

**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 2016**





## COMPANY'S INFORMATION

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited (“the Company” or “FCSC”) will be held on Monday 31 October 2016 at 11:00 a.m. at 2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, the Registered Office of the Company, to transact the following business:

### Ordinary Business

1. To confirm the minutes of Annual General Meeting held on 31 October 2015;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2016 together with the Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2017 and to fix their remuneration;

### Special Business

4. To consider and if deemed fit, to pass the following resolutions with or without modifications, addition(s) or deletion(s) as special resolutions for alteration in the Articles of Association of the Company, to set out the members' right to exercise their votes by electronic means as prescribed by the Companies (E-Voting) Regulations as amended or revised from time to time:

**“RESOLVED THAT** pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 as amended or revised from time to time and any other law(s), a new Article 32-A be added immediately after Article 32;

32-A. In addition to the voting options available to the members under Article 32, the Company shall also provide the option of e-voting to the members i.e. members to vote through electronic means in accordance with the procedure prescribed under the laws for the time being in force.

**“RESOLVED FURTHER THAT** the Articles 37, 40, 41 and 44 of the Articles of Association of the Company be altered to read as under;

37. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person or by proxy or through electronic means every member or his proxy shall have one vote for every share held by him. Provided always that in case of elections or removal of Directors, voting shall be held in accordance with the provisions of the Ordinance;

40. On a poll or through electronic means, votes may be given either personally or by proxy. Provided that nobody corporate shall vote by proxy as long as a resolution of its Directors in accordance with the provisions of section 162 is in force.

41. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing. A proxy must be a member of the Company. Provided in case of e-voting, a proxy may or may not be a member of the Company.

44. **FIRST CAPITAL SECURITIES CORPORATION LIMITED**

**Option 1**  
**Appointing other person as Proxy**

I/we \_\_\_\_\_ S/o D/o W/o \_\_\_\_\_ CNIC being a member of First Capital Securities Corporation Limited and holder of \_\_\_\_\_ (number of shares) Class \_\_\_\_\_ Ordinary shares as per Registered Folio No. \_\_\_\_\_ hereby appoint Mr./Mrs./Ms./ \_\_\_\_\_ S/o D/o W/o \_\_\_\_\_ CNIC \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the (annual, extraordinary general meeting, as the case may be) of the Company to be held on \_\_\_\_\_ and at any adjournment thereof.

Signed under my/our hands on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

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

Signed in the presence of:

\_\_\_\_\_  
Signature of Witness 1

\_\_\_\_\_  
Signature of Witness 2

**Option 2**  
**E-voting as per the Companies (E-voting) Regulations, 2016**

I/we \_\_\_\_\_ S/o D/o W/o \_\_\_\_\_ CNIC \_\_\_\_\_ being a member of First Capital Securities Corporation Limited holder of \_\_\_\_\_ Class \_\_\_\_\_ Ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

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

Signed in the presence of:

\_\_\_\_\_  
Signature of Witness 1

\_\_\_\_\_  
Signature of Witness 2

**RESOLVED FURTHER THAT** the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolutions.

5. To consider dissemination of information regarding Annual Audited Accounts to the Shareholders in soft form i.e. CD/DVD/USB instead of transmitting the same in the form of hard copies:

**“RESOLVED THAT** dissemination of information regarding Annual Audited Accounts to the Shareholders in soft form i.e. CD/DVD/USB as notified by Securities and Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated 31 May 2016 be and is hereby approved

**By order of the Board**

**Sajjad Ahmad**  
Company Secretary

Lahore:  
09 October 2016

**Notes:**

- 1) The Members Register will remain closed from 24 October 2016 to 31 October 2016 (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 Shares Transfer Office of the Company, by the close of business on 23 October 2016 will be treated in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
- 3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the company, 2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.
- 4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures 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 Director/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 or 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 placed the Audited Annual Financial Statements for the ended 30 June 2016 along with Auditors and Directors Reports thereon on its website: [www.pacepakistan.com](http://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](http://www.pacepakistan.com)

**STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 PERTAINING SPECIAL BUSINESS.**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 31 October 2016.



# فرسٹ کپٹل سکیورٹیز کارپوریشن لمیٹڈ

## سالانہ اجلاس عام

نوٹس ہذا کے ذریعے اطلاع دی جاتی ہے کہ فرسٹ کپٹل سکیورٹیز کارپوریشن لمیٹڈ (ایف سی ایف سی یا کمپنی) کے حصہ داران 23 واں اجلاس عام بروز پیر 31 اکتوبر 2016 کو بوقت 11:00 بجے صبح بمقام دوسری منزل، پرنس شاپنگ مال، بورڈز سٹریٹ، لاہور میں مندرجہ ذیل امور کی معاملات کے لئے منعقد ہوگا۔

### عمومی کارروایاں:

- 1- 31 اکتوبر 2015 منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق
- 2- 30 جون 2016 کو ختم ہونے والے سال کے لئے ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کے سمر اوپینی کی مالیاتی سٹیٹمنٹ کی وصولی، ان پر غور و خوض اور انہیں اختیار کرنا۔
- 3- 30 جون 2017 کو ختم ہونے والے سال کے لئے آڈیٹرز کا تقرر اور مشاہرہ کا تعین۔

### خصوصی کارروایاں:

- 3- اگر مناسب سمجھا جائے تو غور کرنا اور درج ذیل قرارداد کو بحال یا بغیر ترمیم، اضافے یا منسوخی کے ساتھ خصوصی قرارداد کے طور پر کمپنی کے آرٹیکل آف ایسوسی ایشن میں تبدیل کے لیے منظور کرنا، تاکہ ممبران کمپنیز (E-Voting) کے وقتاً فوقتاً ترمیم شدہ یا شدہ ضابطوں کے تحت برقی طریقوں سے اپنے ووٹ کا حق استعمال کر سکیں قرارداد پاپا کمپنیز آرڈیننس 1984 کے سیکشن 28 اور دیگر قابل اطلاق ضابطوں، اگر کوئی ہوں، اور کسی بھی دیگر قانون (قوانین) کے مطابق ایک نئے آرٹیکل 32-A کو آرٹیکل 32 کے فوری بعد شامل کیا جائے۔
- 32-A آرٹیکل 32 کے تحت ممبران کو دیئے گئے ووٹنگ کے اختیارات کے علاوہ، کمپنی ممبران کو ای۔ ووٹنگ کا اختیار بھی دیتی ہے یعنی ممبران لاگو عائد ضابطوں کے تحت الیکٹرونک ذریعے سے ووٹ دے سکتے ہیں۔ مزید قرارداد پاپا کمپنیز آرڈیننس 1984 کے سیکشن 37، 40، 41 اور 44 میں ترمیم کر کے درج ذیل طور پر پڑھا جائے۔
- 36- ہاتھ اٹھا کر کھتی کے موقع پر ممبر جو ذاتی طور پر یا بذریعہ کسی موجودہ یا اس کا ایک ووٹ شمار ہوگا اور رائے شماری کے موقع پر ممبر جو ذاتی طور پر یا بذریعہ الیکٹرونک طریقے سے موجودہ ووٹ ممبر یا اس کے پراکسی کو ہر ایک شیئر کے لیے ایک ووٹ ملے گا۔ جبکہ ڈائریکٹرز کے انتخاب یا برطرفی کی صورت میں، آرڈیننس کے ضابطوں کے مطابق ووٹنگ ہوگی۔
- 39- انتخاب یا الیکٹرانک ذرائع سے ووٹ ذاتی طور پر یا پراکسی کے ذریعے دیا جاسکتا ہے۔ کوئی کارپوریٹ اس وقت تک پراکسی کے ذریعے ووٹ نہیں دے سکتا جب تک کہ لاگوشن 162 کی شرائط کے مطابق اس کے ذرائع ان قرارداد منظور نہ کریں۔
- 40- پراکسی تقرری کے لیے ہدایت نظر کنندہ کی اپنی تحریر یا باقاعدہ طور پر مقرر کے گئے ان کے وکیل کی تحریر میں ہونی چاہیے۔ پراکسی کے لیے کمپنی کا رکن ہونا ضروری ہے۔ E-Voting کی صورت میں پراکسی کمپنی کا ممبر یا غیر ممبر بھی ہو سکتا ہے۔

