to IAS 36 Impairment of Assets address the disclosure of information about the
  recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 19 "Employee Benefits" Employee contributions a practical approach (effective for annual periods beginning on or after 01 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge
  accounting after derivative novations (effective for annual periods beginning on or after 1 January
  2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an
  existing hedging relationship when a novation that was not contemplated in the original hedging
  documentation meets specific criteria.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively
  for annual period beginning on or after 1 July 2014). The new cycle of improvements contain
  amendments to the following standards:
  - o IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

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

The above amendments have no significant impact on consolidated financial statements of the Group.

### 5 Summary of significant accounting policies

The policies set out below have been consistently applied to all periods presented except as explained in note 5.22.

### 5.1 Basis of consolidation

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.

### 5.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, than it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the merit-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and or future service.

### 5.1.2 Acquisition non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on proportionate amount of the net assets of the subsidiary.

### 5.1.3 Subsidiaries

Subsidiaries are those entities in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

Detail of subsidiaries is given in note 1.

The financial year of the Parent Company and its subsidiaries are same except for Lanka Securities (Private) Limited (LSL). Financial year of the said subsidiary is 31 December. LSL has however prepared, for consolidation purposes, interim financial information as of the same date as the financial statements of the Parent Company.

### 5.1.4 Investments in associates (equity - accounted investee)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies

with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### 5.1.5 Transactions eliminated on consolidation

Intergroup balances and any unrealized gains and losses or income and expenses arising from intergroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest is that part of net results of operations and of net assets of Subsidiaries attributable to interests which are not owned by the Group. Non-controlling interest is presented separately in the consolidated financial statements.

### 5.2 Foreign currency

### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- Available-far-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss):
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent of the hedge is effective.

### 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 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 recognised 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 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 recognised in other comprehensive income, and presented in the translation reserve in equity.

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 recognised as an income or expense.

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

### 5.4 Capital Work in Progress

Capital Work in Progress is stated at cost less any identified impairment loss.

### 5.5 Assets held for sale and discontinued operation

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 co-ordinated 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 OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

### 5.6 Leases

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

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

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

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

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

### 5.7 Intangible assets

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

### Subsequent expenditure

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 income during the period in which they are incurred.

### **Amortization**

Amortization is charged to the income statement 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.

### **Impairment**

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

### 5.8 Impairment

The carrying amount of the Group's assets, other than inventories, are reviewed at each balance sheet date to

determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

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

### 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 property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 5.26.

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

### 5.11 Investments

### Investments at fair value through profit or loss

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

### Investments available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition at cost, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and

losses being taken directly to other comprehensive income until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investments is their bid price at the balance sheet date.

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

### Held-to-maturity financial assets

Held-to-maturity investments are non derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. After initial measurement at cost, held to maturity investments are measured at amortized cost. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the profit or loss account when the investments are derecognized or impaired, as well as through the amortization process.

### Loans and receivables

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

### Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date. Investments for whom there is no active market and fair value cannot be reasonably calculated, are carried at cost.

### 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 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.

### 5.13 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.

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

### 5.14 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.

### 5.15 Trade debts

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

### 5.16 Cash and cash equivalents

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

### 5.17 Trade and other payables

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

### 5.18 Securities purchased and sold under resale/repurchase agreements

### Repurchase agreements

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

### Reverse repurchase agreements

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

### 5.19 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 and loss over the period of the borrowings on an effective interest basis.

### 5.20 Provisions

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

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

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

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

### 5.22 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. 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 un-funded 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** Financial instruments

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

from the balance sheet, when and only when, it is extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is stated in their respective notes.

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

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

### 5.24 Financial assets and liabilities

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

### 5.25 Offsetting of financial assets and financial liabilities

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

### 5.26 Revenue recognition

- a) Capital gains or losses on sale of investments are recognised 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 recognised 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.
- I) Revenue from printing services are accounted for at the time of acceptance of goods by the customers.

### m) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and it is probable that these will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 5.27 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised 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 which they are incurred.

### 5.28 Transactions with related parties

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 Group to do so.

### 5.29 Proposed dividend and appropriations to reserves

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

### 5.30 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 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 and equipment and intangible assets.

	2014	2013
Note	Rupees	Rupees

### 6 Property, plant and equipment

Property, plant and equipment Capital work-in-progress

Prechold land			Construction im	Leasehold	Plant and		Office				Plent on d					
Nate			mplucin	improvement	machinery	Computers	equipment	Furniture and fixture	Vehicles	Subtotal	Plant and machinery	Computers ec	Office equipment	Vehicles	Subtotal	Total
%				2				R upees'	s o o							
*		78,246,487 19 7,568,000	197,648,145	96,214,393 119,907	1,466,551,055 220,359 (4,244,300)	89,923,478 411,143	90,927,770 1,832,718 (1,084,363)	37,258,016 555,129 (116,705)	114,263,184 6,456,719 (5,360,745)	2,255,123,250 17,163,975 (10,806,113)	85,934,060	272,541	135,688	36,733,051 - (4,257,019)	123,075,340 - (4,257,019)	2,378,198,590 17,163,975 (15,063,132)
				٠	٠	1,206,950	312,729	752,525		2,272,204	٠	٠	•	2,049,263	2,049,263	4,321,467
		85,814,487 19	197,648,145	96,334,300	1,462,527,114	91,541,571	91,988,854	38,448,965	115,359,158	2,263,753,316	85,934,060	272,541	135,688	34,525,295	120,867,584	2,384,620,900
Additions during the year Disposals during the year	2 85,814,487		197,648,145	96,334,300 1, 205,000	1,462,527,114 90,106,200	91,541,571 1,405,839 (619,815)	91,988,854 624,148 (73,215)	38,448,965 343,500	115,359,158 6,855,180 (5,823,600)	2,263,753,316 99,539,867 (6,516,630)	85,934,060	272,541	135,688	34,525,295	120,867,584	2,384,620,900 99,539,867 (6,516,630)
Enect of movement in exchange rates		,	٠	•	٠	31,605	7,249	20,381	٠	59,235	٠	٠		52,103	52,103	111,338
Derecognized due to toss of control 2.1 & 2.2 (84,090,722)	2) (10,790,687)		(196,762,057) (0	(1) (198,767)	(1,211,974,858)	(52,359,573)	(60,913,567)	(17,580,134)	(66,007,884)	(1,766,848,249)	(66,667,045)	(272,541)	(120,178)	(4,808,679)	(71,868,443) (	(1,838,716,692)
Closing at 30 June 2014  Closing at 30 June 2014  Accumulated depreciation	- 75,023,800	008'	880,088	30,170,533	340,658,456	39,999,627	31,633,469	21,232,712	50,382,854	589,987,539	19,267,015		15,510 2	29,768,719	49,051,244	639,038,783
Balance at 01 July 2012 Depreciation for the year Depreciation on disposals	- 12,28 - 3,47	12,285,262 18 3,474,290	182,958,701 177,216	37,131,407 3,845,130	613,198,344 98,304,399 (346,000)	86,506,362 1,796,271	53,791,984 10,629,469 (562,833)	21,904,374 2,145,407 (86,313)	94,106,517 5,766,666 (4,385,606)	1,101,882,951 126,138,848 (5,380,752)	35,906,623 5,328,596	272,541	73,647 12,018	11,361,609 7,912,834 (2,207,756)	47,614,420 13,253,448 (2,207,756)	1,149,497,371 139,392,296 (7,588,508)
Effect of movement in exchange rates			•		•	1,073,596	188,123	644,564	•	1,906,283	•	•		602,724	602,724	2,509,007
Closing at 30 June 2013	- 15,75	15,759,552 18	183,135,917	40,976,537	711,156,743	89,376,229	64,046,743	24,608,032	95,487,577	1,224,547,330	41,235,219	272,541	85,665	17,669,411	59,262,836	1,283,810,166
Balance at 0.1 July 2013 Depreciation for the year Depreciation on the year Fiftee 1.2 Comment of the year	- 15,759,552 - 4,086,336		183,135,917 14,866,662	40,976,537 536,942 -	711,156,743 3,600,640	89,376,229 1,025,415 (619,815)	64,046,743 2,287,278 (73,215)	24,608,032 2,515,161	95,487,577 8,129,640 (2,730,585)	1,224,547,330 37,048,074 (3,423,615)	41,235,219 637,500	272,541	85,665	7,889,233	59,262,836 8,526,733	1,283,810,166 45,574,807 (3,423,615)
s	,						5,005	18,480	'	53,423	•	'		27,255	27,255	80,678
Of control 2.1 & 2.2  Closing at 30 June 2014	- (2,647,33:	<u>ه</u> ~	(197,264,177) (1	(19,963,806) (21,549,673	(490,348,028) (	(51,374,587)	(37,203,647)	(10,877,839)	(66,020,671)	(875,700,090)	(28,290,080)	(272,541)	(70,155)	(4,808,679)	(33,441,455)	(909,141,545)
Carrying value																
As at 30 June 2013 84,090,722		70,054,935	14,512,228	55,357,763	751,370,371	2,165,342	27,942,111	13,840,933	19,871,581	1,039,205,986	44,698,841		50,023	16,855,884	61,604,748	1,100,810,734
As at 30 June 2014	- 57,825,247	,247	147,686	8,620,860	116,249,101	1,562,447	2,571,305	4,968,878	15,516,893	207,462,417	5,684,376			8,991,499	14,675,875	222,138,292
Rate of depreciation (%)	%5		20%	5% to 10%	7.5% to 20%	33% to 50%	10% to 12.50%	33% to 50% 10% to 12.50% 10% to 12.5%	20% to 25%		7.50%	10%	33%	20%		

## 6.2 Disposal of property, plant and equipment

Particulars of assets		Cost	Depreciation	Depreciation Net book value Sale proceeds	Sale proceeds	Profit	Mode of sale	Particulars of buyers
				Rupees				
Vehicles		555,000	555,000		360,000	360,000	Negotiation	Mr. Mohiuddin
Vehicles		3,000,000	550,000	2,450,000	3,200,000	750,000	Negotiation	Mr.Ilyas
Vehicles		1,343,000	699,985	643,015	832,000	188,985	Negotiation	Abid Hussain
Vehicles		187,500	187,500		70,000	70,000	Negotiation	Hassam Autos
Vehicles		41,000	41,000	•	15,000	15,000	Negotiation	Shahzad Khurram
Vehicles		54,000	54,000	1	20,000	20,000	Negotiation	Syed Najaf Hussain
Vehicles		643,100	643,100	1	000,009	000,009	Negotiation	Rabia Hussain
	1	5,823,600	2,730,585	3,093,015	5,097,000	2,003,985		
Assets with book value below Rs. 50,000		693,030	693,030	•	644,636	644,636		
	2014	6,516,630	3,423,615	3,093,015	5,741,636	2,648,621		
	2013	15,063,132	7.588.508	7.474.624	14.643.472	7.168.848		

# 6.3 Charge for depreciation has been allocated as follows:

		2014	2013	
	Note	Rupees	Rupees	
From continuing operations				
Direct costs	28	5,353,615	105,169,167	
Operating and administrative expenses	29		34,223,129	
		24,226,820	139,392,296	
From discontinued operations				
		45,574,807	139,392,296	

### 6.4 Capital work-in-progress

185,237,930	218,045,340	(217,958,160)	185,237,930
185,237,930	•	•	185,237,930
			6.4.1
Balance at 01 July	Acquisition during the year	Transferred to property, plant and equipment	Balance at 30 June

**6.4.1** This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs. 180,212,695 (2013: Rs. 180,212,695) and Rs. 5,025,235 (2013: Rs. 5,025,235) respectively. Construction work on the said properties is in progress at 30 June 2014.

