





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 2015**

COMPANY'S INFORMATION

Board of Directors	Aamna Taseer (Chairman & Chief Executive Officer) Shehryar Ali Taseer Maheen Taseer Shehrbano Taseer Kanwar Latafat Ali Khan Sulaiman Ahmed Saeed Al-Hoqani Jamal Said Al-Ojaili	Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent
Chief Financial Officer	Saeed Iqbal	
Audit Committee	Shehryar Ali Taseer (Chairman) Maheen Taseer Shehrbano Taseer	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer (Chairman) Aamna Taseer Shehrbano Taseer	
Company Secretary	Sajjad Ahmad	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisers	Mazhar Law Associates Advocates & Solicitors	
Bankers	Allied Bank Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited	
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi.  (021) 111 000 322	
Registered Office/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 22nd Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited (“the Company”) will be held on Saturday, 31 October 2015 at 12:00 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 last Annual General Meeting held on 31 October 2014;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2015 together with the Directors' and Auditors' reports thereon; and
3. To appoint the Auditors of the Company for the year ending 30 June 2016 and to fix their remuneration

By order of the Board

Lahore:
09 October 2015

Sajjad Ahmad
Company Secretary

Notes:

- 1) The Members Register will remain closed from 24 October 2015 to 31 October 2015 (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 2015 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 CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
- 5) Members are requested to notify any change in their registered address immediately.

6) Computerized National Identity Card (CNIC) / National Tax Number (NTN)

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)2012 dated 5 July 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs of NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Independent Share Registrar, THK Associates (Pvt.) Limited without any further delay.

7) Availability of Audited Financial Statements on Company's Website

The Company has place the Audited Annual Financial Statements for the year ended 30 June 2015 along with Auditors and Directors Reports thereon on its website: www.pacepakistan.com

8) Transmission of Financial Statements to the Members through E-mail

In pursuance of SECP notification S.R.O. 787 (I) 2014 dated 08 September 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.pacepakistan.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors at First Capital Securities Corporation Limited (“the Company” or “FCSC”), I am pleased to present the annual report of the company for the financial year 2014-15 together with the audited annual financial statements of the year as per the accounting, regulatory and legal standards/requirements.

Operational Results

The Company's results for the Financial Year (“FY”) 2015 are summarized as follows:

	30 June 2015	30 June 2014
	Rupees	Rupees
Revenue	70,213,093	118,572,314
Operating expenses	42,892,671	24,082,202
Impairment loss on available-for-sale investments	7,638,170	124,492,978
Finance and other costs	14,257,720	7,725,257
Profit/(loss) after taxation	15,018,646	(39,484,700)
Earnings/(loss) per share (basic & diluted)	0.05	(0.12)

During the year under review, your company's year end profit after tax was Rs.15.02 million as compared to Rs. (39.48) million during the same period last year. Operating expenses incurred during the year were Rs.42.89 million. Investments available for sale were revalued and the company had to report an impairment loss of Rs.7.64 million in comparison with Rs. 124.49 million last year.

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

FCEL reported revenue of Rs.131.64 in comparison of Rs.172.74 million in the same period last year. It reported after tax loss Rs.234.23 million in the year under review and loss per share remained Rs.1.66 in comparison with Rs.2.07 last year.

Lanka Securities (Private) Limited (“LSL”)

“LSL” has reported after tax profit of LKR.39.19 million as compared to loss of LKR.15.20 last year during the same period. EPS for the year was LKR 2.71 versus LKR (0.96) in the preceding year.

First Capital Investments Limited (“FCIL”)

FCIL has reported an after tax profit of Rs. 5.86 million during the FY-15 against Rs. 39.24 million in the same period last year. EPS for the period was recorded at Rs. 0.38 as compared to Rs. 2.67 during the preceding year.

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

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

World Press (Pvt.) Limited (“WPL”)

During the period under review, WPL reported revenue of Rs. 26.83 million against Rs. 42.78 million in the

corresponding year. Resultantly WPL posted after-tax loss of Rs. 7.66 million as compared to after tax profit of Rs. 0.42 million in the previous year. Loss per share for the year recorded at Rs. (2.56) as compared to the earnings per share of Rs. 0.14 during the same period last year.

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

EGWV reported net revenue of Rs.249.32 million and profit after tax Rs. 12.18 million operating expenses were Rs.7.57 million, in current financial year whereas in last financial year loss after tax was Rs. 180.01 million.

First Construction Limited

First Construction Limited was incorporated on 19 August 2014 and could not commence its commercial operations as of to date.

Future Outlook

We firmly believe that the economy of Pakistan has recovered strongly and would continue to show notable improvements going forward. Oil & commodity prices are believed to be hovering near their bottom and further significant reduction from these levels are not expected. As per the IMF commitments, the Government is also required to rationalize power tariffs of the domestic segment in order to qualify for its upcoming review. Accordingly, any further fall in inflation readings are unlikely therefore CPI figure is expected to adopt flat-rising trend in medium-long term. Simultaneously, we do not expect further easing in the monetary policy stance of the central bank and may see flat policy rate during FY16.

Key Financial Indicators

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

Payouts for the Shareholders

Keeping in view the cash flows of the company during the year ended June 30, 2015, board of directors does not recommend any pay out/ dividend for the year.

Earnings per share

Earnings per share (basic and diluted) for the year ended June 30, 2015 was Rs. 0.05 as compared to loss per share Rs.(0.12) for the last year.

Changes in the Board of Directors

During the financial year there is no change in the board of Directors.

Delay in Election of Directors

The term of directors was expired on 26th September 2012, the directors have already fixed the number of directors as seven for the next term of three years 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. The Board of Directors will proceed for election as soon as Impediments are removed.

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

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

Directors	Meetings Attended
Aamna Taseer	5
Shehryar Ali Taseer	5
Shehribano Taseer	5
Maheen Taseer	5
Sulaiman Ahmed Saeed Al-Hoqani	-
Jamal Said Al-Ojaili	-
Kanwar Latafat Ali Khan	3

The Directors who could not attend the meeting and request for grant of leave were granted leave by the Board.

The Board of Directors in a meeting held on 07 February 2015 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 of Directors

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

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee. Six 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)	6
Maheen Taseer (Member)	6
Shehrbano Taseer (Member)	6

During the financial year there is no change in the audit committee members.

Human Resource and Remuneration (HR&R) Committee

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

HR&R Committee Member

Shehryar Ali Taseer (Chairman)
Aamna Taseer
Shehrbano Taseer

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and being eligible offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment after rotating the partner of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2016.

Pattern of Shareholdings

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

Acknowledgement

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

For and on behalf of the Board

Lahore
09 October 2015

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 01-07-2014	Purchase	Bonus	Sale	Closing balance as on 30-06-2015
Aamna Taseer (CEO)	2,158,478	124,500	-	-	2,282,978
Maheen Ghani Taseer	973	-	-	-	973
Shehryar Ali Taseer	632	-	-	-	632
Shehrbano Taseer	556	-	-	-	556
Sulieaman Ahmed Said Al-Hoqani	84,879,187	-	-	-	84,879,187
Jamal Said Al-Ojaili	1,850	-	-	-	1,850
Kanwar Latafat Ali Khan	-	695	-	-	695
Spouces	-	-	-	-	-
Minor Children	-	-	-	-	-
Chief Financial Officer					
Saeed Iqbal	770	-	-	-	770
Company Secretary					
Sajjad Ahmad	-	-	-	-	-

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

	2015	2014	2013	2012	2011	2010	2009
Operating revenue	70,213	118,572	(16,740)	34,264	90,568	88,622	(1,352,116)
Operating expenses	42,892	24,082	23,941	40,878	58,179	76,856	77,564
Operatin profit	19,682	(30,002)	(2,598,940)	(575,846)	(109,789)	651,915	(1,429,680)
Other revenue	12,318	1,640	31,288	62,645	90,655	63,419	80,135
Financial Expenses	(14,257)	7,725	45	8,293	11,313	11,639	21,619
Taxation	(2,723)	3,397	363	2,040	6,377	4,471	1,546
Profit after Taxation	15,019	(39,485)	(2,568,060)	(523,534)	(36,823)	699,221	(1,372,710)
Bonus Share Interim & Final	-	-	-	-	-	10%	25%

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2015**

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of Shareholders	Shareholdings		Shares Held
	From	To	
366	1	100	12,888
547	101	500	158,744
427	501	1000	326,510
902	1001	5000	2,151,634
333	5001	10000	2,310,887
48	10001	15000	611,252
48	15001	20000	856,676
33	20001	25000	772,205
20	25001	30000	563,781
10	30001	35000	330,858
16	35001	40000	613,112
6	40001	45000	250,953
12	45001	50000	593,381
9	50001	55000	467,982
6	55001	60000	348,425
2	60001	65000	130,000
1	70001	75000	70,868
4	75001	80000	310,279
5	80001	85000	416,333
1	85001	90000	90,000
1	90001	95000	93,884
12	95001	100000	1,197,000
1	105001	110000	110,000
1	110001	115000	111,000
2	115001	120000	236,402
1	125001	130000	130,000
1	130001	135000	131,000
1	135001	140000	140,000
1	140001	145000	145,000
3	145001	150000	450,000
2	155001	160000	319,871
3	160001	165000	486,104
1	165001	170000	169,510
1	170001	175000	175,000
1	180001	185000	180,667
1	190001	195000	194,500
1	195001	200000	200,000
2	200001	205000	407,960
1	220001	225000	225,000
1	225001	230000	226,000

No. of Shareholders	Shareholdings		Shares Held	
	From	To		
2	240001	-	245000	483,155
1	270001	-	275000	275,000
1	290001	-	295000	293,500
1	295001	-	300000	300,000
1	300001	-	305000	303,356
1	315001	-	320000	317,605
2	365001	-	370000	367,484
1	370001	-	375000	747,289
1	475001	-	480000	480,000
1	495001	-	500000	500,000
1	505001	-	510000	508,500
1	525001	-	530000	528,650
1	545001	-	550000	550,000
1	550001	-	555000	554,500
1	650001	-	655000	654,500
1	695001	-	700000	695,750
1	735001	-	740000	735,300
1	795001	-	800000	800,000
1	870001	-	875000	872,000
1	945001	-	950000	946,391
1	960001	-	965000	961,636
1	1090001	-	1095000	1,091,848
1	2045001	-	2050000	2,048,345
1	2145001	-	2150000	2,150,000
1	2280001	-	2285000	2,282,978
1	3135001	-	3140000	3,139,988
1	3520001	-	3525000	3,525,000
1	3600001	-	3605000	3,602,283
1	3985001	-	3990000	3,988,559
1	3990001	-	3995000	3,991,754
1	4995001	-	5000000	4,996,915
1	6945001	-	6950000	6,950,000
1	8270001	-	8275000	8,272,928
1	9995001	-	10000000	10,000,000
1	11305001	-	11310000	11,308,000
1	12515001	-	12520000	12,519,170
1	26060001	-	26065000	26,065,000
1	33770001	-	33775000	33,772,767
1	68430001	-	68435000	68,432,023
1	79880001	-	79885000	79,882,272
2876	68430001		68435000	316,610,112

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2015**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	87,166,871	27.53
Associated Companies, undertakings and related parties.	-	-
NIT and ICP	3,990,059	1.26
Banks, Development Financial Institutions, Non Banking Financial Institutions	13,379,232	4.23
Insurance	8,272,928	2.61
Modarabas and Mutual Funds	322,007	0.10
Share holders holding 10% or more	192,488,325	60.80
General Public		
a) Local	73,848,196	23.32
b) Foreign	597,166	0.19
Others:		
- Joint Stock Companies	27,553,352	8.70
- Foreign Companies	101,480,301	32.05

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

**PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS
AS AT 30 JUNE 2015**

<u>Shareholders' Category</u>	<u>Number of Shares held</u>
Associated Companies, undertaking and related parties	
-	-
Mutual Funds	322,007
Directors, CEO and their Spouse and Minor Children	
Aamna Taseer (CEO/Director)	2,282,978
Shehryar Ali Taseer (Director)	632
Shehrbano Taseer (Director)	556
Maheen Ghani (Director)	973
Sulaiman Ahmad Saeed Al-Hoqani (Director)	84,879,187
Jamal Said Al-Ojaili (Director)	1,850
Kanwar Latafat Ali Khan (Director)	695
Executives	
Public Sector Companies and Corporations	27,553,352
Banks Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pention Funds	21,974,167
Shareholders holding 5% or more voting rights in the Company	
Mr. Salmaan Taseer	35,574,835
Amythest Limited	72,034,306
Sulieman Ahmad Said Al-Hoqani	84,879,187
Sisley Group Company Limited	26,065,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**FIRST CAPITAL SECURITIES CORPORATION LIMITED (“THE COMPANY”)
FOR THE YEAR ENDED 30 JUNE 2015**

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

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

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

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

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

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

- 2) The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an 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) The Board arranged orientation courses/training programs for its directors during the year.
- 10) The Board has approved “appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 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 Non-Executive director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.
- 18) The board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) The Board has in place a mechanism for evaluation of performance of the Board.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with

For and on behalf of the Board

Lahore
09 October 2015

Aamna Taseer
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **First Capital Securities Corporation Limited** (“the Company”) for the year ended 30 June 2015 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 is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the code. A review is limited primarily to the 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 of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

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

	Reference of statement of compliance	Description
i.	Note 1	New election of Board of Directors could not be held on due date due to impediment in holding of election, as acknowledged by SECP vide its order dated 21 December 2012.

Lahore
09 October 2015

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Securities Corporation Limited (“the Company”)** as at 30 June 2015 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 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under Section 7 the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Lahore:
09 October 2015

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

**BALANCE SHEET
AS AT 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
<u>Non-current assets</u>			
Property, plant and equipment	5	210,238,683	228,369,706
Investment property	6	157,279,500	149,635,000
Long term investments	7	4,510,382,331	4,517,820,500
Long term deposits	8	1,122,750	37,500
		4,879,023,264	4,895,862,706
<u>Current assets</u>			
Trade debts - unsecured, considered good	9	4,057,642	2,519,394
Loans, advances, prepayments and other receivables	10	55,190,582	50,142,000
Short term investments	11	82,542,456	53,370,023
Tax refunds due from the Government		29,918,250	28,777,220
Cash and bank balances	12	1,628,006	1,979,324
		173,336,936	136,787,961
<u>Current liabilities</u>			
Trade and other payables	13	32,108,775	29,939,462
Mark-up accrued	14	13,766,648	9,085,883
Current portion of long term loan	15	10,946,666	8,871,658
		56,822,089	47,897,003
Working capital employed		116,514,847	88,890,958
		4,995,538,111	4,984,753,664
<u>Non-current liabilities</u>			
Staff retirement benefits payable	16	7,517,955	6,349,016
Long term loan	15	-	5,778,361
		7,517,955	12,127,377
Contingencies and commitments	17		
Net capital employed		4,988,020,156	4,972,626,287
<u>Represented by:</u>			
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up capital	18	3,166,101,120	3,166,101,120
Retained earnings		1,821,919,036	1,806,525,167
		4,988,020,156	4,972,626,287

The annexed notes 1 to 33 form an integral part of these financial statements.

Lahore
09 October 2015

Chief Executive Officer

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
<u>Revenue</u>			
Money market services	19	14,586,925	10,699,047
Dividend income	20	20,500,864	75,840
Financial consultancy services		-	956,300
Investment property rentals		2,160,840	8,129,794
(Loss) / gain on disposal of investments	21	(1,555)	106,829,291
Unrealized gain / (loss) on re-measurement of 'investments at fair value through profit or loss'	11	25,321,519	(8,117,958)
Unrealized gain on re-measurement of investment property	6	7,644,500	-
		70,213,093	118,572,314
<u>Expenses</u>			
Impairment loss on 'available-for-sale' investments	22	(7,638,170)	(124,492,978)
Operating and administrative expenses	23	(42,892,671)	(24,082,202)
Operating profit / (loss)		19,682,252	(30,002,866)
Other income	24	12,317,747	1,640,450
Finance costs	25	(14,257,720)	(7,725,257)
Profit / (loss) before taxation		17,742,279	(36,087,673)
Taxation	26	(2,723,633)	(3,397,027)
Profit / (loss) after taxation		15,018,646	(39,484,700)
Earning / (loss) per share			
- basic and diluted	27	0.05	(0.12)

The annexed notes 1 to 33 form an integral part of these financial statements.

