





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 2012**

COMPANY'S INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 19th Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited (“the Company”) will be held on Wednesday, 31 October 2012 at 03:00 p.m. at the Registered Office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore to transact the following business:

1. To confirm the minutes of Annual General Meeting held on 29 October 2011;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2012 together with the Directors' and Auditors' reports thereon; and
3. To appoint the Auditors of the Company for the year ending 30 June 2013 and to fix their remuneration.

By order of the Board

Lahore:
09 October 2012

Sajjad Ahmad
Company Secretary

Notes:

- 1) The Members Register will remain closed from 24 October 2012 to 31 October 2012 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi, the Registrar and Share Transfer Office of the Company, by the close of business on 23 October 2012 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, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore, not less than 48 hours before the time of the meeting.
- 4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original 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, if any, in their registered address immediately.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of First Capital Securities Corporation Limited (“the Company” or “FCSC”) is glad to present the audited annual financial statements of the Company for the year ended June 30, 2012.

Operational Results

The Company's results for the Financial Year (“FY”) 2012 are summarized below:

	30 June 2012	30 June 2011
	Rupees	Rupees
Revenue	34,263,769	51,163,736
Profit/(loss) on sale of investment property	651,000	(102,773,058)
Operating expenses	40,069,091	58,179,180
Impairment loss on available-for-sale investments	569,886,470	-
Finance and other costs	8,293,124	11,312,679
Loss after taxation	523,534,658	36,823,304
Earnings/(loss) per share (basic & diluted)	(1.65)	(0.12)

Company earned revenue of Rs. 34.26 million as compared to Rs. 51.16 million during the same period last year showing a decrease of 33% due to uncertain and weak economic conditions. Operating expenses incurred during the year amounting to Rs. 40.07 million as compared to Rs. 58.18 million during same period last year. Investments available for sale were revalued and had an adverse effect on profit and loss account as a loss of Rs. 569.89 million was impaired this year. Consequently Company has reported an after tax loss of Rs. 523.53 million as compared to a loss of Rs. 36.82 million during the corresponding period last year. Resultantly, company posted per share loss of Rs. 1.65 in comparison with the loss of Rs. 0.12 per share for the same period last year.

Performance of Key Investments

First Capital Equities Limited (“FCEL”)

1HFY12 was a difficult period for equity brokerage industry as trading activities remained a bit squeezed on the Karachi Stock Exchange due to political uncertainty. 2HFY12 appeared to be the revival period for the market, consequently current year brokerage revenue fell to Rs. 80 million from Rs. 107 million last year but FCEL succeeded to en-cash the benefit of resurgence of the market and reduced its losses by about 80 % i.e. Rs.68.3 million in the year under review as compared to Rs.366.23 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs.

Lanka Securities (Private) Limited (“LSL”)

Sri Lankan capital markets remained depressed during the FY12 resulting decrease in revenues by 55%. The profit after tax also showed a steep downfall by 75% from LKR 165 million last year to LKR 41 million. EPS for the year was LKR 2.36 per share versus LKR 9.45 per share in the preceding year.

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

First Capital Investments Limited (“FCIL”)

The Company has posted loss after taxation of Rs. 0.191 million during the FY-12 against net profit of Rs. 4.93 million in the same period last year. Loss per share for the period was recorded at Rs. (0.02) as compared to earnings per share of Rs. 0.48 during the same period last year.

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

Falcon being newly acquired company has reported its revenues at Rs. 2.3 million with a net profit of Rs.0.39 million.

World Press (Pvt.) Limited (“WPL”)

During the year, WPL's revenues decreased from Rs. 96.4 million to Rs. 26.3 million. Operating expenses also decreased by about 50% and finance cost decreased by Rs.2 million. Resultantly WPL posted after-tax loss of Rs. 11.3 million as compared to after tax

profit of Rs. 1.8 million in the previous year. Loss per share for the year recorded at Rs.(3.77) as compared to the earnings per share of Rs. 0.60 during the same period last year.

Media Times Limited (“MDTL”)

The company posted a net loss of Rs. 699.33 million versus a net loss of Rs. 163.16 million in the previous year.

MDTL retired its loans and paid along with mark-up against subscription money of right shares issued during the period under review. This arrangement helped MDTL to reduce its debts significantly and cut in the financial cost as well.

Trident Construct (Pvt.) Limited (“Trident”)

During the year under review Trident reported revenue of Rs.6.31 million as compared to Rs.217 million during the same period last year. The loss after tax for the year stood at Rs. 63.3 million as compared to profit after tax of Rs. 94.81 million in the previous year.

Evergreen Water Valley (Pvt.) Limited

The company posted a profit after taxation of Rs.64.22million for the FY12 as compared to Rs.105.09million reported in the corresponding period.

Real Estate & Property Development

Pace (Pakistan) Limited (“Pace”)

The real estate sector is recovering from the recession it was facing since last few years. Pace has also been successful to capitalize the opportunities available as overseas and local investors see the coming year i.e.2012-13 very attractive for real estate sector. Ultimately Pace reported a loss after tax of 1,473 million for FY12 which is less than the loss after tax of Rs.2,081 million reported in the previous year.

Pace Barka Properties Limited (“PBL”)

During the financial year under review, PBL reported net loss after tax of Rs.53.13 million as compared to last year's loss after tax of Rs. 384.49 million. PBL reported sales of Rs. 33.54 million as compared to Rs. 119.60 million for the same period last year, operating expenses fell to Rs.46.17 million in comparison with Rs.62.62 million for the same period last year.

Future Outlook

The financial year under review showed a little recovery after a recessionary slump in financial and real estate markets and the same trend of resurgence is expected to prevail during FY13 helping the company to capitalize the opportunities. Political tension and general unrest prevailing in the country are the main hurdles affecting the pace of revival even the process is going on positively due the reasons, resolution of Capital Gain Tax issue in the favor of investors, positive signs from the relevant macro indicators and lower rates of markup. All these helped the financial and equity markets and KSE 100 index is trading at an all time high level presently. These indications helped a lot to build the confidence of investors.

The company is and will remain committed to secure and maximize the wealth of its shareholders while keeping in view interests of all the stakeholders

Key Financial Indicators

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

Payouts for the Shareholders

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

Earnings per share

Loss per share (basic and diluted) for the year ended June 30, 2012 was Rs. 1.65 as compared to Rs. 0.12 per share for the last year.

Changes in the Board of Directors

During the financial year Mrs. Maheen Ghani Taseer and Miss Samira Ahmed Zia were co-opted by the Board of Directors in place of Mr. Shahbaz Ali Taseer and Mr. Omer Subhan Salamat, respectively, who have ceased to hold their offices of the board of directors

under section 188 of the Companies Ordinance, 1984. Further Syed Etrat Hussain Rizvi was appointed as alternate director to Mr. Sulaiman Ahmed Saeed Al-Hoqani.

Delay in Election of Directors

The term of directors was expired on 26th September 2012, the directors have fixed the number of directors as seven for the next term of three years in accordance with section 178 of the Companies Ordinance, 1984. However, the board did not decide the date of election of directors due to certain impediments in holding the election of Directors. It was agreed in a meeting of Board of Directors held on 06 October 2012 that the Board will decide a date for election as soon as the impediments are cleared. An Impediment Report has been filed with CRO, Lahore under section 177 of the Companies Ordinance 1984.

Change of Registered office

The Board of Directors of the Company has decided to shift the registered office of the Company to 2nd Floor of Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore with effect from 06 October 2012.

Corporate and Financial Reporting Framework:

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

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

Board Meetings during the year

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

Directors	Meetings Attended
Mrs. Aamna Taseer	6
Mr. Shahbaz Ali Taseer (Ceased)	-
Mr. Shehryar Ali Taseer	6
Miss Shehribano Taseer	6
Mrs. Maheen Ghani Taseer	3
Mr. Omer Subhan Salamat (Ceased)	-
Miss Samira Ahmed Zia	3
Mr. Sulaiman Ahmed Saeed Al-Hoqani	1
Mr. Jamal Said Al-Ojaili	-
Syed Etrat Hussain Rizvi (Alternate Director to Mr. Hoqani)	1

The Board of Directors in a meeting held on 07 February 2012 re-appointed Mrs. Aamna Taseer as Chief Executive of the Company for a term of next three years on a monthly remuneration of Rs. 200,000/- per month along with employee benefits as per policy.

Trading by 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. Five meeting of the Audit committee were held during the year. Attendance by each member is as under:

Audit Committee Member	Meetings Attended
Shehryar Ali Taseer (Chairman)	5
Maheen Ghani Taseer (Member)	2
Shehrbano Taseer (Member)	5

During the year Mrs. Maheen Ghani Taseer was appointed in place of Mr. Shahbaz Ali Taseer

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and being eligible offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2013.

Pattern of Shareholdings

The pattern of shareholdings as required under the section-236 of the Companies Ordinance, 1984 as well as per Listing Regulations of Stock Exchanges is enclosed.

Acknowledgement

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

For and on behalf of the Board

Lahore
06 October 2012

Aamna Taseer
Chairman & Chief Executive Officer

Annexure I

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

Directors	Opening balance as on 01-07-2011	Purchase	Bonus	Sale / Transfer	Closing balance as on 30-06-2012
Aamna Taseer (CEO)	2,158,478	-	-	-	2,158,478
Shahbaz Ali Taseer (Ceased)	973	-	-	973	-
Maheen Ghani Taseer	-	973	-	-	973
Shehryar Ali Taseer	632	-	-	-	632
Shehrbano Taseer	556	-	-	-	556
Sulaiman Ahmed Saeed Al-Hoqani	71,511,330	13,367,857	-	-	84,879,187
Jamal Said Al-Ojaili	1,850	-	-	-	1,850
Omer Subhan Salamat (Ceased)	695	-	-	695	-
Samira Ahmed Zia	-	695	-	-	695
Syed Etrat Hussain Rizvi (Alternate Director to Shaikh Suleiman Ahmed Saeed Al-Hoqani)		-	-	-	-
Spouces	-	-	-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Saeed Iqbal	-	-	-	-	-
Company Secretary					
Sajjad Ahmed	-		-	-	-

KEY FINANCIAL DATA FOR LAST SIX YEARS**FINANCIAL DATA****Rupees in Thousands**

	2012	2011	2010	2009	2008	2007
Operating revenue	34,264	90,568	88,622	(1,352,116)	5,636,505	1,723,995
Operating expenses	40,069	58,179	76,856	77,564	181,830	45,168
Other revenue	61,840	90,655	63,419	80,135	30,014	3,366
Financial Expenses	8,293	11,313	11,639	21,619	43,126	46,414
Taxation	2,040	6,377	4,471	1,546	118	227
(Loss)/profit after Taxation	(523,534)	(36,823)	699,221	(1,372,710)	5,441,446	1,635,552
Bonus Share Interim & Final	-	-	10%	25%	40%	20%

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2012**

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of Shareholders	Shareholdings		Shares Held
	From	To	
344	1	100	12,393
560	101	500	157,024
497	501	1000	378,434
1064	1001	5000	2,477,053
427	5001	10000	2,963,664
74	10001	15000	900,791
53	15001	20000	933,271
36	20001	25000	832,735
24	25001	30000	673,701
10	30001	35000	328,101
10	35001	40000	380,080
12	40001	45000	504,771
16	45001	50000	779,000
4	50001	55000	212,880
6	55001	60000	343,101
3	60001	65000	192,250
2	70001	75000	142,199
4	75001	80000	307,201
1	80001	85000	84,810
2	85001	90000	175,964
2	90001	95000	183,907
3	95001	100000	289,901
2	100001	105000	208,016
1	105001	110000	110,000
1	110001	115000	111,000
2	115001	120000	236,402
2	130001	135000	264,822
1	135001	140000	135,861
2	140001	145000	287,417
2	155001	160000	319,871
2	160001	165000	324,104
1	165001	170000	169,510
1	170001	175000	171,400
1	180001	185000	180,667
4	195001	200000	800,000
2	200001	205000	407,960
1	210001	215000	214,000
2	220001	225000	447,702
2	240001	245000	483,155
1	255001	260000	255,250

No. of Shareholders	Shareholdings		Shares Held
	From	To	
1	260001	-	263,241
1	265001	-	266,001
1	270001	-	275,000
2	295001	-	600,000
1	300001	-	303,356
2	315001	-	633,597
1	370001	-	372,289
1	380001	-	382,636
1	395001	-	399,360
1	420001	-	422,747
1	465001	-	465,400
1	495001	-	500,000
2	545001	-	1,096,000
1	695001	-	695,750
1	855001	-	860,000
1	945001	-	946,391
1	960001	-	961,636
1	1335001	-	1,340,000
1	1425001	-	1,427,848
1	1495001	-	1,500,000
1	1910001	-	1,915,000
1	2045001	-	2,048,345
1	2155001	-	2,158,478
1	3135001	-	3,139,988
1	3600001	-	3,602,283
1	3990001	-	3,991,754
1	4015001	-	4,019,559
1	4995001	-	4,996,865
1	8270001	-	8,272,928
1	9995001	-	10,000,000
1	11305001	-	11,308,000
1	13850001	-	13,853,105
1	15765001	-	15,765,991
1	17355001	-	17,359,134
1	33770001	-	33,772,767
1	34050001	-	34,050,449
1	45830001	-	45,831,823
1	68430001	-	68,432,023
3225			316,610,112

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2012**

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	87,042,371	27.49
Associated Companies, undertakings and related parties.	3,991,754	1.26
NIT and ICP	4,124,571	1.30
Banks, Development Financial Institutions, Non Banking Financial Institutions	44,242,030	13.97
Insurance	8,818,928	2.79
Modarabas and Mutual Funds	2,284,571	0.72
Share holders holding 10% or more	202,178,723	63.86
General Public		
a) Local	57,955,402	18.30
b) Foreign	527,471	0.17
Others:		
- Joint Stock Companies	21,584,961	6.82
- Foreign Companies	86,038,053	27.17

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

**PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS
AS AT 30 JUNE 2012**

<u>Shareholders' Category</u>	<u>Number of Shares held</u>
Associated Companies, undertaking and related parties	
Worldcall Telecom Limited	3,991,754
Mutual Funds	
Directors, CEO and their Spouse and Minor Children	
Aamna Taseer (CEO/Director)	2,158,478
Shehryar Ali Taseer (Director)	632
Shehrbano Taseer (Director)	556
Maheen Ghani Taseer (Director)	973
Samira Ahmed Zia (Director)	695
Sulaiman Ahmed Saeed Al-Hoqani (Director)	84,879,187
Jamal Said Al-Ojaili (Director)	1,850
Executives	-
Public Sector Companies and Corporations	21,584,961
Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	55,345,529
Shareholders holding 5% or more voting interest in the Company	
Salmaan Taseer (Late)	35,574,835
Amythest Limited	82,657,058
Sulaiman Ahmed Saeed Al-Hoqani	84,879,187

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**FIRST CAPITAL SECURITIES CORPORATION LIMITED (“THE COMPANY”)
FOR THE YEAR ENDED 30 JUNE 2012**

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

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

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

Category	Names
Executive Director	Mrs. Aamna Taseer
Non-Executive Directors	Mr. Shehryar Ali Taseer Mrs. Maheen Ghani Taseer Ms. Shehrbano Taseer Ms. Samira Ahmed Zia Mr. Sulaiman Ahmed Saeed Al -Hoqani Mr. Jamal Said Al-Ojaili Syed Etrat Hussain Rizvi (Alternate director to Shaikh Sulaiman Ahmed Saeed Al-Hoqani)

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

- 10) The Board has approved “appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The Board has formed an Audit Committee. It comprises three non-executive members, of whom all are non-executive director and chairman of the committee is an independent director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) There was no HR and Remuneration Committee as on 30 June 2012, however, subsequently the Board of Directors of the Company has decided to form an HR and Remuneration Committee. It will comprise of 3 members, of whom two will be non-executive directors and the chairman of the committee will be an independent director.
- 18) The board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore
06 October 2012

Aamna Taseer
Chairman & Chief Executive Officer

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

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

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, 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 2012.

