




**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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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2013**



## COMPANY'S INFORMATION

<b>Board of Directors</b>	Aamna Taseer (Chairman & Chief Executive Officer) Shehryar Ali Taseer Maheen Ghani Taseer Shehrbano Taseer Kanwar Latafat Ali Khan Sulaiman Ahmed Saeed Al-Hoqani Jamal Said Al-Ojaili	Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent
<b>Chief Financial Officer</b>	Saeed Iqbal	
<b>Audit Committee</b>	Shehryar Ali Taseer (Chairman) Maheen Ghani Taseer Shehrbano Taseer	
<b>Human Resource and Remuneration (HR&amp;R) Committee</b>	Shehryar Ali Taseer (Chairman) Aamna Taseer Shehrbano Taseer	
<b>Company Secretary</b>	Sajjad Ahmad	
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants	
<b>Legal Advisers</b>	Mazhar Law Associates Advocates & Solicitors	
<b>Bankers</b>	Allied Bank Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited	
<b>Registrar and Shares Transfer Office</b>	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi. ☎ (021) 111 000 322	
<b>Registered Office/Head Office</b>	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan ☎ (042) 36623005/6/8 Fax: (042) 36623121-36623122	

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20<sup>th</sup> Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited (“the Company”) will be held on Tuesday, 29 October 2013 at 11:30 a.m. 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:

### Ordinary business

1. To confirm the minutes of Annual General Meeting held on 31 October 2012;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2013 together with the Directors' and Auditors' reports thereon; and
3. To appoint the Auditors of the Company for the year ending 30 June 2014 and to fix their remuneration

### Special business

4. To consider and if deemed fit, pass the following “Special Resolutions” with or without modifications to make investments in associated companies, in accordance with provisions of the Companies Ordinance, 1984:

“**RESOLVED THAT** the Chief Executive of the Company be and is hereby authorized to take all necessary steps to make additional investments in the following associated companies in accordance with the provisions of section 208 of the Companies Ordinance, 1984 and to disinvest such investments, from time to time on terms and conditions to be authorized by the Board of Directors of the Company:

<u>Name of the Company</u>	<u>Nature of Investment</u>	<u>Period of Investment</u>	<u>Amount of Investment</u>
First Capital Equities Limited	Share capital	Long Term	Upto Rs. 432.126 million
Media Times Limited	Share capital	Long Term	Upto Rs. 125.195 million

“**RESOLVED FURTHER THAT** the Chief Executive of the Company be and is hereby authorized to complete any or all necessary required corporate and legal formalities for the completion of subject transactions. Chief Executive is also authorized to delegate any of his powers to any person in respect of the above as she/he may deem appropriate.

“**RESOLVED FURTHER THAT** the above authority shall remain in-force until revoked by the shareholders of the Company”.

**By order of the Board**

Lahore:  
08 October 2013

**Sajjad Ahmad**  
Company Secretary

### Notes:

- 1) The Members Register will remain closed from 22 October 2013 to 29 October 2013 (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 21 October 2013 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.

**STATEMENT UNDER SECTION 208 OF THE COMPANIES ORDINANCE, 1984**

**INVESTMENTS IN ASSOCIATED COMPANIES**

**FIRST CAPITAL EQUITIES LIMITED (“FCEL”):**

FCEL was incorporated on 26 January 1995 as a private limited company under the provisions of the Companies Ordinance, 1984 (“the Ordinance”). Later, on 18 June 1997 status of FCEL was changed to a public limited company. FCEL is listed on Lahore Stock Exchange Limited since 01 October 2001 and its principal activities include share brokerage, conducting and publishing business research. FCEL is a Registered Broker and member of Karachi Stock Exchange Limited.

Authorized share capital of FCEL is Rs. 1,100,000,000 divided into 110,000,000 ordinary shares of Rs. 10/- each. The issued, subscribed and paid up capital is Rs. 1,080,315,000 divided into 108,031,500 ordinary shares of Rs. 10/- each.

FCEL is in process of settlement of its financial liabilities towards financial institutions, the investment to be made by the Company in FCEL shall be utilized for settlement of financial liabilities towards financial institutions.

FCEL has declared 40% right shares in its board of Directors meeting held on 03 October 2013, to generate funds for repayment of its financial liabilities including any loans/advances. Once funds are generated in FCEL through further equity issue these loans advances will be repaid including amount outstanding towards the Company.

The Company intends to make additional long term investment in the share capital of FCEL upto the extent of Rs. 432.126 million, through right subscription in accordance with the provisions of Section 208 of the Companies Ordinance, 1984. The Company will subscribe the unsubscribed portion of right issue remained un subscribed by the other shareholders of FCEL. The approval of Shareholders is also required to disinvest such investments, from time to time as and when considered appropriate and on terms and conditions to be authorized by the Board of Directors of the Company. The investment shall be made at a par value of Rs. 10.00 each.

All the benefits accrued to FCEL, through growth in its business operations will become part of the returns of the Company and its shareholders. The purpose of this investment is the utilization of Company's available cash resources for better prospective returns to shareholders.



**INVESTMENT IN MEDIA TIMES LIMITED (“MTL”)**

Media Times Limited was incorporated in Pakistan on 26 June 2001 as a private limited company, under the provisions of the Companies Ordinance 1984. MTL is currently involved in Print and Electronic media activities. In its part of Print media activities MTL publishes a leading English daily newspaper “Daily Times” and Urdu daily newspaper “AAJ KAL”.

Leading English daily newspaper Daily Times is being published since 2002. Daily Times is a nationwide English daily newspaper printed from Lahore, Karachi and Islamabad with coverage across Pakistan. Daily Times is considered to be amongst the leading English newspapers in the country and enjoying a high level of respect & credibility. Daily Times publishes Sunday magazine as part of the newspaper on Sundays which has become an Icon in its own right. Sunday magazine boosts the circulation of Daily Times on Sunday by more than two folds.

Urdu daily newspaper Aaj Kal was launched in 2008. Aaj Kal is a nationwide Urdu daily printed from, Karachi, Lahore and Islamabad with coverage across Pakistan.

Printing style and quality of both newspapers is among the best in the market. High quality ink is used for maintaining the quality of printing. Layout style of the daily newspapers is reader friendly, colorful and unique in that no news item is continued to other pages.

In its part of Electronic Media activities, MTL is running the Pakistan's premier business channel “Business Plus”, and a Premier cooking channel “Zaiqa” and involved in other Electronic media activities including production, promotion, advertisement, distribution and broadcasting of television programs through satellite.

Entertainment satellite channel Zaiqa was launched in 2010. Zaiqa presents cooking and food related programs. The channel has received positive response & appreciation not only from household audiences but also from advertising agencies/corporate entities. The channel enjoys good viewer-ship and is visible in major metro cities as well as small towns of Pakistan.

Initially the Company also operated a kids channel Wikkid Plus. The channel was launched in 2007 and was well received by children and household viewers. However, considering market requirements, management decided to replace Wikkid Plus with a food /cooking channel (Zaiqa). Software/content for children's television is available with MTL which can be aired on kids prime TV slots or as content for a new channel.

The authorized share capital of MTL is Rs 1,800,000,000 divided into 180,000,000 ordinary shares of Rs 10 each and paid up capital is Rs 1,788,510,100 divided into 178,851,010 ordinary shares of Rupees 10 each. The registered office of MTL is located at 41-N, Industrial Area, Gulberg-II, Lahore.

MTL has declared a 14% right shares at 50% discount in its board of Directors meeting held on 03 October 2013, to generate funds which will be utilized to improve content, distribution and programming of the channels owned by Media times Limited. From revenues earned with this investment targeting to pay off outstanding loans/creditors.

The Company intends to make additional long term investment in the share capital of MTL upto the extent of Rs. 125.195 million, through right subscription in accordance with the provisions of Section 208 of the Companies Ordinance, 1984. The approval of Shareholders is also required to disinvest such investments, from time to time as and when considered appropriate and on terms and conditions to be authorized by the Board of Directors of the Company. The investment shall be made at a 50% discount value of Rs. 5.00 per right share. The Company may also subscribe the unsubscribed portion of right issue remained un subscribed by the other shareholders of MTL. The Company may also purchase shares of MTL from open market at a price less than Rs.5.00 per share.

All the benefits accrued to MTL, through growth in its business operations will become part of the returns of the Company and its shareholders. The purpose of this investment is the utilization of Company's available cash resources

for better prospective returns to shareholders.

**STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 READ WITH SRO 27(I)/2012 DATED 16 JANUARY 2012**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 29 October 2013.

**INVESTMENTS TO BE MADE BY THE COMPANY**

The Company is fully authorized by its Memorandum of Association to make such investment. The investment would be made at such time(s), as the Chief Executive may think appropriate on behalf of the Company and would disinvest(s) as and when appropriate. The Chief Executive of the Company or the Company Secretary are also authorized to take all the necessary corporate and legal formalities in connection with the proposed investment where required.

The following are material facts about the proposed special resolution:

**Investment in securities - First Capital Equities Limited**

(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>First Capital Equities Limited</b> , a subsidiary of the Company		
(ii)	Purpose, benefits and period of investment	Utilization of the Companys available cash resources for better prospective returns to shareholders		
(iii)	Maximum amount of investment	Up to Rs. 432.126 million		
(iv)	Maximum price at which securities will be acquired	At Rs. 10/- per share		
(v)	Maximum number of securities to be acquired	Up to 43,212,600		
(vi)	Number of securities and percentage thereof held before and after the proposed investment	Before =70,190,200= 64.80% After = 113,402,800 = 74.98%		
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 47.85		
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	N/A		
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	30 June 2011 (Audited) 6.62	30 June 2012 (Audited) 3.17	30 June 2013 (Audited) 2.08
(x)	Earnings per share of the associated company or associated undertaking for the last three years	30 June 2011 (Audited) (3.39)	30 June 2012 (Audited) (0.63)	30 June 2013 (Audited) (1.64)
(xi)	Sources of fund from which securities will be acquired	Available cash resources and/or future internal cash generation from the operations of Company		
(xii)	Where the securities are intended to be acquired using borrowed funds i) Justification for investment through borrowing: and ii) Detail of guarantees and assets pledged for obtaining such funds	N/A		

(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to proposed investment	N/A
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings
(xv)	Any other important details necessary for the members to understand the transaction; and	Additional Equity Investment in Subsidiary of the Company
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the further information, is required, namely:-	N/A
	i) Description of the project and its history since conceptualization	
	ii) Starting and expected dated of completion of work	
	iii) Time by which such project shall become commercially operational; and	
	iv) Expected time by which the project shall start paying return on investment	

**Investment in securities - Media Times Limited**

(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>Media Times Limited</b> , a subsidiary of the company		
(ii)	Purpose, benefits and period of investment	Utilization of the Companys available cash resources for better prospective returns to shareholders		
(iii)	Maximum amount of investment	Up to Rs. 125,195,700		
(iv)	Maximum price at which securities will be acquired	At Rs. 5/- per share		
(v)	Maximum number of securities to be acquired	Up to 25,039,140		
(vi)	Number of securities and percentage thereof held before and after the proposed investment	Before = 74,911,267 = 41.88% After = 99,950,407 = 49.02%		
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 3.31		
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	N/A		
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	30 June 2011 (Audited) 8.96	30 June 2012 (Audited) 5.31	30 June 2013 (Audited) 4.25
(x)	Earnings per share of the associated company or associated undertaking for the last three years	30 June 2011 (Audited) (1.22)	30 June 2012 (Audited) (4.53)	30 June 2013 (Audited) (1.06)
(xi)	Sources of fund from which securities will be acquired	Available cash resources and/or future internal cash generation from the operations of Company		

(xii)	Where the securities are intended to be acquired using borrowed funds i) Justification for investment through borrowing; and ii) Detail of guarantees and assets pledged for obtaining such funds	N/A
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to proposed investment	N/A
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings
(xv)	Any other important details necessary for the members to understand the transaction; and	Additional Equity Investment in Subsidiary of the Company
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the further information, is required, namely:-	N/A
	i) Description of the project and its history since conceptualization	
	ii) Starting and expected dated of completion of work	
	iii) Time by which such project shall become commercially operational; and	
	iv) Expected time by which the project shall start paying return on investment	

**INSPECTION OF DOCUMENTS**

Copies of Memorandum and Articles of Association, Statement under section 160(1)(b) of the Companies Ordinance, 1984, annual and quarterly accounts along with all published or otherwise required accounts of all prior periods of the Company and the investee company where applicable and to the extent required, along with the financial projections of the Company and the investee company where required, other related information of the Company and the investee company and SECP's approval letter dated 25 February 2009 for placement of quarterly accounts may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

**UNDERTAKING OF DIRECTORS**

The Directors of the Company undertake that they have carried out necessary due diligence for the proposed investments.

**INTEREST OF DIRECTORS AND THEIR RELATIVES**

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings which may also be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of First Capital Securities Corporation Limited (“the Company” or “FCSC”) is pleased to present the audited annual financial statements of the Company for the year ended June 30, 2013.

### Operational Results

The Company's results for the Financial Year (“FY”) 2013 are summarized as follows:

	30 June 2013	30 June 2012
	Rupees	Rupees
Revenue	(16,739,989)	34,263,769
Profit on sale of investment property	-	651,000
Operating expenses	23,940,997	40,069,091
Impairment loss on available-for-sale investments	2,558,259,437	569,886,470
Finance and other costs	44,550	8,293,124
Loss after taxation	2,568,059,782	523,534,658
Earnings/(loss) per share (basic & diluted)	(8.11)	(1.65)

Company showed net revenue of Rs.(16.74) million as compared to Rs. 34.26 million during the same period last year showing a decrease of 148% including a loss on disposal of investments of Rs. 99.715 million. Operating expenses incurred during the year amounting to Rs.23.94 million as compared to 40.07 million during the same period last year. Investments available for sale were revalued and the company was forced to report an impairment loss of Rs.2.56 billion as compared to 523.53 million in the period in comparison. Eventually it reported an after tax loss of Rs 2.568 billion as compared to a loss of Rs. 523.53 million during the corresponding period last year. Resultantly, company posted per share loss of Rs. 8.11 in comparison with the loss of Rs.1.65 per share for the same period last year.

### Performance of Key Investments

#### First Capital Equities Limited (“FCEL”)

FCEL reported an after tax loss Rs.176.94 million in the year under review as compared to Rs. 68.33 million last year. Loss per share remained Rs.1.64 in comparison with Rs.0.63 last year. The main reason for loss was the huge financial cost on the loans outstanding as payable to various Financial Institutions.

#### Lanka Securities (Private) Limited (“LSL”)

Sri Lankan capital markets remained depressed during the FY13 resulting a sharp decrease in revenues. The profit after tax also showed a steep downfall and stood to be LKR 32.56 million as compared to last year profit of LKR 30.32 million. EPS for the year was LKR (1.86) per share versus LKR 1.73 per share in the preceding year.

#### First Capital Investments Limited (“FCIL”)

FCIL has reported an after tax profit of Rs. 11.79 million during the FY-13 against net loss of Rs. 0.19 million in the same period last year. EPS for the period was recorded at Rs. 1.04 as compared to Rs. (0.02) during the same period last year. FCIL did not declare any pay out this year (last year 10% Bonus) in view of minimum equity requirement of FCIL.

#### Falcon Commodities (Pvt.) Limited (“FCL”)

Falcon has reported its revenues at Rs. 4.89 million almost more than double as that of reported last year for the same period. FCL has reported a net profit of Rs.0.29 million as compared to Rs.0.4 million in the preceding year.

**World Press (Pvt.) Limited (“WPL”)**

During the period under review, WPL reported revenue of Rs. 28.75 million against Rs. 26.32 million in the corresponding year. Resultantly WPL posted after-tax loss of Rs. 10.79 million as compared to after tax profit of Rs. 11.3 million in the previous year. Loss per share for the year recorded at Rs. (3.60) as compared to the earnings per share of Rs. (3.77) during the same period last year.

**Media Times Limited (“MDTL”)**

MDTL has improved its financial position by controlling the operating and financial expenses. The revenue increased by 13% only but the effective controls resulted in 270% reduction in the net loss which stood at Rs. 188.97 million versus a net loss of Rs. 699.33 million in the previous year.

**Future Outlook**

Keeping in view the economic support program by IMF and certain structural reforms by the present government along with the measures taken to reduce the budget deficit by 2.2%, it is expected that economy will start recovering from the present situation. While allowing further depreciation in our currency rates will fuel the inflation and adversely affect the purchasing power.

In an unexpected move, State Bank of Pakistan (SBP) hiked Discount Rate by 50bps to 9.50% in its monetary policy decision of September 13, 2013, ending the monetary easing cycle which started in August 2011 and delivered its last rate cut in June 2013. SBP cited inflationary impact of GST increase, phasing out of subsidies, potential instability in oil price and continued government reliance on banks to finance its fiscal deficit as the key factors for the higher inflation expectations. Due to above mentioned reasons SBP expects inflation in the range of 11-12% for FY14.

**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, 2013 was Rs. 8.11 as compared to Rs. 1.65 per share for the last year.

**Changes in the Board of Directors**

During the financial year Miss Samira Ahmed Zia resigned from the board of Directors and subsequent to the year Mr. Latafat Ali Khan was appointed in her place.

**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**

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

<b>Directors</b>	<b>Meetings Attended</b>
Mrs. Aamna Taseer	6
Mr. Shehryar Ali Taseer	6
Miss Shehribano Taseer	6
Mrs. Maheen Ghani Taseer	6
Miss. Samira Ahmed Zia (Resigned)	6
Mr. Sulaiman Ahmed Saeed Al-Hoqani	-
Mr. Jamal Said Al-Ojaili	-
Syed Etrat Hussain Rizvi (Alternate director to Mr. Hoqani)	2

**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 shall retire and being eligible offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment after rotating the partner of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2014.