## فرسٹ کپٹل سکیورٹیز کارپوریشن لمیٹڈ

44-

آپشن 1

کسی دوسرے فرد کی بطور پراکسی نامزدگی

میں/ہم، \_\_\_\_\_ ولد/خاندان \_\_\_\_\_ کمپنیوں اور ذمہ داریوں کے حاملین اور رجسٹرڈ فوئیلڈ ہونے کے تحت (شیئرز کی تعداد) کا اس \_\_\_\_\_ آرڈیننس کے تحت ممبران ہوں اور بذریعہ ہذا جناب/محترمہ \_\_\_\_\_ ولد/خاندان \_\_\_\_\_ کمپنیوں اور ذمہ داریوں کے حاملین اور رجسٹرڈ فوئیلڈ ہونے کے تحت کو اپنا پراکسی نامزد کرتا ہوں کہ وہ میری/ہماری جانب سے کمپنی کے (سالانہ یا غیر معمولی اجلاس میں ووٹ دیں یا جو بھی صورت ہو) جو کو یا ان کو کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہوگا۔ آج تاریخ \_\_\_\_\_ کو دستخط کیا گیا۔

ممبر کا دستخط

(یہ دستخط کمپنی کے پاس رجسٹر شدہ دستخط کے جیسا ہونا چاہیے)

درج ذیل گواہان کی موجودگی میں دستخط کیا گیا۔

گواہ نمبر 2 کا دستخط

گواہ نمبر 1 کا دستخط

آپشن 2

کمپنیز (ای۔ ووٹنگ) 2016 ضابطوں کے مطابق ای۔ ووٹنگ

میں/ہم، \_\_\_\_\_ ولد/خاندان \_\_\_\_\_ کمپنیوں اور ذمہ داریوں کے حاملین اور رجسٹرڈ فوئیلڈ ہونے کے تحت (شیئرز کی تعداد) کا اس \_\_\_\_\_ آرڈیننس کے تحت ممبران ہوں اور بذریعہ ہذا جناب/محترمہ \_\_\_\_\_ ولد/خاندان \_\_\_\_\_ کمپنیوں اور ذمہ داریوں کے حاملین اور رجسٹرڈ فوئیلڈ ہونے کے تحت کو اپنا پراکسی نامزد کرتا ہوں اور یہ کمپنیز (ای۔ ووٹنگ) 2016 ضابطوں کے تحت ای۔ ووٹنگ انجام دیں گے اور بذریعہ ہذا قراردادوں کے لیے انتخاب کا مطالبہ کریں گے، میرا/ہماری محفوظ ای میل ایڈریس \_\_\_\_\_ ہے برائے ممبرانی مجھے/میں ای میل کے ذریعے لاگ ان تفصیلات، پاس ورڈ اور الیکٹرونک دستخط فراہم کریں۔

ممبر کا دستخط

(یہ دستخط کمپنی کے پاس رجسٹر شدہ دستخط کے جیسا ہونا چاہیے)

درج ذیل گواہان کی موجودگی میں دستخط کیا گیا۔

گواہ نمبر 2 کا دستخط

گواہ نمبر 1 کا دستخط

مزید قرار پایا کہ چیف ایگزیکٹو یا کینی سیکرٹری کو بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ کینی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم کے لیے تمام لازمی اور ضروری اقدامات، کارروائیاں انجام دیں بشمول کینی کے رجسٹر ارا کو تمام مطلوبہ دستاویزات/باضابطہ فارمز فراہم کرنا اور دیگر تمام قانونی ضابطوں پر عمل درآمد یقینی بنانا تاکہ آرٹیکلز آف ایسوسی ایشن میں ترمیم کو موثر بنانے کے علاوہ مذکورہ بالا قرار دوا کو لاگو کرنا۔

5- سالانہ آڈٹ کاؤنٹس کی حصہ داران کو اطلاع تحریری صورت کی بجائے سوفٹ فارم (Soft Form) یعنی CD/DVD/USB کی صورت میں فراہم کرنے پر غور کرنا قرار پایا کہ کینی سیکرٹری اینڈ کمیشن آف پاکستان کے SRO No. 470(I)2016 بتاریخ 31 مئی 2016 کے مطابق شیئر ہولڈرز کو سالانہ آڈٹ شدہ حسابات سے متعلق معلومات سافٹ شکل یعنی CD/DVD/USB کی شکل میں فراہم کئے جانے کو بذریعہ ہذا منظور کیا جاتا ہے۔

حساب الخلم بورڈ  
سجاد احمد  
کینی سیکرٹری

لاہور: 9 اکتوبر 2016

**نوٹس:**

- 1) رجسٹرڈ ممبران 24 اکتوبر 2016ء سے 31 اکتوبر 2016ء (بشمول ہر دو ایام) بند رہے گا۔ 23 اکتوبر 2016ء کو کاروبار کے اختتام تک کینی کے رجسٹرار اور شیئر ٹرانسفر آفس، THK Associates (Pvt) Ltd.، گراؤنڈ فلور، سٹیل انڈسٹری بلڈنگ 3، ڈاکٹر ضیاء الدین احمد روڈ، کراچی کو وصول ہونے والی منتقلیوں کو سالانہ اجلاس عام کے لئے بروقت تصدیق کی جائے گی۔
- 2) ہر وہ ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی اور ممبر کو شرکت کرنے اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کے موثر ہونے کے لئے ضروری ہے کہ وہ کینی کے رجسٹرڈ دفتر میں اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل وصول ہو جائے۔
- 3) دستاویز پراکسی اور مختار نامہ یا کوئی اور اتھارٹی (آگروٹی ہو) جس کے تحت یہ دستخط شدہ یا نوٹری تصدیق شدہ ہو کے موثر ہونے کے لئے ضروری ہے کہ اس کی تصدیق شدہ کاپی کینی کے چیف آفس بمقام دوسری منزل، سٹیل انڈسٹری مال، فور ٹریس سٹیڈیم، لاہور کینٹ، لاہور میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جائے۔
- 4) اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل CDC کے انفرادی فائدہ مند مالکان کے لئے ضروری ہے کہ وہ شرکت کنندہ کی ID اور اکاؤنٹ/سب اکاؤنٹ نمبر اصل CNIC یا پاسپورٹ اس کے شناخت ثابت کرنے کے لیے ہمراہ لائیں۔ کارپوریٹ ہستی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور اور انٹرنی مقرر کردہ کے دستخطوں کے نمونے کے ساتھ (پیلے سے جمع نہ کرانے کی صورت میں) اجلاس کے وقت پیش کرے۔
- ب۔ پراکسیوں کی تقرری کے لیے CDC کے انفرادی فائدہ مند مالکان پراکسی فارم مندرجہ بالا ضرورت کے تحت شریک کنندہ کے شناختی کارڈ اور اکاؤنٹ/سب اکاؤنٹ نمبر ان کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپی کے ساتھ فراہم کریں گے۔ پراکسی فارم کے لیے ضروری ہے کہ وہ وہ گواہان کے ناموں، پتہ جات اور CNIC نمبر کے ساتھ گواہ شدہ ہوں۔ پراکسی اجلاس کے وقت اپنا اصلی CNIC یا پاسپورٹ فراہم کرے گا/گی۔ کارپوریٹ ہستی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اتھارٹی پراکسی فارم نمونے کے دستخطوں کے ساتھ جمع کروایا جائے گا (پیلے سے جمع نہ کرانے کی صورت میں)
- 5) ممبران سے درخواست ہے کہ اپنے رجسٹرڈ پتہ میں کسی تبدیلی کی صورت میں فوری اطلاع کریں۔

