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 2011

Company's Information

Board of Directors	Aamna Taseer (Chairman & Chief Executive Officer) Shahbaz Ali Taseer Shehryar Ali Taseer Shehrbano Taseer Omer Subhan Salamat Sulaiman Ahmed Saeed Al-Hoqani Jamal Said Al-Ojaili
Chief Financial Officer	Saeed Iqbal
Audit Committee	Shahbaz Ali Taseer (Chairman) Shehryar Ali Taseer Shehrbano Taseer
Company Secretary	Shahazad Jawahar
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	Mazhar Law Associates Advocates & Solicitors
Bankers	Allied Bank Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi. ☎ (021) 111 000 322
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 35757591-4 Fax: (042) 35757590, 35877920

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 18th Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited ("the Company") will be held on Saturday, 29 October 2011 at 03:00 p.m. at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore to transact the following business:

1. To confirm the minutes of Extraordinary General Meeting held on 28 June 2011;

2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2011 together with the Directors' and Auditors' reports thereon; and

3. To appoint the Auditors of the Company for the year ending 30 June 2012 and to fix their remuneration.

By order of the Board

Lahore:
07 October 2011

Shahzad Jawahar
Company Secretary

Notes:

1) The Members Register will remain closed from 29 October 2011 to 31 October 2011 (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 2011 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, 103-C/II, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.

4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original NIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.

   b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The entire First Capital Group has been deeply shocked and saddened over the assassination of its chief executive and founder chairman Mr. Salmaan Taseer. We pray that his soul rest in eternal peace and may Allah give his family and friends the courage to bear this irreversible loss. Although he is not among us now, he has left with us his strong will, firm commitment and dedication to give reality to his dream of making First Capital Group the largest group in Pakistan.

The Board of Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC") is now present the audited annual financial statements of the Company for the year ended June 30, 2011.

Operational Results

The Company's results for the Financial Year ("FY") 2011 are summarized below:

	30 June 2011	30 June 2010
	Rupees	Rupees
Revenue	**90,568,039**	**88,621,744**
(Loss) on sale of investment property	**(93,659,058)**	**(22,194,725)**
Operating expenses	**58,179,180**	**76,855,903**
Finance and other costs	**11,312,679**	**11,638,889**
(Loss) / profit after taxation	**(36,823,304)**	**699,221,087**
(Loss) / earnings per share (basic & diluted)	**(0.12)**	**2.21**

Company earn revenue of Rs.90.57 million as compare to Rs. 88.6 million during the same period last year showing an increase of 2.2%. Recognizing weak economic condition company steeply cut down its operating expense and decreases it by 24%. Operating expenses incurred during the year amounting to Rs.58.2 million as compared to 76.85 million during same period last year. However, due to dive stating performance of real estate sector company incurred a loss on sale of investment property amounting to Rs. 93.66 million as compare to Rs. 22.19 million during the same period last year. Consequently Company's incurred loss after taxation of Rs 36.8 million as compare to profit of Rs. 699 million during the same period last year. Resultantly, company posted loss per share of Rs. 0.12 as compare to earning per share of Rs.2.21 in the same period last year.

Performance of Key Investments

First Capital Equities Limited ("FCEL")

FY11 was a difficult year for equity brokerage industry as trading activities remained squeezed on the Karachi Stock Exchange due to imposition of CGT, high interest rates coupled with US and euro zone crisis. Consequently brokerage revenue fell to Rs. 107 million from Rs. 170 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs. Therefore despite lower operating revenues, FCEL had reported an overall loss of Rs. 366 million in the current year as compared to Rs. 306 million in the preceding year.

Lanka Securities (Private) Limited ("LSL")

LSL is one of the top stock brokers on the Colombo Stock Exchange, and is one of the 29 stock broking firms that are licensed by the Securities and Exchange Commission of Sri Lanka. Improved investor perception and increased activity in the Sri Lankan capital markets Resulting, FY11 was a highly profitable year for LSL and it posted an increase in revenues of over 51%. The profit after tax also grew manifold from LKR 258.1 million last year to LKR 391.1 million. EPS for the year was LKR 9.45 per share versus LKR 7.45 per share in the preceding period. Owing to its exceptional performance, LSL announced a cash dividend of 88.5% during FY11.

The Company has deferred its strategic plan for business expansion through investment in Sri Lanka, due to cumbersome regulatory approvals required in Sri Lanka.

First Capital Investments Limited ("FCIL")

The Company has posted profit after taxation of Rs. 5 million during the FY-11 against net profit of Rs. 8.3 million in the same period last year. EPS for the period was recorded at Rs. 0.48 as compared to Rs. 0.81 during the same period last year. This decrease is mainly because of decrease in advisory fee due to discontinuation of advisory services to one of its client.

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

During this financial year the Company acquired the FCL as wholly owned subsidiary of the Company. The Company acquired 3,150,000 number of shares @ .Rs.6.08 per share for a total consideration of Rs.19,152,000/-.

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

During the year, WPL's revenues decreased by around 23% to reach Rs. 96.4 million. Operating expenses remain on similar basis where as finance cost significantly decreased by Rs.13 million. Resultantly post after-tax profit of Rs. 1.8 million as compared to loss after tax of Rs. 14.2 million in the previous year. Earnings per share for the year recorded at Rs.0.60 as compare to loss per share of Rs. 4.74 during the same period last year.

Media Times Limited ("MDTL")

The recessionary economic situation affected the business of MDTL as advertisement revenue from clients fell while inflation increased direct & operating costs. The company posted a net loss of Rs. 163.16 million versus a net loss of Rs. 73.63 million in the previous year.

The Loans/Advances earlier given to MDTL along with mark-up thereon could not converted into ordinary shares due to non sanction by Securities and Exchange Commission of Pakistan of issuance of MDTL shares by way of otherwise than rights to the Company in view of difference in market price of the share of MDTL and price of share for issue of shares other wise than right.

MDTL is in process of right issue of shares and the proceeds of the same shall be utilized for the settlement of loans / advances of the Company, along with mark-up receivable thereon.

Trident Construct (Pvt.) Limited ("Trident")

Trident is engaged in business of construction, development and other related activities of real estate properties During the year under review it perform exceptionally good and able to earn construction revenue of Rs.430 million as compare to Rs.270 million during the same period last year. The profit for the year stood at Rs. 200.15 million as compared to Rs. 15.3 million in the previous year.

Real Estate & Property Development

Pace (Pakistan) Limited ("Pace")

The overall economy remain depressive during the year mainly due to high interest rates, uncontrollable inflation and unstable political environment. The real estate sector is one of the sectors that badly affected. The aforementioned factors coupled with sad assignation of its CEO Mr. Salmaan Taseer (late) accelerated the dive stated situation thus this Financial Year remain depressive for Pace Pakistan and its recorded loss of Rs.2, 080 million as compare to profit of Rs. 633 million for the financial year 2010.

Pace Barka Properties Limited ("PBL")

During the financial year under review, PBL reported net loss after tax of Rs. 245.5 million as compared to last year's profit of Rs. 620.3 million. Economic recession affected the company's performance and while sales increased marginally, the lower gross margins on sales, decrease in other operating income and low fair value gain on investment properties led to a fall in profits.

Future Outlook

The financial year under review remain depressive for the economy as a whole mainly because of multiple factors like US and Euro zone financial crisis, high interest rates, unstable political environment and feeling of insecurity shake the investor confidence. The company has major exposure in stock exchange and real estate which remains the major victims. All these factors accelerated due to the sad assassination of Mr. Salmaan Taseer chairman & CEO of the company. After the death management of the company remains involve in consolidating its investments and now the management is confident that the businesses of the company remain stable in future.

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 director does not recommend any pay out/ dividend during the year.

Earnings per share

Loss per share (basic and diluted) for the year ended 2011 was Rs. 0.12 as compared to profit per share (basic and diluted) of Rs. (4.77) per share for the last year.

Changes in the Board of Directors

The Board of Directors expresses their heartfelt condolences over the tragic assassination of Mr. Salmaan Taseer; Chairman / Chief Executive Officer of the Company. The Board of Directors also wish to place on record their acknowledgement for the unprecedented stewardship and business acumen of the late CEO and admired his work both for raising the businesses and also his social services for the people at large.

The unfortunate demise of Mr. Salmaan Taseer has also lead to a change in the composition of the Board of Directors since last reported in the annual report of the Company for the year ended June 30, 2010. Miss Shehrbano Taseer has been appointed as a director in place of Mr. Salmaan Taseer whereas Mrs. Aamna Taseer has been appointed as Chairperson / CEO of the Company.

Code of Corporate Governance

This statement is being presented to comply with the “Code of Corporate Governance” (Code) contained in the Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Code. The directors hereby confirm the following as required by clause (xix) of the Code.

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. There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.
8. The key financial data of last six years is summarized in the report.
9. There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

Board Meetings during the year

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

Directors	Meetings Attended
Mr. Salmaan Taseer (Late)	3
Mrs. Aamna Taseer	7
Mr. Shahbaz Ali Taseer	7
Mr. Shehryar Ali Taseer	7
Miss. Shehrbano Taseer	4
Mr. Omer Subhan Salamat	4
Mr. Sulaiman Ahmed Saeed Al-Hoqani	-
Mr. Jamal Said Al-Ojaili	-

Trading of Directors

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

Audit Committee

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

Shahbaz Ali Taseer	(Chairman)
Shehryar Ali Taseer	(Member)
Shehrbano Taseer	(Member)

During the year Mr. Shehryar Ali Taseer appointed in place of Mrs. Aamna Taseer and Miss Shehrbano Taseer appointed in place of Mr. Omer Subhan Salamat.

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and be eligible to offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2012.

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. Conclusively 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
30 September 2011

Aamna Taseer
Chairperson & Chief Executive Officer

Annexure I

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

Directors	**Opening balance as on 01-07-2010**	**Purchase**	**Bonus**	**Sale**	**Closing balance as on 30-06-2011**
Salmaan Taseer (Late)	32,340,761	-	3,234,074		35,574,835
Aamna Taseer **(CEO)**	1,501,344	507,000	150,134	-	2,158,478
Shahbaz Ali Taseer	885	-	88	-	973
Shehryar Ali Taseer	575	-	57	-	632
Shehrbano Taseer	-	556	-	-	556
Sulaiman Ahmed Saeed Al-Hoqani	35,497,605	32,463,965	3,549,760	-	71,511,330
Jamal Said Al-Ojaili	1,682	-	168	-	1,850
Omer Subhan Salamat	632	-	63	-	695
Spouces	-	-	-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Saeed Iqbal	700	-	70	-	770
Company Secretary					
Shahzad Jawahar	-		-	-	-

Annexure II

KEY FINANCIAL DATA FOR LAST 8 YEARS

FINANCIAL DATA **Rupees in Thousands**

	2011	2010	2009	2008	2007	2006	2005	2004
Operating revenue	90,568	88,622	(1,352,116)	5,636,505	1,723,995	429,056	61,535	75,514
Operating expenses	58,179	76,856	77,564	181,830	45,168	35,274	42,898	45,942
Operatin profit	(109,789)	651,915	(1,429,680)	5,454,675	1,678,827	393,782	18,637	29,572
Other revenue	90,655	63,419	80,135	30,014	3,366	8,557	2,237	2,451
Financial Expenses	11,313	11,639	21,619	43,126	46,414	25,507	23,006	11,861
Taxation	6,377	4,471	1,546	118	227	476	-	5,698
Profit after Taxation	(36,823)	699,221	(1,372,710)	5,441,446	1,635,552	376,365	(2,132)	211,429
Bonus Share Interim & Final	-	10%	25%	40%	20%	35%	47.5%	-

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of Shareholders	Shareholdings			Shares Held
	From		To	
346	1	-	100	13,283
594	101	-	500	162,031
530	501	-	1000	398,454
1109	1001	-	5000	2,512,877
432	5001	-	10000	2,917,940
82	10001	-	15000	984,508
49	15001	-	20000	851,873
26	20001	-	25000	591,572
25	25001	-	30000	701,260
13	30001	-	35000	424,583
11	35001	-	40000	410,541
10	40001	-	45000	420,997
12	45001	-	50000	580,149
6	50001	-	55000	319,913
7	55001	-	60000	395,598
3	60001	-	65000	187,750
3	65001	-	70000	202,295
3	70001	-	75000	217,199
2	75001	-	80000	153,479
1	80001	-	85000	84,810
2	85001	-	90000	173,864
2	90001	-	95000	188,484
1	95001	-	100000	99,000
2	100001	-	105000	204,712
2	105001	-	110000	220,000
1	110001	-	115000	113,374
2	115001	-	120000	236,402
1	120001	-	125000	125,000
1	125001	-	130000	130,000
1	130001	-	135000	133,922
1	135001	-	140000	135,861
1	140001	-	145000	143,000
2	155001	-	160000	319,871
2	160001	-	165000	324,104
2	165001	-	170000	336,233
1	180001	-	185000	180,667
2	200001	-	205000	407,960
1	205001	-	210000	205,733
2	215001	-	220000	433,376
1	235001	-	240000	239,919

No. of Shareholders	Shareholdings			Shares Held
	From		To	
2	240001	-	245000	483,155
1	245001	-	250000	246,000
2	265001	-	270000	537,919
1	270001	-	275000	275,000
1	295001	-	300000	300,000
1	300001	-	305000	304,339
1	315001	-	320000	317,605
2	320001	-	325000	643,538
1	345001	-	350000	347,851
1	355001	-	360000	360,000
1	370001	-	375000	372,289
1	395001	-	400000	399,360
1	415001	-	420000	415,240
1	465001	-	470000	465,400
1	490001	-	495000	491,569
1	645001	-	650000	550,000
1	560001	-	565000	564,896
1	605001	-	610000	609,254
1	695001	-	700000	695,750
1	810001	-	815000	812,357
1	860001	-	865000	860,101
1	945001	-	950000	946,391
1	960001	-	965000	961,636
1	125001	-	130000	1,240,000
1	1360001	-	1365000	1,363,100
1	1425001	-	1430000	1,427,848
1	1495001	-	1500000	1,500,000
1	2080001	-	2085000	2,083,130
1	2155001	-	2160000	2,158,478
1	3135001	-	3140000	3,139,988
1	3600001	-	3605000	3,602,283
1	3990001	-	3995000	3,991,754
1	4015001		4020000	4019559
1	4995001		5000000	4996865
1	8270001		8275000	8272928
1	10410001		10415000	10,411,000
1	11305001		11310000	11308000
1	12555001		12560000	12555500
1	13850001		13855000	13853105
1	15765001		15770000	15765991
1	17355001		17360000	17359134
1	32460001		32465000	32463966
1	33770001		33775000	33772767
1	34050001		34055000	34050449
1	68430001		68435000	68432023
3342				**316,610,112**

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	73,674,514	25.60
Associated Companies, undertakings and related parties.	3,991,754	1.39
NIT and ICP	4,124,721	1.43
Banks, Development Financial Institutions, Non Banking Financial Institutions	58,030,571	20.16
Insurance	8,272,928	2.87
Modarabas and Mutual Funds	669,571	0.23
Share holders holding 10% or more	179,120,471	62.23
General Public		
a) Local	56,682,800	19.69
b) Foreign	1,034,139	0.36
Others:		
- Joint Stock Companies	24,091,061	8.37
- Foreign Companies	86,038,053	29.89

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

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30 JUNE 2011

Shareholders' Category	Number of Shares held
Associated Companies, undertaking and related parties	
Worldcall Telecom Limited	3,991,754
NIT and ICP	
Investment Corp. of Pakistan	1,650
National Bank of Pakistan-Trustee Department NI(U)T Fund	4,019,559
National Investment Trust Limited	103,512
Directors, CEO and their Spouse and Minor Children	
Aamna Taseer (CEO/Director)	2,158,478
Shahbaz Ali Taseer (Director)	973
Shehryar Ali Taseer (Director)	632
Shehrbano Taseer (Director)	556
Omer Subhan Salamat (Director)	695
Sulaiman Ahmad Saeed Al-Hoqani (Director)	71,511,330
Jamal Said Al-Ojaili (Director)	1,850
Executives	
Public Sector Companies and Corporations	24,091,061
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Fund etc.	66,973,070
Shareholders holding 10% or more voting interest in the Company	
Salmaan Taseer	35,571,835
Amythest Limited	82,657,058
Sulaiman Ahmad Saeed Al-Hoqani	71,511,330

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges 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 Code in the following manner:

1) The Board of Directors comprise of seven Directors. The Company encourages representation of independent non-executive directors on its Board. At present the board includes at least 2 independent non-executive directors.

2) The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3) All the resident directors of the Company are registered as taxpayers and none of them has convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a DFI or an NBFI. No one is a member of Stock Exchange.

4) All casual vacancies occurring in the Board were filed up by the directors within 30 days thereof.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

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.