### Intangible assets and goodwill

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Intangible assets and goodwin							
	Goodwill	Membership cards	License rooms	Software	License fees	TREC	Total
Note				Runees			
						(Restated)	(Restated)
<u>Cost</u>							
Balance at 1 July 2012	457,998,322	35,700,000	7,500,000	1,400,000	3,043,962	1	505,642,284
Additions during the year 7.1	•	•	•	•	1	9,043,680	9,043,680
Acquisition through business combination	1	(33,200,000)	•		1	•	(33,200,000)
Closing at 30 June 2013	457,998,322	2,500,000	7,500,000	1,400,000	3,043,962	9,043,680	481,485,964
Balance at 1 July 2013	457,998,322	2,500,000	7,500,000	1,400,000	3,043,962	9,043,680	481,485,964
Derecognized due to loss of control 7.2	(457,998,322)	•	•	•	(3,043,962)	•	(461,042,284)
Closing at 30 June 2014	1	2,500,000	7,500,000	1,400,000	'	9,043,680	20,443,680
Amortisation and impairment losses							
Balance at 1 July 2012	308,268,514	,		1,120,000	133,400	•	309,521,914
Amortisation for the year	'	'	, 	280,000	266,800	'	546,800
Closing at 30 June 2013	308,268,514	1	,	1,400,000	400,200	1	310,068,714
Balance at 1 July 2013	308,268,514	,	,	1,400,000	400,200	,	310,068,714
Amortisation for the year		1	1			ı	
Derecognized due to loss of control	(308,268,514)				(400,200)		(308,668,714)
Closing at 30 June 2014	,	ı	,	1,400,000			1,400,000
Carrying value							
At 30 June 2013	149,729,808	2,500,000	7,500,000	'	2,643,762	9,043,680	171,417,250
At 30 June 2014	,	2,500,000	7,500,000	, 		9,043,680	19,043,680
Rate of Amortisation				20%	6.67%		

- This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited(KSE) in accordance with the requirements of the Stock Exchanges (Corporation, demutualization and Integration) Act, 2012 (The Act). Refer to note 10.1. 7.1
- Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired at the time of merger of Total Media Limited and Media Times Limited. During the year elimination of Goodwill is due to loss of control in Media Times Limited. 7.2

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			2014	2013
		Note	Rupees	Rupees
Inves	stment property			
Balar	ace at 01 July		1,748,686,100	143,592,640
	assified to assets		-	1,601,941,000
Dispo	osal of investment property		-	(17,880,000)
_	ge in fair value	8.2	2,852,000	21,032,460
			1,751,538,100	1,748,686,100
Class	ified as " assets held for sale"	18	(1,601,903,100)	_
	nce at 30 June	8.1	149,635,000	1,748,686,100
				,,,
8.1	Investment property comprises of various shops / coun Gujranwala and Gujrat. Major properties are leased to months, which is further extendable with mutual unde mortagaged against various finance facilties and a commercial banks.	third partie rstanding o	es for rental income of both parties. Cert	for a period of 11 ain properties are
8.2	The fair value of investment property was determined by i.e. M/S Negotiators having appropriate recognized pro the location and the category of the property being value of the Company's property portfolio once in every year.	fessional q	ualifications and re-	cent experience in
			2014	2013
		Note	-	Rupees
Inves	stment in equity - accounted investees			
<u>Assoc</u>	ciated companies - listed			
First	Capital Mutual Fund Limited			
9,235	6,680 (2013: 6,976,500) ordinary units of Rs. 10 each Equity held: 32.43% (2013: 23.26%)		66,870,070	50,041,588
Addi	tion through new purchase		25,186,560	3,674,437
	e of profit		28,051,59	
Less	: dividend received		(10,464,750	) (4,245,475)
			109,643,47	66,870,070
Medi	a Times Limited	2.2		
51,33	2,132 (2013: Nil) ordinary shares of Rs. 10 each Equity held: 28.74% (2013: 0%)		393,894,486	5
Sale	of shares - 36,394,925 (2013: Nil)		(163,413,213	/   -
	e of loss for the year		(157,092,061	
	of other comprehensive loss for the year		(413,031	
			72,976,18	
			<i>y. )=0</i> .	
Pace	Super Mall (Private) Limited			<b>-</b>
11,25	0 (2013: 11,250) ordinary shares of Rs. 10 each		112,500	112,500

Equity held: 0.07% (2013: 0.07%)

112,500

112,500

### $\blacksquare$ FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP $\blacksquare$

Note	2014 Rupees	2013 Rupees (Restated)
Pace Barka Properties Limited		,
54,790,561 (2013: 54,790,561) ordinary shares		
of Rs. 10 each	456,002,544	537,889,188
Equity held: 17.95% (2013: 17.95%)		
Share of profit for the year	8,536,840	806,494
Share of other comprehensive loss for the year	(18,630,664)	(82,693,138)
	445,908,720	456,002,544
<b>Total investments</b>	628,640,878	522,985,114
9.1 Share of profit / (loss) of associated companies		
First Capital Mutual Fund Limited	28,051,597	17,399,520
Pace Barka Properties Limited	8,536,840	806,494
Media Times Limited	(157,092,061)	-
	(120,503,624)	18,206,014

9.1.1 Group's share in other comprehensive loss of equity accounted associates for the year ended 30 June 2013 amounting to Rs. 82,693,138 has been reclassified to other comprehensive loss. This reclassification has an impact of decerease in loss per share by Rs. 0.26. The above reclassification has been accounted for restrospectively in accordance with the requirements of International Accounting Standard - 8 (Changes in accounting policies, errors and estimates).

### 9.2 Summary financial information of associates:

		2014	4	
- -	Assets	Liabilities	Revenues	Profit / (loss)
		Rupe	es	
First Capital Mutual				
Fund Limited	330,731,617	18,306,025	76,495,074	62,281,972
Pace Barka Properties Limited	6,014,356,000	1,244,852,000	567,290,000	47,559,000
Pace Super Mall (Private) Limited	184,055,203	22,989,400	-	(128,197)
Media Times Limited	909,020,755	715,544,042	310,049,444	(565,231,711)
-	7,438,163,575	2,001,691,467	953,834,518	(455,518,936)
- -				
_		201	3	
	Assets	Liabilities	Revenues	Profit / (loss)
		Rupe	es	
First Capital Mutual				
Fund Limited	337,720,349	4,616,447	85,532,348	74,804,471
Pace Barka Properties Limited	5,999,308,000	1,168,516,000	484,558,000	4,493,000
Pace Super Mall (Private)				
Limited	184,061,400	22,867,400	-	(122,000)

Long term investments - available for sale	Note	2014 Rupees	2013 Rupees (Restated)
Karachi Stock Exchange	10.1	24,156,320	24,156,320

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10.1 During the year ended 30 June 2013, owing to the demutualization of Karachi Stock Exchange (KSE), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of demutualization, First Capital Equities Limited (FCEL) received shares and Trading Right Entitlement Certificate (TREC) from Karachi Stock Exchange against its membership card and accordingly recorded a gain on exchange of intangible assets of Rs. 21,873,830.

The above arrangement resulted in allocation of 4,007,383 shares of Rs. 10 each and TREC to FCEL by the KSE. Out of the total shares issued, FCEL received 1,602,953 (40%) shares in its CDC account and the remaining 2,404,430 (60%) shares were transferred to CDC sub account in FCEL's name under the KSE's participant IDs. The remaining shares transferred were blocked until these shares are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to FCEL.

The Karachi Stock Exchange Limited (KSE) vide its notice # KSE/N-5639 dated October 10, 2013 to its TREC holders states that, "Nature and value of the asset given up (membership card) is similar to the nature and value of the asset acquired (shares and TREC) and accordingly the aforementioned exchange transaction would not result in any gain.

In this connection, as required under paragraph 45 of IAS 38, where the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of asset received should be measured at the carrying amount of the asset given up, and no gain or loss will arise on the transaction. KSE is therefore of the view that no gain or loss will be recorded in the accounts of TREC holders on conversion of membership card after its demutualization.

Keeping in view the above guide lines of KSE, the management has decided to reverse the gain on exchange of intangible asset amounting to Rs. 21,873,830 recorded as other income in the consolidated financial statements for the year ended 2013 and accordingly this has been adjusted retrospectively in accordance with the requirements of International Accounting Standard-8 (Accounting policies, changes in accounting estimates and errors). The adjustment has resulted in a decrease in Earnings per share by Rs. 0.04 for the year ending 30 June 2013.