**6) کینی پراکسی ڈیوٹی شناختی کارڈ (CNIC) / اینٹیل ٹیکس نمبر (NTN)**

حصہ داران کے کینی پراکسی ڈیوٹی شناختی کارڈ یا NTN سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق جو کہ S.R.O 831(1)2012 مورخہ 5 جولائی 2012 کے تحت آنے والے ڈیوٹیڈ وائٹس وغیرہ کے اجراء کے لیے لازمی ہیں۔ اور ان کی عدم موجودگی میں SECP کی مندرجہ بالا ہدایت کے مطابق منافع کی رقم روکی جاسکتی ہے۔ چنانچہ ان حصہ داران جنہوں نے ابھی تک اپنے شناختی کارڈ یا NTN فراہم نہیں کیے ہیں کو ایک مرتب پتہ ہدایت کی جاتی ہے کہ وہ اپنے شناختی کارڈ یا NTN (اگر پہلے مہیا نہیں گئے) کی تصدیق شدہ کاپیاں براہ راست یا ہمارے آزاد شیئر رجسٹرار THK ایسوسی ایشن پرائیویٹ لمیٹڈ کو مزید کسی تاخیر کے بغیر فراہم کریں۔

**7) فنانشل سٹیٹمنٹ آڈٹ شدہ کینی کی ویب سائٹ پر دستیابی**

کینی نے 30 جون 2016 کو ترمیم ہونے والے سال کی آڈٹ شدہ فنانشل سٹیٹمنٹ، آڈیٹرز اور ڈائریکٹرز پورٹس کینی کی ویب سائٹ [www.pacepakistan.com](http://www.pacepakistan.com) پر مہیا کر دی ہیں۔

**8) فنانشل سٹیٹمنٹ کی E-mail کے ذریعے ترسیل**

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق جو کہ S.R.O 787(1)2014 بتاریخ 8 ستمبر 2016 کے ذریعے کینی کو اجازت دی گئی کہ وہ Annual Balance Sheet اور منافع اور نقصان کے حسابات، آڈیٹرز رپورٹس اور ڈائریکٹرز رپورٹ (Annual Financial Statements) بمعہ سالانہ اجلاس عام کے (نوٹس) ممبران کو E-mail کے ذریعے بھیج سکیں۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہتے ہیں وہ مطلوبہ معلومات وہ کینی کی ویب سائٹ [www.pacepakistan.com](http://www.pacepakistan.com) سے ڈاؤن لوڈ کر سکتے ہیں۔

کینی آؤٹ رینس 1984 کے سیکشن (B)160 کے تحت اسٹیٹمنٹ جو خصوصی کاروبار سے متعلق ہے۔

یہ سٹیٹمنٹ 31 اکتوبر 2016 کو منعقد ہونے والے اجلاس عام میں انجام دیے جانے والے خصوصی کاروبار سے متعلق ٹھوس حقائق واضح کرتا ہے

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے S.R.O No. 470(1)2016 مورخہ 31 مئی 2016 کے تحت حصہ داران کو سالانہ آڈٹڈ اکاؤنٹس کو تحریری صورت کی بجائے سافٹ فارم یعنی CD/DVD/USB کے ذریعے اطلاع فراہم کرنے کی اجازت دے دی ہے۔ تاہم ان حصہ داران کی سہولت کے لیے جنہوں نے تحریری صورت (کتابی شکل) میں سالانہ آڈٹڈ اکاؤنٹس اپنے رجسٹرڈ پتہ پر وصول کرنا اختیار کیا ہوا ہے۔ معیاری درخواست فارم کینی کی ویب سائٹ پر اپ لوڈ کر دیا جائے گا۔ کینی کے ڈائریکٹرز ان کاروبار سے متعلق یا بلا واسطہ مندرجہ بالا امور میں کوئی مفاد نہیں ہے۔ فرسٹ کلاس سیکورٹیز پرائیویٹ لمیٹڈ کے بورڈ کے ڈائریکٹرز ان نے مورخہ 9 اکتوبر 2016 کو منعقدہ اجلاس میں کینی کی آرٹیکلز آف ایسوسی ایشن میں ترمیم کی سفارش کی ہے تاکہ وقتاً فوقتاً ترمیم شدہ نظر ثانی شدہ کرڈیکٹینز (E-Voting) قواعد کے تحت ممبران کے برقیاتی طریقوں سے ووٹ دینے کے حق کو Set Out کر لیا جاسکے۔ E-Voting کی صورت میں ممبران یا غیر ممبران بھی بطور پراکسی مقرر کیے جاسکتے ہیں۔ اس پر عمل درآمد کے لیے افسر کے تقرر اور E-Voting کی سہولت کے لیے ہدایت کو اجلاس عام کے منعقد ہونے سے کم از کم 10 دن پہلے کینی کے رجسٹرڈ دفتر کے پتہ پر یا بذریعہ E-mail وصول ہو جانا چاہیے۔ اگر کینی بذریعہ کسی ممبر یا ممبران کو کہہ دوں کہ پراکسی اور کم حصہ (1/10) یا کم از کم پانچ (Five) ممبران کے انتخاب کے لیے ڈیمانڈ وصول کرتی ہے تو کینی E-Voting کا انتظام کرے گی۔



**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 2015-16 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”) 2016 are summarized as follows:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>Rupees</b>	<b>Rupees</b>
Revenue	<b>6,545,539</b>	70,213,093
Operating expenses	<b>43,302,304</b>	42,892,671
Impairment loss on available-for-sale investments	<b>805,303,369</b>	7,638,170
Finance and other costs	<b>24,542</b>	14,257,720
Profit/(loss) after taxation	<b>(799,091,196)</b>	15,018,646
Earnings/(loss) per share (basic & diluted)	<b>(2.52)</b>	0.05

During the year under review, your company's year end loss after tax was Rs.799.1 million as compared to Rs. 15.02 million during last year. Operating expenses incurred during the year were Rs.43.3 million. Investments available for sale were revalued and the company had to report an impairment loss of Rs. 805.3 million in comparison with Rs. 7.63 million last year.

**Performance of Key Investments**

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

FCEL reported brokerage revenue of Rs.46.58 million as against Rs.68.93 million in last year. It reported after tax profit of Rs.31.16 million versus after tax loss of Rs. 234.23 million in the fiscal year 2015 and earnings per share settled at Rs.0.22 in comparison with loss per share of Rs.1.66 incurred in 2014-15.

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

“LSL” has reported after tax loss of LKR.2.79 million as compared to profit of LKR.47.31 last year during the same period. EPS for the year was LKR (0.16) versus LKR 2.71 in the preceding year.

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

FCIL has reported an after tax profit of Rs. 30.99 million during the FY-16 as against Rs. 5.86 million in last year. EPS for the period recorded at Rs. 1.7 as compared to Rs. 0.38 last year.

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

Falcon has reported net loss of Rs.0.904 million as compared to after tax loss of Rs. 0.26 million in the last year.

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

During the year, WPL reported revenue of Rs. 2.7 million as against Rs. 26.83 million in last year. Resultantly WPL posted after-tax loss of Rs. 12.78 million as compared to after tax loss of Rs. 7.66 million in the previous year. Loss per share for the year recorded at Rs. (4.26) as compared to the loss per share of Rs. (2.56) during last year.