Lahore
06 October 2012

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 2012 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 2012 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:
06 October 2012

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

**BALANCE SHEET
AS AT 30 JUNE 2012**

	Note	2012 Rupees	2011 Rupees
Non current assets			
Fixed assets	5	140,251,533	142,679,508
Investment property	6	144,269,000	143,618,000
Long term investments	7	7,449,056,273	11,517,386,557
Long term loans and advances	8	22,283,613	525,247,706
Long term deposits	9	266,850	266,850
		7,756,127,269	12,329,198,621
Current assets			
Trade debts	10	1,298,501	1,789,309
Loans and advances	11	3,368,920	4,357,738
Current maturity of long term loan and advances	8	86,685,922	-
Prepayments		115,729	490,594
Interest accrued		3,916,146	1,365,863
Other receivables	12	-	7,266,974
Investments at fair value through profit or loss	13	88,221,974	96,179,818
Tax refund due from Government		29,280,600	27,891,383
Cash and bank balances	14	18,880,959	70,867,446
		231,768,751	210,209,125
Current liabilities			
Trade and other payables	15	34,551,661	118,470,618
Mark-up accrued		5,966,552	2,631,712
Short term borrowings	16	51,855,970	51,861,622
Current portion of liabilities against assets subject to finance lease	17	1,325,083	359,589
		93,699,266	173,323,541
Working capital employed		138,069,485	36,885,584
		7,894,196,754	12,366,084,205
Non-current liabilities			
Deferred liabilities	18	9,920,907	11,648,150
Liabilities against assets subject to finance lease	17	-	1,169,411
		9,920,907	12,817,561
Contingencies and commitments	28		
Net capital employed		7,884,275,847	12,353,266,644
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up capital	19	3,166,101,120	3,166,101,120
Reserves		305,478,367	4,250,934,506
Retained earnings		4,412,696,360	4,936,231,018
		7,884,275,847	12,353,266,644

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

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 Rupees	2011 Rupees
Operating revenue			
Operating revenue	20	34,263,769	51,163,736
Gain / (loss) on investment property	21	651,000	(102,773,058)
		34,914,769	(51,609,322)
Impairment loss on 'available-for-sale' investments		(569,886,470)	-
Operating and administrative expenses	22	(40,069,091)	(58,179,180)
Other income	23	61,839,742	90,654,728
Finance cost	24	(8,293,124)	(11,312,679)
Loss before taxation		(521,494,174)	(30,446,453)
Taxation	25	(2,040,484)	(6,376,851)
Loss after taxation		(523,534,658)	(36,823,304)
Loss per share - basic and diluted	27	(1.65)	(0.12)

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

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 Rupees	2011 Rupees
Loss after taxation	(523,534,658)	(36,823,304)
Other comprehensive loss for the year		
Net change in fair value of 'available-for-sale' financial assets reclassified to profit and loss account	20.4 (248,366)	(54,983,930)
Net change in fair value of 'available-for-sale' financial assets	(3,945,207,773)	(501,575,682)
Other comprehensive loss for the year	(3,945,456,139)	(556,559,612)
Total comprehensive loss for the year	<u>(4,468,990,797)</u>	<u>(593,382,916)</u>

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

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 Rupees	2011 Rupees
Cash flows from operating activities			
Loss before taxation		(521,494,174)	(30,446,453)
Adjustments for:			
Finance cost		8,293,124	11,098,901
Dividend income		(19,289,566)	(61,412,605)
Unrealized loss on re-measurement of investments at 'fair value' through profit or loss'		4,526,337	39,404,303
Unrealized loss / (gain) on re-measurement of investment property at 'fair value' through profit or loss'		(651,000)	9,114,000
Loss on disposal of investment property		-	93,659,058
Depreciation		1,153,804	891,249
Impairment loss on remeasurement of investment 'available-for-sale'		569,886,470	-
Loss / (gain) on disposal of fixed assets		(234,669)	(63,500)
Loss due to theft		1,274,171	-
Loss / (gain) on disposal of long term investment		271,352	(4,008,530)
Loss on currency translation		-	213,778
Mark-up income		(61,524,660)	(75,351,834)
Workers' Welfare Fund - written back		-	(14,113,140)
Provision for staff retirement benefits		3,368,893	3,656,629
		<u>507,074,256</u>	<u>3,088,309</u>
Loss before working capital changes		(14,419,918)	(27,358,144)
Changes in working capital			
Trade debts		490,808	(104,273)
Loans and advances		988,818	(2,076,957)
Prepayments		374,865	(380,798)
Other receivables		7,266,974	(5,421,699)
Trade and other payables		(83,598,167)	5,409,847
		<u>(74,476,702)</u>	<u>(2,573,880)</u>
Cash used in operations		(88,896,620)	(29,932,024)
Deferred liabilities		(5,096,136)	(500,990)
Finance cost paid		(4,958,284)	(11,156,937)
Taxes paid		(3,429,701)	(7,501,596)
		<u>(13,484,121)</u>	<u>(19,159,523)</u>
Net cash used in operating activities		(102,380,741)	(49,091,547)
Cash flows from investing activities			
Capital expenditure incurred		-	(3,859,549)
Dividend received		19,289,566	61,426,105
Proceeds from disposal of fixed assets		234,669	46,491,000
Proceeds from disposal of investment property		-	124,766,942
Payment against liability for purchase of investment property		(320,790)	(2,268,263)
Long term loans and advances		455,644,845	(77,348,049)
Long term investments - net		(447,283,677)	(31,803,453)
Short term investments - net		3,431,507	(7,258,494)
Long term deposits		-	(229,350)
Mark-up received		19,607,703	22,815,316
Net cash generated from investing activities		50,603,823	132,732,205
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(203,917)	(983,715)
Short term borrowings		(5,652)	(18,467,965)
Net cash used in financing activities		(209,569)	(19,451,680)
Net (decrease) / increase in cash and cash equivalents		(51,986,487)	64,188,978
Cash and cash equivalents at the beginning of the year		70,867,446	6,892,246
Effect of exchange rate fluctuations on cash held		-	(213,778)
Cash and cash equivalents at the end of the year	14	18,880,959	70,867,446

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

**Lahore:
06 October 2012**

Chairman & Chief Executive Officer

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	<u>Share Capital Rupees</u>	<u>Capital reserve Fair value reserve Rupees</u>	<u>Revenue reserve Unappropriated Profit Rupees</u>	<u>Total Rupees</u>
Balance as at 01 July 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
Total comprehensive loss for the year				
Loss for the year	-	-	(523,534,658)	(523,534,658)
Other comprehensive loss for the year	-	(3,945,456,139)	-	(3,945,456,139)
Total comprehensive loss for the year	-	(3,945,456,139)	(523,534,658)	(4,468,990,797)
Balance at 30 June 2012	3,166,101,120	305,478,367	4,412,696,360	7,884,275,847

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

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 Separate financial statements

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

The Company has following long term investments:

Name of company	Shareholding
-----------------	--------------

Subsidiaries

- First Capital Investments Limited, an investment advisory company	76.56%
- Lanka Securities (Private) Limited, a financial services company	51.00%
- World Press (Private) Limited, a publishing company	65.00%
- Falcon Commodities (Private) Limited, a brokerage house	100.00%
- Trident Construct (Private) Limited, a real estate investment company	51.00%
- Ozer Investments Limited, a financial services company	100.00%
- First Capital Equities Limited, research and brokerage house	67.29%
- Media Times Limited, a media company	42.97%

Associates

- Pace Barka Properties Limited, a real estate services company	17.95%
- Pace Super Mall, a real estate services company	0.07%

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

2.5 Use of estimates and judgements

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

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

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

a)	Useful life and residual values of fixed assets	Note 4.1
b)	Impairment of available-for-sale financial assets	Note 4.3
c)	Provisions	Note 4.13
d)	Staff retirement benefits	Note 4.14
e)	Provision for taxation	Note 4.16

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

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

During the 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.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012;

- 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.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

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

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 non-current assets held for sale and discontinued operations 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.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.
 - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
 - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
 - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
- The said improvements have no impact on financial statements of the Company.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

4. Significant accounting policies

4.1 Fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 5 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.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of fixed assets at 30 June 2012 did not require any adjustment.

4.2 Leases

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

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

Minimum lease payments made under finance leases are apportioned between the finance cost and the

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 5. Depreciation of leased assets is charged to income.

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

4.3 Impairment

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

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

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

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

4.4 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. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

4.5 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 4.15.

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, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit and loss account.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 Financial assets and liabilities

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

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 Foreign currency

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

4.18 Cash and cash equivalents

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

4.19 Related party transactions

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

		Note	2012 Rupees	2011 Rupees
5	Fixe assets			
	Operating fixed assets	5.1	1,591,783	4,019,758
	Capital work in progress	5.2	138,659,750	138,659,750
			140,251,533	142,679,508

5.1 Operating fixed assets

	Owned assets						Leased assets		Total
	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Vehicles	Sub total	Rupees		
							Vehicles	Vehicles	
2011									
Cost									
Balance at 1st July 2010	470,315	726,494	1,923,190	154,000	4,873,930	8,147,929	2,681,000	10,828,929	
Additions during the year	-	111,358	83,400	-	1,400,000	1,594,758	1,529,000	3,123,758	
Disposals during the year	-	(264,188)	-	-	-	(264,188)	-	(264,188)	
Transfers during the year	-	-	-	-	2,681,000	2,681,000	(2,681,000)	-	
Balance at 30 June 2011	470,315	573,664	2,006,590	154,000	8,954,930	12,159,499	1,529,000	13,688,499	
Accumulated depreciation									
Balance at 1st July 2010	470,315	690,875	1,656,350	104,477	4,812,563	7,734,580	1,307,100	9,041,680	
Depreciation for the year	-	45,186	55,668	8,280	456,199	565,333	325,916	891,249	
Depreciation on disposals	-	(264,188)	-	-	-	(264,188)	-	(264,188)	
Transfers during the year	-	-	-	-	1,607,533	1,607,533	(1,607,533)	-	
Balance at 30 June 2011	470,315	471,873	1,712,018	112,757	6,876,295	9,643,258	25,483	9,668,741	
2012									
Cost									
Balance at 1st July 2011	470,315	573,664	2,006,590	154,000	8,954,930	12,159,499	1,529,000	13,688,499	
Disposals during the year	-	-	-	-	(715,450)	(715,450)	(1,529,000)	(2,244,450)	
Balance at 30 June 2012	470,315	573,664	2,006,590	154,000	8,239,480	11,444,049	-	11,444,049	
Accumulated depreciation									
Balance as at 1st July 2011	470,315	471,873	1,712,018	112,757	6,876,295	9,643,258	25,483	9,668,741	
Depreciation for the year	-	41,362	55,980	6,648	820,468	924,458	229,346	1,153,804	
Depreciation on disposals	-	-	-	-	(715,450)	(715,450)	(254,829)	(970,279)	
Balance at 30 June 2012	470,315	513,235	1,767,998	119,405	6,981,313	9,852,266	-	9,852,266	
Carrying Value									
At 30 June 2011	-	101,791	294,572	41,243	2,078,635	2,516,241	1,503,517	4,019,758	
At 30 June 2012	-	60,429	238,592	34,595	1,258,167	1,591,783	-	1,591,783	
Rate of depreciation	10%	33%	10%	10%	20%	20%	20%	20%	

	Note	2012 Rupees	2011 Rupees
5.2 Capital work in progress			
Balance as at 01 July		138,659,750	181,485,959
Add: Acquisition during the year		-	3,664,791
Less: Disposal during the year		-	(46,491,000)
Balance as at 30 June	5.2.1	138,659,750	138,659,750

5.2.1 This represents advance against purchase of property in Pace Towers Gulberg, Lahore for office premises and Pace Barka Lahore amounting to Rs. 133,634,515 (2011: Rs. 133,634,515) and Rs. 5,025,235 (2011: Rs. 5,025,235) respectively. Construction work on the said properties is in progress as at 30 June 2012.

	Note	2012 Rupees	2011 Rupees
6 Investment property			
Balance at 1 July		143,618,000	486,292,500
Disposal of investment property		-	(333,560,500)
Change in fair value		651,000	(9,114,000)
Balance at 30 June	6.1	144,269,000	143,618,000

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

The fair value of investment property has been determined by approved independent valuer M/s Negotiators as at 30 June 2012. 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	2012 Rupees	2011 Rupees
7 Long term investments - available for sale			
<u>Investment in related parties</u>			
Subsidiary companies - at cost	7.1	161,219,395	171,919,793
Associated company - at cost	7.2	547,313,110	547,245,610
Subsidiary companies - at fair value	7.3	6,740,523,768	10,798,221,154
		7,449,056,273	11,517,386,557

	Note	Shares		Carrying value		Break-up value per share		Percentage of holding	
		2012	2011	2012	2011	2012	2011	2012	2011
		Number	Number	Rupees	Rupees	Rupees	Rupees	%	%
7.1 Subsidiary companies - at cost									
First Capital Investments Limited		7,855,000	7,855,000	76,840,107	76,840,107	11.10	11.10	76.56%	76.56%
Lanka Securities (Private) Limited		8,912,250	8,912,250	46,229,683	46,229,683	21.40	11.20	51.00%	51.00%
World Press (Private) Limited		1,949,041	1,949,041	19,490,410	19,490,410	24.10	24.00	65.00%	65.00%
Falcon Commodities (Private) Limited	7.1.2	3,150,000	3,150,000	8,451,602	19,152,000	2.68	7.30	100.00%	100.00%
Trident Construct (Private) Limited		10,455,000	10,455,000	10,200,000	10,200,000	15.20	27.20	51.00%	51.00%
Ozer Investments Limited		1,000	1,000	7,593	7,593	-	-	100.00%	100.00%
				<u>161,219,395</u>	<u>171,919,793</u>				

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

7.1.2 The cost of investment in Falcon Commodities (Private) Limited was Rs.19,152,040. During the year the investment in said company has been impaired by Rs. 10,700,438.

	Note	Shares		Carrying value		Break-up value per share		Percentage of holding	
		2012	2011	2012	2011	2012	2011	2012	2011
		Number	Number	Rupees	Rupees	Rupees	Rupees	%	%
7.2 Associated companies - at cost									
Pace Barka Properties Limited		54,790,561	54,790,561	547,200,610	547,200,610	17.20	19.36	17.95%	17.95%
Pace Super Mall	7.2.1	11,250	4,500	112,500	45,000	10.00	10.00	0.07%	10.00%
				<u>547,313,110</u>	<u>547,245,610</u>				

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

	Note	Shares		Market value		Percentage of holding	
		2012	2011	2012	2011	2012	2011
		Number	Number	Rupees	Rupees	%	%
7.3 Subsidiary companies - available-for-sale							
First Capital Equities Limited		72,690,200	72,690,200	6,433,082,700	10,242,049,180	67.29%	67.29%
Media Times Limited	7.3.1	76,860,267	32,148,669	307,441,068	556,171,974	42.97%	23.97%
				<u>6,740,523,768</u>	<u>10,798,221,154</u>		

7.3.1 The shares having market value amounting to Rs. 7,160,000 (2011: Rs.30,967,000) and Rs. 117,116,000 (2011: Rs. 506,526,700) are pledged against loan of the Company and First Capital Equities Limited (subsidiary company) respectively.

During the year, the Company acquired further 19% shares in Media Times Limited (MTL) by virtue of underwriting agreement against right issue by MTL. The Company's holding in MTL has been increased from 23.97% to 42.97% as a result of said underwriting.

7.4 All shares are ordinary fully paid-up shares, having a face value of Rs. 10 per share.

	Note	2012 Rupees	2011 Rupees
8 Long term and deposits			
<i><u>Related parties - unsecured and considered good</u></i>			
Advance to Ozer Investments Limited		-	1,296,810
Media Times Limited		4,219,922	441,484,905
First Capital Equities Limited		<u>104,749,613</u>	<u>82,465,991</u>
		108,969,535	525,247,706
Less: Current maturity of long term loans	8.3	<u>86,685,922</u>	<u>-</u>
		<u>22,283,613</u>	<u>525,247,706</u>

8.1 This represents loan to subsidiary companies and carries mark-up at the rates ranging from 14.92% to 17.3% (2011: 16% to 18%), 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. 559,537,760 (2011: Rs. 541,010,405).

8.3 Current maturity includes amount of Rs. 4,219,922 and Rs. 82,466,000 receivable from Media Times Limited and First Capital Equities Limited respectively.

	Note	2012 Rupees	2011 Rupees
9 Long term deposits			
Deposits with leasing companies	17.1	229,350	229,350
Other deposits	9.1	<u>37,500</u>	<u>37,500</u>
		<u>266,850</u>	<u>266,850</u>

9.1 This includes refundable security deposit paid to "Central Depository Company (CDC)" for opening of account.

	Note	2012 Rupees	2011 Rupees
10 Trade debts			
<i><u>Unsecured - considered good</u></i>			
Money market receivables		1,291,763	1,782,733
Receivable against trade of shares		<u>6,738</u>	<u>6,576</u>
		<u>1,298,501</u>	<u>1,789,309</u>

11 Loans and advances

Secured - considered good

Advances to staff	11.1		<u>3,368,920</u>	<u>4,357,738</u>
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11.1 Advances given to staff for expenses are in accordance with the Company's policy and terms of employment contract. These advances are secured against gratuity, are interest free and adjustable against salary / expense claims. Advances to staff do not include any amount due from Chief Executive (2011: Rs. Nil). However it includes an amount due from an ex-executive director of the Company, amounting to Rs. 3,243,420 (2011: Rs. 3,904,076). The said advance is secured against the gratuity and is adjustable through final settlement.

	Note	2012 Rupees	2011 Rupees
12 Other receivables			
Advance for purchase of shares		-	6,079,322
Rent receivable		-	1,187,652
		-	7,266,974
		-	7,266,974

13 Investments at fair value through profit or loss

These investments are 'held for trading'

Carrying value as at 30 June:

Related parties		69,619,701	114,250,907
Others		23,128,610	21,333,214
		92,748,311	135,584,121
Unrealized loss on remeasurement of investment		(4,526,337)	(39,404,303)
		88,221,974	96,179,818
		88,221,974	96,179,818

Fair value of short term investments at 30 June comprises of:

Related parties	13.1	71,367,017	69,620,643
Others	13.2	16,854,957	26,559,175
		88,221,974	96,179,818
		88,221,974	96,179,818

	Note	Shares		Fair value		Percentage of holding	
		2012 Number	2011 Number	2012 Rupees	2011 Rupees	2012 %	2011 %
13.1 Held for trading - related parties							
Telecommunication							
Worldcall Telecom Limited	13.1.1	4,221,207	4,221,207	8,653,474	8,906,747	0.49%	0.49%
Real estate investment and services							
Pace (Pakistan) Limited	13.1.2	24,633,668	24,633,668	50,252,683	53,701,396	10.58%	10.58%
Mutual Funds							
First Capital Mutual Fund Limited		2,806,500	2,805,000	12,460,860	7,012,500	9.35%	9.35%
				<u>71,367,017</u>	<u>69,620,643</u>		
13.1.1		This includes 2,972,308 (2011: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). Refer to note 28.3.					
13.1.2		The shares having market value amounting to Rs. 6,874,800 (2011: Rs. 7,346,600) and Rs. 34,939,284 (2011: Rs. 30,361,078) have been pledged against running finance facility of the Company and First Capital Equities Limited (subsidiary company) respectively.					
13.2 Held for trading - others							
Insurance							
Shaheen Insurance Company Limited		1,872,773	2,124,734	16,854,957	26,559,175	6.24%	8.50%
				<u>16,854,957</u>	<u>26,559,175</u>		
13.3		All shares are ordinary fully paid-up shares, having a face value of Rs. 10 per share.					

	Note	2012 Rupees	2011 Rupees
14 Cash and bank balances			
Cash in hand		5,497	9,701
Cash at bank			
- current accounts	14.1	5,605	929,773
- deposit accounts	14.2	9,869,857	49,927,972
		9,875,462	50,857,745
Investments in Term Deposit Receipts (TDR's)	14.3	9,000,000	20,000,000
		18,880,959	70,867,446

14.1 This includes Sri Lankan Rupees amounting to LKR. Nil (2011: LKR. 1,004,630).

14.2 The deposit accounts carry mark-up at rates ranging from 5% to 9.75% (2011: 5% to 10.5%) per annum.

14.3 These represent "Term Deposit Receipts (TDRs)" placed with KASB Bank Limited on roll-over basis having a maturity period of 2.5 months. These carry mark-up at the rate of 11.5% (2011: 11.5%) per annum.