		2014 Rupees	2013 Rupees
11	Long term deposits and advances		
	<u>Deposits</u>		
	Leasing companies	3,545,600	3,541,600
	Stock exchanges	1,860,000	1,860,000
	Central Depository Company (CDC)	225,000	225,000
	National Clearing Company Pakistan Limited (NCCPL)	1,650,000	1,650,000
	Others	1,852,325	17,144,261
	<u>Advances</u>		
	National Commodity Exchange Limited	2,500,000	2,500,000
		11,632,925	26,920,861

12	Defe	rred tax asset	2014 Rupees	2013 Rupees
	This	comprises of the following:		
		Deferred tax liability in respect of tax depreciation Deferred tax asset in respect of gratuity Deferred tax asset in respect of unused tax losses and tax credits	3,729,548 149,378 1,326,094 5,205,020	(229,511,239) 149,378 402,994,852 173,632,991
	12.1	The Parent Company has a deferred tax asset amounting to Rs. 7,3 unused tax losses and deductible temporary differences. Tax losses only, in accordance with the requirements of Income Tax Ordinance profits not available in foreseeable future, the Parent Company has an in these financial statements.  However, some subsidiary companies recognize their respective determined their tax position for each year.	65,328 (2013: 73,1 s will be carried for e, 2001. However, not incorporated the	59,715) arising on ward for six years in view of taxable e deferred tax asset
13	Trad	e debts Note	2014 Rupees	2013 Rupees
	Mon	ey market receivables:		
		cured - considered good ivables against purchase of shares by clients:	2,512,656	2,001,046
		Unsecured - considered good Unsecured - considered doubtful	2,278,512,619 1,096,813,203 3,375,325,822	2,254,043,716 1,499,126,930 3,753,170,646
	Rece	ivable against professional services rendered Related Parties - unsecured, considered good	3,965,670	645,845
	<u>Othe</u>	<u>rs:</u>		
		cured - considered good cured - considered doubtful	499,061,624 86,886,241 585,947,865	450,596,828 155,358,363 605,955,191
			3,967,752,013	4,361,772,728
	Less	provision for doubtful debts 13.1	(1,183,699,444) 2,784,052,569	<u>(1,252,171,568)</u> <u>3,109,601,160</u>
	13.1	Provision for doubtful debts		
		Balance at 1 July Charge for the year	1,252,171,568 8,524,443	1,218,458,198 33,713,370

Derecognized due to loss of control

Balance at 30 June

1,252,171,568

(76,996,567)

1,183,699,444

Loans	, advances and other receivables	Note	2014 Rupees	2013 Rupees
ĺ	rd - considered good			
Advano	ces to employees:	_		
- Exec - Othe	eutives	14.1	6,166,505 9,890,041 16,056,546	3,299,739 14,316,349 17,616,088
Unseci	ured - considered good		10,050,540	17,010,000
Other r	ces to suppliers receivable exchanges	2.1.3	1,201,663 50,000,000 6,633,844	199,780,965 - 13,434,438
Stock	Sachanges	<u> </u>	73,892,053	230,831,491
,	Advances given to staff are in accordance with the Grou These advances are secured against gratuity, are interes- claims. Advances to staff do not include any amount due director of the Group (2013: Rs. Nil). The above advance is	st free and ad from Chief I	justable against s Executive (2013: Inst gratuity.	salary / expense Rs. Nil) nor any
		Note	2014 Rupees	2013 Rupees
Deposi	its and other receivables	11010	Rupees	Rupces
Accrue	om construction contracts customers ed brokerage commission eceivable		- 542,532	14,018,792 639,910 780,000
Advan	ce cost incurred on unbilled contracts receivables	_	17,302,375 17,844,907	4,320,878 43,604,833 63,364,413
Short	term investments	=		05,504,415
	t treasury bills - held to maturity ments at fair value through profit or loss	16.1 16.2 _	8,553,233 65,424,343 73,977,576	9,085,575 205,898,795 214,984,370
	These represent one year treasury bills with face value o 9.92% to 9.95% per annum.	f Rs. 9 millio	•	•
		Note	2014 Rupees	2013 Rupees
	Investments at fair value through profit or loss	11000	Rupces	Rupees
-	Carrying value at 30 June: - Related parties - Others		48,449,552 7,971,454 56,421,006	107,734,061 39,834,570 147,568,631
1	Unrealized gain on re-measurement of investment	_	9,003,337 65,424,343	58,330,164 205,898,795
	Fair value of short term investments at 30 June comprises of:	=		
	- Related parties - Others	16.2.1 16.2.2	59,219,743 6,204,600 65,424,343	166,998,600 38,900,195 205,898,795

olding	2013	%	0.49%	10.13%	13.72%
Percentage holding	2014	%	0.49%	2.69%	6.97%
ıe	2013		12,663,621	123,751,539	30,583,440
Fair value	2014	Rupees	8,822,323	29,951,637	20,445,783
value	2013	ses	8,653,474	65,638,142	33,442,445 107,734,061
Carrying value	2014	Rupees	12,663,621	32,879,241	4,116,210 2,906,690 48,449,552
nits	2013		4,221,207	28,253,776	4,116,210
Shares/Units	2014	Number	4,221,207	7,506,676	1,984,232
,		Note	16.2.1.1	16.2.1.2	16.2.1.3
		16.2.1 Held for trading - related parties	<b>Telecommunication</b> Worldcall Telecom Limited	Real estate investment and services Pace (Pakistan) Limited	Mutual funds First Capital Mutual Fund Limited 16.2.1.3
		16.2.1			

16.2.1.1 This includes 2,972,308 (2013: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in posession of NAB. Refer to note 25.1.2

16.2.1.3 In accordance with the provisions of NBFC & NE Regulations, 2008 First Capital Mutual Fund has been converted into an Open End Scheme with effect from July 30, 2013.

16.2.1.2 This includes 3,370,000 (2013: 3,370,000) shares having market value of Rs. 13,446,300 (2013: Rs. 14,760,600) pledged against the loan of the parent Company.

### 16.2.2 Held for trading - others

Held for trading - others							
		Carrying value	y value	Shares		Fair value	ılue
		2014	2013	2014	2013	2014	2013
	Note	Rup	ees	Number		Rupees-	es
Insurance							
Shaheen Insurance Company Limited		6,864,968	30,131,030	915,329	3,709,321	5,583,507	27,819,908
PICIC Insurance Limited		•	224,000		32,000	•	227,200
Adamjee Insurance Limited		469	1	13	ı	595	1
Investment Bank							
Arif Habib Limited	16.2.2.1	477,515	473,885	13,492	12,266	424,442	477,515
Sugar							
Haseeb Waqas Sugar Mills Limited		627,000	8,679,941	33,000	529,000	194,040	10,051,000
Cement							
Pioneer Cement Limited		910	325,414	31	11,031	1,446	323,980
Miscellaneous							
Pakistan Services Limited		592	300	2	2	570	592
		7,971,454	39,834,570			6,204,600	38,900,195

16.2.2.1 This includes 12,100 (2013: Nil) shares having market value of Rs. 336,864 (2013: Rs. Nil ) pledged against loan obtained by FCEL, a subsidiary company.

16.2.2.2 Shares held for trading by FCEL in different companies having carrying amount of Rs. 611,541(2013:Rs. 32,613,363) and market value of Rs. 194,566(2013:Rs. 29,789,778) have been given as collateral against borrowings from various commercial banks.

Cash and bank balances	Note	2014 Rupees	2013 Rupees
Cash in hand Cash at bank:		71,071	220,678
- Current accounts - local and foreign currency	17.1	123,271,182	243,470,684
- Saving accounts - local and foreign currency	17.2	80,848,968	40,641,899
		204,120,150	284,112,583
	;	204,191,221	284,333,261

- **17.1** This includes Sri Lankan Rupees amounting to LKR. 158,539,582 (2013: LKR. 52,951,265) and US dollar amounting to USD. 63 (2013: USD. 63).
- 17.2 The saving accounts carry mark-up at rates ranging from 5% to 9% (2013: 5% to 9.41%) per annum.

2014	2013
Rupees	Rupees

### 18 Non-current assets held for sale

### **Investment property**

17

	Opening balance	<b>-</b> 1,601,941,0	00
	Reclassification to assets held for sale	1,601,903,100 -	
1 601 002 100	Reclassification to investment property	- (1,601,941,00	)0)
1,001,903,100 -		1,601,903,100	

18.1 The management is committed to a plan to sell its various investment properties in various shopping malls situated at Lahore, Gujranwala and Gujrat to generate liquidity. Efforts to sell these properties have been started and management expects the sale to be made in a few months.

The fair value of investment property was determined by approved external, independent property valuer i.e. M/S Negotiators having appropriate recognized professional qualifications and recent experience in the location and the category of the property being valued.

	2014	2013
Note	Rupees	Rupees

### 19 Trade and other payables

Payable against sale of shares on behalf of:

- members	328,473,044	67,593,536
- clients	78,985,905	66,871,036
	407,458,949	134,464,572
Trade creditors	25,595,222	258,982,307
Accrued liabilities	60,322,714	241,156,442
Advances from customers	561,260	154,002,074
Payable against purchase of property 19.1	6,681,123	6,681,123
Sales tax	749,320	12,420,531
Retention money	-	694,222

	2014 Rupees	2013 Rupees
Excise duty payable	73,623	73,623
Security deposit of shopkeepers	686,660	2,146,960
Unclaimed dividend	1,858,918	1,858,918
Withholding tax	56,769,945	67,156,242
Other liabilities	19,908,984	21,499,524
	580,666,718	901,136,538

19.1 This amount is payable to Pace Pakistan Limited (a related party), against the purchase of properties in Pace Fortress Stadium, Lahore.

	2014	2013
Note	Rupees	Rupees

### 20 Short term borrowings

21

From banking companies - secured

*20.1* **547,788,263** 

250,409,378

**20.1** FCEL (a subsidiary company) entered into agreements with various commercial banks to obtain short term facilities at a mark up rate of 3 months Kibor plus 3% to 4 % p.a (2013 : 3 months kibor plus 4%). These facilities are secured against pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs. 62,458,725 (2013 : Rs. 44,219,914) have been pledged against the loans.

Liability against repurchase agreement	Note	2014 Rupees	2013 Rupees
<u>Secured</u>			
Payable to financial institution	21.1	_	48,111,520

**21.1** The facilities have been fully repaid during the year.

### 22 Liabilities against assets subject to finance lease

The liabilities against assets subject to finance lease represents leases entered into with leasing companies. The amount of future payments for the lease and the period in which the lease payments will become due are as follows:

		2014	
	Not later than one year	Later than one year and not later than five yearsRupees	Total
Minimum lease payments	8,153,818	8,518,826	16,672,644
Suture finance charges	(658,293)	(442,245)	(1,100,538)
Present value of minimum lease payments	7,495,525	8,076,581	15,572,106

·	2013			
·	Not later	Later than one		
	than one	year and not later		
	year than five years		Total	
		Rupees		
Minimum lease payments	22,692,722	17,132,252	39,824,974	
Future finance charges	(3,295,837)	(1,642,422)	(4,938,259)	
Present value of minimum lease payments	19,396,885	15,489,830	34,886,715	

The Group availed leasing facilities from various commercial institutions as shown in note 6 of these consolidated financial statements. Lease installments are payable on monthly and quarterly basis. The Group has the right to exercise purchase option at the end of the lease term by adjusting the security deposit against the residual value of leased asset. The present value of minimum lease payments are discounted at an effective rate of 12% to 18.75% (2013: 12% to 18.75%) per annum.