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

EGWV reported net revenue of Rs.255.63 million and profit after tax Rs. 8.34 million operating expenses were Rs.9.80 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**

The turnaround in Pakistan economy continued unabated where it gained further momentum in the outgoing fiscal year. This is primarily the result of Govt's reforms program, enhanced energy supply, improved security situation that was aided by notably depressed intl. oil prices. All of these factors have brightens the prospects of achieving higher growth levels in the years to come. The Govt's earnest efforts to put the economy back on track while adopting measures under IMF guidelines received positive reviews by international lenders, donors & rating agencies. The successful completion of IMF's US\$6.4bn Extended Fund Facility (EFF) further boosted the confidence of global investors/institutions.

Going forward, economic activity is likely to pick up further as government's focus will remain towards the completion of developmental projects in the penultimate year before elections. GDP growth is forecasted to cross 5%, a level endorsed by World Bank, IMF and ADB. The US\$51 billion investment program of China under CPEC will not only improve infrastructure of the economy but would also resolve the lingering power crisis coupled with restoring business confidence of domestic and international investors.

With interest rates at their lowest and oil prices bottoming out, inflation is likely to rise gradually, but may still remain below 6% target level for the current fiscal year. Expected inflows from World Bank and ADB, along with Eurobonds proceeds would provide support to country's forex reserves and support in stabilizing PKR-US\$ parity. Despite these positives, government continues to face challenges to revive export sector whereas lack of significant improvement on the fiscal side also remains a significant concern.

The company remains committed in utilizing the resources efficiently & poised to capitalize on the resurging economic activity. The management is carefully utilizing its all resources and making meticulous efforts to garner maximum benefits from them for its shareholders. This involves optimizing revenue generation from core operations, treasury management whilst rationalizing the cost base.

**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, 2016, 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, 2016 was Rs. (2.52) as compared to profit per share Rs.0.05 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 26<sup>th</sup> 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**

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

<b>Directors</b>	<b>Meetings Attended</b>
Aamna Taseer	4
Shehryar Ali Taseer	4
Shehrbano Taseer	4
Maheen Taseer	4
Sulaiman Ahmed Saeed Al-Hoqani	1
Jamal Said Al-Ojaili	-
Kanwar Latafat Ali Khan	4

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

### **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:

<b>Audit Committee Member</b>	<b>Meetings Attended</b>
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 A.F. Ferguson & 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 A.F. Ferguson & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2017.

#### **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 2016

**Aamna Taseer**  
Chairman & Chief Executive Officer

## ناظمین کی نظر ثانی

مجھے خوشی ہے کہ میں فرسٹ کیپٹل سکیورٹیز کارپوریشن لمیٹڈ کے اراکین انتظامیہ کی جانب سے کمپنی کی سالانہ رپورٹ برائے مالی سال (2015-2016) بشمول حساب داری، ضوابطی اور قانونی معیارات اور تقاضوں کے مطابق اس مالیاتی سال کے محاسب شدہ سالانہ مالیاتی کیفیت نامے آپ کے سامنے پیش کر رہی ہوں۔

### عملی نتائج

سالانہ مالیاتی سال 2016 کے لیے کمپنی کے نتائج کا خلاصہ درج ذیل ہے:

2015 جون 30	2016 جون 30	
روپوں میں	روپوں میں	
70213093	6545539	محاصل
42892671	43302304	عملیاتی اخراجات
7638170	805303369	دستیاب برائے فروخت سرمایہ کاری پر نقصان
14257720	24542	مالیات اور دیگر لاگتیں
15018646	(799091196)	نفع (نقصان) ٹیکس ادا ہونے کے بعد
0.05	(2.52)	آمدنی (نقصان) فی حصص (بنیادی اور ترمیمی)

گذشتہ سال کے نفع 15.02 ملین کے مقابلے میں اس سال کمپنی ہذا کا حتمی نقصان بعد از ٹیکس 799.1 ملین تھا۔ اس سال میں ہونے والے عملیاتی اخراجات 43.3 ملین تھے۔ دستیاب برائے فروخت سرمایہ کاریوں کی قدر از سر نو متعین کی گئی اور کمپنی کو گذشتہ سال کے نقصان (7.63 ملین) کے مقابلے میں اس سال 805.3 ملین کی نقصان برائے خرابی کی رپورٹ دینی پڑی۔

### کلیدی سرمایہ کاریوں کی کارکردگی

فرسٹ کیپٹل ایکویٹی لمیٹڈ (ایف سی ای ایل)

ایف سی ای ایل نے گذشتہ سال کے مقابلے میں 68.93 ملین کی دلالی آمدن کی بجائے 46.58 ملین روپے کی آمدن بتائی۔ اس نے دوران سال بعد از ٹیکس منافع 31.16 ملین روپے جبکہ 2015 میں بعد از ٹیکس خسارہ 234.23 ملین روپے بتایا۔ سال 2015 میں اس کی فی حصص آمدن 0.22 روپے بمقابلہ سال 2014-15 میں 1.66 روپے نقصان فی حصص رہی۔

لنکا سکیورٹیز (پرائیویٹ) لمیٹڈ (ایل ایس ایل)

ایل ایس ایل نے گذشتہ سال کے منافع (47.31 سری لنکن روپوں) کے مقابلے میں 2.79 ملین سری لنکن روپے بعد از ٹیکس خسارے کی رپورٹ دی۔ اس سال آمدن فی حصص 0.16 سری لنکن روپے بمقابلہ 2.71 سری لنکن روپے گذشتہ سال رہی۔

**فرسٹ کیپٹل انویسٹمنٹ لمیٹڈ (ایف سی آئی ایل)**

ایف سی آئی ایل نے مالیاتی سال 2016 کے لیے بعد از ٹیکس منافع 30.99 ملین روپے بتایا جبکہ گذشتہ سال کا بعد از ٹیکس منافع 5.86 ملین روپے تھا۔ آمدن فی حصص گذشتہ سال کے 0.38 روپے کے مقابلے میں 1.7 روپے رہی۔

**فالکن کموڈٹیز (پرائیویٹ) لمیٹڈ (ایف سی ایل)**

فالکن نے امسال 0.904 ملین کا صافی خسارہ بتایا۔ اس کے مقابلے میں گذشتہ سال کا بعد از ٹیکس خسارہ 0.26 ملین روپے تھا۔

**ورلڈ پریس (پرائیویٹ) لمیٹڈ (ڈبلیو پی ایل)**

دوران سال ڈبلیو پی ایل نے 2.7 ملین روپے کی آمدن بتائی جبکہ گذشتہ سال کی آمدن 26.83 ملین روپے تھی۔ نتیجتاً ڈبلیو پی ایل نے امسال 12.78 ملین روپے کا بعد از ٹیکس خسارہ بتایا جبکہ گذشتہ سال بعد از ٹیکس خسارہ 7.66 ملین روپے تھا۔ فی حصص خسارہ 4.26 روپے رہا جبکہ گذشتہ سال فی حصص خسارہ 2.56 روپے تھا۔

**ایورگرین واٹر ویلی (پرائیویٹ) لمیٹڈ (ای جی ڈبلیو وی)**

ای جی ڈبلیو وی نے خالص آمدن 255.63 ملین روپے اور بعد از ٹیکس منافع 8.34 ملین اور عملیاتی اخراجات 9.80 ملین روپے بتائے۔

**فرسٹ کنسٹرکشن لمیٹڈ**

فرسٹ کنسٹرکشن لمیٹڈ 19 اگست 2014 کو تشکیل میں آئی اور ابھی تک اپنے تجارتی عمل شروع نہیں کر سکی۔