**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  
05 October 2013

**Aamna Taseer**  
Chairman & Chief Executive Officer



**KEY FINANCIAL DATA FOR LAST SIX YEARS**

**FINANCIAL DATA**

**Rupees in Thousands**

	2013	2012	2011	2010	2009	2008	2007
Operating revenue	(16,740)	34,264	90,568	88,622	(1,352,116)	5,636,505	1,723,995
Operating expenses	23,941	40,874	58,179	76,856	77,564	181,830	45,168
Operating profit/(loss)	(2,598,940)	(575,846)	(109,789)	651,915	(1,429,680)	5,454,675	1,678,827
Other revenue	31,288	62,645	90,655	63,419	80,135	30,014	3,366
Financial Expenses	45	8,293	11,313	11,639	21,619	43,126	46,414
Taxation	363	2,040	6,377	4,471	1,546	118	227
Profit/(loss) after Taxation	(2,568,060)	(523,534)	(36,823)	699,221	(1,372,710)	5,441,446	1,635,552
Bonus Share Interim & Final	-	-	-	10%	25%	40%	20%

**PATTERN OF SHAREHOLDING  
AS AT 30 JUNE 2013**

*INCORPORATION NUMBER: 0032345 OG of 11-04-1994*

No. of Shareholders	Shareholdings		Shares Held
	From	To	
347	1	100	12,427
556	101	500	159,726
459	501	1000	352,052
974	1001	5000	2,286,929
371	5001	10000	2,568,209
60	10001	15000	755,812
45	15001	20000	812,543
34	20001	25000	803,303
18	25001	30000	506,455
9	30001	35000	296,381
9	35001	40000	343,026
7	40001	45000	294,778
15	45001	50000	730,319
7	50001	55000	371,380
5	55001	60000	287,714
4	60001	65000	254,111
2	65001	70000	140,000
3	70001	75000	220,868
4	75001	80000	314,779
2	80001	85000	165,810
1	85001	90000	87,664
1	90001	95000	93,884
6	95001	100000	599,000
2	100001	105000	205,500
1	105001	110000	110,000
2	110001	115000	226,000
2	115001	120000	236,402
2	130001	135000	266,922
1	135001	140000	139,000
2	140001	145000	286,500
2	145001	150000	300,000
2	155001	160000	319,871
3	160001	165000	489,104
1	165001	170000	169,510
1	180001	185000	180,667
2	195001	200000	400,000
2	200001	205000	407,960
2	240001	245000	483,155
1	245001	250000	250,000
1	255001	260000	260,000

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1	270001	-	275000	275,000
1	295001	-	300000	300,000
1	300001	-	305000	303,356
1	315001	-	320000	317,605
1	350001	-	355000	350,500
1	365001	-	370000	367,484
1	370001	-	375000	372,289
1	395001	-	400000	399,360
1	445001	-	450000	450,000
1	450001	-	455000	454,500
1	465001	-	470000	465,400
3	495001	-	500000	1,500,000
1	505001	-	510000	508,500
1	510001	-	515000	512,300
2	545001	-	550000	1,096,000
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	2845001	-	2850000	2,850,000
1	3135001	-	3140000	3,139,988
1	3600001	-	3605000	3,602,283
1	3990001	-	3995000	3,991,754
1	4015001	-	4020000	4,019,559
1	4995001	-	5000000	4,996,865
1	6210001	-	6215000	6,210,500
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	12760001	-	12765000	12,761,000
1	17120001	-	17125000	17,122,000
1	33770001	-	33775000	33,772,767
1	34050001	-	34055000	34,050,449
1	45830001	-	45835000	45,831,823
1	68430001	-	68435000	68,432,023
<b>3009</b>				<b>316,610,112</b>

**PATTERN OF SHAREHOLDING  
AS AT 30 JUNE 2013**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	87,041,676	27.49
Associated Companies, undertakings and related parties.	3,991,754	1.26
NIT and ICP	4,021,059	1.27
Banks, Development Financial Institutions, Non Banking Financial Institutions	26,143,187	8.26
Insurance	8,818,928	2.79
Modarabas and Mutual Funds	359,831	0.11
Share holders holding 10% or more	192,488,325	60.80
General Public		
a) Local	65,235,687	20.60
b) Foreign	536,407	0.17
Others:		
- Joint Stock Companies	28,165,289	8.90
- Foreign Companies	92,296,294	29.15

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

**PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS  
AS AT 30 JUNE 2013**

<u>Shareholders' Category</u>	<u>Number of Shares held</u>
<b>Associated Companies, undertaking and related parties</b>	
Worldcall Telecom Limited	3,991,754
<b>Mutual Funds</b>	
	-
<b>Directors, CEO and their Spouse and Minor Children</b>	
Aamna Taseer (CEO/Director)	2,158,478
Shehryar Ali Taseer (Director)	632
Shehrbano Taseer (Director)	556
Maheen Ghani Taseer (Director)	973
Sulaiman Ahmad Saeed Al-Hoqani (Director)	84,879,187
Jamal Said Al-Ojaili (Director)	1,850
<b>Executives</b>	
<b>Public Sector Companies and Corporations</b>	
	28,165,289
<b>Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pention Funds</b>	
	35,321,946
<b>Shareholders holding 5% or more voting rights in the Company</b>	
Salmaan Taseer	35,571,835
Amythest Limited	72,034,306
Sulaiman Ahmad Saeed Al-Hoqani	84,879,187
Sisley Group Company Limited	17,122,000

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

**FIRST CAPITAL SECURITIES CORPORATION LIMITED (“THE COMPANY”)  
FOR THE YEAR ENDED 30 JUNE 2013**

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 (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Jamal Said AI -Ojaili
Executive Director	Mrs. Aamna Taseer
Non-Executive Directors	Mrs. Maheen Ghani Taseer Ms. Shehrbano Taseer Mr. Kanwar Latafat Ali Khan Mr. Sulaiman Ahmed Saeed AI -Hogani

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

- 2) The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) A casual vacancy occurring on the Board on 15 June 2013 was filled up by the directors within 90 days.
- 5) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board / shareholders.
- 8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranged one training program for its directors during the year.
- 10) The Board has approved "appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

For and on behalf of the Board

Lahore  
05 October 2013

**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 Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **First Capital Securities Corporation Limited** (“the Company”) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control 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.

Further, sub-regulation (x) of Listing Regulation No. 35 of the respective Stock Exchanges, where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval of 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

We draw attention to clause 15 and 28 of the Statement of Compliance, which mention non-compliance with Code of Corporate Governance regarding chairman of audit committee and Board of Directors. Our conclusion is not qualified in respect of these matters.

**Lahore**  
05 October 2013

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Kamran Iqbal Yousafi)**



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Securities Corporation Limited (“the Company”)** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 2013 and of the loss, other comprehensive loss, changes in equity and its cash flows for the year then ended; and
- d) in our opinion no Zakat was deductible at source by the Company under Section 7 of the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore:  
05 October 2013

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Kamran Iqbal Yousafi)**

## BALANCE SHEET

### AS AT 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>Non current assets</b>			
Property and equipment	5	139,574,926	140,251,533
Investment property	6	284,934,600	144,269,000
Long term investments	7	4,474,875,122	7,449,056,273
Long term loans	8	-	22,283,613
Long term deposits	9	37,500	266,850
		<u>4,899,422,148</u>	<u>7,756,127,269</u>
<b>Current assets</b>			
Trade debts	10	2,007,784	1,298,501
Loans and advances	11	154,500	3,368,920
Current portion of long term loans and advances	8	-	86,685,922
Prepayments		5,728	115,729
Interest accrued		-	3,916,146
Short term investments	12	182,316,334	88,221,974
Tax refunds due from Government		30,468,166	29,280,600
Cash and bank balances	13	1,116,306	18,880,959
		<u>216,068,818</u>	<u>231,768,751</u>
<b>Current liabilities</b>			
Trade and other payables	14	34,993,390	34,551,661
Mark-up accrued		-	5,966,552
Short term borrowings	15	-	51,855,970
Current portion of long term loan	18	18,346,400	-
Current portion of liabilities against assets subject to finance lease	16	-	1,325,083
		<u>53,339,790</u>	<u>93,699,266</u>
<b>Working capital employed</b>		<u>162,729,028</u>	<u>138,069,485</u>
		<u>5,062,151,176</u>	<u>7,894,196,754</u>
<b>Non-current liabilities</b>			
Deferred liabilities	17	6,630,603	9,920,907
Long term loan	18	21,985,739	-
		<u>28,616,342</u>	<u>9,920,907</u>
Contingencies and commitments	19		
<b>Net capital employed</b>		<u>5,033,534,834</u>	<u>7,884,275,847</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	20	3,166,101,120	3,166,101,120
Reserves		22,797,136	305,478,367
Retained earnings		1,844,636,578	4,412,696,360
		<u>5,033,534,834</u>	<u>7,884,275,847</u>

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

Lahore:  
05 October 2013

Chief Executive Officer

Director

**PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>Operating revenue</b>			
Money market services	21	13,825,746	12,342,139
Dividend income	22	1,824,225	19,289,566
Financial consultancy services		-	4,383,366
Investment property rentals		1,955,144	3,675,639
Loss on disposal of investments	23	(99,715,806)	(900,604)
Unrealized gain / (loss) on re-measurement of 'investments at fair value through profit or loss'	12	60,004,702	(4,526,337)
Unrealized gain on re-measurement of investment property		5,366,000	651,000
		<u>(16,739,989)</u>	<u>34,914,769</u>
<b>Expenses</b>			
Impairment loss on 'available-for-sale' investments		(2,558,259,437)	(569,886,470)
Operating and administrative expenses	24	(23,940,997)	(40,873,924)
<b>Operating loss</b>		<u>(2,598,940,423)</u>	<u>(575,845,625)</u>
Other income	25	31,287,920	62,644,575
Finance costs	26	(44,550)	(8,293,124)
<b>Loss before taxation</b>		<u>(2,567,697,053)</u>	<u>(521,494,174)</u>
Taxation	27	(362,729)	(2,040,484)
<b>Loss after taxation</b>		<u>(2,568,059,782)</u>	<u>(523,534,658)</u>
<b>Loss per share - basic and diluted</b>	28	<u>(8.11)</u>	<u>(1.65)</u>

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

Lahore:  
05 October 2013

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 Rupees	2012 Rupees
<b>Loss after taxation</b>		<b>(523,534,658)</b>	(36,823,304)
<b>Other comprehensive loss for the year</b>			
<i><u>Items that are or may be subsequently reclassified to profit or loss:</u></i>			
Net change in fair value of 'available-for-sale' financial assets reclassified to profit and loss account	23	<b>(10,506,174)</b>	(248,366)
Net change in fair value of 'available-for-sale' financial assets		<b>(272,175,057)</b>	(3,945,207,773)
Other comprehensive loss for the year		<b>(282,681,231)</b>	(3,945,456,139)
<b>Total comprehensive loss for the year</b>		<b>(2,850,741,013)</b>	(4,468,990,797)

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

Lahore:  
05 October 2013

Chief Executive Officer

Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>Cash flows from operating activities</b>			
Loss before taxation		(2,567,697,053)	(521,494,174)
Adjustments for:			
Finance costs		44,550	8,293,124
Dividend income		(1,824,225)	(19,289,566)
Unrealized (gain) / loss on re-measurement of investments at 'fair value through profit or loss'		(60,004,702)	4,526,337
Impairment loss on 'available-for-sale' investments		2,558,259,437	569,886,470
Unrealized gain on re-measurement of investment property at 'fair value through profit or loss'		(5,366,000)	(651,000)
Depreciation		731,107	1,153,804
Gain on disposal of property and equipment		(400,000)	(1,039,502)
(Gain) / loss on de-recognition of leased asset		(1,068,537)	804,833
Loss on disposal of investment		110,743,826	1,274,171
Gain on derecognition of financial liability		(10,490,383)	-
Gain on currency translation		-	271,352
Interest income		(19,165,140)	(61,524,660)
Provision for staff retirement benefits		2,347,980	3,368,893
		2,573,807,913	507,074,256
<b>Profit / (loss) before working capital changes</b>		<b>6,110,860</b>	<b>(14,419,918)</b>
<b>Changes in working capital</b>			
Trade debts		(709,283)	490,808
Loans and advances		(29,000)	988,818
Prepayments		110,001	374,865
Other receivables		-	7,266,974
Trade and other payables		(681,694)	(83,598,167)
		(1,309,976)	(74,476,702)
<b>Net cash generated from / (used in) operations</b>		<b>4,800,884</b>	<b>(88,896,620)</b>
Staff retirement benefits paid		(1,271,441)	(5,096,136)
Finance cost paid		(44,550)	(4,958,284)
Taxes paid		(1,550,295)	(3,429,701)
		(2,866,286)	(13,484,121)
<b>Net cash generated from / (used in) operating activities</b>		<b>1,934,598</b>	<b>(102,380,741)</b>
<b>Cash flows from investing activities</b>			
Dividend received		1,824,225	19,289,566
Capital expenditure incurred		(54,500)	-
Proceeds from disposal of property and equipment		400,000	234,669
Payment against liability for purchase of investment property		-	(320,790)
Long term loans and advances -net		83,747,206	455,644,845
Long term investments - net		(77,503,343)	(447,283,677)
Short term investments - net		(34,089,658)	3,431,507
Interest received		13,004,015	19,607,703
<b>Net cash (used in) / generated from investing activities</b>		<b>(12,672,055)</b>	<b>50,603,823</b>
<b>Cash flows from financing activities</b>			
Repayment of liabilities against assets subject to finance lease		(27,196)	(203,917)
Long term loan		(7,000,000)	(5,652)
<b>Net cash used in financing activities</b>		<b>(7,027,196)</b>	<b>(209,569)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,764,653)</b>	<b>(51,986,487)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>18,880,959</b>	<b>70,867,446</b>
<b>Cash and cash equivalents at the end of the year</b>	13	<b>1,116,306</b>	<b>18,880,959</b>

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

**Lahore:**  
**05 October 2013**

**Chief Executive Officer**

**Director**

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2013

	Share capital	Capital reserve <hr/> Fair value reserve	Revenue reserve <hr/> Retained earnings	Total
-----Rupees-----				
<b>Balance at 01 July 2011</b>	3,166,101,120	4,250,934,506	4,936,231,018	12,353,266,644
 <i><u>Comprehensive loss for the year</u></i>				
Loss for the year	-	-	(523,534,658)	(523,534,658)
Other comprehensive loss	-	(3,945,456,139)	-	(3,945,456,139)
Total comprehensive loss for the year	-	(3,945,456,139)	(523,534,658)	(4,468,990,797)
 <b>Balance at 30 June 2012</b>	 3,166,101,120	 305,478,367	 4,412,696,360	 7,884,275,847
 <i><u>Comprehensive loss for the year</u></i>				
Loss for the year	-	-	(2,568,059,782)	(2,568,059,782)
Other comprehensive loss	-	(282,681,231)	-	(282,681,231)
Total comprehensive loss for the year	-	(282,681,231)	(2,568,059,782)	(2,850,741,013)
 <b>Balance at 30 June 2013</b>	 <u>3,166,101,120</u>	 <u>22,797,136</u>	 <u>1,844,636,578</u>	 <u>5,033,534,834</u>

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

Lahore:  
05 October 2013

Chief Executive Officer

Director

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2012

#### 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
<b><u>Subsidiaries</u></b>	
- First Capital Investments Limited, an investment advisory company	76.39%
- Lanka Securities (Private) Limited, a financial services company	51.00%
- World Press (Private) Limited, a publishing company	65.00%
- Falcon Commodities (Private) Limited, a brokerage house	100.00%
- Trident Construct (Private) Limited, a real estate investment company	51.00%
- Ozer Investments Limited, a financial services company	100.00%
- First Capital Equities Limited, research and brokerage house	64.97%
- Media Times Limited, a media company	47.47%
<b><u>Associates</u></b>	
- Pace Barka Properties Limited, a real estate services company	17.95%
- Pace Super Mall, a real estate services company	0.07%

##### 2.2 Statement of compliance

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

##### 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.

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

During the current year, the Company has adopted the following amendment to IFRS which became effective for the current year:

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

The adoption of the above amendment did not have any effect on these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013;

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit and loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains amounting to Rs. 0.964 million at 30 June 2013 would need to be recognized retrospectively in other comprehensive income.



- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.
  - o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’ when required, is only required if the effect of restatement is material to statement of financial position.
  - o IAS 16 Property and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
  - o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
  - o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.
- 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.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- 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.

#### 4. Significant accounting policies

##### 4.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 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 2013 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 recognised 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 and long term loans*

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

##### *Long term loans*

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 Company will not be able to collect all amounts due according to the original terms of loan.

#### 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**

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

#### 4.13 Staff retirement benefits

##### *Defined benefit plan*

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

The Company recognizes actuarial gains/ losses above the 10% of present value of obligation at the end of previous year over the expected remaining average service life of the employees.

#### 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	2013 Rupees	2012 Rupees
<b>5 Fixe assets</b>			
Property and equipment	5.1	915,176	1,591,783
Capital work in progress	5.3	<u>138,659,750</u>	<u>138,659,750</u>
		<u><b>139,574,926</b></u>	<u><b>140,251,533</b></u>



5.1 Property and equipment

	Owned assets				Leased assets		Total
	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Vehicles	Sub total	
<b>Cost</b>							
Balance at 1 July 2011	470,315	573,664	2,006,590	154,000	8,954,930	12,159,499	1,529,000
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(715,450)	(715,450)	(1,529,000)
Balance at 30 June 2012	470,315	573,664	2,006,590	154,000	8,239,480	11,444,049	-
Balance at 1 July 2012	470,315	573,664	2,006,590	154,000	8,239,480	11,444,049	-
Additions during the year	-	-	54,500	-	-	54,500	-
Disposals during the year	-	-	-	-	(845,000)	(845,000)	-
<b>Balance at 30 June 2013</b>	<b>470,315</b>	<b>573,664</b>	<b>2,061,090</b>	<b>154,000</b>	<b>7,394,480</b>	<b>10,653,549</b>	<b>-</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2011	470,315	471,873	1,712,018	112,757	6,876,295	9,643,258	25,483
Depreciation for the year	-	41,362	55,980	6,648	820,468	924,458	229,346
Depreciation on disposals	-	-	-	-	(715,450)	(715,450)	(254,829)
Balance at 30 June 2012	470,315	513,235	1,767,998	119,405	6,981,313	9,852,266	-
Balance at 1 July 2012	470,315	513,235	1,767,998	119,405	6,981,313	9,852,266	-
Depreciation for the year	-	36,744	53,719	6,648	633,996	731,107	-
Depreciation on disposals	-	-	-	-	(845,000)	(845,000)	-
<b>Balance at 30 June 2013</b>	<b>470,315</b>	<b>549,979</b>	<b>1,821,717</b>	<b>126,053</b>	<b>6,770,309</b>	<b>9,738,373</b>	<b>-</b>

Note

Carrying Value	
At 30 June 2012	1,591,783
At 30 June 2013	915,176
Rate of depreciation	20%

5.2 Disposal of property and equipment

Particulars of assets	Rupees				Particulars of buyers	
	Cost	Depreciation	Net book value	Sale proceeds		Profit
Vehicle	845,000	845,000	-	400,000	400,000	Negotiation
<b>2013</b>	<b>845,000</b>	<b>845,000</b>	<b>-</b>	<b>400,000</b>	<b>400,000</b>	
2012	2,244,450	970,279	1,274,171	234,669	1,039,502	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 (2012: Rs. 133,634,515) and Rs. 5,025,235 (2012: Rs. 5,025,235) respectively. Construction work on the said properties is in progress at 30 June 2013.

	<b>2013</b>	2012
	<b>Rupees</b>	Rupees
<b>6 Investment property</b>		
Balance at 1 July	<b>144,269,000</b>	143,618,000
Acquisitions during the year	<b>135,299,600</b>	-
Change in fair value	<b>5,366,000</b>	651,000
Balance at 30 June	<b><u>284,934,600</u></b>	<u>144,269,000</u>

**6.1** Investment property comprises of fifteen 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** Twelve shops situated in Pace Gujranwala Shopping Mall, are mortgaged against various finance facilities obtained by First Capital Equities Limited (a related party) from various commercial banks. Three shops situated in Pace Shopping Mall, Fortress Stadium are encumbered against term finance facility availed by the Company from a commercial bank.

**6.3** The fair value of investment property was determined by approved external, independent property valuer, 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.

	<b>Note</b>	<b>2013</b>	2012
		<b>Rupees</b>	Rupees
<b>7 Long term investments - available-for-sale</b>			
<b><i>Investment in related parties</i></b>			
Subsidiary companies - at cost	7.1	<b>186,060,738</b>	161,219,395
Associated company - at cost	7.2	<b>547,313,110</b>	547,313,110
Subsidiary companies - at fair value	7.3	<b>3,741,501,274</b>	6,740,523,768
		<b><u>4,474,875,122</u></b>	<u>7,449,056,273</u>

**7.1 Subsidiary companies - at cost**

	Shares		Carrying value		Break-up value per share		Percentage of holding	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>Note</i>	Number		Rupees		Rupees		Rupees	
First Capital Investments Limited	11,124,634	7,855,000	101,681,450	76,840,107	10.87	11.10	76.39%	76.56%
Lanka Securities (Private) Limited	8,912,250	8,912,250	46,229,683	46,229,683	14.50	21.40	51.00%	51.00%
World Press (Private) Limited	1,949,041	1,949,041	19,490,410	19,490,410	18.18	24.10	65.00%	65.00%
Falcon Commodities (Private) Limited	3,150,000	3,150,000	8,451,602	8,451,602	3.97	2.68	100.00%	100.00%
Trident Construct (Private) Limited	10,455,000	10,455,000	10,200,000	10,200,000	23.02	15.20	51.00%	51.00%
Ozer Investments Limited	1,000	1,000	7,593	7,593	-	-	100.00%	100.00%
			<u>186,060,738</u>	<u>161,219,395</u>				

7.1.1 All subsidiary companies have been incorporated in Pakistan except for Lanka Securities (Private) Limited and Ozer Investments Limited, which are incorporated in Sri Lanka.