	Note	2012 Rupees	2011 Rupees
15 Trade and other payables			
Creditors		3,116,777	1,051,530
Accrued liabilities		2,554,059	2,729,154
Advance for sale of property		5,716,352	5,716,352
Security deposit from Pace shopkeepers		1,796,960	2,117,750
Payable against purchase of investment property	15.1	6,681,123	98,281,199
Final settlements payable	15.2	10,572,841	4,060,946
Unclaimed dividend		1,858,918	1,858,918
Withholding tax		34,996	52,501
Other liabilities		2,219,635	2,602,268
		34,551,661	118,470,618

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

15.2 This includes Rs. 5,336,636 payable to employees in respect of gratuity.

	Note	2012 Rupees	2011 Rupees
16 Short term borrowings			
<i>From banking companies - Secured</i>			
Running finance facility	16.1	51,855,970	51,861,622

16.1 The Company had a running finance facility of Rs. 70.21 million (2011: Rs. 70.21 million) from a commercial bank under mark-up arrangement at the rate of 3 month KIBOR plus 3% per annum (3 month KIBOR plus 3% per annum). The said running finance facility was secured by pledge of listed securities. During the year the said facility expired and at the year end the Company was under negotiations with the Bank for restructuring of the said facility to Term Loan which has been approved subsequent to the year end.

17 Liabilities against assets subject to finance lease

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

	30 June 2012		
	Not later than one year	Later than one year and not later than five years	Total
	R u p e e s		
Minimum lease payments	1,550,387	-	1,550,387
Future finance charge	(225,304)	-	(225,304)
Present value of minimum lease payments	1,325,083	-	1,325,083
	30 June 2011		
	Not later than one year	Later than one year and not later than five years	Total
	R u p e e s		
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

17.1 The lease liability relates to lease of vehicle. During the year the said vehicle was stolen due to which the Company filed an insurance claim, which was being processed by the insurance company as at 30 June 2012.

As per the terms of lease agreement, the termination of lease is solely at the discretion of the lessor. As at 30 June 2012 the lessor has not exercised the right to terminate the lease agreement. However, the lessor is entitled to recover from the Company all the outstanding lease rentals less the amount recovered from the insurance company. Outstanding lease rentals are therefore classified as "current" as at 30 June 2012.

17.2 The present value of minimum lease payments have been discounted at an effective rate of 15.52% (2011: 12.30% to 17.28%) per annum.

18 Deferred liabilities

The actuarial valuation of gratuity scheme has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2012. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation.

	2012	2011
Discount rate	13% per annum	14% per annum
Expected rate of eligible salary increase in future years	12% per annum	13% per annum
Average expected remaining working life time of employees	11 years	12 years

	Note	2012 Rupees	2011 Rupees
18.1 Amount recognised in the balance sheet are as follows:			
Present value of defined benefit obligation	18.3	9,341,801	11,552,894
Unrecognised actuarial gains to be recognized in later period	18.7	579,106	95,256
Balance sheet liability at 30 June		9,920,907	11,648,150
18.2 Movement in net obligation			
Net liability at 1 July		11,648,150	12,553,457
Liability transferrable from other sister concerns		405,500	4,747,444
Amount recognized during the year	18.4	3,368,893	3,656,629
Benefit payable transferred to short term liability	15.2	(5,336,636)	(3,845,786)
Benefits payments made by the Company during the year		(165,000)	(5,463,594)
Net liability at 30 June		9,920,907	11,648,150
18.3 Movement in present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at 01 July		11,552,894	12,898,433
Current service cost		1,751,488	2,108,817
Interest cost		1,617,405	1,547,812
Liability transferred from other sister concern		405,500	4,747,444
Benefits payable transferred to short term liability		(5,336,636)	(3,845,786)
Benefit paid during the period		(165,000)	(5,463,594)
Actuarial gain		(483,850)	(440,232)
Present value of defined benefit obligation at 30 June		9,341,801	11,552,894
18.4 Salaries, wages and other benefits include following in respect of retirement benefits			
Current service cost		1,751,488	2,108,817
Interest cost		1,617,405	1,547,812
Total amount chargeable to profit and loss account		3,368,893	3,656,629

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
18.5 Historical information for gratuity plan					
Present value of defined benefit obligation	9,341,801	11,552,894	12,898,433	13,329,159	10,201,283
Actuarial experience adjustments on plan liability's gains/(losses)	483,850	440,232	1,233,131	320,250	(335,462)

	Note	2012 Rupees	2011 Rupees
18.6 Actuarial losses to be recognized			
Corridor limit			
The limits of corridor at 1 July		10%	10%
- 10% of present value of obligations		<u>1,164,815</u>	<u>1,255,346</u>
Unrecognized net actuarial losses at 1 July	18.7	<u>95,256</u>	<u>(344,976)</u>
Excess		<u>-</u>	<u>910,370</u>
Average expected remaining working lives in years		<u>11</u>	<u>12</u>
18.7 Unrecognized net actuarial gains / (losses)			
Unrecognized net actuarial losses as at start of the period		95,256	(344,976)
Actuarial gain on obligations		<u>483,850</u>	<u>440,232</u>
Unrecognized net actuarial gains at 30 June		<u>579,106</u>	<u>95,256</u>

19 Share capital

19.1 Authorized share capital

	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
	Number of shares			Rupees	Rupees
	320,000,000	320,000,000	Ordinary shares of Rs. 10 each	<u>3,200,000,000</u>	<u>3,200,000,000</u>

19.2 Issued, subscribed and paid-up capital

	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
	38,165,030	38,165,030	Ordinary shares of Rs. 10 each fully paid in cash	381,650,300	381,650,300
	278,445,082	249,662,345	Ordinary shares of Rs. 10 each issued as bonus shares	2,784,450,820	2,496,623,450
	-	28,782,737	Ordinary shares of Rs. 10 each Issued as bonus shares, during the year	-	287,827,370
	<u>278,445,082</u>	<u>278,445,082</u>		<u>2,784,450,820</u>	<u>2,784,450,820</u>
	<u>316,610,112</u>	<u>316,610,112</u>		<u>3,166,101,120</u>	<u>3,166,101,120</u>

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

	<u>2012</u>		<u>2011</u>	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Worldcall Telecom Limited	1.26	3,991,754	1.26	3,991,754

	Note	2012 Rupees	2011 Rupees
20	Operating revenue		
	Money market services	20.1 12,342,139	11,158,423
	Dividend income	20.2 19,289,566	61,412,605
	Financial consultancy services	20.3 4,383,366	250,000
	Investment property rentals	3,675,639	11,138,327
	(Loss) / gain on sale of investments	20.4 (900,604)	6,608,684
	Unrealized loss on remeasurement of 'investments at fair value through profit or loss'	13 (4,526,337)	(39,404,303)
		34,263,769	51,163,736
20.1	Money market services		
	Money market income		
	- local currency	4,907,869	4,815,893
	- foreign currency	7,434,270	6,342,530
		12,342,139	11,158,423
20.2	Dividend income		
	Foreign subsidiary company	19,289,566	60,474,993
	Other listed companies	-	937,612
		19,289,566	61,412,605
20.3	Financial consultancy services		
	<p>During the year, the Company has underwritten the right issue of 44,712,752 shares of Media Times Limited (MTL) at underwriting commission of 0.50% of the value of shares underwritten. Under the said arrangement the Company also earned takeup commission at the rate of 0.5% of the value of shares purchased. The Company purchased 42,954,557 shares under the said agreement.</p>		
		2012	2011
		Rupees	Rupees
20.4	Loss on sale of investments		
	(Loss) / gain on disposal of 'available-for-sale' financial assets	(519,898)	4,008,530
	Net gain on disposal of 'available-for-sale' financial assets reclassified from equity	248,366	-
	Loss on disposal of investments at fair value through profit or loss	(629,072)	2,600,153
		(900,604)	6,608,683
21	Gain / loss on investment property		
	Loss on disposal of investment property	-	(93,659,058)
	Unrealized gain / (loss) on remeasurement of investment property	651,000	(9,114,000)
		651,000	(102,773,058)

		2012 Rupees	2011 Rupees
22	Operating and administrative expenses	Note	
	Salaries, wages and other benefits	22.1	22,151,479
	Rent, rates and taxes		23,847,203
	Postage, telephone and stationary		1,362,463
	Utilities		662,747
	Insurance		888,207
	Printing and stationery		193,747
	Travelling and conveyance		468,810
	Repairs and maintenance		440,928
	Vehicle running expenses		941,719
	Entertainment		1,111,820
	Brokerage commission and capital value tax		518,822
	Service charges on rental income		546,616
	Legal and professional		1,048,703
	Financial services fee		674,581
	Advances written off	22.2	97,851
	Loss due to theft		2,210,370
	Advertisement		8,432,430
	Auditors' remuneration	22.2	1,996,134
	Depreciation	5.1	5,180,803
	Others		800,000
			1,774,410
			-
			1,274,171
			-
			3,720,749
			1,179,000
			891,249
			702,742
			748,386
			<u>40,069,091</u>
			<u>58,179,180</u>

22.1 Salaries, wages and other benefits includes Rs. 3,368,893 (2011: Rs. 3,656,629) and Rs. Nil (2011: Rs. Nil) in respect of gratuity fund contribution by Company and accumulated compensated absences respectively.

22.2 This represents the advance given to Ozer Limited, which has been impaired.

		2012 Rupees	2011 Rupees
22.2	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	100,000	179,000
		<u>1,100,000</u>	<u>1,179,000</u>

23 Other operating income

Income from financial assets

Income on deposit accounts 1,239,197 2,520,992

Income from loan to related parties

Mark-up income 60,285,463 72,830,842

	Note	2012 Rupees	2011 Rupees
Income from non-financial assets			
(Loss) / gain on disposal of property, plant and equipment		234,669	63,500
Tenderable gain received from related party		-	1,092,000
Gain on currency translation		72,097	14,113,140
Miscellaneous income		8,316	34,254
		<u>61,839,742</u>	<u>90,654,728</u>
24 Finance cost			
Mark-up on running finance facility		8,128,670	11,015,704
Finance charges on liabilities against assets subject to finance lease		120,737	19,171
Foreign exchange loss		-	213,778
Bank charges and commission		43,717	64,026
		<u>8,293,124</u>	<u>11,312,679</u>
25 Taxation			
Current tax		<u>2,040,484</u>	<u>6,376,851</u>

25.1 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.

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

Income Tax Return from tax year 2005 to tax year 2011 are filed and are deemed to be assessed.

Deferred tax

25.3 The Company has a deferred tax asset amounting to Rs. 73,821,146 (2011: Rs.88,023,431) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future, the Company has not recognised deferred tax asset in these financial statements.

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

26 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

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

Name of Parties	Nature of relationship	Nature and description of related party transaction	2012		2011	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
Rupees						
First Capital Equities Limited	Subsidiary	Loan given	9,943,590	-	82,465,991	-
		Long term loan matured	-	-	6,500,000	-
		Mark up Income	15,301,972	-	1,841,393	-
		Brokerage commission	11,699	-	156,935	-
		Sale of investment property	-	-	65,888,480	-
		Long term loan receivable	-	104,749,613	-	82,465,991
		Mark up receivable	-	3,839,583	-	-
Media Times Limited	Subsidiary	Long term investment made	447,105,570	-	10,688,000	-
		Long term loan given	2,221,983	-	71,915,411	-
		Long term loan matured	462,002,946	-	22,059,508	-
		Mark up income	44,983,491	-	70,989,449	-
		Purchase of goods/services	20,800	-	171,600	-
		Underwriting commission	4,383,366	-	-	-
		Sale of assets	226,669	-	-	-
		Long term loan receivable	-	4,219,922	-	441,484,905
		Payable against services	-	98,800	-	78,000

Name of Parties	Nature of relationship	Nature and description of related party transaction	2012		2011	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
World Press (Private) Limited	Subsidiary	Purchase of goods / services	718,610	-	838,988	-
Lanka Securities (Private) Limited	Subsidiary	Dividend income	19,289,566	-	60,474,993	-
First Capital Investments Limited	Subsidiary	Sale of assets	-	-	46,491,000	-
Pace Baraka Properties Limited	Associate	Long term investment made	-	-	20,905,610	-
Pace Pakistan Limited	Associate	Paid against property balance	91,600,076	-	-	-
		Service charges	1,924,249	-	8,432,430	-
		Sale of investment property	-	-	10,000,000	-
		Purchase of investment property cancelled	-	-	115,134,500	-
		Payable against purchase of Investment property	-	6,681,123	-	98,281,199

-----Rupees-----

		2012	2011
27	Loss per share - basic		
	Net loss for the year	<i>Rupees</i> <u>(523,534,658)</u>	<u>(36,823,304)</u>
	Weighted average number of ordinary shares		
	Weighted average number of ordinary shares as at 30 June	<i>Numbers</i> <u>316,610,112</u>	<u>316,610,112</u>
	Loss per share - basic	<i>Rupees</i> <u>(1.65)</u>	<u>(0.12)</u>

Earnings per share - diluted

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

28 Contingencies and commitments

28.1 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.

28.2 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.

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

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

National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. The Company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is not payable. The Company has also lodged a counter claim for sums paid to National

Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously.

28.4 During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of World call Communications Limited (now World call Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

28.5 During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited, an associated company. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. As such no provision has been made in the financial statements as the Company is confident of a favourable decision.

	2012	2011
	Rupees	Rupees
28.6 Commitments in respect of capital expenditure	3,130,103	3,130,103

29 Operating segments

The financial statements have been prepared on the basis of a single reporting segment, segment information has been presented in the consolidated financial statements.

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

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	2012 Rupees	2011 Rupees
Long term loans and advances	30.1.2	108,969,535	525,247,706
Interest accrued	30.1.2	3,916,146	1,365,863
Long term deposits		266,850	266,850
Trade debts	30.1.2	1,298,501	1,789,309
Other receivables		-	7,266,974
Bank balances	30.1.2	18,875,462	70,857,745
		<u>133,326,494</u>	<u>606,794,447</u>

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

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.

Long term loans and advances and related accrued interest

The Company has provided loan to its subsidiaries and does not expect to have material loss. These loans carry mark-up at the rate ranging from 14.92% to 17.3% (2011: 16% to 18%). During the year the subsidiaries have paid off loan amounting to rupees 416 million and have intention and ability to pay off the remaining amount.

Trade debts

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

	Note	2012 Rupees	2011 Rupees
Neither past due not impaired		854,422	1,058,787
Past due 1 - 60 days		398,740	671,100
Past due 61 - 120 days		45,338	59,422
	10	<u>1,298,500</u>	<u>1,789,309</u>

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

	Note	2012 Rupees	2011 Rupees
Commercial Banks		1,229,673	1,658,294
Mutual Funds		14,221	7,593
Brokerage house		6,738	6,576
Investments and financial services		44,480	116,846
Leasing companies		3,388	-
		1,298,500	1,789,309

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

Bank balances

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

	Note	2012 Rupees	2011 Rupees
Foreign		-	781,511
Domestic		18,875,462	70,076,234
	14	18,875,462	70,857,745

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

	Rating		Rating agency	2012	2011
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	4,521	144,521
Muslim Commercial Bank Limited	A1+	AA+	PACRA	1,084	3,741
Bank Al Falah Limited	A1+	AA	PACRA	963	915
Allied Bank Limited	A1+	AA	PACRA	67,825	923,487
Faysal Bank Limited	A1+	AA	PACRA	9,472,069	48,965,554
KASB Bank Limited	A3	BBB	PACRA	155	148
KASB Bank Limited	A3	BBB	PACRA	9,000,450	20,003,956
Soneri Bank Limited	A1+	AA-	PACRA	7,962	7,704
Standard Chartered Bank Limited	A1+	AAA	PACRA	135,823	26,208

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 2012 :

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

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

	Carrying Amount Rupees	Contracted cash flow Rupees	Upto one year or less Rupees	One to two years Rupees	More than two years Rupees
<u>Financial Liabilities</u>					
Liabilities against assets subject to finance lease	1,529,000	1,903,962	359,589	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	2,117,750	-	-
Mark-up accrued	2,631,712	2,631,712	2,631,712	-	-
	<u>174,492,952</u>	<u>174,867,914</u>	<u>56,970,673</u>	<u>381,857</u>	<u>787,554</u>

Running finance under mark up arrangement

The Company is in the process of negotiation with bank for restructuring of its running finance facility to term loan. Once restructured the facility shall be payable in 3 year in installments.

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 risks
- interest rate risks
- other price risks

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:

	2012 Rupees	2011 Rupees
Foreign currency bank accounts	-	781,511
Net exposure	-	781,511

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2012	2011	2012	2011
LKR to PKR	-	0.76	-	0.78

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.

	2012 Rupees	2011 Rupees
Effect on profit and loss	-	78,151
	-	78,151

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:

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<i>Financial assets</i>				
Long term loans and advances	14.92 to 17.30	16 to 18	108,969,535	525,217,706
<i>Financial liabilities</i>				
Liabilities against assets subject to finance lease	15.52	12.30 to 17.28	(1,325,083)	(1,529,000)
Short term borrowings	14.91 to 16.54	15.33 to 16.52	(51,855,970)	(51,861,622)
			55,788,482	471,857,084

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 100 basis points in interest rates at the reporting date would have increased / decreased for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	3,214,658	(3,214,658)
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	3,594,487	(3,594,487)

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.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 10.26% during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 5.25% in the KSE 100 Index has been observed.