**مستقبل کا منظر نامہ**

پاکستانی معیشت میں اتار چڑھاؤ کا عمل مسلسل جاری رہا اور حالیہ مالیاتی سال میں اس میں مزید ترقی پیدا ہوا۔ یہ بنیادی طور پر حکومتی اصلاحاتی پروگرام، توانائی کے بہتر رسد اور سیوریج کی بہتر صورتحال کا نتیجہ تھا جسے تیل کی قیمتوں میں عالمی کمی نے تقویت دی۔ ان تمام عوامل نے آنے والے برسوں میں بلند ترقی کے درجات حاصل کرنے کے امکانات روشن کر دیے ہیں۔ حکومت نے معیشت کو دوبارہ درست راستے پر لانے کے لیے سنجیدہ کوششیں کیں اور آئی ایم ایف کی رہنمائی میں اقدامات پر عمل درآمد کیا جس پر عالمی رہنماؤں، عطیہ کنندگان اور درجہ بندی کرنے والی ایجنسیوں نے مثبت اظہار کیا۔ آئی ایم ایف کے 6.4 بلین امریکی ڈالر مالیت کے توسیعی فنڈس سہولت (ای ایف ایف) کی کامیاب تکمیل نے عالمی سرمایہ کاروں اور اداروں کا اعتماد مزید بلند کیا۔

مستقبل میں اگر حکومت کی توجہ کم از کم انتخابات سے قبل ترقیاتی منصوبوں کی تکمیل پر رہی تو اقتصادی سرگرمی میں ترقی کا امکان ہے۔ عالمی بینک، آئی ایم ایف اور ایشین ڈویلپمنٹ بینک کے مقرر کردہ معیار کے مطابق کل قومی پیداوار میں نمو کی پیش گوئی 5 فیصد کی گئی ہے۔ سی بی کے تحت اکیاون بلین امریکی ڈالر کی چینی سرمایہ کاری نہ صرف معیشت کا انفراسٹرکچر بہتر بنانے کی بلکہ توانائی کے بحران کو حل کرتے ہوئے ملکی اور بین الاقوامی سرمایہ کاروں کا کاروباری اعتماد بحال کرے گا۔

شرح سود کے کم ترین سطح پر ہونے اور تیل کی قیمتوں کے گرنے کی وجہ سے افراط زر میں بتدریج اضافہ متوقع ہے لیکن یہ حالیہ مالیاتی سال کے ہدف یعنی 6 فیصد سے نیچے رہ سکتا ہے۔ عالمی بینک اور ایشین ڈویلپمنٹ کی طرف سے متوقع سرمایہ کے بہاؤ کے ساتھ ساتھ یورپا انڈر ڈی پیش رفتیں ملک کے غیر ملکی کرنسی کے ذخائر کو سہارا دیں گے اور پاکستانی روپے اور امریکی ڈالر میں تفاوت کو مستحکم کرنے میں معاون ہوں گے۔ ان مثبت توقعات کے باوجود حکومت درآمدات کے شعبے کو بحال کرنے جیسے چیلنجز کا سامنا کر رہی ہے جبکہ مالیاتی لحاظ سے غیر نمایاں بہتری

بھی ایک تشویش ناک امر ہے۔

کمپنی ہذا وسائل کے عمدہ استعمال کے لیے پر عزم ہے اور بہتر ہوتی ہوئی معاشی سرگرمی سے فائدہ اٹھانے کے لیے تیار ہے۔ انتظامیہ کمپنی ہذا کے وسائل احتیاط سے استعمال کر رہی ہے اور ان وسائل سے اپنے حصص کنندگان کے لیے زیادہ سے زیادہ فوائد حاصل کرنے کے لیے دانشمندانہ کوششیں کر رہی ہے۔ اس میں مرکزی عملیات سے زیادہ سے زیادہ آمدن پیدا کرنا، محاصلات کا انتظام اور لاگتوں کو منطقی لحاظ سے بہتر بنانا ہے۔

## کلیدی مالیاتی اشارے

گذشتہ چھ سال کے لیے کمپنی ہذا کی کارکردگی کے کلیدی مالیاتی اشارے رپورٹ ہذا کے ساتھ لف ہیں۔

### حصص کنندگان کے لیے ادائیگیاں

30 جون 2016 کو ختم ہونے والے سال کے دوران نقدی کے بہاؤ کو دیکھتے ہوئے ناظمین کا بورڈ اس سال کسی نفع یا ادائیگی کی تجویز نہیں دیتا۔

### فی حصص آمدنی

30 جون 2016 کو ختم ہونے والے سال کے دوران فی حصص آمدن (بنیادی اور ترمیمی) (2.52) روپے رہی جبکہ گذشتہ سال 0.05 روپے فی حصص آمدنی رہی۔

### ناظمین کے بورڈ میں تبدیلیاں

مالیاتی سال کے دوران ناظمین کے بورڈ میں کوئی تبدیلی نہیں کی گئی۔

### ناظمین کے انتخابات میں تاخیر

ناظمین کے عہدوں کی میعاد 26 ستمبر 2012 کو ختم ہو گئی تھی۔ ناظمین نے کمپنی آرڈیننس 1984 کی دفعہ 178 کے مطابق اگلے تین سال کے لیے ناظمین کی تعداد سات مقرر کر دی ہے۔ تاہم ناظمین کے انتخابات کے انعقاد میں بعض رکاوٹوں کی وجہ سے ناظمین کے انتخابات کی تاریخ کا فیصلہ نہیں کیا جا سکا۔ ان رکاوٹوں کے دور ہوتے ہی ناظمین کا بورڈ انتخابات کے لیے کارروائی شروع کر دے گا۔

### کارپوریٹ اور مالیاتی رپورٹ دینے کا ڈھانچہ

کمپنی ہذا کے ناظمین کے بورڈ نے عمدہ کارپوریٹ انتظام کا ڈھانچہ قائم کرنے کی غرض سے اسٹاک ایکسچینج کے ضوابط کے مطابق کارپوریٹ انتظام کے قواعد و ضوابط کو مکمل طور پر اختیار کیا ہے۔

1۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی کیفیت نامے معاملات، حالات، عملیات کے نتائج، زر کے بہاؤ اور سرمایے کی شفاف تصویر پیش کرتے ہیں۔

2۔ کمپنی کے حساب داری کے کھاتے مناسب طور پر قائم رکھے گئے ہیں۔

3۔ معقول اور دانش مند فیصلے کی بنیاد پر مالیاتی کیفیت ناموں اور حساب داری اندازوں کی تیاری میں مناسب حساب داری پالیسیاں اپنائی گئی ہیں۔

4۔ مالیاتی کیفیت ناموں کی تیاری میں پاکستان میں قابل عمل عالمی حساب داری معیارات کی پیروی کی گئی ہے اور عمل نہ کرنے کی صورت میں وضاحت کی گئی ہے۔

- 5- اندرونی ضبط کا نظام تشکیلی طور پر مضبوط ہے اور اس کا نفاذ اور دیکھ بھال موثر انداز میں کی گئی ہے۔
- 6- کاروبار جاری رکھنے کے اعتبار سے کمپنی ہذا کی اہلیت پر کوئی نمایاں شکوک نہیں ہیں۔
- 7- گذشتہ چھ سالوں کا کلیدی مالیاتی مواد خلاصے کی صورت میں رپورٹ میں دیا گیا ہے۔
- 8- ٹیکسوں، محصولات اور اخراجات کے کھاتوں میں کوئی غیر قانونی ادائیگی نہیں کی گئی اور نہ کوئی بات چھپائی گئی ہے۔
- 9- کمپنی ہذا ناظمین کے تربیتی پروگرام کے تقاضوں سے ہم آہنگ ہے۔

### دوران سال بورڈ کے اجلاس

دوران سال ناظمین کے بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ناظم کی حاضریاں نیچے دی گئی ہیں:

اجلاس میں حاضریاں	ناظمین
4	آمنہ تاثیر
4	شہر یار علی تاثیر
4	شہر بانو تاثیر
4	ماہین تاثیر
1	سلیمان احمد سعید الحقانی
0	جمال سعید الاویلی
4	کنور لطافت علی خان

جو ناظمین اجلاس میں شرکت نہ کر سکے اور رخصت کی درخواست کی، بورڈ نے انہیں رخصت دے دی۔

### ناظمین کی تجارت

مالیاتی سال کے دوران ناظمین، سی ای او، سی ایف او، کمپنی سکرٹری، ان کے ازواج اور نابالغ بچوں کی کمپنی ہذا کے حصص کی تجارت کی تفصیلات ضمیمہ 1 میں دی گئی ہیں۔

### محاسبی کمیٹی

کارپوریٹ انتظام کے قواعد و ضوابط کے مطابق ناظمین کے بورڈ نے ایک محاسبی کمیٹی قائم کی ہے۔ سال کے دوران محاسبی کمیٹی کے چھ اجلاس ہوئے۔ ہر رکن کی حاضریوں کی تفصیل مندرجہ ذیل ہے:

اجلاس میں حاضریاں	رکن محاسبی کمیٹی
6	شہر یار علی تاثیر (چیرمین)
6	ماہین تاثیر (رکن)
6	شہر بانو تاثیر (رکن)

مالیاتی سال کے دوران محاسبی کمیٹی کے ارکان میں کوئی تبدیلی نہیں کی گئی۔



## کمپنی برائے انسانی وسائل اور معاوضہ

پاکستان کے کارپوریٹ انتظام کے قواعد و ضوابط کی ضروریات کو مد نظر رکھتے ہوئے، جو مندرجہ کمپنیوں پر لاگو ہوتا ہے، کمپنی لہذا کے ناظمین کے بورڈ کمپنی برائے انسانی وسائل اور معاوضہ قائم کی ہے۔ یہ تین ارکان پر مشتمل ہے۔ کمپنی کا چیئرمین ایک آزاد ناظم ہے۔ کمپنی کے ارکان کے نام مندرجہ ذیل ہیں:

## کمپنی برائے انسانی وسائل اور معاوضہ کے ارکان

شہر یار علی تاثیر (چیئرمین)

آمنہ تاثیر

شہر بانو تاثیر

## محاسب

موجودہ محاسب میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور اہل ہونے کی بنا پر دوبارہ تعیناتی کے لیے خود کو پیش کریں گے۔ ناظمین کا بورڈ محاسبی کمپنی کی تجویز کے مطابق میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالیاتی سال 30 جون 2017 تک دوبارہ تعینات کرتی ہے۔

## حصص کی ملکیت کا انداز

حصص کی ملکیت کا انداز جیسا کہ کمپنی آرڈیننس 1984 کے سیکشن 236 اور سٹاک ایکچینج کے مندرجہ ضوابط کا تقاضا ہے، اس رپورٹ کے ساتھ لف ہے۔

## اقرار نامہ

اس موقع سے فائدہ اٹھاتے ہوئے بورڈ کے ناظمین مالیاتی اداروں، حکومتی افسران اور دیگر حصہ داروں کی لگن اور وابستگی کا شکریہ ادا کرتے ہیں۔ ہم کمپنی کے تمام حصص مالکان کے اعتماد اور یقین کا شکریہ ادا کرتے ہیں۔ ہم سکیورٹیز اینڈ ایکچینج کمیشن آف پاکستان کے مشکور ہیں جس نے مسلسل رہنمائی فراہم کی۔ آخر میں بورڈ تمام اسٹاف ممبران کی سخت محنت کو سراہتا ہے۔

بورڈ کی جانب سے

آمنہ تاثیر

چیئرمین اور سی ای او

تاریخ: 09 اکتوبر 2016

Annexure I

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

Directors	Opening balance as on 01-07-2015	Purchase	Bonus	Sale	Closing balance as on 30-06-2016
Aamna Taseer (CEO)	2,282,978	7,202,500	-	2,307,500	7,177,978
Maheen Taseer	973	-	-	-	973
Shehryar Ali Taseer	632	2,307,500	-	-	2,308,132
Shehrbano Taseer	556	-	-	-	556
Sulieaman Ahmed Said Al-Hoqani	84,879,187	-	-	50,000,000	34,879,187
Jamal Said Al-Ojaili	1,850	-	-	-	1,850
Kanwar Latafat Ali Khan	695	-	-	-	695
<b>Spouses</b>	-	-	-	-	-
<b>Minor Children</b>	-	-	-	-	-
<b>Chief Financial Officer</b>					
Saeed Iqbal	770	-	-	-	770
<b>Company Secretary</b>					
Sajjad Ahmad	-	-	-	-	-

**KEY FINANCIAL DATA FOR LAST 7 YEARS**

**FINANCIAL DATA**

**Rupees in Thousands**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Operating revenue	<b>65,455</b>	70,213	118,572	(16,740)	34,264	90,568	88,622
Operating expenses	<b>43,302</b>	42,892	24,082	23,941	40,878	58,179	76,856
Operating (loss)/profit	<b>(842,060)</b>	19,682	(30,002)	(2,598,940)	(575,846)	(109,789)	651,915
Other revenue	<b>44,741</b>	12,318	1,640	31,288	62,645	90,655	63,419
Financial Expenses	<b>(24,542)</b>	(14,257)	7,725	45	8,293	11,313	11,639
Taxation	<b>(1,748)</b>	(2,723)	3,397	363	2,040	6,377	4,471
(Loss)/profit after Taxation	<b>(799,091)</b>	15,019	(39,485)	(2,568,060)	(523,534)	(36,823)	699,221
Bonus Share Interim & Final	-	-	-	-	-	-	10%

**FORM 34**

**The Companies ordinance 1984  
(Section 236 (2) (d) Pattern of Shareholding  
AS AT 30 JUNE 2016**

**1 Incorporation Number: (0032345 OG 11-04-1994)**

**2 Name of the Company First Capital Securities Corporation Limited**

**3 Pattern of holding of the shares held by the shareholders as at 30 June 2016**

No. of Shareholders	Shareholdings		Shares Held
	From	To	
362	1	100	12,561
560	101	500	165,373
421	501	1000	322,293
924	1001	5000	2,220,535
355	5001	10000	2,510,910
60	10001	15000	777,207
52	15001	20000	927,218
32	20001	25000	767,826
26	25001	30000	732,451
9	30001	35000	299,101
10	35001	40000	379,823
5	40001	45000	206,989
23	45001	50000	1,135,036
10	50001	55000	524,482
6	55001	60000	346,425
1	60001	65000	64,000
5	70001	75000	370,072
6	75001	80000	474,635
4	80001	85000	333,582
2	85001	90000	178,000
2	90001	95000	188,384
16	95001	100000	1,599,000
1	100001	105000	105,000
3	105001	110000	326,500
2	110001	115000	226,000
5	115001	120000	595,402
2	120001	125000	242,667
1	130001	135000	135,000
3	135001	140000	418,500
5	145001	150000	750,000
1	150001	155000	154,000
2	155001	160000	319,871
4	160001	165000	646,104