7.1.2 The cost of investment in Falcon Commodities (Private) Limited is Rs. 19,152,040. The investment in said company was impaired in 2012 by Rs. 10,700,438.

**7.2 Associated companies - at cost**

	Shares		Carrying value		Break-up value per share		Percentage of holding	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>Note</i>	Number		Rupees		Rupees		Rupees	
Pace Barka Properties Limited	54,790,561	54,790,561	547,200,610	547,200,610	15.53	17.20	17.95%	17.95%
Pace Super Mall	11,250	11,250	112,500	112,500	10.00	10.00	0.07%	0.07%
7.2.1			<u>547,313,110</u>	<u>547,313,110</u>				

7.2.1 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.

**7.3 Subsidiary companies - at fair value**

	Shares		Market value		Market value per share		Percentage of holding	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>Note</i>	Number		Rupees		Rupees		Rupees	
First Capital Equities Limited	70,190,200	72,690,200	3,358,601,070	6,433,082,700	47.85	88.50	64.97%	67.29%
Media Times Limited	84,900,267	76,860,267	382,900,204	307,441,068	4.51	4.00	47.47%	42.97%
			<u>3,741,501,274</u>	<u>6,740,523,768</u>				

7.3.1 During the year the Company sold 2,500,000 shares of FCEL at Rs. 40 per share, in accordance with the approval of Board of Directors. As at the date of sale transaction the market value of shares of FCEL was Rs. 58.74 per share. This resulted in a loss of Rs. 46,850,000.

7.3.2 This includes 1,790,000(2012: 1,790,000) and 38,186,497(2012: 29,279,000) shares having market value of Rs. 8,072,900(2012: 7,160,000) and Rs. 172,221,101(2012: 117,116,000) pledged against the loan of the Company and First Capital Equities Limited (FCEL) (a related party) respectively. Out of the said 38,186,400 shares, pledged against the loan of FCEL, 24,229,000 shares are held by FCEL in its own sub-account.

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

	<b>2013 Rupees</b>	<b>2012 Rupees</b>
<b>8 Long term loans - related parties</b>		
<i><u>Unsecured - considered good</u></i>		
Media Times Limited	-	4,219,922
First Capital Equities Limited	-	104,749,613
	-	108,969,535
Less: current portion of long term loans	-	86,685,922
	-	22,283,613

**8.1** The loan to subsidiary companies carried interest at the rate of 12% per annum (2012: 14.92% to 17.3% per annum), subject to the provisions of section 208 of the Companies Ordinance, 1984.

**8.2** The maximum aggregate amount of loan outstanding during the year was Rs. 226,056,807 (2012: Rs. 559,537,760).

	<b>2013 Rupees</b>	<b>2012 Rupees</b>
<b>9 Long term deposits</b>		
Deposits with leasing companies	-	229,350
Other deposits	37,500	37,500
	37,500	266,850

<b>10 Trade debts</b>		
Unsecured - considered good	2,007,784	1,298,501

<b>11 Loans and advances</b>		
<i><u>Secured - considered good</u></i>		
Advances to staff	11.1	3,368,920
		154,500

**11.1** Advances given to staff for expenses are in accordance with the Company's policy and terms of employment contract. These advances are secured against gratuity, are interest free and adjustable against salary / expense claims. The maximum aggregate amount of advance to staff outstanding during the year was Rs. 3,403,920 (2012: Rs. 4,318,425). Advances to staff do not include any amount due from Chief Executive (2012: Rs. Nil) nor any director of the Company (2012: 3,243,420).

	Note	2013 Rupees	2012 Rupees
<b>12 Short term investments</b>			
Investments at fair value through profit or loss	12.1	<b>173,230,759</b>	88,221,974
Market treasury bills - held to maturity		<b>9,085,575</b>	-
		<u><b>182,316,334</b></u>	<u>88,221,974</u>
<b>12.1 Investments at fair value through profit or loss</b>			
These investments are 'held for trading'			
Carrying value at 30 June:			
Related parties		<b>74,380,454</b>	69,619,701
Others		<b>38,845,603</b>	23,128,610
		<u><b>113,226,057</b></u>	<u>92,748,311</u>
Unrealized gain / (loss) on re-measurement of investment - during the year		<b>60,004,702</b>	(4,526,337)
		<u><b>173,230,759</b></u>	<u>88,221,974</u>
Fair value of short term investments at 30 June comprises of:			
Related parties	12.2	<b>136,491,912</b>	71,367,017
Others	12.3	<b>36,738,847</b>	16,854,957
		<u><b>173,230,759</b></u>	<u>88,221,974</u>

	Shares		Fair value		Percentage of holding	
	2013	2012	2013	2012	2013	2012
<b>12.2 Held for trading - related parties</b>	<i>Note</i>					
	<b>Number-----Rupees-----</b>					
<b>Telecommunication</b>						
Worldcall Telecom Limited	4,221,207	4,221,207	12,663,621	8,653,474	0.49%	0.49%
<b>Real Estate Investment and Services</b>						
Pace (Pakistan) Limited	28,253,776	24,633,668	123,751,539	50,252,683	12.14%	10.58%
<b>Mutual Funds</b>						
First Capital Mutual Fund Limited	10,330	2,806,500	76,752	12,460,860	0.30%	9.35%
			<u>136,491,912</u>	<u>71,367,017</u>		
<b>12.2.1</b>	This includes 2,972,308(2012:2,972,308)shares held under lien as security by National AccountabilityBureau (NAB). These shares are held in possession of NAB. Refer to note 19.2					
<b>12.2.2</b>	This includes 3,370,000(2012: 3,370,000)and 10,774,900(2012: 5,626,500)shares having market value of Rs. 14,760,600(2012: Rs. 6,874,800)and Rs. 90,872,298(2012:Rs. 34,939,284)pledged against the loan of the Companyand FCEL (a related party) respectively. Out of the said 10,774,900shares, pledged against the loan of FCEL, 9,972,200 shares are held by FCEL in its own sub-account.					
<b>12.2.3</b>	This includes 8,830 (2012: Nil) shares having market value of Rs. 65,607 (2012: Rs. Nil) pledged against long term loan of FCEL (a related party).					
<b>12.3 Held for trading - others</b>	<i>Note</i>					
	<b>Shares-----Rupees-----</b>					
	2013	2012	2013	2012	2013	2012
<b>Insurance</b>						
Shaheen Insurance Company Limited		12.3.1	3,709,321	1,872,773	27,819,908	16,854,957
PICIC Insurance Limited		12.3.2	32,000	-	227,200	-
<b>Cement</b>						
Pioneer Cement Limited		12.3.2	11,031	-	323,980	-
<b>Sugar</b>						
Haseeb Waqas Sugar Mills Limited		12.3.2	417,788	-	7,937,972	-
<b>Investment bank</b>						
Arif Habib Limited			11,040	-	429,787	-
			<u>36,738,847</u>	<u>16,854,957</u>		
<b>12.3.1</b>	This includes 1,836,248(2012:Nil) shares of Shaheen Insurance Company Limitedhaving market value of Rs.13,771,860(2012: Rs. Nil) pledged against long term loan of FCEL (a related party).					
<b>12.3.2</b>	This includes 32,000(2012: Nil) shares of PICIC Insurance Limited, 11,000(2012: Nil) shares of Pioneer Cement Limited and 416,788(2012: Nil) shares of Haseeb Waqas Sugar Mills Limitedhavingmarket values of Rs.227,200(2012:Rs. Nil),Rs.323,070(2012:Rs. Nil)and Rs.7,918,972(2012:Rs. Nil) respectively, pledged against long term loan of FCEL (a related party).					
<b>12.4</b>	Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10/- per share.					

	Note	2013 Rupees	2012 Rupees
<b>13 Cash and bank balances</b>			
Cash in hand		5,343	5,497
Cash at bank			
- current accounts		<b>30,357</b>	5,605
- deposit accounts	13.1	<b>1,080,606</b>	9,869,857
		<b>1,110,963</b>	9,875,462
Investments in Term Deposit Receipts (TDR's)		-	9,000,000
		<b>1,116,306</b>	18,880,959

**13.1** The deposit accounts carry mark-up at rates ranging from 5.12% to 9.41% (2012: 5% to 9.75%) per annum.

	Note	2013 Rupees	2012 Rupees
<b>14 Trade and other payables</b>			
Creditors	14.1	5,349,828	3,116,777
Accrued liabilities		4,957,423	2,554,059
Advance for sale of property		-	5,716,352
Security deposit from Pace shopkeepers		1,796,960	1,796,960
Payable against purchase of investment property	14.2	6,681,123	6,681,123
Final settlements payable	14.3	11,696,264	10,572,841
Unclaimed dividend		1,858,918	1,858,918
Withholding tax		468,045	34,996
Other liabilities		2,184,829	2,219,635
		<b>34,993,390</b>	34,551,661

**14.1** Creditors balance includes following balances in respect of related parties:

Media Times Limited	111,800	78,000
World Press (Private) Limited	362,172	427,922
	<b>473,972</b>	505,922

**14.2** This amount is payable to Pace Pakistan Limited (associated company), against the purchase of properties in Pace Fortress Stadium, Lahore.

**14.3** This includes Rs. 5,140,042 (2012: Rs. 5,336,636) payable to employees in respect of gratuity.

	2013 Rupees	2012 Rupees
<b>15 Short term borrowings</b>		
<i><u>From banking company - secured</u></i>		
Running finance facility	-	51,855,970

During the year the management entered into restructuring of its short term borrowing into term finance facility. Refer note 18.

**16 Liabilities against assets subject to finance lease**

The liabilities against assets subject to finance lease represent lease entered into with a leasing company. The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	<b>30 June 2013</b>		
	<b>Not later than one year</b>	<b>Later than one year and not later than five years</b>	<b>Total</b>
	<b>R u p e e s</b>		
Minimum lease payments	-	-	-
Future finance charge	-	-	-
Present value of minimum lease payments	-	-	-

	<b>30 June 2012</b>		
	<b>Not later than one year</b>	<b>Later than one year and not later than five years</b>	<b>Total</b>
	<b>R u p e e s</b>		
Minimum lease payments	1,550,387	-	1,550,387
Future finance charge	(225,304)	-	(225,304)
Present value of minimum lease payments	1,325,083	-	1,325,083

**17 Deferred liabilities - staff retirement benefits**

The actuarial valuation of gratuity scheme has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2013. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation.

	<b>2013</b>	2012
Discount rate	<b>10.5% per annum</b>	13% per annum
Expected rate of eligible salary increase in future years	<b>9.5% per annum</b>	12% per annum
Average expected remaining working life time of employees	<b>12 years</b>	11 years

	<b>Note</b>	<b>2013 Rupees</b>	2012 Rupees
<b>17.1 Amount recognised in the balance sheet are as follows:</b>			
Present value of defined benefit obligation	17.3	<b>5,665,735</b>	9,341,801
Unrecognised actuarial gains to be recognized in later period	17.7	<b>964,868</b>	579,106
<b>Balance sheet liability at 30 June</b>		<b>6,630,603</b>	9,920,907

	Note	2013 Rupees	2012 Rupees
<b>17.2 Movement in net obligation</b>			
Net liability at 1 July		<b>9,920,907</b>	11,648,150
Liability transferrable from other sister concerns		-	405,500
Amount recognized during the year	17.4	<b>2,347,980</b>	3,368,893
Benefit payable transferred to short term liability	14.3	<b>(5,140,042)</b>	(5,336,636)
Benefits payments made by the Company during the year		<b>(498,242)</b>	(165,000)
<b>Net liability at 30 June</b>		<b><u>6,630,603</u></b>	<b><u>9,920,907</u></b>

**17.3 Movement in present value of defined benefit obligation is as follows:**

Present value of defined benefit obligation at 1 July		<b>9,341,801</b>	11,552,894
Current service cost		<b>1,133,546</b>	1,751,488
Interest cost		<b>1,214,434</b>	1,617,405
Liability transferred from other sister concern		-	405,500
Benefits payable transferred to short term liability		<b>(5,140,042)</b>	(5,336,636)
Benefit paid during the year		<b>(498,242)</b>	(165,000)
Actuarial gain		<b>(385,762)</b>	(483,850)
<b>Present value of defined benefit obligation at 30 June</b>		<b><u>5,665,735</u></b>	<b><u>9,341,801</u></b>

**17.4 Salaries, wages and other benefits include following in respect of retirement benefits**

Current service cost		<b>1,133,546</b>	1,751,488
Interest cost		<b>1,214,434</b>	1,617,405
<b>Total amount chargeable to profit and loss account</b>		<b><u>2,347,980</u></b>	<b><u>3,368,893</u></b>

<b>2013</b>	2012	2011	2010	2009
<b>Rupees</b>	Rupees	Rupees	Rupees	Rupees

**17.5 Historical information for gratuity plan**

Present value of defined benefit obligation	<b><u>5,665,735</u></b>	9,341,801	11,552,894	12,898,433	13,329,159
Actuarial experience adjustments on plan liability's gains	<b><u>385,762</u></b>	483,850	440,232	1,233,131	320,250



	Note	2013 Rupees	2012 Rupees
<b>17.6 Actuarial losses to be recognized</b>			
<b>Corridor limit</b>			
The limits of corridor at 1 July		10%	10%
- 10% of present value of obligations		<u>992,091</u>	<u>1,164,815</u>
Unrecognized net actuarial losses at 1 July	17.7	<u>579,106</u>	<u>95,256</u>
Excess		<u>-</u>	<u>-</u>
Average expected remaining working lives in years		<u>12</u>	<u>11</u>
<b>17.7 Unrecognized net actuarial gains / (losses)</b>			
Unrecognized net actuarial losses at start of the year		579,106	95,256
Actuarial gain on obligations		385,762	483,850
Unrecognized net actuarial gains at 30 June		<u>964,868</u>	<u>579,106</u>

**18 Long term loan**

**From banking company - secured**

Long term loan	18.1	47,332,139	-
Payment made during the year		(7,000,000)	-
Current portion		<u>(18,346,400)</u>	<u>-</u>
		<u>21,985,739</u>	<u>-</u>

**18.1** On 13 August 2012, the management entered into a revised restructuring agreement with its lender in respect of conversion of short term borrowing to long term finance. The terms of the restructuring agreement are as under:

Particulars	New terms	Old terms
Tenor	3 years and 9 months	Expired
Maturity date	25 June 2015	30 September 2011
Principal repayments	Rs. 1.0 million to be paid on or before September 30, 2012 and Rs. 4.0 million to be paid on or before December 31, 2012. Two quarterly installments of Rs. 1 million each to be paid on March 31, 2013 and June 30, 2013 respectively. Remaining principal amount of Rs. 44.856 million to be paid in eight equal installments of Rs. 5.607 million each till June 25, 2015. Installment will be due on 25th day of each quarter end.	At the time of maturity.

Particulars	New terms	Old terms
Mark-up pricing	10 % per annum	3 month KIBOR + 3%
Mark-up payment	Mark-up accrued from October 1, 2011 to June 30, 2013 will be paid in two equal installments dated September 30, 2015 and December 31, 2015 amounting to Rs. 8.780 million. Mark-up cost from July 1, 2013 till final settlement will be paid with principle.	Quarterly.
Security	Pledge of shares in Central Depository Company account and 40% margin against shares or as State Bank of Pakistan requirement, whichever is higher. In addition bank has lien on all bank deposits, accounts and properties held with the Bank. Mortgage over 3 shops worth Rs. 22.5 million.	Pledge of shares in Central Depository Company account and 40% margin against shares or as State Bank of Pakistan requirement, whichever is higher. In addition bank has lien on all bank deposits, accounts and properties held with the Bank and promissory note amounting to Rs. 102.2 million.

**18.2** The revised restructuring as mentioned above has resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognized at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account.

**19 Contingencies and commitments**

**19.1** 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 ABNAMRO that FCEL will remit all amounts received from defaulting clients to ABNAMRO.

**19.2** During 2002 the senior management of the Company was contacted by 'National Accountability Bureau' (NAB) in respect of certain transactions in FIBs 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.

**19.3** 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.

**19.4** 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 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 re-decided 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.

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>19.5</b> Commitments in respect of capital expenditure	<u><b>3,130,103</b></u>	<u>3,130,103</u>

	2013 Rupees	2012 Rupees											
<b>20 Share capital</b>													
<b>20.1 Authorized share capital</b>													
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">2013</th> <th style="width: 50%; text-align: center;">2012</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><u>Number of shares</u></td> <td style="text-align: center;"><u>Number of shares</u></td> </tr> <tr> <td style="text-align: center;"><u><b>320,000,000</b></u></td> <td style="text-align: center;"><u>320,000,000</u></td> </tr> </tbody> </table>	2013	2012	<u>Number of shares</u>	<u>Number of shares</u>	<u><b>320,000,000</b></u>	<u>320,000,000</u>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">2013</th> <th style="width: 50%; text-align: center;">2012</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">-----Rupees-----</td> <td style="text-align: center;">-----Rupees-----</td> </tr> <tr> <td style="text-align: center;"><u><b>3,200,000,000</b></u></td> <td style="text-align: center;"><u>3,200,000,000</u></td> </tr> </tbody> </table>	2013	2012	-----Rupees-----	-----Rupees-----	<u><b>3,200,000,000</b></u>	<u>3,200,000,000</u>
2013	2012												
<u>Number of shares</u>	<u>Number of shares</u>												
<u><b>320,000,000</b></u>	<u>320,000,000</u>												
2013	2012												
-----Rupees-----	-----Rupees-----												
<u><b>3,200,000,000</b></u>	<u>3,200,000,000</u>												
Ordinary shares of Rs. 10/- each													

<b>20.2 Issued, subscribed and paid-up capital</b>																					
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">2013</th> <th style="width: 50%; text-align: center;">2012</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><u>Number of shares</u></td> <td style="text-align: center;"><u>Number of shares</u></td> </tr> <tr> <td style="text-align: center;"><u><b>38,165,030</b></u></td> <td style="text-align: center;"><u>38,165,030</u></td> </tr> <tr> <td style="text-align: center;"><u><b>278,445,082</b></u></td> <td style="text-align: center;"><u>278,445,082</u></td> </tr> <tr> <td style="text-align: center;"><u><b>316,610,112</b></u></td> <td style="text-align: center;"><u>316,610,112</u></td> </tr> </tbody> </table>	2013	2012	<u>Number of shares</u>	<u>Number of shares</u>	<u><b>38,165,030</b></u>	<u>38,165,030</u>	<u><b>278,445,082</b></u>	<u>278,445,082</u>	<u><b>316,610,112</b></u>	<u>316,610,112</u>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">2013</th> <th style="width: 50%; text-align: center;">2012</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">-----Rupees-----</td> <td style="text-align: center;">-----Rupees-----</td> </tr> <tr> <td style="text-align: center;"><u><b>381,650,300</b></u></td> <td style="text-align: center;"><u>381,650,300</u></td> </tr> <tr> <td style="text-align: center;"><u><b>2,784,450,820</b></u></td> <td style="text-align: center;"><u>2,784,450,820</u></td> </tr> <tr> <td style="text-align: center;"><u><b>3,166,101,120</b></u></td> <td style="text-align: center;"><u>3,166,101,120</u></td> </tr> </tbody> </table>	2013	2012	-----Rupees-----	-----Rupees-----	<u><b>381,650,300</b></u>	<u>381,650,300</u>	<u><b>2,784,450,820</b></u>	<u>2,784,450,820</u>	<u><b>3,166,101,120</b></u>	<u>3,166,101,120</u>
2013	2012																				
<u>Number of shares</u>	<u>Number of shares</u>																				
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2013	2012																				
-----Rupees-----	-----Rupees-----																				
<u><b>381,650,300</b></u>	<u>381,650,300</u>																				
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<u><b>3,166,101,120</b></u>	<u>3,166,101,120</u>																				
38,165,030 Ordinary shares of Rs. 10/- each fully paid in cash																					
278,445,082 Ordinary shares of Rs. 10/- each issued as bonus shares																					

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

	2013		2012	
	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

	Note	2013 Rupees	2012 Rupees
<b>21 Money market services</b>			
Money market income			
- local currency		3,928,505	4,907,869
- foreign currency		9,897,241	7,434,270
		<u>13,825,746</u>	<u>12,342,139</u>
<b>22 Dividend income</b>			
Foreign subsidiary company		-	19,289,566
Others	22.1	1,824,225	-
		<u>1,824,225</u>	<u>19,289,566</u>

**22.1** This comprise of dividend received from First Capital Mutual Fund (a related party).

			2013 Rupees	2012 Rupees
<b>23</b>	<b>Loss on sale of investments</b>	<b>Note</b>		
	Loss on disposal of 'available-for-sale' financial assets		(121,250,000)	(519,898)
	Net gain on disposal of 'available-for-sale' financial assets reclassified from equity		10,506,174	248,366
	Gain / (loss) on disposal of investments at fair value through profit or loss		<u>11,028,020</u>	<u>(629,072)</u>
			<u>(99,715,806)</u>	<u>(900,604)</u>
<b>24</b>	<b>Operating and administrative expenses</b>			
	Salaries, wages and other benefits	24.1	14,450,767	22,151,479
	Rent, rates and taxes		780,040	1,362,463
	Postage, telephone and stationary		503,667	662,747
	Utilities		190,168	193,747
	Insurance		238,170	468,810
	Printing and stationery		761,096	766,437
	Travelling and conveyance		148,467	1,111,820
	Repairs and maintenance		239,209	518,822
	Vehicle running expenses		364,864	1,048,703
	Entertainment		624,306	674,581
	Brokerage commission and capital value tax		915,879	97,851
	Service charges on rental income		493,373	2,210,370
	Legal and professional		1,728,759	1,996,134
	Financial services fee		-	800,000
	Advances written off		-	1,774,410
	Loss due to theft		-	2,079,004
	Advertisement		33,800	-
	Auditors' remuneration	24.2	1,110,000	1,100,000
	Depreciation	5.1	731,107	1,153,804
	Others		627,325	702,742
			<u>23,940,997</u>	<u>40,873,924</u>

**24.1** Salaries, wages and other benefits includes Rs. 2,347,980 (2012: Rs. 3,368,893) in respect of gratuity contribution by Company.