		Note	2014 Rupees	2013 Rupees (Restated)
23	Deferred liabilities - staff retirement benefits			
	Staff retirement benefits	23.1	72,999,149	131,259,768

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

The change in accounting policy has been accounted for retrospectively and comparative figures have been restated in accordance with International Accounting Standard-8 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in adjustment of prior year financial statements. The following table summarizes the impact of the above changes in the Group's financial statements:

	2013 Rupees	2012 Rupees
Balance sheet - Increase/(decrease)		
Deferred liabilities	1,579,241	(11,826,063)
Other comprehensive income - (decrease)/Increase		
Remeasurement of defined benefit obligation	(1,579,241)	11,826,063

			Note	2014 Rupees	2013 Rupees (Restated)
	23.1	Movement in net obligation			
		Balance sheet liability at 01 July		131,259,768	119,588,579
		Expense chargeable to Profit and loss account Liability derecognized on loss of control	23.2	12,297,322	25,209,332
		in subsidiary		(70,644,217)	-
		Remeasurements chargeable in other comprehensive income	23.3	1,631,565	(1,579,241)
		Benefit payable transferred to short term liability Benefits paid during the year		(182,500) (1,362,789)	(9,261,026) (2,697,876)
		Balance sheet liability at 30 June		72,999,149	131,259,768
	22.2	Annual de la Caración de la constante de la co		2014 Rupees	2013 Rupees
	23.2	Amount charged to profit and loss account			
		Current service cost Interest cost		6,276,377 6,020,945	15,916,246 9,293,086
		Total amount charged to the profit and loss account	t	12,297,322	25,209,332
	23.3	Charged to other comprehensive income			
		Experience adjustments		1,631,565 1,631,565	(1,579,241)
		The latest valuation was conducted by Nauman Asso Significant actuarial assumptions are as follows:	ociates (consul	ting actuaries) as	of 30 June 2014.
				2014	2013
		Discount rate Expected rate of eligible salary increase	Per annum	9% to 13.25%	10% to 10.5%
		in future years	Per annum	7.5% to 12.5%	7.5% to 9.5%
24	Long	g term loan	Note	2014 Rupees	2013 Rupees
	Term	n finance facilities rued mark-up classified as long term		2,137,682,458 442,799,616 2,580,482,074	2,692,420,411 708,081,810 3,400,502,221
	Curr	ent portion	24.1 & 24.2	(278,608,376) 2,301,873,698	(169,908,220) 3,230,594,001

- 24.1 This includes long term loans obtained by FCEL (a subsidiary company) from various commercial banks at markup rates ranging from ranging from 8% to 20% and 3 months kibor plus 3% to 4% p.a (2013: 8% and 3 months kibor plus 3% to 4%). These facilities have been restructured in previous years and are being carried at amortized cost at market based rates of interest on similar facilities. The facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 334,336,358 (2013: 1,058,785,992) and certain investment properties are pledged against this loan.
- 24.2 This includes outstanding long term facility amounting to Rs. 22,592,739 obtained by the Parent Company. The facility was originally obtained as short term credit line to finance the working capital requirements of the Parent Company and was reprofiled on 13 August 2012. As per terms of the restructuring agreement the facility was converted into long term loan payable till 25 June 2015 in unequal quarterly installments. The revised markup rate was fixed at 10% per annum and the interest accrued during the grace period of initial 21 months was payable during the last year of the restructured loan agreement. The loan is secured against pledge of Parent Company shares in CDC account with 40% margin, lien on bank deposit accounts and mortgage over 3 shops in Fortress Stadium. The loan has been carried at amortized cost using effective interest rate of 13.2% (2013: 13.2%).

### 25 Contingencies and commitments

### 25.1 Contingencies

### Parent Company

**25.1.1** Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and Parent Company, the Parent Company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million.

As agreed between the Parent Company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The Parent Company has provided a guarantee to ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

**25.1.2** During 2002 the senior management of the Parent Company was contacted by 'National Accountability Bureau' (NAB) in respect of certain transactions in FIBs carried out by the Parent 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 Parent Company had colluded with WWF officials to defraud WWF.

On this basis, National Accountability Bureau required the Parent Company to pay or guarantee to pay on account of WWF a sum of Rs. 46 million. Keeping in view that public funds were involved and based on legal advise that it was the Parent Company's vicarious liability, the Parent 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 Parent Company's liability stands reduced by the said amount. The Parent 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 Parent Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Parent Company has informed National Accountability Bureau that the said amount is not payable. The Parent 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.

- 25.1.3 During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of World call Communications Limited (now World call Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Parent Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Parent Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Parent Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.
- 25.1.4 During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 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, an associated company. 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 favour of the Parent Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29. April. 2010. The matter will be re-decided by the Lahore High Court. As such no provision has been made in the financial statements as the Parent Company is confident of a favourable decision.
- **25.1.5** For contingencies relating to tax matters, refer to note 32.2

### First Capital Equities Limited (FCEL)

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

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

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

**25.1.7** Mr. Assad Ullah Sajid has filed a petition with Securities and Exchange Commission of Pakistan against the FCEL for refund of deposit of Rs. 590,740 deposited for purchase of shares on his behalf.

- **25.1.8** During the year 2007-2008, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to FCEL under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that FCEL has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. FCEL has submitted its reply to the show cause notice to the SECP. Hence, SECP has decided the case and has imposed a fine of Rs. 500,000 on FCEL. The FCEL has filed an appeal in Applets Tribunal SECP against the aforesaid order, which is in process.
- **25.1.9** During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by FCEL.
- **25.1.10** The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs. 6.4 million to Rs. 5.4 million. FCEL filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). FCEL has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal.
- **25.1.11** The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability up to Rs. 1.4 million on account of apportionment of expenses to capital gain. FCEL has filed appeal before the Commissioner of Income Tax (Appeals) against the said order.
- **25.1.12** During the year 2008-2009, Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of FCEL has defaulted to pay their debts amounting to Rs. 239,900,022. FCEL has filed a suit for recovery from these clients.
- **25.1.13** During the year 2009-2010 FCEL has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonoured cheque of Rs. 1,000,000 tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by FCEL 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 FCEL be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trail Court has declined to issue injunctive order in this regard against FCEL. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed in favour of FCEL.
  - FCEL has also filed an application for winding up the Universal Equities (Pvt) Limited in Honourable Lahore High Court.
- 25.1.14 During the year 2010-2011, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by FCEL and a notice under section 176 of the "Contract Act 1872" was served to FCEL by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. FCEL has filed a suit before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192 on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. FCEL 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 FCEL. The FCEL is very much confident of success of the case in its favour.
- **25.1.15** An irrevocable guarantee of Rs. 9 million has been given to Karachi Stock Exchange Limited against exposure by a commercial bank on behalf of FCEL. This guarantee is secured against a lien marked on a

bank balance of the Parent Company, subsequent to the year end guarantee of Rs. 9 million has been withdrawn and T Bills amounting to Rs. 8,905,068 has been given against exposure by the Parent Company.

- **25.1.16** A case was filed in the Sindh High Court for the Recovery of Rs. 5,161,670 along with 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 FCEL under brokerage agency agreement. The outstanding balance is against various clients under the agency agreement.
- **25.1.17** FCEL has entered into an arrangement with United Bank Limited for the rescheduling / restructuring of their financial liabilities. The bank has frozen / waived off their accrued mark-up up to May 29, 2012, amounting to Rs. 326 million and any further mark-up on certain terms and conditions. The main issue in this restructuring is that if FCEL failed on a single issue, the concession / reliefs shall stand withdrawn. FCEL is very much confident that they will adhere to all the terms and conditions.

Based on the the opinions of inhouse and external legal councils the management of respective companies is confident that all appeals, litigations and claims will be decided in favour of the respective companies, hence no provision has been recognised in these consolidated financial statement.

### Ever Green Water Valley (Private) Limited

- **25.1.18** Performance Guarantees in form of Insurance Bond amounting to Rs. 70 million (2013: Rs. 70 million) from Shaheen Insurance Company Limited have been given by Ever Green Water Valley (Private) Limited in favour of Public Health Engineering Department, Government of Sindh and Government of Baluchistan as performance security in CDWA Project.
- **25.1.19** Bank Guarantees of Rs. 62 Million against mobilization advance have been issued by Albaraka Islamic Bank in favour of Public Health Engineering Department, Govt. of Sindh and Govt. of Baluchistan against mobilization advance received.