No. of Shareholders	Shareholdings		Shares Held	
	From	To		
2	170001	-	175000	345,500
2	175001	-	180000	356,500
2	195001	-	200000	400,000
5	200001	-	205000	1,019,960
1	210001	-	215000	215,000
2	235001	-	240000	473,000
2	240001	-	245000	483,155
1	245001	-	250000	250,000
1	265001	-	270000	268,000
1	270001	-	275000	275,000
1	275001	-	280000	280,000
3	295001	-	300000	900,000
1	340001	-	345000	341,500
1	345001	-	350000	345,500
1	360001	-	365000	365,000
2	365001	-	370000	736,994
1	370001	-	375000	372,289
1	375001	-	380000	376,500
1	470001	-	475000	475,000
4	495001	-	500000	2,000,000
1	525001	-	530000	528,650
1	545001	-	550000	550,000
1	570001	-	575000	575,000
1	655001	-	660000	660,000
1	670001	-	675000	672,000
1	695001	-	700000	695,750
1	770001	-	775000	773,500
1	870001	-	875000	873,500
1	940001	-	945000	944,500
1	945001	-	950000	946,391
1	955001	-	960000	960,000
1	960001	-	965000	961,636
1	995001	-	1000000	1,000,000
1	1045001	-	1050000	1,045,800
1	2045001	-	2050000	2,048,345
1	2305001	-	2310000	2,307,500
1	2490001	-	2495000	2,492,500
1	3135001	-	3140000	3,139,988
1	3600001	-	3605000	3,602,283
1	3975001	-	3980000	3,978,559
1				

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1	3990001	-	3995000	3,991,754
1	7175001	-	7180000	7,177,978
1	8270001	-	8275000	8,272,928
1	9995001	-	10000000	10,000,000
1	11305001	-	11310000	11,308,000
1	31365001	-	31370000	31,368,000
1	33770001	-	33775000	33,772,767
1	34795001	-	34800000	34,796,915
1	49995001	-	50000000	50,000,000
1	68430001	-	68435000	68,432,023
<b>2985</b>				<b>316,610,112</b>

5	Categories of shareholders	Shares held	Percentage
5.1(a)	<b>Directors, CEO and their Spouse and Minor Children</b>		
	Aamna Taseer	7,177,978	2.2671
	Shehryar Ali Taseer	2,308,132	0.7290
	Shehrbano Taseer	556	0.0002
	Maheen Taseer	973	0.0003
	Sulaiman Ahmad Saeed Al-Hoqani	34,879,187	11.0164
	Jamal Said Al-Ojaili	1,850	0.0006
	Kanwar Latafat Ali Khan	695	0.0002
5.1 (b)	<b>Chief Executive Officer</b>		
	Mrs. Aamna Taseer CEO / Director	Refer 5.1 (a) above	-
5.1 (c)	<b>Directors spouse &amp; minor children</b>	-	-
5.1.1	<b>Executive / Executives' spouse</b>	-	-
5.2	<b>Associated Companies, undertaking and related parties</b>	-	-
	Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd.	50,000,000	15.7923
5.3	NIT and ICP	3,980,059	1.2571
5.4	Banks, DFIs and NBFIs	13,612,562	4.2995
5.5	Insurance	8,272,928	2.6130
5.6	Modarabas	-	-
5.6.1	Mutual Funds	4,402	0.0014
5.7	<b>Share holders holding 5% or more voting interest</b>		
a)	Mr. Salmaan Taseer (Late)	35,574,835	11.2362
b)	Mr. Sulaiman Ahmed Saeed Al-Hoqani	Refer 5.1 (a) above	-
c)	Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd.	Refer (5.2) above	-
d)	Amythest Limited	72,034,306	22.7517
e)	Sisley Group Company Limited	31,368,000	9.9075
5.8	<b>General Public</b>		
	a) Local	34,848,651	11.0068
		Refer 5.7 (a) above	-
	b) Foreign Companies/Organizations/Individual / (repatriable bases)	4,334,330	1.3690
		Refer 5.7 (d & e) above	-
5.9	<b>Others</b>		
	Joint Stock Companies	18,210,668	5.7518
		Refer 5.7 (c) above	-
	Pension fund Provident Fund etc.	-	-
		<b>316,610,112</b>	<b>100.0000</b>

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE****FIRST CAPITAL SECURITIES CORPORATION LIMITED (“THE COMPANY”)  
FOR THE YEAR ENDED 30 JUNE 2016**

This statement is being presented to comply with the Code of Corporate Governance contained in the rule book of Pakistan 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:

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

The independent director meet the criteria of independence under clause 5.19.1.(b) of the CCG.

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy (if any) 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 ensures arrangement of orientation courses for its directors to apprise them of their duties and



responsibilities. Board had previously arranged Corporate Governance Leadership Skills (CGLS) training programs for its directors. Three directors have obtained certification of CGLS as required under the clause 5.19.7 of the CCG and are familiarized themselves on their responsibilities with the CCG.

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 Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
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 2016

**Aamna Taseer**  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of First Capital Securities Corporation Limited (the 'Company') for the year ended June 30, 2016 to comply with the requirements of clause No. 5.19 of the Pakistan Stock Exchange Limited Regulations, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval 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 this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 June 30, 2016.

We draw attention to note 1 of the statement of compliance, which indicates that 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 December 21, 2012. Further the head of internal audit department does not meet the qualification criteria as required under clause 5.19.9 of the Code. Our report is not qualified in respect of these matters.

Lahore:  
09 October 2016

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**(Muhammad Masood)**

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of First Capital Securities Corporation Limited ('Company') as at 30 June 2016 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 2016 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended 30 June 2015 were audited by another firm of accountants, M/s KPMG Taseer Hadi and Company, Chartered Accountants, whose report dated 09 October 2015 expressed an unmodified opinion thereon.

Lahore:  
09 October 2016

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**(Muhammad Masood)**

**BALANCE SHEET  
AS AT 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	165,681,613	210,238,683
Investment properties	6	163,170,000	157,279,500
Long term investments	7	3,750,448,962	4,510,382,331
Long term deposits	8	1,122,750	1,122,750
		4,080,423,325	4,879,023,264
<b>CURRENT ASSETS</b>			
Trade debts - unsecured, considered good	9	2,955,175	4,057,642
Loans, advances, prepayments and other receivables	10	62,162,746	55,190,582
Short term investments	11	64,279,504	82,542,456
Income tax receivable		31,003,552	29,918,250
Cash and bank balances	12	749,569	1,628,006
		161,150,546	173,336,936
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	27,869,064	31,180,664
Accrued finance cost	14	5,035,732	13,766,648
Current portion of long term loan	15	8,946,666	10,946,666
		41,851,462	55,893,978
<b>NET CURRENT ASSETS</b>		119,299,084	117,442,958
		4,199,722,409	4,996,466,222
<b>NON-CURRENT LIABILITIES</b>			
Staff retirement benefits payable	16	9,237,687	8,446,066
Long term payable	17	890,400	-
Contingencies and commitments	18		
		4,189,594,322	4,988,020,156
<b>REPRESENTED BY</b>			
<b>EQUITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital: 320,000,000 (2015: 320,000,000) ordinary shares of Rs 10 each		3,200,000,000	3,200,000,000
Issued, subscribed and paid-up capital	19	3,166,101,120	3,166,101,120
Retained earnings		1,023,493,202	1,821,919,036
		4,189,594,322	4,988,020,156

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

Chief Executive Officer

Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>Revenue</b>			
Money market services	20	14,204,681	14,586,925
Dividend income	21	3,967,729	20,500,864
Investment property rentals		1,405,970	2,160,840
Loss on disposal of investments		-	(1,555)
Unrealized (loss)/gain on re-measurement of investments at fair value through profit or loss'	11	(9,632,941)	25,321,519
Change in fair value of investment properties	6	(3,399,900)	7,644,500
		<b>6,545,539</b>	<b>70,213,093</b>
<b>Expenses</b>			
Impairment loss on 'available-for-sale' investments	22	(805,303,369)	(7,638,170)
Operating and administrative expenses	23	(43,302,304)	(42,892,671)
<b>Operating loss</b>		<b>(842,060,134)</b>	<b>19,682,252</b>
Other income	24	44,741,850	12,317,747
Finance cost	25	(24,542)	(14,257,720)
<b>(Loss)/profit before taxation</b>		<b>(797,342,826)</b>	<b>17,742,279</b>
Taxation	26	(1,748,370)	(2,723,633)
<b>(Loss)/profit after taxation</b>		<b>(799,091,196)</b>	<b>15,018,646</b>
<b>(Loss)/earnings per share</b>			
- basic and diluted	27	<b>(2.52)</b>	<b>0.05</b>