The table below summarizes the Company’s equity price risk as of 30 June 2012 and 2011 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company’s equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
-----Rupees-----					
2012					
Investments					
Subsidiary companies - available-for-sale	6,740,523,768	10% increase	7,414,576,145	674,052,377	-
		10% decrease	6,066,471,391	(674,052,377)	-
Investments at fair value through profit or loss	88,221,974	10% decrease	97,044,171	-	8,822,197
		10% decrease	79,399,777	-	(8,822,197)
	<u>6,828,745,742</u>				
2011					
Investments					
Subsidiary companies - available-for-sale	10,798,221,154	10% increase	11,878,043,269	1,079,822,115	-
		10% decrease	9,718,399,039	(1,079,822,115)	-
Investments at fair value through profit or loss	96,179,818	10% increase	105,797,800	-	9,617,982
		10% decrease	86,561,836	-	(9,617,982)
	<u>10,894,400,972</u>				

30.3.4 Fair value of financial instruments

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

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees	Rupees	Rupees	Rupees
<u>Financial assets</u>				
Long term investments	7,449,056,273	7,449,056,273	11,517,386,557	11,517,386,557
Investments at fair value through profit or loss	88,221,974	88,221,974	96,179,818	96,179,818
Long term loans and advances	22,283,613	22,283,613	525,247,706	525,247,706
Current maturity of long term loan and advances	86,685,922	86,685,922	-	-
Long term deposits	266,850	266,850	266,850	266,850
Trade debts	1,298,501	1,298,501	1,789,309	1,789,309
Loans and advances	3,368,920	3,368,920	4,357,738	4,357,738
Interest accrued	3,916,146	3,916,146	1,365,863	1,365,863
Other receivables	-	-	7,266,974	7,266,974
Cash and bank balances	18,880,959	18,880,959	70,867,446	70,867,446
	7,673,979,158	7,673,979,158	12,224,728,261	12,224,728,261
<u>Financial liabilities</u>				
Trade and other payables	34,551,661	34,551,661	118,470,618	118,470,618
Mark-up accrued	5,966,552	5,966,552	2,631,712	2,631,712
Short term borrowings	51,855,970	51,855,970	51,861,622	51,861,622
Current portion of liabilities against assets subject to finance lease	1,325,083	1,325,083	359,589	359,589
Liabilities against assets subject to finance lease	-	-	1,169,411	1,169,411
	93,699,266	93,699,266	174,492,952	174,492,952

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the

appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

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

	-----As at 30 June 2012-----			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Equity securities				
Financial assests at fair value through profit or loss	88,221,974	-	-	88,221,974
Available-for-sale financial assets	6,740,523,768	-	-	6,740,523,768
	-----As at 30 June 2011-----			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Equity securities				
Financial assests at fair value through profit or loss	96,179,818	-	-	96,179,818
Available-for-sale financial assets	10,798,221,154	-	-	10,798,221,154

30.3.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company’s operations.

The Company’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

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 2012 and at 30 June 2011 were as follows:

	2012	2011
	Rupees	Rupees
Total debt	59,147,605	54,852,923
Total equity and debt	7,943,423,452	12,408,119,567
Debt-to-equity ratio	0.74%	0.44%

The Increase in the debt-to-equity ratio in 2012 resulted primarily from decrease in equity during the year end whereas no additional borrowings were made during the year.

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

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	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
Managerial remuneration	958,621	-	-	-	9,218,577	12,232,126
Medical	-	-	-	-	305,830	503,698
Utilities	-	-	1,131,613	1,730,708	-	-
Provision for gratuity	184,667	-	-	-	2,580,705	2,775,610
Others	-	-	-	-	853,927	571,360
	1,143,288	-	1,131,613	1,730,708	12,959,039	16,082,794
Number of key executives	1	1	1	1	5	8
Number of non executives directors	-	-	5	6	-	-

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

Executives are employees whose basic salaries exceed Rs. 500,000 in a financial year.

32 Event after Balance Sheet date

As at balance sheet date, the Company was in process of negotiation with the bank for restructuring of its running finance facility. However subsequent to year end, at 17 September 2012, Company entered into a restructuring agreement with the bank hence the running finance facility was converted to term loan. As per revised payment schedule amount of Rs. 7,000,000 is payable upto 30 June 2013 and rest will be payable upto 26 March 2015.

33 Date of authorization for issue

These financial statements were authorized for issue on 06 October 2012 by the Board of Directors of the Company.

34 General

The figures have been rounded off to the nearest Rupee.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2012

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 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended.

Financial statements of subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Media Times Limited, Falcon Commodities (Private) Limited, Trident Construct (Private) Limited and Ever Green Water Valley (Private) Limited were audited by other firms of auditors, who expressed unqualified opinions on these financial statements and whose reports have been furnished to us. The audit report of First Capital Equities Limited, without qualifying audit opinion, has drawn attention to uncertainties associated with the going concern of the company. Financial statements of Lanka Securities (Private) Limited were reviewed under Sri Lanka Auditing Practice Statement by other firm of auditors who expressed qualified conclusion on the basis that the auditors were unable to review the nature and relevance of promotional expenses and foreign travelling incurred amounting to Rs. 1.63 million due to unavailability of sufficient and appropriate audit evidence. Our opinion in so far as it relates to the amounts included in respect of these subsidiary companies, is based solely on the report of such other auditors. Ozer Investments Limited, a foreign subsidiary in Sri Lanka is consolidated on the basis of management accounts. Ozer Investments Limited is not material in relation to the Group.

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

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

In our opinion the consolidated financial statements present fairly the financial position of the Group and its subsidiary companies as at 30 June 2012 and the results of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore:
06 October 2012

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”) is delighted to present the annual audited consolidated financial statements of the Group for the financial year ended June 30, 2012.

Financial Highlights

The Group results for the Financial Year (“FY”) 2012 are summarized below:

	30 June 2012	30 June 2011
	Rupees in million	
Revenue	596	967
Direct cost	582	272
Gross profit	479	930
Operating expenses	1,676	523
Share of loss of associated companies	194	128
Unrealized profit / (loss) on re-measurement of investments	3	(184)
Loss after taxation	754	263
Non-controlling interest	(238)	42
Loss per share (basic & diluted)	(1.63)	(0.96)

Performance of Key Investments

First Capital Equities Limited (“FCEL”)

1HFY12 was a difficult period for equity brokerage industry as trading activities remained a bit squeezed on the Karachi Stock Exchange due to political uncertainty. 2HFY12 appeared to be the revival period for the market, consequently current year brokerage revenue fell to Rs. 80 million from Rs. 107 million last year but FCEL succeeded to en-cash the benefit of resurgence of the market and reduced its losses by about 80 % i.e. Rs.68.3 million in the year under review as compared to Rs.366.23 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs.

Lanka Securities (Private) Limited (“LSL”)

Sri Lankan capital markets remained depressed during the FY12 resulting decrease in revenues by 55%. The profit after tax also showed a steep downfall by 75% from LKR 165 million last year to LKR 41 million. EPS for the year was LKR 2.36 per share versus LKR 9.45 per share in the preceding year.

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

First Capital Investments Limited (“FCIL”)

The Company has posted loss after taxation of Rs. 0.191 million during the FY-12 against net profit of Rs. 4.93 million in the same period last year. Loss per share for the period was recorded at Rs. (0.02) as compared to earnings per share of Rs. 0.48 during the same period last year.

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

Falcon being newly acquired company has reported its revenues at Rs. 2.3 million with a net profit of Rs.0.39 million.

World Press (Pvt.) Limited (“WPL”)

During the year, WPL's revenues decreased from Rs. 96.4 million to Rs. 26.3 million. Operating expenses also decreased by about 50% and finance cost decreased by Rs.2 million. Resultantly WPL posted after-tax loss of Rs. 11.3 million as compared to after tax profit of Rs. 1.8 million in the previous year. Loss per share for the year recorded at Rs.(3.77) as compared to the earnings per share of Rs. 0.60 during the same period last year.

Media Times Limited (“MDTL”)

The company posted a net loss of Rs. 699.33 million versus a net loss of Rs. 163.16 million in the previous year.

The Group obtained control of Media Times Limited on 27th January 2012 by acquiring shares and voting interest in MDTL. As a result, the group interest in MDTL increased from 44.12% (effective interest 37.80%) to 58.10% (effective interest 53.36%).

MDTL retired its loans and paid along with mark-up against subscription money of right shares issued during the period under review. This arrangement helped MDTL to reduce its debts significantly and cut in the financial cost as well.

Trident Construct (Pvt.) Limited (“Trident”)

During the year under review Trident reported revenue of Rs.6.31 million as compared to Rs.217 million during the same period last year. The loss after tax for the year stood at Rs. 63.3 million as compared to profit after tax of Rs. 94.81 million in the previous year.

Evergreen Water Valley (Pvt.) Limited

The company posted a profit after taxation of Rs.64.22million for the FY12 as compared to Rs.105.09million reported in the corresponding period.

Future Outlook

As the group has diversified investments in real estate and financial sectors and both the sectors are showing a little recovery after a recessionary slump and the same trend of resurgence is expected to prevail during FY13 helping the group to capitalize the opportunities. Political tension and general unrest prevailing in the country are the main hurdles affecting the pace of revival even the process is going on positively due the reasons, resolution of Capital Gain Tax issue in the favor of investors, positive signs from the relevant macro indicators and lower rates of markup. All these helped the financial and equity markets and KSE 100 index is trading at an all time high level presently. These indications helped a lot to build the confidence of investors, which will invite investments in the economy to enhance the business activities as well as overall economic situation of the country.

For and on behalf of the Board

Lahore
06 October 2012

Aamna Taseer
Chairman & Chief Executive Officer

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012**

	Note	2012 Rupees	2011 Rupees
Non current assets			
Fixed assets	6	1,610,059,519	553,450,891
Investment property	7	143,592,640	1,280,279,900
Investment in equity-accounted investees	8	588,043,276	1,241,110,290
Long term loans	9	-	441,484,905
Long term deposits and advances	10	18,380,955	11,925,428
Deferred tax assets	11	188,311,908	13,188,619
		<u>2,548,388,298</u>	<u>3,541,440,033</u>
Current assets			
Stock in trade		15,392,364	12,558,624
Trade debts	12	3,054,255,897	3,790,926,316
Loans and advances	13	233,927,141	130,445,259
Prepayments		3,638,150	2,023,570
Interest accrued		621,460	1,681,915
Deposits and other receivables	14	72,365,741	124,776,175
Investments at fair value through profit or loss	15	238,584,992	233,492,065
Placements	16	-	289,900,675
Tax refund due from Government		72,256,063	-
Cash and bank balances	17	329,052,967	602,045,281
		<u>4,020,094,775</u>	<u>5,187,849,880</u>
Assets held for sale			
Investment property	18	1,601,941,000	-
Current liabilities			
Trade and other payables	19	1,094,703,376	1,065,788,773
Mark-up accrued		73,131,087	567,209,790
Short term borrowings	20	274,202,414	1,404,392,592
Current portion of long term finance	24	64,593,820	-
Liability against repurchase agreement	21	48,111,520	143,754,625
Current portion of liabilities against assets subject to finance lease	22	25,472,407	8,014,231
Provision for taxation		-	32,477,261
		<u>1,580,214,624</u>	<u>3,221,637,272</u>
Working capital employed			
		<u>4,041,821,151</u>	<u>1,966,212,608</u>
		<u>6,590,209,449</u>	<u>5,507,652,641</u>
Non-current liabilities			
Deferred liabilities	23	131,414,642	84,401,380
Long term finance	24	3,202,615,242	1,932,217,350
Liabilities against assets subject to finance lease	22	14,247,147	10,180,908
		<u>3,348,277,031</u>	<u>2,026,799,638</u>
Contingencies and commitments			
	25	-	-
Net capital employed			
		<u>3,241,932,418</u>	<u>3,480,853,003</u>
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up share capital	26	3,166,101,120	3,166,101,120
Exchange translation reserve		19,041,956	35,334,564
Reserves capitalised		564,735,308	564,735,308
Retained earnings		(1,491,531,691)	(976,174,561)
Equity attributable to owners of the Company		<u>2,258,346,693</u>	<u>2,789,996,431</u>
Non-controlling interests			
		983,585,725	690,856,572
		<u>3,241,932,418</u>	<u>3,480,853,003</u>

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 Rupees	2011 Rupees
Operating revenue	27	596,359,552	967,181,603
Gain on investment property		465,253,740	235,129,751
		1,061,613,292	1,202,311,354
Direct costs	28	(582,331,877)	(271,841,684)
Gross profit		479,281,415	930,469,670
Unrealized gain / (loss) on remeasurement of Investments			
at fair value through profit or loss	15	3,177,416	(184,255,603)
Operating and administrative expenses	29	(1,676,678,188)	(522,822,765)
Other income	30	1,099,017,790	186,005,727
		(95,201,567)	409,397,029
Finance cost	31	(369,219,783)	(453,201,610)
		(464,421,350)	(43,804,581)
Share of loss of equity-accounted investee (net of tax)	8	(193,718,338)	(128,348,197)
Loss before taxation		(658,139,688)	(172,152,778)
Taxation	32	(96,189,361)	(91,090,088)
Loss after taxation		(754,329,049)	(263,242,866)
Loss per share - basic and diluted	33	(1.63)	(0.96)
Loss attributable to:			
- Owners of the Company		(515,357,130)	(305,004,112)
- Non-controlling interest		(238,971,919)	41,761,246
Loss for the year		(754,329,049)	(263,242,866)

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 Rupees	2011 Rupees
Loss after taxation	(754,329,049)	(263,242,866)
Other comprehensive income for the year		
Foreign currency translation differences - foreign operations recognised as :		
- Currency translation reserve	(16,292,608)	6,402,690
- Non-controlling interest	(15,842,843)	6,186,422
Other comprehensive loss for the year	(32,135,451)	12,589,112
Total comprehensive loss for the year	(786,464,500)	(238,064,642)
Total comprehensive loss attributable to :		
- Owners of the Company	(531,649,738)	(298,601,422)
- Non-controlling interest	(254,814,762)	47,947,668
	(786,464,500)	(250,653,754)

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

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

	Note	2012 Rupees	2011 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	35	(542,215,263)	238,973,374
Long term deposits and advances		12,005,379	2,560,873
Retirement benefits paid		(37,172,367)	(9,389,611)
Finance costs paid		(872,837,085)	(121,287,981)
Taxes paid		(55,562,824)	(47,456,646)
Net cash (used in) / generated from operating activities		(1,495,782,160)	63,400,009
Cash flows from investing activities			
Fixed capital expenditure		-	(27,142,957)
Proceeds of property and equipment		27,543,533	6,704,037
Short term investments - net		(40,296,413)	6,063,170
Acquisition of subsidiary - net of cash acquired		3,138,005	-
Acquisition of investment property		-	(18,972,014)
Dividend received		-	954,652
Investment in associates		286,245	(35,790,836)
Long term loans		441,484,905	(256,323)
Mark up received		-	104,370,042
Net cash generated from investing activities		432,156,275	35,929,771
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease - net		1,531,826	(14,161,354)
Long term finance		808,285,156	(14,999,999)
Dividend paid to non-controlling interest		(18,533,113)	(58,103,424)
Net cash generated from / (used in) financing activities		791,283,869	(87,264,777)
Net decrease / increase in cash and cash equivalents		(272,342,016)	12,065,003
Cash and cash equivalents at the beginning of the year		602,045,281	590,197,011
Exchange loss on translation of deposit account		-	(216,733)
Cash and cash equivalents at the end of the year	36	329,703,265	602,045,281

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

Attributable to owners of the Company

	Rupees					
	Share capital	Translation reserve	Reserve capitalised	Retained earnings	Non-controlling interests	Total equity
Balance at 30 June 2010	2,878,273,750	28,931,874	564,735,308	(383,343,079)	3,088,597,853	3,789,610,181
Total comprehensive loss for the year						
Loss for the year	-	-	-	(305,004,112)	41,761,246	(263,242,866)
Total other comprehensive income	-	6,402,690	-	-	6,186,422	12,589,112
Total comprehensive loss for the year	-	6,402,690	-	(305,004,112)	47,947,668	(250,653,754)
Transaction with owners of the Company, recognised directly in equity						
Dividends paid during the year	287,827,370	-	-	(287,827,370)	(58,103,424)	(58,103,424)
Issuance of bonus shares	287,827,370	-	-	(287,827,370)	(58,103,424)	(58,103,424)
Balance at 30 June 2011	3,166,101,120	35,334,564	564,735,308	(976,174,561)	2,789,996,431	3,480,853,003
Balance at 01 July 2011	3,166,101,120	35,334,564	564,735,308	(976,174,561)	2,789,996,431	3,480,853,003
Total comprehensive loss for the year						
Loss for the year	-	-	-	(515,357,130)	(238,971,919)	(754,329,049)
Total other comprehensive income	-	(16,292,608)	-	-	(15,842,843)	(32,135,451)
Total comprehensive loss for the year	-	(16,292,608)	-	(515,357,130)	(254,814,762)	(786,464,500)
Transaction with owners of the Company, recognised directly in equity						
Dividends paid during the year	-	-	-	-	(18,533,113)	(18,533,113)
Total contributions by and distributions to owners of the Company	3,166,101,120	19,041,956	564,735,308	(1,491,531,691)	417,508,697	2,675,855,390
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary with non-controlling interests	-	-	-	-	566,077,028	566,077,028
Balance at 30 June 2012	<u>3,166,101,120</u>	<u>19,041,956</u>	<u>564,735,308</u>	<u>(1,491,531,691)</u>	<u>983,585,725</u>	<u>3,241,932,418</u>

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

**Lahore:
06 October 2012**

Chairman & Chief Executive Officer

Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

The Group consists of the following subsidiaries

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2012	2011
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
Media Times Limited (MTL)	Pakistan	Publications of daily English and Urdu news papers, and engaged in production, promotion, advertisement distribution and broadcasting of television programmes. The Group acquired controlling interest in the Company during the year. For details refer to note no 2.2	53.39	37.86
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 (TCL)	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	51.00	51.00

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2012	2011
Ever Green Water Valley (Private) Limited (wholly owned subsidiary of Trident Construct (Private) Limited)	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities.	51.00	51.00
Falcon Commodities (Private) Limited	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00
Ozer Investments Limited	Sri Lanka	The Company has not yet started its commercial activity however main objectives are providing financial advisory services, portfolio management, margin provision, unit trust management, stock brokerage.	100.00	100.00

2 Significant events

2.1 Acquisition of subsidiary

On 27 January 2012 the Group obtained control of Media Times Limited ("The Company"), involved in publications of daily English and Urdu news paper. The Company is also engaged in production, promotion, advertisement distribution and broadcasting of television programmes, by acquiring shares and voting interest in the Company. As a result, the Group interest in Media Times Limited increased from 44.12% (effective interest 37.80%) to 58.10% (effective interest 53.36%).

Taking control of Media Times Limited, will enable the Group to enhance its scope and diversification in the line of electronic as well as print media. The acquisition is expected to provide the Group with an increased goodwill and exposure to the field of media. As per management Media Times Limited is a company which has maximum potential to contribute in the profits of the Group in near future.

During the current year Media Times Limited had a loss of Rs. 699.3 million and 5 month's portion of loss starting from 27 January 2012, amounting to Rs. 261 million is consolidated in group's financials statements.

The following summarises the major classes of consideration transferred, and the recognised amounts of the assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	Rupees
In cash	447,298,570
Settlement of pre-existing relationship	629,327,827
	<u>1,076,626,397</u>

Settlement of pre-existing relationship

Shares of Media Times Limited, already held by the group were 50,771,437. The fair value per share at the acquisition date was Rs. 12.4 per share.