Lahore
09 October 2015

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
Profit / (Loss) after taxation		15,018,646	(39,484,700)
Other comprehensive profit / (loss) for the year			
<u>Items that will never be reclassified to profit or loss account:</u>			
Remeasurement of defined benefit plan	15	375,223	408,421
<u>Items that are or may be reclassified to profit or loss account:</u>			
Net change in fair value of 'available-for-sale' financial assets reclassified to profit and loss account on disposal	21	-	(10,701,584)
Impairment loss recognized on 'available-for-sale' financial assets		-	(12,095,552)
Total comprehensive profit / (loss) for the year		15,393,869	(61,873,415)

The annexed notes 1 to 33 form an integral part of these financial statements.

Lahore
09 October 2015

Chief Executive Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>			
Profit / (Loss) before taxation		17,742,279	(36,087,673)
<i>Adjustments for:</i>			
Finance costs		14,257,720	7,725,257
Dividend income		(20,500,864)	(75,840)
Unrealized (gain) / loss on re-measurement of investments at 'fair value through profit or loss'		(25,321,519)	8,117,958
Impairment loss on 'available-for-sale' investments		7,638,170	124,492,978
Unrealized gain on re-measurement of investment property at 'fair value through profit or loss'		(7,644,500)	-
Depreciation		18,216,523	516,678
Loss on disposal of investment		-	(113,509,607)
Gain on disposal of property, plant and equipment		-	(360,000)
Interest income		(857,357)	(1,263,754)
Provision for staff retirement benefits		1,614,162	1,284,202
		(12,597,665)	26,927,872
Profit / (loss) before working capital changes		5,144,614	(9,159,801)
<u>Changes in working capital</u>			
Trade debts		(1,538,248)	(511,610)
Loans, advances and other receivables		(5,048,582)	12,500
Prepayments		-	5,728
Trade and other payables		2,169,313	(4,731,234)
		(4,417,517)	(5,224,616)
Net cash generated from / (used in) operations		727,097	(14,384,417)
Staff retirement benefits paid		(70,000)	(515,194)
Finance cost paid		(9,576,955)	(6,582,094)
Taxes paid		(3,864,663)	(1,706,081)
		(13,511,618)	(8,803,369)
Net cash used in operating activities		(12,784,521)	(23,187,786)
<u>Cash flows from investing activities</u>			
Dividend received		20,500,864	75,840
Capital expenditure incurred		(85,500)	(61,458)
Proceeds from disposal of property, plant and equipment		-	360,000
Proceeds from disposal of Investment property		-	135,299,600
Proceeds from disposal of long term investments		-	126,064,115
Long term investments - net		(200,001)	(342,039,999)
Short term investments - net		(3,708,949)	120,828,352
Long term deposits		(1,085,250)	-
Interest received		715,392	1,263,754
		16,136,556	41,790,204
Net cash generated from investing activities			
<u>Cash flows from financing activities</u>			
Long term loan repaid		(3,703,353)	(17,739,400)
		(3,703,353)	(17,739,400)
Net cash used in financing activities			
Net (decrease) / increase in cash and cash equivalents		(351,318)	863,018
Cash and cash equivalents at the beginning of the year		1,979,324	1,116,306
Cash and cash equivalents at the end of the year	12	1,628,006	1,979,324

The annexed notes 1 to 33 form an integral part of these financial statements.

Lahore
09 October 2015

Chief Executive Officer

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	<u>Share capital</u>	<u>Capital reserve Fair value reserve</u>	<u>Revenue reserve Retained earnings</u>	<u>Total</u>
----- Rupees -----				
Balance as at 01 July 2013	3,166,101,120	22,797,136	1,845,601,446	5,034,499,702
<u>Total comprehensive loss</u>				
Loss for the year	-	-	(39,484,700)	(39,484,700)
Other comprehensive loss	-	(22,797,136)	408,421	(22,388,715)
Total comprehensive loss for the year	-	(22,797,136)	(39,076,279)	(61,873,415)
Balance as at 30 June 2014	3,166,101,120	-	1,806,525,167	4,972,626,287
<u>Total comprehensive income</u>				
Profit for the year	-	-	15,018,646	15,018,646
Other comprehensive income	-	-	375,223	375,223
Total comprehensive income for the year	-	-	15,393,869	15,393,869
Balance as at 30 June 2015	3,166,101,120	-	1,821,919,036	4,988,020,156

The annexed notes 1 to 33 form an integral part of these financial statements.

Lahore
09 October 2015

Chief Executive Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

1 Reporting entity

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

2 Basis of preparation

2.1 Separate financial statements

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

The Company has following major investments:

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

Subsidiaries

- First Capital Investments Limited, an investment advisory company	77.76%
- 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%
- Ozer Investments Limited, a financial services company	100.00%
- First Capital Equities Limited, research and brokerage house	73.23%
- Evergreen Water Valley (Private) Limited, water purification services	100.00%
- First Construct Limited, construction company	100.00%

Associates

- Pace Barka Properties Limited, a real estate services company	17.95%
- Pace Super Mall, a real estate services company	0.07%
- Media Times Limited, a media company	25.31%

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Use of estimates and judgements

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

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

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

a)	Useful life and residual values of property, plant and equipment	Note 4.1
b)	Impairment	Note 4.4
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 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 2015;

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now

called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

IAS 19 ‘Employee Benefits’. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 ‘Interim Financial Reporting’. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

4 Significant accounting policies

The policies set out below have been consistently applied to all periods presented.

4.1 Property, plant and equipment

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

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

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

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

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

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property, plant and equipment at 30 June 2015 did not require any adjustment.

4.2 Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.3 Ijarah finances

Ijarah finances are classified as an operating lease according to the guidelines provided in International Financial Accounting Standard (IFAS) 2. Leases where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under the operating lease (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.4 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 account. 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.

4.5 Financial instruments

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

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

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

4.6 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.

4.7 Investments

Investment in equity instruments of subsidiaries and associates

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

Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of

generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

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) which are stated at cost less identified impairment with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet date.

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

Held to maturity investments

Investments with a fixed maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date, held-to-maturity investments are stated at amortized cost using the effective interest rate method.

4.8 Loans and receivables

Trade debts

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

4.9 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.

4.10 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.

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

4.13 Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.14 Staff retirement benefits

Defined benefit plan

The Company maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

4.15 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 Functional and presentation currency

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

4.18 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.

4.19 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.

4.20 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using

valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

4.21 Operating segments

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

	Note	2015 Rupees	2014 Rupees
5 Property, plant and equipment			
Property, plant and equipment	5.1	71,578,933	89,709,956
Capital work in progress	5.3	138,659,750	138,659,750
		<u>210,238,683</u>	<u>228,369,706</u>

5.1 Property, plant and equipment

	Owned assets						Total
	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Plant, machinery and equipment	Vehicles	
	----- Rupees -----						
<u>Cost</u>							
Balance at 1 July 2013	470,315	573,664	2,061,090	154,000	-	7,394,480	10,653,549
Additions during the year	-	61,458	-	-	88,250,000	1,000,000	89,311,458
Disposals during the year	-	-	-	-	-	(555,000)	(555,000)
Balance at 30 June 2014	470,315	635,122	2,061,090	154,000	88,250,000	7,839,480	99,410,007
Balance at 1 July 2014	470,315	635,122	2,061,090	154,000	88,250,000	7,839,480	99,410,007
Additions during the year	-	85,500	-	-	-	-	85,500
Disposals during the year	-	-	-	-	-	-	-
Balance at 30 June 2015	470,315	720,622	2,061,090	154,000	88,250,000	7,839,480	99,495,507
<u>Accumulated depreciation</u>							
Balance at 1 July 2013	470,315	549,979	1,821,717	126,053	-	6,770,309	9,738,373
Depreciation for the year	-	30,930	52,992	6,048	145,068	281,640	516,678
Depreciation on disposals	-	-	-	-	-	(555,000)	(555,000)
Balance at 30 June 2014	470,315	580,909	1,874,709	132,101	145,068	6,496,949	9,700,051
Balance at 1 July 2014	470,315	580,909	1,874,709	132,101	145,068	6,496,949	9,700,051
Depreciation for the year	-	32,035	48,444	6,048	17,650,000	479,996	18,216,523
Depreciation on disposals	-	-	-	-	-	-	-
Balance at 30 June 2015	470,315	612,944	1,923,153	138,149	17,795,068	6,976,945	27,916,574
<u>Carrying Value</u>							
At 30 June 2014	-	54,213	186,381	21,899	88,104,932	1,342,531	89,709,956
At 30 June 2015	-	107,678	137,937	15,851	70,454,932	862,535	71,578,933
Rate of depreciation	10%	33%	10%	10%	20%	20%	

Note

5.1.1 Assets with cost amounting to Rs. 8,191,070 (2014 : Rs. 8,153,569) are carried at nil book value.

5.2 Disposal of property, plant and equipment

Year	Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit	Mode of sale	Particulars of buyers
		Rupees						
2015		-	-	-	-	-		
	Vehicle	555,000	555,000	-	360,000	360,000	Negotiation	Mr. Mohiuddin
2014		555,000	555,000	-	360,000	360,000		

5.3 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs.133,634,515 (2014:Rs.133,634,515) and Rs. 5,025,235 (2014: Rs. 5,025,235) respectively. Construction work on the said properties is in progress as at 30 June 2015.

6 Investment property

Balance at 1 July		2015	2014
Disposal during the year		Rupees	Rupees
Change in fair value		149,635,000	284,934,600
Balance at 30 June		-	(135,299,600)
		<u>7,644,500</u>	<u>-</u>
		<u>157,279,500</u>	<u>149,635,000</u>

Note

6.2

6.1 Investment property comprises of three commercial shops at Pace Gujrawala leased to third parties and three at Pace Fortress Lahore.

6.2 The fair value of investment property is determined by approved external, independent property valuer M/S Negotiators, having appropriate recognized professional qualifications and recent experience in the location and the category of the property being valued. The independent valuer provide the fair value of the Company's property portfolio once a year.

7 Long term investments - available for sale

Investment in related parties

Subsidiary companies - unquoted - at cost		2015	2014
Associated companies - unquoted - at cost		Rupees	Rupees
Associated company - quoted - at fair value		210,209,636	211,310,738
Subsidiary companies - quoted - at fair value		547,313,110	547,313,110
		110,898,687	117,235,754
		<u>3,641,960,898</u>	<u>3,641,960,898</u>
		<u>4,510,382,331</u>	<u>4,517,820,500</u>

7.1

7.2

7.3

7.4

Note

	Shares		Cost		Break-up value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Note</i>	Number		Rupees		Rupees		%	
7.1 Subsidiary companies - unquoted - at cost								
First Capital Investments Limited	12,024,634	12,024,634	110,681,450	110,681,450	13.70	13.60	77.76%	77.76%
Lanka Securities (Private) Limited	8,912,250	8,912,250	46,229,683	46,229,683	18.23	13.90	51.00%	51.00%
World Press (Private) Limited	1,949,041	1,949,041	19,490,410	19,490,410	14.67	17.50	65.00%	65.00%
Falcon Commodities (Private) Limited	3,150,000	3,150,000	7,150,500	8,451,602	2.27	2.61	100.00%	100.00%
Evergreen Water valley (Private) Limited	715,400	715,400	26,450,000	26,450,000	80.69	36.97	100.00%	100.00%
Ozer Investments Limited	1,000	1,000	7,593	7,593	-	-	100.00%	100.00%
First Construct Limited	20,000	-	200,000	-	-	-	100.00%	0.00%
			210,209,636	211,310,738				

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 Decrease in value of investment amounting to Rs. 1,301,102 (2014: Rs. Nil) represents provision for diminution in value of investment due to decrease in break-up value per share as per financial statements of 30 June 2015.

	Shares		Cost		Break-up value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Note</i>	Number		Rupees		Rupees		%	
7.2 Associated companies - unquoted - at cost								
Pace Barka Properties Limited	54,790,561	54,790,561	547,200,610	547,200,610	14.23	14.13	17.95%	17.95%
Pace Super Mall	11,250	11,250	112,500	112,500	9.98	10.01	0.07%	0.07%
			547,313,110	547,313,110				

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.

	Shares		Market value		Market value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Note</i>	Number		Rupees		Rupees		%	
7.3 Associated company - quoted - at fair value								
Media Times Limited	45,264,770	45,264,770	110,898,687	117,235,754	2.45	2.59	25.31%	25.31%

7.3.1 This includes 1,790,000 (2014: Rs. 1,790,000) shares having market value of Rs. 4,385,500 (2014: Rs. 4,636,100) pledged against the loan of the Company. Decrease in value of investment amounts to Rs. 6,337,067 (2014: Rs. 74,812,806) represents provision for diminution in value of investment charged for the year due to decrease in market value per share on 30 June 2015.

	Shares		Market value		Market value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Note</i>	Number		Rupees		Rupees		%	
7.4 Subsidiary companies - at fair value								
First Capital Equities Limited	103,494,200	103,494,200	3,641,960,898	3,641,960,898	35.19	35.19	73.23%	73.23%

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

	Note	2015 Rupees	2014 Rupees
8 Long term deposits			
Ijarah deposit	8.1	1,085,250	-
Other deposits		37,500	37,500
		<u>1,122,750</u>	<u>37,500</u>

8.1 This represents security deposits against Ijarah facilities adjustable at the expiry of Ijarah facility.

	Note	2015 Rupees	2014 Rupees
9 Trade debts-unsecured, considered good			
Money market receivables		4,050,904	2,512,656
Receivable against trade of shares		6,738	6,738
		<u>4,057,642</u>	<u>2,519,394</u>

10 Loans, advances, prepayments and other receivables

Advances to staff - secured, considered good	10.1	181,000	142,000
Due from related parties - unsecured, considered good	10.2	54,958,560	50,000,000
Payments		51,022	-
		<u>55,190,582</u>	<u>50,142,000</u>

10.1 Advances to staff do not include any amount due from Chief Executive (2014: Rs. Nil) nor any Director of the Company.

	Note	2015 Rupees	2014 Rupees
10.2 Due from related parties - unsecured, considered good			
Pace Barka Properties Limited	10.2.1	49,733,560	50,000,000
Evergreen Water Valley (Private) Limited	10.2.2	5,225,000	-
		<u>54,958,560</u>	<u>50,000,000</u>

10.2.1 This represents receivable from associated company as part of consideration as per the terms of settlement agreement for disposal of a subsidiary Trident Construct (Private) Limited in financial year 2014 and is due for more than 360 days.

10.2.2 This represents receivables from subsidiary company for use of construction equipment. The amount is due for more than three months and not more than six months.

	Note	2015 Rupees	2014 Rupees
11 Short term investments			
Market treasury bills - held to maturity	11.1	8,630,012	8,553,233
Investments - at fair value through profit and loss	11.2	73,912,445	44,816,790
		<u>82,542,457</u>	<u>53,370,023</u>

11.1 These represent one year treasury bills with face value of Rs. 9 million. These carry effective yield of 8.4% to 8.7% per annum (2014: 9.92% to 9.95%)

	Note	2015 Rupees	2014 Rupees
11.2 Investments - at fair value through profit and loss			
Carrying value at 30 June:			
Related parties		42,661,408	45,619,614
Others		5,929,517	7,315,134
		48,590,925	52,934,748
Unrealized gain / (loss) on re-measurement of investments - during the year			
		25,321,520	(8,117,958)
		73,912,445	44,816,790
Fair value of short term investments at 30 June comprises of:			
Related parties	<i>11.3</i>	67,390,769	38,887,273
Others	<i>11.4</i>	6,521,676	5,929,517
		73,912,445	44,816,790

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

	Note	Shares / unit		Carrying value		Fair value		Percentage of holding	
		2015	2014	2015	2014	2015	2014	2015	2014
		Number		Rupees		Rupees		%	
a) Telecommunication									
Worldcell Telecom Limited	11.3.1	4,221,207	4,221,207	8,822,323	12,663,621	8,653,474	8,822,323	0.49%	0.49%
b) Real Estate Investment and Services									
Pace (Pakistan) Limited	11.3.2	7,506,676	7,506,676	29,951,637	32,879,241	54,723,668	29,951,637	2.69%	2.69%
c) Mutual Funds									
First Capital Mutual Fund Limited	20.2	335,316	10,330	3,887,448	76,752	4,013,627	113,313	0.97%	0.03%
				<u>42,661,408</u>	<u>45,619,614</u>	<u>67,390,769</u>	<u>38,887,273</u>		

11.3.1 This includes 2,972,308 (2014: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to note 17.2

11.3.2 This includes 3,370,000 (2014: 3,370,000) shares having market value of Rs. 24,567,300 (2014: Rs. 13,446,300) are pledged against the loan of the Company.