			2013 Rupees	2012 Rupees
<b>24.2</b>	<b>Auditors' remuneration</b>			
	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	100,000
			<u>1,110,000</u>	<u>1,100,000</u>

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>25 Other income</b>		
<b>Income from financial assets</b>		
Income on treasury bills / deposit accounts	729,631	1,239,197
<b>Income from related parties</b>		
Interest income	18,435,509	60,285,463
<b>Income from non-financial assets</b>		
Gain on disposal of property and equipment	400,000	1,039,502
Gain on currency translation	-	72,097
Gain on derecognition of financial liability	10,490,383	-
Insurance claim received	1,068,537	-
Other incomes	163,860	8,316
	<b>31,287,920</b>	<b>62,644,575</b>
<b>26 Finance cost</b>		
Mark-up on bank loans	-	8,128,670
Finance charges on liabilities against assets subject to finance lease	-	120,737
Bank charges and commission	44,550	43,717
	<b>44,550</b>	<b>8,293,124</b>
<b>27 Taxation</b>		
<b>Current tax</b>	<b>362,729</b>	<b>2,040,484</b>

**27.1** In view of available unused tax losses the current tax charge represents minimum tax under section 113 of Income Tax Ordinance, 2001. In addition to the above, the provision includes taxation on rental income and dividend income in respect of income arising from such source.

**27.2** All the pending issues relating to the previous years till Tax Year 2004 were resolved in favour of the Company, resulting in a refund of Rs. 6,677,426.

Income Tax Return from tax year 2005 to tax year 2012 are filed and are deemed to be assessed.

**Deferred tax**

**27.3** The Company has a deferred tax asset amounting to Rs. 73,159,715 (2012: Rs. 73,821,146) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future, the Company has not recognised deferred tax asset in these financial statements.

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

	2013	2012
<b>28 Earning per share</b>		
<b>28.1 Loss per share - basic</b>		
Net loss for the year	<i>Rupees</i> <u><u>(2,568,059,782)</u></u>	<u><u>(523,534,658)</u></u>
Weighted average number of ordinary shares at 30 June	<i>Numbers</i> <u><u>316,610,112</u></u>	<u><u>316,610,112</u></u>
Loss per share - basic	<i>Rupees</i> <u><u>(8.11)</u></u>	<u><u>(1.65)</u></u>

**28.2 Loss per share - diluted**

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

	2013	2012
<b>29 Number of employees</b>		
The average and total number of employees are as follows:		
Average number of employees during the year	<u><u>21</u></u>	<u><u>30</u></u>
Total number of employees as at 30 June	<u><u>17</u></u>	<u><u>21</u></u>

30 Transactions with related parties

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, 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:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2013		2012	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
First Capital Equities Limited	Subsidiary	Loan given	107,010,000	-	9,943,590	-
		Long term loan repaid	221,447,882	-	-	-
		Interest income	17,979,075	-	15,301,972	-
		Brokerage commission	727,051	-	11,699	-
		Purchase of investment property	135,299,600	-	-	-
		Long term loan receivable	-	-	-	104,749,613
		Interest receivable	-	-	-	3,839,583
Media Times Limited	Subsidiary	Long term investment	-	-	447,105,570	-
		Long term loan given	-	-	2,221,983	-
		Long term loan matured	4,608,922	-	462,002,946	-
		Interest income	457,410	-	44,983,491	-
		Purchase of goods / services	-	-	20,800	-
		Underwriting commission	-	-	4,383,366	-
		Sale of assets	-	-	226,669	-
		Long term loan receivable	-	-	-	4,219,922
		Payable against services	-	-	-	98,800
World Press (Private) Limited	Subsidiary	Purchase of goods / services	684,250	362,172	718,610	-
Lanka Securities (Private) Limited	Subsidiary	Dividend income	-	-	19,289,566	-
First Capital Investments Limited	Subsidiary	Long term investment made	24,841,343	-	-	-
Pace Pakistan Limited	Associate	Paid against property balance	-	-	91,600,076	-
		Service charges	493,373	-	1,924,249	-
		Payable against purchase of investment property	-	6,681,123	-	6,681,123



**31 Operating segments**

- 31.1 These financial statements have been prepared on the basis of single reportable segment.
- 31.2 Revenue from investments, money market operations and financial consultancy services represents 100% (2012 : 100%) of the total revenue of the Company.
- 31.3 100% (2012: 44.75 %) revenue of the Company relates to investments in Pakistan.
- 31.4 All non-current assets of the Company as at 30 June 2013 are located in Pakistan except investment in Lanka Securities (Pvt) Limited.
- 31.5 Group segment information has been presented in the consolidated financial statements.

**32 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.

**32.1 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.

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.

**32.1.1 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	2013 Rupees	2012 Rupees
Long term loans	32.1.2	-	108,969,535
Interest accrued	32.1.2	-	3,916,146
Long term deposits		<b>37,500</b>	266,850
Trade debts	32.1.2	<b>2,007,784</b>	1,298,501
Bank balances	32.1.2	<b>1,110,963</b>	18,875,462
		<b><u>3,156,247</u></b>	<b><u>133,326,494</u></b>

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

### 32.1.2 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.

#### Long term loans and advances and related accrued interest

The Company has provided loan to its subsidiaries and was adjusted against payments and property transfer. These loans carry mark-up at the rate 12% (2012: 14.92% to 17.3%). During the year the subsidiaries have paid off loan amounting to Rs. 90 million and Rs. 135 million was adjusted against property transfer (2012: Rs. 416 million).

#### 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:

	Note	2013 Rupees	2012 Rupees
Neither past due not impaired		794,414	854,422
Past due 1 - 60 days		1,058,444	398,740
Past due 61 - 120 days		154,926	45,338
	10	<u>2,007,784</u>	<u>1,298,500</u>

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

	Note	2013 Rupees	2012 Rupees
Commercial Banks		1,910,020	1,229,673
Mutual Funds		19,054	14,222
Brokerage house		6,738	6,738
Investments and financial services		71,972	44,480
Leasing companies		-	3,388
		<u>2,007,784</u>	<u>1,298,501</u>

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

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

	Note	2013 Rupees	2012 Rupees
Domestic	13	<u>1,110,963</u>	<u>18,875,462</u>

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

	Rating		Rating agency	2013	2012
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	<b>64,702</b>	9,476,590
Muslim Commercial Bank Limited	A1+	AAA	PACRA	<b>25,836</b>	1,084
Bank Al Falah Limited	A1+	AA+	PACRA	<b>1,022</b>	963
Allied Bank Limited	A1+	AA+	PACRA	<b>359,368</b>	67,825
KASB Bank Limited	A3	BBB	PACRA	<b>6,176</b>	9,000,605
Soneri Bank Limited	A1+	AA-	PACRA	<b>8,330</b>	7,962
Standard Chartered Bank Limited	A1+	AAA	PACRA	<b>645,529</b>	320,433

### 32.1.3 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.

### 32.2 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 2013:

	Carrying Amount	Contracted cashflow	Upto one or less	One to two years	More than two years
-----R u p e e s-----					
<i><b>Financial liabilities</b></i>					
Long term loan	<b>40,332,139</b>	<b>58,640,648</b>	<b>26,029,869</b>	<b>23,830,515</b>	<b>8,780,264</b>
Trade and other payables	<b>34,993,390</b>	<b>34,993,390</b>	<b>34,993,390</b>	<b>-</b>	<b>-</b>
	<b>75,325,529</b>	<b>93,634,038</b>	<b>61,023,259</b>	<b>23,830,515</b>	<b>8,780,264</b>

The following are the contractual maturities of financial liabilities as on 30 June 2012 :

	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<b><i>Financial liabilities</i></b>					
Liabilities against assets subject to finance lease	1,325,083	1,550,387	1,550,387	-	-
Running finance under mark-up arrangements-secured	51,855,970	51,855,970	51,855,970	-	-
Trade and other payables	34,551,661	34,551,661	32,986,361	1,565,300	-
Mark-up accrued	5,966,552	5,966,552	5,966,552	-	-
	93,699,266	93,924,570	92,359,270	1,565,300	-

### 32.3 Market risk

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

Market risk comprises of three types of risks:

- currency risks
- interest rate risks
- other price risks

#### 32.3.1 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.

#### 32.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2013	2012	2013	2012
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<b><i>Financial assets</i></b>				
Long term loans	10	-	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.

**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 2012.

	<b>Profit or loss</b>	
	<b>100 bps Increase</b>	<b>100 bps Decrease</b>
<b>Rupees</b>		
<b>As at 30 June 2013</b>		
Cash flow sensitivity - Variable rate financial liabilities	<b>1,328,912</b>	<b>(1,328,912)</b>
<b>As at 30 June 2012</b>		
Cash flow sensitivity - Variable rate financial liabilities	3,214,658	(3,214,658)

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

**32.3.3 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 Company is exposed to equity price risk because of investments held by the Company 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 Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

**Sensitivity analysis**

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 34.30% (2012: 10.26%) during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 12.54% in the KSE 100 Index has been observed.

The table below summarizes the Company's equity price risk as of 30 June 2013 and 2012 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.

	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
<b>-Rupees-</b>					
<b>2013</b>					
<b>Investments</b>					
Subsidiary companies - at fair value	3,741,501,274	<b>10% increase</b>	4,115,651,401	374,150,127	-
		<b>10% decrease</b>	3,367,351,147	(374,150,127)	-
Investments at fair value through profit or loss	182,316,334	<b>10% increase</b>	200,547,967	-	18,231,633
		<b>10% decrease</b>	164,084,701	-	(18,231,633)
	<b>3,923,817,608</b>				

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices Rupees	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
2012					
<b>Investments</b>					
Subsidiary companies - available-for-sale	6,740,523,768	10% increase	7,414,576,145	674,052,377	-
		10% decrease	6,066,471,391	(674,052,377)	-
Investments at fair value through profit or loss	88,221,974	10% increase	97,044,171	-	8,822,197
		10% decrease	79,399,777	-	(8,822,197)
	6,828,745,742				

### 32.3.4 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:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Rupees				
<b><u>Financial assets</u></b>				
Long term investments	4,474,875,122	4,474,875,122	7,449,056,273	7,449,056,273
Short term investments	182,316,334	182,316,334	88,221,974	88,221,974
Long term loans	-	-	22,283,613	22,283,613
Current maturity of long term loan and advances	-	-	86,685,922	86,685,922
Long term deposits	37,500	37,500	266,850	266,850
Trade debts	2,007,784	2,007,784	1,298,501	1,298,501
Loans and advances	154,500	154,500	3,368,920	3,368,920
Interest accrued	-	-	3,916,146	3,916,146
Cash and bank balances	1,116,306	1,116,306	18,880,959	18,880,959
	4,660,507,546	4,660,507,546	7,673,979,158	7,673,979,158
<b><u>Financial liabilities</u></b>				
Long term loan	40,332,139	40,332,139	-	-
Trade and other payables	34,993,390	34,993,390	34,551,661	34,551,661
Mark-up accrued	-	-	5,966,552	5,966,552
Short term borrowings	-	-	51,855,970	51,855,970
Current portion of liabilities against assets subject to finance lease	-	-	1,325,083	1,325,083
	75,325,529	75,325,529	93,699,266	93,699,266

**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.

Valuation techniques used by the Company 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 2013		Level 1	Level 2	Level 3	Total
<i>Equity securities</i>					
<b>Financial assets at fair value through profit or loss</b>	<i>Rupees</i>	<b>173,230,759</b>	-	-	<b>173,230,759</b>
Available-for-sale	<i>Rupees</i>	<b>3,741,501,274</b>	-	-	<b>3,741,501,274</b>
30 June 2012					
<i>Equity securities</i>					
Financial assets at fair value through profit or loss	<i>Rupees</i>	88,221,974	-	-	88,221,974
Available-for-sale financial	<i>Rupees</i>	6,740,523,768	-	-	6,740,523,768

**32.3.5 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company'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 Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company'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 Company. This responsibility is supported by the development of overall Company 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

#### **32.4 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 2013 and at 30 June 2012 were as follows:

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Total debt	<b>40,332,139</b>	59,147,605
Total equity and debt	<b>5,073,866,973</b>	7,943,423,452
Debt-to-equity ratio	<b>0.79%</b>	0.74%

The Increase in the debt-to-equity ratio in 2013 resulted primarily from decrease in equity during the year end whereas 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.

### 33 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		Director		Executives	
	2013	2012	2013	2012	2013	2012
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	<b>2,400,000</b>	958,621	-	-	<b>4,696,265</b>	9,218,577
Medical	-	-	-	-	<b>205,440</b>	305,830
Utilities	-	-	-	1,131,613	-	-
Provision for gratuity	<b>169,990</b>	184,667	-	-	<b>1,629,947</b>	2,580,705
Others	-	-	-	-	<b>257,592</b>	853,927
	<b>2,569,990</b>	1,143,288	-	1,131,613	<b>6,789,244</b>	12,959,039
Number of key executives	<b>1</b>	1	-	1	<b>5</b>	5
Number of non executives directors	-	-	<b>6</b>	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.

### 34 Date of authorization for issue

These financial statements were authorized for issue on 05 October 2013 by the Board of Directors of the Company.

### 35 General

The figures have been rounded off to the nearest Rupee.

**Lahore:**  
**05 October 2013**

**Chief Executive Officer**

**Director**



**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 June 2013**



## 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 2013 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. Financial statements of subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Media Times Limited and Falcon Commodities (Private) Limited 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 the report of such other auditors. These consolidated financial statements also include unaudited financial statements of subsidiaries namely Trident Construct (Private) Limited, Ever Green Water Valley (Private) Limited and Ozer Investments 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 5.1.3 to the consolidated financial statements, the consolidated financial statements include assets amounting to Rs. 1,025.65 million, liabilities amounting to Rs. 302.38 million and profit after tax amounting to Rs. 5.67 million in respect of subsidiaries namely Trident Construct (Private) Limited and Ever Green Water Valley (Private) Limited. We were unable to obtain sufficient appropriate audit evidence in respect of these subsidiaries' amounts incorporated in the consolidated financial statements as the financial statements of these companies for the year ended 30 June 2013 were neither audited nor alternate procedures could be performed. Consequently, we were unable to determine whether any adjustments to these amounts were 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 2013 and the results of their operations for the year then ended.

We draw attention to note 2 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:**  
05 October 2013

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
(Kamran Iqbal Yousafi)

**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, 2013.

**Operational Results**

The Company's results for the Financial Year (“FY”) 2013 are summarized as follows:

	30 June 2013	30 June 2012
	Rupees in million	
Revenue	623	596
Direct Cost	409	582
Gross profit	235	479
Operating expenses	412	1,676
Share of loss of associated companies	64	194
Unrealized profit/(loss) on re-measurement of investment	58	3
Loss after taxation	351	754
Non-controlling interest	(165)	(238)
Loss per share (basic & diluted)	(0.59)	(1.63)

The Group showed mixed results and a bit improvement as compared to last year. Loss per share reduced to Rs.0.59 in comparison with Rs.1.63 in previous year. Revenue has also been improved and costs are reduced to minimize the loss to Rs.351 million against the loss of Rs.754 million in the preceding year.

**Performance of Key Investments****First Capital Equities Limited (“FCEL”)**

FCEL reported an after tax loss Rs.176.94 million in the year under review as compared to Rs. 68.33 million last year. Loss per share remained Rs.1.64 in comparison with Rs.0.63 last year. The main reason for loss was the huge financial cost on the loans outstanding as payable to various Financial Institutions.

**Lanka Securities (Private) Limited (“LSL”)**

Sri Lankan capital markets remained depressed during the FY13 resulting a sharp decrease in revenues. The profit after tax also showed a steep downfall and stood to be LKR 32.56 million as compared to last year profit of LKR 30.32 million. EPS for the year was LKR (1.86) per share versus LKR 1.73 per share in the preceding year.

**First Capital Investments Limited (“FCIL”)**

FCIL has reported an after tax profit of Rs. 11.79 million during the FY-13 against net loss of Rs. 0.19 million in the same period last year. EPS for the period was recorded at Rs. 1.04 as compared to Rs. (0.02) during the same period last year. FCIL did not declare any pay out this year (last year 10% Bonus) in view of minimum equity requirement of FCIL.

**Falcon Commodities (Pvt.) Limited (“FCL”)**

Falcon has reported its revenues at Rs. 4.89 million almost more than double as that of reported last year for the same period. FCL has reported a net profit of Rs.0.29 million as compared to Rs.0.4 million in the preceding year.

**World Press (Pvt.) Limited (“WPL”)**

During the period under review, WPL reported revenue of Rs. 28.75 million against Rs. 26.32 million in the corresponding year. Resultantly WPL posted after-tax loss of Rs. 10.79 million as compared to after tax profit of Rs. 11.3 million in the previous year. Loss per share for the year recorded at Rs. (3.60) as compared to the earnings per share of Rs. (3.77) during the same period last year.

**Media Times Limited (“MDTL”)**

MDTL has improved its financial position by controlling the operating and financial expenses. The revenue increased by 13% only but the effective controls resulted in 270% reduction in the net loss which stood at Rs. 188.97 million versus a net loss of Rs. 699.33 million in the previous year.

**Future Outlook**

Keeping in view the economic support program by IMF and certain structural reforms by the present government along with the measures taken to reduce the budget deficit by 2.2%, it is expected that economy will start recovering from the present situation. While allowing further depreciation in our currency rates will fuel the inflation and adversely affect the purchasing power.