8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities. Further the certification of directors under “The Board Development Series” program offered by Pakistan Institute of Corporate governance is in progress

10) The Board has approved appointment of Company Secretary, Chief Financial Officer and Internal Auditors including remuneration and terms and conditions of employment, as determined by the CEO.

11) The Directors' report for this year has been prepared in compliance with the requirements of the Code 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 Code.

15) The Board has formed an Audit Committee. At present the committee includes three non-executive directors including the chairman of the committee.

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 Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The Board has set-up an effective internal audit function having suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company.

18) 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.

19) 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.

20) The Company has fully complied with the requirements on related party transaction to the extent as contained in the listing regulations of Stock Exchanges(s).

21) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore	**Aamna Taseer**	
30 September 2011	Chairperson & Chief Executive Officer	Director

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, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 2011.

Lahore
30 September 2011

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 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the loss, its cash flows and changes in equity 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:
30 September 2011

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

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Non current assets			
Property, plant and equipment	6	**142,679,508**	183,273,208
Long term loans and advances	7	**525,247,706**	398,129,002
Investment property	8	**143,618,000**	486,292,500
Long term investments	9	**11,517,386,557**	12,038,134,186
Long term deposits	10	**266,850**	37,500
		12,329,198,621	13,105,866,396
Current assets			
Trade debts	11	**1,789,309**	1,685,036
Loans and advances	12	**4,357,738**	2,280,781
Short term prepayments		**490,594**	109,796
Tax refund due from Government		**21,213,957**	20,089,212
Other receivables	13	**15,310,263**	8,536,201
Investments at fair value through profit or loss	14	**96,179,818**	128,325,627
Cash and bank balances	15	**70,867,446**	6,892,246
		210,209,125	167,918,899
Current liabilities			
Current portion of liabilities against assets subject to finance lease	16	**359,589**	983,715
Mark up accrued		**2,631,712**	2,689,748
Short term borrowings - secured	17	**51,861,622**	70,329,587
Trade and other payables	18	**118,470,618**	240,579,228
		173,323,541	314,582,278
Working capital		**36,885,584**	(146,663,379)
Net assets		**12,366,084,205**	12,959,203,017
Non current liabilities			
Staff retirement benefits	19	**11,648,150**	12,553,457
Liabilities against assets subject to finance lease	16	**1,169,411**	-
		12,817,561	12,553,457
Contingencies and commitments	29		
Net capital employed		**12,353,266,644**	12,946,649,560
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up capital	20	**3,166,101,120**	2,878,273,750
Reserves		**4,250,934,506**	4,807,494,118
Unappropriated profit		**4,936,231,018**	5,260,881,692
		12,353,266,644	12,946,649,560

The annexed notes 1 to 34 form an integral part of these financial statements.

Lahore: **Chairperson & Chief Executive Officer** **Director**
30 September 2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Operating revenue			
Money market services	21	**11,158,423**	13,740,322
Financial consultancy services		**250,000**	9,000,000
Gain on sale of investments		**6,608,684**	10,815,013
Investment property rentals		**11,138,327**	16,695,692
Dividend income	22	**61,412,605**	38,370,717
		90,568,039	88,621,744
Loss on sale of investment property		**(93,659,058)**	(22,194,725)
Unrealized (loss) / gain on remeasurement of investment property		**(9,114,000)**	16,821,850
Unrealized (loss) / gain on remeasurement of short term investments	14	**(39,404,303)**	645,521,903
		(51,609,322)	728,770,772
Operating expenses	23	**58,179,180**	76,855,903
Operating (loss) / profit		**(109,788,502)**	651,914,869
Finance cost	24	**11,312,679**	11,638,889
		(121,101,181)	640,275,980
Other operating income	25	**90,654,728**	63,416,037
(Loss) / profit before taxation		**(30,446,453)**	703,692,017
Taxation	26	**(6,376,851)**	(4,470,930)
(Loss) / profit after taxation		**(36,823,304)**	699,221,087
(Loss) / earning per share - basic and diluted (2010 : restated)	28	**(0.12)**	2.21

The annexed notes 1 to 34 form an integral part of these financial statements.

Lahore:
30 September 2011

Chairperson & Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
(Loss) / profit after taxation	**(36,823,304)**	699,221,087
Other comprehensive (loss) / income for the year		
Realized loss on sale of investment - available-for-sale	**(54,983,930)**	-
Net change in fair value of available-for-sale investments	**(501,575,682)**	2,486,023,092
Other comprehensive (loss) / income	**(556,559,612)**	2,486,023,092
Total comprehensive (loss) / income for the year	**(593,382,916)**	**3,185,244,179**

The annexed notes 1 to 34 form an integral part of these financial statements.

Lahore:
30 September 2011

Chairperson & Chief Executive Officer **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Cash flows from operating activities			
(Loss) / profit before taxation		**(30,446,453)**	703,692,017
Adjustments for:			
Finance cost		**11,098,901**	11,638,889
Dividend income		**(61,412,605)**	(38,370,717)
Unrealized loss / (gain) on remeasurement of investments at fair value through profit or loss		**39,404,303**	(645,521,903)
Unrealized loss / (gain) on remeasurement of investment property at fair value through profit or loss		**9,114,000**	(16,821,850)
Loss on disposal of investment property		**93,659,058**	22,194,725
Depreciation		**891,249**	887,236
Gain on disposal of property, plant and equipment		**(63,500)**	(21,500)
Debts written off directly		**-**	94,742
Gain on disposal of long term investment		**(4,008,530)**	-
Loss / (Gain) on currency translation		**213,778**	(126,951)
Mark up income		**(75,351,834)**	(63,268,296)
Workers' Welfare Fund - written back		**(14,113,140)**	-
Provision for compensated absences		**-**	203,343
Provision for staff retirement benefits		**3,656,629**	4,006,759
		3,088,309	(725,105,523)
Loss before working capital changes		**(27,358,144)**	(21,413,506)
(Increase) / decrease in working capital			
Trade debts		**(104,273)**	(98,481)
Loans and advances		**(2,076,957)**	23,197
Short term prepayments		**(380,798)**	1,981
Other receivables		**(5,421,699)**	2,866,561
Trade and other payables		**5,409,847**	14,076,813
		(2,573,880)	16,870,071
Cash used in operations		**(29,932,024)**	(4,543,435)
Staff retirement benefits paid		**(500,990)**	(3,183,921)
Finance cost paid		**(11,156,937)**	(11,704,273)
Taxes paid		**(7,501,596)**	(5,816,365)
		(19,159,523)	(20,704,559)
Net cash used in operating activities		**(49,091,547)**	(25,247,994)
Cash flows from investing activities			
Capital expenditure incurred		**(3,859,549)**	(20,000)
Dividend received		**61,426,105**	38,369,017
Proceeds from disposal of property, plant and equipment		**46,491,000**	21,500
Proceeds from disposal of investment property		**124,766,942**	358,342,775
Payment against liability for purchase of investment property		**(2,268,263)**	(83,648,719)
Long term loans and advances		**(77,348,049)**	(48,700,000)
Long term investment - net		**(31,803,453)**	(367,472,645)
Short term investments - net		**(7,258,494)**	54,627,853
Long term deposits		**(229,350)**	609,338
Mark up received		**22,815,316**	63,268,296
Net cash generated from investing activities		**132,732,205**	15,397,415
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(983,715)**	(667,522)
Short term borrowings		**(18,467,965)**	4,000
Net cash used in financing activities		**(19,451,680)**	(663,522)
Net increase / (decrease) in cash and cash equivalents		**64,188,978**	(10,514,101)
Cash and cash equivalents at the beginning of the year		**6,892,246**	17,279,396
Effect of exchange rate fluctuations on cash held		**(213,778)**	126,951
Cash and cash equivalents at the end of the year	*15*	**70,867,446**	6,892,246

The annexed notes 1 to 34 form an integral part of these financial statements.

Lahore:
30 September 2011

Chairperson & Chief Executive Officer **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Capital reserve		Revenue reserve	
	Share Capital	Fair value reserve	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2009	**2,502,846,740**	**2,321,471,026**	**4,937,087,615**	**9,761,405,381**
Total comprehensive income for the year				
Income for the year	-	-	699,221,087	**699,221,087**
Other comprehensive income	-	2,486,023,092	-	**2,486,023,092**
Total other comprehensive income for the year	-	2,486,023,092	699,221,087	**3,185,244,179**
Transactions with owners of the Company, recognised directly in equity				
Issuance of bonus shares	375,427,010	-	(375,427,010)	-
Balance as at 30 June 2010	2,878,273,750	4,807,494,118	5,260,881,692	**12,946,649,560**
Total comprehensive loss for the year				
Loss for the year	-	-	(36,823,304)	**(36,823,304)**
Total other comprehensive loss	-	(556,559,612)	-	**(556,559,612)**
Total comprehensive loss for the year	-	(556,559,612)	(36,823,304)	**(593,382,916)**
Transactions with owners of the Company, recognised directly in equity				
Issuance of bonus shares	287,827,370	-	(287,827,370)	-
Balance as at 30 June 2011	**3,166,101,120**	**4,250,934,506**	**4,936,231,018**	**12,353,266,644**

The annexed notes 1 to 34 form an integral part of these financial statements.

Lahore:
30 September 2011

Chairperson & Chief Executive Officer **Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 Status and nature of business

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 103 C/II, Gulberg-III, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

2 Basic of preparation

2.1 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments and certain financial assets that are stated at fair value, and recognition of certain employee benefits at present value.

3 Use of estimates and judgements

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

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

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

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

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

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

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

4.2 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 2011;

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

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

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

- Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). 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.

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

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

5. Summary of significant accounting policies

5.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 6 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. Gains and losses on disposals of assets are included in income.

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.

5.2 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 6. Depreciation of leased assets is charged to income.

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

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

5.3 Impairment

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit and loss. 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 recoginsed previously in equity is transferred to profit and loss.

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

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

5.4 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 being taken directly to equity until the investment is disposed off 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.

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 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. Transaction costs are charged to income currently.

5.5 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 5.15.

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.

5.6 Settlement date accounting

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

5.7 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 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.

5.8 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.

5.9 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, 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 liability against assets subject to finance lease, mark up accrued, short term borrowings trade and other payables.

5.10 Financial assets and liabilities

Financial assets and financial 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.

5.11 Offsetting of financial assets and financial liabilities

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

5.12 Trade and other payables

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

5.13 Provisions

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

5.14 Staff retirement benefits

Defined benefit plan

The Company 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.

5.15 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.

5.16 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.

5.17 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.

5.18 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.

5.19 Related party transactions

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

	Note	2011 Rupees	2010 Rupees
6 Property, plant and equipment			
Operating fixed assets	*6.1*	**4,019,758**	1,787,249
Capital work in progress	*6.2*	**138,659,750**	181,485,959
		142,679,508	183,273,208

6.1 Property, plant and equipment

	Owned Assets						Assets Subject To Finance Lease		Total
	Leasehold Improvements	Computers	Office Equipment	Furniture & Fixtures	Vehicles	Sub Total	Vehicles	Sub Total	
	Rupees								
Net carrying value basis									
Net Book Value (NBV) as at 01 July 2010	-	35,619	266,840	49,523	61,367	413,349	1,373,900	1,373,900	1,787,249
Addition (at cost)	-	111,358	83,400	-	1,400,000	1,594,758	1,529,000	1,529,000	3,123,758
Transfers (at NBV)	-	-	-	-	1,073,467	1,073,467	(1,073,467)	(1,073,467)	-
Depreciation charge	-	45,186	55,668	8,280	456,199	565,333	325,916	325,916	891,249
NBV as at 30 June 2011	**-**	**101,791**	**294,572**	**41,243**	**2,078,635**	**2,516,241**	**1,503,517**	**1,503,517**	**4,019,758**
Gross carrying value basis									
Cost	470,315	573,664	2,006,590	154,000	8,954,930	12,159,499	1,529,000	1,529,000	13,688,499
Accumulated Depreciation	470,315	471,873	1,712,018	112,757	6,876,295	9,643,258	25,483	25,483	9,668,741
NBV as at 30 June 2011	**-**	**101,791**	**294,572**	**41,243**	**2,078,635**	**2,516,241**	**1,503,517**	**1,503,517**	**4,019,758**
Net carrying value basis									
Net Book Value (NBV) as at 01 July 2009	-	129,494	303,321	60,203	251,367	744,385	1,910,100	1,910,100	2,654,485
Addition (at cost)	-	-	20,000	-	-	20,000	-	-	20,000
Depreciation charge	-	93,875	56,481	10,680	190,000	351,036	536,200	536,200	887,236
NBV as at 30 June 2010	**-**	**35,619**	**266,840**	**49,523**	**61,367**	**413,349**	**1,373,900**	**1,373,900**	**1,787,249**
Gross carrying value basis									
Cost	470,315	726,494	1,923,190	154,000	4,873,930	8,147,929	2,681,000	2,681,000	10,828,929
Accumulated Depreciation	470,315	690,875	1,656,350	104,477	4,812,563	7,734,580	1,307,100	1,307,100	9,041,680
NBV as at 30 June 2010	**-**	**35,619**	**266,840**	**49,523**	**61,367**	**413,349**	**1,373,900**	**1,373,900**	**1,787,249**
Rate of depreciation (%)	10	33	10	10	20		20		

	Note	2011 Rupees	2010 Rupees
6.2 Capital work in progress			
Balance as at 01 July		**181,485,959**	181,485,959
Add: Acquisition during the year		**3,664,791**	-
Less: Disposal during the year	*6.2.1*	**(46,491,000)**	-
Balance as at 30 June	*6.2.2*	**138,659,750**	181,485,959

6.2.1 This represents disposal of office floor at the Pace Towers, Gulberg Lahore to First Capital Investment Limited, a related party.

6.2.2 This represents advance against purchase of property in Pace Towers Gulberg Lahore and Pace Barka Lahore amounting to Rs. 133,634,515 (Rs. 176,460,724) and Rs. 5,025,235 (2010: Rs. 5,025,235).

	Note	2011 Rupees	2010 Rupees
7 Long term loans and advances - unsecured considered good - related parties			
Long term loans			
Media Times Limited	*7.1*	**441,484,905**	391,629,002
First Capital Equities Limited	*7.2*	**82,465,991**	6,500,000
		523,950,896	398,129,002
Advance to Ozer Investments Limited		**1,296,810**	-
		525,247,706	398,129,002

7.1 This represents loan to an associated company and carries mark up at the rates ranging from 16% to 18% (2010: 16.5%), subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

7.2 This represents loan to a subsidiary company and carries mark up at the rates ranging from 16% to 18% (2010: 22%) , subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

7.3 The maximum aggregate amount of loan outstanding during the year was Rs. 541,010,405 (2010: Rs. 398,129,002).

	Note	2011 Rupees	2010 Rupees
8 Investment property			
Balance as at 1 July		**486,292,500**	850,008,150
Add: Acquisition during the year		**-**	-
		486,292,500	850,008,150
Less: Disposal during the year		**(333,560,500)**	(380,537,500)
		152,732,000	469,470,650
(Decrease) / Increase in fair value		**(9,114,000)**	16,821,850
Balance as at 30 June	*8.1*	**143,618,000**	486,292,500

8.1 Investment property comprises of six commercial properties, out of which three properties are leased to third parties for rental income for a period of 11 months which is further extendable with mutual understanding of both parties.

The fair value of investment property has been determined by approved independent valuer M/s Negotiators as at 30 June 2011. Fair value was determined giving due regard to the recent market transactions for similar properties in the same location and condition as the Company's investment property.