11.4 Investments at fair value through profit and loss - others

	Note	Shares		Carrying value		Fair value	
		2015	2014	2015	2014	2015	2014
		Number		Rupees		Rupees	
a) Insurance							
Shaheen Insurance Company Limited		915,329	915,329	5,583,507	6,864,968	5,867,259	5,583,507
Adamjee insurance Limited		13	13	595	469	619	595
b) Cement							
Pioneer Cement Limited		31	31	1,446	910	2,644	1,446
c) Sugar							
Haseeb Waqas Sugar Mills Limited		1,000	1,000	5,880	19,000	4,850	5,880
d) Investment bank							
Arif Habib Limited	11.4.1	12,144	12,144	338,089	429,787	646,304	338,089
				<u>5,929,517</u>	<u>7,315,134</u>	<u>6,521,676</u>	<u>5,929,517</u>

11.4.1 This includes 12,100 (2014: 12,100) shares having market value of Rs. 643,962 (2014: Rs. 336,864) pledged against loan obtained by FCEL, a subsidiary company.

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

	Note	2015 Rupees	2014 Rupees
12 Cash and bank balances			
Cash in hand		12,279	4,304
Cash at bank			
- current accounts		449,520	597,228
- deposit accounts	12.1	1,166,207	1,377,792
		1,615,727	1,975,020
		1,628,006	1,979,324

12.1 The deposit accounts carry mark-up at rates ranging from 4% to 6% (2014: 5% to 9%) per annum.

	Note	2015 Rupees	2014 Rupees
13 Trade and other payables			
Creditors	13.1	2,882,188	4,149,634
Accrued liabilities		1,598,195	1,405,206
Security deposit from tenants		486,660	486,660
Payable against purchase of investment property	13.2	6,681,123	6,681,123
Final settlements payable	13.3	11,227,329	11,373,570
Salaries and other benefits payable	13.4	5,505,402	2,705,858
Unclaimed dividend		1,858,918	1,858,918
Withholding tax		364,253	258,946
Other liabilities		1,504,707	1,019,547
		32,108,775	29,939,462

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

	2015 Rupees	2014 Rupees
Media Times Limited	40,300	26,000
World Press (Private) Limited	668,037	576,462
	708,337	602,462

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

13.3 This represents amount payable to employees, who have left the Company, on account of final settlement.

13.4 This mainly includes amount payable to Aamna Taseer, Chief Executive of the Company, in respect of salary.

14 This includes penalty at the rate of 3 months KIBOR plus 3% on the outstanding amount of loan due to default in repayment of outstanding amount of loan as explained in Note - 15.1. This also includes two equal installment of Rs. 4,390,132 each due on 30 September 2015 and 31 December 2015 in respect of deferred interest.

	2015	2014
	Rupees	Rupees
15 Long term loan		
<i><u>From banking company - secured</u></i>		
Long term loan	22,228,774	36,471,019
Payments made during the year	(11,282,108)	(21,821,000)
	10,946,666	14,650,019
Current portion shown under current liabilities	(10,946,666)	(8,871,658)
	-	5,77,8361

15.1 The facility was originally obtained as short term credit line to finance the working capital requirements of the Company and was reprofiled on 13 August 2012. As per terms of the restructuring agreement the facility was converted into long term loan payable till 25 June 2015 in unequal quarterly installments. The revised markup rate was fixed at 10% per annum and the interest accrued during the grace period of initial 21 months was payable during the last year of the restructured loan agreement. The loan is secured against pledge of Company shares in CDC account with 40% margin, lien on bank deposit accounts and mortgage over 3 shops in Fortress Stadium. The loan has been carried at amortized cost using effective interest rate of 13.2% (2014: 13.2%). During the current financial year, the Company made default in repayment of two installments amounting to Rs. 10,946,666. These amounts were due on 25 March 2015 and on 25 June 2015. The Company is making due efforts to settle the outstanding balance with the bank.

	Note	2015	2014
		Rupees	Rupees
16 Staff retirement benefits payable	<i>16.1</i>	7,517,955	6,349,016
16.1 Movement in net obligation			
Balance sheet liability at 01 July		6,349,016	5,665,735
Expense chargeable to Profit and Loss account	<i>16.3</i>	1,614,162	1,284,202
Remeasurements chargeable in other comprehensive income	<i>16.4</i>	(375,223)	(408,421)
Benefit payable transferred to short term liability		-	(182,500)
Payments made to outgoing members		(70,000)	(10,000)
Balance sheet liability at 30 June		7,517,955	6,349,016

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

Present value of defined benefit obligation at 1 July	6,349,016	5,665,735
Current service cost	777,555	699,406
Interest cost	836,607	584,796
Benefits payable transferred to short term liability	-	(182,500)
Benefits paid during the year	(70,000)	(10,000)
Actuarial gains due to experience adjustments	(375,223)	(408,421)
Present value of defined benefit obligation at 30 June	7,517,955	6,349,016

	2015	2014
	Rupees	Rupees
16.3 Amount charged to profit and loss account		
Current service cost	777,555	699,406
Interest cost	836,607	584,796
Total amount chargeable to profit and loss account	1,614,162	1,284,202

16.4 Charged to other comprehensive income		
Experience adjustments	(375,223)	(408,421)
	(375,223)	(408,421)

	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees
16.5 Historical information for gratuity plan					
Present value of defined benefit obligation	7,517,955	6,349,016	5,665,735	9,341,801	11,552,894
Gain on actuarial experience adjustments on plan liability	375,223	408,421	385,762	579,106	440,232

16.6 Actuarial assumptions sensitivity analysis

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

	Increase	Decrease
Discount rate	7,044,883	8,051,883
Future salary increase	8,051,883	7,036,618

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

16.7 Actuarial valuation of this plan was carried out on 30 June 2015 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:

	2015	2014
	per annum	per annum
Discount rate used for profit and loss charge	13.25%	10.50%
Discount rate used for year-end obligation	9.75%	13.25%
Expected rate of salary increase in future years	8.75%	12.25%
Mortality rate	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

- 16.8** Estimated expenses to be charged to profit and loss account for financial year 2015-2016 is Rs. 1,621,383 which includes Rs. 900,976 in respect of current service cost and Rs. 720,407 in respect of interest cost in defined benefit obligation.
- 16.9** Weighted average duration of the defined benefit obligation is 7 years for gratuity.

17 Contingencies and commitments

- 17.1** 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.

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

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

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

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

17.4 During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited. 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.

	2015	2014
	Rupees	Rupees
17.5 Commitments in respect of capital expenditure	3,130,103	3,130,103
17.6 Commitments in respect of Ijarah lease rental agreement:		
<i>Particulars:</i>		
Not later than 1 year	1,314,300	-
Later than 1 year but not later than 5 years	1,752,400	-
	3,066,700	-

18 Share capital

18.1 Authorized share capital

	2015	2014		2015	2014
	Number of shares			-----Rupees-----	
			Ordinary shares of Rs. 10/- each		
	320,000,000	320,000,000		3,200,000,000	3,200,000,000

18.2 Issued, subscribed and paid-up capital

	2015	2014		2015	2014
	Number of shares			-----Rupees-----	
			Ordinary shares of Rs. 10/- each fully paid in cash		
	38,165,030	38,165,030		381,650,300	381,650,300
			Ordinary shares of Rs. 10/- each issued as bonus shares		
	278,445,082	278,445,082		2,784,450,820	2,784,450,820
	316,610,112	316,610,112		3,166,101,120	3,166,101,120

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

	2015		2014	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Worldcall Telecom Limited	1.26%	3,991,754	1.26%	3,991,754
Amythest Limited	22.75%	72,034,306	22.75%	72,034,306

	Note	2015 Rupees	2014 Rupees
19 Money market services			
Money market income			
- local currency		5,714,144	2,628,425
- foreign currency		10,426,216	9,353,384
		16,140,360	11,981,809
Less: Sales tax		(1,553,435)	(1,282,762)
		14,586,925	10,699,047
20 Dividend income			
Foreign subsidiary company	20.1	16,552,695	-
Others	20.2	3,948,169	75,840
		20,500,864	75,840
20.1	This represents dividend received during the year from Lanka Securities (Private) Limited, a foreign subsidiary registered in Sri Lanka.		
20.2	This mainly includes 335,316 units of First Capital Mutual Fund having value of Rs. 3,887,448 (2014: Rs. 15,495) received as specie dividend from First Capital Investment Limited, subsidiary company, during the year.		
		2015 Rupees	2014 Rupees
21 (Loss) / gain on sale of investments			
Gain on disposal of 'available-for-sale' investments		-	102,808,023
Net gain on disposal of 'available-for-sale' investments reclassified from equity		-	10,701,584
Loss on disposal of investments at fair value through profit or loss		(1,555)	(6,680,316)
		(1,555)	106,829,291
22	This represents the diminution in value due to fall in break up value or market value as disclosed in note-7.		
		2015 Rupees	2014 Rupees
23 Operating and administrative expenses			
Salaries, wages and other benefits	23.1	15,014,013	12,820,147
Rent, rates and taxes		684,452	643,030
Postage, telephone and stationary		431,777	425,104
Utilities		259,351	217,604
Insurance		403,295	120,599
Printing and stationery		822,900	835,927
Travelling and conveyance		365,487	653,106
Repairs and maintenance		725,134	279,477
Vehicle running expenses		469,812	149,935

	Note	2015 Rupees	2014 Rupees
Entertainment		491,479	544,334
Brokerage commission and capital value tax		-	1,965,993
Service charges on rental income		618,146	1,924,915
Legal and professional		1,518,920	1,463,944
Advertisement		43,100	71,000
Auditors' remuneration	23.2	1,110,000	1,110,000
Depreciation	5.1	18,216,523	516,678
Others		403,982	340,409
Lease rentals - Ijarah facilities		1,314,300	-
		<u>42,892,671</u>	<u>24,082,202</u>

23.1 Salaries, wages and other benefits includes Rs. 1,614,162 (2014: Rs. 1,284,202) in respect of gratuity expense for the year.

	Note	2015 Rupees	2014 Rupees
23.2 Auditors' remuneration			
Annual audit fee		475,000	475,000
Fee for audit of consolidated financial statements		425,000	425,000
Half yearly review		100,000	100,000
Out of pocket expenses		110,000	110,000
		<u>1,110,000</u>	<u>1,110,000</u>

24 Other income

Income from financial assets

Income on treasury bills /saving accounts		857,357	1,263,754
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Income from non-financial assets

Gain on disposal of property and equipment		-	360,000
Rental income of plant and machinery	24.1	11,400,000	-
Miscellaneous income		60,390	16,696
		<u>12,317,747</u>	<u>1,640,450</u>

24.1 This represents income from lease of construction equipment from Evergreen Water Valley (Pvt) Limited and Pace Barka Properties Limited amounting to Rs. 6,175,000 and Rs. 5,225,000 respectively.

	Note	2015 Rupees	2014 Rupees
25 Finance cost			
Mark-up on bank loans	14	13,945,007	7,665,469
Bank charges and commission		312,713	59,788
		<u>14,257,720</u>	<u>7,725,257</u>

26	Taxation		Note	2015	2014		
				Rupees	Rupees		
	<u>Current tax</u>			<u>2,723,633</u>	<u>3,397,027</u>		
	26.1 Tax charge reconciliation						
	Numerical reconciliation between tax expense and accounting profit						
	Profit / (loss) before taxation			17,742,279	(36,087,673)		
	Tax expense / (income) at 33% (2014: 34%)			5,854,952	(12,269,809)		
	Tax effect of:						
	- Income under Seprate Tax Regime			(185,400)	(552,826)		
	- Income under Final Tax Regime			(4,715,198)	(18,201)		
	- Deferred tax asset not recognised	26.2		1,623,410	15,052,140		
	- Minimum tax @ 1%			145,869	1,185,723		
				<u>2,723,633</u>	<u>3,397,027</u>		
	<u>Deferred tax</u>						
	26.2	The Company has a deferred tax asset amounting to Rs. 11,687,373 (2014: Rs. 7,365,328) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However as sufficient taxable profits may not be available in foreseeable future, the Company has not recognised deferred tax asset in these financial statements.					
				2015	2014		
27	Earning per share						
	27.1 Earning / (loss) per share - basic						
	Net profit / (loss) for the year		<i>Rupees</i>	<u>15,018,646</u>	<u>(39,484,700)</u>		
	Weighted average number of ordinary shares at 30 June		<i>Numbers</i>	<u>316,610,112</u>	<u>316,610,112</u>		
	Profit / (loss) per share - basic		<i>Rupees</i>	<u>0.05</u>	<u>(0.12)</u>		
	27.2 Earning / (loss) per share - diluted						
	There is no dilution effect on the basic EPS as the Company has no such commitments.						
				2015	2014		
28	Number of employees						
	The average and total number of employees are as follows:						
	Average number of employees during the year			<u>20</u>	<u>18</u>		
	Total number of employees as at 30 June			<u>21</u>	<u>19</u>		

29 Transactions with related parties

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

Name of Parties	Nature of relationship	Nature and description of related party transaction	2015		2014	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
First Capital Equities Limited	Subsidiary	Brokerage commission	-	-	2,562,620	-
		Disposal of investment property	-	-	135,299,600	-
		Long term investment made	-	-	333,040,000	-
		Underwriting commission	-	-	956,300	-
World Press (Private) Limited	Subsidiary	Purchase of goods / services	675,675	668,037	868,582	576,462
First Capital Investments Limited	Subsidiary	Long term investment made	-	-	9,000,000	-
		Dividend income	3,948,169	-	-	-
Trident Construct (Private) Limited	Subsidiary	Long term investment disposed	-	-	165,700,000	-
Evergreen Water Valley (Private) Limited	Subsidiary	Rental income earned	5,225,000	5,225,000	26,450,000	-
Pace Barka Properties Limited	Associate	Rental income earned	6,175,000	49,733,560	-	50,000,000
Pace Pakistan Limited	Associate	Service charges	618,146	-	1,924,915	-
		Payable against purchase of investment Property	-	6,681,123	-	6,681,123
Media Times Limited	Associate	Purchase of goods / services	14,300	40,300	26,000	26,000
First Capital Mutual Fund	Associate	Dividend income	-	-	15,495	-

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.

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	2015 Rupees	2014 Rupees
Other receivables	10.2	54,958,560	50,000,000
Long term deposits	8	1,122,750	37,500
Trade debts	9	4,057,642	2,519,394
Bank balances	12	1,615,727	1,975,020
		<u>61,754,679</u>	<u>54,531,914</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.

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	2015 Rupees	2014 Rupees
Neither past due nor impaired		1,163,190	997,575
Past due 1 - 60 days		2,591,776	1,384,873
Past due 61 - 120 days		302,676	136,946
	9	<u>4,057,642</u>	<u>2,519,394</u>

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

	2015	2014
	Rupees	Rupees
Commercial Banks	3,987,386	2,478,887
Mutual Funds	-	14,414
Brokerage house	63,518	6,738
Investments and financial services	6,738	19,355
	4,057,642	2,519,394

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

Bank balances

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

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

30.1.3 Concentration of credit risk

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

30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

The following are the contractual maturities of financial liabilities as on 30 June 2015:

	Carrying Amount	Contracted cashflow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<i>Financial liabilities</i>					
Long term loan	10,946,666	10,946,666	10,946,666	-	-
Trade and other payables	30,023,920	30,023,920	30,023,920	-	-
Mark-up accrued	13,766,648	13,766,648	13,766,648	-	-
	<u>54,737,234</u>	<u>54,737,234</u>	<u>54,737,234</u>	<u>-</u>	<u>-</u>

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

	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<i>Financial liabilities</i>					
Long term loan	14,650,019	19,330,784	19,330,784	-	-
Trade and other payables	28,047,596	28,047,596	28,047,596	-	-
Mark-up accrued	9,085,883	9,085,883	9,085,883	-	-
	<u>51,783,498</u>	<u>56,464,263</u>	<u>56,464,263</u>	<u>-</u>	<u>-</u>

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 was not exposed to foreign currency's risk as there was no foreign currency held by the Company at year end.

30.3.2 Interest rate risk

Interest rate risk is the risk that the 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:

	2015	2014	2015	2014
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<i>Financial liabilities</i>				
Long term loan	10	10	10,946,666	22,592,739

Fair value sensitivity analysis for fixed rate instruments

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

30.3.3 Other price risk

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

Sensitivity analysis

All of the Group's listed equity investments are either listed on Karachi Stock Exchange or Lahore Stock Exchange. The table below summarizes the Company's equity price risk as of 30 June 2015 and 2014 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.