Rupees

Identifiable assets acquired and liabilities assumed

Non-current assets

Property, plant and equipment	1,246,714,711
Intangible assets	152,773,770
Long term deposits	18,460,906
Deferred taxation	248,227,087
	1,666,176,474

Current assets

Inventories	7,507,464
Trade debts	121,678,216
Loans and advances	29,616,412
Deposits and prepayments	6,328,000
Other receivables	16,812,925
Current portion of television program costs	51,670,416
Cash and bank balances	450,436,574
	684,050,007

Current liabilities

Trade and other payables	311,868,658
Interest and mark-up accrued	9,538,599
Short term borrowings	50,000,000
Current maturity of long term liabilities	12,338,352
Liabilities against assets subject to finance lease	7,654,236
	391,399,845

Non-current liabilities

Long term finances	462,112,736
Staff retirement benefits	58,017,335
	520,130,071

Net assets

1,438,696,565

Share of net assets acquired by the Group

767,707,585

The following fair values are determined on a provisional basis.

- The fair value of intangible assets (licenses and goodwill) has been determined at the book value because management considers it appropriate.
- The contingent liability of the Company which are considered material are disclosed in note 25. There was no capital commitment by the Company at the time of acquisition.
- Media Times operations are subject to specific regulations of government and PEMRA. The group has conducted a preliminary assessment of Company's capabilities of meeting the requirements of PEMRA which are directly related to Company's ability to operate as going concern.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts or any additional provision that existed at the acquisition date, then the acquisition accounting will be revised.

The trade receivable comprises gross contractual amounts due amounting to Rs. 156.22 million, out of which Rs. 52.71 million was expected to be uncollectable at the acquisition date.

Goodwill

Group uses proportionate method for calculation of goodwill. Goodwill was recognised as a result of the acquisition as follows:

	<i>Note</i>	Amount Rupees
Total consideration transferred		
Cash consideration		447,298,570
Fair value of pre-existing interest in Media Times Limited		629,327,827
		<u>1,076,626,397</u>
Fair value of identifiable net assets		<u>(767,707,585)</u>
Goodwill		308,918,812
Less: Impairment	6.6	(308,918,812)
Net carrying value		<u><u>-</u></u>

The remeasurement of fair value of the Group's existing effective interest of 37.80% in Media Times Limited resulted in a gain of Rs. 236.15 million (Rs. 629.328 million less Rs. 393.178 million carrying amount of equity accounted investee at the acquisition date) on investments which are classified under equity method.

Acquisition-related cost

The Group incurred acquisition-related cost related to under writing of right issue, external legal fees and due diligence costs. These costs have been recognised in administrative expenses in the Group's consolidated profit and loss account.

The following summarises the effect of changes in the Group's ownership interest in the Company.

	%age
Company's ownership interest at 1 July 2011 (Effective holding: 37.80%)	44.12%
Effect of increase in Company's ownership interest	<u>13.98%</u>
Company's ownership interest at 30 June 2012 (Effective interest: 53.36%)	<u><u>58.10%</u></u>

2.2 During the first half year, due to political instability, volume of trade in equity market remained very low, which resulted in decline in revenues of First Capital Equity Limited (FCEL) the subsidiary company. FCEL's existing borrowing facilities are fully utilized and have overdue payments of Rs. 3.426 billion and Rs. 675.7 million relating to loan repayments and accrued finance cost respectively. Also FCEL has long overdue receivables. FCEL, in order to carry on its business and to meet its current obligations requires generating sufficient cash flows. Accordingly there is material uncertainty relating to FCEL's operations that may cast significant doubt on its ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Continuation of FCEL as a going concern is dependent at improved cash flows. For this purpose the management of FCEL has drawn up plans which include;

- Successful restructuring of borrowing facility, currently overdue, on soft repayment terms.
- Waiver of overdue and future mark up from the financial institutions.
- De-mutualisation of KSE and issuance of shares in place of membership seat which resulted in increase in assets value.
- Continuous increase in the value of investment property.
- Vigorously following the debtors for recovery.

Subsequent to the financial year end, the stock index has been increased from 14,014.92 to 15,444.82. The Company is also relying on continued support from its sponsors through injection of further equity and realization of investment properties if the need arises.

During the year FCEL entered into a revised restructuring agreement in respect of its long term financing of Rs. 1,668 million obtained from a commercial bank. The said restructuring has resulted in elimination of interest expense over the tenure of financing for approximately Rs. 225 million.

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

3 Basis of preparation

3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Parent Company for the year ended 30 June 2012 and the audited financial statements of the Subsidiary Companies for the year ended 30 June 2012. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 8 to these consolidated financial statements.

The accounting policies used by the Subsidiary Companies in preparation of its financial statements are consistent with that of the Parent Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Parent Company.

3.2 Statement of compliance

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

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

3.5 Use of estimates and judgements

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

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

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

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

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

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

During the 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 2012;

- 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 Group.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Group.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, 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.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.
 - o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
 - o IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
 - o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
 - o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
 - o The said improvements have no impact on financial statements of the Group.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Group.

5 Summary of significant accounting policies

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

5.1 Basis of consolidation

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

5.1.1 Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

5.1.2 Acquisition non-controlling interest

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

5.1.3 Subsidiaries

Subsidiaries are those entities in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated

financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

Detail of subsidiaries is given in note 1.

5.1.4 Investments in associates (equity accounted investee)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

5.1.5 Transactions eliminated on consolidation

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

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

5.2 Foreign currency

Foreign currency transactions

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

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

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

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

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to rupees at exchange rates at the dates of the transactions.

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

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

5.3 Fixed assets

Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 6 to the financial statements. Residual value and the useful life of an asset are reviewed at least at each financial year end.

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

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

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

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

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimates of residual value of fixed assets at 30 June 2012 did not require any adjustment.

5.4 Capital Work in Progress

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

5.5 Leases

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

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

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

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

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

5.6 Intangible assets

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

Goodwill

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

Subsequent measurement

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

Subsequent expenditure

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

Amortization

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

Impairment

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

5.7 Impairment

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

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

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

5.8 Long term loans

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

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

5.9 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 5.25.

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

5.10 Investments***Investments at fair value through profit or loss***

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

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

Investments available for sale

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

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

Held-to-maturity financial assets

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

Loans and receivables

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

Fair value

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

5.11 Settlement date accounting

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

5.12 Inventories

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

- Raw materials are valued using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

- Work in process is valued at the cost of material including appropriate conversion cost.
- Finished goods are valued at cost comprising cost of materials and appropriate conversion cost.

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

5.13 Stores, spares and loose tools

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

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

5.14 Trade debts

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

5.15 Cash and cash equivalents

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

5.16 Trade and other payables

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

5.17 Securities purchased and sold under resale/repurchase agreements

Repurchase agreements

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

Reverse repurchase agreements

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

5.18 Mark up bearing borrowings

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

5.19 Provisions

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

5.20 Taxation

Current

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

Deferred

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

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

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

5.21 Staff retirement benefits

Defined benefit plan

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

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

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

5.22 Financial instruments

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

contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is stated in their respective notes.

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

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

5.23 Financial assets and liabilities

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

5.24 Offsetting of financial assets and financial liabilities

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

5.25 Revenue recognition

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

Where the outcome of a construction contract can be estimated reliably, revenue and costs are

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

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

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

5.26 Borrowing costs

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

5.27 Transactions with related parties

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

5.28 Proposed dividend and appropriations to reserves

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

5.29 Segment reporting

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

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

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

	Note	2012 Rupees	2011 Rupees
6 Property, plant and equipment			
Operating fixed assets	6.1	1,228,701,219	324,540,141
Capital work in progress	6.4	185,237,930	185,150,750
		1,413,939,149	509,690,891
Intangible assets and goodwill	6.5	196,120,370	43,760,000
		1,610,059,519	553,450,891

6.1 Operating fixed assets

	R u p e e s															
	Freehold land	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Subtotal	Plant and machinery	Computers	Office equipment	Vehicles	Subtotal	Total
Balance at 1st July 2010	24,237,226	78,246,487	198,109,655	15,348,770	10,274,143	37,885,604	28,083,806	22,957,151	80,210,785	495,535,627	50,626,132	-	-	36,132,007	86,758,139	582,111,766
Additions during the year	-	-	-	2,445,501	-	2,496,846	1,595,866	407,642	15,138,951	22,084,786	-	-	-	7,962,042	7,962,042	30,046,828
Disposals during the year	-	-	(461,510)	-	(1,672,404)	(361,872)	(122,667)	(83,062)	(5,478,060)	(8,179,575)	-	-	-	(6,554,432)	(6,554,432)	(14,734,007)
Transfers during the year	59,853,497	-	-	-	42,126,132	-	-	-	4,080,772	106,060,401	(42,126,132)	-	-	(4,080,772)	(46,206,904)	59,853,497
Adjustments gains during the year	-	-	-	246,150	-	522,250	176,220	130,272	1,075,892	1,075,892	-	-	-	69,092	69,092	1,075,894
Closing at 30 June 2011	84,090,723	78,246,487	197,648,145	18,040,421	50,727,871	40,542,828	29,733,925	23,412,983	93,952,428	616,395,131	8,500,000	-	-	34,148,937	42,648,937	659,044,068
Balance at 1st July 2011	84,090,722	78,246,487	197,648,145	18,040,422	50,727,871	40,542,828	29,733,926	23,412,983	93,952,428	616,395,132	8,500,000	-	-	34,148,937	42,648,937	659,044,069
Acquired through business combination	-	-	-	73,089,962	1,217,652,247	48,094,248	61,893,446	14,502,060	31,361,395	1,446,660,458	77,434,060	272,541	135,688	17,122,298	94,869,587	1,541,630,045
Additions during the year	-	-	-	6,395,134	198,163,937	4,043,386	1,189,263	455,514	1,858,219	212,104,053	-	-	-	21,640,522	21,640,522	233,744,575
Disposals during the year	-	-	-	(571,128)	-	(1,099,852)	(1,270,905)	(796,566)	(23,794,458)	(27,533,009)	-	-	-	(22,499,096)	(22,499,096)	(50,032,105)
Transfers during the year	-	-	-	-	-	-	-	-	10,887,600	10,887,600	-	-	-	(10,887,600)	(10,887,600)	-
Adjustments / (Loss) during the year	-	-	-	(739,977)	-	(1,657,732)	(617,960)	(375,295)	-	(3,330,984)	-	-	-	(2,797,010)	(2,797,010)	(6,187,994)
Closing at 30 June 2012	84,090,722	78,246,487	197,648,145	96,214,493	1,466,554,055	89,923,478	90,927,770	37,258,016	114,263,184	2,255,123,250	85,934,060	272,541	135,688	36,733,051	123,075,340	2,378,198,590
Balance at 1st July 2010	-	4,444,814	115,964,277	5,887,611	2,807,697	33,830,567	12,839,331	8,995,404	56,900,067	241,669,768	4,362,506	-	-	21,570,529	25,933,035	267,602,803
Depreciation for the year	-	3,928,114	39,308,795	1,435,545	3,754,480	3,402,101	2,602,218	1,989,599	10,783,515	67,204,367	637,500	-	-	4,468,386	5,105,886	72,310,253
Depreciation at disposals	-	-	(360,482)	-	-	(393,630)	(480,035)	(31,037)	(1,286,315)	(2,849,160)	-	-	-	(3,885,260)	(3,885,260)	(6,734,420)
Transfer during the year	-	-	-	-	-	-	-	-	2,202,374	6,299,256	(4,086,882)	-	-	(2,202,374)	(6,299,256)	-
Adjustments gains during the year	-	-	-	204,896	-	446,052	86,401	92,019	-	829,368	-	-	-	495,923	495,923	-
Closing at 30 June 2011	-	8,372,928	154,912,590	7,528,652	9,895,398	37,319,090	15,479,915	11,045,985	68,599,641	313,153,599	903,124	-	-	20,447,204	21,560,328	334,503,927
Balance at 1st July 2011	-	8,372,928	154,912,590	7,528,652	9,895,398	37,319,090	15,479,915	11,045,985	68,599,641	313,153,599	903,124	-	-	20,447,204	21,560,328	334,503,927
Acquired through business combination	-	-	-	14,533,853	334,953,836	47,538,457	27,121,401	7,256,232	25,079,651	456,483,410	19,746,077	272,541	51,352	12,276,301	32,346,271	488,829,681
Depreciation for the year	-	3,912,334	28,046,111	3,417,256	64,280,432	3,835,782	5,545,488	2,551,913	11,884,344	123,473,660	4,490,407	-	6,785	7,175,027	11,672,219	135,145,879
Depreciation at disposals	-	-	-	(142,782)	-	(880,632)	(595,206)	(320,540)	(20,314,941)	(22,254,141)	-	-	-	(18,642,833)	(18,642,833)	(40,896,974)
Transfer during the year	-	-	-	-	-	-	-	-	8,857,842	8,857,842	-	-	-	(8,857,842)	(8,857,842)	-
Impairments during the year	-	-	-	12,430,849	204,065,678	117,322	6,523,295	1,647,416	-	224,787,560	10,767,015	-	15,510	-	10,782,525	235,570,085
Adjustments Loss during the year	-	-	-	(653,621)	-	(4,423,637)	(282,909)	(276,612)	-	(2,618,979)	-	-	-	(1,056,248)	(1,056,248)	(3,655,277)
Closing at 30 June 2012	-	12,285,262	182,958,701	37,131,407	613,198,344	86,506,362	53,791,984	21,904,374	94,106,517	1,100,882,951	35,906,623	272,541	73,647	11,361,609	47,614,420	1,149,497,371
Balance at 1st July 2011	-	69,873,559	42,735,555	10,512,369	40,832,473	3,223,738	14,254,010	12,366,318	25,352,787	303,241,532	7,586,876	-	-	13,701,733	21,298,609	328,540,141
Depreciation for the year	-	65,961,225	14,689,444	59,082,986	853,352,711	3,417,116	37,135,786	15,353,642	20,156,667	1,153,240,299	50,027,437	-	62,041	25,371,442	75,400,920	1,228,701,219
Rate of depreciation (%)	-	5%	20%	5% to 10%	7.50%	33% to 50%	10% to 12.50%	10% to 12.5%	20% to 25%	1,153,240,299	50,027,437	-	62,041	25,371,442	75,400,920	1,228,701,219
	-	-	-	-	-	-	-	-	-	-	7.50%	10%	33%	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
Vehicles							
Vehicle	847,000	564,667	282,333	900,000	617,667	Negotiation	Ahmad Ibrahim
Vehicle	881,100	631,455	249,645	263,000	13,355	Negotiation	Arif Habib
Vehicle	621,019	382,962	238,057	700,000	461,943	Negotiation	Saleem Khan
Vehicle	689,000	470,771	218,229	750,000	531,771	Negotiation	Iqbal Aslam
Vehicle	847,000	635,250	211,750	850,000	638,250	Negotiation	Hanzla Saeed
Vehicle	776,100	620,880	155,220	509,804	354,584	Negotiation	Mr. Adial Iqbal Faruqui
Vehicle	776,100	620,880	155,220	654,267	499,047	Negotiation	Mr. Aijaz Ali Khokhar
Vehicle	632,000	479,266	152,734	482,815	330,081	Negotiation	Rehal Abid
Vehicle	632,000	479,266	152,734	543,167	390,433	Negotiation	Mr. Imran Khan Khatak
Vehicle	632,000	479,266	152,734	437,551	284,817	Negotiation	Muhammad Masood
Vehicle	632,000	479,266	152,734	488,849	336,115	Negotiation	Mr. Navaid Aijaz
Vehicle	627,000	512,046	114,954	700,000	585,046	Negotiation	Asgher Khan
Vehicle	311,950	223,565	88,385	263,000	174,615	Negotiation	Fahad Maqbool
Vehicle	427,000	355,805	71,195	263,000	191,805	Negotiation	Mr. Inam Khan
Vehicle	427,000	355,805	71,195	263,000	191,805	Negotiation	Mr. Inam Khan
Vehicle	318,000	254,400	63,600	400,000	336,400	Negotiation	Imtiaz
Vehicle	662,740	563,329	99,411	700,000	600,589	Negotiation	Farhana Saba
Vehicle	424,300	360,656	63,644	450,000	386,356	Negotiation	Ghulam Mustafa
Vehicle	3,393,000	3,393,000	-	310,000	310,000	Negotiation	NewLine
Vehicle	699,500	233,167	466,333	466,333	-	Negotiation	Must Motors
Vehicle	689,750	229,917	459,833	459,833	-	Negotiation	Must Motors
Vehicle	5,356,110	4,630,297	725,813	820,000	94,187	Negotiation	Ch. Aslam Tipu
Vehicle	1,031,935	739,557	292,378	205,000	(87,378)	Negotiation	Asif Pervaiz
Vehicle	1,003,320	785,653	217,667	210,000	(7,667)	Negotiation	Furqan Ahmed
Vehicle	1,635,657	1,444,833	190,824	155,000	(35,824)	Negotiation	Shamshad Haider
Vehicle	1,529,000	254,829	1,274,171	-	(1,274,171)	Theft	Theft
Office Equipment							
Office Equipment	179,582	76,267	103,315	50,500	(52,815)	Negotiation	Mr. Fida Khattak

Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit/(loss)	Mode of sale	Particulars of buyers
-----Rupees-----							
Office Equipment							
Office Equipment	143,960	51,483	92,477	27,500	(64,977)	Negotiation	Mr. Fida Khattak
Office Equipment	78,389	21,557	56,832	40,000	(16,832)	Negotiation	Mr. Fida Khattak
Office Equipment	320,000	128,000	192,000	310,000	118,000	Negotiation	Asif Ahmad
Office Equipment	115,765	56,962	58,803	57,400	(1,403)	Negotiation	Khan Cooling Center
Office Equipment	127,461	29,736	97,725	97,725	-	Negotiation	Malik Ameen
Office Equipment	67,358	15,708	51,650	51,650	-	Negotiation	Naveed Nadir
Office Equipment	157,761	106,984	50,777	-	(50,777)	Written Off	Written Off
Office Equipment	571,128	142,782	428,346	415,764	(12,582)	Transferred to Lanka securities	Transferred to Lanka securities
Computers							
Computers	88,682	24,942	63,740	62,471	(1,269)	Transferred to Lanka securities	Transferred to Lanka securities

Assets with book value

below Rs. 50,000

2012	28,351,667	20,835,209	7,516,458	13,357,629	5,841,171
	21,680,438	20,061,765	1,618,673	14,185,904	12,567,231
	50,032,105	40,896,974	9,135,131	27,543,533	18,408,402
2011	59,853,497	6,734,420	53,119,077	48,384,607	4,734,470

6.3 Charge for depreciation has been allocated as follows:

		2012	2011
	<i>Note</i>	Rupees	Rupees
Direct costs	28	71,159,079	45,467,802
Operating expenses	29	63,986,800	26,303,806
		135,145,879	71,771,608

6.4 Capital work in progress

Balance at 01 July		185,150,750	241,339,456
Acquisition during the year		218,045,340	3,664,791
Transferred to operating fixed assets		(217,958,160)	(59,853,497)
Balance at 30 June	6.4.1	185,237,930	185,150,750

6.4.1 This represents advance against purchase of property.

6.5 Intangible assets

	Goodwill	Membership Cards	License Rooms	Software	License fees	Total
-----Rupees-----						
<u>Cost</u>						
Balance at 1 July 2010	-	33,200,000	7,500,000	1,400,000	-	42,100,000
Additions during the period	-	2,500,000	-	-	-	2,500,000
Closing at 30 June 2011	-	35,700,000	7,500,000	1,400,000	-	44,600,000
Balance at 1 July 2011	-	35,700,000	7,500,000	1,400,000	-	44,600,000
Additions during the year	149,729,808	-	-	-	-	149,729,808
Acquisition through business combination	308,268,514	-	-	-	3,043,962	311,312,476
Closing at 30 June 2012	457,998,322	35,700,000	7,500,000	1,400,000	3,043,962	505,642,284
<u>Amortisation and impairment losses</u>						
Balance at 1 July 2010	-	-	-	560,000	-	560,000
Amortisation for the year	-	-	-	280,000	-	280,000
Closing at 30 June 2011	-	-	-	840,000	-	840,000
Balance at 1 July 2011	-	-	-	840,000	-	840,000
Amortisation for the year	-	-	-	280,000	133,400	413,400
Impairment loss charged during the year	308,268,514	-	-	-	-	308,268,514
Closing at 30 June 2012	308,268,514	-	-	1,120,000	133,400	309,521,914
<u>Carrying value</u>						
At 30 June 2011	-	35,700,000	7,500,000	560,000	-	43,760,000
At 30 June 2012	149,729,808	35,700,000	7,500,000	280,000	2,910,562	196,120,370

Rate of Amortisation

20%

6.5.1 The amortization of software and impairment loss of goodwill is charged to operating and administrative expenses.

6.6

Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired at the time of merger of Total Media Limited and Media Times Limited.