In an unexpected move, State Bank of Pakistan (SBP) hiked Discount Rate by 50bps to 9.50% in its monetary policy decision of September 13, 2013, ending the monetary easing cycle which started in August 2011 and delivered its last rate cut in June 2013. SBP cited inflationary impact of GST increase, phasing out of subsidies, potential instability in oil price and continued government reliance on banks to finance its fiscal deficit as the key factors for the higher inflation expectations. Due to above mentioned reasons SBP expects inflation in the range of 11-12% for Fy14.

For and on behalf of the Board

Lahore  
05 October 2013

**Aamna Taseer**  
Chief Executive Officer

# CONSOLIDATED BALANCE SHEET

## AS AT 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>Non current assets</b>			
Property, plant and equipment	6	1,286,048,664	1,413,939,149
Intangible assets	7	177,373,570	196,120,370
Investment property	8	1,748,686,100	143,592,640
Investment in equity - accounted investees	9	522,985,114	588,043,276
Long term investments	10	40,073,830	-
Long term deposits and advances	11	26,920,861	18,380,955
Deferred tax assets	12	173,632,991	188,311,908
		<b>3,975,721,130</b>	<b>2,548,388,298</b>
<b>Current assets</b>			
Stock in trade		12,795,823	15,392,364
Trade debts	13	3,109,601,160	3,054,255,897
Loans and advances	14	230,831,491	233,927,141
Prepayments		1,640,608	3,638,150
Interest accrued		337,079	621,460
Deposits and other receivables	15	63,364,413	72,365,741
Short term investments	16	214,984,370	238,584,992
Tax refund due from Government		71,423,680	72,256,063
Cash and bank balances	17	284,333,261	329,052,967
		<b>3,989,311,885</b>	<b>4,020,094,775</b>
<b>Assets held for sale</b>			
Investment property	18	-	1,601,941,000
<b>Current liabilities</b>			
Trade and other payables	19	901,136,538	1,094,703,376
Mark-up accrued		142,279,019	73,131,087
Short term borrowings	20	250,409,378	274,202,414
Current portion of long term loan	24	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	19,396,885	25,472,407
		<b>1,531,241,560</b>	<b>1,580,214,624</b>
<b>Working capital employed</b>		<b>2,458,070,325</b>	<b>4,041,821,151</b>
		<b>6,433,791,455</b>	<b>6,590,209,449</b>
<b>Non-current liabilities</b>			
Deferred liabilities	23	141,506,590	131,414,642
Long term loan	24	3,230,594,001	3,202,615,242
Liabilities against assets subject to finance lease	22	15,489,830	14,247,147
		<b>3,387,590,421</b>	<b>3,348,277,031</b>
<b>Contingencies and commitments</b>			
	25		
<b>Net capital employed</b>		<b>3,046,201,034</b>	<b>3,241,932,418</b>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	26	3,166,101,120	3,166,101,120
Exchange translation reserve		28,672,594	19,041,956
Reserves capitalised		572,590,308	564,735,308
Retained earnings		(1,587,407,662)	(1,491,531,691)
<b>Equity attributable to owners of the Company</b>		<b>2,179,956,360</b>	<b>2,258,346,693</b>
<b>Non-controlling interests</b>			
		866,244,674	983,585,725
		<b>3,046,201,034</b>	<b>3,241,932,418</b>

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Lahore:  
05 October 2013

Chief Executive Officer

Director



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
Operating revenue	27	623,000,997	596,359,552
Gain on investment property		21,032,460	465,253,740
		<u>644,033,457</u>	<u>1,061,613,292</u>
Direct costs	28	(409,174,874)	(582,331,877)
<b>Gross profit</b>		<u>234,858,583</u>	<u>479,281,415</u>
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	16	58,330,164	3,177,416
Operating and administrative expenses	29	(412,459,362)	(1,676,678,188)
Other income	30	236,562,918	1,099,017,790
		<u>117,292,303</u>	<u>(95,201,567)</u>
Finance cost	31	(382,431,448)	(369,219,783)
		<u>(265,139,145)</u>	<u>(464,421,350)</u>
Share of loss of equity - accounted investee (net of tax)	9	(64,487,124)	(193,718,338)
<b>Loss before taxation</b>		<u>(329,626,269)</u>	<u>(658,139,688)</u>
Taxation	32	(21,159,245)	(96,189,361)
<b>Loss after taxation</b>		<u>(350,785,514)</u>	<u>(754,329,049)</u>
<b>Loss per share - basic and diluted</b>	33	<u>(0.59)</u>	<u>(1.63)</u>
<b>Loss attributable to:</b>			
- Owners of the Company		(185,870,183)	(515,357,130)
- Non-controlling interest		(164,915,331)	(238,971,919)
<b>Loss for the year</b>		<u>(350,785,514)</u>	<u>(754,329,049)</u>

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Lahore:  
05 October 2013

Chief Executive Officer

Director

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 Rupees	2012 Rupees
<b>Loss after taxation</b>	<b>(350,785,514)</b>	<b>(754,329,049)</b>
<b>Other comprehensive income for the year</b>		
Items that are or may be subsequently reclassified to profit or loss:		
Foreign currency translation differences - foreign operations recognised as:		
- Currency translation reserve	<b>9,630,638</b>	(16,292,608)
- Non-controlling interest	<b>9,252,967</b>	(15,842,843)
Other comprehensive gain / (loss) for the year	<b>18,883,605</b>	(32,135,451)
<b>Total comprehensive loss for the year</b>	<b>(331,901,909)</b>	<b>(786,464,500)</b>
<b>Total comprehensive loss attributable to:</b>		
- Owners of the Company	<b>(176,239,545)</b>	(531,649,738)
- Non-controlling interest	<b>(155,662,364)</b>	(254,814,762)
	<b>(331,901,909)</b>	<b>(786,464,500)</b>

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Lahore:  
05 October 2013

Chief Executive Officer

Director

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>Cash flows from operating activities</b>			
Cash used in operations	35	(55,240,022)	(542,865,561)
Long term deposits and advances		(8,539,906)	12,005,379
Retirement benefits paid		(4,165,841)	(37,172,367)
Finance costs paid		(313,283,516)	(872,837,085)
Taxes paid		(6,480,328)	(55,562,824)
<b>Net cash used in operating activities</b>		<b>(387,709,613)</b>	<b>(1,496,432,458)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(62,612)	-
Proceeds of property, plant and equipment		14,643,472	27,543,533
Short term investments - net		34,729,542	(40,296,413)
Acquisition of subsidiary - net of cash acquired		-	3,138,005
Disposal of subsidiary		128,240,428	-
Proceeds of investment property		17,880,000	-
Acquisition of associate through new purchase		(3,674,437)	-
Investment in associates		4,245,475	286,245
Long term loans		-	441,484,905
Mark-up received		8,862,041	-
<b>Net cash generated from investing activities</b>		<b>204,863,909</b>	<b>432,156,275</b>
<b>Cash flows from financing activities</b>			
Repayment of liabilities against assets subject to finance lease - net		4,832,839	1,531,826
Long term loan		133,293,159	808,285,156
Dividend paid to non-controlling interest		-	(18,533,113)
<b>Net cash generated from financing activities</b>		<b>138,125,998</b>	<b>791,283,869</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(44,719,706)</b>	<b>(272,992,314)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>329,052,967</b>	<b>602,045,281</b>
<b>Cash and cash equivalents at the end of the year</b>	17	<b>284,333,261</b>	<b>329,052,967</b>

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Lahore:

05 October 2013

Chief Executive Officer

Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to owners of the Company				Total equity		
	Share capital	Translation reserve	Reserve capitalised	Retained earnings		Total	Non-controlling interests
<b>Balance at 01 July 2011</b>	3,166,101,120	35,334,564	564,735,308	(976,174,561)	2,789,996,431	690,856,572	3,480,853,003
<b>Comprehensive loss for the year</b>							
Loss for the year	-	-	-	(515,357,130)	(515,357,130)	(238,971,919)	(754,329,049)
Total other comprehensive loss	-	(16,292,608)	-	-	(16,292,608)	(15,842,843)	(32,135,451)
<b>Total comprehensive loss for the year</b>	-	(16,292,608)	-	(515,357,130)	(531,649,738)	(254,814,762)	(786,464,500)
<b>Transaction with owners of the Company, recognised directly in equity</b>							
Dividends paid during the year	-	-	-	-	-	(18,533,113)	(18,533,113)
<b>Total contributions by and distributions to owners of the Company</b>	3,166,101,120	19,041,956	564,735,308	(1,491,531,691)	2,258,346,693	417,508,697	2,675,855,390
<b>Changes in ownership interests in subsidiaries</b>							
Aquisition of subsidiary with non-controlling interests	-	-	-	-	-	566,077,028	566,077,028
<b>Balance at 30 June 2012</b>	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
<b>Balance at 01 July 2012</b>	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
<b>Comprehensive loss for the year</b>							
Loss for the year	-	9,630,638	-	(185,870,183)	(185,870,183)	(164,915,331)	(350,785,514)
Other comprehensive income	-	-	-	-	9,630,638	9,252,967	18,883,605
Total comprehensive income / (loss) for the year	-	9,630,638	-	(185,870,183)	(176,239,545)	(155,662,364)	(331,901,909)
<b>Changes in ownership interests in subsidiaries</b>							
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 share by subsidiary	-	-	7,855,000	(7,855,000)	-	-	-
Increase in NCI of FCIL	-	-	-	(268,476)	(268,476)	8,198,573	7,930,097
<b>Balance at 30 June 2013</b>	3,166,101,120	28,672,594	572,590,308	(1,587,407,662)	2,179,956,360	866,244,674	3,046,201,034

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

**Lahore:**

**05 October 2013**

**Chief Executive Officer**

**Director**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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	Country of incorporation	Nature of business	Effecting Holding %	
			2013	2012
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	76.39	76.56
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	53.39
First Capital Equities Limited (FCEL)	Pakistan	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	64.97	67.29
Trident Construct (Private) Limited (TCL)	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	51.00	51.00

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2013	2012
Ever Green Water Valley (Private) Limited (wholly owned subsidiary of Trident Construct (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities.	51.00	51.00
Falcon Commodities (Private) Limited (FCL)	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00
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

During the year, First Capital Equity Limited (FCEL) a subsidiary company, has incurred loss after tax of Rs. 176.940 million (2012: Rs. 68.334 million) and at year end, its accumulated losses stood at Rs.785.766 million (2012:Rs. 608.825 million) causing decrease in shareholders' equity to Rs. 225.099 million (2012: Rs. 342.543 million). FCEL's certain amount of trade debt is stuck up. 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.
- Continuous increase in the value of investment property
- Vigorously following the debtors for recovery

During the year, KSE 100 index has increased by 52.20% but subsequent to the year end and till the authorization of these financial statements an increase of 10.54% in KSE 100 index has been recorded. FCEL is also relying on continued support from its sponsors through injection of further equity and realization of investment properties if the need arises.

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 audited

separate financial statements of the Parent Company for the year ended 30 June 2013 and the audited financial statements of the subsidiary companies for the year ended 30 June 2013, except for Trident Construct (Private) Limited and Ever Green Water Valley (Private) Limited for which management accounts are used for purpose of consolidation. 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. The accounting policies used by the Group's associates in preparation of their respective financial statements are also 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 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:

	<i>Note</i>
a) Useful life and residual values of property and equipment	5.3
b) Impairment	5.7
c) Provisions	5.19
d) Staff retirement benefits	5.21
e) Provision for taxation	5.20

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

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

During the current year, the Group has adopted the following amendment to IFRS which became effective for the current year:

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

The adoption of the above amendment did not have any effect on these financial statements.

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

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit and loss is calculated based on the rate used to discount the defined benefit obligation. The Group's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 12.064 million at 30 June 2013 would need to be recognized retrospectively in other comprehensive income.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Group.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Group.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.



- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.
  - o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’ when required, is only required if the effect of restatement is material to statement of financial position.
  - o IAS 16 Property and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
  - o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
  - o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

These amendments have no impact on consolidated financial statements of the Group.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Group.
- 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.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- 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.

## 5 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

## 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 remeasured 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.

Financial statements of subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Media Times Limited and Falcon Commodities (Private) Limited are audited.

However, the financial results of Trident Construct (Private) Limited, Evergreen Water Valley (Private) Limited and Ozer Investments Limited consolidated in these consolidated financial statements as at 30 June 2013 are unaudited. Ozer Investments Limited is insignificant in relation to the Group. The assets, liabilities and profit after tax of these subsidiaries (except Ozer Investments Limited) consolidated in these financial statements are as follows:

Subsidiary	Assets	Liabilities	Profit / (loss)
Trident Construct (Private) Limited	595,652,507	37,099,369	(1,979,808)
Evergreen Water Valley (Private) Limited	430,000,172	265,285,074	7,645,934
	<u>1,025,652,679</u>	<u>302,384,443</u>	<u>5,666,126</u>

#### 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. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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-for-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 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 2013 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 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 . 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.

## 5.6 Intangible assets

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

### Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 2.1.

### Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

### Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as 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.

## 5.7 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.

## 5.8 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.

## 5.9 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 5.25.

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.

## 5.10 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, 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 equity 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, 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.

**5.11 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.

**5.12 Inventories**

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

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

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

**5.13 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.

**5.14 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.

**5.15 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.



**5.16 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.

**5.17 Securities purchased and sold under resale/repurchase agreements****Repurchase agreements**

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

**Reverse repurchase agreements**

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

**5.18 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.

**5.19 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.

**5.20 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.

## 5.21 Staff retirement benefits

### Defined benefit plan

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

The Group recognizes actuarial gains/(losses) in excess of 10% of and present value of obligation at the end of previous year over the expected remaining average service life of the employees.

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.

## 5.22 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.

## 5.23 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.

## 5.24 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.

## 5.25 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.
- l) 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.

#### **5.26 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.

#### **5.27 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.

#### **5.28 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.

**5.29 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.

		<b>2013</b>	2012
	<b>Note</b>	<b>Rupees</b>	Rupees
<b>6 Property, plant and equipment</b>			
Property, plant and equipment	6.1	<b>1,100,810,734</b>	1,228,701,219
Capital work-in-progress	6.4	<b>185,237,930</b>	185,237,930
		<b>1,286,048,664</b>	1,413,939,149

6.1 Property, plant and equipment

Cost	Owned assets										Leased assets					Total		
	Freehold land	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	R u p e e s			Subtotal	Vehicles	Computers	Office equipment		Vehicles	Subtotal
									Subtotal	Vehicles	Plant and machinery							
Balance at 01 July 2011	84,090,722	78,246,487	197,648,145	18,040,422	50,727,871	40,542,828	29,733,926	23,412,203	93,952,428	616,395,132	8,500,000	-	-	34,148,937	42,648,937	659,044,069		
Acquired through business combination	-	-	-	73,089,982	1,217,659,247	48,084,348	61,893,446	14,582,060	31,561,395	1,446,680,458	77,454,060	272,541	135,688	17,127,298	94,969,387	1,541,650,045		
Additions during the year	-	-	-	6,395,134	198,168,937	4,064,986	1,189,263	453,514	1,856,219	212,104,053	-	-	-	21,640,522	21,640,522	233,744,575		
Disposals during the year	-	-	-	(571,128)	-	(1,099,932)	-	(796,566)	(23,794,458)	(27,593,009)	-	-	-	(2,499,096)	(2,499,096)	(50,032,105)		
Transfers during the year	-	-	-	-	-	-	-	-	10,887,600	10,887,600	-	-	-	(10,887,600)	(10,887,600)	-		
Effect of movement in exchange rates	-	-	-	(739,997)	-	(1,657,732)	(617,960)	(975,295)	-	(3,390,984)	-	-	-	(2,797,010)	(2,797,010)	(6,187,994)		
Closing at 30 June 2012	84,090,722	78,246,487	197,648,145	96,214,393	1,466,551,055	89,923,478	90,927,770	37,238,016	114,263,184	2,255,123,250	85,934,060	272,541	135,688	36,733,051	123,075,340	2,278,198,590		
Balance at 01 July 2012	84,090,722	78,246,487	197,648,145	96,214,393	1,466,551,055	89,923,478	90,927,770	37,238,016	114,263,184	2,255,123,250	85,934,060	272,541	135,688	36,733,051	123,075,340	2,278,198,590		
Additions during the year	-	7,569,800	-	119,907	220,359	411,143	1,832,718	555,129	6,465,719	17,163,975	-	-	-	17,163,975	-	17,163,975		
Disposals during the year	-	-	-	-	(4,944,300)	-	(1,084,363)	(116,705)	(5,346,745)	(10,806,113)	-	-	-	(4,257,819)	(4,257,819)	(15,063,132)		
Effect of movement in exchange rates	-	-	-	-	-	1,206,950	312,729	759,525	-	2,272,204	-	-	-	2,049,263	2,049,263	4,321,467		
Closing at 30 June 2013	84,090,722	85,814,487	197,648,145	96,334,390	1,462,527,114	91,541,571	91,988,854	38,448,945	115,259,158	2,263,753,316	85,934,060	272,541	135,688	34,525,295	120,867,584	2,394,620,960		
<i>Accumulated Depreciation</i>																		
Balance at 01 July 2011	-	8,372,928	154,912,590	7,528,052	9,895,398	37,319,090	15,479,915	11,045,985	68,599,641	313,153,599	903,124	-	-	20,447,204	21,350,328	334,503,927		
Acquired through business combination	-	-	-	14,533,833	334,953,836	47,538,457	27,121,401	7,256,232	25,079,631	456,483,410	19,746,077	272,541	51,352	12,276,201	32,346,271	488,829,681		
Depreciation for the year	-	3,912,334	28,046,111	3,417,256	64,280,432	3,835,782	5,545,488	2,551,913	11,894,344	123,473,660	4,490,407	-	6,785	7,175,027	11,672,219	135,145,879		
Depreciation at disposals	-	-	-	(142,782)	-	(880,632)	(993,206)	(320,340)	(20,314,941)	(22,254,141)	-	-	-	(18,642,833)	(18,642,833)	(40,896,974)		
Transfer during the year	-	-	-	-	-	-	-	-	8,857,842	8,857,842	-	-	-	(8,857,842)	(8,857,842)	-		
Impairments during the year	-	-	-	12,430,849	204,068,678	117,322	6,525,295	1,647,416	-	224,787,560	10,767,015	-	15,510	-	10,782,525	235,570,085		
Effect of movement in exchange rates	-	-	-	(633,821)	-	(1,423,637)	(282,909)	(276,612)	-	(2,618,979)	-	-	-	(1,036,248)	(1,036,248)	(3,655,227)		
Closing at 30 June 2012	-	12,285,262	182,958,701	37,131,407	613,198,344	86,506,362	53,791,984	21,904,374	94,106,517	1,101,882,951	35,906,623	272,541	73,647	11,361,609	47,614,820	1,149,497,371		
Balance at 01 July 2012	-	12,285,262	182,958,701	37,131,407	613,198,344	86,506,362	53,791,984	21,904,374	94,106,517	1,101,882,951	35,906,623	272,541	73,647	11,361,609	47,614,820	1,149,497,371		
Depreciation for the year	-	3,474,290	177,216	3,845,130	98,304,599	1,796,271	10,629,469	2,145,487	5,766,666	126,138,848	5,328,596	-	12,618	7,912,854	13,853,448	139,392,296		
Depreciation at disposals	-	-	-	-	(346,000)	-	(562,833)	(86,313)	(4,385,696)	(5,386,752)	-	-	-	(2,207,756)	(2,207,756)	(7,588,508)		
Effect of movement in exchange rates	-	-	-	-	-	1,473,596	188,123	644,564	-	1,906,283	-	-	-	602,724	602,724	2,909,407		
Closing at 30 June 2013	-	15,759,552	183,135,917	40,976,537	711,156,743	89,376,229	64,046,743	24,006,032	95,487,577	1,224,547,330	41,235,219	272,541	85,665	17,669,411	59,823,836	1,283,010,166		
<i>Carrying value</i>																		
As at 30 June 2012	84,090,722	65,961,225	14,689,444	59,082,986	853,352,711	3,417,116	37,135,786	15,353,642	20,156,667	1,153,240,299	50,027,437	-	62,041	25,371,442	75,469,920	1,228,701,219		
As at 30 June 2013	84,090,722	70,054,935	14,512,228	55,357,163	751,370,371	2,165,342	27,942,111	13,848,933	19,871,581	1,029,285,986	44,698,841	-	59,623	16,855,884	61,694,748	1,108,810,734		
Rate of Depreciation (%)	-	5%	20%	5% to 10%	7.50%	33% to 50%	10% to 12.50%	10% to 12.50%	20% to 25%	10% to 12.50%	7.50%	10%	33%	20%	33%	20%		