		2015			
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-----					
Subsidiary company - available for sale	3,641,960,898	10% increase	4,006,156,988	364,196,090	-
		10% decrease	3,277,764,808	(364,196,090)	-
Associated company - available for sale	110,898,687	10% increase	121,988,556	11,089,869	-
		10% decrease	99,808,818	(11,089,869)	-
Investments held for trading	73,912,444	10% increase	81,303,689	-	7,391,244
		10% decrease	66,521,200	-	(7,391,244)
	3,826,772,029				

Investments

	Fair value	Hypothetical price change	2014		
			Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
-----Rupees-----					
<i>Investments</i>					
Subsidiary companies - available for sale	3,641,960,898	10% increase	4,006,156,988	364,196,090	-
		10% decrease	3,277,764,808	(364,196,090)	-
Associated company - available for sale	117,235,754	10% increase	128,959,330	11,723,575	-
		10% decrease	105,512,179	(11,723,575)	-
Investments held for trading	44,816,790	10% increase	49,298,469	-	4,481,679
		10% decrease	40,335,111	-	(4,481,679)
	<u>3,804,013,442</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:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<i>Financial assets</i>				
Long term investments	4,510,382,331	4,510,382,331	4,517,820,500	4,517,820,500
Short term investments	82,542,456	82,542,456	53,370,023	53,370,023
Long term deposits	1,122,750	1,122,750	37,500	37,500
Trade debts - unsecured, considered good	4,057,642	4,057,642	2,519,394	2,519,394
Loans, advances, prepayments and other receivables	55,190,582	55,190,582	50,142,000	50,142,000
Cash and bank balances	1,628,006	1,628,006	1,979,324	1,979,324
	<u>4,654,923,767</u>	<u>4,654,923,767</u>	<u>4,625,868,741</u>	<u>4,625,868,741</u>
<i>Financial liabilities</i>				
Long term loan	10,946,666	10,946,666	22,592,739	22,592,739
Trade and other payables	32,108,775	32,108,775	29,939,462	29,939,462
Mark-up accrued	13,766,648	13,766,648	1,143,163	1,143,163
	<u>56,822,089</u>	<u>56,822,089</u>	<u>53,675,364</u>	<u>53,675,364</u>

b) Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

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

		Level 1	Level 2	Level 3	Total
30-Jun-15					
<i>Equity securities</i>					
Financial assets classified as held for trading	<i>Rupees</i>	69,898,817	4,013,627	-	73,912,444
Financial assets classified as available for sale	<i>Rupees</i>	3,752,859,585	-	-	3,752,859,585
30-Jun-14					

Equity securities

Financial assets classified as held for trading	<i>Rupees</i>	44,703,477	113,313	-	44,816,790
Financial assets classified as available for sale	<i>Rupees</i>	3,759,196,652	-	-	3,759,196,652

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 2015 and at 30 June 2014 were as follows:

	2015 Rupees	2014 Rupees
Total debt	24,713,314	23,735,902
Total equity and debt	5,012,733,470	4,996,362,189
Debt-to-equity ratio	0.49%	0.48%

The increase in the debt-to-equity ratio in 2015 resulted primarily from increase in accrued mark up 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		Executive and non executive directors		Executives	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Managerial remuneration	2,400,000	2,400,000	-	-	4,794,393	3,728,400
Medical	-	-	-	-	261,666	188,669
Provision for gratuity	185,466	120,908	-	-	1,135,026	842,392
Others	-	-	-	-	438,551	430,011
	2,585,466	2,520,908	-	-	6,629,636	5,189,472
Number of persons	1	1	6	6	3	3

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

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

32 Date of authorization for issue

These financial statements were authorized for issue on 09 October 2015 by the Board of Directors of the Company.

33 General

The figures have been rounded off to the nearest Rupee.

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

Lahore
09 October 2015

Chief Executive Officer

Director

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2015

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **First Capital Securities Corporation Limited (“the Holding Company”)** and its subsidiary companies as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of First Capital Securities Corporation Limited. Financial statements of subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Falcon Commodities (Private) Limited and Evergreen Water Valley (Private) were audited by other firms of auditors, whose reports have been furnished to us. Financial statements of Lanka Securities (Private) Limited were reviewed under Sri Lanka Auditing practice statement by other firm of auditors, whose report has been furnished to us. Our opinion, in so far as it relates to the amounts included for such companies, is based solely on reports of such other auditors. These consolidated financial statements also include unaudited financial figures of subsidiary namely Ozer Investment Limited (a foreign subsidiary in Sri Lanka) and First Construct Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of First Capital Securities Corporation Limited and its subsidiary companies as at 30 June 2015 and the results of their operations for the year then ended.

We also draw attention to note 2.1 to the consolidated financial statements which more fully explains the factors that indicate the existence of a material uncertainty which may cast significant doubt on First Capital Equity Limited's ability to continue as a going concern. However, its financial statements have been prepared on going concern basis, based on the financial and operational measures taken by the management. Our opinion is not qualified in respect of this matter.

Lahore
09 October 2015

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

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of First Capital Securities Corporation Limited (“the Group”) is pleased to present the audited annual financial statements of the Company for the year ended June 30, 2015.

Operational Results

The Company's results for the Financial Year (“FY”) 2015 are summarized as follows:

	30 June 2015	30 June 2014
	Rupees in million	
Revenue	492	254
Direct Cost	260	57
Gross profit	255	199
Operating expenses	288	435
Share of (loss)/profit of associated companies	(41)	(120)
Unrealized profit/(loss) on re-measurement of investment	28	9
Loss after taxation	245	682
Non-controlling interest	(49)	(198)
Loss per share (basic & diluted)	(0.62)	(1.56)

Performance of Key Investments

First Capital Equities Limited (“FCEL”)

FCEL reported revenue of Rs. 131.64 in comparison of Rs. 172.74 million in the same period last year. It reported after tax loss Rs. 234.23 million in the year under review and loss per share remained Rs. 1.66 in comparison with Rs. 2.07 last year.

Lanka Securities (Private) Limited (“LSL”)

LSL has reported after tax profit of LKR.39.19 million as compared to loss of LKR.15.20 last year during the same period. EPS for the year was LKR 2.71 versus LKR (0.96) in the preceding year. During the year LSL disburse 24% dividend.

First Capital Investments Limited (“FCIL”)

FCIL has reported an after tax profit of Rs. 5.86 million during the FY-15 against Rs. 39.24 million in the same period last year. EPS for the period was recorded at Rs. 0.38 as compared to Rs. 2.67 during the preceding year. FCIL has also distributed 87% dividend in species during the year.

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

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

World Press (Pvt.) Limited (“WPL”)

During the period under review, WPL reported revenue of Rs. 26.83 million against Rs. 42.78 million in the corresponding year. Resultantly WPL posted after-tax loss of Rs. 7.66 million as compared to after tax profit of Rs. 0.42 million in the previous year. Loss per share for the year recorded at Rs. (2.56) as compared to the earnings per share of Rs. 0.14 during the same period last year.

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

The wholly owned EGWV reported net revenue of Rs.249.32 million and profit after tax Rs. 12.18 million operating expenses were Rs.7.57 million, in current financial year whereas in last financial year loss after tax was Rs. 180.01 million.

Future Outlook

Following the stabilization of the economy, Pakistan is now all set to enter into the growth era. The government plans to privatize its various loss making inefficient assets (like PIA & PSM) and continue to initiate large infrastructure projects in FY16. These initiatives will not only improve the lingering vulnerabilities attached with the fiscal position but will also resolve the power crisis issue coupled with restoring business confidence of domestic and international investors. Moreover, it is also likely to generate new & rewarding opportunities for the existing business community. There has been a visible improvement in the previously worsened security situation of Pakistan, which has led to renewed investor confidence and restored Pakistan's perception internationally. US Iran agreement has contributed positively in improving the geopolitical situation of the region. During the Financial Year 2015 (FY15), KSE-100 index posted a return of 16.01% and closed the year at the level of 34,398.86 points against an average return of 46.5% in last two years.

Political tensions mainly disrupted the market in the beginning of FY15. The sharp decline in the international crude oil prices and loose monetary policy dragged down the performance of index heavy weights Oil & Gas and Banking sector, respectively. Resultantly, KSE-100 index failed to deliver returns in-line with its previous two years history. Moreover, liquidity concerns in the months of February and March overwhelmed the macroeconomic improvements throughout the year, including decade's low inflation, 42-year lowest interest rates and record high forex reserves. The signing of projects under China-Pakistan Economic Corridor (CPEC) has further strengthened the economic recovery prospects of Pakistan. The year was also marked by a large amount of public offerings, both initial and secondary, of around PKR 202 bn, which is almost double of the offerings in FY14.

The weak sentiments on international crude oil prices have arrested the recovery of E&P stocks. However, the valuation of certain stocks of construction, fertilizer, consumer, electricity and chemical sectors are fundamentally strong. The market is expected to extend the gains on the back of key developments such as CPEC implementation, Pakistan's rating upgrade by Moody's to B3, bright prospects of MSCI's decision to include Pakistan for emergent market up gradation in its upcoming reviews and stable inflationary outlook going forward.

For and on behalf of the Board

Lahore
09 October 2015

Aamna Taseer
Chief Executive Officer

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2015**

	Note	2015 Rupees	2014 Rupees
<u>Non current assets</u>			
Property, plant and equipment	6	366,995,728	407,376,222
Intangible assets	7	19,043,680	19,043,680
Investment property	8	157,279,500	149,635,000
Investment in equity - accounted investees	9	582,394,552	628,640,878
Long term investments	10	24,156,320	24,156,320
Long term deposits and advances	11	25,825,899	11,632,925
Deferred tax assets	12	2,011,756	5,205,020
		1,177,707,435	1,245,690,045
<u>Current assets</u>			
Stock in trade		25,965,042	3,194,677
Trade debts	13	2,610,174,520	2,784,052,569
Loans, advances and other receivables	14	70,987,949	73,892,053
Prepayments		774,268	653,413
Interest accrued		442,878	1,176,174
Deposits and other receivables	15	14,460,016	17,844,907
Short term investments	16	106,471,582	73,977,576
Tax refund due from Government		65,496,948	60,973,647
Cash and bank balances	17	187,371,994	204,191,221
		3,082,145,197	3,219,956,237
<u>Assets held for sale</u>			
Investment property	18	1,617,417,600	1,601,903,100
<u>Current liabilities</u>			
Trade and other payables	19	502,475,595	580,666,718
Mark-up accrued	20	651,444,011	482,198,227
Short term borrowings	21	638,119,801	547,788,263
Current portion of long term loan	22	537,822,592	278,608,376
Current portion of liabilities against assets subject to finance lease	23	5,460,930	7,495,525
		2,335,322,929	1,896,757,109
Working capital employed		2,364,239,868	2,925,102,228
		3,541,947,303	4,170,792,273
<u>Non-current liabilities</u>			
Deferred liabilities	24	63,942,615	72,999,149
Long term loans	22	1,946,108,530	2,301,873,698
Liabilities against assets subject to finance lease	23	3,052,653	8,076,581
		2,013,103,798	2,382,949,428
Contingencies and commitments	25		
Net capital employed		1,528,843,505	1,787,842,845
<u>Represented by:</u>			
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up capital	26	3,166,101,120	3,166,101,120
Exchange translation reserve		29,816,935	28,903,533
Reserves capitalised		478,240,308	478,240,308
Retained earnings		(2,346,784,149)	(2,153,362,006)
Equity attributable to owners of the company		1,327,374,214	1,519,882,955
Non-controlling interest		201,469,291	267,959,890
		1,528,843,505	1,787,842,845

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

Lahore
09 October 2015

Chief Executive Officer

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
<i>Continuing operations</i>			
Operating revenue	27	491,997,894	253,546,481
Gain on investment property		23,159,000	2,852,000
		515,156,894	256,398,481
Direct costs	28	(259,810,970)	(57,398,109)
Gross profit		255,345,924	199,000,372
Loss on disposal of long term investments		-	(101,216,984)
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	16	28,480,435	9,003,337
Operating and administrative expenses	29	(287,801,697)	(435,418,965)
Other income	30	88,794,861	104,362,229
		84,819,523	(224,270,011)
Finance cost	31	(276,244,844)	(331,226,359)
		(191,425,321)	(555,496,370)
Share of loss of equity accounted investees (net of tax)	9	(41,306,679)	(120,503,624)
Loss before taxation		(232,732,000)	(675,999,994)
Taxation	32	(11,850,589)	(5,853,101)
Loss after taxation from continued operations		(244,582,589)	(681,853,095)
Loss for the year from discontinued operations (net of tax)	34	-	(73,298,449)
Loss for the year		(244,582,589)	(755,151,544)
Basic and diluted loss per share		(0.62)	(1.76)
Basic and diluted loss per share	33	(0.62)	(1.56)
<i>Loss attributable to:</i>			
- Owners of the company		(195,896,997)	(557,242,392)
- Non-controlling interest		(48,685,592)	(197,909,152)
Loss for the year		(244,582,589)	(755,151,544)

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

Lahore
09 October 2015

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	Rupees	Rupees
Loss after taxation	(244,582,589)	(755,151,544)
Other comprehensive income / (loss) for the year		
<i><u>Items that will never be reclassified to profit or loss:</u></i>		
Remeasurement of defined benefit plan - net of tax	(809,298)	1,631,565
<i><u>Items that are or may be subsequently reclassified to profit or loss:</u></i>		
Equity accounted investees- share of other comprehensive income / (loss)	1,617,685	(19,043,695)
Foreign currency translation differences - foreign operations recognised as:		
- Currency translation reserve	913,402	230,939
- Non-controlling interest	877,583	221,884
Other comprehensive gain for the year	1,790,985	452,823
Total comprehensive loss for the year	(241,983,217)	(772,110,851)
Total comprehensive loss attributable to :		
- Owners of the company	(192,508,741)	(575,076,253)
- Non-controlling interest	(49,474,476)	(197,034,598)
	(241,983,217)	(772,110,851)

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

Lahore
09 October 2015

Chief Executive Officer

Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>			
Cash generated from operations	36	197,917,162	271,144,336
Long term deposits and advances		(14,192,974)	4,105,931
Retirement benefits paid		(26,294,964)	(3,177,930)
Finance cost		(106,999,060)	42,948,167
Taxes paid		(8,657,325)	(8,040,232)
Net cash generated from operating activities		41,772,839	306,980,272
<u>Cash flows from investing activities</u>			
Fixed capital expenditure		(1,326,735)	(10,963,525)
Proceeds from sale of property, plant and equipment		4,430,339	5,741,636
Short term investments - net		(4,013,571)	150,010,131
Disposal of subsidiary - net of cash		-	159,418,487
Acquisition of associate - net		-	(14,721,810)
Dividend received from associate		6,557,332	10,464,750
Mark-up received		53,280,882	47,966,210
Net cash generated from investing activities		58,928,247	347,915,879
<u>Cash flows from financing activities</u>			
Repayment of liabilities against assets subject to finance lease - net		(7,058,523)	(19,314,609)
Lease rentals of Ijarah facilities		1,314,300	-
Long term loan		(96,550,952)	(716,176,405)
Dividend paid to non-controlling interest		(17,016,123)	-
Net cash used in financing activities		(119,311,298)	(735,491,014)
Net decrease in cash and cash equivalents		(18,610,212)	(80,594,863)
Cash and cash equivalents at the beginning of the year		204,191,221	284,333,261
Effect of exchange translation reserve		1,790,985	452,823
Cash and cash equivalents at the end of the year	17	187,371,994	204,191,221