6.6.1 Allocation of goodwill to CGUs

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

6.6.2 Key assumptions used in value in use calculations:

The recoverable amounts of the CGU has been determined based on value in use calculations, using cash flow projections based on financial budgets by the management covering eight years period. Cash flows beyond that period have been extrapolated using declining growth rates.

The following post tax rates are used by the Group.

Discount rates	
- Projections	14.21%
- Terminal value	15.15%
Terminal growth rate	6.45%

The calculation of value in use is most sensitive to the following assumptions:

- Projections
- Terminal growth rate used to extrapolate the cash flows beyond the budgeted period.

6.6.3 Annual test for impairment

Goodwill

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

Intangibles

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

	Note	2012 Rupees	2011 Rupees
7 Investment property			
Balance at 01 July		1,280,279,900	486,292,500
Acquisitions		-	892,418,149
Disposal of investment property		-	(333,560,500)
		1,280,279,900	1,045,150,149
Increase in fair value		465,253,740	235,129,751
		1,745,533,640	1,280,279,900
Transfer to assets classified as "held for sale"	18	(1,601,941,000)	-
Balance at 30 June	7.1	143,592,640	1,280,279,900

7.1 Investment property comprises of six commercial properties, out of which three leased to third parties for rental income for a period of 11 months; 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 2012. 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.

	2012 Rupees	2011 Rupees
8 Investment in equity-accounted investees		
<i>Associated companies-Listed</i>		
First Capital Mutual Fund Limited		
6,531,500 (2011: 6,531,500) ordinary shares of Rs. 10 each	45,560,813	39,902,477
Equity held: 21.77% (2011: 21.77 %)		
Share of profit	4,480,775	5,658,336
	50,041,588	45,560,813
Media Times Limited		
Nil (2011: 55,054,366) ordinary shares of Rs. 10 each	547,430,111	600,003,127
Equity held: 0% (2011: 41.05)		
Addition through new purchase - 40,241 shares	409,939	29,826,446
Sale of 1,145,000 shares - 58,500 shares	(763,684)	(14,941,220)
Share of loss for the year	(88,013,935)	(67,458,242)
	459,062,431	547,430,111
Settlement through acquisition	(459,062,431)	-
	-	547,430,111

Note 2011 2010
Rupees Rupees

Associated companies - Unlisted

Pace Super Mall (Private) Limited

11,250 (2011: 4,500) ordinary shares of Rs. 10 each
Equity held: 0.07% (2011: 10%)
Addition through new purchase - 6,750 shares (2011: Nil)

	45,000	45,000
	67,500	-
	112,500	45,000

Pace Barka Properties Limited

54,790,561 (2011: 54,790,561) ordinary shares of Rs10 each
Equity held: 17.95% (2011: 17.95%)
Addition through new purchase - Nil (2011: 2,090,561 shares)
Share of loss for the year

	648,074,366	693,717,047
	-	20,905,610
	(110,185,178)	(66,548,291)
	537,889,188	648,074,366

Total investments

	588,043,276	1,241,110,290
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Share of (loss) / profit of associated companies

	(193,718,338)	(128,348,197)
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8.1 Summary financial information of associates:

	2012			
	Assets	Liabilities	Revenues	Profit/(loss)
	Rupees			
First Capital Mutual Fund Limited	286,226,960	8,427,529	34,023,983	20,580,764
Pace Barka Properties Limited	6,544,491,000	1,252,468,000	33,541,000	(53,130,000)
Pace Super Mall (Private) Limited	184,061,400	22,745,400	-	-
	7,014,779,360	1,283,640,929	67,564,983	(32,549,236)

	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	7,365,584,100	1,454,631,100	119,600,000	(384,487,000)
Pace Super Mall (Private) Limited	177,323,299	176,873,299	-	-
	9,806,048,879	2,435,527,347	540,549,056	(521,660,210)

		Note	2012 Rupees	2011 Rupees
9	Long term loans - unsecured considered good			
	<i><u>Related parties</u></i>			
	Media Times Limited	9.1	-	441,484,905
	9.1			
	This represented loan to subsidiary companies and carried mark-up at the rates ranging from 14.92% to 17.3% (2011: 16% to 18%), subject to the provisions of section 208 of the Companies Ordinance, 1984. The loan was repaid by Media Times Limited before the acquisition by the Group.			
	9.2			
	The maximum aggregate amount of loan outstanding during the year was Rs. 559,537,760 (2011: Rs. 541,010,405).			

		Note	2012 Rupees	2011 Rupees
10	Long term deposits and advances			
	<i><u>Deposits</u></i>			
	Leasing companies		3,770,950	4,067,150
	Stock exchanges		1,860,000	1,860,000
	Central Depository Company		225,000	537,500
	National Clearing Company		3,950,000	1,450,000
	Others		8,575,005	2,100,178
	<i><u>Advances</u></i>			
	National Commodity Exchange Limited		-	2,500,000
			<u>18,380,955</u>	<u>12,514,828</u>
	Current maturity	14	-	(589,400)
			<u>18,380,955</u>	<u>11,925,428</u>

11 Deferred tax asset

This comprises the following:

Deferred tax liability in respect of tax depreciation	(214,832,322)	(3,882,715)
Deferred tax asset in respect of gratuity	149,378	149,378
Deferred tax asset in respect of unused tax losses and tax credits	402,994,852	16,921,956
	<u>188,311,908</u>	<u>13,188,619</u>

11.1 The Parent Company has a deferred tax asset amounting to Rs. 73,821,146 (2011: 88,023,431) 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	2012 Rupees	2011 Rupees
12 Trade debts			
<i>Money market receivables</i>			
Unsecured, considered good		1,291,763	1,782,733
Receivables against purchase of shares by clients:			
Unsecured, considered good		2,300,127,606	2,889,214,137
Unsecured, considered doubtful		1,096,813,205	207,295,693
		3,396,940,811	3,096,509,830
Receivable against professional services rendered - Related Parties, unsecured, considered good	12.1	5,296,607	5,265,810
<i>Others</i>			
Unsecured, considered good		796,324,644	884,479,571
Unsecured, considered doubtful		72,860,270	17,132,546
		869,184,914	901,612,117
		4,272,714,095	4,005,170,490
Less: Provision for doubtful debts	12.2	(1,218,458,198)	(214,244,174)
		3,054,255,897	3,790,926,316
12.1 Receivable against professional services rendered - related parties			
First Capital Mutual Fund Limited		5,296,607	5,008,853
Shaheen Insurance Company Limited		-	256,957
		5,296,607	5,265,810
12.2 Provision for doubtful debts			
Balance as at 01 July		214,244,174	151,041,087
Acquired during the year		47,418,692	-
Charge for the year		957,192,865	74,183,104
Provision written back		(397,533)	(10,980,017)
Balance as at 30 June		1,218,458,198	214,244,174
13 Loans and advances			
<i>Unsecured, considered good</i>			
Advances to suppliers		204,799,745	110,453,667
Advances to employees for expenses:			
Executives		5,605,536	8,509,599
Others	13.1	12,279,852	11,481,993
		17,885,388	19,991,592
Stock exchanges		11,242,008	-
		233,927,141	130,445,259

13.1 Advances given to staff for expenses are in accordance with the Group's policy and terms of employment contract. These advances are secured against gratuity, are interest free and adjustable against salary / expense claims. Advances to staff do not include any amount due from Chief Executive (2011: Rs. Nil). However it includes an amount due from an ex-executive director of the Company, amounting to Rs. 3,243,420 (2011: Rs. 3,904,076). The said advance is secured against the gratuity and is adjustable through final settlement.

	Note	2012 Rupees	2011 Rupees
14 Deposits and other receivables			
Due from construction contracts customers		23,816,589	61,869,429
Deposits against leased assets	10	-	589,400
Accrued brokerage commission		178,656	219,704
Advance Income Tax		-	6,677,426
Rent receivable		-	2,079,018
Advance cost incurred on unbilled contracts		3,641,400	2,854,321
Others receivables		44,678,797	50,486,877
Advance to employees		50,299	-
		72,365,741	124,776,175
15 Investments at fair value through profit or loss			
<i><u>These investments are 'held for trading'</u></i>			
Carrying value as at 30 June:			
- Related parties		101,480,420	325,324,891
- Others		133,927,156	92,422,777
		235,407,576	417,747,668
Unrealized gain / (loss) on remeasurement of investment		3,177,416	(184,255,603)
		238,584,992	233,492,065
Fair value of short term investments at 30 June comprises of:			
- Related parties	15.1	97,250,009	141,345,801
- Others	15.2	141,334,983	92,146,264
		238,584,992	233,492,065

	Note	Shares		Fair value		Percentage holding	
		2012	2011	2012	2011	2012	2011
		Number	Number	Rupees	Rupees	%	%
15.1	Held for trading - related parties						
	<u>Telecommunication</u>						
	Worldcall Telecom Limited	4,221,207	4,221,207	8,653,474	8,906,747	0.49%	0.49%
	<u>Real estate investment and services</u>						
	Pace (Pakistan) Limited	28,253,776	28,253,776	57,637,703	61,593,231	10.13%	10.13%
	<u>Mutual Funds</u>						
	First Capital Mutual Fund Limited	6,972,710	6,971,210	30,958,832	17,428,025	19.92%	19.92%
	<u>Technology And Communication</u>						
	Media Times Limited	-	3,087,734	-	53,417,798	0.17%	0.17%
				97,250,009	141,345,801		

15.1.1 This includes 2,972,308 (2011: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). Refer to note 25.3

15.1.2 The shares having market value amounting to Rs. 6,874,800 (2011: Rs. 7,346,600) and Rs. 34,939,284 (2011: Rs. 30,361,078) have been pledged against running finance facility of the Parent Company and First Capital Equities Limited (subsidiary company) respectively.

	Shares		Fair value		Percentage of holding	
	2012 Number	2011 Number	2012 Rupees	2011 Rupees	2012 %	2011 %
15.2 Held for trading - others						
<u>Insurance</u>						
Shaheen Insurance Company Limited	3,709,021	4,799,810	33,381,189	59,997,625	14.84%	19.20%
PICIC Insurance Limited	32,000	32,000	167,040	424,320	0.09%	0.09%
<u>Commercial Bank</u>						
Bankislami Pakistan Limited	2,026,055	2,026,055	21,678,789	6,888,587	0.38%	0.38%
<u>Investment Bank</u>						
Arif Habib Limited	11,040	11,040	378,230	217,157	0.02%	0.02%
<u>Sugar</u>						
Haseeb Waqas Sugar Mills Limited	529,000	529,000	4,522,950	6,125,820	1.51%	1.51%
<u>Cement</u>						
Pioneer Cement Limited	11,031	11,031	101,485	60,781	0.005%	0.005%
Javedan Cement Limited	300,000	300,000	25,530,000	18,411,000	0.52%	0.52%
<u>Miscellaneous</u>						
Sui Southern Gas Pipelines Limited	2,850,000	-	55,575,000	-	0.34%	-
Pakistan Services Limited	2	1	300	143	-	-
Transmission Engineering Industries Limited	-	14,986	-	20,831	-	0.13%
			141,334,983	92,146,264		

	Note	2012 Rupees	2011 Rupees
16	Placements - secured, considered good		
	Placement on account of resale of quoted shares	16.1 <u>-</u>	<u>289,900,675</u>

16.1 These had been placed for a period ranging from ninety days to ninety two days (2011: ninety days to ninety two days) and carried mark up at rates ranging from 16.5 % to 20 % per annum (2011: 16.5 % to 20 % per annum). The said placements were matured during the year.

	Note	2012 Rupees	2011 Rupees
17	Cash and bank balances		
	Cash in hand	118,685	76,037
	Cash at bank		
	- Current accounts - local and foreign currency	17.1 299,948,117	509,046,311
	- Saving accounts - local and foreign currency	17.1 28,986,165	92,922,933
		<u>328,934,282</u>	<u>601,969,244</u>
		<u>329,052,967</u>	<u>602,045,281</u>

17.1 The saving accounts carry mark-up at rates ranging from 2% to 10% (2011: 2% to 11.5%) per annum.

	Note	2012 Rupees	2011 Rupees
18	Non-current assets held for sale		
	<i>Investment property</i>		
	Opening balance	-	892,418,149
	Transfer during the year	7 <u>1,601,941,000</u>	<u>(892,418,149)</u>
		<u>1,601,941,000</u>	<u>-</u>

19	Trade and other payables		
	Payable against sale of shares on behalf of :		
	- Members	140,959,057	200,681,161
	- Clients	199,113,087	143,851,885
		340,072,144	344,533,046
	Trade creditors	153,615,279	30,025,944
	Accrued liabilities	218,370,127	86,207,973
	Advances from customers	612,758	436,455,335
	Bills Payable	260,691,889	1,051,530
	Payable against purchase of property	19.1 <u>6,681,123</u>	<u>98,281,199</u>
	Sales tax	5,575,175	366,361
	Retention money	694,222	693,539
	Excise duty payable	73,623	91,285
	Security deposit of shopkeepers	1,796,960	2,117,750
	Unclaimed dividend	1,858,918	1,858,918
	Withholding tax	48,106,139	17,163,451
	Other liabilities	56,555,019	46,942,442
		<u>1,094,703,376</u>	<u>1,065,788,773</u>

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

	Note	2012 Rupees	2011 Rupees
20 Short term borrowings			
From banking companies - Secured	20.1	<u>274,202,414</u>	<u>1,404,392,592</u>

20.1 These facilities are obtained from various commercial banks under mark-up arrangements amounting to Rs 295.21 million (2011: Rs 1,583 million). These facilities carry mark-up at the rates ranging from 3 months KIBOR plus 3.5% to 4 % (2011: 3 to 6 months KIBOR plus 3% to 5 %) per annum. These are secured against pledge of quoted equity securities. However, it is also secured by way of exclusive charge on present and future current and fixed assets of the Media Times Limited.

20.2 The Parent Company had a running finance facility of Rs. 70.21 million (2011: Rs. 70.21 million) from a commercial bank under mark-up arrangement at the rate of 3 months KIBOR plus 3% per annum (3 month KIBOR plus 3% per annum). The said running finance facility was secured by pledge of listed securities. During the year the said facility expired and at the year end the Company was under negotiations with the Bank for restructuring of the said facility to Term Loan which has been approved subsequent to the year end.

	Note	2012 Rupees	2011 Rupees
21 Liability against repurchase agreement			
<u>Secured</u>			
Payable to financial institution	21.1	<u>48,111,520</u>	<u>143,754,625</u>

21.1 This represents the amount payable under repurchase agreements against the securities. The effective interest rate is 19 % per annum (2011: 19 % per annum) for a period of ninety days (2011: thirty days to ninety days).

22 Liabilities against assets subject to finance lease

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

	2012		
	Not later than one year	Later than one year and not later than five years	Total
	Rupees		
Minimum lease payments	31,326,899	17,077,897	48,404,796
Future finance charges	<u>(5,854,492)</u>	<u>(2,830,750)</u>	<u>(8,685,242)</u>
Present value of minimum lease payments	<u>25,472,407</u>	<u>14,247,147</u>	<u>39,719,554</u>
	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	<u>(2,198,400)</u>	<u>(1,458,604)</u>	<u>(3,657,004)</u>
Present value of minimum lease payments	<u>8,014,231</u>	<u>10,180,908</u>	<u>18,195,139</u>

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 16.93% to 18.93% (2011: 12.00% to 18.78%) per annum.

23 Deferred liabilities

The actuarial valuation of gratuity scheme has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2012. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation.