	Note	2011 Rupees	2010 Rupees
9 Long term investments - available for sale			
Subsidiary company - Listed			
First Capital Equities Limited			
72,690,200 (2010: 54,265,200) fully paid ordinary shares of Rs. 10/- each		**9,340,690,700**	4,917,512,424
Transferred from short term investments Nil (2010: 18,425,000) fully paid ordinary shares of Rs. 10/- each		**-**	2,367,612,500
Total equity held 67.29% (2010: 67.29%)			
Fair value adjustment		**901,358,480**	2,055,565,776
	29.1	**10,242,049,180**	9,340,690,700
Subsidiary companies - Unlisted			
First Capital Investments Limited			
7,855,000 (2010: 7,855,000) fully paid ordinary shares of Rs. 10 each			
Equity held: 76.56% (2010: 76.56%)		**76,840,107**	76,840,107
World Press (Private) Limited			
1,949,041 (2010: 1,949,041) fully paid ordinary shares of Rs. 10/- each			
Equity held 65% (2010: 65%)		**19,490,410**	19,490,410
Trident Construct (Private) Limited			
10,455,000 (2010:10,455,000) fully paid ordinary shares of Rs. 10 each		**10,200,000**	10,200,000
Equity held: 51.00% (2010: 51.00%)			
Falcon Commodities (Pvt.) Limited			
3,150,000 (2010:Nil) fully paid ordinary shares of Rs. 10 each			
Equity held: 100% (2010: Nil)	*9.2*	**19,152,000**	-

	Note	2011 Rupees	2010 Rupees
Lanka Securities (Private) Limited			
Foreign entity			
8,912,250 (2010: 8,912,250) fully paid ordinary shares of LKR. 10 each			
Equity held: 51% (2010: 51%)		**46,229,683**	46,229,683
Ozer Investments Limited			
1,000 (2010:Nil) fully paid ordinary shares of LKR. 10 each			
Equity held: 100% (2010: Nil)	*9.3*	**7,593**	-
Associated company - Listed			
Media Times Limited			
32,148,669 (2010: 33,049,669) fully paid ordinary shares of Rs. 10 each			
Equity held: 23.97% (2010: 24.64%)		**2,018,343,286**	1,501,708,325
Sale of 1,145,000 (2010: Nil) shares		**(69,925,150)**	-
Additions through purchase at market price 244,000 (2010: 1,600,280) shares		**10,688,000**	86,177,645
Fair value adjustment		**(1,402,934,162)**	430,457,316
	9.4	**556,171,974**	2,018,343,286
Associated companies - Unlisted			
Pace Super Mall (Private) Limited			
4,500 (2010: 4,500) fully paid ordinary shares of Rs.10 each			
Equity held: 10% (2010: 10%)	*9.5*	**45,000**	45,000
Pace Barka Properties Limited			
54,790,561 (2010: 52,700,000) fully paid ordinary shares of Rs.10 each			
Equity held: 17.95% (2010: 17.25%)		**526,295,000**	245,000,000
Addition through purchase of 2,090,561		**20,905,610**	281,295,000
(2010: 28,200,000) shares	*9.5*	**547,200,610**	526,295,000
Total investments		**11,517,386,557**	12,038,134,186

9.1 All subsidiaries and associated companies have been incorporated in Pakistan except for Lanka Securities (Private) Limited and Ozer Investments Limited which are incorporated in Sri Lanka.

9.2 During the year a wholly owned subsidiary, namely Falcon Commodities (Pvt.) Limited was acquired.

9.3 During the year a new wholly owned subsidiary Ozer Investment Limited is incorporated in Sri Lanka.

9.4 The shares having market value amounting to Rs. 30,967,000 (2010: Rs. 109,315,300) and Rs. 506,526,700 (2010: Rs. 1,788,068,530) are pledged against loan of the Company and a subsidiary company - First Capital Equities Limited respectively.

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

		Note	2011 Rupees	2010 Rupees
10	**Long term deposits**			
	Deposits with leasing companies		**229,350**	609,338
	Less: Current maturity		**-**	(609,338)
			229,350	-
	Other deposits		**37,500**	37,500
			266,850	37,500
11	**Trade debts**			
	Unsecured, considered good:			
	Money market receivables		**1,782,733**	1,678,552
	Receivable against trade of shares		**6,576**	6,484
			1,789,309	1,685,036
12	**Loans and advances**			
	Advances to staff - secured and considered good	*12.1*	**4,357,738**	2,280,781

12.1 Advances given to staff for expenses are in accordance with the Company's policy. Such advances are secured against gratuity, interest free and adjustable against salary / expense claims. Advances to staff do not include any amount due from Chief Executive and Directors (2010: Nil). However, they include an amount due from an executive of Rs.3,904,076 (2010: Rs. 2,000,000) which is as per terms of his employment and secured against gratuity.

		Note	2011 Rupees	2010 Rupees
13	**Other receivables**			
	Current portion of deposits with leasing companies	*10*	**-**	609,338
	Dividend receivable		**-**	13,500
	Mark up receivable		**1,365,863**	-
	Tax refundable		**6,677,426**	6,677,426
	Advance for purchase of shares		**6,079,322**	-
	Rent receivable		**1,187,652**	1,125,388
	Others		**-**	110,549
			15,310,263	8,536,201

		Note	2011 Rupees	2010 Rupees
14	**Short term investments - at fair value through profit or loss**			
	These are made up as under 'held for trading'			
	Carrying value as at 30 June			
	Related parties		**114,250,907**	148,008,885
	Others		**21,333,214**	32,733,839
			135,584,121	180,742,724
	Add: Unrealised (loss) / gain on account of remeasurement to fair value		**(39,404,303)**	645,521,903
			96,179,818	826,264,627
	Less : Unrealised gain relating to investments transferred to long term investments		**-**	(697,939,000)
	Short term investments - at fair value through profit or loss		**96,179,818**	128,325,627
	Fair value of short term investments as at 30 June comprises of:			
	Related parties	*14.1*	**69,620,643**	100,225,907
	Others	*14.2*	**26,559,175**	28,099,720
			96,179,818	128,325,627

	Note	Number of shares / certificates **2011**	2010	30 June 2011 **Carrying value**	30 June 2011 **Fair value**	30 June 2010 Carrying value	30 June 2010 Fair value
				-------------Rupees-------------		-------------Rupees-------------	
14.1 Held for trading - related parties							
Telecommunication							
Worldcall Telecom Limited	*14.1.1*	**4,221,207**	4,221,207	**12,283,712**	**8,906,747**	10,553,018	12,283,712
Equity held 0.49% (2010: 0.49%)							
Real estate investment and services							
Pace (Pakistan) Limited	*14.1.2*	**24,633,668**	24,633,668	**87,942,195**	**53,701,396**	137,455,867	87,942,195
Equity held 10.58% (2010: 10.58%)							
Funds							
First Capital Mutual Fund Limited		**2,805,000**	-	**14,025,000**	**7,012,500**	-	-
Equity held 9.35% (2010:Nil)							
Investment							
First Capital Equities Limited		**-**	18,425,000	**-**	**-**	1,669,673,500	2,367,612,500
				114,250,907	**69,620,643**	1,817,682,385	2,467,838,407
Less : Transferred to long term investments		**-**	18,425,000	**-**	**-**	(1,669,673,500)	(2,367,612,500)
				114,250,907	**69,620,643**	148,008,885	100,225,907

14.1.1 This includes 2.9 million (2010: 2.9 million) shares held under lien as security by National Accountability Bureau. Refer to note 29.3.

14.1.2 The shares having market value amounting to Rs. 7,346,600 (2010: Rs. 12,030,900) and Rs. 30,361,078 (2010: Rs. 61,143,747) have been pledged against running finance facility of the Company and a First Capital Equities Limited (subsidiary company) respecti

	Number of shares / certificates **2011**	2010	30 June 2011 **Carrying value**	30 June 2011 **Fair value**	30 June 2010 Carrying value	30 June 2010 Fair value
			-------------Rupees-------------	-------------Rupees-------------	----------Rupees-------	
14.2 Held for trading - others						
Cement						
DG Khan Cement Company Limited	**-**	70,000	**-**	**-**	1,729,584	1,653,400
Insurance						
Adamjee Insurance Company Limited	**-**	11,000	**-**	**-**	839,900	878,680
Shaheen Insurance Company Limited	**2,124,734**	845,856	**21,333,214**	**26,559,175**	19,971,650	12,264,912
Commercial Bank / Investment co.						
Askari Commercial Bank Limited	**-**	52,000	**-**	**-**	662,134	791,440
JS bank Limited	**-**	101,000	**-**	**-**	609,030	283,810
Habib bank Limited	**-**	20,790	**-**	**-**	1,626,534	2,021,828
United Bank Limited	**-**	25,000	**-**	**-**	870,227	1,355,250
Textile composite						
Nishat Mills Limited	**-**	20,000	**-**	**-**	521,655	862,400
Fuel and Energy						
Byco Petroleum (Bosicor)	**-**	150,000	**-**	**-**	1,044,000	1,497,000
Pak Oil Fields Ltd.	**-**	15,000	**-**	**-**	2,188,500	3,238,500
Pakistan State Oil Company Ltd.	**-**	12,500	**-**	**-**	2,670,625	3,252,500
			21,333,214	**26,559,175**	32,733,839	28,099,720

14.3 All shares are ordinary fully paid shares having a face value of Rs. 10 per share.

	Note	2011 Rupees	2010 Rupees
15 Cash and bank balances			
Cash in hand		**9,701**	6,029
Cash at bank			
Current accounts	*15.1*	**929,773**	2,196,619
Deposit accounts	*15.2*	**69,927,972**	4,689,598
		70,857,745	6,886,217
		70,867,446	6,892,246

15.1 This includes Sri Lankan Rupees amounting to LKR. 1,004,630 (2010: LKR. 2,716,355), translated in Pak rupees at the rate prevailing at balance sheet date.

15.2 The balance in deposit accounts bear mark up which ranges from 5% to 11.5% (2010: 2.75% to 5.78%) per annum.

16 Liabilities against assets subject to finance lease

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

	30 June 2011		
	Not later than one year	**Later than one year and not later than five years**	**Total**
		Rupees	
Minimum lease payments	**558,204**	**1,345,758**	**1,903,962**
Future finance charge	**(198,615)**	**(176,347)**	**(374,962)**
Present value of minimum lease payments	**359,589**	**1,169,411**	**1,529,000**

	30 June 2010		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	1,003,422	-	1,003,422
Future finance charge	(19,707)	-	(19,707)
Present value of minimum lease payments	983,715	-	983,715

16.1 Rentals are payable in monthly installments. The Company 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 have been discounted at an effective rate of 12.30% to 17.28% (2010: 12.30 to 15.20%) per annum. There are no financial restrictions in the lease agreements.

	Note	2011 Rupees	2010 Rupees
17 Short term borrowings - secured			
Running finance facility with Bank Alfalah Limited	*17.1*	**51,861,622**	70,325,587

17.1 The Company has running finance facility of Rs. 70.21 million (2010: 75 million) from a commercial bank under mark up arrangement at the rate of 3 Months KIBOR plus 3% per annum (2010: 3 Months KIBOR plus 3% per annum). This running finance facility is secured by pledge of listed securities.

	Note	2011 Rupees	2010 Rupees
18 Trade and other payables			
Bills payable		**1,051,530**	996,158
Security deposit Pace Shopkeepers		**2,117,750**	2,117,750
Advance for sale of property		**5,716,352**	-
Payable against purchase of investment property	*18.1*	**98,281,199**	215,683,962
Accrued liabilities		**2,729,154**	2,830,236
Final settlements payable		**4,060,946**	-
Withholding tax		**52,501**	1,860
Unclaimed dividend		**1,858,918**	1,858,918
Workers' Welfare Fund payable	*25.1*	**-**	14,113,140
Other liabilities		**2,602,268**	2,977,204
		118,470,618	240,579,228

18.1 This amount is payable to Pace Pakistan Limited, an associated company, against purchase of properties.

19 Staff retirement benefits

The actuarial valuation of gratuity scheme has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2011. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation .

	2011	2010
Discount rate	14% per annum	12% per annum
Expected rate of Eligible Salary increase in future years	13% per annum	11% per annum
Average expected remaining working life time of employees	12 years	13 years

			2011 Rupees	2010 Rupees
19.1	**Amount recognised in the Balance Sheet are as follows:**			
	Present value of defined benefit obligation	*19.3*	**11,552,894**	12,898,433
	Unrecognised actuarial gains / (losses) to be recognized in later period	*19.7*	**95,256**	(344,976)
	Balance sheet liability as on 30 June		**11,648,150**	12,553,457
19.2	**Movement in net obligation**			
	Net liability as on 1 July		**12,553,457**	11,730,619
	Liability transferrable from other sister concerns		**4,747,444**	195,000
	Liability transferrable to other sister concerns		**-**	(2,152,021)
	Amount recognized during the year	*19.4*	**3,656,629**	4,006,759
	Benefit payable transferred to short term liability		**(3,845,786)**	-
	Benefits payments made by the Company during the year		**(5,463,594)**	(1,226,900)
	Net liability as on 30 June		**11,648,150**	12,553,457
19.3	**Movement in present value of defined benefit obligation is as follows:**			
	Present value of defined benefit obligation as at 01 July		**12,898,433**	13,329,159
	Current service cost		**2,108,817**	2,386,827
	Interest cost		**1,547,812**	1,599,499
	Liability transferred from other sister concern		**4,747,444**	-
	Liability transferrable from other sister concerns		**-**	195,000
	Liability transferrable to other sister concerns		**-**	(2,152,021)
	Benefits payable transferred to short term liability		**(3,845,786)**	-
	Benefit paid during the period		**(5,463,594)**	(1,226,900)
	Actuarial gain		**(440,232)**	(1,233,131)
	Present value of defined benefit obligation as at 30 June		**11,552,894**	12,898,433
19.4	**Salaries, wages and other benefits include following in respect of retirement benefits**			
	Current service cost		**2,108,817**	2,386,827
	Interest cost		**1,547,812**	1,599,499
	Actuarial loss charged	*19.6*	**-**	20,433
	Total amount chargeable to Profit and Loss account		**3,656,629**	4,006,759

	2011 Rupees	**2010 Rupees**	2009 Rupees	2008 Rupees	2007 Rupees
19.5 Historical information for Gratuity plan					
Present value of defined benefit obligation	**11,552,894**	12,898,433	13,329,159	10,201,283	7,316,886
Actuarial experience adjustments on plan liability's gains/(losses)	**440,232**	1,233,131	320,250	(335,462)	(892,554)

19.6 Actuarial losses to be recognized

		2011 Rupees	**2010 Rupees**
Corridor limit			
The limits of corridor as at 1 July		10%	10%
- 10% of present value of obligations		1,255,346	1,173,062
Unrecognized net actuarial losses as at 1 July	*19.7*	(344,976)	(1,598,540)
Excess		-	(425,478)
Average expected remaining working lives in years		12	13
Actuarial losses recognized		**-**	20,433

19.7 Unrecognized net actuarial gains / (losses)

	2011	2010
Unrecognized net actuarial losses as at start of the period	**(344,976)**	(1,598,540)
Actuarial gain on obligations	**440,232**	1,233,131
Less: Actuarial losses recognized	**-**	20,433
Unrecognized net actuarial gains / (losses) as at 30 June	**95,256**	(344,976)

20 Share capital

	2011	2010
Authorized 320,000,000 (2010: 300,000,000) ordinary shares of Rs 10 each	**3,200,000,000**	3,000,000,000

	Number of Shares 2011	Number of Shares 2010	2011 Rupees	2010 Rupees
Issued, subscribed and paid-up capital				
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares				
Opening balance as at 1 July	**249,662,345**	212,119,644	**2,496,623,450**	2,121,196,440
Issued during the year	**28,782,737**	37,542,701	**287,827,370**	375,427,010
Closing balance as at 30 June	**278,445,082**	249,662,345	**2,784,450,820**	2,496,623,450
	316,610,112	287,827,375	**3,166,101,120**	2,878,273,750

20.1 During the year the Company issued 10% bonus shares i.e. 28,782,737 shares (2010: 15% bonus shares i.e. 37,542,701 shares) to ordinary shareholders.

20.2 Ordinary shares of the Company held by subsidiaries and associates as at year end are as follows:

	2011 Percentage of holding	2011 Number of shares	2010 Percentage of holding	2010 Number of shares
Worldcall Telecom limited	**1.39**	**3,991,754**	1.26	3,628,868
First Capital Equities Limited	**5.49**	**17,384,814**	5.50	15,832,922

		2011 Rupees	2010 Rupees
21	**Money market services**		
	Money market income - local currency	**4,815,893**	7,720,382
	Money market income - foreign currency	**6,342,530**	6,019,940
		11,158,423	13,740,322
22	**Dividend income**		
	Local subsidiary company	**-**	18,768,969
	Foreign subsidiary company	**60,474,993**	19,048,148
	Other listed companies	**937,612**	553,600
		61,412,605	38,370,717

	Note	2011 Rupees	2010 Rupees
23 Operating expenses			
Salaries, wages and benefits	*23.1*	**23,847,203**	33,488,801
Rent, rates and taxes		**1,102,477**	1,098,666
Telephone, fax, etc.		**802,770**	964,214
Utilities		**261,220**	517,355
Insurance		**440,928**	480,353
Printing and stationery		**941,719**	915,365
Travelling and conveyance		**4,770,944**	1,090,800
Repairs and maintenance		**546,616**	475,600
Postage, courier, etc.		**70,925**	91,710
Vehicle running expenses		**1,746,170**	1,864,698
Newspapers and periodicals		**14,512**	14,859
Entertainment		**719,757**	518,488
Brokerage commission and capital value tax		**261,322**	1,695,105
Service charges on rental income		**8,432,430**	11,144,130
Legal and professional		**5,180,803**	5,049,712
Financial services fee		**2,500,000**	-
Advertisement		**3,720,749**	408,760
Debts written off directly		**-**	94,742
Auditors' remuneration	*23.2*	**1,179,000**	1,099,000
Depreciation	*6.1*	**891,249**	887,236
Workers' Welfare Fund		**-**	14,113,140
Others		**748,386**	843,169
		58,179,180	76,855,903

23.1 Salaries, wages and benefits includes Rs. 3,656,629 (2010: Rs. 4,006,759) and Rs. Nil (2010: Rs. 203,343) in respect of gratuity fund contribution by Company and accumulated compensated absences respectively.