6.2 Disposal of property, plant and equipment

Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit / (loss)	Mode of sale	Particulars of buyers
-----Rupees-----							
<b>Vehicles</b>							
Vehicles	845,000	845,000	-	400,000	400,000	Negotiation	Faridullah
Vehicles	870,000	870,000	-	660,000	660,000	Negotiation	Amir Ahmad Sheikh
Vehicles	29,120	29,120	-	5,000	5,000	Negotiation	Noor Muhammad
Vehicles	1,025,000	1,025,000	-	810,000	810,000	Negotiation	Tahir Hussain
Vehicles	1,288,000	1,288,000	-	930,000	930,000	Negotiation	Rehan Mitani
Vehicles	609,000	609,000	-	616,000	616,000	Negotiation	Irfan Ullaha
Vehicles	68,785	65,486	3,299	219,995	216,696	Negotiation	Sajid Irfan
Vehicles	585,000	585,000	-	660,000	660,000	Negotiation	Hassan Saleem
Vehicle	346,000	346,000	-	310,000	310,000	Negotiation	Salman Imran
Vehicle	1,479,103	616,293	862,810	1,310,000	447,190	Negotiation	Rizwan Bhatti
Vehicle	850,000	354,166	495,834	625,000	129,166	Negotiation	Ajmal Zaidi
<b>Plant and Machinery</b>							
Plant and Machinery	1,150,000	93,749	1,056,251	900,000	(156,251)	Negotiation	Ajmal Nawaz
Plant and Machinery	694,300	56,600	637,700	700,000	62,300	Negotiation	Asim Hassan
Plant and Machinery	300,000	24,456	275,544	300,000	24,456	Negotiation	Jawad Aslam
Plant and Machinery	1,600,000	130,434	1,469,566	1,300,000	(169,566)	Negotiation	Zahid Khan
Plant and Machinery	500,000	40,761	459,239	643,500	184,261	Negotiation	Arshad Hussain
<b>Office Equipment</b>							
Office Equipment	27,000	18,000	9,000	12,648	3,648	Negotiation	Shaoib Janjua
<b>Assets with book value below Rs. 50,000</b>	<b>12,266,308</b>	<b>6,997,065</b>	<b>5,269,243</b>	<b>10,402,143</b>	<b>5,132,900</b>		
	2,796,824	591,443	2,205,381	4,241,329	2,035,948		
<b>2013</b>	<b>15,063,132</b>	<b>7,588,508</b>	<b>7,474,624</b>	<b>14,643,472</b>	<b>7,168,848</b>		
<b>2012</b>	50,032,105	40,896,974	9,135,131	27,543,533	18,408,402		

6.3 Charge for depreciation has been allocated as follows:

	2013	2012
Direct costs	Rupees	Rupees
Operating and administrative expenses	105,169,167	71,159,079
	<b>34,223,129</b>	<b>63,986,800</b>
	<b>139,392,296</b>	<b>135,145,879</b>

6.4 Capital work-in-progress	Note	2013		2012	
		Rupees	Rupees	Rupees	Rupees
Balance at 01 July		185,237,930		185,150,750	
Acquisition during the year		-		218,045,340	
Transferred to property, plant and equipment		-		(217,958,160)	
Balance at 30 June	6.4.1	185,237,930		185,237,930	

6.4.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs. 133,634,515 (2012: Rs. 133,634,515) and Rs. 5,025,235 (2012: Rs. 5,025,235) respectively. Construction work on the said properties is in progress at 30 June 2013.

7 Intangible assets and goodwill

	Rupees						
	Goodwill	Membership cards	License rooms	Software	License fees	TREC	Total
<b>Cost</b>							
Balance at 1 July 2011	-	35,700,000	7,500,000	1,400,000	-	-	44,600,000
Additions during the year	149,729,808	-	-	-	-	-	149,729,808
Acquisition through business combination	308,268,514	-	-	-	3,043,962	-	311,312,476
Closing at 30 June 2012	457,998,322	35,700,000	7,500,000	1,400,000	3,043,962	-	505,642,284
Balance at 1 July 2012	457,998,322	35,700,000	7,500,000	1,400,000	3,043,962	-	505,642,284
Additions during the year	-	-	-	-	-	15,000,000	15,000,000
Disposals during the year	-	(33,200,000)	-	-	-	-	(33,200,000)
Closing at 30 June 2013	457,998,322	2,500,000	7,500,000	1,400,000	3,043,962	15,000,000	487,442,284
<b>Amortisation and impairment losses</b>							
Balance at 1 July 2011	-	-	-	840,000	-	-	840,000
Amortisation for the year	-	-	-	280,000	133,400	-	413,400
Impairment loss charged during the year	308,268,514	-	-	-	-	-	308,268,514
Closing at 30 June 2012	308,268,514	-	-	1,120,000	133,400	-	309,521,914
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	-	-	1,400,000	400,200	-	310,068,714
<b>Carrying value</b>							
At 30 June 2012	149,729,808	35,700,000	7,500,000	280,000	2,910,562	-	196,120,370
At 30 June 2013	149,729,808	2,500,000	7,500,000	-	2,643,762	15,000,000	177,373,570
Rate of Amortisation				20%	6.67%		

- 7.1 The amortization of software and impairment loss of goodwill is charged to operating and administrative expenses.
- 7.2 FCEL (a subsidiary company) pursuant to demutualization of the Karachi Stock Exchange (KSE), the ownership rights in the Stock Exchange were segregated from the right to trade on the exchange. As a result of such demutualization, FCEL received shares and Trading Right Entitlement Certificate (TREC) from Karachi Stock Exchange against its membership card.

The active market for TREC is currently not available. The TREC has been accounted for as intangible asset as per provisions of IAS 38. As the TREC is not common tradable instrument, therefore after demutualization, value approved by the Board of Directors of KSE has been used as its initial value. The Board of Directors of FCEL has already set a value of Rs. 15 million for TREC which is also being used in determining the base minimum capital to be maintained by each TREC holder under regulations for risk management.

- 7.3 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.

#### 7.3.1 Allocation of goodwill to CGUs

Goodwill acquired through acquisition with indefinite life has been allocated to "Press and Media" segments of the Group.

#### 7.3.2 Annual test for impairment

##### Goodwill

During the year, the Group assessed the recoverable amount of goodwill associated with print and media segment, by determining the value in use over a eight years period. The recoverable amount exceeds the carrying value and hence no impairment is deemed to exist. The management believes that any reasonable possible change to the key assumptions on which the calculation of recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

##### Intangibles

In the current year, the Group also assumed the recoverable amount of TREC and license rooms and determinant that no impairment loss exists.



	Note	2013 Rupees	2012 Rupees
<b>8 Investment property</b>			
Balance at 01 July		143,592,640	1,280,279,900
Transfer from assets classified as "held for sale"	8.3	1,601,941,000	-
Disposal of investment property		(17,880,000)	-
Change in fair value		21,032,460	465,253,740
		1,748,686,100	1,745,533,640
Transfer to assets classified as "held for sale"	18	-	(1,601,941,000)
Balance at 30 June	8.1	1,748,686,100	143,592,640

**8.1** Investment property comprises of fifteen 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.

**8.2** Nine shops situated in Pace Gujranwala Shopping Mall, are mortgaged against various finance facilities obtained by First Capital Equities Limited (a subsidiary company) and three shops in the said shopping mall are mortgaged against bank guarantee provided to Ever Green Water Valley (Private) Limited (a subsidiary company) through a commercial banks. Three shops situated in Pace Shopping Mall, Fortress Stadium are encumbered against term finance facility availed by the Parent Company from a commercial bank.

**8.3** This includes various shops held by FCEL (a subsidiary company) in various shopping malls situated at Gujranwala and Gujrat. This property is under mortgage by different commercial banks against the borrowings of FCEL. The Group has the intention to sell off this property to pay off the bank borrowings.

**8.4** The fair value of investment property was determined by approved external, independent property valuer, 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 Group's property portfolio once in every year.

	2013 Rupees	2012 Rupees
<b>9 Investment in equity - accounted investees</b>		

**Associated companies - listed**

**First Capital Mutual Fund Limited**

6,976,500 (2012: 6,531,500) ordinary shares of Rs. 10 each	50,041,588	45,560,813
Equity held: 23.26% (2012: 21.77%)		
Addition through new purchase	3,674,437	-
Share of profit	17,399,520	4,480,775
Less : dividend received	(4,245,475)	-
	66,870,070	50,041,588

**Pace Super Mall (Private) Limited**

11,250 (2012: 11,250) ordinary shares of Rs. 10 each	112,500	45,000
Equity held: 0.07% (2012: 0.07%)		
Addition through new purchase of 6,750 shares	-	67,500
	112,500	112,500

	2013 Rupees	2012 Rupees
<b>Pace Barka Properties Limited</b>		
54,790,561 (2012: 54,790,561) ordinary shares of Rs. 10 each	<b>537,889,188</b>	648,074,366
Equity held: 17.95% (2012: 17.95%)		
Share of loss for the year	<b>(81,886,644)</b>	(110,185,178)
	<b>456,002,544</b>	537,889,188
<b>Total investments</b>	<b>522,985,114</b>	588,043,276

**9.1 Share of profit / (loss) of associated companies**

First Capital Mutual Fund Limited	17,399,520	4,480,775
Pace Barka Properties Limited	<b>(81,886,644)</b>	(110,185,178)
Media Times Limited	-	(88,013,935)
	<b>(64,487,124)</b>	(193,718,338)

**9.2 Summary financial information of associates:**

	2013			
	Assets	Liabilities	Revenues	Profit / (loss)
	-----Rupees-----			
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)
	<b>6,521,089,749</b>	<b>1,195,999,847</b>	<b>570,090,348</b>	<b>79,175,471</b>
	2012			
	Assets	Liabilities	Revenues	Profit / (loss)
	-----Rupees-----			
First Capital Mutual Fund Limited	286,226,960	8,427,529	34,023,983	20,580,764
Pace Barka Properties Limited	6,544,491,000	1,252,468,000	33,541,000	(53,130,000)
Pace Super Mall (Private) Limited	184,061,400	22,745,400	-	-
	7,014,779,360	1,283,640,929	67,564,983	(32,549,236)

	Note	2013 Rupees	2012 Rupees
<b>10 Long term investments - available for sale</b>			
Karachi Stock Exchange	10.1	<b>40,073,830</b>	-

- 10.1** Pursuant to demutualization of the 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 such demutualization, First Capital Equities Limited (FCEL) received shares and Trading Right Entitlement Certificate (TREC) from Karachi Stock Exchange against its membership card.

The above arrangement has been resulted in allocation of 4,007,383 shares of Rs. 10/- each and TREC to FCEL by the Karachi Stock Exchange Limited. Out of the total shares issued by the KSE, FCEL has received 40% equity shares i.e. 1,602,953 shares in its CDC account. The remaining 60% shares have been transferred to CDC sub account in FCEL's name under the KSE's participant IDs with the CDC which will remain blocked until these shares divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to FCEL.

The above shares and TREC have been received against surrender of stock exchange membership card. As the fair value of both the asset transferred and asset obtained has been determined with reasonable accuracy, the gain on exchange of asset of Rs. 21,873,830 has been recorded in profit and loss account.

	<b>2013</b>	2012
	<b>Rupees</b>	Rupees
<b>11 Long term deposits and advances</b>		
<i><u>Deposits</u></i>		
Leasing companies	<b>3,541,600</b>	3,770,950
Stock exchanges	<b>1,860,000</b>	1,860,000
Central Depository Company	<b>225,000</b>	225,000
National Clearing Company	<b>1,650,000</b>	3,950,000
Others	<b>17,144,261</b>	8,575,005
<i><u>Advances</u></i>		
National Commodity Exchange Limited	<b>2,500,000</b>	-
	<b>26,920,861</b>	18,380,955
<b>12 Deferred tax asset</b>		

This comprises the following:

Deferred tax liability in respect of tax depreciation	<b>(229,511,239)</b>	(214,832,322)
Deferred tax asset in respect of gratuity	<b>149,378</b>	149,378
Deferred tax asset in respect of unused tax losses and tax credits	<b>402,994,852</b>	402,994,852
	<b>173,632,991</b>	188,311,908

- 12.1** The Parent Company has a deferred tax asset amounting to Rs. 73,159,715 (2012: 73,821,146) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future, the Parent Company has not incorporated the deferred tax asset in these financial statements.

However, some subsidiary companies recognize their respective deferred tax assets or liabilities owing to their tax position for each year.

	Note	2013 Rupees	2012 Rupees
<b>13 Trade debts</b>			
<b><u>Money market receivables:</u></b>			
Unsecured - considered good		2,001,046	1,291,763
Receivables against purchase of shares by clients:			
Unsecured - considered good		2,254,043,716	2,300,127,606
Unsecured - considered doubtful		1,499,126,930	1,096,813,205
		3,753,170,646	3,396,940,811
Receivable against professional services rendered - Related Parties - unsecured, considered good		645,845	5,296,607
<b><u>Others:</u></b>			
Unsecured - considered good		450,596,828	796,324,644
Unsecured - considered doubtful		155,358,363	72,860,270
		605,955,191	869,184,914
		4,361,772,728	4,272,714,095
Less: provision for doubtful debts	13.1	(1,252,171,568)	(1,218,458,198)
		3,109,601,160	3,054,255,897
<b>13.1 Provision for doubtful debts</b>			
Balance at 1 July		1,218,458,198	214,244,174
Acquired during the year		-	47,418,692
Charge for the year		33,713,370	957,192,865
Provision written back		-	(397,533)
Balance at 30 June		1,252,171,568	1,218,458,198
<b>14 Loans and advances</b>			
<b><u>Unsecured - considered good</u></b>			
Advances to suppliers		199,780,965	204,799,745
Advances to employees for expenses:			
- Executives		3,299,739	5,605,536
- Others	14.1	14,316,349	12,279,852
		17,616,088	17,885,388
Stock exchanges		13,434,438	11,242,008
		230,831,491	233,927,141
<b>14.1</b> Advances given to staff for expenses are in accordance with the Group's policy and terms of employment contract. These advances are secured against gratuity, are interest free and adjustable against salary / expense claims. Advances to staff do not include any amount due from Chief Executive (2012: Rs. Nil) nor any director of the Group (2012: Rs. 3,243,420). The above advance is secured against gratuity.			

	Note	2013 Rupees	2012 Rupees
<b>15 Deposits and other receivables</b>			
Due from construction contracts customers		14,018,792	23,816,589
Accrued brokerage commission		639,910	178,656
Rent receivable		780,000	-
Advance cost incurred on unbilled contracts		4,320,878	3,641,400
Others receivables		43,604,833	44,678,797
Advance to employees		-	50,299
		63,364,413	72,365,741
<b>16 Short term investments</b>			
Investments at fair value through profit or loss	16.1	205,898,795	238,584,992
Market treasury bills - held to maturity		9,085,575	-
		214,984,370	238,584,992
<b>16.1 Investments at fair value through profit or loss</b>			
Carrying value at 30 June:			
- Related parties		107,734,061	101,480,420
- Others		39,834,570	133,927,156
		147,568,631	235,407,576
Unrealized gain on re-measurement of investment		58,330,164	3,177,416
		205,898,795	238,584,992
Fair value of short term investments at 30 June comprises of:			
- Related parties	16.1.1	166,998,600	97,250,009
- Others	16.1.2	38,900,195	141,334,983
		205,898,795	238,584,992

16.1.1 Held for trading - related parties

Note	Shares		Fair value		Percentage holding	
	2013	2012	2013	2012	2013	2012
	Number		Rupees		%	
<b>Telecommunication</b>						
Worldcall Telecom Limited	4,221,207	4,221,207	12,663,621	8,653,474	0.49%	0.49%
<b>Real estate investment and services</b>						
Pace (Pakistan) Limited	28,253,776	28,253,776	123,751,539	57,637,703	10.13%	10.13%
<b>Mutual Funds</b>						
First Capital Mutual Fund Limited	4,116,210	6,972,710	30,583,440	30,958,832	13.72%	19.92%
			<u>166,998,600</u>	<u>97,250,009</u>		

16.1.1.1 This includes 2,972,308 (2012: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to note 25.1.2

16.1.1.2 This includes 3,370,000 (2012: 3,370,000) and 10,774,900 (2012: 5,626,500) shares having market value of Rs. 14,760,600 (2012: Rs. 6,874,800) and Rs. 90,872,298 (2012: Rs. 34,939,284) pledged against the loan of the Parent Company and FCEL (a subsidiary company) respectively. Out of the said 10,774,900 shares, pledged against the loan of FCEL, 9,972,200 shares are held by FCEL in its own sub-account.

16.1.1.3 This includes 3,725,000 (2012: 3,735,330) shares having market value of Rs. 27,676,750 (2012: 16,584,865) given as collateral for FCEL (a subsidiary company) against borrowings from commercial banks.

16.1.2 Held for trading - others

Note	Shares		Fair value	
	2013	2012	2013	2012
	Number		Rupees	
<b>Insurance</b>				
Shaheen Insurance Company Limited	3,709,321	3,709,021	27,819,908	33,381,189
PICIC Insurance Limited	32,000	32,000	227,200	167,040
<b>Commercial Bank</b>				
Bank Islami Pakistan Limited	-	2,026,055	-	21,678,789
<b>Investment Bank</b>				
Arif Habib Limited	12,266	11,040	477,515	378,230
<b>Sugar</b>				
Haseeb Waqas Sugar Mills Limited	529,000	529,000	10,051,000	4,522,950
<b>Cement</b>				
Pioneer Cement Limited	11,031	11,031	323,980	101,485
Javedan Cement Limited	-	300,000	-	25,530,000
<b>Miscellaneous</b>				
Sui Southern Gas Pipelines Limited	-	2,850,000	-	55,575,000
Pakistan Services Limited	2	2	592	300
			<u>38,900,195</u>	<u>141,334,983</u>

16.1.2.1 This includes 1,836,248 (2012: Nil) shares having market value of Rs.13,771,860 (2012: Rs. Nil) pledged against long term loan of FCEL (a subsidiary company).

16.1.2.2 This includes 32,000 (2012: Nil) shares of PICIC Insurance Limited, 11,000 (2012: Nil) shares of Pioneer Cement Limited and 528,000 (2012: 529,000) shares of Haseeb Waqas Sugar Mills Limited having market values of Rs.227,200 (2012: Rs. Nil), Rs.323,070 (2012: Rs. Nil) and Rs.10,032,000 (2012: Rs. 4,522,950) respectively, pledged against long term loan of FCEL (a subsidiary company).

17 Cash and bank balances	Note	2013 Rupees	2012 Rupees
Cash in hand		220,678	118,685
Cash at bank:			
- Current accounts - local and foreign currency	17.1	243,470,684	299,948,117
- Saving accounts - local and foreign currency	17.2	40,641,899	28,986,165
		284,112,583	328,934,282
		284,333,261	329,052,967

**17.1** This includes Sri Lankan Rupees amounting to LKR. 52,951,265 (2012: LKR. 111,675,024) and US dollar amounting to USD. 63 (2012: USD. 63).