2014	2013
Rupees	Rupees

### 25.2 Commitments

Commitments include amounts in respect of: Capital expenditure Sale of shares Purchase of shares

3,130,103	3,130,103
707,140,121	410,322,357
854,816,664	419,558,295
1,565,086,888	833,010,755

### 26 Share capital

### 26.1 Authorized share capital

	2014	2013		2014	2013	
	Number of shares			Rupees		
			Ordinary shares of			
	320,000,000	320,000,000	Rs. 10/- each	3,200,000,000	3,200,000,000	
26.2	Issued, subscrib	oed and paid-up c	apital			
	2014	2013		2014	2013	
	Number of shares			Rup	ees	
	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 share	es <b>2,784,450,820</b>	2,784,450,820	
	217 (10 112	216 (10 112		2 166 101 120	2 166 101 120	
	316,610,112	316,610,112		3,166,101,120	3,166,101,120	

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

201	4	2013			
Percentage of holding	Number of shares	Percentage of holding	Number of shares		
1.26	3,991,754	1.26	3,991,754		
22.75	72,034,306	22.75	72,034,306		
		2014	2013		
		Rupees	Rupees		
		187,909,304	173,440,730		
		1,522,952	4,565,382		
		10,699,047	13,825,746		
ments		(7,952,634)	50,000,537		
FCMF		8,571,403	6,011,765		
		286,441	-		
		9,728,794	3,499,172		
		42,781,174	28,747,967		
contracts		-	31,426,876		
wspapers		-	311,482,822		
		253,546,481	623,000,997		
	Percentage of holding	holding shares  1.26 3,991,754 22.75 72,034,306  ments FCMF	Percentage of holding         Number of shares         Percentage of holding           1.26         3,991,754         1.26           22.75         72,034,306         22.75           2014         Rupees           187,909,304         1,522,952           10,699,047         (7,952,634)           FCMF         8,571,403           286,441         9,728,794           42,781,174         42,781,174		

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3	Direct costs	Note	2014 Rupees	2013 Rupees (Restated)
	Materials are made		11 (0) (2)	(( 25( 124
	Materials consumed		11,696,626	66,256,124
	Salaries and benefits		18,163,888	79,782,852
	Folding and binding costs		5,125,948	2,755,375
	Electricity consumed Rent, rates and taxes		2,694,983 3,195,170	14,296,906 6,726,265
	Postage and communication		164,522	159,156
	Stores and general items consumed		62,742	23,012,447
	Travelling expenses		633,107	164,164
	Laboratory testing charges		28,400	74,000
	Insurance		4,778	815,926
	Entertainment		524,548	620,208
	Repair and maintenance		337,707	1,334,124
	Courier charges		6,790	2,270
	Vehicle running and maintenance		3,505,228	2,845,680
	Depreciation	6.1	5,353,615	105,169,167
	News agencies charges	0.1	-	3,969,833
	Programming and content		_	25,224,413
	Transmission and uplinking		_	34,650,400
	Printing charges		_	27,009,787
	Amortization		_	266,800
	Freight and carriage		_	2,977,541
	Others		5,900,057	9,081,627
		•	57,398,109	407,195,065
)	Operating and administrative expenses	=		
	Salaries, wages and benefits		179,278,021	198,952,694
	Stock exchange charges		4,217,059	3,344,915
	Rent, rates and taxes		5,057,198	21,367,530
	Telephone and fax		6,216,659	11,638,653
	Utilities		3,937,650	10,340,306
	Insurance		931,623	1,842,433
	Printing and stationery		2,323,371	2,725,160
	Travelling and conveyance		6,394,698	6,279,825
	Repairs and maintenance		6,224,085	8,737,595
	Postage and courier		926,096	1,147,466
	Vehicle running		198,807	11,081,046
	News papers and periodicals Entertainment		154,377	572,488
			3,275,497 116,200	6,233,089 4,272,237
	Brokerage commission and capital value tax Service charges on rental income		1,924,915	4,272,237
	Legal and professional charges		7,137,941	7,285,205
	Advertisement		2,138,091	130,790
	Provision for doubtful debts		8,524,443	33,713,370
	Bad debts written off directly		164,203,470	-
	Fees and subscriptions		2,963,522	5,428,069
	Auditors' remuneration	29.1	2,944,145	3,750,579
			-,,1 .0	2,.20,219

					Note	2014 Rupees	2013 Rupees
		ization of intangible assets			6.1	18,873,205 39,063	34,223,129 280,000
	Market Others	ting selling and distribution				- 7,418,829	9,638,662 28,980,748
	Others					435,418,965	412,459,362
	29.1	Auditors' remuneration				<del></del>	
	2711	Traditions Temaneration	Parent	Subsidiary			
			company	companies		2014	2013
					Rupe	ees	
		Annual audit	475,000	1,391,395		1,866,395	2,038,629
		Consolidated accounts	425,000	-		425,000	425,000
		Half yearly review	100,000	275,000		375,000	555,000
		Other certifications	-	135,000		135,000	522,200
		Out of pocket expenses	110,000 1,110,000	32,750 1,834,145		142,750 2,944,145	209,750 3,750,579
		:	1,110,000	1,00 1,1 10	-		
30	Other	income				2014 Rupees	2013 Rupees (Restated)
	Incom	e from financial assets					
	Income	e on deposit accounts				5,734,591	2,803,015
		e on term deposits				43,070,714	5,774,645
	Incom	e from other than financial as	<u>ssets</u>				
	α :	1 6				2 (40 (21	7 1 (0 0 40
		n sale of property, plant and ec nce claim received	quipment			2,648,621	7,168,848 1,068,537
		etion and other services				-	3,451,613
		ors written off				-	1,497,875
	Gain o	n de-recognition of financial li	ability			49,647,551	174,023,919
	Others					3,260,752	8,410,253
						104,362,229	214,689,088
31	Financ	ce costs				2014 Rupees	2013 Rupees
	Mark-ı	up on long term loans				219,277,951	260,735,677
		up on short term borrowings				105,871,629	109,068,963
		f Repo transactions	C 1			4,570,596	9,141,192
		e charges on assets subject to the charges and commission	finance lease			1,100,538 405,645	2,711,802 773,814
	Dalik	marges and commission				331,226,359	382,431,448
32	Taxati	on					
	Curren	t				5,858,560	21,143,778
	Deferre					(5,459)	15,467
						5,853,101	21,159,245
							105

- 32.1 Since majority of the Group companies have taxable losses for the year, therefore, no numerical tax reconciliation is given.
- 32.2 The Parent Company's assessments have been finalized up to tax year 2004. All pending issues relating to the previous years have been resolved in favour of the Parent Company, resulting in a refund of Rs. 6,677,426.

Return for the tax year 2005 to tax year 2012 were filed and are deemed to be assessed.

2014	2013
	(Restated)

### 33 Loss per share

### 33.1 Loss per share - basic

Net loss for the year	Rupees	(557,242,392)	(117,388,472)
Weighted average number of ordinary shares as at 30 June	Numbers	316,610,112	316,610,112
Loss per share - basic and diluted	Rupees	(1.76)	(0.37)

### 33.2 Loss per share - continuing operations basic

Net loss for the year	Rupees	(495,438,078)	(116,378,769)
Weighted average number of ordinary			
shares as at 30 June	Numbers	316,610,112	316,610,112
Loss per share - basic and diluted	Rupees	(1.56)	(0.3)

### 33.3 Loss per share - diluted

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

### 34 Discontinued operation

In June 2013, the Group disposed of its controlling interest in Trident Construct Private Limited. The detail of transaction are provided in note 2.1 of these consolidated financial statements.

The construction segment of the Group was not previously classified as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

2014 Rupees	2013 Rupees
-	-
(23,457,418)	(1,979,809)
(23,457,418)	(1,979,809)
(49,841,031)	-
(73,298,449)	(1,979,809)
	(23,457,418) (23,457,418) (249,841,031)

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The above figures are based upon management accounts for the year ended 30 June 2014. The latest audited accounts of Trident Construct (Private) Limited are available for the year ended 30 June 2012. 34.1

### Transactions with related parties

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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 transactions with related parties, other than those which have been specially disclosed elsewhere in these financial statements are as follows:

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

			20	2014	20	2013
Name of Parties	Nature of relationship	Nature and description of related party transaction	Value of transactions made during the year	Value of transactions made Closing balance during the year	Value of transactions made during the year	Closing balance
				Rupees		
Bank of Ceylon	Associate	Agreement of treasury bills Repurchase of treasury bonds	7,743,379	- 44,873,643	3,144,254 1,760,365	12,504,164
		Share transaction	501,866,883	•	330,391,812	•
		Brokerage income Investment in fixed deposit	2,517,721 72,545,724	- 72,545,724	1,824,577	26,128,104
Merchant Bank of Sri Lanka	Associate	Share transaction	90,403,210	571,481	46,061,636	689,245
		Brokerage income	570,977	ı	294,011	1
		Lease repayment	6,161,454	•	6,130,307	ı
MBSL Savings Bank Limited	Associate	Share transaction	8,026,377	1,588,168	6,458,815	ı
		Brokerage income	89,442	ı	41,699	1
Merchant Credit of Sri Lanka	Associate	Share transaction	86,029,575	ı	32,532,285	ı
		Brokerage income	541,365	1	208,627	1

			20	2014	20	2013
Name of Parties	Nature of relationship	Nature and description of related party transaction	Value of transactions made during the year	Value of transactions made Closing balance during the year	Value of transactions made during the year	Closing balance
				Rupees-	ees	
MBSL Insurance Company Limited Associate	ed Associate	Share transaction	25,117,023	(22,616)	46,044,446	1,131,590
		Brokerage income	106,823	1	287,356	1
Pace Pakistan Limited	Associate	Service charges	2,317,275		•	
		Payable against purchase of investment property	1	6,681,123	1	6,681,123
		Advance for renovation	1,000,000	1,000,000	•	ı
		Building rent	1	•	7,986,000	1
		Sale of goods and services	1	1,112,697	1,438,600	ı
		Advance against advertisement	1	ı	27,909,400	1
		Purchase of shops	•	1	5,568,000	ı
First Capital Mutual Fund	Associate	Income from financial consultancy services	8,571,403	1	6,011,765	ı
		Dividend Income	15,495	•	ı	1
World Telecom Limited	Associate	Sale of goods and services	,		8,756,862	1
		Rent charged	•	•	2,099,256	1
		Purchase of goods and services	•		1,188,060	
Pace Baraka Properties Limited	Associate	Building Rent	٠	•	3,465,000	
		Sale of goods and services	552,224	1	18,797,496	
		Advance against advertisement	•	•	7,811,030	
Media Times Limited	Associate	Sale of goods and services	32,809,219	•		1
		Purchase of goods and services	26,000	26,000	٠	118,000