	2011 Rupees	2010 Rupees
23.2 Auditors' remuneration		
Annual audit fee	**475,000**	475,000
Fee for audit of consolidated financial statements	**425,000**	425,000
Half yearly review	**100,000**	100,000
Out of pocket expenses	**179,000**	99,000
	1,179,000	1,099,000
24 Finance cost		
Cost of repo transactions	**-**	628,611
Mark up on running finance facility	**11,015,704**	10,854,501
Finance charges on liabilities against assets subject to finance lease	**19,171**	99,077
Foreign exchange loss	**213,778**	-
Bank charges and commission	**64,026**	56,700
	11,312,679	11,638,889

		Note	2011 Rupees	2010 Rupees
25	**Other operating income**			
	Income from financial assets			
	Income on deposit accounts		**2,520,992**	313,917
	Income from loan to related parties			
	Mark-up income		**72,830,842**	62,954,379
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment		**63,500**	21,500
	Tenderable gain received from related party		**1,092,000**	-
	Gain on currency translation		**-**	126,241
	Workers' Welfare Fund - written back	*25.1*	**14,113,140**	-
	Miscellaneous income		**34,254**	-
			90,654,728	63,416,037

25.1 Workers' Welfare Fund

The Company has written back the provisions created on account of Workers' Welfare Fund relating to year ended 30 June 2010 based on the judgment issued by the honourable Lahore High Court through order 19 August 2011. The Honourable court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution.

		2011 Rupees	2010 Rupees
26	**Taxation**		
	Current tax	**6,376,851**	4,470,930

26.1 In view of available unused tax losses provisions made 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.

26.2 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 Returns from tax year 2005 to tax year 2010 are filed and are deemed to be assessed.

Deferred tax

26.3 The Company has a deferred tax asset amounting to Rs. 88,023,431 (2010: Rs.93,624,103) 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 incorporated the deferred tax asset in these financial statements.

26.4 Since the Company is liable to pay minimum tax, therefore, no numerical tax reconciliation is given.

27 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. Balances with related parties are also shown in the relevant notes to the accounts.

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

	Note	2011 Rupees	2010 Rupees
27.1 Transactions during the year			
Subsidiary companies			
First Capital Equities Limited			
Long term loan given		**82,465,991**	6,500,000
Long term loan matured		**6,500,000**	-
Mark up income		**1,841,393**	242,904
Brokerage / Commission		**156,935**	708,934
Sale of investment property		**65,888,480**	323,115,360
World Press (Private) Limited			
Purchase of goods / services		**838,988**	802,500
Trident Construct (Private) Limited			
Dividend income		**-**	18,768,969
Lanka Securities (Private) Limited			
Dividend income		**60,474,993**	19,048,148
First Capital Investments Limited			
Sale of assets		**46,491,000**	-
Associated companies			
Media Times Limited			
Long term investment made		**10,688,000**	86,177,645
Long term loan given		**71,915,411**	42,200,000
Long term loan matured		**22,059,508**	-
Mark up income		**70,989,449**	62,711,475
Purchase of goods/services		**171,600**	286,000
Pace Barka Properties Limited			
Long term investment made		**20,905,610**	281,295,000
Pace Pakistan Limited			
Short term investment sold		-	46,354,923
Income from financial consultancy services		-	9,000,000
Sale of investment property		**10,000,000**	-
Purchase of investment property cancelled		**115,134,500**	-
Service charges		**8,432,430**	11,144,130

	2011 Rupees	2010 Rupees
Worldcall Telecom Limited		
Short term investment sold	-	7,700,093

27.2 Amounts outstanding as at year end

	2011 Rupees	2010 Rupees
Subsidiary companies		
First Capital Equities Limited		
Long term loan receivable	**82,465,991**	6,500,000
Associated companies		
Media Times Limited		
Long term loan receivable	**441,484,905**	391,629,002
Payable against services	**78,000**	-
Pace Pakistan Limited		
Payable against purchase of investment property	**98,281,199**	215,683,962

28 (Loss) / earnings per share - basic

		2011	2010
Net (loss) / profit for the year	***Rupees***	**(36,823,304)**	699,221,087
Weighted average number of ordinary shares			
Weighted average number of ordinary shares as at 30 June	***Numbers***	**316,610,112**	316,610,112
(Loss) / earnings per share - basic	***Rupees***	**(0.12)**	2.21

For the purpose of computing earnings per share, the number of shares of the previous year have been adjusted for the effect of bonus shares issued during the year.

Earnings per share - diluted

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

29 Contingencies and commitments

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

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

29.2 First Capital Equities Limited, a subsidiary of the Company, has availed a term finance facility from a commercial bank at mark up rate 13% which is repayable over a period of 18 months from the date of disbursement in six equal quarterly installments. This arrangement is secured by legal mortgage of Rs. 55,250,000 on the property of the company.

29.3 During 2002 the senior management of the Company was contacted by National Accountability Bureau 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 Company remains contingently liable to the extent of Rs. 10.073 million.

29.4 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 Worldcall Communications Limited (now Worldcall 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.

29.5 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.

		2011 Rupees	2010 Rupees
29.6	Commitments in respect of capital expenditure	**3,130,103**	239,830,434

30 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.

30.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk arises from deposits with banks, trade debts, loans and advances and credit exposure arising as a result of dividends from equity securities and other receivable. The Company has 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, the Company applies credit limits to its customers and obtains advances from certain customers. For banking relationships, credit ratings and other factors are evaluated. Credit risk on dividend receivable is minimal due to statutory protection.

30.1.1 Exposure to credit risk

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

	Note	2011 Rupees	2010 Rupees
Long term loans and advances		**525,247,706**	398,129,002
Long term investments		**11,517,386,557**	12,038,134,186
Long term deposits		**266,850**	37,500
Loans and advances		**4,357,738**	2,280,781
Trade debts	*30.1.2*	**1,789,309**	1,685,036
Investments at fair value through profit or loss		**96,179,818**	128,325,627
Other Receivables		**8,632,837**	1,858,775
Bank balances		**70,857,745**	6,886,217
		12,224,718,560	12,577,337,124

30.1.2 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.

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

	2011 Rupees	2010 Rupees
Past due 0 - 30 days	**1,058,787**	952,290
Past due 31 - 90 days	**671,100**	732,746
Past due 91 - 180 days	**59,422**	-
	1,789,309	1,685,036

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 as at balance sheet date are classified as follows:

	2011 Rupees	2010 Rupees
Foreign	**781,511**	2,029,010
Domestic	**70,076,234**	4,857,207
	70,857,745	6,886,217

The analysis below summarizes the credit rating quality of the Company's bank balances as at 30 June:

Bank balances by rating category	**2011**	2010
MCB Bank Limited	**AA+**	AA+
Faysal Bank Limited	**AA**	AA
Standard Charted Bank (Pakistan) Limited	**AAA**	AAA
Bank Al-Habib Limited	**AA+**	AA+
Habib Metropolitan Bank	**AA+**	AA+
KASB Bank Limited	**A-**	A
NIB Bank Ltd	**AA-**	AA-
Bank Alfalah Limited	**AA**	AA
Allied Bank Limited	**AA**	AA
Citi Bank Sri Lanka	**A+**	A+
Soneri Bank Limited	**AA-**	AA-

30.1.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. 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. In addition, the Company has obtained running finance facilities from Bank Alfalah Limited to meet any deficit, if required to meet the short term liquidity commitments.

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

	Carrying Amount Rupees	Contracted cash flow Rupees	6 months or less Rupees	6 - 12 months Rupees	1-2 years Rupees	More than 2 years Rupees
Liabilities against assets subject to finance lease	1,529,000	1,903,962	172,937	186,652	381,857	787,554
Running finance under mark-up arrangements-secured	51,861,622	51,861,622	51,861,622	-	-	-
Trade and other payables	118,470,618	118,470,618	116,352,868	2,117,750	-	-
Mark up accrued	2,631,712	2,631,712	2,631,712	-	-	-
	174,492,952	**174,867,914**	**171,019,139**	**2,304,402**	**381,857**	**787,554**

The following are the contractual maturities of financial liabilities as on 30 June 2010 :

	Carrying Amount Rupees	Contracted cash flow Rupees	6 months or less Rupees	6 - 12 months Rupees	1-2 years Rupees	More than 2 years Rupees
Liabilities against assets subject to finance lease	983,715	1,674,612	279,102	279,102	558,204	558,204
Running finance under mark-up arrangements-secured	70,329,587	70,329,587	70,329,587	-	-	-
Trade and other payables	240,579,228	240,579,228	238,461,478	2,117,750	-	-
Mark up accrued	2,689,748	2,689,748	2,689,748	-	-	-
	314,582,278	315,273,175	311,759,915	2,396,852	558,204	558,204

30.3 Market risk

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

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

30.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Company is exposed to foreign currency's risk on conversion of balance in foreign currency account maintained in Lanka Rupees (LKR). The Company's exposure to foreign currency risk for LKR is as follows:

	2011 Rupees	**2010 Rupees**
Foreign currency bank accounts	**781,511**	2,029,010
Net exposure	**781,511**	2,029,010

The following significant exchange rates have been applied:

	Average rate		**Reporting date rate**	
	2011	2010	**2011**	2010
LKR to PKR	**0.76**	0.72	**0.78**	0.75

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.

	2011 Rupees	**2010 Rupees**
Effect on profit and loss	**78,151**	202,901
	78,151	202,901

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 Company.

30.3.2 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:

	2011	2010	**2011**	2010
	Effective rate (in Percentage)		**Carrying amount (Rupees)**	
Financial liabilities				
Variable rate instruments:				
Liabilities against assets subject to finance lease	17.28	12.3 to 15.08	**1,529,000**	983,715
Short term borrowings	15.33 to 16.52	15.29 to 15.6	**51,861,622**	70,329,587

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 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 1% 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 2010.

	Increase	**Decrease**
	Rupees	
As at 30 June 2011	**(693,838)**	693,838
As at 30 June 2010	(712,533)	712,533

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

30.3.3 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 and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

30.3.4 Fair value of financial instruments

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

Effective 01 January 2009 the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

	---------------------As at 30 June 2011-------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------------------------Rupees------------------------			
Assets				
Investments at fair value through profit or loss	**96,179,818**	**-**	**-**	**96,179,818**
Long term investments available for sale	**10,798,221,154**	**-**	**-**	**10,798,221,154**

	---------------------As at 30 June 2010-------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------------------------Rupees------------------------			
Assets				
Investments at fair value through profit and loss	**128,325,627**	**-**	**-**	**128,325,627**
Long term investments available for sale	**11,359,033,986**	**-**	**-**	**11,359,033,986**

30.4 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 2011 and at 30 June 2010 were as follows:

	2011 Rupees	**2010 Rupees**
Total debt	**53,390,622**	71,313,302
Total equity and debt	**12,406,657,266**	13,017,962,862
Debt-to-equity ratio	**0.43%**	0.55%

The decrease in the debt-to-equity ratio in 2011 resulted primarily from increase in equity during the year while there were no additional borrowings 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.

31 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	
	2011	2010	**2011**	2010	**2011**	2010
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**-**	-	**-**	-	**12,232,126**	22,134,975
Medical	**-**	-	**-**	-	**503,698**	951,914
Utilities	-	-	**1,730,708**	620,885	**-**	-
Provision for gratuity	**-**	-	**-**	-	**2,775,610**	3,266,874
Others	**-**	-	**-**	-	**571,360**	705,174
	-	-	**1,730,708**	620,885	**16,082,794**	27,058,937
Number of persons	**1**	1	**2**	1	**8**	8

The Company has also provided executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

32 Event after Balance Sheet date

There were no significant adjustable events subsequent to 30 June 2011, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

33 Date of authorization for issue

These financial statements were authorized for issue on 30 September 2011 by the Board of Directors of the Company.

34 General

The figures have been rounded off to the nearest Rupee.

Lahore:	**Chairperson & Chief Executive Officer**	**Director**
30 September 2011		

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 June 2011

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 (hereinafter referred as "the Group") as at 30 June 2011 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. The financial statements of the subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Falcon Commodities (Private) Limited, Trident Construct (Private) Limited and Ever Green Valley (private) Limited were audited by and that of Lanka Securities (Private) and Ozer Investments (Private) Limited was reviewed under Sri Lanka Auditing Practice Statement by other firms of auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the report of other auditors.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial 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.

In our opinion the consolidated financial statements present fairly the consolidated financial position of Group as at 30 June 2011 and the consolidated results of its operations, its consolidated statement of comprehensive income, its consolidated cash flows statements and consolidated statement of changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore:
30 September 2011

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

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors of First Capital Securities Corporation Limited ("the Group") are delighted to present the annual audited consolidated financial statements of the Group for the financial year ended on 30 June 2011 ("Fy11").

	30 June 2011	30 June 2010
	Rupees in million	
Revenue	**967**	1,023
Direct Costs	**272**	268
Operating Expenses	**523**	454
Operating Profit	**173**	301
Share of (loss) / profit of associated companies	**(128)**	10
Unrealized loss on re measurement of investment	**(184)**	(77)
Loss after Taxation	**(263)**	(235)
Minority interest	**42**	(49)
Loss per Share (Basis & Diluted)	**(0.96)**	(0.59)

The performances of subsidiary companies of the Group are as follows.

First Capital Equities Limited ("FCEL")

FY11 was a difficult year for equity brokerage industry as trading activities remained squeezed on the Karachi Stock Exchange due to imposition of CGT, high interest rates coupled with US and euro zone crisis. Consequently brokerage revenue fell to Rs. 107 million from Rs. 170 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs. Therefore despite lower operating revenues, FCEL had reported an overall loss of Rs. 366 million in the current year as compared to Rs. 306 million in the preceding year.

Lanka Securities (Private) Limited ("LSL")

LSL is one of the top stock brokers on the Colombo Stock Exchange, and is one of the 29 stock broking firms that are licensed by the Securities and Exchange Commission of Sri Lanka. Improved investor perception and increased activity in the Sri Lankan capital markets Resulting, FY11 was a highly profitable year for LSL and it posted an increase in revenues of over 51%. The profit after tax also grew manifold from LKR 258.1 million last year to LKR 391.1 million. EPS for the year was LKR 9.45 per share versus LKR 7.45 per share in the preceding period. Owing to its exceptional performance, LSL announced a cash dividend of 88.5% during FY11.

The Company has deferred its strategic plan for business expansion through investment in Sri Lanka, due to cumbersome regulatory approvals required in Sri Lanka.

First Capital Investments Limited ("FCIL")

The Company has posted profit after taxation of Rs. 5 million during the FY-11 against net profit of Rs. 8.3 million in the same period last year. EPS for the period under review was recorded at Rs. 0.48 as compared to Rs. 0.81 during the same period last year. This decrease is mainly because of decrease in advisory fee due to discontinuation of advisory services to Shaheen insurance company limited and increase in operating expenses mainly due to inflation.

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

During this financial year the Company acquired the FCL as wholly owned subsidiary of the Company. The Company acquired 3,150,000 number of shares @ .Rs.6.08 per share for a total consideration of Rs.19,152,000/-.

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

During the year, WPL's revenues decreased by around 23% to reach Rs. 96.4 million. Operating expenses remain on similar basis where as finance cost significantly decreased by Rs.13 million. Resultantly post after-tax profit of Rs. 1.8 million as compared to loss after tax of Rs. 14.2 million in the previous year. Earnings per share for the year recorded at Rs.0.60 as compare to loss per of Rs. 4.74 during the same period last year.

Trident Construct (Pvt.) Limited ("Trident")

Trident is engaged in business of construction, development and other related activities of real estate properties During the year under review it perform exceptionally good and able to earn construction revenue of Rs.430 million as compare to Rs.270 million during the same period last year. The profit for the year stood at Rs. 200.15 million as compared to Rs. 15.3 million in the previous year.

Future Outlook

The financial year under review remain depressive for the economy as a whole mainly because of multiple factors like US and Euro zone financial crisis, high interest rates, unstable political environment and feeling of insecurity shake the investor confidence. The company has major exposure in stock exchange and real estate which remains the major victims. All these factors accelerated due to the sad assassination of Mr. Salmaan Taseer chairman & CEO of the company. After the death management of the company remains involve in consolidating its investments and now the management is confident that the businesses of the company remain stable in future.