**17.2** The saving accounts carry mark-up at rates ranging from 5% to 9.41% (2012: 2% to 10%) per annum.

18 Non-current assets held for sale	Note	2013 Rupees	2012 Rupees
<b><u>Investment property</u></b>			
Opening balance		1,601,941,000	-
Transferred to investment property		(1,601,941,000)	1,601,941,000
		-	1,601,941,000
		-	1,601,941,000

**19 Trade and other payables**

Payable against sale of shares on behalf of :

- members		67,593,536	140,959,057
- clients		66,871,036	199,113,087
		134,464,572	340,072,144

Trade creditors		258,982,307	153,615,279
Accrued liabilities		241,156,442	218,370,127
Advances from customers		154,002,074	612,758
Bills payable		-	260,691,889
Payable against purchase of property	19.1	6,681,123	6,681,123
Sales tax		12,420,531	5,575,175
Retention money		694,222	694,222
Excise duty payable		73,623	73,623
Security deposit of shopkeepers		2,146,960	1,796,960
Unclaimed dividend		1,858,918	1,858,918
Withholding tax		67,156,242	48,106,139
Other liabilities		21,499,524	56,555,019
		901,136,538	1,094,703,376

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

	Note	2013 Rupees	2012 Rupees
<b>20 Short term borrowings</b>			
From banking companies - secured	20.1 & 20.2	<u>250,409,378</u>	<u>274,202,414</u>

**20.1** Media Times Limited (MTL) a subsidiary company, has availed running finance facility from commercial bank under mark up arrangements amounting to Rs. 50 million (2012: Rs. 50 million). Mark up is charged at 3 months KIBOR plus 3.5% (2012: 3 months KIBOR plus 3.5%) per annum, payable on quarterly basis. It is secured by way of exclusive charge on present and future current and fixed assets of MTL.

**20.2** FCEL (a subsidiary company) has obtained facility from commercial bank under mark up arrangements. These facilities carry mark up at rate from 3 month KIBOR plus 4% (2012: 3 months KIBOR plus 4%) per annum payable on quarterly basis. These are secured against pledge of quoted equity securities having market value of Rs. 44,219,914 (2012: Rs. 39,219,436).

	Note	2013 Rupees	2012 Rupees
<b>21 Liability against repurchase agreement</b>			
<i>Secured</i>			
Payable to financial institution	21.1	<u>48,111,520</u>	<u>48,111,520</u>

**21.1** This represents the amount payable under repurchase agreements against the securities. The effective interest rate is 19% (2012: 19%) per annum and is for a period of ninety days (2012: ninety days).

**22 Liabilities against assets subject to finance lease**

The liabilities against assets subject to finance lease represents lease 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:

	2013		
	Not later than one year	Later than one year and not later 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)
<b>Present value of minimum lease payments</b>	<u>19,396,885</u>	<u>15,489,830</u>	<u>34,886,715</u>
	2012		
	Not later than one year	Later than one year and not later than five years	Total
	Rupees		
Minimum lease payments	31,326,899	17,077,897	48,404,796
Future finance charges	(5,854,492)	(2,830,750)	(8,685,242)
<b>Present value of minimum lease payments</b>	<u>25,472,407</u>	<u>14,247,147</u>	<u>39,719,554</u>



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% (2012: 16.93 % to 18.75%) per annum.

### 23 Deferred liabilities - staff retirement benefits

The actuarial valuation of gratuity scheme has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2013. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation.

	Note	2013 Rupees	2012 Rupees
Net liability at the beginning of the year		131,414,642	84,401,380
Amount recognized during the year	23.1	18,891,832	26,168,293
Subsidiary acquired during there year		-	58,017,335
Liability transferred to short term liability		(4,634,043)	(21,482,852)
Benefits paid during the year		(4,165,841)	(15,689,514)
<b>Net liability at the end of the year</b>	23.2	<b>141,506,590</b>	<b>131,414,642</b>

#### 23.1 The amounts recognized in the profit and loss are as follows:

Current service cost	11,239,607	15,129,477
Past service cost	-	180,243
Interest cost	8,198,367	10,982,487
Actuarial loss recognized	(546,142)	(123,914)
<b>Total amount charged to the profit and loss account</b>	<b>18,891,832</b>	<b>26,168,293</b>

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2013. Significant actuarial assumptions are as follows:

	2013	2012
Discount rate	Per annum 10% to 10.5%	10% to 14%
Expected rate of Eligible Salary increase in future years	Per annum 7.5% to 9.5%	10% to 13%
Average expected remaining working life time of employees	Years 4 to 14	4 to 12

#### 23.2 The amounts recognized in the balance sheet are as follows:

	Note	2013 Rupees	2012 Rupees
Present value of defined benefit obligation		114,188,349	105,511,988
Unrecognized actuarial losses		12,064,990	13,069,839
Benefits due but not paid		2,625,549	2,459,222
		<b>128,878,888</b>	<b>121,041,049</b>
Subsidiary's gratuity obligations - Lanka Securities (Private) Limited		12,627,702	10,373,593
<b>Liability recognized in balance sheet</b>		<b>141,506,590</b>	<b>131,414,642</b>

	Note	2013 Rupees	2012 Rupees
<b>24 Long term finance</b>			
Term finance facility		2,692,420,411	2,646,872,697
Accrued mark-up classified as long term		708,081,810	620,336,365
		3,400,502,221	3,267,209,062
Current portion		(169,908,220)	(64,593,820)
	24.1	3,230,594,001	3,202,615,242

**24.1** On 13 August 2012, the management of the Parent Company entered into a revised restructuring agreement with its lender in respect of conversion of short term borrowing to long term finance. The terms of the restructuring agreement are as under:

Particulars	New terms	Old terms
Principal repayments	Rs. 1.0 million to be paid on or before September 30, 2012 and Rs. 4.0 million to be paid on or before December 31, 2012. Two quarterly installments of Rs. 1 million each to be paid on March 31, 2013 and June 30, 2013 respectively. Remaining principal amount of Rs. 44.856 million to be paid in eight equal installments of Rs. 5.607 million each till June 25,	At the time of maturity.
Mark-up pricing	10 % per annum	3 month KIBOR + 3%
Mark-up payment	Mark-up accrued from October 1, 2011 to June 30, 2013 will be paid in two equal installments dated September 30, 2015 and December 31, 2015 amounting to Rs. 8.780 million. Mark-up cost from July 1, 2013 till final settlement will be paid with principle.	Quarterly.
Security	Pledge of shares in Central Depository Company account and 40% margin against shares or as State Bank of Pakistan requirement, whichever is higher. In addition bank has lien on all bank deposits, accounts and properties held with the Bank. Mortgage over 3 shops worth Rs. 22.5 million.	Pledge of shares in Central Depository Company account and 40% margin against shares or as State Bank of Pakistan requirement, whichever is higher. In addition bank has lien on all bank deposits, accounts and properties held with the Bank and promissory note amounting to Rs. 102.2 million.

**24.2** The revised restructuring as mentioned above has resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognized at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account.

24.3 FCEL (a subsidiary company) entered into agreements with different commercial banks with a mark up rate of 8% to 20% and 3 months KIBOR plus 3% to 4% (2012: 8% and 3 months KIBOR plus 3% to 4%) per annum. These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 1,058,785,992 (2012: 947,214,901) pledged by the FCEL which includes shares having market value of Rs 285,400,108 (2012: 152,055,284) as security given by the Parent Company.

24.4 The Media Time Limited (MTL) has arranged a modaraba finance from a commercial bank for an amount of Rs. 30 million (2012: Rs 30 million) against security of various equipment ,stores and spares, plant and machinery and vehicles for the period of three years. The mark-up is charged at 16.11% (2012: 16.11%) per annum based on Timely Payment Profit Rate (TPPR) payable on half yearly basis.

## 25 Contingencies and commitments

### 25.1 Contingencies

#### Parent company

25.1.1 Pursuant to the agreement to purchase shares dated 25 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the 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 29.04.2010. 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 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. The management is confident that the matter will be decided in FCEL's favour.

**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 Appellate 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. The management is confident that the appeal will be decided in favour of FCEL.
- 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. The management is confident that the appeal will be decided in favour of the FCEL.
- 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 Rs. 239,900,022. FCEL has filed a suit for recovery from these clients. The Management is confident that FCEL would be able to recover the above stated debt.
- 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 Trial 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 Trial 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 (Guarantee) 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 of amounting of 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 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.

***Trident Construct (Private) Limited (TCPL)***

- 25.1.18** Cross Corporate guarantee has been issued on behalf of Ever Green Water Valley (Pvt.) Limited (Wholly owned subsidiary), in favour of Albaraka Islamic Bank amounting to Rs. 215.44 Million.

***Ever Green Water Valley (Private) Limited***

- 25.1.19** Performance Guarantees in form of Insurance Bond amounting to Rs. 70 million (2012: Rs. 239.40 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.
- 25.1.20** 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.

***Media Times Limited (MTL)***

- 25.1.21** In the year 2010 the Assistant Commissioner of Inland Revenue Lahore passed an order against MTL for alleged short payment of Rs. 6.87 million under section 11(2) & 36(1) of Sales Tax Act 1990 and imposed a penalty, equivalent to the amount of original alleged payment. MTL being aggrieved of the order of the Assistant Commissioner filed appeal before Commissioner Inland Revenue Appeals-III Lahore. The Commissioner Appeals Set-a-side the appeal of MTL with directions to the assessing officer. Subsequently MTL filed appeal in Income Tax Appellate Tribunal Lahore, which is pending for adjudication.
- 25.1.22** Three Petitions are pending before the Chairman Implementation Tribunal Islamabad filed by the ex-employees of Media Times Limited (Daily Aaj Kal) wherein they have claimed payments against their final dues as per 7th Wage Board Award. The cases are now fixed for final arguments and the financial exposures of MTL will be to the extent of payments against their final dues / settlement.
- 25.1.23** Two civil suit of similar nature for rendition of accounts with permanent injunction are pending before the court of Mr. Javed Iqbal Ranjha, Civil Judge Lahore filed by the ex-employees of Media Times Limited (Daily Times) wherein they have claimed settlement of accounts with MTL being the ex-employees of appointed on contract basis. The cases are at initial stage and the proceedings are fixed for filing of written statement by the MTL. The financial exposure of MTL will be to the extent of payment against their final dues/settlement.
- 25.1.24** Khalid Rasheed Chaudary has filed petition before the court of Mr. Khaleeq-Uz-Zaman, Presiding Officer Labour Court No. 2, Lahore filed by the ex-employee of Media Times Limited (Daily Aaj Kal) wherein the petitioner has claimed restoration of his service with back benefits. The case is at initial stage and the proceedings are fixed for filing of written statement by MTL. There is likelihood of MTL's success in the case.



**25.1.25** A suit for defamation is pending before the court of Kr. Abdul Qadir Additional District Judge Islamabad that has been filed by an NGO against publication of an article "An unethical survey of "FATA" dated October 9, 2010 by MTL in its Newspaper Daily Times written by Farhat Taj who is the defendant No. 1 in the suit. The Plaintiff NGO has requested the court for tender of an apology by Defendants and Publication of same with similar manner and prominence and to pay compensatory damage as general damage of Rs. 50 million. The case is at initial stage and we are confident of its success in favour of MTL.

Note                      **2013**                      2012  
    **Rupees**                      Rupees

**25.2 Commitments**

Commitments in respect of:

Capital expenditure

Sale of shares

Purchase of shares

<b>3,130,103</b>	3,130,103
<b>410,322,357</b>	53,190,034
<b>419,558,295</b>	53,438,826
<b>833,010,755</b>	109,758,963

**26 Share capital**

**26.1 Authorized share capital**

2013	2012		2013	2012
-----Number of shares-----			-----Rupees-----	
<b>320,000,000</b>	320,000,000	Ordinary shares of Rs. 10/- each	<b>3,200,000,000</b>	3,200,000,000

**26.2 Issued, subscribed and paid-up capital**

2013	2012		2013	2012
-----Number of shares-----			-----Rupees-----	
<b>38,165,030</b>	38,165,030	Ordinary shares of Rs. 10/- each fully paid in cash	<b>381,650,300</b>	381,650,300
<b>278,445,082</b>	278,445,082	Ordinary shares of Rs. 10/- each issued as bonus shares	<b>2,784,450,820</b>	2,784,450,820
<b>316,610,112</b>	316,610,112		<b>3,166,101,120</b>	3,166,101,120

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

	2013		2012	
	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

	Note	2013 Rupees	2012 Rupees
<b>27 Operating revenue</b>			
Brokerage income		173,440,730	211,695,078
Dividend income		4,565,382	529,000
Money market income		13,825,746	12,342,139
Gain / (loss) on sale of investments		50,000,537	(153,728)
Investment advisory fee from FCMF		6,011,765	5,296,607
Income from placements		-	32,890,485
Financial consultancy fee		-	4,383,366
Rental income		3,499,172	4,249,491
Revenue from printing		28,747,967	26,321,610
Revenue against construction contracts		31,426,876	145,487,927
Sale of advertisements and newspapers		311,482,822	153,317,577
		<b>623,000,997</b>	<b>596,359,552</b>
<b>28 Direct costs</b>			
Materials consumed		66,256,124	82,802,241
Salaries and benefits		81,762,661	62,231,309
Folding and binding costs		2,755,375	2,464,384
Electricity consumed		14,296,906	10,186,078
Rent, rates and taxes		6,726,265	6,352,907
Postage and communication		159,156	313,609
Stores and general items consumed		23,012,447	21,543,234
Travelling expenses		164,164	365,367
Laboratory testing charges		74,000	36,150
Insurance		815,926	390,086
Entertainment		620,208	685,526
Repair and maintenance		1,334,124	1,898,167
Courier charges		2,270	761
Vehicle running and maintenance		2,845,680	2,612,451
Depreciation	6.1	105,169,167	71,159,079
News agencies charges		3,969,833	2,926,985
Programming and content		25,224,413	64,340,293
Transmission and uplinking		34,650,400	19,656,687
Printing charges		27,009,787	8,153,034
Amortization		266,800	133,400
Freight and carriage		2,977,541	1,684,445
Impairment loss		-	214,835,694
Others		9,081,627	7,559,990
		<b>409,174,874</b>	<b>582,331,877</b>
<b>29 Operating and administrative expenses</b>			
Salaries, wages and benefits		198,952,694	218,440,181
Stock exchange charges		3,344,915	2,286,003
Rent, rates and taxes		21,367,530	15,966,642
Telephone and fax		11,638,653	9,905,875
Utilities		10,340,306	7,763,505
Insurance		1,842,433	3,974,081



	Note	2013 Rupees	2012 Rupees
Printing and stationery		2,725,160	2,558,216
Travelling and conveyance		6,279,825	9,401,839
Repairs and maintenance		8,737,595	7,749,334
Postage and courier		1,147,466	831,330
Vehicle running		11,081,046	7,390,798
News papers and periodicals		572,488	536,339
Entertainment		6,233,089	4,136,646
Brokerage commission and capital value tax		4,272,237	1,181,184
Service charges on rental income		493,373	2,210,370
Legal and professional charges		7,285,205	6,816,925
Financial service fee		-	800,000
Advertisement		130,790	1,319,163
Provision for doubtful debts		33,713,370	957,192,865
Impairment of goodwill		-	308,268,514
Fees and subscriptions		5,428,069	5,332,226
Auditors' remuneration	29.1	3,750,579	3,570,200
Depreciation	6.1	34,223,129	63,986,800
Amortization of intangible assets		280,000	280,000
Marketing selling and distribution		9,638,662	12,025,617
Impairment loss		-	20,734,393
Loss on disposal of property, plant and equipment		-	1,274,171
Others		28,980,748	744,971
		<b>412,459,362</b>	<b>1,676,678,188</b>

### 29.1 Auditors' remuneration

	Parent company	Subsidiary companies	2013	2012
	-----Rupees-----			
Annual audit	475,000	1,563,629	2,038,629	2,209,000
Consolidated accounts	425,000	-	425,000	425,000
Half yearly review	100,000	455,000	555,000	372,500
Other certifications	-	522,200	522,200	372,200
Out of pocket expenses	110,000	99,750	209,750	191,500
	<b>1,110,000</b>	<b>2,640,579</b>	<b>3,750,579</b>	<b>3,570,200</b>

	Note	2013 Rupees	2012 Rupees
<b>30 Other income</b>			
<b>Income from financial assets</b>			
Income on deposit accounts		2,803,015	2,629,393
Income on term deposits		5,774,645	38,484,304
<b>Income from other than financial assets</b>			
Gain on exchange of intangible assets	10	21,873,830	-
Gain on de-recognition of financial liability		10,490,383	-
Gain on sale of property, plant and equipment		7,168,848	19,682,573
Insurance claim received		1,068,537	-
Provision written back		-	397,533
Exchange gain		290	72,613
Production and other services		3,451,613	-
Creditors written off		1,497,875	-
Reversal of long outstanding mark-up	25.1.17	-	194,585,798
Gain on de-recognition of financial liability		174,023,919	580,546,760
Settlement of pre-existing relationship with acquiree		-	236,146,148
Others		8,409,963	26,472,668
		<b>236,562,918</b>	<b>1,099,017,790</b>
<b>31 Finance costs</b>			
Mark-up on long term loans		260,735,677	228,994,114
Mark-up on short term borrowings		109,068,963	42,572,285
Cost of Repo transactions		9,141,192	-
Finance charges on assets subject to finance lease		2,711,802	2,325,333
Bank charges and commission		773,814	1,223,698
Others		-	94,104,353
		<b>382,431,448</b>	<b>369,219,783</b>
<b>32 Taxation</b>			
Current year		21,143,778	18,790,927
Deferred		15,467	77,398,434
		<b>21,159,245</b>	<b>96,189,361</b>

**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.

<b>33</b>	<b>Loss per share</b>	<b>2013</b>	<b>2012</b>
	<b>33.1 Loss per share - basic</b>		
	Net loss for the year	<i>Rupees</i> <b>(185,870,183)</b>	(515,357,130)
	Weighted average number of ordinary shares as at 30 June	<i>Numbers</i> <b>316,610,112</b>	316,610,112
	Loss per share - basic and diluted	<i>Rupees</i> <b>(0.59)</b>	(1.63)

**33.2 Loss per share - diluted**

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

**34 Transactions with related parties**

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, associated companies, directors and key management personnel. Details of 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:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2013		2012	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
-----Rupees-----						
Bank of Ceylon	Associate	Agreement of treasury bills	3,144,254	12,504,164	13,285,332	25,000,000
		Repurchase of treasury bonds	1,760,365	-	55,004,301	86,000,000
		Share transaction	330,391,812	-	200,026,131	-
		Mark-up income	-	-	9,265,441	-
		Brokerage income	1,824,577	-	1,334,290	-
		Investment in fixed deposit	255,125	26,128,104	-	-
Merchant Bank of Sri Lanka	Associate	Share transaction	46,061,636	689,245	98,672,778	-
		Brokerage income	294,011	-	653,057	-
		Lease repayment	6,130,307	-	-	-
MBSL Savings Bank Limited	Associate	Share transaction	6,458,815	-	1,417,039	273
		Brokerage income	41,699	-	9,511	-
Merchant Credit of Sri Lanka	Associate	Share transaction	32,532,285	-	51,255,111	-
		Brokerage income	208,627	-	339,652	-