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

Lahore
09 October 2015

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Translation reserve	Reserve capitalised	Retained earnings	Total		
	Rupees						
Balance at 01 July 2013	3,166,101,120	28,672,594	572,590,308	(1,594,344,291)	2,173,019,731	861,554,295	3,034,574,026
Total comprehensive loss for the year							
Loss for the year	-	-	-	(557,242,392)	(557,242,392)	(197,909,152)	(755,151,544)
Other comprehensive income / (loss)	-	230,939	-	(18,064,800)	(17,833,861)	874,554	(16,959,307)
Total comprehensive income / (loss) for the year	-	230,939	-	(575,307,192)	(575,076,253)	(197,034,598)	(772,110,851)
Changes in ownership interests in subsidiaries							
Change in NCI on exercise of right shares - FCIL	-	-	-	877,343	877,343	(877,343)	-
Change in NCI on exercise of right shares - FCEL	-	-	-	(89,021,673)	(89,021,673)	89,021,673	-
Acquisition of non-controlling interests without a change in control	-	-	-	10,083,807	10,083,807	(23,044,307)	(12,960,500)
Disposal of subsidiary (TCL)	-	-	(94,350,000)	94,350,000	-	(194,363,699)	(194,363,699)
Disposal of subsidiary (MTL)	-	-	-	-	-	(267,296,131)	(267,296,131)
	-	-	(94,350,000)	16,289,477	(78,060,523)	(396,559,807)	(474,620,330)
Balance at 30 June 2014	3,166,101,120	28,903,533	478,240,308	(2,153,362,006)	1,519,882,955	267,959,890	1,787,842,845
Balance at 01 July 2014	3,166,101,120	28,903,533	478,240,308	(2,153,362,006)	1,519,882,955	267,959,890	1,787,842,845
Total comprehensive loss for the year							
Loss for the year	-	-	-	(195,896,997)	(195,896,997)	(48,685,592)	(244,582,589)
Other comprehensive income / (loss)	-	913,402	-	2,474,854	3,388,256	(788,884)	2,599,372
Total comprehensive income / (loss) for the year	-	913,402	-	(193,422,143)	(192,508,741)	(49,474,476)	(241,983,217)
Transaction with owners							
Profit attributed paid to non-controlling interest	-	-	-	-	-	(17,016,123)	(17,016,123)
Balance at 30 June 2015	3,166,101,120	29,816,935	478,240,308	(2,346,784,149)	1,327,374,214	201,469,291	1,528,843,505

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

**Lahore
09 October 2015**

Chief Executive Officer

Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

1. Reporting entity

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

“The Group” consists of the following subsidiaries:

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2015	2014
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	77.76	77.76
Lanka Securities (Private) Limited (LSL)	Sri Lanka	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	51.00	51.00
World Press (Private) Limited (WPL)	Pakistan	Carrying on the business of printers, publishers, packaging, advertisement and specialized directory business, stationers and dealing in all allied products.	65.00	65.00
First Capital Equities Limited (FCEL)	Pakistan	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	73.23	73.23
Ever Green Water Valley (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities.	100.00	100.00
Falcon Commodities (Private) Limited (FCL)	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2015	2014
Ozer Investments Limited (OIL)	Sri Lanka	OIL has not yet started its commercial activity however main objects are providing financial advisory services, portfolio management, margin provision, unit trust management, stock brokerage.	100.00	100.00

2 Significant events

2.1 During the year, First Capital Equity Limited (FCEL) a subsidiary company, has incurred loss after tax of Rs. 234.03 million (2014: Rs. 292.30 million) and at year end, its accumulated losses stood at Rs. 1,320.03 million (2014: Rs. 1,090.10 million) causing decrease in shareholders' equity to Rs. 49.77 million (2014: Rs. 280.55 million). FCEL, in order to continue its business requires sufficient cashflows, however, certain amount of trade debts are slow moving. These factors indicate existence of material uncertainty and creates doubt about FCEL's ability to continue as going concern. However, despite of associated uncertainties, FCEL expects that increase in trading activities in stock market and recovery of trade receivables from its customers will improve the profitability and liquidity of the company. To improve profitability and liquidity, management of FCEL has drawn up plans which include:

- Successful restructuring of borrowing facilities, currently overdue, on soft repayment terms.
- Waiver of overdue and future mark up from the financial institutions.
- Disposal of investment properties to generate sufficient liquidity.
- Vigorously following the debtors for recovery.

During the year, KSE 100 index has increased by 16.00% and subsequent to year end and till the authorization of these financial statements an increase of 2.03% in KSE 100 index has been recorded. The company is also relying on continued support from its sponsors through injection of further equity and realization of investment properties.

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

3 Basis of preparation

3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the separate audited financial statements of the Parent Company for the year ended 30 June 2015 and the audited financial statements of the subsidiary companies for the year ended 30 June 2015 except for Ozer Investments Limited and First Construct Limited the results of which have been consolidated based on unaudited financial statements. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 9 to these consolidated financial statements.

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

3.2 Statement of compliance

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

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 held to maturity investments and obligations in respect of certain employee benefits which are measured at present value.

3.4 Functional and presentation currency

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

3.5 Use of estimates and judgements

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

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

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

	<i>Note</i>
a) Useful life and residual values of property, plant and equipment	5.3
b) Impairment	5.9
c) Provisions	5.21
d) Provision for taxation	5.22
e) Staff retirement benefits	5.23

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.

IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main

consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The above amendments have no impact on these consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments have no impact on these consolidated financial statements.

5 Summary of significant accounting policies

5.1 Basis of consolidation

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

5.1.1 Business combinations

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

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre existing equity interest in the acquiree; less

- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

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

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

5.1.2 Acquisition non-controlling interest

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

5.1.3 Subsidiaries

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

Detail of subsidiaries is given in note 1.

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

5.1.4 Investments in associates (equity - accounted investee)

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

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

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

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

5.1.5 Transactions eliminated on consolidation

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

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

5.2 Foreign currency

Foreign currency transactions

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

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

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

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

Foreign operations

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

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

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

5.3 Property, plant and equipment

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

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

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

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

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

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimates of residual value of fixed assets at 30 June 2015 did not require any adjustment.

5.4 Capital Work in Progress

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

5.5 Assets held for sale and discontinued operation

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

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

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

5.6 Leases

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

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

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

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

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

5.7 Ijarah finances

Ijarah finances are classified as an operating lease according to the guidelines provided in International Financial Accounting Standard (IFAS) 2. Leases where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under the operating lease (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

5.8 Intangible assets

a) TRE Certificates

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

b) Others

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

Subsequent expenditure

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

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

Amortization

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

Impairment

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

5.9 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.

5.10 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.

5.11 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 5.27.

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.

5.12 Investments

Investments at fair value through profit or loss

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

Investments available for sale

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

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

Held-to-maturity financial assets

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

Loans and receivables

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

Fair value

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

5.13 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date

on which the asset is delivered to or by the Group. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5.14 Inventories

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

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

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

5.15 Stores, spares and loose tools

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

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

5.16 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.

5.17 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.

5.18 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.

5.19 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.

5.20 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.

5.21 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.

5.22 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.

5.23 Staff retirement benefits***Defined benefit plan***

The Group maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

5.24 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 loan, liability against assets subject to finance lease, short term borrowings, mark-up accrued and trade and other payables.

5.25 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.

5.26 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.

5.27 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.

5.28 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.

5.29 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.

5.30 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.

5.31 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	2015 Rupees	2014 Rupees
6 Property, plant and equipment			
Property, plant and equipment	<i>6.1</i>	181,757,798	222,138,292
Capital work-in-progress	<i>6.4</i>	185,237,930	185,237,930
		<u>366,995,728</u>	<u>407,376,222</u>

6.1. Property, plant and equipment

	Owned assets										Leased assets					Total
	Freehold land	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Subtotal	Plant and machinery	Computers	Office equipment	Vehicles	Subtotal	
Balance at 01 July 2013	84,090,722	85,814,487	197,648,145	96,334,300	1,462,577,114	91,541,571	91,988,854	38,448,854	115,359,158	2,263,753,316	85,934,060	272,541	135,688	34,525,295	120,867,584	2,394,020,900
Additions during the year	-	-	-	205,000	90,106,200	1,405,839	624,148	343,300	6,855,180	99,539,867	-	-	-	-	-	99,539,867
Disposals during the year	-	-	-	-	-	(619,815)	(73,215)	-	(5,823,600)	(6,516,630)	-	-	-	-	-	(6,516,630)
Effect of movement in exchange rates	-	-	-	-	-	31,605	7,249	20,381	-	59,235	-	-	-	52,103	52,103	111,338
Derogated due to loss of control	(84,090,722)	(10,790,687)	(196,762,057)	(66,368,767)	(1,211,974,858)	(52,339,573)	(60,913,567)	(17,580,134)	(66,007,884)	(1,766,848,249)	(66,667,045)	(272,541)	(120,178)	(4,808,679)	(71,868,443)	(1,838,716,692)
Closing at 30 June 2014	-	75,023,800	886,088	30,170,533	340,658,456	39,999,627	31,633,469	21,232,712	50,382,854	589,987,539	19,267,015	-	15,510	29,768,719	49,051,244	639,038,783
Balance at 01 July 2014	-	75,023,800	886,088	30,170,533	340,658,456	39,999,627	31,633,469	21,232,712	50,382,854	589,987,539	19,267,015	-	15,510	29,768,719	49,051,244	639,038,783
Additions during the year	-	-	-	75,000	-	534,284	401,714	68,313	247,424	1,326,735	-	-	-	-	-	1,326,735
Disposals during the year	-	-	-	-	-	-	-	-	(4,190,666)	(4,190,666)	-	-	-	(3,678,454)	(3,678,454)	(7,869,120)
Effect of movement in exchange rates	-	-	-	-	-	43,591	12,548	95,717	-	151,856	-	-	-	83,026	83,026	234,882
Closing at 30 June 2015	-	75,023,800	886,088	30,245,533	340,658,456	40,577,802	32,047,731	21,396,742	46,439,612	587,275,464	19,267,015	-	15,510	26,173,291	45,458,816	632,731,280
Accumulated depreciation																
Balance at 01 July 2013	-	15,759,552	183,135,917	40,976,537	711,156,743	89,376,229	64,046,743	24,608,032	95,487,577	1,224,547,330	41,235,219	272,541	85,665	17,669,411	59,262,836	1,283,810,166
Depreciation for the year	-	4,086,336	14,866,662	536,942	3,600,640	1,025,415	2,287,278	2,515,161	8,129,640	37,048,074	637,500	-	-	7,889,233	8,526,733	45,574,807
Depreciation on disposals	-	-	-	-	-	(619,815)	(73,215)	-	(2,730,585)	(3,423,615)	-	-	-	-	-	(3,423,615)
Effect of movement in exchange rates	-	-	-	-	-	29,938	5,005	18,480	-	53,423	-	-	-	27,255	27,255	80,678
Derogated due to loss of control	(2,647,335)	(197,264,177)	(19,963,806)	(490,348,028)	(490,348,028)	(51,374,587)	(37,203,647)	(10,877,839)	(66,020,671)	(875,700,090)	(28,290,080)	(272,541)	(70,155)	(4,808,679)	(33,441,455)	(909,141,545)
Closing at 30 June 2014	-	17,198,553	738,402	21,549,673	224,409,355	38,437,180	29,062,164	16,263,834	34,865,961	382,525,122	13,582,639	-	15,510	20,777,220	34,375,369	416,900,491
Balance at 01 July 2014	-	17,198,553	738,402	21,549,673	224,409,355	38,437,180	29,062,164	16,263,834	34,865,961	382,525,122	13,582,639	-	15,510	20,777,220	34,375,369	416,900,491
Depreciation for the year	-	3,546,792	147,686	549,773	21,275,483	779,973	1,745,039	1,745,526	3,561,637	33,349,909	637,500	-	-	6,940,258	7,577,558	40,927,667
Depreciation on disposals	-	-	-	-	-	-	-	-	(3,622,894)	(3,622,894)	-	-	-	(3,448,552)	(3,448,552)	(7,071,446)
Effect of movement in exchange rates	-	-	-	-	-	50,845	9,385	94,277	-	154,507	-	-	-	62,263	62,263	216,770
Closing at 30 June 2015	-	20,745,345	886,088	22,099,446	245,684,838	39,267,998	30,814,588	18,103,637	34,804,704	412,406,644	14,220,139	-	15,510	24,331,189	38,566,838	450,973,482
Gearing value																
As at 30 June 2014	-	57,825,247	147,686	8,620,860	116,249,101	1,562,447	2,571,305	4,968,878	15,516,893	207,462,417	5,684,376	-	-	8,991,499	14,675,875	222,138,292
As at 30 June 2015	-	54,278,455	-	8,146,087	94,973,618	1,309,504	1,233,143	3,293,105	11,634,908	174,868,820	5,046,876	-	-	1,842,102	6,888,978	181,757,798
Rate of depreciation (%)	-	5%	20%	5% to 10%	7.5% to 20%	33% to 50%	10% to 12.50%	10% to 12.5%	20% to 25%	7.50%	10%	33%	20%	20%	33%	20%

6.2 Disposal of property, plant and equipment

Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit
	-----Rupees-----				
Vehicles	105,025	12,253	92,772	82,000	(10,772)
Vehicles	846,000	846,000	-	725,000	725,000
Vehicles	750,000	275,000	475,000	650,000	175,000
Vehicles	849,641	849,641	-	350,000	350,000
Vehicles	745,000	745,000	-	400,000	400,000
Vehicles	895,000	895,000	-	706,480	706,480
Vehicles	3,678,454	3,448,552	229,902	1,516,859	1,286,957
2015	<u>7,869,120</u>	<u>7,071,446</u>	<u>797,674</u>	<u>4,430,339</u>	<u>3,632,665</u>
2014	<u>6,516,630</u>	<u>3,423,615</u>	<u>3,093,015</u>	<u>5,741,636</u>	<u>2,648,621</u>

6.3 Charge for depreciation has been allocated as follows:	Note	2015 Rupees	2014 Rupees
From continuing operations			
Direct costs	28	4,266,733	5,353,615
Operating and administrative expenses	29	<u>36,660,934</u>	<u>18,873,205</u>
		<u>40,927,667</u>	<u>24,226,820</u>
From discontinued operations			
		<u>-</u>	<u>21,347,987</u>
		<u>40,927,667</u>	<u>45,574,807</u>

6.4 Capital work-in-progress

Balance at 01 July		185,237,930	185,237,930
Acquisition during the year		-	-
Transferred to property, plant and equipment		-	-
Balance at 30 June	6.4.1	<u>185,237,930</u>	<u>185,237,930</u>

6.4.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs. 180,212,695 (2014: Rs. 180,212,695) and Rs. 5,025,235 (2014: Rs. 5,025,235) respectively. Construction work on the said properties is in progress at 30 June 2015.

7 Intangible assets and goodwill

	Goodwill	Membership cards	License rooms	License fees	TREC	Total
	----- Rupees -----					
<u>Cost</u>						
Balance at 1 July 2013	457,998,322	2,500,000	7,500,000	3,043,962	9,043,680	480,085,964
Derecognized due to loss of control	(457,998,322)	-	-	(3,043,962)	-	(461,042,284)
Closing at 30 June 2014	-	2,500,000	7,500,000	-	9,043,680	19,043,680
Balance at 1 July 2014	-	2,500,000	7,500,000	-	9,043,680	19,043,680
Derecognized due to loss of control	-	-	-	-	-	-
Closing at 30 June 2015	-	2,500,000	7,500,000	-	9,043,680	19,043,680
<u>Amortisation and impairment losses</u>						
Balance at 1 July 2013	308,268,514	-	-	400,200	-	308,668,714
Derecognized due to loss of control	(308,268,514)	-	-	(400,200)	-	(308,668,714)
Closing at 30 June 2014	-	-	-	-	-	-
Balance at 1 July 2014	-	-	-	-	-	-
Derecognized due to loss of control	-	-	-	-	-	-
Closing at 30 June 2015	-	-	-	-	-	-
<u>Carrying value</u>						
At 30 June 2014	-	2,500,000	7,500,000	-	9,043,680	19,043,680
At 30 June 2015	-	2,500,000	7,500,000	-	9,043,680	19,043,680
Rate of Amortisation				6.67%		

7.1 This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporation, demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualization process (for detail refer note 10.1).

	<i>Note</i>	2015 Rupees	2014 Rupees
8 Investment property			
Balance at 01 July		149,635,000	1,748,686,100
Change in fair value	8.2	<u>7,644,500</u>	<u>2,852,000</u>
		157,279,500	1,751,538,100
Classified as " assets held for sale"	18	-	(1,601,903,100)
Balance at 30 June	8.1	<u>157,279,500</u>	<u>149,635,000</u>

8.1 Investment property comprises of three commercial shops at Pace Gujrawala leased to third parties and three at Pace Fortress Lahore.

8.2 The fair value of investment property is determined by approved external, independent property valuer M/S Negotiators , having appropriate recognized professional qualifications and recent experience in the location and the category of the property being valued. The independent valuer provide the fair value of the Company's property portfolio once a year.