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. Conclusively 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
30 September 2011

Aamna Taseer
Chairperson & Chief Executive Officer

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Non current assets			
Property, plant and equipment	6	**509,690,891**	555,848,422
Intangible assets	7	**43,760,000**	41,540,000
Long term loans	8	**441,484,905**	391,629,002
Investment property	9	**1,280,279,900**	486,292,500
Investment in associates	10	**1,241,110,290**	1,333,667,651
Long term deposits and advances	11	**11,925,428**	14,486,301
Deferred tax assets	12	**13,188,619**	8,296,944
		3,541,440,033	2,831,760,820
Current assets			
Inventories		**12,558,624**	20,997,607
Trade debts	13	**3,790,926,316**	3,372,441,599
Loans and advances	14	**130,445,259**	115,992,025
Short term prepayments		**2,023,570**	5,207,135
Tax refund due from Government		**-**	16,047,856
Deposits and other receivables	15	**124,776,175**	112,749,308
Placements	16	**289,900,675**	782,093,163
Mark-up receivable		**1,681,915**	4,621,218
Short term investments	17	**233,492,065**	423,810,838
Cash and bank balances	18	**602,045,281**	590,197,011
		5,187,849,880	5,444,157,760
Non current assets held for sale			
Investment property	19	**-**	892,418,149
Current liabilities			
Trade and other payables	20	**1,065,788,773**	1,505,102,690
Mark up accrued		**567,209,790**	234,196,161
Liability against repurchase agreement	21	**143,754,625**	189,400,000
Short term borrowings	22	**1,404,392,592**	1,398,112,284
Current portion of liabilities against assets subject to finance lease	23	**8,014,231**	17,327,878
Current portion of long term finance	24	**-**	642,400,255
Provision for taxation		**32,477,261**	-
		3,221,637,272	3,986,539,268
Net current assets		**1,966,212,608**	2,350,036,641
Net assets		**5,507,652,641**	5,181,797,461
Non current liabilities			
Liabilities against assets subject to finance lease	23	**10,180,908**	15,028,615
Long term finance	24	**1,932,217,350**	1,304,817,094
Staff retirement benefits	25	**84,401,380**	72,341,571
		2,026,799,638	1,392,187,280
Contingencies and commitments	26		
Net capital employed		**3,480,853,003**	3,789,610,181
Represented by:			
Share capital and reserves			
Issued, subscribed and paid up capital	27	**3,166,101,120**	2,878,273,750
Exchange translation reserve		**35,334,564**	28,931,874
Reserves capitalised		**564,735,308**	564,735,308
Unappropriated loss		**(976,174,561)**	(383,343,079)
Equity attributable to owners of the parent		**2,789,996,431**	3,088,597,853
Non controlling interest		**690,856,572**	701,012,328
		3,480,853,003	3,789,610,181

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

Lahore: **Chairperson & Chief Executive Officer** **Director**
30 September 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Revenue	*28*	**967,181,603**	1,022,670,118
Direct costs	*29*	**271,841,684**	267,752,390
Gross profit		**695,339,919**	754,917,728
Operating expenses	*30*	**522,822,765**	454,395,877
Operating profit		**172,517,154**	300,521,851
Other income	*31*	**186,005,727**	127,816,426
		358,522,881	428,338,277
Finance costs	*32*	**453,201,610**	513,876,912
		(94,678,729)	(85,538,635)
Unrealized gain on remeasurement of investment property		**235,129,751**	16,821,850
Share of (loss) / profit of associated companies	*10*	**(128,348,197)**	10,401,208
Unrealized loss on remeasurement of short term investments	*17*	**(184,255,603)**	(76,966,372)
Loss before taxation		**(172,152,778)**	(135,281,949)
Taxation	*33*	**91,090,088**	99,669,747
Loss after taxation		**(263,242,866)**	(234,951,696)
Loss per share - basic and diluted	*34*	**(0.96)**	(0.59)
(2010: restated)			
Loss attributable to :			
- Owners of the Company		**(305,004,112)**	(185,609,728)
- Non controlling interest		**41,761,246**	(49,341,968)
Loss for the year		**(263,242,866)**	(234,951,696)

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

Lahore: **Chairperson & Chief Executive Officer** **Director**
30 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
Loss after taxation	**(263,242,866)**	(234,951,696)
Other comprehensive income for the year		
Foreign currency translation differences recognized as :		
- Currency translation reserve	**6,402,690**	8,484,938
- Non controlling interest	**6,186,422**	8,152,195
Total comprehensive loss for the year	**(250,653,754)**	(218,314,563)
Total comprehensive loss attributable to :		
- Owners of the Company	**(298,601,422)**	(177,124,790)
- Non controlling interest	**47,947,668**	(41,189,773)
	(250,653,754)	(218,314,563)

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

Lahore: **Chairperson & Chief Executive Officer** **Director**

30 September 2011

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	36	**245,036,544**	45,505,599
Long term deposits and advances		**2,560,873**	723,551
Retirement benefits paid		**(9,389,611)**	(4,817,593)
Finance costs paid		**(121,287,981)**	(449,300,176)
Taxes paid		**(47,456,646)**	(80,546,379)
Net cash generated from / (used in) operating activities		**69,463,179**	(488,434,998)
Cash flows from investing activities			
Fixed capital expenditure		**(27,142,957)**	(40,195,284)
Sale proceeds of property, plant and equipment		**6,704,037**	4,679,350
Investment property		**(18,972,014)**	(612,351,218)
Dividend received		**954,652**	3,264,820
Investment in associates		**(35,790,836)**	(466,274,645)
Long term loans		**(256,323)**	(42,200,000)
Mark up received		**104,370,042**	134,089,573
Net cash generated / (used in) from investing activities		**29,866,601**	(1,018,987,404)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(14,161,354)**	(6,802,457)
Long term finance		**(14,999,999)**	1,900,217,349
Dividend paid to non controlling interest		**(58,103,424)**	(36,334,093)
Net cash (used in) / generated from financing activities		**(87,264,777)**	1,857,080,799
Net increase in cash and cash equivalents		**12,065,003**	349,658,397
Cash and cash equivalents at the beginning of the year		**590,197,011**	240,064,605
Exchange (loss) / gain on translation of deposit account		**(216,733)**	474,009
Cash and cash equivalents at the end of the year	37	**602,045,281**	590,197,011

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

Lahore: **Chairperson & Chief Executive Officer** **Director**

30 September 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to owners of the Company						
				Revenue reserve			
	Share capital Rupees	Reserves capitalised Rupees	Currency translation reserve Rupees	Unappropriated profit Rupees	Total Rupees	Non-controlling interest Rupees	Total Equity Rupees
Balance as at 30 June 2009	**2,502,846,740**	**538,699,000**	**20,446,936**	**203,729,967**	**3,265,722,643**	**778,536,194**	**4,044,258,837**
Total comprehensive loss for the year							
- Loss for the year	-	-	-	(185,609,728)	**(185,609,728)**	(49,341,968)	**(234,951,696)**
- Total comprehensive loss	-	-	8,484,938	-	**8,484,938**	8,152,195	**16,637,133**
Total comprehensive loss for the year	-	-	8,484,938	(185,609,728)	**(177,124,790)**	(41,189,773)	**(218,314,563)**
Transactions with owners of the Company recognised directly in equity							
- Dividend paid	-	-	-	-	**-**	(36,334,093)	**(36,334,093)**
- Issue of bonus shares by subsidiary	-	26,036,308	-	(26,036,308)	**-**	-	**-**
- Issuance of bonus shares	375,427,010	-	-	(375,427,010)	**-**	-	**-**
	375,427,010	26,036,308	-	(401,463,318)	**-**	(36,334,093)	**(36,334,093)**
Balance as at 30 June 2010	**2,878,273,750**	**564,735,308**	**28,931,874**	**(383,343,079)**	**3,088,597,853**	**701,012,328**	**3,789,610,181**
Total comprehensive loss for the year							
- Loss for the year	-	-	-	(305,004,112)	**(305,004,112)**	41,761,246	**(263,242,866)**
- Total comprehensive gain	-	-	6,402,690	-	**6,402,690**	6,186,422	**12,589,112**
Total comprehensive loss for the year	-	-	6,402,690	(305,004,112)	**(298,601,422)**	47,947,668	**(250,653,754)**
Capital transactions with owners							
- Dividend paid	-	-	-	-	**-**	(58,103,424)	**(58,103,424)**
- Issuance of bonus shares	287,827,370	-	-	(287,827,370)	**-**	-	**-**
	287,827,370	-	-	(287,827,370)	**-**	(58,103,424)	**(58,103,424)**
Balance as at 30 June 2011	**3,166,101,120**	**564,735,308**	**35,334,564**	**(976,174,561)**	**2,789,996,431**	**690,856,572**	**3,480,853,003**

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

Lahore:
30 Septemer 2011

Chairperson & Chief Executive Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Status and nature of business

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 103 C/II, Gulberg-III, 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 % 2011	Effecting Holding % 2010
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	**76.56**	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
First Capital Equities Limited (FCEL)	Pakistan	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	**67.29**	67.29
Trident Construct (Private) Limited	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	**51.00**	51.00
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

Company	Country of incorporation	Nature of business	Effecting Holding % 2011	2010
Falcon Commodities (Private) Limited	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	**100.00**	-
Ozer Investments Limited	Sri Lanka	The Company 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**	-

2 Basis of preparation

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2011 and the audited financial statements of the Subsidiary Companies for the year ended 30 June 2011. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 10 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 Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company.

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.

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.

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 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:

a) Useful life and residual values of property and equipment

b) Impairment

c) Provisions

d) Staff retirement benefits

e) Provision for taxation

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 year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Group.

4.2 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 2011;

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

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

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Group's financial statements.

- Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. These amendment has no impact on Group's financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). 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.

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

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Group.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Group.

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 financial statements of the Subsidiaries have been consolidated on a line by line basis.

<u>Subsidiaries</u>

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Detail of subsidiaries is given in note 1.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on equity accounting basis, 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 associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup 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 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to income applying the straight line method whereby the cost is written-off over its estimated useful life at the rates specified in note 6 to the financial statements. Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged upto the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

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

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains or losses on disposal of fixed assets, if any, are taken to income currently.

5.3 Capital Work in Progress

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

5.4 Leases

Leases where 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 its fair value and present value of minimum lease payments under the lease agreement at the date of commencement of lease, 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 calculated at the rate implicit in the lease and charged to income over the lease term.

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

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

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

5.5 Intangible assets

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

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.

5.6 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.

5.7 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.

5.8 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 2.25.

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.

5.9 Investments

Investment in equity instruments of associates

Investments in associates where the Group has significant influence, are accounted for using the equity method.

In case of investments accounted for under the equity method, the method is applied from the date when significant influence commences until the date when that significant influence ceases. When the Parent Company's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Parent Group has incurred obligations in respect of the associates.

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 except for the units of open end funds which are valued at the closing redemption price. Investments for whom there is no active market and fair value cannot be reasonably calculated, are carried at cost.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 Fiduciary assets

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

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, markup 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 Foreign currency translation

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

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

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

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

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

When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of gain or loss on sale.

5.28 Transactions with related parties

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

5.29 Proposed dividend and appropriations to reserves

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

	Note	**2011 Rupees**	2010 Rupees
6 Property, plant and equipment			
Operating fixed assets	*6.1*	**324,540,141**	314,508,966
Capital work in progress	*6.4*	**185,150,750**	241,339,456
		509,690,891	555,848,422

6.1 Property, plant and equipment

	Owned Assets										Leased Assets			Total
	Freehold land	Freehold building	Construction Equipment	Leasehold Improvements	Plant and Machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Sub Total	Plant and Machinery	Vehicles	Sub Total	
	(Rupees)													
Net Carrying Value Basis - year ended 30 June 2011														
NBV as on 01 July 2010	24,237,225	73,801,673	82,145,378	9,461,161	7,466,446	4,055,037	15,244,477	13,961,752	23,295,279	**253,668,428**	46,263,626	14,576,912	**60,840,538**	**314,508,966**
Addition (at cost)	-	-	-	1,885,734	-	2,455,716	1,613,866	976,309	8,584,499	**15,516,124**	-	7,962,042	**7,962,042**	**23,478,166**
Disposal (at NBV)	-	-	461,510	-	908,743	60,200	140,667	91,962	306,485	**1,969,567**	-	-	**-**	**1,969,567**
Adjustment / Transfer	59,853,497	-	-	-	38,029,250	-	-	-	8,432,830	**106,315,577**	(38,029,250)	(8,432,830)	**(46,462,080)**	**59,853,497**
Depreciation	-	3,928,114	38,948,313	1,295,602	3,754,480	3,303,012	2,554,183	2,098,504	14,668,775	**70,550,983**	637,500	583,125	**1,220,625**	**71,771,608**
Exchange gain / (loss)	-	-	-	32,722	-	135,071	31,587	47,061	-	**246,441**	-	194,246	**194,246**	**440,687**
NBV as on 30 June 2011	**84,090,722**	**69,873,559**	**42,735,555**	**10,084,015**	**40,832,473**	**3,282,612**	**14,195,080**	**12,794,656**	**25,337,348**	**303,226,020**	**7,596,876**	**13,717,245**	**21,314,121**	**324,540,141**
Gross Carrying Value Basis - year ended 30 June 2011														
Cost	84,090,722	78,246,487	197,648,145	17,267,228	47,394,650	40,416,192	29,588,593	23,888,562	96,921,624	**615,462,203**	12,596,882	35,855,465	**48,452,347**	**663,914,550**
Accumulated Depreciation	-	8,372,928	154,912,590	7,183,213	6,562,177	37,133,580	15,393,513	11,093,906	71,584,276	**312,236,183**	5,000,006	22,138,220	**27,138,226**	**339,374,409**
NBV as on 30 June 2011	**84,090,722**	**69,873,559**	**42,735,555**	**10,084,015**	**40,832,473**	**3,282,612**	**14,195,080**	**12,794,656**	**25,337,348**	**303,226,020**	**7,596,876**	**13,717,245**	**21,314,121**	**324,540,141**
Net Carrying Value Basis - year ended 30 June 2010														
NBV as on 01 July 2009	24,237,225	39,756,783	118,953,195	7,467,876	6,900,895	6,996,763	16,058,704	13,559,162	18,381,643	252,312,246	21,308,751	17,550,510	38,859,261	291,171,507
Addition (at cost)	-	36,748,300	2,306,036	3,100,134	1,210,639	1,562,483	1,751,131	2,436,837	15,483,455	64,599,015	27,101,132	4,100,000	31,201,132	95,800,147
Disposal (at NBV)	-	-	-	-	-	115,078	163,215	16,485	3,105,895	3,400,673	-	-	-	3,400,673
Depreciation	-	2,703,410	39,113,853	1,168,358	645,088	4,456,302	2,512,647	2,079,408	7,912,507	60,591,573	2,146,257	6,848,716	8,994,973	69,586,546
Adjustment / Transfer	-	-	-	-	-	-	-	-	448,583	448,583	-	(448,583)	(448,583)	-
Exchange gain / (loss)	-	-	-	61,509	-	67,171	110,504	61,646	-	300,830	-	223,701	223,701	524,531
NBV as on 30 June 2010	24,237,225	73,801,673	82,145,378	9,461,161	7,466,446	4,055,037	15,244,477	13,961,752	23,295,279	253,668,428	46,263,626	14,576,912	60,840,538	314,508,966
Gross Carrying Value Basis - year ended 30 June 2010														
Cost	24,237,225	78,246,487	198,109,655	15,348,772	10,274,143	37,885,605	28,083,807	22,957,154	80,210,780	495,353,628	50,626,132	36,132,007	86,758,139	582,111,767
Accumulated Depreciation	-	4,444,814	115,964,277	5,887,611	2,807,697	33,830,568	12,839,330	8,995,402	56,915,501	241,685,200	4,362,506	21,555,095	25,917,601	267,602,801
NBV as on 30 June 2010	24,237,225	73,801,673	82,145,378	9,461,161	7,466,446	4,055,037	15,244,477	13,961,752	23,295,279	253,668,428	46,263,626	14,576,912	60,840,538	314,508,966
Rate of depreciation	-	5%	20%	5% to 10%	7.50%	33% to 50%	10% to 12.50%	10% to 12.5%	20% to 25%		7.50%	20%		

6.2 Disposal of operating fixed assets

Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit/ (loss)	Mode of sale	Particulars of buyers
	(-----------	-----------	---Rupees---	-----------	-----------)		
Plant and Machinery							
Plant and Machinery	1,672,404	763,661	908,743	900,000	(8,743)	Negotiation	Butt Book House
Computers							
Computers	37,484	37,484	-	23,000	23,000	Theft	
Vehicles							
Vehicle	1,189,000	1,189,000	-	700,000	700,000	Negotiation	Amy Haq
Vehicle	37,500	26,875	10,625	20,000	9,375	Negotiation	Shaikh Mubeen
Vehicle	1,365,510	1,069,650	295,860	1,300,000	1,004,140	Negotiation	Mr. Hameed ur Rehman
Vehicle	41,100	41,100	-	15,000	15,000	Negotiation	Saleem Alvi
Vehicle	560,000	560,000	-	422,000	422,000	Negotiation	Habib Jafri
Vehicle	560,000	560,000	-	450,000	450,000	Negotiation	Mr Hameed
Vehicle	367,000	367,000	-	170,000	170,000	Negotiation	Muhammad Shahid
Vehicle	1,287,450	1,287,450	-	1,100,000	1,100,000	Negotiation	Mustafa Khawaja
Vehicle	70,500	70,500	-	15,000	15,000	Negotiation	Ashgar Ali
	7,187,948	**5,972,720**	**1,215,228**	**5,115,000**	**3,899,772**		
Assets with book value below Rs.50,000	51,136,669	50,382,330	754,339	1,589,037	834,698		
2011	**58,324,617**	**56,355,050**	**1,969,567**	**6,704,037**	**4,734,470**		
2010	6,500,564	3,099,891	3,400,673	4,679,350	1,278,677		