	Note	2012 Rupees	2011 Rupees
Net liability at the beginning of the year		84,401,380	72,341,571
Amount recognized during the year	23.1	26,168,293	23,231,478
Subsidiary acquired during there year		58,017,335	-
Liability transferable from other sister concerns		-	4,747,444
Liability transferred to sister concern liabilities		-	269,000
Liability transferred to short term liability		(21,482,852)	(6,798,502)
Benefits paid during the year		(15,689,514)	(9,389,611)
Net liability at the end of the year	23.2	131,414,642	84,401,380

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

Current service cost	15,129,477	11,551,273
Past service cost	180,243	140,050
Interest cost	10,982,487	7,792,760
Actuarial (loss)/gain recognized	(123,914)	3,747,395
Total amount charged to the profit and loss account	26,168,293	23,231,478

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2012. Significant actuarial assumptions are as follows:

	2012	2011
Discount rate	<i>Per annum</i> 10% to 14%	10% to 14%
Expected rate of Eligible Salary increase in future years	<i>Per annum</i> 10% to 13%	10% to 13%
Average expected remaining working life time of employees	<i>Years</i> 4 to 12	4 to 12
	Note	2011 Rupees

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

Present value of defined benefit obligation	105,511,988	60,440,949
Unrecognized actuarial losses	13,069,839	7,505,548
Benefits due but not paid	2,459,222	695,700
	121,041,049	68,642,197
Subsidiary's gratuity obligations - Lanka Securities (Private) Limited	10,373,593	15,759,183
Liability recognized in balance sheet	131,414,642	84,401,380

	Note	2012 Rupees	2011 Rupees
24 Long term finance			
Term finance facility		2,646,872,697	1,932,217,350
Accrued mark up classified as long term		<u>620,336,365</u>	-
		<u>3,267,209,062</u>	<u>1,932,217,350</u>
Current portion		<u>(64,593,820)</u>	-
	24.1	<u><u>3,202,615,242</u></u>	<u><u>1,932,217,350</u></u>

24.1 On 30 May 2012, the management entered into a revised restructuring agreement with its lenders in respect of long term finances. The terms of the revised agreement are as under:

Particulars	New Terms	Old Terms
Tenure	5 years	3.5 Years
Maturity date	31-Dec-16	31-Mar-13
Principal repayments	48 monthly instalments of Rs. 500,000 each starting from 31-Jan-12. One bullet instalment of 50 million at 31-Dec-12. Three bullet instalment of 100 million each at 31st December 2013,2014 and 2015. Four equal instalment of 282 Million at the last date of each quarter of 2016.	Seven Half-yearly unequal instalments ranging from Rs. 152 million to 356 million at the last day of March and September of each year.
Mark-up pricing	Interest free	8%
Mark-up payment	Not applicable	Five Half-yearly unequal instalments ranging from 22 million to 78 million at the last day of March and September of each year.
Security	Pledge of shares already held. Charge over trade receivables. Equitable mortgage of properties	Pledge of shares already held. Charge over trade receivables. Equitable mortgage of properties

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

24.3 The Media Times Limited (MTL) has arranged a finance from First National Bank Modaraba for an amount of Rs. 30 million (2011:Rs 30 million) against security of various equipment ,stores and spares, Plant and Machinery, Vehicles etc. for the period of three years. The mark up is charged at 16.11% per annum based on Timely Payment Profit Rate (TPPR) payable on half yearly basis against security of various equipment, stores and spares, Plant and Machinery, Vehicles etc. for the period of three years.

25 Contingencies and commitments**25.1 Contingencies*****Parent company***

- 25.1.1** Pursuant to the agreement to purchase shares dated 25 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the Parent company, the Parent company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million.

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

- 25.1.2** 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.

- 25.1.3** 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 advice that it was the Parent company's vicarious liability, the Parent company had paid National Accountability Bureau an amount of Rs. 13.8 million and had provided adequate security against the balance amount recovered from the parties involved.

National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Parent company's liability stands reduced by the said amount. The Parent company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Parent company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Parent company has informed National Accountability Bureau that the said amount is not payable. The Parent company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously.

- 25.1.4** During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of World call Communications Limited (now World call Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

25.1.5 During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited, an associated company. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. As such no provision has been made in the financial statements as the Company is confident of a favourable decision.

26.1.6 For contingencies relating to tax matters, refer to note 32.2.

First Capital Equities Limited (FCEL)

25.1.7 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.

25.1.8 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.

25.1.9 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 filed an appeal in Appellate Tribunal SECP against the aforesaid order, which is in process

25.1.10 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.

25.1.11 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.

- 25.1.12** 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.
- 25.1.13** 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. 239,900,022/-. 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.
- 25.1.14** 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 Trial Court has declined to issue injunctive order in this regard against the FCEL. The Learned Appellate Court has also turned down the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trial Court passed in favour of the FCEL.

FCEL has also filed an application for winding up the Universal Equities Limited in Securities and Exchange Commission of Pakistan.

- 25.1.15** 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.
- 25.1.16** An irrevocable guarantee of Rs. 9 million has been given to Karachi Stock Exchange (Guarantee) limited against exposure by a commercial bank on behalf of FCEL. This guarantee is secured against a lien marked on a bank balance of parent company, subsequent to the year end guarantee of Rs. 9 million has been withdrawn and T Bills of amounting of Rs. 8,905,068/- has been given against exposure by Parent Company.
- 25.1.17** A case was filed in the Sindh High Court for the Recovery of Rs. 5,161,670 along further mark up of 20 % from the date of suit till realization against loss on trading of shares from Mr. Nazimuddin Siddique who act as agent of FCEL under brokerage agency agreement. The outstanding balance is against various clients under the agency agreement.
- 25.1.18** FCEL has entered into an arrangement with United bank limited for the rescheduling / restructuring of their financial liabilities. The bank has frozen/waived off their accrued mark-up up to May 29, 2012, amounting to Rs. 326 million and any further mark-up on certain terms and conditions. The main issue

in this restructuring is that if FCEL failed on a single issue, the concession / reliefs shall stand withdrawn. FCEL is very much confident that they will adhere to all the terms and conditions. As the result, FCEL has written back the accrued mark up of Rs. 194.5 million.

Trident Construct (Private) Limited (TCPL)

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

Ever Green Water Valley (Private) Limited

- 25.1.20** Performance Guarantees in form of Insurance Bond amounting to Rs. 70 Million from Shaheen Insurance Co. Limited have been given by Evergreen in favour of Public Health Engineering Department, Govt. of Sindh and Govt. of Baluchistan as Performance Security in CDWA Project. (June 2011 : Rs. 239.40 Million).
- 25.1.21** Bank Guarantees of Rs. 62 Million against Mobilization Advance have been issued by Albaraka Islamic Bank in favour of Public Health Engineering Department, Govt. of Sindh and Govt. of Baluchistan against Mobilization Advance received.

Media Times Limited (MTL)

- 25.1.22** In the year 2010 the Assistant Commissioner of Inland Revenue Lahore passed an order against MTL for alleged short payment of Rs. 6.87 million under section 11(2) & 36(1) of Sales Tax Act 1990 and imposed a penalty, equivalent to the amount of original alleged payment. MTL being aggrieved of the order of Assistant Commissioner filed appeal before Commissioner Inland Revenue Appeals-III Lahore. The Commissioner Appeals Set-a-side the appeal of MTL with directions to the assessing Officer. Subsequently MTL filed appeal in Income Tax Appellate Tribunal Lahore, which is pending for adjudication.
- 25.1.23** Three Petitions are pending before the Chairman Implementation Tribunal Islamabad filed by the ex-employees of Media Times Limited (Daily Aaj Kal) wherein they have claimed payments against their final dues as per 7th Wage Board Award. The cases are now fixed for final arguments and the financial exposures of MTL will be to the extent of payments against their final dues/settlement.
- 25.1.24** Two civil suit of similar nature for rendition of accounts with permanent injunction are pending before the court of Mr. Javed Iqbal Ranjha , Civil Judge Lahore filed by the ex-employees of Media Times Limited (Daily Times) wherein they have claimed settlement of accounts with MTL being the ex-employees of appointed on contract basis. The cases are at initial stage and the proceedings are fixed for filing of written statement by the company. The financial exposure of MTL will be to the extent of payment against their final dues/settlement.
- 25.1.25** Khalid Rasheed Chaudary has filed petition before the court of Mr.Khaleeq-uz-Zaman, Presiding Officer Labour Court No. 2, Lahore filed by the ex-employee of Media Times Limited (Daily Aaj Kal) wherein the petitioner has claimed restoration of his service with back benefits. The case is at initial stage and the proceedings are fixed for filing of written statement by the company. There is likelihood of MTL's success in the case.
- 25.1.26** A suit for defamation is pending before the court of Kr. Abdul Qadir Additional District Judge Islamabad that has been filed by an NGO against publication of an article "An unethical survey of " FATA " dated October 9, 2010 by MTL in its Newspaper Daily Times written by FarhatTaj who is the defendant No. 1 in the suit. The Plaintiff NGO has requested the court for tender of an apology by Defendants and Publication of same with similar manner and prominence and to pay compensatory damage as general damage of Rupees fifty million. The case is at initial stage and we are confident of it success in favour of MTL.

	2012 Rupees	2011 Rupees
25.2 Commitments		
Commitments in respect of:		
Capital Expenditure	3,130,103	3,130,103
Sale of shares	53,190,034	105,139,819
Purchase of shares	53,438,826	107,989,418
	<u>109,758,963</u>	<u>216,259,340</u>

26 Share capital

26.1 Authorized share capital

2012	2011		2012 Rupees	2011 Rupees
Number of shares				
320,000,000	320,000,000	Ordinary shares of Rs. 10 each	<u>3,200,000,000</u>	<u>3,200,000,000</u>

26.2 Issued, subscribed and paid-up capital

38,165,030	38,165,030	Ordinary shares of Rs. 10 each fully paid in cash	381,650,300	381,650,300
278,445,082	249,662,345	Ordinary shares of Rs. 10 each issued as bonus shares	2,784,450,820	2,496,623,450
-	28,782,737	Ordinary shares of Rs. 10 each issued as bonus shares, during the year	-	287,827,370
<u>278,445,082</u>	<u>278,445,082</u>		<u>2,784,450,820</u>	<u>2,784,450,820</u>
<u>316,610,112</u>	<u>316,610,112</u>		<u>3,166,101,120</u>	<u>3,166,101,120</u>

26.3 WorldCall telecom Limited - a related party holds 3,991,754 (2011: 3,991,754) shares with percentage holding of 1.26 percentage in 2012 and 2011.

	Note	2012 Rupees	2011 Rupees
27 Operating revenue			
Financial consultancy fee		4,383,366	250,000
Dividend income		529,000	941,152
Money market income		12,342,139	11,158,423
(Loss) / gain on sale of investments		(153,728)	5,273,994
Loss on sale of investment property		-	(93,659,058)
Investment advisory fee from FCMF		5,296,607	5,008,853
Income from placements		32,890,485	92,927,216
Brokerage income		211,695,078	406,890,819
Rental Income		4,249,491	12,607,193
Revenue from printing		26,321,610	95,583,538
Revenue against construction contracts		145,487,927	430,199,473
Sale of advertisements and newspapers		153,317,577	-
		<u>596,359,552</u>	<u>967,181,603</u>

	Note	2012 Rupees	2011 Rupees
28 Direct costs			
Materials consumed		82,802,241	125,466,354
Salaries and benefits		62,231,309	58,558,225
Folding and binding costs		2,464,384	3,876,908
Electricity consumed		10,186,078	2,522,139
Rent, rates and taxes		6,352,907	6,177,581
Postage and communication		313,609	347,862
Stores and general items consumed		21,543,234	10,181,430
Mess and staff refreshment charges		-	2,950
Travelling expenses		365,367	445,686
Lab testing charges		36,150	107,720
Insurance		390,086	2,524,432
Entertainment		685,526	914,871
Repair and maintenance		1,898,167	4,516,409
Courier charges		761	53,459
Vehicle running and maintenance		2,612,451	2,845,958
Depreciation	6.1	71,159,079	45,467,802
News agencies charges		2,926,985	-
Programming and content		64,340,293	-
Transmission and uplinking		19,656,687	-
Printing charges		8,153,034	-
Amortization		133,400	-
Freight and carriage		1,684,445	-
Impairment loss		214,835,694	-
Others		7,559,990	7,831,898
		<u>582,331,877</u>	<u>271,841,684</u>
29 Operating and administrative expenses			
Salaries, wages and benefits		218,440,181	314,129,956
Stock exchange charges		2,286,003	2,374,217
Rent, rates and taxes		15,966,642	8,231,050
Telephone, fax, etc.		9,905,875	7,068,759
Utilities		7,763,505	5,322,988
Insurance		3,974,081	4,799,468
Printing and stationery		2,558,216	1,465,809
Travelling and conveyance		9,401,839	12,788,809
Repairs and maintenance		7,749,334	6,407,569
Postage, courier etc.		831,330	2,008,160
Vehicle running		7,390,798	5,853,838
News papers and periodicals		536,339	180,023
Entertainment		4,136,646	2,596,839
Brokerage commission and capital value tax		1,181,184	436,404
Service charges on rental income		2,210,370	8,432,430
Legal and professional charges		6,816,925	13,722,416
Financial service fee		800,000	2,500,000
Advertisement		1,319,163	4,131,149
Provision for doubtful debts		955,417,769	74,183,104
Impairment of goodwill		308,268,514	-
Bad debts written off directly		1,775,096	453,732

	Note	2012 Rupees	2011 Rupees
Fees and subscriptions		5,332,226	7,863,021
Auditors' remuneration	29.1	3,570,200	3,447,797
Donations		-	10,000
Depreciation	6.1	63,986,800	26,303,806
Amortization of intangible assets		280,000	280,000
Business development		-	3,291,618
Marketing selling and distribution		12,025,617	-
Impairment loss		20,734,393	-
Loss on disposal of fixed assets		1,274,171	-
Others		744,971	4,539,803
		<u>1,676,678,188</u>	<u>522,822,765</u>

29.1 Auditors' remuneration

	Parent company	Subsidiary companies	2012	2011
-----Rupees-----				
Annual audit	475,000	1,734,000	2,209,000	1,979,040
Consolidated accounts	425,000	-	425,000	425,000
Half yearly review	100,000	272,500	372,500	380,000
Other certifications	-	372,200	372,200	452,200
Out of pocket expenses	100,000	91,500	191,500	211,557
	<u>1,100,000</u>	<u>2,470,200</u>	<u>3,570,200</u>	<u>3,447,797</u>

30 Other income

	Note	2012 Rupees	2011 Rupees
Income from financial assets			
Income on deposit accounts		2,629,393	8,514,514
Income on term deposits		38,484,304	72,926,356
Income from loan to related parties			
Mark-up income		-	70,989,449
Income from other than financial assets			
Bargain purchase gain		-	3,300,041
Take-up commission		-	250,000
Gain on sale of fixed assets		19,682,573	4,734,470
Provision written back		397,533	10,980,017
Exchange gain		72,613	-
Workers' welfare fund - written back		-	14,310,880
Reversal of long outstanding markup	25.1.18	194,585,798	-
Gain on derecognition of financial liability	24.2	580,546,760	-
Settlement of pre-existing relationship with acquiree		236,146,148	-
Others		26,472,668	-
		<u>1,099,017,790</u>	<u>186,005,727</u>

	2012 Rupees	2011 Rupees
31 Finance costs		
Mark-up on long term borrowings	228,994,114	172,560,494
Mark-up on short term borrowings	42,572,285	229,715,799
Cost of Repo transactions	-	44,794,864
Finance charges on assets subject to finance lease	2,325,333	2,706,753
Loss on foreign currency translation	-	216,733
Bank charges and commission	1,223,698	1,309,760
Others	94,104,353	1,897,207
	369,219,783	453,201,610

32 Taxation

Current year	18,790,927	95,683,873
Deferred	77,398,434	(4,593,785)
	96,189,361	91,090,088

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

32.2 The Parent Company's assessments have been finalized up to tax year 2004. All pending issues relating to the previous years have been resolved in favour of the Parent Company, resulting in a refund of Rs 6,677,426.

Return for the tax year 2005 to tax year 2010 were filed and are deemed to be assessed.

	2012	2011
33 Loss per share - basic		
Net loss for the year	<i>Rupees</i> (515,357,130)	(305,004,112)
Weighted average number of ordinary shares as at 30 June	<i>Numbers</i> 316,610,112	316,610,112
Loss per share - basic and diluted	<i>Rupees</i> (1.63)	(0.96)

For the purpose of computing loss 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.