Cash generated from operations		2014 Rupees	2013 Rupees (Restated)
Adjustments for:       139,392,296         Depreciation       45,574,807       139,392,296         Finance cost       331,226,359       382,431,448         Gain on re-measurement of investment property       (2,852,000)       (21,032,460)         Loss on disposal of long term investments       49,841,031       -         Dividend income       (10,464,750)       (4,565,382)         Amortization of intangible assets       -       546,800         Gain on disposal of property, plant and equipment       (2,648,621)       (7,168,848)         Gain on disposal of intangible assets       -       (21,873,830)         Exchange translation difference       452,823       290         Loss on sale of investment       101,216,984       50,000,537         Provision for doubtful debts       8,524,443       33,607,851         Bad debts written off directly       164,203,470       105,519         Retirement benefits       13,928,887       18,891,832         Share of profit of equity-accounted investee       120,503,624       18,206,014         Mark-up income       48,805,305       (8,577,660)         Frofit before working capital changes         Effect on cash flow due to working capital changes:       12,399,972       252,827,282	Cash generated from operations		(Residied)
Depreciation   Finance cost   331,226,359   382,431,448   Gain on re-measurement of short term investments   (9,003,337)   (58,330,164)   (21,032,460)   (		(749,298,443)	(268,806,961)
Finance cost Gain on re-measurement of short term investments Gain on re-measurement of investment property Loss on disposal of long term investments Dividend income Amortization of intangible assets Gain on disposal of property, plant and equipment Gain on disposal of property, plant and equipment Gain on disposal of intangible assets Gain on disposal of interence Loss on sale of investment Gain on disposal of interence Loss on sale of investment Horizon of doubtful debts Bad debts written off directly Retirement benefits Bad debts written off directly Retirement benefits Share of profit of equity-accounted investee Mark-up income Gain on disposal of investment Horease / decrease in: Inventorics Trade debts Loans and advances Short term prepayments Deposits and other receivables Tax due from Government Increase / (decrease) in: Trade and other receivables Tax due from Government Increase / (decrease) in: Trade and other payables Liability against repurchase agreement Short term borrowings These are made up as follows:  Cash in hand Bank balances  331,226,359 (2,2,340) (2,032,300) (2,032,460) (2,045,32) (2,046,601) (4,646,750) (4,565,382) (4,565,382) (4,565,382) (4,565,382) (4,565,382) (4,661,760) (2,648,621) (7,168,848) (2,648,621) (7,168,848) (2,648,621) (7,168,848) (2,648,621) (7,168,848) (2,648,621) (7,168,848) (2,648,621) (7,168,848) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (10,464,750) (2,648,621) (2,648,621) (10,464,750) (2,648,621) (10,46,750) (2,648,621) (10,464,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,46,750) (2,648,621) (10,	The state of the s	45,574,807	139,392,296
Cash on re-measurement of investments   Cash 2,852,000   Cash 2,460	Finance cost		382,431,448
Loss on disposal of long term investments   19,841,031   10,464,750   (4,565,382)   24,6800   3,646,800   3,646,800   3,646,800   3,646,800   3,646,801   3,646,	Gain on re-measurement of short term investments	(9,003,337)	(58,330,164)
Dividend income	Gain on re-measurement of investment property	(2,852,000)	(21,032,460)
Amortization of intangible assets Gain on disposal of property, plant and equipment Gain on disposal of intangible assets Exchange translation difference Loss on sale of investment Provision for doubtful debts Bad debts written off directly Retirement benefits Share of profit of equity-accounted investee Mark-up income Profit before working capital changes Effect on cash flow due to working capital changes: (Increase) / decrease in: Inventories Trade debts Short term prepayments Deposits and other receivables Tax due from Government Increase / (Idecrease) in: Tade and other payables Liability against repurchase agreement Short term borrowings  These are made up as follows:  Cash in hand Bank balances  Possible Assets  10.2,648,621) (21,873,830) (22,373,830) (22,373,830) (23,793,036) (23,	Loss on disposal of long term investments	49,841,031	-
Gain on disposal of property, plant and equipment         (2,648,621)         (7,168,848)           Gain on disposal of intangible assets         -         (21,873,830)           Exchange translation difference         452,823         290           Loss on sale of investment         101,216,984         50,000,537           Provision for doubtful debts         8,524,443         33,607,851           Bad debts written off directly         164,203,470         105,519           Retirement benefits         13,928,887         18,891,832           Share of profit of equity-accounted investee         120,503,624         18,206,014           Mark-up income         (48,805,305)         (8,577,660)           Profit before working capital changes         12,399,972         252,827,282           Effect on cash flow due to working capital changes:         (Increase) / decrease in:         11,399,972         252,827,282           Inventories         544,178         2,596,541         (89,058,633)           Loans and advances         178,220,026         3,095,650           Short term prepayments         (22,234,869)         1,997,542           Deposits and other receivables         45,473,140         9,001,328           Tax due from Government         (13,326,787)         832,383           Increase	Dividend income	(10,464,750)	(4,565,382)
Cain on disposal of intangible assets   Cain on disposal of intangible assets   Cachange translation difference   452,823   290	Amortization of intangible assets	-	546,800
Exchange translation difference   452,823   290     Loss on sale of investment   101,216,984   50,000,537     Provision for doubtful debts   8,524,443   33,607,851     Bad debts written off directly   164,203,470   105,519     Retirement benefits   13,928,887   18,891,832     Share of profit of equity-accounted investee   120,503,624   18,206,014     Mark-up income   (48,805,305)   (8,577,660)     Fofit before working capital changes   12,399,972   252,827,282     Effect on cash flow due to working capital changes: (Increase) / decrease in:	Gain on disposal of property, plant and equipment	(2,648,621)	(7,168,848)
Loss on sale of investment	Gain on disposal of intangible assets	-	(21,873,830)
Provision for doubtful debts	Exchange translation difference	452,823	290
Bad debts written off directly   164,203,470   105,519   Retirement benefits   13,928,887   18,891,832   18,891,832   12,503,624   18,206,014   (48,805,305)   (8,577,660)   761,698,415   521,634,243   12,399,972   252,827,28	Loss on sale of investment	101,216,984	50,000,537
Retirement benefits   13,928,887   18,891,832   18,206,014   18,207,660   761,698,415   521,634,243   252,827,282   25	Provision for doubtful debts	8,524,443	33,607,851
Share of profit of equity-accounted investee   120,503,624   18,206,014   (48,805,305)   (8,577,660)   (761,698,415   521,634,243   (761,698,415   (761,698,415   521,634,243   (761,698,415   521,634,243   (761,698,415   521,634,243   (761,698,415   521,634,243   (761,698,415	Bad debts written off directly	164,203,470	105,519
Mark-up income         (48,805,305)         (8,577,660)           Profit before working capital changes         12,399,972         252,827,282           Effect on cash flow due to working capital changes:         (Increase) / decrease in:           Inventories         544,178         2,596,541           Trade debts         (348,723,842)         (89,058,633)           Loans and advances         178,220,026         3,095,650           Short term prepayments         (22,234,869)         1,997,542           Deposits and other receivables         45,473,140         9,001,328           Tax due from Government         (13,326,787)         832,383           Increase / (decrease) in:         (198,200,881)           Trade and other payables         109,879,814         (198,200,881)           Liability against repurchase agreement         (48,111,520)         -           Short term borrowings         357,477,047         (23,793,036)           259,197,187         (293,529,106)           271,597,159         (40,701,824)           These are made up as follows:           Cash in hand         71,071         220,678           Bank balances         204,120,150         284,112,583	Retirement benefits	13,928,887	18,891,832
761,698,415       521,634,243         Profit before working capital changes         Effect on cash flow due to working capital changes:       (12,399,972       252,827,282         Effect on cash flow due to working capital changes:       (11,399,972       252,827,282         Effect on cash flow due to working capital changes:       (11,399,972       252,827,282         Effect on cash flow due to working capital changes:       (11,399,972       252,827,282         Inventories       544,178       2,596,541       (89,058,633)         Loans and advances       178,220,026       3,095,650       3,095,650         Short term prepayments       (22,234,869)       1,997,542       9,001,328         Deposits and other receivables       45,473,140       9,001,328       832,383         Increase / (decrease) in:       109,879,814       (198,200,881)       (198,200,881)         Liability against repurchase agreement       (48,111,520)       -       -         Short term borrowings       357,477,047       (23,793,036)       259,197,187       (293,529,106)         259,197,187       (293,529,106)       271,597,159       (40,701,824)         36.1       Cash and cash equivalents         These are made up as follows:         Cash in hand <th>Share of profit of equity-accounted investee</th> <th>120,503,624</th> <th>18,206,014</th>	Share of profit of equity-accounted investee	120,503,624	18,206,014
Profit before working capital changes       12,399,972       252,827,282         Effect on cash flow due to working capital changes:       (Increase) / decrease in:         Inventories       544,178       2,596,541         Trade debts       (348,723,842)       (89,058,633)         Loans and advances       178,220,026       3,095,650         Short term prepayments       (22,234,869)       1,997,542         Deposits and other receivables       45,473,140       9,001,328         Tax due from Government       (13,326,787)       832,383         Increase / (decrease) in:       109,879,814       (198,200,881)         Liability against repurchase agreement       (48,111,520)       -         Short term borrowings       357,477,047       (23,793,036)         259,197,187       (293,529,106)         271,597,159       (40,701,824)     36.1 Cash and cash equivalents  These are made up as follows:  Cash in hand  Bank balances  204,120,150       284,112,583	Mark-up income	(48,805,305)	(8,577,660)
Effect on cash flow due to working capital changes:  (Increase) / decrease in:  Inventories  Trade debts  Loans and advances  Short term prepayments  Deposits and other receivables  Tax due from Government  Trade and other payables  Liability against repurchase agreement  Short term borrowings  These are made up as follows:  Cash in hand  Bank balances   544,178  (2,596,541  (89,058,633)  (89,058,633)  (89,058,633)  (178,220,026  3,095,650  (22,234,869)  1,997,542  45,473,140  9,001,328  109,879,814  (198,200,881)  (48,111,520)  - (23,793,036)  259,197,187  (293,529,106)  271,597,159  (40,701,824)		761,698,415	521,634,243
(Increase) / decrease in:       544,178       2,596,541         Trade debts       (348,723,842)       (89,058,633)         Loans and advances       178,220,026       3,095,650         Short term prepayments       (22,234,869)       1,997,542         Deposits and other receivables       45,473,140       9,001,328         Tax due from Government       (13,326,787)       832,383         Increase / (decrease) in:       109,879,814       (198,200,881)         Liability against repurchase agreement       (48,111,520)       -         Short term borrowings       357,477,047       (23,793,036)         259,197,187       (293,529,106)         271,597,159       (40,701,824)          36.1       Cash and cash equivalents         These are made up as follows:       71,071       220,678         Cash in hand       71,071       220,678         Bank balances       204,120,150       284,112,583	Profit before working capital changes	12,399,972	252,827,282
Inventories	Effect on cash flow due to working capital changes:		
Trade debts       (348,723,842)       (89,058,633)         Loans and advances       178,220,026       3,095,650         Short term prepayments       (22,234,869)       1,997,542         Deposits and other receivables       45,473,140       9,001,328         Tax due from Government       (13,326,787)       832,383         Increase / (decrease) in:       109,879,814       (198,200,881)         Liability against repurchase agreement       (48,111,520)       -         Short term borrowings       357,477,047       (23,793,036)         259,197,187       (293,529,106)         271,597,159       (40,701,824)          36.1       Cash and cash equivalents         These are made up as follows:       71,071       220,678         Bank balances       204,120,150       284,112,583			
Loans and advances Short term prepayments Cash in hand Bank balances  Short term prepayments  178,220,026 (22,234,869) (1,997,542 (22,234,869) (1,997,542 (13,326,787) (13,326,787) (13,326,787) (13,326,787) (13,326,787) (13,326,787) (13,326,787) (13,326,787) (13,326,787) (198,200,881) (198,200,881) (198,200,881) (23,793,036) (259,197,187) (293,529,106) (271,597,159) (40,701,824) (204,701,824)	Inventories	544,178	2,596,541
Short term prepayments Deposits and other receivables Tax due from Government Increase / (decrease) in: Trade and other payables Liability against repurchase agreement Short term borrowings  These are made up as follows:  Cash in hand Bank balances  (22,234,869) 1,997,542 9,001,328 13,326,787) 832,383  (198,200,881) (48,111,520) - (23,793,036) 259,197,187 (293,529,106) 271,597,159 (40,701,824) 220,678 284,112,583	Trade debts	(348,723,842)	(89,058,633)
Deposits and other receivables Tax due from Government Increase / (decrease) in: Trade and other payables Liability against repurchase agreement Short term borrowings  These are made up as follows:  Cash in hand Bank balances  45,473,140 9,001,328 832,383 109,879,814 (198,200,881) (198,200,881) (23,793,036) 259,197,187 (23,793,036) 271,597,159 (40,701,824) 220,678 220,678 284,112,583	Loans and advances	178,220,026	3,095,650
Tax due from Government  Increase / (decrease) in:  Trade and other payables Liability against repurchase agreement Short term borrowings  These are made up as follows:  Cash in hand Bank balances  (13,326,787)  (198,200,881)  (198,200,881)  (198,200,881)  (198,200,881)  (23,793,036)  259,197,187 (293,529,106)  271,597,159 (40,701,824)  220,678  220,678  284,112,583	1 1 7	(22,234,869)	1,997,542
Increase / (decrease) in:       109,879,814       (198,200,881)         Liability against repurchase agreement       (48,111,520)       -         Short term borrowings       357,477,047       (23,793,036)         259,197,187       (293,529,106)         271,597,159       (40,701,824)         36.1 Cash and cash equivalents         These are made up as follows:         Cash in hand       71,071       220,678         Bank balances       204,120,150       284,112,583	1		1
Trade and other payables Liability against repurchase agreement Short term borrowings  259,197,187 Cash and cash equivalents These are made up as follows:  Cash in hand Bank balances  109,879,814 (48,111,520) - (23,793,036) 259,197,187 (293,529,106) 271,597,159 (40,701,824)  220,678 220,678 284,112,583	Tax due from Government	(13,326,787)	832,383
Liability against repurchase agreement Short term borrowings  259,197,187 (293,529,106) 271,597,159 (40,701,824)  36.1 Cash and cash equivalents These are made up as follows:  Cash in hand Bank balances  71,071 220,678 204,120,150 284,112,583			
Short term borrowings       357,477,047   (23,793,036)       (293,529,106)         259,197,187   (293,529,106)       (271,597,159   (40,701,824)         36.1 Cash and cash equivalents         These are made up as follows:         Cash in hand       71,071   220,678         Bank balances       204,120,150   284,112,583	* *		(198,200,881)
Z59,197,187     (293,529,106)       271,597,159     (40,701,824)       36.1 Cash and cash equivalents       These are made up as follows:     These are made up as follows:       Cash in hand     71,071     220,678       Bank balances     204,120,150     284,112,583		` ' ' '	-
271,597,159     (40,701,824)       36.1 Cash and cash equivalents       These are made up as follows:       Cash in hand     71,071     220,678       Bank balances     204,120,150     284,112,583	Short term borrowings		
36.1 Cash and cash equivalents         These are made up as follows:       Cash in hand       71,071       220,678         Bank balances       204,120,150       284,112,583			
These are made up as follows:  Cash in hand Bank balances  71,071 220,678 204,120,150 284,112,583		271,597,159	(40,701,824)
Cash in hand       71,071       220,678         Bank balances       204,120,150       284,112,583	36.1 Cash and cash equivalents		
Bank balances <b>204,120,150</b> 284,112,583	These are made up as follows:		
	Cash in hand	71,071	220,678
<b>204 191 221</b> 284 333 261	Bank balances	204,120,150	284,112,583
201,371,221		204,191,221	284,333,261