	Note	2011 Rupees	2010 Rupees
6.3 Charge for depreciation has been allocated as follows:			
Direct costs	*29*	**45,467,802**	33,929,394
Operating expenses	*30*	**26,303,806**	35,657,152
		71,771,608	69,586,546
6.4 Capital work in progress			
Balance as at 01 July	*6.4.1*	**241,339,456**	304,008,319
Add: Acquisition during the year	*6.4.2*	**3,664,791**	-
Less: Transferred / disposed during the year		**(59,853,497)**	(62,668,863)
Balance as at 30 June		**185,150,750**	241,339,456

6.4.1 This represents transfer from CWIP to Property, plant and equipment.

6.4.2 This represents advance against purchase of property.

7 Intangible Assets

	2011			
	Membership Cards	**License Rooms**	**Software**	**Total**
	(Rupees)			
Net Carrying Value Basis				
NBV as on 01 July 2010	33,200,000	7,500,000	840,000	**41,540,000**
Addition (at cost)	2,500,000	-	-	**2,500,000**
Amortization	-	-	280,000	**280,000**
NBV as on 30 June 2011	**35,700,000**	**7,500,000**	**560,000**	**43,760,000**
Gross Carrying Value Basis				
Cost	35,700,000	7,500,000	1,400,000	**44,600,000**
Accumulated amortization	-	-	840,000	**840,000**
NBV as on 30 June 2011	**35,700,000**	**7,500,000**	**560,000**	**43,760,000**
Rate of amortization	-	-	20%	

	2010			
	Membership Cards	**License Rooms**	**Software**	**Total**
	(Rupees)			
Net Carrying Value Basis				
NBV as on 01 July 2009	33,200,000	7,500,000	1,120,000	41,820,000
Amortization	-	-	280,000	280,000
NBV as on 30 June 2010	33,200,000	7,500,000	840,000	41,540,000
Gross Carrying Value Basis				
Cost	33,200,000	7,500,000	1,400,000	42,100,000
Accumulated amortization	-	-	560,000	560,000
NBV as on 30 June 2010	33,200,000	7,500,000	840,000	41,540,000
Rate of amortization	-	-	20%	

7.1 Amortization of intangibles is allocated to operating expenses.

	Note	2011 Rupees	2010 Rupees
8 Long term loans - unsecured considered good			
Related parties			
Media Times Limited	*8.1*	**441,484,905**	391,629,002

8.1 This represents loan to an associated company and carries mark up at the rates ranging from 16% to 18% (2010: 16.5%), subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

8.2 The maximum aggregate amount of loan outstanding during the year was Rs. 458,544,413 (2010: Rs. 391,629,002).

	Note	2011 Rupees	2010 Rupees
9 Investment property			
Balance as at 01 July		**486,292,500**	850,008,150
Add: Addition / transfer during the year	*19*	**892,418,149**	-
		1,378,710,649	850,008,150
Less: Disposal during the year		**(333,560,500)**	(380,537,500)
		1,045,150,149	469,470,650
Increase in fair value		**235,129,751**	16,821,850
Balance as at 30 June	*9.1*	**1,280,279,900**	486,292,500

9.1 Investment property comprises of various commercial properties, which are leased to third parties for rental income for various periods which are further extendable with mutual understanding of both parties.

The fair value of investment property has been determined by approved independent valuer M/s Negotiators as at 30 June 2011. Fair value was determined giving due regard to the recent market transactions for similar properties in the same location and condition as the Group's investment property.

		2011 Rupees	2010 Rupees
10 Investment in associates			
Associated companies-Listed			
First Capital Mutual Fund Limited			
6,531,500 (2010: 6,531,500) ordinary shares of Rs. 10 each		**39,902,477**	33,823,079
Equity held: 21.77% (2009: 21.77 %)			
Share of profit		**5,658,336**	6,079,398
		45,560,813	39,902,477
Media Times Limited			
55,054,366 (2010: 55,955,366) ordinary shares of Rs. 10 each		**600,003,127**	445,189,391
Equity held: 41.05% (2010: 41.72%)			
Addition through new purchase 244,000 shares		**29,826,446**	184,979,645
Sale of 1,145,000 shares		**(14,941,220)**	-
Share of loss for the year		**(67,458,242)**	(30,165,909)
	10.1	**547,430,111**	600,003,127

	Note	2011 Rupees	2010 Rupees
Associated companies - Unlisted			
Pace Super Mall (Private) Limited			
4,500 (2010: 4,500) ordinary shares of Rs. 10 each	*10.2*	**45,000**	45,000
Equity held: 10% (2010: 10%)			
Pace Barka Properties Limited			
54,790,561 (2010: 52,700,000) ordinary shares of Rs10 each		**693,717,047**	377,934,328
Equity held: 17.95% (2010: 17.25%)			
Addition through new purchase - 2,090,561 shares		**20,905,610**	281,295,000
Share of (loss) / profit for the year		**(66,548,291)**	34,487,719
		648,074,366	693,717,047
Total investments		**1,241,110,290**	1,333,667,651
Share of (loss) / profit of associated companies		**(128,348,197)**	10,401,208

10.1 The shares having market value amounting to Rs. 537,493,700 (2010: Rs. 1,897,383,830) are pledged against loan of the Group.

10.2 The operations of the company has not yet started.

10.3 Summary financial information of associates:

	2011			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Media Times Limited	**1,989,841,361**	**787,941,496**	**378,729,276**	**(163,162,658)**
First Capital Mutual Fund Limited	**273,300,119**	**16,081,452**	**42,219,780**	**25,989,448**
Pace Barka Properties Limited	**73,655,841,000**	**67,744,888,000**	**119,600,000**	**(384,487,000)**
Pace Super Mall (Private) Limited	**177,323,299**	**176,873,299**	**-**	**-**
	76,096,305,779	**68,725,784,247**	**540,549,056**	**(521,660,210)**

	2010			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Media Times Limited	2,022,251,561	657,189,038	498,588,391	(73,627,367)
First Capital Mutual Fund Limited	245,085,999	13,856,780	42,192,625	27,923,438
Pace Barka Properties Limited	7,699,288,000	1,537,740,000	518,851,000	243,271,000
Pace Super Mall (Private) Limited	165,605,964	165,155,964	-	-
	10,132,231,524	2,373,941,782	1,059,632,016	197,567,071

	Note	2011 Rupees	2010 Rupees
11 Long term deposits and advances			
Deposits with:			
- Leasing companies		**4,067,150**	8,968,931
- Stock exchanges		**1,860,000**	1,860,000
- Central Depository Company		**537,500**	225,000
- National Clearing Company		**1,450,000**	450,000
- Others		**2,100,178**	1,928,010
		10,014,828	13,431,941
Advance for National Commodity Exchange Limited membership		**2,500,000**	2,500,000
		12,514,828	15,931,941
Less : Current maturity of deposits with leasing companies	*15*	**(589,400)**	(1,445,640)
		11,925,428	14,486,301

12 Deferred tax asset

This comprises the following:

	2011 Rupees	2010 Rupees
Deferred tax liability in respect of tax depreciation	**(3,882,715)**	(7,497,412)
Deferred tax asset in respect of gratuity	**149,378**	-
Deferred tax asset in respect of unused tax losses & tax credits	**16,921,956**	15,794,356
	13,188,619	8,296,944

12.1 The Parent Company has a deferred tax asset amounting to Rs. 88,025,431 (2010: 93,624,103) 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 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	2011 Rupees	2010 Rupees
13 Trade debts			
Money market receivables			
Unsecured, considered good		**1,782,733**	1,678,552
Receivables against purchase of shares by clients			
Unsecured, considered good		**2,889,214,137**	2,530,567,903
Unsecured, considered doubtful		**207,295,693**	135,147,819
	13.1	**3,096,509,830**	2,665,715,722

	Note	2011 Rupees	2010 Rupees
Receivable against professional services rendered - related parties, unsecured, considered good	*13.2*	**5,265,810**	6,435,655
Others			
Unsecured, considered good		**884,479,571**	833,759,489
Unsecured, considered doubtful		**17,132,546**	15,893,268
		901,612,117	849,652,757
Less: Provision for doubtful debts	*13.3*	**214,244,174**	151,041,087
		687,367,943	698,611,670
		3,790,926,316	3,372,441,599

13.1 It includes an amount of Rs 167,944,259. (2010: Rs. 167,944,259) receivable from related party.

	Note	2011 Rupees	2010 Rupees
13.2 Receivable against professional services rendered - related parties			
First Capital Mutual Fund Limited		**5,008,853**	4,878,698
Shaheen Insurance Company Limited		**256,957**	1,556,957
		5,265,810	6,435,655
13.3 Provision for doubtful debts			
Balance as at 01 July		**151,041,087**	105,187,254
Charge for the year		**74,183,104**	50,795,952
Provision written back		**(10,980,017)**	(4,942,119)
Balance as at 30 June		**214,244,174**	151,041,087

14 Loans and advances - unsecured, considered good

	Note	2011 Rupees	2010 Rupees
Advances to suppliers		**110,453,667**	81,198,157
Advances to employees for expenses:			
Executives		**8,509,599**	9,331,324
Others	*14.1*	**11,481,993**	14,926,163
		19,991,592	**24,257,487**
Stock Exchanges		**-**	10,536,381
		130,445,259	**115,992,025**

14.1 Advances given to staff for expenses are in accordance with the Group's policy. Such advances are secured against gratuity, interest free and adjustable against salary / expense claims. Advances to staff do not include any amount due from Chief Executive and Directors (2010: Nil). However, they include an amount due from an executive of Rs.3,904,076 (2010: Rs. 2,000,000) which is as per terms of his employment and secured against gratuity.

	Note	2011 Rupees	2010 Rupees
15 Deposits and other receivables			
Dividend receivable		**-**	13,500
Due from construction contracts customers		**61,869,429**	62,760,590
Deposits against leased assets	*11*	**589,400**	1,445,640
Accrued brokerage commission		**219,704**	257,693
Advance Income Tax		**6,677,426**	6,677,426
Rent receivable		**2,079,018**	1,240,888
Advance cost incurred on unbilled contracts		**2,854,321**	8,098,304
Others receivables	*15.1*	**50,486,877**	32,255,267
		124,776,175	112,749,308

15.1 Others receivables

	2011 Rupees	2010 Rupees
Unsecured, considered good	**50,486,877**	32,255,267
Unsecured, considered doubtful	**500,000**	500,000
	50,986,877	32,755,267
Less: Provision for bad debts	**(500,000)**	(500,000)
	50,486,877	32,255,267

16 Placements - secured, considered good

	Note	2011 Rupees	2010 Rupees
Placement on account of resale of quoted shares	*16.1*	**289,900,675**	**782,093,163**

16.1 These have been placed for a period ranging from ninety days to ninety two days (2010: twenty six days to one hundred and twenty two days) and carry mark up at rates ranging from 16.5 % to 20 % per annum (2010: 16.5 % to 20 % per annum). Market value of quoted equity securities held as collateral is Rs.328,244,642 (2010: Rs. Rs.828,771,846).

17 Short term investments - at fair value through profit and loss

	Note	**2011** Carrying value	**2011** Fair value	2010 Carrying value	2010 Fair value
		Rupees		Rupees	
These are made up as under:					
Others	*17.1*	**92,422,777**	**92,146,264**	94,128,794	59,276,494
Related parties	*17.2*	**325,324,891**	**141,345,801**	406,648,416	364,534,344
		417,747,668	**233,492,065**	500,777,210	423,810,838
Add: Unrealized loss on account of remeasurement to fair value		**(184,255,603)**	**-**	(76,966,372)	-
		233,492,065	**233,492,065**	423,810,838	423,810,838

17.1 Others

	Number of shares / certificates **2011**	Number of shares / certificates 2010	**2011** Carrying value	**2011** Fair value	2010 Carrying value	2010 Fair value
			Rupees		Rupees	
Listed securities						
Mutual funds						
PICIC Growth Mutual Fund Limited	**-**	3,200	**-**	**-**	26,880	29,632
Namco Balanced Fund Limited	**-**	1,472,467	**-**	**-**	6,950,044	5,124,185
			-	**-**	6,976,924	5,153,817
Insurance companies						
Adamjee Insurance Company Limited	**-**	11,000	**-**	**-**	839,900	878,680
Shaheen Insurance Company Limited	**4,799,810**	3,199,926	**54,604,890**	**59,997,625**	75,163,053	46,398,927
PICIC Insurance Ltd.	**32,000**	32,739	**99,200**	**424,320**	196,107	101,491
			54,704,090	**60,421,945**	76,199,060	47,379,098
Leasing companies						
Orix Leasing Pakistan Limited	**-**	34,125	**-**	**-**	273,000	178,474
Investment companies/banks						
Askari Commercial Bank Limited	**-**	52,000	**-**	**-**	662,134	791,440
JS Bank Limited	**-**	101,000	**-**	**-**	609,030	283,810
Habib Bank Limited	**-**	20,790	**-**	**-**	1,626,534	2,021,828
United Bank Limited	**-**	25,000	**-**	**-**	870,227	1,355,250
Bankislami Pakistan	**2,026,055**	2,026,055	**6,503,637**	**6,888,587**	12,905,970	6,503,637
Arif Habib Limited	**11,040**	9,200	**404,800**	**217,157**	492,383	404,800
			6,908,437	**7,105,744**	17,166,278	11,360,765

	Number of shares / certificates		2011		2010	
	2011	2010	**Carrying value**	**Fair value**	Carrying value	Fair value
			Rupees		Rupees	
Cement						
Pioneer Cement Limited	**11,031**	11,031	**70,267**	**60,781**	149,801	70,267
Javedan Cement Limited	**300,000**	300,000	**19,170,000**	**18,411,000**	35,850,000	19,170,000
DG Khan Cement	**-**	70,000	**-**	**-**	1,729,584	1,653,400
			19,240,267	**18,471,781**	37,729,385	20,893,667
Textile composite						
Nishat Mills Limited	**-**	20,000	**-**	**-**	521,655	862,400
D.S.Ind. Limited	**-**	150,000	**-**	**-**	463,500	327,000
			-	**-**	985,155	1,189,400
Sugar						
Haseeb Waqas Sugar Mills Ltd.	**529,000**	529,000	**11,532,200**	**6,125,820**	24,058,920	11,532,200
Miscellaenous						
Pakistan services	**1**	-	**168**	**143**	-	-
Transmission engineering	**14,986**	-	**37,615**	**20,831**	-	-
Refinery						
Byco Petroleum (Bosicor)	**-**	150,000	**-**	**-**	1,044,000	1,497,000
Pak Oil Fields Ltd.	**-**	15,000	**-**	**-**	2,188,500	3,238,500
Pakistan State Oil Company Ltd.	**-**	12,500	**-**	**-**	2,670,625	3,252,500
			-	**-**	5,903,125	7,988,000
			92,422,777	**92,146,264**	169,291,847	105,675,421

17.2 Related parties

Listed securities

Worldcall Telecom Limited - *note 17.3*	**4,221,207**	6,570,185	**12,283,712**	**8,906,747**	16,426,402	19,119,238
Pace (Pakistan) Limited - *note 17.4*	**28,253,776**	28,253,776	**100,865,981**	**61,593,231**	157,704,070	100,865,981
Media Times Limited	**3,087,734**	3,087,734	**188,567,915**	**53,417,798**	147,439,312	188,567,915
First Capital Mutual Fund Limited	**6,971,210**	4,166,210	**23,607,283**	**17,428,025**	9,915,579	9,582,283
			325,324,891	**141,345,801**	331,485,363	318,135,417
			325,324,891	**141,345,801**	331,485,363	318,135,417

17.3 This includes 2.9 million (2010: 2.9 million) shares held under lien as security by National Accountability Bureau. Refer to note 26.1.3.