	<i>Note</i>	2015 Rupees	2014 Rupees
9 Investment in equity - accounted investees			

Associated companies - listed

First Capital Mutual Fund Limited

9,235,680 (2014: 9,235,680) ordinary units of Rs. 10 each		109,643,477	66,870,070
Addition through new purchase		-	25,186,560
Share of profit - net of tax	9.1	16,815,139	28,051,597
Less : dividend received		(6,557,332)	(10,464,750)
		119,901,284	109,643,477

Media Times Limited

51,332,132 (2014: 51,332,132) ordinary shares of Rs. 10 each [Equity held: 28.70% (2014: 28.70%)]		72,976,181	393,894,486
Sale of shares - Nil (2014: 36,394,925)		-	(163,413,213)
Share of loss for the year - net of tax	9.1	(62,139,926)	(157,092,061)
Share of other comprehensive profit / (loss) for the year		620,742	(413,031)
		11,456,997	72,976,181

Pace Super Mall (Private) Limited

11,250 (2014: 11,250) ordinary shares of Rs. 10 each Equity held: 0.07% (2014: 0.07%)		112,500	112,500
		112,500	112,500

	<i>Note</i>	2015 Rupees	2014 Rupees
Pace Barka Properties Limited			
54,790,561 (2014: 54,790,561) ordinary shares of Rs. 10 each [Equity held: 17.95% (2014: 17.95%)]		445,908,720	456,002,544
Share of profit for the year - net of tax	9.1	4,018,108	8,536,840
Share of other comprehensive profit / (loss) for the year		996,943	(18,630,664)
		450,923,771	445,908,720
Total investments		582,394,552	628,640,878

9.1 Share of loss of associated companies

First Capital Mutual Fund Limited	16,815,139	28,051,597
Pace Barka Properties Limited	4,018,108	8,536,840
Media Times Limited	(62,139,926)	(157,092,061)
	(41,306,679)	(120,503,624)

9.2 Summary financial information of associates:

	2015			
	Assets	Liabilities	Revenues	Profit / (loss)
	-----Rupees-----			
First Capital Mutual Fund Limited	285,041,234	20,809,023	59,325,562	40,189,144
Pace Barka Properties Limited	6,137,607,000	1,276,982,000	462,296,000	22,385,000
Pace Super Mall (Private) Limited	184,055,203	23,099,400	-	(110,000)
Media Times Limited	778,582,776	799,458,622	325,619,043	(216,515,422)
	7,385,286,213	2,120,349,045	847,240,605	(154,051,278)
	2014			
	Assets	Liabilities	Revenues	Profit / (loss)
	-----Rupees-----			
First Capital Mutual Fund Limited	330,731,617	18,306,025	76,495,074	62,281,972
Pace Barka Properties Limited	6,014,356,000	1,244,852,000	467,290,000	47,559,000
Pace Super Mall (Private) Limited	184,055,203	22,989,400	-	(128,197)
Media Times Limited	893,581,829	700,105,118	310,049,444	(565,231,711)
	7,422,724,649	1,986,252,543	853,834,518	(455,518,936)

	<i>Note</i>	2015 Rupees	2014 Rupees
10 Long term investments - available for sale			
Karachi Stock Exchange	<i>10.1</i>	24,156,320	24,156,320

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

		2015 Rupees	2014 Rupees
11 Long term deposits and advances			
<u>Deposits</u>			
Leasing companies		3,650,926	3,545,600
Stock exchanges		1,860,000	1,860,000
Central Depository Company (CDC)		225,000	225,000
License fee with SECP		812,527	-
National Clearing Company Pakistan Limited (NCCPL)		1,400,000	1,650,000
Ijarah deposit		1,085,250	-
Others		352,300	1,852,325
Retention money held by Pace Barka Properties Limited		13,939,896	-
<u>Advances</u>			
National Commodity Exchange Limited		2,500,000	2,500,000
		25,825,899	11,632,925

12 Deferred tax asset

This comprises of the following:

Deferred tax liability in respect of tax depreciation		536,284	3,729,548
Deferred tax asset in respect of gratuity		149,378	149,378
Deferred tax asset in respect of unused tax losses and tax credits		1,326,094	1,326,094
		2,011,756	5,205,020

12.1 The Parent Company has a deferred tax asset amounting to Rs. 11,687,373 (2014: Rs. 7,365,328) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the requirements of Income Tax Ordinance, 2001. However, in view of the unavailability of taxable profits in foreseeable future, the Parent Company has not incorporated the deferred tax asset in these consolidated financial statements.

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

	<i>Note</i>	2015 Rupees	2014 Rupees
13 Trade debts			
<u>Money market receivables:</u>			
Unsecured - considered good		4,050,904	2,512,656
Receivables against purchase of shares by clients:			
Unsecured - considered good		2,214,365,867	2,278,512,619
Unsecured - considered doubtful		1,096,813,205	1,096,813,203
		3,311,179,072	3,375,325,822
Receivable against professional services rendered			
Related Parties - unsecured, considered good	13.1	5,507,089	3,965,670
<u>Others:</u>			
Unsecured - considered good		386,250,660	499,061,624
Unsecured - considered doubtful		88,174,160	86,886,241
		474,424,820	585,947,865
		3,795,161,885	3,967,752,013
Less: provision for doubtful debts	13.2	(1,184,987,365)	(1,183,699,444)
		2,610,174,520	2,784,052,569
13.1 This includes asset management fee receivable by FCIL from First Capital Mutual Fund.			
13.2 Provision for doubtful debts			
Balance at 1 July		1,183,699,444	1,252,171,568
Charge for the year	29	1,287,921	8,524,443
Derecognized due to loss of control		-	(76,996,567)
Balance at 30 June		1,184,987,365	1,183,699,444
14 Loans, advances and other receivables			
<u>Secured - considered good</u>			
<i>Advances to employees:</i>			
- Executives	14.1	4,745,187	6,166,505
- Others		9,745,395	9,890,041
		14,490,582	16,056,546
<u>Unsecured - considered good</u>			
Advances to suppliers		-	1,201,663
Other receivables	14.2	49,733,560	50,000,000
Stock exchanges	14.3	6,763,807	6,633,844
		70,987,949	73,892,053

14.1 Advances given to staff 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 (2014: Rs. Nil) nor any director of the Group (2014: Rs. Nil).

14.2 This represents receivable from associated company Pace Barka Properties Limited as part of consideration as per the terms of settlement agreement for disposal of a subsidiary Trident Construct (Private) Limited in financial year 2014 and is due for more than 360 days.

14.3 This represents exposure deposit with the Karachi Stock Exchange Limited under the exposure rules.

	<i>Note</i>	2015 Rupees	2014 Rupees
15 Deposits and other receivables			
Accrued brokerage commission		501,763	542,532
Others receivables	<i>15.1</i>	13,958,253	17,302,375
		<u>14,460,016</u>	<u>17,844,907</u>

15.1 This includes provision for doubtful other receivables amounting to Rs. 850,000 (2014: Rs. 850,000).

	<i>Note</i>	2015 Rupees	2014 Rupees
16 Short term investments			
Market treasury bills - held to maturity	<i>16.1</i>	8,630,012	8,553,233
Investments at fair value through profit or loss	<i>16.2</i>	97,841,570	65,424,343
		<u>106,471,582</u>	<u>73,977,576</u>

16.1 These represent one year treasury bills with face value of Rs. 9 million. These carry effective yield of 8.4% to 8.7% (2014: 9.92% to 9.95%) per annum.

	<i>Note</i>	2015 Rupees	2014 Rupees
16.2 Investments at fair value through profit or loss			
<i>Carrying value at 30 June:</i>			
- Related parties		63,105,635	48,449,552
- Others		6,255,500	7,971,454
		69,361,135	56,421,006
Unrealized gain on re-measurement of investment		28,480,435	9,003,337
		<u>97,841,570</u>	<u>65,424,343</u>
Fair value of short term investments at 30 June comprises of:			
- Related parties	<i>16.2.1</i>	91,020,370	59,219,743
- Others	<i>16.2.2</i>	6,821,200	6,204,600
		<u>97,841,570</u>	<u>65,424,343</u>

	Shares/Units		Carrying value		Fair value		Percentage holding	
	2015	2014	2015	2014	2015	2014	2015	2014
	Number		Rupees		Rupees		%	
16.2.1 Held for trading - related parties								
Telecommunication								
Worldcall Telecom Limited	4,221,207	4,221,207	8,822,323	12,663,621	8,653,474	8,822,323	0.49%	0.49%
Real estate investment and services								
Pace (Pakistan) Limited	7,506,676	7,506,676	29,951,637	32,879,241	54,723,668	29,951,637	2.69%	2.69%
Mutual funds								
First Capital Mutual Fund Limited	2,309,434	1,984,232	24,331,675	2,906,690	27,643,228	20,445,783	10.46%	8.11%
			<u>63,105,635</u>	<u>48,449,552</u>	<u>91,020,370</u>	<u>59,219,743</u>		

16.2.1.1 This includes 2,972,308 (2014: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB) of the parent company. These shares are held in possession of NAB. Refer to note 25.1.2.

16.2.1.2 This includes 3,370,000 (2014: 3,370,000) shares having market value of Rs. 24,567,300 (2014: Rs. 13,446,300) pledged against the loan of the parent Company.

16.2.2 Held for trading - others

	Carrying value		Shares		Fair value	
	2015	2014	2015	2014	2015	2014
	Rupees		Number		Rupees	
Insurance						
Shaheen Insurance Company Limited	5,583,507	6,864,968	915,329	915,329	5,867,259	5,583,507
PICIC Insurance Limited	-	-	-	-	-	-
Adamjee Insurance Limited	595	469	13	13	619	595
Investment Bank						
Arif Habib Limited	424,442	477,515	13,492	13,492	740,138	424,442
Sugar						
Haseeb Waqas Sugar Mills Limited	194,040	627,000	33,000	33,000	160,050	194,040
Cement						
Pioneer Cement Limited	1,446	910	31	31	2,644	1,446
Miscellaneous						
Pakistan Services Limited	51,470	592	102	2	50,490	570
	<u>6,255,500</u>	<u>7,971,454</u>			<u>6,821,200</u>	<u>6,204,600</u>

16.2.2.1 This includes 12,100 (2014: 12,100) shares having market value of Rs. 643,962 (2014: Rs. 336,864) pledged against loan obtained by FCEL, a subsidiary company.

16.2.2.2 Shares held for trading by FCEL in different companies having carrying amount of Rs. 194,566 (2014: Rs. 611,541) and market value of Rs. 162,161 (2014: Rs. 194,566) have been given as collateral against borrowings from various commercial banks.

	<i>Note</i>	2015 Rupees	2014 Rupees
17 Cash and bank balances			
Cash in hand		131,393	71,071
Cash at bank:			
- Current accounts - local and foreign currency	17.1	122,168,397	123,271,182
- Saving accounts - local and foreign currency	17.2	65,072,204	80,848,968
		187,240,601	204,120,150
		187,371,994	204,191,221

17.1 This includes Sri Lankan Rupees amounting to LKR. 155,976,093 (2014: LKR. 157,563,834).

17.2 The deposit accounts carry mark-up at rates ranging from 4% to 8% (2014: 5% to 9%) per annum.

	<i>Note</i>	2015 Rupees	2014 Rupees
18 Non-current assets held for sale			
<i>Investment property</i>			
Opening balance		1,601,903,100	-
Increase in fair value	8.2	15,514,500	-
Reclassification to assets held for sale		-	1,601,903,100
	18.1	1,617,417,600	1,601,903,100

18.1 Investment Property comprises various shops / counter in various shopping malls situated at Gujranwala and Gujrat. The transaction with parent company has been made on arm's length basis. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this property to pay off the bank borrowings.

	<i>Note</i>	2015 Rupees	2014 Rupees
19 Trade and other payables			
Payable against sale of shares on behalf of :			
- members		194,526,463	328,473,044
- clients		69,712,016	78,985,905
		264,238,479	407,458,949
Trade creditors		23,626,214	25,595,222
Accrued liabilities		105,587,615	60,322,714
Advances from customers		610,067	561,260
Payable against purchase of property	19.1	6,681,123	6,681,123
Sales tax		1,032,075	749,320
Excise duty payable		73,623	73,623
Security deposit of shopkeepers		486,660	686,660
Unclaimed dividend		1,858,918	1,858,918
Withholding tax		28,814,832	56,769,945
Other liabilities	19.2	25,012,839	19,908,984
Due from / (Due to) contract		44,453,150	-
		502,475,595	580,666,718

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

19.2 This includes Rs. 11,227,329 (2014: Rs. 11,373,570) payable by parent company in respect of final settlements of employees who left the company.

20 This includes the following:

FCSC - Parent company

This includes penalty at the rate of 3 months KIBOR plus 3% on the outstanding amount of loan due to default in repayment of outstanding amount of loan by parent company. This also includes two equal installment of Rs. 4,390,132 each due on 30 September 2015 and 31 December 2015 in respect of deferred interest.

FCEL - Subsidiary company

This includes agreements with different commercial banks with a mark up rate of 3-6 months kibar plus 1.8% to 2.5% and 20% p.a (2014 : 3-6 months kibar plus 1.8% to 2.5%). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 6,270,200 (2014: Rs. 62,458,725) have been pledged by the company. For details refer to note 25 contingencies and commitments

	<i>Note</i>	2015 Rupees	2014 Rupees
21 Short term borrowings			
From banking companies - secured	<i>21.1</i>	638,119,801	547,788,263

21.1 This includes FCEL, subsidiary company's agreements with different commercial banks with a mark up rate of 3-6 months Kibar plus 1.8% to 2.5% and 20% p.a (2014 : 3-6 months Kibar plus 1.8% to 2.5%). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 6,270,200 (2014 : 62,458,725) have been pledged by FCEL. Please refer to note 25.1.16 and 25.1.17.

	<i>Note</i>	2015 Rupees	2014 Rupees
22 Long term loans			
Term finance facilities		2,311,054,848	2,471,912,764
Deferred notional income	<i>22.1</i>	(182,336,158)	(334,230,306)
Accrued mark-up classified as long term		355,212,432	442,799,616
		2,483,931,122	2,580,482,074
Current portion	<i>22.2</i>	(537,822,592)	(278,608,376)
	<i>22.3</i>	1,946,108,530	2,301,873,698

22.1 This represents the difference between amortization cost and carrying value on restructuring of long term loans of FCEL (subsidiary company) in current year. Amortized cost has been determined using effective interest rate 9.13% to 12.06% (2014 : 9.13% to 12.06%) per annum being the 6 month KIBOR rate. Movement is as follows:

	Note	2015 Rupees	2014 Rupees
Deferred notional income			
As at beginning of the year		334,230,306	457,896,181
Occurred during the year	30	-	49,647,551
Amortized during the year		<u>(151,894,148)</u>	<u>(173,313,426)</u>
As at end of the year		<u><u>182,336,158</u></u>	<u><u>334,230,306</u></u>

22.2 This includes outstanding long term loan facility amounting to Rs. 10,946,666 pertaining to parent company. The facility was originally obtained as short term credit line to finance the working capital requirements of the Company and was reprofiled on 13 August 2012. As per terms of the restructuring agreement the facility was converted into long term loan payable till 25 June 2015 in unequal quarterly installments. The revised markup rate was fixed at 10% per annum and the interest accrued during the grace period of initial 21 months was payable during the last year of the restructured loan agreement. The loan is secured against pledge of Company shares in CDC account with 40% margin, lien on bank deposit accounts and mortgage over 3 shops in Fortress Stadium. The loan has been carried at amortized cost using effective interest rate of 13.2% (2014: 13.2%). During the current financial year, the Company made default in repayment of two installments amounting to Rs. 10,946,666. These amounts were due on 25 March 2015 and on 25 June 2015. The Company is making due efforts to settle the outstanding balance with the bank.

22.3 This includes long term loans obtained by FCEL (subsidiary company) from various commercial banks with a markup rate of 8.13% and 3 months Kibor plus 3% to 4% p.a (2014: 8% and 3 months Kibor plus 3% to 4%). These facilities have been restructured in previous years and are being carried at amortized cost at market based rates of interest on similar facilities. The facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 375,932,545 (2014: Rs. 334,336,358) and certain investment properties are pledged against this loan.