#### 37 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.

#### 37.1 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 receivable. 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.

#### 37.1.1 Exposure to credit risk

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

	Note	2014 Rupees	2013 Rupees
Long term deposits and advances		9,132,925	24,420,861
Long term investments - available for sale		24,156,320	40,073,830
Trade debts - net	37.1.2	2,784,052,569	3,109,601,160
Loans and advances		56,633,844	13,434,438
Interest accrued		1,176,174	337,079
Deposits and other receivables		17,844,907	63,364,413
Short term investments	37.1.2	73,977,576	214,984,370
Cash and bank balances	37.1.2	204,191,221	284,112,583
		3,171,165,536	3,790,402,564

# 37.1.2 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 counter party default rates.

2014	2013
Rupees	Rupees

# Trade debts

Trade debts as at balance sheet date are classified as follows:

Foreign	475,423,830	10,606,094
Domestic	2,308,628,739	3,098,995,066
	2,784,052,569	3,109,601,160

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

	2014		20	013	
	Gross	Impairment	Gross	Impairment	
	Ru	pees	Ru	pees	
Neither past due not impaired	61,357,086		416,924,129		
Past due 1 - 60 days	835,037,579	157,703,027			
Past due 61 - 180 days	55,981,176	34,842,482			
Past due 181 - 365 days	124,409,881		213,006,002		
More than 1 year	2,890,966,291	1,183,699,444	3,539,297,088	1,252,171,568	
	3,967,752,013	1,183,699,444	4,361,772,728	1,252,171,568	

# **Short term investments**

These short term investments are pledged with various financial institutions for detail refer to note no 16.

These short term investments are pleaged with various infancial	msmunoi	is for actail feler	to note no ro.
		2014	2013
	Note	Rupees	Rupees
Bank balances			
Bank Balances as at balance sheet date are classified as follow	vs:		
Foreign		118,570,811	39,535,257
Domestic		85,549,339	244,577,326
	17	204,120,150	284,112,583

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

	Rat	ting	Dating against
_	Short term Long term		Rating agency
Faysal Bank Limited	A1+	AA	PACRA
Bank Al Falah Limited	A1+	AA	PACRA
Allied Bank Limited	A1+	AA+	PACRA
KASB Bank Limited	A3	BBB	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
NIB Bank Limited	A1+	AA-	PACRA

	Rating		Dating agamer
	Short term	Long term	Rating agency
Bank Al Habib Limited	A1+	AA+	PACRA
Summit Bank Limited	A3-	A-	JCR - VIS
Silk Bank Limited	A2-	A-	JCR - VIS
United Bank Limited	A1+	AA	PACRA
Askari Bank Limited	A1+	AA	PACRA
Albaraka Islamic bank	A1	A	PACRA
Arif Habib Bank Limited	A1+	AA-	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Bank of Ceylon	AA+	AA+	LRA (Lanka)
MBSL Bank	AA-	AA-	LRA (Lanka)
Habib Bank Limited	A1+	AAA	PACRA

#### 37.1.3 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 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.

# 37.2 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:

			2014		
	Carrying	Contracted	Upto one year	One to	More than
	Amount	cash flow	or less	two years	two years
			R u p e e s		
Financial liabilities					
Liabilities against assets subject	t				
to finance lease	15,572,106	16,672,644	8,153,818	8,518,826	-
Long term loan	2,137,682,458	2,143,307,498	286,231,513	8,780,264	1,848,295,721
Short term borrowings	547,788,263	547,788,263	547,788,263	-	-
Trade and other payables	580,666,718	580,666,718	580,666,718	-	-
Mark-up accrued	924,997,843	924,997,843	482,198,227	-	442,799,616
	4,206,707,388	4,213,432,966	1,905,038,539	17,299,090	2,291,095,337

			2013		
	Carrying	Contracted	Upto one year	One to	More than
	Amount	cash flow	or less	two years	two years
			R u p e e s		
Financial liabilities					
Liabilities against assets subject					
to finance lease	34,886,715	48,677,482	7,994,039	33,187,652	7,495,791
Long term loan	3,400,502,221	3,427,087,430	177,591,689	3,240,715,477	8,780,264
Short term borrowings	250,409,378	250,409,378	250,409,378	-	-
Trade and other payables	901,136,538	901,136,538	901,136,538	-	-
Mark-up accrued	142,279,019	142,279,019	142,279,019	-	-
Liability against repurchase agreement	48,111,520	48,111,520	48,111,520	-	-
	4,777,325,391	4,817,701,367	1,527,522,183	3,273,903,129	16,276,055

# 37.3 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

# 37.3.1 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 Lanka Rupees (LKR). The Group's exposure to foreign currency risk for LKR and US dollar is as follows:

	2014 Rupees	2013 Rupees
Foreign debtors Foreign currency bank accounts	475,423,830 118,570,811	303,705,024 39,535,257
Net exposure	593,994,641	343,240,281

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2014	2013	2014	2013
LKR to PKR	0.75	0.75	0.75	0.81
US\$ to PKR	98.57	96.74	98.55	98.60

#### **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.

	2014	2013
	Rupees	Rupees
Effect on profit and loss	59,399,464	34,324,028
	59,399,464	34,324,028

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.

#### 37.3.2 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:

	2014	2013	2014	2013
	Effecti	ve rate	Carrying	amount
	(in Perc	centage)	(Rup	ees)
Financial liabilities				
Liabilities against assets subject to finance lease	12 to 18.75	12 to 18.75	(8,076,581)	(15,489,830)
Short term borrowings	12.78 to 15.95	12.78 to 15.95	(547,788,263)	(250,409,378)
Liability against repurchase agreement	_	19	-	(48,111,520)
Long term loans	8 to 20	8 to 16.11	(2,137,682,458)	(3,230,594,001)
			(2,693,547,302)	(3,520,448,409)

# 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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and 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 2013.