17.4 The shares having market value amounting to Rs. 37,707,678 (2010: Rs. 610,050,867) are pledged.

	Note	2011 Rupees	2010 Rupees
18 Cash and bank balances			
Cash in hand		**76,037**	293,914
At bank			
Current accounts - local and foreign currency		**509,046,311**	505,263,000
Saving accounts - local and foreign currency	*18.1*	**92,922,933**	84,640,097
		601,969,244	589,903,097
		602,045,281	590,197,011

18.1 The balance in saving accounts bears mark-up which ranges from 2% to 11.5% (2010: 2% to 6%) per annum.

	Note	2011 Rupees	2010 Rupees
19 Investment property - Held for sale			
Opening balance		**892,418,149**	-
Add: Acquisition during the year		**-**	892,418,149
		892,418,149	892,418,149
Less: Transferred to Investment property	*9*	**892,418,149**	-
		-	892,418,149
20 Trade and other payables			
Payable against sale of shares on behalf of :			
- Members		**200,681,161**	158,594,978
- Clients		**143,851,885**	220,620,981
		344,533,046	379,215,959
Trade creditors		**30,025,944**	29,010,061
Advances from customers		**436,455,335**	759,656,685
Accrued liabilities		**86,207,973**	55,241,186
Withholding tax		**17,163,451**	3,116,027
Payable against purchase of property	*20.1*	**98,281,199**	215,683,962
Sales tax		**366,361**	259,783
Retention money		**693,539**	384,279
Excise duty payable		**91,285**	39,368
Unclaimed dividend		**1,858,918**	1,858,918
Security deposit of shopkeepers		**2,117,750**	2,117,750
Other liabilities		**46,942,442**	43,211,674
Worker's Welfare Fund	*31.2*	**-**	14,310,880
Bills Payable		**1,051,530**	996,158
		1,065,788,773	1,505,102,690

20.1 This amount is payable to Pace Pakistan Limited, an associated company, against purchase of properties.

	Note	2011 Rupees	2010 Rupees
21 Liability against repurchase agreement - secured			
Payable to financial institution	*21.1*	**143,754,625**	189,400,000

21.1 This represents the amount payable to financial institutions under repurchase agreements against the securities, under the arrangement as explained in note 15. The effective interest rate is 18 % to 19 % per annum (2010: 17.03 % to 19 % per annum) and for a period of thirty days to ninety days (2010: twenty one days to ninety two days).

	Note	2011 Rupees	2010 Rupees
22 Short term borrowings - secured	*22.1*	**1,404,392,592**	1,398,112,284

22.1 These facilities are obtained from various commercial banks under mark up arrangements amounting to Rs 1,583 million (2010: Rs 1,629 million). These facilities carry mark up at the rates ranging from 3 to 6 months KIBOR plus 3% to 5 % (2010: 1 to 6 months KIBOR plus 2.5% to 5 %) per annum. These are secured against pledge of quoted equity securities.

23 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;

	2011		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	10,212,631	11,639,512	**21,852,143**
Future finance charges	(2,198,400)	(1,458,604)	**(3,657,004)**
Present value of minimum lease payments	**8,014,231**	**10,180,908**	**18,195,139**

	2010		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	19,985,523	16,281,118	36,266,641
Future finance charges	(2,657,645)	(1,252,503)	(3,910,148)
Present value of minimum lease payments	17,327,878	15,028,615	32,356,493

Rentals are payable in monthly as well as in quarterly instalments. 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 have been discounted at an effective rate of 12.00% to 18.78% (2010: 12% to 18.03%) per annum.

		Note	2011 Rupees	2010 Rupees
24	**Long term finance**			
	Term finance facility		**1,932,217,350**	1,947,217,349
	Less: Current portion		**-**	(642,400,255)
			1,932,217,350	1,304,817,094
25	**Staff retirement benefits**			
	Net liability at the beginning of the year		**72,341,571**	50,720,965
	Amount recognized during the year	*25.1*	**23,231,478**	24,254,720
	Liability transferable from other sister concerns		**4,747,444**	195,000
	Liability transferred to sister concerns		**269,000**	4,140,500
	Liability transferable to other sister concerns		**-**	(2,152,021)
	Liability transferred to short term liability		**(6,798,502)**	-
	Benefits paid during the year		**(9,389,611)**	(4,817,593)
	Net liability at the end of the year	*25.2*	**84,401,380**	72,341,571

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

	2011 Rupees	2010 Rupees
Current service cost	**11,551,273**	14,525,832
Past service cost	**140,050**	117,790
Interest cost	**7,792,760**	6,434,305
Net expense of Lanka Securities Limited	**-**	343,245
Actuarial loss recognized	**3,747,395**	2,835,548
Total amount charged to the profit and loss account	**23,231,478**	24,256,720

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2010. Significant actuarial assumptions are as follows:

		2011	2010
Discount rate	*Per annum*	10% to14%	10%to12%
Expected rate of Eligible Salary increase in future years	*Per annum*	10% to 13%	11%to15%
Average expected remaining working life time of employees	*Years*	4 to 12	4 to 14

25.2 The amounts recognized in the balance sheet are as follows:

	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	**60,440,949**	59,724,846
Unrecognized actuarial (gains) / losses	**7,505,548**	2,137,779
Benefits due but not paid	**695,700**	719,700
	68,642,197	62,582,325
Subsidiary's gratuity obligations - Lanka Securities (Private) Limited	**15,759,183**	9,759,246
Liability recognized in balance sheet	**84,401,380**	72,341,571

26 Contingencies and commitments

26.1 Contingencies

Parent company

26.1.1 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.

26.1.2 First Capital Equities Limited, a subsidiary of the Parent company, has availed a term finance facility from a commercial bank at mark up rate 13% which is repayable over a period of 18 months from the date of disbursement in six equal quarterly instalments. This arrangement is secured by legal mortgage of Rs. 55,250,000 on the property of the Parent company.

26.1.3 During 2002 the senior management of the Parent company was contacted by National Accountability Bureau 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 25.8 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 Parent company remains contingently liable to the extent of Rs. 10.073 million.

26.1.4 Securities and Exchange Commission of Pakistan (”SECP”) has raised demand of Rs. 7.67 million in respect of tender able gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of WorldCall Communications Limited (now WorldCall Telecom Limited, an associated company of the Parent company). Appellate Bench of SECP passed an order against the

Parent 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.

26.1.5 Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.825 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 of the Parent company. Appellate Bench of SECP passed an order against the Parent 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 favor of the Parent company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honorable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honorable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. As such no provision has been made in the financial statements as the Parent company is confident of a favorable decision.

26.1.6 For contingencies relating to tax matters, refer to note 33.2.

<u>First Capital Equities Limited (FCEL)</u>

26.1.7 During the year 2000 certain clients of the FCEL defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of the 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 FCEL had set off these loans and such recoverable amounts.

The FCEL had initiated cases against the defaulting clients for recovery of the amounts due from them. Based on the legal opinion, the management considers that if the recovery suits succeed entirely or partially and result in recovery of an amount from clients, the only obligation of the 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 the 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.

The FCEL has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalized against the 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.

26.1.8 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 the FCEL's favour.

26.1.9 During the year 2007-08, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to the FCEL under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the FCEL has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. The FCEL has submitted its reply to the show cause notice to the SECP. SECP has decided the case and has imposed a fine of Rs. 500,000/- on the FCEL. The FCEL has flled an appeal in Applette Tribunal SECP against the aforesaid order, which is in process

26.1.10 During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by the FCEL.

26.1.11 The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs.5.4 million. The 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). The 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 the FCEL.

26.1.12 The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability upto Rs.1.4 million on account of apportionment of expenses to capital gain. The 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.

26.1.13 During the year 2008-09, M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of the FCEL has defaulted to pay their debts Rs. 259,900,022/-. The 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.

26.1.14 During the year 2009 - 10 the 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 the 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 the FCEL be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trail Court has declined to issue injunctive order in this regard against the FCEL. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed in favour of the FCEL.

26.1.15 During the year, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the FCEL and a Notice u/s 176 of the "Contract Act 1872" was served to the FCEL by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The 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. The 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 the FCEL. The FCEL is very much confident of success of the case in its favour.

26.1.16 During the year an irrevocable guarantee of Rs. 20 million has been given to Karachi Stock Exchange (Guarantee) limited against exposure by a commercial bank on behalf of the FCEL. This guarantee is secured against a lien marked on a bank balance of parent FCEL.

Trident Construct (Private) Limited (TCPL)

26.1.17 Cross Corporate guarantee has been issued on behalf of Ever Green Water Valley (Pvt.) Limited, in favour of Albaraka Islamic Bank amounting to Rs. 352.10 Million. (June 2010: Rs. 352.10 Million).

26.1.18 Performance Guarantees in form of Insurance Bond amounting to Rs. 259.40 Million from Shaheen Insurance Co. Limited have been given by the Trident Group in favour of Public Health Engineering Department, Govt. of Sindh and Govt. of Balochistan as Performance Security in CDWA Project. (June 2010 : 259.40 Million).

26.1.19 Bank Guarantees of Rs. 352.1 Million against Mobilization Advance have been issued by Albaraka Islamic Bank & Bank Alfalah Limited in favour of Public Health Engineering Department, Govt. of Sindh and Govt. of Balochistan against Mobilization Advance received. (June 2010 : Rs. 638.38 Million).

	2011 Rupees	2010 Rupees
26.2 Commitments		
Commitments in respect of :		
Capital Expenditure	**3,130,103**	239,830,434
Sale of shares	**105,139,819**	96,730,665
Purchase of shares	**107,989,418**	96,344,449
Performance guarantee	**-**	17,685,635
	216,259,340	450,591,183

27 Share capital

Authorized

	2011	2010
300,000,000 (2010: 300,000,000) ordinary shares of Rs 10 each	**3,000,000,000**	3,000,000,000

Issued, subscribed and paid-up capital	Number of shares **2011**	Number of shares 2010	**2011 Rupees**	2010 Rupees
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares				
Opening balance as at 1 July	**249,662,345**	212,119,644	**2,496,623,450**	2,121,196,440
Issued during the year	**28,782,737**	37,542,701	**287,827,370**	375,427,010
Closing balance as at 30 June	**278,445,082**	249,662,345	**2,784,450,820**	2,496,623,450
	316,610,112	287,827,375	**3,166,101,120**	2,878,273,750

27.1 WorldCall telecom Limited - a related party holds 3,991,754 (2010: 3,628,868) shares with percentage holding of 1.39 and 1.26 percentage in 2011 and 2010 respectively.

		Note	2011 Rupees	2010 Rupees
28	**Revenue**			
	Financial consultancy fee		**250,000**	9,000,000
	Dividend income		**941,152**	3,266,520
	Money market income		**11,158,423**	13,740,322
	(Loss) / gain on sale of investments		**5,273,994**	27,150,741
	Gain on sale of investment property		**(93,659,058)**	(22,871,085)
	Investment advisory fee from FCMF		**5,008,853**	6,647,134
	Income from placements		**92,927,216**	216,753,816
	Brokerage income		**406,890,819**	355,483,743
	Rental Income		**12,607,193**	18,081,692
	Revenue from printing		**95,583,538**	125,030,724
	Revenue against construction contracts		**430,199,473**	270,386,511
			967,181,603	1,022,670,118
29	**Direct costs**			
	Materials consumed		**125,466,354**	107,054,917
	Salaries and benefits		**58,558,225**	63,246,467
	Folding and binding costs		**3,876,908**	5,478,018
	Electricity consumed		**2,522,139**	2,209,660
	Rent, rates and taxes		**6,177,581**	3,857,934
	Postage and communication		**347,862**	270,294
	Stores and general items consumed		**10,181,430**	24,122,346
	Mess and staff refreshment charges		**2,950**	43,089
	Travelling expenses		**445,686**	286,111
	Lab testing charges		**107,720**	599,015
	Insurance		**2,524,432**	2,081,065
	Entertainment		**914,871**	843,617
	Repair and maintenance		**4,516,409**	8,366,729
	Courier charges		**53,459**	150,905
	Vehicle running and maintenance		**2,845,958**	3,160,716
	Depreciation	*6.1*	**45,467,802**	33,929,394
	Others		**7,831,898**	12,052,113
			271,841,684	267,752,390
30	**Operating expenses**			
	Salaries, wages and benefits		**314,129,956**	227,181,894
	Stock exchange charges		**2,374,217**	2,517,777
	Rent, rates and taxes		**8,231,050**	8,969,869
	Telephone, fax, etc.		**7,068,759**	8,820,087
	Utilities		**5,322,988**	6,336,673
	Insurance		**4,799,468**	3,912,759
	Printing and stationery		**1,465,809**	2,811,633
	Travelling and conveyance		**12,788,809**	13,052,518

	Note	2011 Rupees	2010 Rupees
Repairs and maintenance		**6,407,569**	11,633,882
Postage, courier etc.		**2,008,160**	2,841,319
Vehicle running		**5,853,838**	6,022,865
News papers and periodicals		**180,023**	297,007
Entertainment		**2,596,839**	4,615,473
Brokerage commission and capital value tax		**436,404**	986,171
Service charges on rental income		**8,432,430**	11,144,130
Legal and professional charges		**13,722,416**	15,807,260
Financial service fee		**2,500,000**	-
Advertisement		**4,131,149**	552,670
Provision for doubtful debts		**74,183,104**	50,795,952
Bad debts written off directly		**453,732**	94,742
Fees and subscriptions		**7,863,021**	11,389,681
Auditors' remuneration	*30.1*	**3,447,797**	3,171,794
Donations		**10,000**	-
Depreciation	*6.1*	**26,303,806**	35,657,152
Amortization of intangible assets		**280,000**	280,000
Business development		**3,291,618**	2,136,005
Workers' welfare fund		**-**	14,310,880
Others		**4,539,803**	9,055,684
		522,822,765	454,395,877

30.1 Auditors' remuneration

	Parent company Rupees	Subsidiary companies Rupees	2011 Rupees	2010 Rupees
Annual audit	**475,000**	**1,504,040**	**1,979,040**	2,076,594
Consolidated accounts	**425,000**	**-**	**425,000**	425,000
Half yearly review	**100,000**	**280,000**	**380,000**	335,000
Other certifications	**-**	**452,200**	**452,200**	202,200
Out of pocket expenses	**179,000**	**32,557**	**211,557**	133,000
	1,179,000	**2,268,797**	**3,447,797**	3,171,794

		Note	2011 Rupees	2010 Rupees
31	**Other income**			
	Income from financial assets			
	Return on deposit accounts		**8,514,514**	7,366,192
	Interest on term deposits		**72,926,356**	52,104,550
	Mark-up income on loans to related parties		**70,989,449**	62,711,475
	Income from other than financial assets			
	Bargain purchase gain	*31.1*	**3,300,041**	-
	Take-up commission		**250,000**	-
	Provision written back		**10,980,017**	4,942,119
	Exchange gain		**-**	474,009
	Gain on sale of fixed assets		**4,734,470**	1,278,677
	Others		**-**	(1,060,596)
	Workers' welfare fund - written back	*31.2*	**14,310,880**	-
			186,005,727	127,816,426

31.1 During the year the Group purchased a wholly owned subsidiary company Falcon Commodities (Pvt) Limited.

31.2 The Group has written back the provisions created on account of Workers' Welfare Fund relating to year ended 30 June 2010 based on the judgment issued by the honourable Lahore High Court through order 19 August 2011. The Honourable court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution.

		2011 Rupees	2010 Rupees
32	**Finance costs**		
	Mark-up on long term borrowings	**172,560,494**	127,702,511
	Mark-up on short term borrowings	**229,715,799**	277,000,309
	Cost of Repo transactions	**44,794,864**	101,475,572
	Finance charges on assets subject to finance lease	**2,706,753**	3,293,873
	Loss on foreign currency translation	**216,733**	-
	Bank charges and commission	**1,309,760**	2,046,027
	Others	**1,897,207**	2,358,620
		453,201,610	513,876,912
33	**Taxation**		
	Current year	**95,683,873**	95,897,926
	Prior Year	**-**	287,292
	Deferred	**(4,593,785)**	3,484,529
		91,090,088	99,669,747

33.1 Since majority of the Group companies have taxable losses for the year, therefore, no numerical tax reconciliation is given.

33.2 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 2010 were filed and are deemed to be assessed.

		2011	2010
34 Loss per share - basic			
Net loss for the year	***Rupees***	**(305,004,112)**	(185,609,728)
Weighted average number of ordinary shares as at 30 June	***Numbers***	**316,610,112**	316,610,112
Loss per share - basic and diluted (2010: restated)	***Rupees***	**(0.96)**	(0.59)

For the purpose of computing (loss) / earnings per share, the number of shares of the previous year have been adjusted for the effect of bonus shares issued during the year.

Earnings per share - diluted

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

35 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. Balances with related parties are also shown in the relevant notes to the accounts.