23 Liabilities against assets subject to finance lease

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

	2015		
	Not later than one year	Later than one year and not later than five years	Total
	-----Rupees-----		
Minimum lease payments	5,683,809	3,073,019	8,756,828
Future finance charges	<u>(222,879)</u>	<u>(20,366)</u>	<u>(243,245)</u>
Present value of minimum lease payments	<u><u>5,460,930</u></u>	<u><u>3,052,653</u></u>	<u><u>8,513,583</u></u>
	2014		
	Not later than one year	Later than one year and not later than five years	Total
	-----Rupees-----		
Minimum lease payments	8,153,818	8,518,826	16,672,644
Future finance charges	<u>(658,293)</u>	<u>(442,245)</u>	<u>(1,100,538)</u>
Present value of minimum lease payments	<u><u>7,495,525</u></u>	<u><u>8,076,581</u></u>	<u><u>15,572,106</u></u>

The Group availed leasing facilities from various commercial institutions as shown in note 6 of these consolidated financial statements. Lease installments are payable on monthly and quarterly basis. The Group has the right to exercise purchase option at the end of the lease term by adjusting the security deposit against the residual value of leased asset. The present value of minimum lease payments are discounted at an effective rate of 12% to 18.75% (2014: 12 % to 18.75%) per annum.

	<i>Note</i>	2015 Rupees	2014 Rupees
24 Staff retirement benefits			
Amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation	24.1	84,199,101	72,999,149
Fair value of plan assets	24.2	(20,256,486)	-
		<u>63,942,615</u>	<u>72,999,149</u>
24.1 Movement in net obligation			
Balance sheet liability at 01 July		72,999,149	131,259,768
Expense chargeable to Profit and loss account	24.3	16,411,020	12,297,322
Liability derecognized on loss of control in subsidiary		-	(70,644,217)
Remeasurements chargeable in other comprehensive income	24.4	860,160	1,631,565
Benefit payable transferred to short term liability		-	(182,500)
Benefits paid during the year		(6,071,228)	(1,362,789)
Balance sheet liability at 30 June		<u>84,199,101</u>	<u>72,999,149</u>
24.2 Movement in fair value of plan assets			
Contributions made during the year		20,256,486	-
Fair value of plan assets as at 30 June		<u>20,256,486</u>	<u>-</u>
24.3 Amount charged to profit and loss account			
Current service cost		7,865,316	6,276,377
Interest cost		8,545,704	6,020,945
Total amount charged to the profit and loss account		<u>16,411,020</u>	<u>12,297,322</u>
24.4 Charged to other comprehensive income			
Experience adjustments		860,160	1,631,565
		<u>860,160</u>	<u>1,631,565</u>

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2015. Significant actuarial assumptions are as follows:

		2015	2014
Discount rate	<i>Per annum</i>	9.75% to 13.25%	10% to 10.5%
Expected rate of eligible salary increase in future years	<i>Per annum</i>	7.5% to 9.75%	7.5% to 9.5%
Average expected remaining working life time of employees	<i>Years</i>	4 to 14	4 to 14

25 Contingencies and commitments

25.1 Contingencies

Parent Company

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

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

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

On this basis, NAB 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 paid NAB an amount of Rs. 13.8 million and provided adequate security against the balance amount recoverable from the parties involved.

NAB 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 NAB has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Parent Company has contested this demand in NAB and has also lodged a counter claim for sums paid to NAB, 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 / NAB authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously.

25.1.3 During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Worldcall Communications Limited (now Worldcall Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Parent Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Parent Company. SECP has filed an appeal in the

Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Parent Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

- 25.1.4** During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited, an associated company. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Parent Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29 April 2010. The matter will be re-decided by the Lahore High Court. No provision has been made in the financial statements as the management of the Parent Company is confident of a favourable decision.

First Capital Equities Limited (FCEL)

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

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

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

- 25.1.6** Mr. Assad Ullah Sajid has filed a petition with Securities and Exchange Commission of Pakistan against FCEL for refund of Rs. 590,740 deposited for purchase of shares on his behalf.
- 25.1.7** During the year 2007-2008, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to FCEL under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that FCEL has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. FCEL has submitted its reply to the show cause notice to the SECP. Hence, SECP has decided the case and has imposed a fine of Rs. 500,000 on FCEL. FCEL has filed an appeal in Appellate Tribunal SECP against the aforesaid order, which is in pending adjudication.
- 25.1.8** During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by FCEL.
- 25.1.9** The return for tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001. The Taxation Officer reassessed the income for the tax year 2003 reducing refund from Rs. 6.4 million to

Rs. 5.4 million. FCEL filed appeal with the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). FCEL has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal.

- 25.1.10** The Taxation Officer reassessed the income for the tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability up to Rs. 1.4 million on account of apportionment of expenses to capital gain. FCEL has filed appeal before the Commissioner of Income Tax (Appeals) against the said order.
- 25.1.11** During the year 2008-2009, M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of FCEL defaulted in paying their debts amounting to Rs. 239,900,022, in aggregate. FCEL has filed a suit for recovery from these clients.
- 25.1.12** During the year 2009-2010, FCEL has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonoured cheque of Rs. 1,000,000 tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by FCEL and for recovery of Rs. 25.20 million till February 2010. The Universal Equities (Pvt) Limited has filed a suit for permanent injunction alleging therein that FCEL be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned trial Court has declined to issue injunctive order in this regard against FCEL. The Learned Appellate Court has also turned down the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned trial Court passed in favour of FCEL.

FCEL has also filed an application for winding up the Universal Equities (Pvt) Limited in Honourable Lahore High Court.

- 25.1.13** During the year 2010-2011, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by FCEL and a notice under section 176 of the Contract Act, 1872 was served to FCEL by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. FCEL has filed a suit before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192 on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. FCEL has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby the JS Bank Limited has been restrained from selling the securities pledged by FCEL. FCEL is very much confident of success of the case in its favour.
- 25.1.14** An irrevocable guarantee of Rs. 9 million has been given to Karachi Stock Exchange Limited against exposure by a commercial bank on behalf of FCEL. This guarantee is secured against a lien marked on a bank balance of the Parent Company. Subsequent to the year end guarantee of Rs. 9 million has been withdrawn and T Bills amounting to Rs. 8,905,068 have been given against exposure by the Parent Company.
- 25.1.15** During the year, FCEL is contesting the case with Askari Bank Limited in the Honourable High Courts of Sindh and Lahore, in which PLA to defend the cases has been filed FCEL. FCEL is also in process of initiating proceedings to ledge counter claim and claim damages from Askari Bank Limited. On the other hand, the legal advisor of the Company is of considered opinion that legal process of the recovery suit stated above may take several years as the courts are yet to render judgments about the liability of the Company and the terms of repayment of the loan amount in stated proceedings. The management and directors, in view of pending litigations with Askari Bank Limited, and the opinion from the legal advisor are confident of success of the case in its favour.

25.1.16 A case was filed in the Sindh High Court for the Recovery of Rs. 5,161,670 along with further mark up of 20% charged from the date of suit till realization against loss on trading of shares from Mr. Nazimuddin Siddique who act as agent of FCEL, under a brokerage agency agreement. The outstanding balance is against various clients under the agency agreement.

25.1.17 FCEL has entered into an arrangement with United Bank Limited for the rescheduling / restructuring of their financial liabilities. The bank has frozen / waived off their accrued mark-up up to May 29, 2012, amounting to Rs. 326 million and any further mark-up on certain terms and conditions. The main issue in this restructuring is that if FCEL failed to comply with any one condition, the concession / reliefs shall stand withdrawn. FCEL is very much confident that they will adhere to all the terms and conditions.

Lanka Securities (Private) Limited

25.1.18 High Court Case No. 503/14/MR is case filed against LSL by Mr. Chanmukapawan demanding payment of LKR 1,000,000 from LSL alleging that LSL has bought and sold shares without the consent of Mr. Chanmukapawan. On behalf of LSL, response has been filed in court together with the list of witnesses and documents and trial is due to take place within one year.

Falcon Commodities (Private) Limited

25.1.19 The Income Tax department has passed an order dated 07 May 2014 against Falcon Commodities (Private) Limited for the recovery of tax amounting to Rs. 362,215 for the tax year 2012. The tax authorities have disallowed certain expenses amounting to Rs. 1,355,803. Falcon Commodities (Private) Limited has filed an appeal against the said order and is confident that the case will be decided in its favour.

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

	2015	2014
25.2 Commitments	Rupees	Rupees
Commitments include amounts in respect of:		
Capital expenditure	3,130,103	3,130,103
Sale of shares	147,761,015	707,140,121
Purchase of shares	120,156,393	854,816,664
Ijarah lease rental	3,066,700	-
	274,114,211	1,565,086,888

26 Share capital

26.1 Authorized share capital

2015	2014		2015	2014
-----Number of shares-----			-----Rupees-----	
<u>320,000,000</u>	<u>320,000,000</u>	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

2015	2014		2015	2014
-----Number of shares-----			-----Rupees-----	
38,165,030	38,165,030	Ordinary shares of Rs. 10/- each fully paid in cash	381,650,300	381,650,300
278,445,082	278,445,082	Ordinary shares of Rs. 10/- each issued as bonus shares	2,784,450,820	2,784,450,820
<u>316,610,112</u>	<u>316,610,112</u>		<u>3,166,101,120</u>	<u>3,166,101,120</u>

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

	2015		2014	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Worldcall Telecom Limited	1.26	3,991,754	1.26	3,991,754
Amythest Limited	22.75	72,034,306	22.75	72,034,306

27 Operating revenue

	2015 Rupees	2014 Rupees
Revenue from construction contracts	251,039,201	-
Brokerage income	184,490,086	187,909,304
Dividend income	1,469,452	1,522,952
Money market income	14,586,925	10,699,047
Gain / (loss) on sale of investments	174,045	(7,952,634)
Investment advisory fee from FCMF	9,057,722	8,571,403
Financial consultancy fee	1,231,230	286,441
Rental income	2,160,840	9,728,794
Revenue from printing	27,788,393	42,781,174
	<u>491,997,894</u>	<u>253,546,481</u>

	Note	2015 Rupees	2014 Rupees
28 Direct costs			
Materials consumed		8,431,000	11,696,626
Salaries and benefits		31,425,214	18,163,888
Folding and binding costs		2,946,310	5,125,948
Electricity and fuel consumed		10,483,771	2,694,983
Rent, rates and taxes		3,139,182	3,195,170
Postage and communication		325,451	164,522
Stores and general items consumed		1,661,319	62,742
Travelling expenses		395,110	633,107
Laboratory testing charges		2,400	28,400
Insurance		1,067,106	4,778
Entertainment		1,196,438	524,548
Repair and maintenance		1,936,896	337,707
Courier charges		56,360	6,790
Vehicle running and maintenance		312,328	3,505,228
Depreciation	6.1	4,266,733	5,353,615
Rental expense of machinery		10,091,442	-
Steel expense		100,029,709	-
Sand and Crush		18,375,921	-
Cement expense		24,429,600	-
Shuttering fixing and steel fixing		11,353,406	-
Plywood expense		3,146,662	-
Other construction expenses		17,296,359	-
Others		7,442,253	5,900,057
		<u>259,810,970</u>	<u>57,398,109</u>
29 Operating and administrative expenses			
Salaries, wages and benefits		164,024,964	179,278,021
Stock exchange charges		4,266,293	4,217,059
Rent, rates and taxes		4,754,171	5,057,198
Telephone and fax		5,467,768	6,216,659
Utilities		3,689,101	3,937,650
Insurance		1,872,409	931,623
Printing and stationery		1,848,710	2,323,371
Travelling and conveyance		2,509,808	6,394,698
Repairs and maintenance		5,570,328	6,224,085
Postage and courier		930,297	926,096
Vehicle running		874,658	198,807
News papers and periodicals		184,902	154,377
Entertainment		2,147,355	3,275,497
Brokerage commission and capital value tax		305,004	116,200
Service charges on rental income		618,146	1,924,915
Legal and professional charges		7,697,206	7,137,941
Lease rentals on ijarah facilities		1,314,300	-
Advertisement		3,523,909	2,138,091
Provision for doubtful debts		1,287,921	8,524,443
Bad debts written off directly		-	164,203,470

	Note	2015 Rupees	2014 Rupees
Fees and subscriptions		1,989,144	2,963,522
Auditors' remuneration	29.1	3,023,596	2,944,145
Depreciation	6.1	36,660,934	18,873,205
Amortization of intangible assets		-	39,063
Others		33,240,773	7,418,829
		<u>287,801,697</u>	<u>435,418,965</u>

29.1 Auditors' remuneration

	Parent company	Subsidiary companies	2015	2014
-----Rupees-----				
Annual audit	475,000	1,353,596	1,828,596	1,866,395
Consolidated accounts	425,000	-	425,000	425,000
Half yearly review	100,000	280,000	380,000	375,000
Other certifications	-	215,000	215,000	135,000
Out of pocket expenses	110,000	65,000	175,000	142,750
	<u>1,110,000</u>	<u>1,913,596</u>	<u>3,023,596</u>	<u>2,944,145</u>

30 Other income

Income from financial assets

	2015 Rupees	2014 Rupees
Income on deposit accounts	4,221,583	5,734,591
Income on term deposits	48,326,003	43,070,714

Income from other than financial assets

	2015 Rupees	2014 Rupees
Gain on sale of property, plant and equipment	3,632,665	2,648,621
Gain on de-recognition of financial liability	-	49,647,551
Interest from staff loans	45,471	-
Rental Income from plant and equipment	6,175,000	-
Scrap sales	543,730	-
Interest income on delayed payments	24,040,935	-
Others	1,809,474	3,260,752
	<u>88,794,861</u>	<u>104,362,229</u>

30.1 This represents income from lease of construction equipment from Pace Barka Properties Limited.

	Note	2015 Rupees	2014 Rupees
31 Finance costs			
Mark-up on long term loans		30,747,271	45,964,525
Mark-up on short term borrowings		90,959,284	105,871,629
Mark up amortized	22.1	151,894,148	173,313,426
Cost of Repo transactions		-	4,570,596
Finance charges on assets subject to finance lease		994,829	1,100,538
Bank charges and commission		791,511	405,645
Others		857,801	-
		<u>276,244,844</u>	<u>331,226,359</u>

32 Taxation

Current	9,718,563	5,858,560
Prior Year	(1,067,056)	-
Deferred	3,199,082	(5,459)
	<u>11,850,589</u>	<u>5,853,101</u>

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

2015 2014

33 Loss per share

33.1 Loss per share - basic

Net loss for the year	<i>Rupees</i> (195,896,997)	(557,242,392)
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> (0.62)	(1.76)

33.2 Loss per share - continuing operations basic

Net loss for the year	<i>Rupees</i> (195,896,997)	(495,438,078)
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> (0.62)	(1.56)

33.3 Loss per share - diluted

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

34 Discontinued operation

In June 2014, the Group disposed of its controlling interest in Trident Construct Private Limited.