	Profit or	r loss
	100 pbs Increase	100 pbs Decrease
As at 30 June 2014	Rupe	ees
Cash flow sensitivity - Variable rate financial liabilities	23,538,897	(23,538,897)
As at 30 June 2013	26 404 060	(26.404.060)
Cash flow sensitivity - Variable rate financial liabilities	26,404,069	(26,404,069)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

# 37.3.3 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

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

The table below summarizes the Group's equity price risk as of 30 June 2014 and 2013 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"
2014			Rupees		
Investments Investments at fair value through profit or loss	65,424,343	10% increase 10% decrease 10%	71,966,777 58,881,909	- -	6,542,434 (6,542,434)
2013					
Investments					
Investments at fair value through	205,898,795	10% increase	226,488,675	-	20,589,880
profit or loss	205,898,795	10% decrease 10% decrease	185,308,915	-	(20,589,880)

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# 37.3.4 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 balance sheet are as follows:

	20	)14	2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>		Ru	pees	
Investment in equity-accounted investees	628,640,878	628,640,878	522,985,114	522,985,114
Long term investments	24,156,320	24,156,320	40,073,830	40,073,830
Long term deposits and advances	11,632,925	11,632,925	26,920,861	26,920,861
Trade debts	2,784,052,569	2,784,052,569	3,109,601,160	3,109,601,160
Loans and advances	73,892,053	73,892,053	230,831,491	230,831,491
Prepayments	653,413	653,413	1,640,608	1,640,608
Interest accrued	1,176,174	1,176,174	337,079	337,079
Deposits and other receivables	17,844,907	17,844,907	63,364,413	63,364,413
Short term investments	73,977,576	73,977,576	214,984,370	214,984,370
Cash and bank balances	204,191,221	204,191,221	284,333,261	284,333,261
Cush and bank balances	3,820,218,036	3,820,218,036	4,495,072,187	4,495,072,187
	20	014	2013	
	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
		Ru	pees	
<u>Financial liabilities</u>				
Liabilities against assets subject to finance leas	e <b>8,076,581</b>	8,076,581	15,489,830	15,489,830
Long term loan	2,301,873,698	2,301,873,698	3,230,594,001	3,230,594,001
Short term borrowings	547,788,263	547,788,263	250,409,378	250,409,378
Trade and other payables	580,666,718	580,666,718	901,136,538	901,136,538
Mark-up accrued Liability against repurchase agreement	482,198,227	482,198,227	142,279,019 48,111,520	142,279,019 48,111,520
Diagnity against reputchase agreement	3,920,603,487	3,920,603,487	4,588,020,286	4,588,020,286

#### 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 judgement and estimation in the determination of fair value. Management judgement 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:

30 June 2014		Level 1	Level 2	Level 3	Total
Equity securities					
Financial assets at fair value through profit or loss	Rupees	73,977,576	-	-	73,977,576
30 June 2013					
Equity securities					
Financial assets at fair value through profit or loss	Rupees	214,984,370	-	-	214,984,370

# 37.3.5 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 behaviour. 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

### 37.4 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 of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors 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 2014 and at 30 June 2013 were as follows:

**2014** 2013 Rupees

 Total debt
 3,626,040,670
 3,876,188,853

 Total equity and debt
 5,413,883,515
 6,910,762,879

 Debt-to-equity ratio
 66.98%
 56.09%

The Increase in the debt-to-equity ratio in 2014 resulted primarily from decrease in equity during the year and whereas no additional borrowings were made 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.

# Remuneration of Chief Executive, Director and Executives

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the chief executive, full time working directors and executives of the Group is as follows:

	Chief executive	utive	Non executive Directors	e Directors	Executives	/es
	2014	2013	2014	2013	2014	2013
			Ru	Rupees		
Managerial remuneration	2 400 000	2 400 000	1	,	37 403 377	46 119 411
Modical	0000001	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			534 333	336 366
Medical	•	1	•	ı	524,465	230,700
Utilities	1	ı	ı	1	2,506,801	3,377,980
House rent	•	ı	1	1	9,033,604	13,518,932
Provision for gratuity	120,908	169,990	1	ı	1,442,392	16,297,719
Others	ı	ı	1	ı	998,366	257,592
	2,520,908	2,569,990	-		51,918,763	79,908,400
Number of persons		1	9	9	39	52

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 salaries exceed Rs. 500,000 in a financial year.

Number of employees	2014	2013
The average and total number of employees are as follows:		
Average number of employees during the year	245	697
Total number of employees as at 30 June	239	645

#### 40 Operating segments

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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, money market operations and financial consultancy services.

# 2 Investment advisory services

Investment advisory services to closed end mutual funds.

# 3 Construction

Business of construction, development and other related activities of real estate properties.

# 4 Printing and publishing

Business of printers, publishers, packaging, advertisement, specialized directory and stationers.

#### 5 Water sanitation

Installation and manufacturing of water purification plants, reverse osmosis systems and water softness system.

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.

# 41 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 (CODM). 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.

# 41.1 Information about reportable segments

1	Financial Services	Services	Investment advisory	advisory	Construction	uction	Press and media	l media	Water sanitation	nitation	Total	17
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
						unbec						(Restated)
External revenues	201,622,584	223,941,171	9,142,723	6,366,097	•		42,781,174	361,266,853	•	31,426,876	253,546,481	623,000,997
Inter-segment revenues	165,912,608	(117,817,175)					•	•	•		165,912,608	(117,817,175)
Direct cost	(5,138,392)	(5,126,403)		,		(1,979,808)	(36,887,001)	(379,136,670)	(15,372,716)	(22,931,993)	(57,398,109)	(409,174,874)
Operating expenses	(246,310,793)	(250,826,046)	(17,306,201)	(13,847,715)		,	(7,165,352)	(147,257,762)	(164,636,619)	(527,839)	(435,418,965)	(412,459,362)
Loss on disposal of long term investments	(101, 216, 984)	•					•	•	•		(101,216,984)	
Other income	100,270,312	226,801,619	1,942,779	768,260		,	2,149,138	8,993,039	•		104,362,229	236,562,918
Finance cost	(331,191,448)	(361,522,163)	(6,682)	(9,471)		,	(23,929)	(20,578,704)	(4,300)	(321,110)	(331,226,359)	(382,431,448)
Gain on investment property	2,852,000	21,032,460	٠		٠	٠	•		•		2,852,000	21,032,460
Unrealized gain / (loss) on											•	
re-measurement of short investment	(8,499,195)	57,191,333	17,502,532	1,138,831		,	•	•	٠		9,003,337	58,330,164
Share of loss of equity-accounted												
investee (net of tax)	(148,555,221)	(64,487,124)	28,051,597								(120,503,624)	(64,487,124)
Profit / (loss) before taxation	(536,167,137)	(152,995,153)	39,326,748	(5,583,998)		(1,979,808)	854,030	(176,713,244)	(180,013,635)	7,645,934	(675,999,994)	(329,626,269)
Other information												
Segment net assets	5,501,682,289	5,423,659,462	205,283,491	162,673,099	١	507,089,397	51,491,898	1,423,633,064	45,549,634	444,018,964	5,804,007,312	7,961,073,986
Segment liabilities	4,220,733,412	3,991,356,881	10,836,543	5,101,881		34,013,899	27,473,540	612,827,394	20,663,042	265,285,074	4,279,706,537	4,908,585,129
ı												
Depreciation	15,027,016	6,866,125	2,317,591	1,912,773	21,347,987	,	5,621,670	129,318,466	1,260,543	1,294,932	45,574,807	139,392,296
Amortization	-	•	•	280,000		1		266,800				546,800
. 1	15,027,016	6,866,125	2,317,591	2,192,773	21,347,987		5,621,670	129,585,266	1,260,543	1,294,932	45,574,807	139,939,096
,	100 JOH 00	200,000	200 000	001 012 01			000.001	000 000 1			170 002 00	022 216 81
Capital expenditure	90,780,935	2,420,906	0,392,232	10,518,100	ĺ	İ	7,100,/00	1,3/0,662	<u>ا</u> ا	j	79,539,80/	14,515,668

41.2 Reconciliation of reportable segment revenues	2014 Rupees	2013 Rupees (Restated)
Total revenue from reportable segments Elimination of inter segment revenue Consolidated revenues	419,459,089 165,912,608 253,546,481	213,826,123 409,174,874 623,000,997
Assets		
Total assets of reportable segments Equity accounted investees Consolidated total assets		7,420,174,071 522,985,114 7,943,159,185
41.3 Geographical information		
Segment revenue is based on the geographical location of the customers and geographical location of the assets.	d segments asso	ets are based on
	2014 Rupees	2013 Rupees (Restated)
41.3.1 Revenue		
Pakistan Sri Lanka	185,398,469 68,148,012 253,546,481	630,074,346 (7,073,349) 623,000,997
41.3.2 Non-current assets		-
Pakistan Sri Lanka	16,106,376	3,931,664,895 22,182,405 3,953,847,300
41.4 Revenue on the basis of major products and services		
Financial consultancy fee Dividend income Money market income (Loss) / gain on sale of investments Investment advisory fee from FCMF Brokerage income Rental income Revenue from printing Revenue against construction contracts Sale of advertisements and newspapers	286,441 1,522,952 10,699,047 (7,952,634) 8,571,403 187,909,304 9,728,794 42,781,174	4,565,382 13,825,746 50,000,537 6,011,765 173,440,730 3,499,172 28,747,967 31,426,876 311,482,822 623,000,997

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42	Date o	n surna	ntizamon	for issue

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

# 43 General

Corresponding figures have been re-arranged whereever necessary, for the purpose of comparison. The figures have been rounded off to the nearest Rupee.

Lahore: 09 October 2014

**Chief Executive Officer** 

Director



# FORM OF PROXY

The Company Secretary First Capital Securities Corporation Limited Folio No./CDC A/c. No. 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore. Shares Held: being the member(s) of First Capital Securities Corporation Limited hereby appoint Mr. / Mrs./ Miss of (Name) (Address) [who is also member of the Company vide Registered Folio No. /CDC A/c. No. member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at an Annual General Meeting of the Company to be held at the Registered Office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore, on 31 October 2014 at 12:00 a.m. and at any adjournment thereof. Signature this Day of 2014. (Witnesses) Affix Revenue Stamp of Rupees Five Signature (signature appended should agree with the specimen signature registered with the

#### **Notes:**

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Company)

- 2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
- 3. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