Name of Parties	Nature of relationship	Nature and description of related party transaction	2013		2012	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
-----Rupees-----						
MBSL Insurance Company Limited	Associate	Share transaction	46,044,446	1,131,590	128,904,418	1,223,473
		Brokerage income	287,356	-	765,946	-
Pace Pakistan Limited	Associate	Paid against property balance	-	-	91,600,076	-
		Service charges	-	-	1,924,249	-
		Payable against purchase of investment property	-	6,681,123	-	6,681,123
		Contract services rendered	-	-	6,314,549	-
		Building rent	7,986,000	-	10,260,000	-
		Sale of vehicle	-	-	340,000	-
		Sale of goods and services	1,438,600	-	8,909,670	-
		Advance against advertisement	27,909,400	-	900,000	-
First Capital Mutual Fund	Associate	Purchase of shops	5,568,000	-	-	-
		Income from financial consultancy services	6,011,765	-	5,296,607	-
World Telecom Limited	Associate	Sale of goods and services	-	-	15,114,814	-
		Rent charged	-	-	1,908,408	-
		Purchase of goods and services	1,188,060	-	1,189,060	-
Pace Baraka Properties Limited	Associate	Building Rent	3,465,000	-	-	-
		Sale of goods and services	18,797,496	-	-	-
		Advance against advertisement	7,811,030	-	-	-

	2013 Rupees	2012 Rupees
<b>35 Cash generated from operations</b>		
Loss before taxation	(329,626,269)	(658,139,688)
Adjustments for:		
Depreciation	139,392,296	63,986,798
Finance cost	382,431,448	369,219,783
Gain on re-measurement of short term investments	(58,330,164)	(3,177,416)
Gain on re-measurement of investment property	(21,032,460)	(465,253,740)
Impairment of goodwill	-	308,918,812
Dividend income	(4,565,382)	-
Gain on disposal of investments in associates	-	(236,146,148)
Amortization of television programme costs	-	51,670,416
Amortization of intangible assets	546,800	280,000
Gain on disposal of property, plant and equipment	(7,168,848)	(18,408,401)
Gain on disposal of intangible assets	(21,873,830)	-
Exchange translation difference	290	-
Loss on sale of investment	50,000,537	-
Provision for doubtful debts	33,607,851	955,417,769
Bad debts written off directly	105,519	-
Retirement benefits	18,891,832	26,168,293
Share of loss of equity-accounted investee	64,487,124	193,718,338
Provision for doubtful debts written back	-	(397,533)
Mark-up income	(8,577,660)	41,113,697
	<b>567,915,353</b>	1,287,110,668
<b>Profit before working capital changes</b>	<b>238,289,084</b>	628,970,980
Effect on cash flow due to working capital changes:		
(Increase) / decrease in:		
Inventories	2,596,541	4,673,724
Trade debts	(89,058,633)	(97,321,898)
Loans and advances	3,095,650	(73,865,470)
Short term prepayments	1,997,542	4,713,419
Deposits and other receivables	9,001,328	69,223,359
Placements	-	289,900,675
Tax due from Government	832,383	(72,256,063)
Increase / (decrease) in:		
Trade and other payables	(198,200,881)	(282,954,054)
Liability against repurchase agreement	-	(95,643,105)
Short term borrowings	(23,793,036)	(918,307,128)
	<b>(293,529,106)</b>	(1,171,836,541)
	<b>(55,240,022)</b>	(542,865,561)

**36 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.

**36.1 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.

**36.1.1 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	2013 Rupees	2012 Rupees
Investment in equity-accounted investees		522,985,114	588,043,276
Long term deposits and advances		26,920,861	18,380,955
Long term investments - available for sale		40,073,830	-
Trade debts	36.1.2	3,109,601,160	3,054,255,897
Loans and advances		230,831,491	233,927,141
Prepayments		1,640,608	3,638,150
Interest accrued		337,079	621,460
Deposits and other receivables		63,364,413	72,365,741
Short term investments	36.1.2	214,984,370	238,584,992
Cash and bank balances	36.1.2	284,333,261	329,052,967
		<u>4,535,146,017</u>	<u>4,538,870,579</u>

**36.1.2 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.

	2013 Rupees	2012 Rupees
<b><u>Trade debts</u></b>		
Trade debts as at balance sheet date are classified as follows:		
Foreign	303,705,024	245,953,654
Domestic	2,805,896,136	2,808,302,243
	<u>3,109,601,160</u>	<u>3,054,255,897</u>

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

	Note	2013 Rupees	2012 Rupees
Neither past due not impaired		416,924,129	754,135,029
Past due 1 - 60 days		157,703,027	2,904,833
Past due 61 - 180 days		34,842,482	505,983,570
Past due 181 - 365 days		213,006,002	144,908,471
More than 1 year		2,287,125,520	1,646,323,994
	13	<u>3,109,601,160</u>	<u>3,054,255,897</u>

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.

#### **Short term investments**

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

	Note	2013 Rupees	2012 Rupees
<b><u>Bank balances</u></b>			
Bank Balances as at balance sheet date are classified as follows:			
Foreign		39,535,257	77,494,849
Domestic		244,577,326	251,439,433
	17	<u>284,112,583</u>	<u>328,934,282</u>

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

	Rating		Rating agency	2013	2012
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	26,607,511	1,233,000
Bank Al Falah Limited	A1+	AA+	PACRA	654,440	296,486
Allied Bank Limited	A1+	AA+	PACRA	1,405,255	411,295
KASB Bank Limited	A3	BBB	PACRA	6,176	68,563
Soneri Bank Limited	A1+	AA-	PACRA	11,770	9,723,334
Standard Chartered Bank Limited	A1+	AAA	PACRA	4,351,369	4,010
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	222,562	1,923,396
NIB Bank Limited	A1+	A+	PACRA	234,677	9,010,231
Bank Al Habib Limited	A1+	AA+	PACRA	60,080	172,311
Summit Bank Limited	A3-	A-	PACRA	9,838	10,732
Silk Bank Limited	A2-	A-	PACRA	3,444	7,962
United Bank Limited	A1+	AA	PACRA	1,643	2,506,107
Askari Bank Limited	A1+	AA	PACRA	602,987	149,112
Albaraka Islamic bank	A1	A	PACRA	195,839,605	1,643
Arif Habib Bank Limited	A1+	AA-	PACRA	-	8,176,713
MCB Bank Limited	A1+	AAA	PACRA	14,409,098	-
Bank of Ceylon	AA	AA	RAM (Lanka)	39,293,561	-
MBSL Bank	AA-	AA-	RAM (Lanka)	235,472	-
Habib Bank Limited	A1+	AAA	PACRA	163,095	-

### 36.1.3 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.

### 36.2 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:

	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-----					
<b>Financial liabilities</b>					
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	-	-
	<b>4,777,325,391</b>	<b>4,817,701,367</b>	<b>1,527,522,183</b>	<b>3,273,903,129</b>	<b>16,276,055</b>

	2012				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<b><i>Financial liabilities</i></b>					
Liabilities against assets subject to finance lease	14,247,147	14,247,147	3,989,201	4,701,559	5,556,387
Long term loan	3,202,615,242	3,202,615,242	64,593,820	672,549,201	2,465,472,221
Short term borrowings	274,202,414	274,202,414	274,202,414	-	-
Trade and other payables	1,094,703,376	1,094,703,376	1,094,703,376	-	-
Mark-up accrued	73,131,087	73,131,087	73,131,087	-	-
Liability against repurchase agreement	48,111,520	48,111,520	48,111,520	-	-
	<b>4,707,010,786</b>	<b>4,707,010,786</b>	<b>1,558,731,418</b>	<b>677,250,760</b>	<b>2,471,028,608</b>

### 36.3 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

#### 36.3.1 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:

	<b>2013 Rupees</b>	2012 Rupees
Foreign debtors	<b>303,705,024</b>	245,953,654
Foreign currency bank accounts	<b>39,535,257</b>	77,494,849
Net exposure	<b>343,240,281</b>	323,448,503

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	<b>2013</b>	2012	<b>2013</b>	2012
LKR to PKR	<b>0.75</b>	0.74	<b>0.81</b>	0.69
US\$ to PKR	<b>96.74</b>	90.99	<b>105.91</b>	94.00

#### **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.



	2013 Rupees	2012 Rupees
Effect on profit and loss	<b>3,953,526</b>	7,749,485
	<b>3,953,526</b>	7,749,485

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.

### 36.3.2 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:

	2013	2012	2013	2012
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<b><i>Financial liabilities</i></b>				
Liabilities against assets subject to finance lease	<b>12 to 18.75</b>	16.93 to 18.93	<b>(15,489,830)</b>	(14,247,147)
Short term borrowings	<b>12.78 to 15.95</b>	14.92 to 16.54	<b>(250,409,378)</b>	(274,202,414)
Liability against repurchase agreement	<b>19</b>	19	<b>(48,111,520)</b>	(48,111,520)
Long term loan	<b>8 to 16.11</b>	8 to 16.54	<b>(3,230,594,001)</b>	(3,202,615,242)
			<b>(3,504,530,899)</b>	(3,539,176,323)

#### ***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 2012.

	Profit or loss	
	100 pbs Increase	100 pbs Decrease
	Rupees	
<b>As at 30 June 2013</b>		
Cash flow sensitivity - Variable rate financial liabilities	<b>26,404,069</b>	<b>(26,404,069)</b>
<b>As at 30 June 2012</b>		
Cash flow sensitivity - Variable rate financial liabilities	18,107,492	(18,107,492)

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

### 36.3.3 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 the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 34.30% (2012: 10.26%) during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 12.54% in the KSE 100 Index has been observed.

The table below summarizes the Group's equity price risk as of 30 June 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
	-----Rupees-----				
<b>2013</b>					
<b>Investments</b>					
Investments at fair value through profit or loss	205,898,795	10% increase	226,488,675	-	20,589,880
		10% decrease	185,308,915	-	(20,589,880)
	<u>205,898,795</u>				
<b>2012</b>					
<b>Investments</b>					
Investments at fair value through profit or loss	238,584,992	10% increase	262,443,491	-	23,858,499
		10% decrease	214,726,493	-	(23,858,499)
	<u>238,584,992</u>				

### 36.3.4 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:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<b><i>Financial assets</i></b>				
Investment in equity-accounted investees	522,985,114	522,985,114	588,043,276	588,043,276
Long term investments	40,073,830	40,073,830	-	
Long term deposits and advances	26,920,861	26,920,861	18,380,955	18,380,955
Trade debts	3,109,601,160	3,109,601,160	3,054,255,897	3,054,255,897
Loans and advances	230,831,491	230,831,491	233,927,141	233,927,141
Prepayments	1,640,608	1,640,608	3,638,150	3,638,150
Interest accrued	337,079	337,079	621,460	621,460
Deposits and other receivables	63,364,413	63,364,413	72,365,741	72,365,741
Short term investments	214,984,370	214,984,370	238,584,992	238,584,992
Cash and bank balances	284,333,261	284,333,261	328,934,282	328,934,282
	<b>4,495,072,187</b>	<b>4,495,072,187</b>	<b>4,538,751,894</b>	<b>4,538,751,894</b>

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<b><i>Financial liabilities</i></b>				
Liabilities against assets subject to finance lease	15,489,830	15,489,830	14,247,147	14,247,147
Long term loan	3,230,594,001	3,230,594,001	3,202,615,242	3,202,615,242
Short term borrowings	250,409,378	250,409,378	274,202,414	274,202,414
Trade and other payables	901,136,538	901,136,538	1,094,703,376	1,094,703,376
Mark-up accrued	142,279,019	142,279,019	73,131,087	73,131,087
Liability against repurchase agreement	48,111,520	48,111,520	48,111,520	48,111,520
	<b>4,588,020,286</b>	<b>4,588,020,286</b>	<b>4,707,010,786</b>	<b>4,707,010,786</b>

**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 2013		Level 1	Level 2	Level 3	Total
<i>Equity securities</i>					
Financial assets at fair value through profit or loss	<i>Rupees</i>	<b>214,984,370</b>	-	-	<b>214,984,370</b>
30 June 2012					
<i>Equity securities</i>					
Financial assets at fair value through profit or loss	<i>Rupees</i>	238,584,992	-	-	238,584,992

### 36.3.5 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

### 36.4 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 2013 and at 30 June 2012 were as follows:

	2013 Rupees	2012 Rupees
Total debt	3,733,909,834	3,629,242,550
Total equity and debt	6,780,110,868	6,871,174,968
Debt-to-equity ratio	55.07%	52.82%

The Increase in the debt-to-equity ratio in 2013 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.

### 37 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		Director		Executives	
	2013	2012	2013	2012	2013	2012
	-----Rupees-----					
Managerial remuneration	2,400,000	958,621	-	-	46,119,411	44,000,454
Medical	-	-	-	-	336,766	473,945
Utilities	-	-	-	1,131,613	3,377,980	2,770,103
House rent	-	-	-	-	13,518,932	11,085,049
Provision for gratuity	169,990	184,667	-	-	16,297,719	13,231,683
Others	-	-	-	-	257,592	1,141,520
	<b>2,569,990</b>	1,143,288	-	1,131,613	<b>79,908,400</b>	72,702,754
Number of key executives	<b>1</b>	1	-	1	<b>52</b>	47
Number of non executives directors	-	-	<b>6</b>	5	-	-

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.

	2013 Rupees	2012 Rupees
<b>38 Number of employees</b>		
The average and total number of employees are as follows:		
Average number of employees during the year	<u>697</u>	<u>774</u>
Total number of employees as at 30 June	<u>645</u>	<u>706</u>

**39 Operating segments**

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

**Type of segments and nature of business****1 Financial services**

Business of long and short term investments, 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.

## 39 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.

## 39.2 Information about reportable segments

	Financial Services		Investment advisory		Construction		Press and media		Water sanitation		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees											
External revenues	223,941,171	266,890,035	6,366,097	5,296,607	-	6,314,549	361,266,853	178,684,983	31,426,876	139,173,378	623,000,997	596,359,552
Inter-segment revenues	(117,817,175)	19,301,265	-	-	-	-	-	-	-	-	(117,817,175)	19,301,265
Direct cost	(5,126,403)	(6,545,368)	-	-	(1,979,808)	(6,838,070)	(379,136,670)	(496,463,319)	(22,931,993)	(72,485,120)	(409,174,874)	(582,331,877)
Operating expenses	(250,826,046)	(1,174,452,633)	(13,847,715)	(11,273,363)	-	(58,033,451)	(147,257,762)	(431,883,806)	(527,839)	(1,685,233)	(412,459,362)	(1,677,328,486)
Other income	226,801,619	1,070,756,597	768,260	525,807	-	-	8,993,039	27,735,386	-	-	236,562,918	1,099,017,790
Finance cost	(361,522,163)	(372,337,625)	(9,471)	(4,125)	-	(60,586)	(20,578,704)	3,965,194	(321,110)	(782,642)	(382,431,448)	(369,219,784)
Gain on investment property	21,032,460	465,253,740	-	-	-	-	-	-	-	-	21,032,460	465,253,740
Unrealized gain / (loss) on re-measurement of short investment	57,191,333	4,013,323	1,138,831	(835,907)	-	-	-	-	-	-	58,330,164	3,177,416
Share of loss of equity-accounted investee (net of tax)	(64,487,124)	(193,718,338)	-	-	-	-	-	-	-	-	(64,487,124)	(193,718,338)
<b>Profit / (loss) before taxation</b>	<b>(152,995,153)</b>	<b>59,859,731</b>	<b>(5,583,998)</b>	<b>(6,290,981)</b>	<b>(1,979,808)</b>	<b>(58,617,558)</b>	<b>(176,713,244)</b>	<b>(717,961,562)</b>	<b>7,645,934</b>	<b>64,220,383</b>	<b>(329,626,269)</b>	<b>(658,789,987)</b>
<b>Other information</b>												
<b>Segment net assets</b>	<b>5,423,659,462</b>	<b>3,154,027,525</b>	<b>162,673,099</b>	<b>66,224,458</b>	<b>507,089,397</b>	<b>655,929,962</b>	<b>1,423,633,064</b>	<b>1,139,616,673</b>	<b>444,018,964</b>	<b>502,178,913</b>	<b>7,961,073,986</b>	<b>5,517,977,531</b>
<b>Segment liabilities</b>	<b>4,001,941,597</b>	<b>4,097,237,218</b>	<b>4,745,782</b>	<b>2,124,807</b>	<b>34,013,899</b>	<b>39,059,427</b>	<b>612,845,629</b>	<b>505,808,629</b>	<b>265,285,074</b>	<b>284,261,574</b>	<b>4,918,831,981</b>	<b>4,928,491,655</b>
Depreciation	6,866,125	17,009,109	1,912,773	1,908,105	-	33,295,984	129,318,466	143,770,303	1,294,932	1,408,666	139,392,296	197,392,167
Amortization	-	280,000	280,000	-	-	-	266,800	133,400	-	-	546,800	413,400
Capex	6,866,125	17,289,109	2,192,773	1,908,105	-	33,295,984	129,585,266	143,903,703	1,294,932	1,408,666	139,939,096	197,805,567
	2,420,906	22,233,243	10,518,100	3,975,456	-	465,610	1,376,662	-	-	64,220,383	14,315,668	90,894,692

	2013 Rupees	2012 Rupees
<b>39.3 Reconciliation of reportable segment revenues</b>		
Total revenue from reportable segments	213,826,123	615,660,817
Elimination of inter segment revenue	409,174,874	(19,301,265)
<b>Consolidated revenues</b>	<b>623,000,997</b>	<b>596,359,552</b>
<b>Assets</b>		
Total assets of reportable segments	7,442,047,901	5,902,977,531
Equity accounted investees	522,985,114	588,043,276
<b>Consolidated total assets</b>	<b>7,965,033,015</b>	<b>6,491,020,807</b>

#### 39.4 Geographical information

Segment revenue is based on the geographical location of the customers and segments assets are based on geographical location of the assets.

	2013 Rupees	2012 Rupees
<b>39.4.1 Revenue</b>		
Pakistan	630,074,346	473,886,088
Sri Lanka	(7,073,349)	122,473,464
	<b>623,000,997</b>	<b>596,359,552</b>
<b>39.4.2 Non-current assets</b>		
Pakistan	3,953,538,725	3,991,428,693
Sri Lanka	22,182,405	28,666,082
	<b>3,975,721,130</b>	<b>4,020,094,775</b>

#### 39.5 Revenue on the basis of major products and services

Financial consultancy fee	-	4,383,366
Dividend income	4,565,382	529,000
Money market income	13,825,746	12,342,139
Gain / (loss) on sale of investments	50,000,537	(153,728)
Investment advisory fee from FCMF	6,011,765	5,296,607
Income from placements	-	32,890,485
Brokerage income	173,440,730	211,695,078
Rental income	3,499,172	4,249,491
Revenue from printing	28,747,967	26,321,610
Revenue against construction contracts	31,426,876	145,487,927
Sale of advertisements and newspapers	311,482,822	153,317,577
	<b>623,000,997</b>	<b>596,359,552</b>



**40 Date of authorization for issue**

These financial statements were authorized for issue on 05 October 2013 by the Board of Directors.

**41 General**

The figures have been rounded off to the nearest Rupee.

**Lahore:  
05 October 2013**

**Chief Executive Officer**

**Director**



**FORM OF PROXY**

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

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

I / We \_\_\_\_\_ of \_\_\_\_\_  
*(Name)* *(Address)*

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

Miss \_\_\_\_\_ of \_\_\_\_\_  
*(Name)* *(Address)*

or failing him / her / Mr. / Mrs. / Miss. \_\_\_\_\_ of \_\_\_\_\_  
*(Name)* *(Address)*

[who is also member of the Company vide Registered Folio No. /CDC A/c. No. \_\_\_\_\_ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at 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 29 October 2013 at 11:30 a.m. and at any adjournment thereof.

Signature this \_\_\_\_\_ Day of \_\_\_\_\_ 2013.

(Witnesses)

1. \_\_\_\_\_
2. \_\_\_\_\_

Affix Revenue Stamp of Rupees Five
---------------------------------------

Signature \_\_\_\_\_  
 (signature appended should agree with the specimen signature registered with the Company)

**Notes:**

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