	2015	2014
	Rupees	Rupees
Results of discontinued operation		
Expenses	-	(23,457,418)
Results from operating activities - net of tax	-	(23,457,418)
Loss on sale of discontinued operation	-	(49,841,031)
Loss for the year from discontinued operation	-	(73,298,449)

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

35 Transactions with related parties

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

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

Name of Parties	Nature of relationship	Nature and description of related party transaction	2015		2014	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
Rupees						
Bank of Ceylon	Associate	Agreement of treasury bills	-	-	7,743,379	-
		Repurchase of treasury bonds	-	-	44,873,643	44,873,643
		Share transaction	1,317,083,285	-	501,866,883	-
		Brokerage income	8,064,977	6,827,786	2,517,721	-
		Interest income	9,423,649	-	-	-
		Investment in fixed deposit	112,360,071	112,536,034	72,545,724	72,545,724
Merchant Bank of Sri Lanka	Associate	Share transaction	151,870,531	-	90,403,210	571,481
		Brokerage income	937,605	49,746	570,977	-
		Lease repayment	6,961,237	-	6,161,454	-
MBSL Savings Bank Limited	Associate	Share transaction	-	-	8,026,377	1,588,168
		Brokerage income	-	-	89,442	-
Merchant Credit of Sri Lanka	Associate	Share transaction	-	-	86,029,575	-
		Brokerage income	-	-	541,365	-

Name of Parties	Nature of relationship	Nature and description of related party transaction	2015		2014	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
-----Rupees-----						
MBSL Insurance Company Limited	Associate	Share transaction	-	-	25,117,023	(22,616)
		Brokerage income	-	-	106,823	-
Pace Pakistan Limited	Associate	Service charges	1,289,906	-	2,317,275	-
		Payable against purchase of investment property	-	6,681,123	-	6,681,123
		Advance for renovation	-	-	1,000,000	1,000,000
		Building rent	9,663,060	-	-	-
		Sale of goods and services	2,348,101	-	-	1,112,697
		Payable against purchase of goods and services	-	16,908,730	-	-
First Capital Mutual Fund	Associate	Income from financial consultancy services	9,057,722	-	8,571,403	-
		Dividend Income	6,557,332	-	15,495	-
		Mutual fund units purchased	5,111,757	5,507,089	-	-

Name of Parties	Nature of relationship	Nature and description of related party transaction	2015		2014	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
Pace Barka Properties Limited	Associate	Rental income earned	6,175,000	-	-	-
		Sale of goods and services	4,252,926	-	552,224	-
		Retention money	13,939,896	-	-	-
		Construction revenue	243,561,842	-	-	-
		Due from / (due to) contracting revenue	-	44,453,150	-	-
		Other receivables	-	49,733,560	-	-
		Building rent	4,192,650	-	-	-
Media Times Limited	Associate	Sale of goods and services	-	-	32,809,219	-
		Purchase of goods and services	14,300	40,300	26,000	26,000
		Advance against Advertisement	1,156,650	-	-	-
Pace Super Mall	Associate	Receivable against advertisement	-	500	-	-
Chairperson/Director Mrs. Aamma Taseer	Director	Subordinated loan	-	5,000,000	5,000,000	5,000,000

-----Rupees-----

	2015 Rupees	2014 Rupees
36 Cash generated from operations		
Loss before taxation	(232,732,000)	(749,298,443)
<i>Adjustments for:</i>		
Depreciation	40,927,667	45,574,807
Finance cost	276,244,844	331,226,359
Gain on re-measurement of short term investments	(28,480,435)	(9,003,337)
Gain on re-measurement of investment property	(23,159,000)	(2,852,000)
Lease rentals of Ijarah facilities	(1,314,300)	-
Loss on disposal of long term investments	-	49,841,031
Dividend income	(6,557,332)	(10,464,750)
Gain on disposal of property, plant and equipment	(3,632,665)	(2,648,621)
Loss on sale of investment	-	101,216,984
Provision for doubtful debts	1,287,921	8,524,443
Bad debts written off directly	-	164,203,470
Retirement benefits	16,411,020	13,928,887
Share of profit of equity-accounted investee	47,864,011	120,503,624
Mark-up income	(52,547,586)	(48,805,305)
	267,044,145	761,245,592
Profit before working capital changes	34,312,145	11,947,149
Effect on cash flow due to working capital changes:		
<i>(Increase) / decrease in:</i>		
Inventories	(22,770,365)	544,178
Trade debts	172,590,128	(348,723,842)
Loans and advances	2,904,104	178,220,026
Short term prepayments	(120,855)	(22,234,869)
Deposits and other receivables	3,384,891	45,473,140
Tax due from Government	(4,523,301)	(13,326,787)
<i>Increase / (decrease) in:</i>		
Trade and other payables	(78,191,123)	109,879,814
Liability against repurchase agreement	-	(48,111,520)
Short term borrowings	90,331,538	357,477,047
	163,605,017	259,197,187
	197,917,162	271,144,336

37 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

37.1 Credit risk

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

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

37.1.1 Exposure to credit risk

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

	Note	2015 Rupees	2014 Rupees
Long term deposits and advances		9,386,003	9,132,925
Long term investments - available for sale		24,156,320	24,156,320
Trade debts - net	37.1.2	2,610,174,520	2,784,052,569
Loans and advances		56,497,367	56,633,844
Interest accrued		442,878	1,176,174
Deposits and other receivables		14,460,016	17,844,907
Short term investments	37.1.2	106,471,582	73,977,576
Bank balances	37.1.2	187,371,994	204,191,221
		3,008,960,680	3,171,165,536

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.

<u>Trade debts</u>	2015 Rupees	2014 Rupees
Trade debts as at balance sheet date are classified as follows:		
Foreign	333,276,339	475,423,830
Domestic	2,276,898,181	2,308,628,739
	2,610,174,520	2,784,052,569

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

	2015		2014	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----		----- Rupees -----	
Neither past due not impaired	1,163,190	-	61,357,086	-
Past due 1 - 60 days	2,279,389,774	-	835,037,579	-
Past due 61 - 180 days	396,250,757	-	55,981,176	-
Past due 181 - 365 days	95,633,754	-	124,409,881	-
More than 1 year	1,022,724,410	(1,184,987,365)	2,890,966,291	(1,183,699,444)
	3,795,161,885	(1,184,987,365)	3,967,752,013	(1,183,699,444)

Short term investments

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

	Note	2015 Rupees	2014 Rupees
<u>Bank balances</u>			
Foreign		118,270,447	118,570,811
Domestic		68,970,154	85,549,339
	17	187,240,601	204,120,150

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

	Rating		Rating agency
	Short term	Long term	
Faysal Bank Limited	A1+	AA	PACRA
Bank Al Falah Limited	A1+	AA	PACRA
Allied Bank Limited	A1+	AA+	PACRA
Bank Islami Limited	A1+	A+	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
NIB Bank Limited	A1+	AA-	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Summit Bank Limited	A3	A	JCR - VIS
Silk Bank Limited	A2-	A-	JCR - VIS
United Bank Limited	A1+	AA+	PACRA
Askari Bank Limited	A1+	AA	JCR-VIS
Albaraka Islamic bank	A1	A	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Bank of Ceylon	AA+	AA+	LRA (Lanka)
MBSL Bank	AA-	AA-	LRA (Lanka)
Habib Bank Limited	A1+	AAA	JCR-VIS

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:

	2015				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<i>Financial liabilities</i>					
Liabilities against assets subject					
to finance lease	8,513,583	8,513,583	5,460,930	3,052,653	-
Long term loan	2,128,718,690	2,483,931,122	537,822,592	1,585,896,098	5,000,000
Short term borrowings	638,119,801	638,119,801	638,119,801	-	-
Trade and other payables	502,475,595	502,475,595	502,475,595	-	-
Mark-up accrued	1,006,656,443	1,006,656,443	651,444,011	355,212,432	-
	4,284,484,112	4,639,696,544	2,335,322,929	1,944,161,183	5,000,000

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

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:

	2015 Rupees	2014 Rupees
Foreign debtors	333,276,339	475,423,830
Foreign currency bank accounts	118,270,447	118,570,811
Net exposure	<u>451,546,786</u>	<u>593,994,641</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2015	2014	2015	2014
LKR to PKR	0.75	0.75	0.75	0.75

Sensitivity analysis:

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

	2015 Rupees	2014 Rupees
Effect on profit and loss	45,154,679	59,399,464
	<u>45,154,679</u>	<u>59,399,464</u>

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

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

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:

	2015	2014	2015	2014
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<u>Financial liabilities</u>				
Liabilities against assets subject to finance lease	12 to 18.75	12 to 18.75	(3,052,653)	(8,076,581)
Short term borrowings	9.18 to 10.01	12.78 to 15.95	(638,119,801)	(547,788,263)
Long term loans	8.13 to 20	8 to 20	(2,128,718,690)	(2,137,682,458)
			<u>(2,769,891,144)</u>	<u>(2,693,547,302)</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 2014.

	Profit or loss	
	100 pbs Increase	100 pbs Decrease
	Rupees	
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	<u>25,766,015</u>	<u>(25,766,015)</u>
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	<u>23,538,897</u>	<u>(23,538,897)</u>

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

37.3.3 Other price risk

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

Sensitivity analysis

During the year, KSE 100 index has increased by 16.00% but subsequent to year end and till the authorization of these financial statements an increase of 2.03% in KSE 100 index has been recorded.

The table below summarizes the Group's equity price risk as of 30 June 2015 and 2014 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-----					
2015					
Investments					
Investments at fair value through profit or loss	97,841,570	10% increase	107,625,727	-	9,784,157
		10% decrease	88,057,413	-	(9,784,157)
	<u>97,841,570</u>				
2014					
Investments					
Investments at fair value through profit or loss	65,424,343	10% increase	71,966,777	-	6,542,434
		10% decrease	58,881,909	-	(6,542,434)
	<u>65,424,343</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:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<u>Financial assets</u>				
Investment in equity-accounted investees	582,394,552	582,394,552	628,640,878	628,640,878
Long term investments	24,156,320	24,156,320	24,156,320	24,156,320
Long term deposits and advances	25,825,899	25,825,899	11,632,925	11,632,925
Trade debts	2,610,174,520	2,610,174,520	2,784,052,569	2,784,052,569
Loans and advances	70,987,949	70,987,949	73,892,053	73,892,053
Prepayments	774,268	774,268	653,413	653,413
Interest accrued	442,878	442,878	1,176,174	1,176,174
Deposits and other receivables	14,460,016	14,460,016	17,844,907	17,844,907
Short term investments	106,471,582	106,471,582	73,977,576	73,977,576
Cash and bank balances	187,371,994	187,371,994	204,191,221	204,191,221
	<u>3,623,059,978</u>	<u>3,623,059,978</u>	<u>3,820,218,036</u>	<u>3,820,218,036</u>

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----			
<i>Financial liabilities</i>				
Liabilities against assets subject to finance lease	3,052,653	3,052,653	8,076,581	8,076,581
Long term loan	1,946,108,530	1,946,108,530	2,301,873,698	2,301,873,698
Short term borrowings	638,119,801	638,119,801	547,788,263	547,788,263
Trade and other payables	502,475,595	502,475,595	580,666,718	580,666,718
Mark-up accrued	651,444,011	651,444,011	482,198,227	482,198,227
	3,741,200,590	3,741,200,590	3,920,603,487	3,920,603,487

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 2015	Level 1	Level 2	Level 3	Total
<i>Equity securities</i>				
Financial assets at fair value through profit or loss				
<i>Rupees</i>	70,198,342	27,643,228	-	97,841,570
30 June 2014				
<i>Equity securities</i>				
Financial assets at fair value through profit or loss				
<i>Rupees</i>	44,978,560	20,445,783	-	65,424,343

37.3.5 Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

37.4 Capital management

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

The Group's objectives when managing capital are:

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

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

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

The debt-to-equity ratios at 30 June 2015 and at 30 June 2014 were as follows:

	2015	2014
	Rupees	Rupees
Total debt	3,782,008,517	3,626,040,670
Total equity and debt	5,310,852,022	5,413,883,515
Debt-to-equity ratio	71.21%	66.98%

The Increase in the debt-to-equity ratio in 2015 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, Director and Executives

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

	Chief executive		Executive directors		Non executive Directors		Executives	
	2015	2014	2015	2014	2015	2014	2015	2014
	-----Rupees-----							
Managerial remuneration	2,400,000	2,400,000	-	-	2,600,000	-	14,604,087	37,403,377
Medical	-	-	-	-	-	-	338,689	534,223
Utilities	-	-	-	-	-	-	-	2,506,801
House rent	-	-	-	-	-	-	-	9,033,604
Provision for gratuity	185,466	120,908	-	-	-	-	1,135,026	1,442,392
Others	-	-	-	-	-	-	438,551	998,366
	2,585,466	2,520,908	-	-	2,600,000	-	16,516,353	51,918,763
Number of persons	1	1	-	-	6	6	37	39

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

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

	2015	2014
39 Number of employees		
The average and total number of employees are as follows:		
Average number of employees during the year	<u>247</u>	<u>245</u>
Total number of employees as at 30 June	<u>251</u>	<u>239</u>

40 Operating segments

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

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

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 open end mutual funds.

3 Construction

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

4 Printing and publishing

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

5 Water sanitation

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

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

41 Segment analysis and reconciliation

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

41.1 Information about reportable segments

	Rupees											
	Continued operations					Discontinued operations					Total	
	Financial Services		Investment advisory		Printing and publishing		Water sanitation		Construction			
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015		
External revenues	206,051,923	201,622,584	10,473,977	9,142,723	26,150,393	42,781,174	249,321,601	-	-	-	491,997,894	253,546,481
Inter-segment revenues	-	165,912,608	-	-	-	-	-	-	-	-	-	165,912,608
Direct cost	(5,199,669)	(5,138,392)	-	-	(30,285,176)	(36,887,001)	(224,326,125)	(15,372,716)	-	-	(259,810,970)	(57,398,109)
Operating expenses	(252,775,698)	(246,310,793)	(22,990,130)	(17,306,201)	(4,466,482)	(7,165,352)	(7,569,387)	(164,636,619)	-	-	(287,801,697)	(433,418,965)
Loss on disposal of long term investments	-	(101,216,984)	-	-	-	-	-	-	(23,457,418)	-	-	(124,674,402)
Other income	87,942,139	100,270,312	308,993	1,942,779	543,730	2,149,138	-	-	-	-	88,794,862	104,362,229
Finance cost	(276,198,373)	(331,191,448)	(8,689)	(6,682)	(12,912)	(23,929)	(24,870)	(4,300)	-	-	(276,244,844)	(331,226,359)
Gain on investment property	23,159,000	2,852,000	-	-	-	-	-	-	-	-	23,159,000	2,852,000
Unrealized gain / (loss) on re-measurement of short investment	25,295,060	(8,499,195)	3,185,374	17,502,552	-	-	-	-	-	-	28,480,434	9,003,337
Share of loss of equity-accounted investee (net of tax)	(58,121,818)	(148,555,221)	16,815,139	28,051,597	-	-	-	-	-	-	(41,306,679)	(120,503,624)
Loss on sale of discontinued operation	-	-	-	-	-	-	-	-	(49,841,031)	-	-	(49,841,031)
Profit / (loss) before taxation	(249,847,436)	(536,167,137)	7,784,664	39,326,748	(8,070,447)	854,030	17,401,219	(180,013,635)	-	(73,298,449)	(232,732,000)	(749,298,443)
Taxation expense for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) after taxation	(249,847,436)	(536,167,137)	7,784,664	39,326,748	(8,070,447)	854,030	17,401,219	(180,013,635)	-	(73,298,449)	(232,732,000)	(749,298,443)
Other information												
Segment assets	5,455,905,664	5,705,727,324	219,549,641	216,205,748	71,811,537	79,403,634	130,003,390	66,212,676	-	-	5,877,270,232	6,067,549,382
Segment liabilities	4,240,791,032	4,220,733,412	12,764,728	10,836,543	27,818,421	27,473,540	67,052,537	20,663,042	-	-	4,348,426,718	4,279,706,537
Depreciation	31,766,496	15,027,016	2,937,802	2,317,591	5,438,756	5,621,670	784,613	1,260,543	-	21,347,987	40,927,667	45,574,807
Amortization	-	-	-	280,000	-	266,800	-	-	-	-	-	546,800
	31,766,496	15,027,016	2,937,802	2,597,591	5,438,756	5,888,470	784,613	1,260,543	-	21,347,987	40,927,667	46,121,607
Capital expenditure	621,915	90,786,935	484,951	6,592,232	75,000	2,160,700	144,869	-	-	-	1,336,735	10,963,525

	2015 Rupees	2014 Rupees
41.2 Reconciliation of reportable segment revenues		
Total revenue from reportable segments	491,997,894	419,459,089
Elimination of inter segment revenue - EGW	-	165,912,608
Consolidated revenues	491,997,894	253,546,481
 Assets		
Total assets of reportable segments	5,294,875,680	5,438,908,504
Equity accounted investees	582,394,552	628,640,878
Consolidated total assets	5,877,270,232	6,067,549,382
 41.3 Geographical information		
Segment revenue is based on the geographical location of the customers and segments assets are based on geographical location of the assets.		
	2015 Rupees	2014 Rupees
41.3.1 Revenue		
Pakistan	375,401,289	185,398,469
Sri Lanka	116,596,605	68,148,012
	491,997,894	253,546,481
 41.3.2 Non-current assets		
Pakistan	1,174,148,233	1,229,583,669
Sri Lanka	5,509,810	16,106,376
	1,179,658,043	1,245,690,045
 41.4 Revenue on the basis of major products and services		
Financial consultancy fee	1,231,230	286,441
Dividend income	1,469,452	1,522,952
Money market income	14,586,925	10,699,047
(Loss) / gain on sale of investments	174,045	(7,952,634)
Investment advisory fee from FCMF	9,057,722	8,571,403
Brokerage income	184,490,086	187,909,304
Rental income	2,160,840	9,728,794
Revenue from printing	27,788,393	42,781,174
Revenue against construction contracts	251,039,201	-
	491,997,894	253,546,481

42 Date of authorization for issue

These consolidated financial statements were authorized for issue on _____ by the Board of Directors.

43 General

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

Lahore
09 October 2015

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 2015 at 12:00 p.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2015.

(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.