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

	2011 Rupees	2010 Rupees
Media Times Ltd		
Mark up income	**70,989,449**	62,711,475
Long term loan given	**71,915,411**	42,200,000
Long term loan matured	**22,059,508**	-
Long term Investment made	**10,688,000**	86,177,645
Purchase of goods/services	**171,600**	286,000

	2011 Rupees	2010 Rupees
Pace Pakistan Ltd		
Income from financial consultancy services	**-**	9,000,000
Sale of investment property	**10,000,000**	-
Service charges	**8,432,430**	11,144,130
Short term investments sold	**-**	46,354,925
Purchase of investment property cancelled	**115,134,500**	-
Merchant Bank of Sri Lanka		
Brokerage income	**2,403,853**	7,065,459
Share transaction	**365,292,727**	-
CP investment	**38,895,433**	-
Mark up income	**348,057**	-
Merchant Credit of Sri Lanka		
Share transaction	**168,941,103**	-
Brokerage income	**1,129,300**	-
MBSL Saving Bank		
Brokerage income	**384,830**	644,821
Share transaction	**59,295,778**	-
MBSL Insurance Co. Ltd.		
Brokerage income	**1,487,627**	402,949
Share transaction	**254,622,494**	-
Bank of Ceylon		
Brokerage income	**17,640,482**	13,487,345
Mark up income	**15,570,543**	4,610,572
Agreement of Treasury Bills	**90,042,928**	-
Share transaction	**3,761,595,254**	-
Outstanding	**140,606,991**	-
Pace Barka		
Long term Investment made	**20,905,610**	281,295,000
WorldCall		
Short term Investment sold	**-**	7,700,093
First capital Mutual Fund		
Income from financial consultancy services	**5,008,853**	4,878,698
Sale of goods/services	**705,257**	-

	2011 Rupees	2010 Rupees
36 Cash generated from operations		
Loss before taxation	**(172,152,778)**	(135,281,949)
Adjustments for:		
Depreciation	**71,771,608**	69,586,546
Finance cost	**453,201,610**	513,876,912
Loss on remeasurement of short term investments	**184,255,603**	76,966,372
Dividend income	**(941,152)**	(3,266,520)
Amortization of intangible assets	**280,000**	280,000
Loss on currency translation	**216,733**	-
Gain on disposal of property, plant and equipment	**(4,734,470)**	(1,278,677)
Exchange translation difference	**12,148,425**	16,112,602
Provision for doubtful debts	**74,183,104**	50,795,952
Bad debts written off directly	**453,732**	94,742
Retirement benefits	**28,247,922**	26,438,199
Workers welfare fund written back	**(14,310,880)**	-
Share of profit of associated companies	**128,348,197**	(10,401,208)
Provision for doubtful debts written back	**(10,980,017)**	(4,942,119)
Mark up income	**(152,430,319)**	(122,182,217)
	769,710,096	612,080,584
Profit before working capital changes	**597,557,318**	476,798,635
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	**8,438,983**	(4,129,980)
Trade debts	**(482,141,536)**	287,408,215
Loans and advances	**(14,453,234)**	(65,576,643)
Short term prepayments	**3,183,565**	(2,270,632)
Deposits and other receivables	**(12,040,367)**	(58,409,753)
Short term investments - net	**6,063,170**	409,917,608
Placements	**492,192,488**	721,759,603
Increase/(decrease) in:		
Trade and other payables	**(314,398,776)**	645,107,929
Liability against repurchase agreement	**(45,645,375)**	(492,000,430)
Short term borrowings	**6,280,308**	(1,873,098,953)
	(352,520,774)	(431,293,036)
	245,036,544	45,505,599

37 Cash and cash equivalents

These are made up as follows:

	2011 Rupees	2010 Rupees
Cash in hand	**76,037**	293,914
Bank balances	**601,969,244**	589,903,097
	602,045,281	590,197,011

38 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.

38.1 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 is primarily attributable to its trade debts and loans and advances. 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, the group applies credit limits to its customers and obtains advances from certain customers.

38.1.1 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:

	2011 Rupees	2010 Rupees
Long term loans	**441,484,905**	391,629,002
Investment in associates	**1,241,110,290**	1,333,667,651
Long term deposits	**9,425,428**	11,986,301
Loans and advances	**130,445,259**	115,992,025
Placements	**289,900,675**	782,093,163
Trade debts	**3,790,926,316**	3,372,441,599
Investments at fair value through profit or loss	**233,492,065**	423,810,838
Interest receivable	**1,681,915**	4,621,218
Deposits and other receivables	**118,098,749**	106,071,882
Bank balances	**601,969,244**	589,903,097
	6,858,534,846	7,132,216,776

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

Foreign	**463,703,512**	404,885,919
Domestic	**3,327,222,804**	2,967,555,680
	3,790,926,316	3,372,441,599

The aging of trade receivables at the reporting date is:

	2011 Rupees	2010 Rupees
Past due 0 - 30 days	**1,812,077,828**	1,822,230,687
Past due 31 - 90 days	**255,748,758**	212,703,262
Past due 91 - 180 days	**228,338,130**	271,972,655
Past due 181 - 365 days	**665,486,162**	765,009,790
More than 1 year	**829,275,438**	300,525,205
	3,790,926,316	3,372,441,599

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 as at balance sheet date are classified as follows:

	2011 Rupees	2010 Rupees
Foreign	**141,895,262**	404,885,919
Domestic	**460,073,982**	65,055,097
	601,969,244	469,941,016

The analysis below summarizes the credit rating quality of the Company's bank balances as at 30 June:

	2011	2010
Bank balances by rating category		
MCB Bank Limited	**AA+**	AA+
Faysal Bank Limited	**AA**	AA
Standard Charted Bank (Pakistan) Limited	**AAA**	AAA
Bank Al-Habib Limited	**AA+**	AA+
Habib Metropolitan Bank	**AA+**	AA+
KASB Bank Limited	**A-**	A-
NIB Bank Ltd	**AA-**	AA-
Bank Alfalah Limited	**AA**	AA
Allied Bank Limited	**AA**	AA
Citi Bank Sri Lanka	**A+**	A+
Soneri Bank Limited	**AA-**	AA-

38.2 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 as on 30 June 2011

	Carrying Amount	Contracted cashflow	6 months or less	6 - 12 months	1-2 years	More than 2 years
	--------	--------	----	R u p e e s	--------	--------
Liabilities against assets subject to finance lease	18,195,139	21,852,143	5,106,316	5,106,316	10,212,631	1,426,880
Long term finance	1,932,217,350	1,932,217,350	-	-	82,465,992	1,849,751,358
Short term borrowing under markup Arrangements-secured	1,404,392,592	1,404,392,592	1,404,392,592	-	-	-
Trade and other payables	1,502,244,108	1,502,244,108	1,500,126,358	2,117,750	-	-
Mark up accrued	567,209,790	567,209,790	567,209,790	-	-	-
Liabilities against REPO	143,754,625	169,630,458	169,630,458	-	-	-
	5,568,013,604	5,597,546,441	3,646,465,514	7,224,066	92,678,623	1,851,178,238

The following are the contractual maturities of financial liabilities as on 30 June 2010.

	Carrying Amount	Contracted cashflow	6 months or less	6 - 12 months	1-2 years	More than 2 years
	(--------	--------	----	Rupees	--------	--------)
Liabilities against assets subject to finance lease	32,356,493	36,266,641	9,992,762	9,992,762	16,281,117	-
Long term finance	1,947,217,349	1,947,217,349	286,175,750	356,224,505	495,245,164	809,571,930
Short term borrowing under markup Arrangements-secured	1,398,112,284	1,398,112,284	1,398,108,284	-	-	-
Trade and other payables	747,953,117	747,953,117	735,914,674	12,038,443	-	-
Mark up accrued	234,196,161	234,196,161	2,689,748	231,506,413	-	-
Liabilities against REPO	189,400,000	223,492,000	189,400,000	-	-	-
	4,549,235,404	4,587,237,552	2,622,281,218	609,762,123	511,526,281	809,571,930

38.3 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.

38.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. The group is exposed to foreign currency's risk on conversion of balance in foreign currency account maintained in Lanka Rupees (LKR) and US Dollars. The Group's exposure to foreign currency risk for LKR and US Dollars is as follows:

	2011 Rupees	2010 Rupees
Foreign debtors	**463,703,512**	404,885,919
Foreign currency bank accounts	**141,895,262**	65,055,097
Net exposure	**605,598,774**	469,941,016

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2011	2010	**2011**	2010
LKR to PKR	**0.76**	0.72	**0.78**	0.75
US$ to PKR	**85.62**	83.25	**85.85**	85.40

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, pre-tax loss for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency account balance.

	2011 Rupees	2010 Rupees
Effect on profit and loss	**60,559,877**	46,994,102
	60,559,877	46,994,102

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the pre- tax loss.

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

38.3.2 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:

	2011	2010	2011	2010
	Effective rate (in Percentage)		Carrying amount (Rupees)	
Financial liabilities				
Variable rate instruments:				
Liabilities against assets subject to finance lease	**12.00% to 18.78%**	12.00% to 18.03%	**18,195,139**	32,356,493
Short term borrowings	**15.91% to 16.60%**	15.29% to 18.70%	**1,404,392,592**	1,398,112,284
Liabilities against REPO	**18.00% to 19.00%**	17.03% to 19.00%	**189,400,000**	681,400,430

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 1% in interest rates at the reporting date would have decreased / (increased) loss 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 2010.

	Increase	Decrease
	Rupees	
As at 30 June 2011	**(16,729,230)**	**16,729,230**
As at 30 June 2010	(22,149,577)	22,149,577

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

38.3.3 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 not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

38.3.4 Fair value of financial instruments

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

Effective 01 January 2009 the Group adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

	Level 1	Level 2	Level 3	Total
	R u p e e s			
Assets as at 30 June 2011				
Investments at fair value through profit or loss	**233,492,065**	**-**	**-**	**233,492,065**
Assets as at 30 June 2010				
Investments at fair value through profit or loss	423,810,838	-	-	423,810,838

38.4 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 as at 30 June 2011 and at 30 June 2010 were as follows:

	2011 Rupees	2010 Rupees
Total debt	**3,498,559,706**	3,567,086,126
Total equity and debt	**6,979,412,709**	7,356,696,307
Debt-to-equity ratio	**50.13%**	48.49%

There has not been a major change in the debt-to-equity ratio during the period.

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.

39 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the accounts for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Group is as follows:

	Chief Executive		**Director**		**Executives**	
	2011 Rupees	**2010 Rupees**	**2011 Rupees**	**2010 Rupees**	**2011 Rupees**	**2010 Rupees**
Managerial remuneration	**4,850,000**	6,033,333	**5,572,000**	7,463,333	**33,622,729**	36,490,052
Medical	**254,393**	180,801	**71,474**	429,725	**541,247**	1,516,387
Utilities	**158,000**	536,861	**2,287,908**	1,821,829	**2,017,957**	1,643,702
House rent	**632,000**	824,000	**2,228,800**	2,145,334	**10,847,440**	6,577,321
Provision for gratuity	**-**	-	**-**	343,231	**3,495,235**	2,885,046
Others	**141,008**	213,716	**-**	821,693	**748,545**	1,485,788
	6,035,401	**7,788,711**	**10,160,182**	**13,025,145**	**51,273,153**	**50,598,296**
Number of persons	4	4	5	6	40	31

The Group has also provided few executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

40 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. Unallocated assets and liabilities include short term and long term borrowings, employees retirement benefits and other operating liabilities.

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.

40.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements.

	Financial Services		Investment advisory services		Construction		Printing		Water sanitation		Elimination - net		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(------						Rupees							------)
Revenue														
- External customers	**557,653,595**	666,516,413	**5,008,853**	6,647,134	**217,112,203**	188,856,952	**97,261,514**	97,889,029	**213,087,270**	62,760,590	**-**	-	**1,090,123,435**	1,022,670,118
- Inters group	**(60,631,928)**	20,433,442	**-**	-	**-**	18,768,969	**(838,988)**	13,955,828	**-**	-	**61,470,916**	(53,158,239)	**-**	-
	497,021,667	686,949,855	**5,008,853**	6,647,134	**217,112,203**	207,625,921	**96,422,526**	111,844,857	**213,087,270**	62,760,590	**61,470,916**	(53,158,239)	**1,090,123,435**	1,022,670,118
Direct costs	**7,009,076**	5,405,377	**-**	-	**80,245,456**	115,406,316	**81,966,250**	104,336,586	**102,620,902**	42,604,111	**(23,091)**	-	**271,818,593**	267,752,390
Gross profit	**490,012,591**	681,544,478	**5,008,853**	6,647,134	**136,866,747**	92,219,605	**14,456,276**	7,508,271	**110,466,368**	20,156,479	**61,494,007**	(53,158,239)	**818,304,842**	754,917,728
Operating expenses	**462,782,781**	385,888,360	**12,087,115**	9,051,327	**37,074,602**	47,297,911	**9,088,940**	9,494,206	**3,182,255**	4,175,505	**(995,923)**	(1,511,432)	**523,219,770**	454,395,877
Operating profit/ (loss)	**27,229,810**	295,656,118	**(7,078,262)**	(2,404,193)	**99,792,145**	44,921,694	**5,367,336**	(1,985,935)	**107,284,113**	15,980,974	**62,489,930**	(51,646,807)	**295,085,072**	300,521,851
Other income/ (expense)	**229,514,241**	759,073,352	**11,322,919**	127,289,332	**-**	121,244,404	**613,264**	121,244,404	**-**	121,244,404	**(132,547,885)**	(1,172,022,784)	**108,902,539**	78,073,112
Finance costs	**(451,196,238)**	(509,863,149)	**(22,653)**	(54,380)	**(272,170)**	(950,942)	**(2,609,695)**	(15,666,374)	**(939,289)**	(738,298)	**1,841,393**	13,396,231	**(453,198,652)**	(513,876,912)
Profit/(Loss) before taxation	**(194,452,187)**	544,866,321	**4,222,004**	124,830,759	**99,519,975**	165,215,156	**3,370,905**	103,592,095	**106,344,824**	136,487,080	**(68,216,562)**	(1,210,273,360)	**(49,211,041)**	**(135,281,949)**
Taxation	**84,509,444**	57,080,779	**(703,360)**	1,198,968	**4,465,793**	5,719,149	**1,567,554**	(2,509,034)	**1,250,658**	38,179,885	**-**	-	**91,090,089**	**99,669,747**
Profit/(Loss) after taxation	**(278,961,631)**	487,785,542	**4,925,364**	123,631,791	**95,054,182**	159,496,007	**1,803,351**	106,101,129	**105,094,166**	98,307,195	**(68,216,562)**	(1,210,273,360)	**(140,301,130)**	(234,951,696)
Segment net assets	**15,485,018,545**	19,865,427,607	**113,988,566**	110,878,685	**496,656,657**	720,648,414	**78,298,302**	124,243,695	**154,747,056**	727,325,896	**(10,821,056,489)**	(12,380,187,568)	**5,507,652,637**	9,168,336,729
Segment liabilities	**4,775,844,722**	4,549,683,982	**977,656**	2,242,277	**51,510,846**	258,763,088	**25,398,077**	54,065,378	**446,868,794**	678,723,105	**(84,640,445)**	(164,751,282)	**5,215,959,650**	5,378,726,548
Depreciation	**15,921,558**	18,614,834	**1,782,042**	1,048,918	**45,917,534**	44,955,905	**6,664,802**	4,514,248	**1,485,673**	452,641	**-**	-	**71,771,609**	69,586,546
Cash generated from/ (used in) operating activities	**(514,242,167)**	567,204,194	**1,574,790**	2,405,693	**(75,688,875)**	58,168,066	**9,672,336**	(2,607,615)	**(67,166,529)**	404,405,362	**-**	(1,518,010,698)	**(645,850,445)**	(488,434,998)
Capital expenditure	**(9,155,483)**	2,320,304	**(53,675,499)**	69,500	**(152,955)**	12,563,712	**(746,976)**	1,285,739	**(76,971)**	7,347,005	**-**	16,609,024	**(63,807,884)**	40,195,284
Net Cash generated from/ (used in) investing activities	**715,622,257**	120,854,851	**(53,887,899)**	229,352	**(728,187)**	(12,029,910)	**3,786,415**	163,654,900	**(158,971)**	(7,751,005)	**-**	(1,283,945,592)	**664,633,615**	(1,018,987,404)

40.2 Information by geographical area

	Revenue		Net Assets	
	2011	2010	**2011**	2010
	Rupees	Rupees	**Rupees**	Rupees
Pakistan	**668,990,629**	835,903,569	**3,155,488,586**	8,699,602,737
Sri Lanka	**298,190,974**	186,766,549	**325,364,417**	468,733,992
Total	**967,181,603**	1,022,670,118	**3,480,853,003**	9,168,336,729

Revenue are allocated to geographical areas according to the location of country producing goods or providing services.

41 Events after the balance sheet date

There were no significant adjustable events subsequent to 30 June 2011, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

42 Date of authorization for issue

These financial statements were authorized for issue on 30 September 2011 by the Board of Directors.

43 General

43.1 The figures have been rounded off to the nearest Rupee.

43.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

Lahore: **Chairperson & Chief Executive Officer** **Director**

30 September 2011

FORM OF PROXY

The Company Secretary
First Capital Securities Corporation Limited
103-C/II, Gulberg-III
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, 103-C/II, Gulberg-III, Lahore, on 29 October 2011 at 3:00 p.m. and at any adjournment thereof.

Signature this ___________________ Day of _________________ 2011.

(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.