34 Transactions with related parties

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

Name of Parties	Nature of relationship	Nature and description of related party transaction	2012		2011	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
Bank of Ceylon	Associate	Agreement of treasury bills repurchase of treasury bonds	13,285,332	25,000,000	90,042,928	140,606,991
		Share transaction	55,004,301	86,000,000	-	-
		Markup income	200,026,131	-	3,761,595,254	-
		Brokerage Income	9,265,441	-	15,570,543	-
			1,334,290	-	17,640,482	-
Merchant Bank of Sri Lanka	Associate	Share transaction	98,672,778	-	365,292,727	-
		Brokerage Income	653,057	-	2,403,853	-
		CP investment	-	-	38,895,433	-
		Mark up income	-	-	348,057	-
MBSL Savings Bank Limited	Associate	Share transaction	1,417,039	273	59,295,778	-
		Brokerage Income	9,511	-	384,830	-

-----Rupees-----

Name of Parties	Nature of relationship	Nature and description of related party transaction	2012		2011
			Value of transactions made during the year	Closing balance	Value of transactions made during the year
			Rupees		
Merchant Credit of Sri Lanka	Associate	Share transaction	51,255,111	-	168,941,103
		Brokerage Income	339,652	-	1,129,300
MBSL Insurance Company Limited	Associate	Share transaction	128,904,418	1,223,473	-
		Brokerage Income	765,946	-	1,487,627
Pace Pakistan Limited	Associate	Paid against property balance	91,600,076	-	-
		Service charges	1,924,249	-	8,432,430
		Sale of investment property	-	-	10,000,000
		Purchase of investment property cancelled	-	-	115,134,500
		Payable against purchase of Investment property	-	6,681,123	98,281,199
		Contract services rendered	6,314,549	-	171,257,800
		Building rent	10,260,000	-	8,100,000
		Sale of vehicle	340,000	-	1,003,486
		Sale of goods and services	8,909,670	-	15,117,717
		Advance against advertisement	900,000	-	-
First Capital Mutual Fund	Associate	Income from financial consultancy services	5,296,607	-	5,008,853
		Sale of goods and services	15,114,814	-	705,237
World Telecom Limited	Associate	Sale of goods and services	1,170,000	-	9,360,000
		Rent charged	1,908,408	-	2,588,936
		Purchase of goods and services	1,189,060	-	1,579,376

	2012 Rupees	2011 Rupees
35 Cash generated from operations		
Loss before taxation	(658,139,688)	(172,152,778)
Adjustments for:		
Depreciation	63,986,798	71,771,608
Finance cost	369,219,783	453,201,610
(Gain) / loss on remeasurement of short term investments	(3,177,416)	184,255,603
Gain on remeasurement of investment property	(465,253,740)	-
Impairment of goodwill	308,918,812	-
Dividend income	-	(941,152)
Gain on disposal of investments in associates	(236,146,148)	-
Amortization of television programe costs	51,670,416	-
Amortization of intangible assets	280,000	280,000
Loss on currency translation	-	216,733
Gain on disposal of property, plant and equipment	(18,408,401)	(4,734,470)
Exchange translation difference	-	12,148,425
Provision for doubtful debts	955,417,769	74,183,104
Bad debts written off directly	-	453,732
Retirement benefits	26,168,293	28,247,922
Workers welfare fund written back	-	(14,310,880)
Share of profit of equity-accounted investee	193,718,338	128,348,197
Provision for doubtful debts written back	(397,533)	(10,980,017)
Mark up income	41,113,697	(152,430,319)
	1,287,110,668	769,710,096
Profit before working capital changes	628,970,980	597,557,318
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	4,673,724	8,438,983
Trade debts	(96,671,600)	(482,141,536)
Loans and advances	(73,865,470)	(14,453,234)
Short term prepayments	4,713,419	3,183,565
Deposits and other receivables	69,223,359	(12,040,367)
Placements	289,900,675	492,192,488
Tax due from Government	(72,256,063)	-
Increase/(decrease) in:		
Trade and other payables	(282,954,054)	(314,398,776)
Liability against repurchase agreement	(95,643,105)	(45,645,375)
Short term borrowings	(918,307,128)	6,280,308
	(1,171,186,243)	(358,583,944)
	(542,215,263)	238,973,374
36 Cash and cash equivalents		
These are made up as follows:		
Cash in hand	118,685	76,037
Bank balances	328,934,282	601,969,244
	329,052,967	602,045,281

37 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

37.1 Credit risk

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

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

37.1.1 Exposure to credit risk

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

	<i>Note</i>	2012 Rupees	2011 Rupees
Investment in equity-accounted investees	37.1.2	588,043,276	1,241,110,290
Long term loans	37.1.2	-	441,484,905
Long term deposits and advances		18,380,955	11,925,428
Trade debts	37.1.2	3,054,255,897	3,790,926,316
Loans and advances		233,927,141	130,445,259
Prepayments	37.1.2	3,638,150	2,023,570
Interest accrued		621,460	1,681,915
Deposits and other receivables		72,365,741	124,776,175
Investments at fair value through profit or loss		238,584,992	233,492,065
Placements		-	289,900,675
Cash and bank balances		328,934,282	601,969,244
		<u>4,538,751,894</u>	<u>6,869,735,842</u>

37.1.2 Credit quality of financial assets

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

Long term loans and advances and related accrued interest

The Group has provided loan to its subsidiaries and does not expect to have material loss. These loans carry mark-up at the rate ranging from 14.92% to 17.3% (2011: 16% to 18%). During the year the subsidiaries have paid off loan amounting to rupees 416 million and have intention and ability to pay off the remaining amount.

	2012	2011
	Rupees	Rupees
<i>Trade debts</i>		
Trade debts as at balance sheet date are classified as follows:		
Foreign	245,953,654	463,703,512
Domestic	2,808,302,243	3,327,222,804
	<u>3,054,255,897</u>	<u>3,790,926,316</u>

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

	<i>Note</i>	2012	2011
		Rupees	Rupees
Neither past due not impaired		754,135,029	1,812,077,828
Past due 1 - 60 days		2,904,833	255,748,758
Past due 61 - 180 days		505,983,570	228,338,130
Past due 181 - 365 days		144,908,471	665,486,162
More than 1 year		1,646,323,994	829,275,438
	<i>12</i>	<u>3,054,255,897</u>	<u>3,790,926,316</u>

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

	<i>Note</i>	2012	2011
		Rupees	Rupees

Bank balances

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

Foreign		77,494,849	141,895,262
Domestic		251,439,433	460,073,982
	<i>17</i>	<u>328,934,282</u>	<u>601,969,244</u>

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

	Rating			2012	2011
	Short term	Long term	Rating agency	Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	251,265	792,614
Muslim Commercial Bank Limited	A1+	AA+	PACRA	8,176,713	6,913,321
Bank Al Falah Limited	A1+	AA	PACRA	411,295	150,515
Allied Bank Limited	A1+	AA	PACRA	1,233,000	4,585,369
Faysal Bank Limited	A1+	AA	PACRA	9,472,069	48,965,554
KASB Bank Limited	A3	BBB	PACRA	9,781	9,761
KASB Bank Limited	A3	BBB	PACRA	9,000,450	20,003,956
Soneri Bank Limited	A1+	AA-	PACRA	7,962	2,065,282
Standard Chartered Bank Limited	A1+	AAA	PACRA	2,506,107	2,078,189
Habib Metropolitan Bank Limited	A1+	AA	PACRA	1,923,396	1,015,978
NIB Bank Limited	A1+	AA	PACRA	172,311	175,063
Arif Habib Bank Limited	A1+	AA-	PACRA	-	8,920
Bank Al Habib Limited	A1+	AA+	PACRA	68,563	2,571
Summit Bank Limited	A2-	A	ICR-VIS	149,112	33,991
Silk Bank Limited	A2-	A-	ICR-VIS	10,732	7,288
United Bank Limited	A1+	AA+	ICR-VIS	1,643	2,093
Askari Bank Limited	A1+	AA	PACRA	296,486	47,163
Habib Bank Limited	A1+	AAA	ICR-VIS	4,010	4,045

37.1.3 Concentration of credit risk

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

37.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The group is not materially exposed to liquidity risk as substantially all obligations / commitments of the group are short term in nature and are restricted to the extent of available liquidity. In addition, the group has obtained running finance facilities from various banks to meet any deficit, if required to meet the short term liquidity commitments.

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

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

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

	2011				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
	-----R u p e e s-----				
<u>Financial liabilities</u>					
Liabilities against assets subject to finance lease	18,195,139	21,852,143	10,212,632	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	1,502,244,108	-	-
Mark up accrued	567,209,790	567,209,790	567,209,790	-	-
Liability against repurchase agreement	143,754,625	169,630,458	169,630,458	-	-
	3,354,805,081	3,358,462,085	10,212,632	92,678,623	1,851,178,238

37.3 Market risk

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

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

37.3.1 Currency risk

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

	2012 Rupees	2011 Rupees
Foreign debtors	245,953,654	463,703,512
Foreign currency bank accounts	77,494,849	141,895,262
Net exposure	323,448,503	605,598,774

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2012	2011	2012	2011
LKR to PKR	0.74	0.76	0.69	0.78
US\$ to PKR	90.99	85.62	94.00	85.85

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.

	2012 Rupees	2011 Rupees
Effect on profit and loss	7,749,485	14,189,526
	7,749,485	14,189,526

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

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

37.3.2 Interest rate risk

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

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Effective rate		Carrying amount	
	(in Percentage)		(Rupees)	
<i>Financial assets</i>				
Long term loans and advances	14.92 to 17.30	16 to 18	-	441,484,905
<i>Financial liabilities</i>				
Liabilities against assets subject to finance lease	16.93 to 18.93	12 to 18.78	(14,247,147)	(10,180,908)
Short term borrowings	14.92 to 16.54	15.91 to 16.60	(274,202,414)	(1,404,392,592)
Liability against repurchase agreement	19	18 to 19	(48,111,520)	(143,754,625)
Long term finance	8 to 16.54	8 to 16.54	(3,202,615,242)	(1,932,217,350)
			<u>(3,539,176,323)</u>	<u>(3,049,060,570)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	<u>Profit or loss</u>	
	<u>100 pbs Increase</u>	<u>100 pbs Decrease</u>
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	<u>231,830,243</u>	<u>(231,830,243)</u>
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	<u>16,729,230</u>	<u>(16,729,230)</u>

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

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to equity price risk because of investments held by the Group and classified on the Balance Sheet at fair value through profit or loss and available for sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 10.26% during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 5.25% in the KSE 100 Index has been observed.

The table below summarizes the Group's equity price risk as of 30 June 2012 and 2011 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
-----Rupees-----					
2012					
Investments					
Investments at fair value through profit or loss	238,584,992	10% increase	262,443,491	-	23,858,499
		10% decrease	214,726,493	-	(23,858,499)
	<u>238,584,992</u>				
2011					
Investments					
Investments at fair value through profit or loss	233,492,065	10% increase	256,841,272	-	23,349,207
		10% decrease	210,142,858	-	(23,349,207)
	<u>233,492,065</u>				

37.3.4 Fair value of financial instruments

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

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----			
<i>Financial assets</i>				
Investment in equity-accounted investees	588,043,276	588,043,276	1,241,110,290	1,241,110,290
Long term loans	-	-	441,484,905	441,484,905
Long term deposits and advances	18,380,955	18,380,955	11,925,428	11,925,428
Trade debts	3,054,255,897	3,054,255,897	3,790,926,316	3,790,926,316
Loans and advances	233,927,141	233,927,141	130,445,259	130,445,259
Prepayments	3,638,150	3,638,150	2,023,570	2,023,570
Interest accrued	621,460	621,460	1,681,915	1,681,915
Deposits and other receivables	72,365,741	72,365,741	124,776,175	124,776,175
Short term investments	238,584,992	238,584,992	233,492,065	233,492,065
Placements	-	-	289,900,675	289,900,675
Cash and bank balances	328,934,282	328,934,282	601,969,244	601,969,244
	4,538,751,894	4,538,751,894	6,869,735,842	6,869,735,842

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----			
<i>Financial liabilities</i>				
Liabilities against assets subject to finance lease	14,247,147	14,247,147	10,180,908	10,180,908
Long term finance	3,202,615,242	3,202,615,242	1,932,217,350	1,932,217,350
Short term borrowing under markup				
Arrangements-secured	274,202,414	274,202,414	1,404,392,592	1,404,392,592
Trade and other payables	1,094,703,376	1,094,703,376	1,065,788,773	1,065,788,773
Mark up accrued	73,131,087	73,131,087	567,209,790	567,209,790
Liability against repurchase agreement	48,111,520	48,111,520	143,754,625	143,754,625
	4,707,010,786	4,707,010,786	5,123,544,038	5,123,544,038

b) Valuation of financial instruments

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a

fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

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

30 June 2012		Level 1	Level 2	Level 3	Total
Equity securities					
Financial assets at fair value through profit or loss	<i>Rupees</i>	238,584,992	-	-	238,584,992
30 June 2011					
Equity securities					
Financial assets at fair value through profit or loss	<i>Rupees</i>	233,492,065	-	-	233,492,065

37.3.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

37.4 Capital management

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

The Group's objectives when managing capital are:

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

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

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2012 and at 30 June 2011 were as follows:

	2012	2011
	Rupees	Rupees
Total debt	3,629,242,550	3,498,559,706
Total equity and debt	6,871,174,968	6,979,412,709
Debt-to-equity ratio	52.82%	50.13%

The Increase in the debt-to-equity ratio in 2012 resulted primarily from decrease in equity during the year and whereas no additional borrowings were made during the year.

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

38 Remuneration of Chief Executive, Directors 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 Group is as follows:

	Chief Executive		Director		Executives	
	2012	2011	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	6,041,966	6,033,333	16,390,837	7,463,333	20,450,272	36,490,052
Medical	117,319	180,801	17,934	429,725	338,692	1,516,387
Utilities	181,310	536,861	2,769,639	1,821,829	950,767	1,643,702
House rent	725,345	824,000	6,556,637	2,145,334	6,383,772	6,577,321
Provision for gratuity	184,667	-	1,504,978	343,231	4,075,705	2,885,046
Others	141,008	213,716	7,651,000	821,693	1,000,512	1,485,788
	7,391,615	7,788,711	34,891,025	13,025,145	33,199,720	50,598,296
Number of key executives	5	4	19	6	29	31
Number of non executive directors	-	-	11	8	-	-

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.

Executives are employees whose basic salaries exceed Rs. 500,000 in a financial year.

39 Operating segments

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

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

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

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

Type of segments and nature of business

1 Financial services

Business of long and short term investments, money market operations and financial consultancy services.

2 Investment advisory services

Investment advisory services to closed end mutual funds.

3 Construction

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

4 Printing and publishing

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

5 Water sanitation

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

The identification of operating segments was based on the internal organizational and reporting structure, built on the different products and services within the Group. Allocation of the individual organizational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Ordinance, 1984. For the presentation of reportable segments in accordance with IFRS 8, both operating segments with comparable economic features and operating segments not meeting the quantitative thresholds were aggregated with other operating segments.

39.1 Segment analysis and reconciliation

Information regarding the results of each reportable segments is included below. Performance is measured on the base of Profit after tax, as included in internal management reporting that are reviewed by the group executive committee(CODM). Segment profit is used to measure performance and making strategic decisions as such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

39.2 Information about reportable segments

	Financial Services		Investment advisory services		Construction		Press and media		Water sanitation		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External revenues	266,890,035	436,389,739	5,296,607	5,008,853	6,314,549	483,357,712	178,684,983	95,583,538	139,173,378	(53,158,239)	596,359,552	967,181,603
Inter-segment revenues	19,301,265	59,159,522	-	5,343,544	-	-	-	838,988	-	-	19,301,265	65,342,054
Direct cost	(6,545,368)	(7,009,076)	-	-	(6,838,070)	(80,245,456)	(496,463,319)	(81,966,250)	(72,485,120)	(102,620,902)	(582,331,877)	(271,841,684)
Operating expenses	(1,174,452,633)	(464,751,366)	(11,273,363)	(12,087,115)	(58,033,451)	(36,577,089)	(431,883,806)	(9,088,940)	(1,685,233)	(318,255)	(1,677,328,486)	(522,822,765)
Other income/ (expense)	1,070,756,597	179,814,056	525,807	5,578,407	-	-	27,735,386	613,264	-	-	1,099,017,790	186,005,727
Finance cost	(372,337,625)	(449,353,726)	(4,125)	(22,653)	(60,586)	(272,170)	3,965,194	(2,613,772)	(782,642)	(939,289)	(369,219,784)	(453,201,610)
Gain on investment property	465,253,740	235,129,751	-	-	-	-	-	-	-	-	465,253,740	235,129,751
Unrealized gain/(loss) on remeasurement of short term investment	4,013,323	(184,341,779)	(835,907)	86,176	-	-	-	-	-	-	3,177,416	(184,255,603)
Share of loss of equity-accounted investee (net of tax)	(193,718,338)	(128,348,197)	-	-	-	-	-	-	-	-	(193,718,338)	(128,348,197)
Profit/(Loss) before taxation	59,859,731	(382,470,598)	(6,290,981)	(1,436,332)	(58,617,558)	366,262,997	(717,961,562)	2,527,840	64,220,383	(157,096,685)	(658,789,987)	(172,152,778)
Other information												
Segment net assets	3,154,027,525	6,183,918,364	66,224,458	69,405,409	655,929,962	689,557,211	1,139,616,673	97,379,745	502,178,913	447,918,894	5,517,977,531	7,488,179,623
Segment liabilities	4,097,237,218	4,723,254,743	2,124,807	1,404,450	39,059,427	50,460,746	505,808,629	25,398,077	284,261,574	447,918,894	4,928,491,655	5,248,436,910
Depreciation	17,009,109	18,911,530	1,908,105	1,782,042	33,295,984	47,900,720	143,770,303	6,664,802	1,408,666	1,485,673	197,392,167	76,744,767
Amortization	280,000	280,000	-	-	-	-	133,400	-	-	-	413,400	280,000
Capex	17,289,109	19,191,530	1,908,105	1,782,042	33,295,984	47,900,720	143,903,703	6,664,802	1,408,666	1,485,673	197,805,567	77,024,767
	22,233,243	58,788,557	3,975,456	60,036,876	465,610	188,463,296	-	-	64,220,383	158,971	90,894,692	307,447,700

	Note	2012 Rupees	2011 Rupees
39.3 Reconciliation of reportable segment revenues			
Total revenue from reportable segments		615,660,817	1,032,523,657
Elimination of inter segment revenue		(19,301,265)	(65,342,054)
Consolidated revenues		596,359,552	967,181,603
Assets			
Total Assets of reportable segments		5,902,977,531	7,488,179,623
Equity accounted investees		588,043,276	1,241,110,290
Consolidated total assets		6,491,020,807	8,729,289,913

39.4 Geographical information

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

		2012 Rupees	2011 Rupees
39.4.1 Revenue			
Pakistan		473,886,088	668,990,629
Sri Lanka		122,473,464	298,190,974
Total		596,359,552	967,181,603
39.4.2 Non-current assets			
Pakistan		3,991,428,693	3,526,651,225
Sri Lanka		28,666,082	14,788,808
		4,020,094,775	3,541,440,033

39.5 Revenue on the basis of major products and services

Financial consultancy fee	4,383,366	250,000
Dividend income	529,000	941,152
Money market income	12,342,139	11,158,423
(Loss) / gain on sale of investments	(153,728)	5,273,994
Loss on sale of investment property	-	(93,659,058)
Investment advisory fee from FCMF	5,296,607	5,008,853
Income from placements	32,890,485	92,927,216
Brokerage income	211,695,078	406,890,819
Rental Income	4,249,491	12,607,193
Revenue from printing	26,321,610	95,583,538
Revenue against construction contracts	145,487,927	430,199,473
Sale of advertisements and newspapers	153,317,577	-
	596,359,552	967,181,603

40 Events after the balance sheet date

As at balance sheet date, the Parent Company was in process of negotiation with the bank for restructuring of its running finance facility. However subsequent to year end, at 17 September 2012, Parent Company entered into a restructuring agreement with the bank, hence the running finance facility was converted to term loan. As per revised payment schedule amount of Rs. 7,000,000 is payable up to 30 June 2013 and rest will be payable up to 26 March 2015.

41 Date of authorization for issue

These financial statements were authorized for issue on 06 October 2012 by the Board of Directors.

42 General

The figures have been rounded off to the nearest Rupee.

Lahore:
06 October 2012

Chairman & Chief Executive Officer

Director

FORM OF PROXY

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

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

I / We _____ of _____
(Name) (Address)

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

Miss _____ of _____
(Name) (Address)

or failing him / her / Mr. / Mrs. / Miss. _____ of _____
(Name) (Address)

[who is also member of the Company vide Registered Folio No. /CDC A/c. No. _____ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at an Annual General Meeting of the Company to be held at the Registered Office of the Company, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., Lahore, on 31 October 2012 at 3:00 p.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2012.

(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.