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

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016 Rupees</b>	<b>2015 Rupees</b>
(Loss)/profit after taxation	<b>(799,091,196)</b>	15,018,646
<b>Other comprehensive (loss)/income for the year:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post retirement benefit obligation	<b>665,362</b>	375,223
<i>Items that may subsequently reclassified to profit or loss:</i>		
Change in fair value of available-for-sale financial assets	-	-
<b>Other comprehensive income for the year - net of tax</b>	<b>665,362</b>	375,223
<b>Total comprehensive (loss)/income for the year - net of tax</b>	<b>(798,425,834)</b>	15,393,869

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

Chief Executive Officer

Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 Rupees	2015 Rupees
<b>Cash flows from operating activities</b>		
<b>(Loss)/profit before taxation</b>	<b>(797,342,826)</b>	17,742,279
Adjustments for:		
Finance cost	24,542	14,257,720
Dividend income	(3,967,729)	(20,500,864)
Unrealized loss/(gain) on re-measurement of investments at 'fair value through profit or loss'	9,632,941	(25,321,519)
Change in value of investment properties	3,399,900	(7,644,500)
Impairment loss on 'available-for-sale' investments	805,303,369	7,638,170
Liabilities no longer required written back	(9,344,420)	-
Depreciation	18,013,413	18,216,523
Interest income	(397,701)	(857,357)
Provision for staff retirement benefits	1,615,013	1,614,162
	<b>824,279,328</b>	<b>(12,597,665)</b>
<b>Profit before working capital changes</b>	<b>26,936,502</b>	5,144,614
<b>Effect on cash flow due to working capital changes</b>		
<i>(Increase)/decrease in current assets:</i>		
Loans, advances, prepayments and other receivables	(6,972,164)	(5,048,582)
Trade debts	1,102,467	(1,538,248)
<i>(Decrease)/increase in current liabilities:</i>		
Trade and other payables	(2,695,126)	2,169,313
	<b>(8,564,823)</b>	631,065
<b>Cash generated from operations</b>	<b>18,371,679</b>	5,775,679
<i>Increase in non-current liabilities:</i>		
Long term payable	890,400	-
Staff retirement benefits paid	(161,000)	(70,000)
Finance cost paid	(24,542)	(9,576,955)
Taxes paid	(2,833,672)	(3,864,663)
	<b>(3,019,214)</b>	<b>(13,511,618)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>16,242,865</b>	(7,735,939)
<b>Cash flows from investing activities</b>		
Dividend received	3,967,729	20,500,864
Proceeds from disposal of capital work in progress	26,543,657	-
Purchase of investment property	(9,290,400)	(85,500)
Long term investments - net	(45,370,000)	(200,001)
Short term investments - net	8,981,424	(3,708,949)
Long term deposits	-	(1,085,250)
Interest received	46,288	715,392
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(15,121,302)</b>	16,136,556
<b>Cash flows from financing activities</b>		
Repayment of long term loan	(2,000,000)	(3,703,353)
<b>Net cash outflow from financing activities</b>	<b>(2,000,000)</b>	(3,703,353)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(878,437)</b>	4,697,264
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,628,006</b>	1,979,324
<b>Cash and cash equivalents at the end of the year</b>	<b>749,569</b>	6,676,588

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

Chief Executive Officer

Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	Share capital	Revenue reserve Retained earnings	Total
	----- Rupees -----		
<b>Balance as at 01 July 2014</b>	3,166,101,120	1,806,525,167	4,972,626,287
Profit for the year	-	15,018,646	15,018,646
Other comprehensive income for the year - net of tax	-	375,223	375,223
Total comprehensive income for the year - net of tax	-	15,393,869	15,393,869
<b>Balance as at 30 June 2015</b>	<b>3,166,101,120</b>	<b>1,821,919,036</b>	<b>4,988,020,156</b>
Loss for the year	-	(799,091,196)	(799,091,196)
Other comprehensive income for the year - net of tax	-	665,362	665,362
Total comprehensive loss for the year - net of tax	-	(798,425,834)	(798,425,834)
<b>Balance as at 30 June 2016</b>	<b>3,166,101,120</b>	<b>1,023,493,202</b>	<b>4,189,594,322</b>

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

Chief Executive Officer

Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**1 Legal status and nature of business**

First Capital Securities Corporation Limited (“the Company”) was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Paksitan Stock Exchange. 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. 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	78.86%
- 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 Basis of preparation**

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. 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 Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of Ordinance or the requirements of the said directives 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 Critical accounting estimates and judgements

The Company's significant accounting policies are stated in note 4. The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

a)	Useful life and residual values of property, plant and equipment	Note 4.1
b)	Impairment	Note 4.4
c)	Provisions and contingencies	Note 4.12 & 18
d)	Valuation of investment properties	Note 4.5
e)	Staff retirement benefits	Note 4.13
f)	Provision for taxation	Note 4.15

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

### 3.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after 1 July 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after 1 January 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard does not have a material impact on the Company's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after 1 January 2013, however, SECP has adopted this standard for periods beginning on or after 1 January 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of this standard does not have a material impact on the Company's financial statements.

### 3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods, and the Company has not early adopted them:

Amendment to IAS 16 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after 01 January 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments do not have a material impact on the Company's financial statement.

<b>Other standards or interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendments to IAS 7, Statement of cash flows on disclosure initiative	01 January 2017
Amendments to IAS 12, Income taxes on Recognition of deferred tax assets for unrealised losses	01 January 2017
Amendments to IFRS 2, 'Share based payments' , on clarifying how to account for certain types of share-based payment transactions	01 January 2018
IFRS 9, 'Financial instruments'	01 January 2018
IFRS 14, 'Regulatory deferral accounts'	01 January 2017
IFRS 15, 'Revenue from contracts with customers'	01 January 2018
Amendments to IFRS 15, 'Revenue from contracts' with customers' on gross versus net revenue presentation	01 January 2018
IFRS 16 Leases'	01 January 2019

#### **4 Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### **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.

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 2016 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

#### **4.2 Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to property, plant and equipment as and when these are available for use.

#### **4.3 Operating leases**

Leases including Ijarah financing where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating leases. 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/ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

#### **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 Investment properties**

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional 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 arm's length transaction.

Any gain or loss arising from a change in fair value is charged to profit or loss. Rental income from investment properties is accounted for as described in note 4.14.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference 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 fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings. Any loss arising in this manner is immediately charged to profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

#### **4.6 Financial instruments**

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on balance sheet include long term loan, long term deposits, short term investments, trade debts, loans, advances, prepayments and other receivables, cash and bank balances, accrued finance cost, long term payable and trade and other payables.

All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition 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. The fair values of quoted investments are based on current prices. Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each

reporting period. Impairment loss, if any, is charged to income currently.

The Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. If any such evidence exists for available for sale investments, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through profit and loss account.

#### **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 Trade debts**

Trade debts are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, 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**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognised at cost which is the fair value of the consideration to be paid in future for goods and/or services, whether or not billed to the Company and subsequently measured at amortised cost using the effective interest method.

#### **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 Provisions**

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.

#### **4.13 Staff retirement benefits**

##### **Defined benefit plan**

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

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

##### **Accumulating compensated absences**

Employees and executives are entitled to take earned leave of 20 and 40 days every year respectively.

The un-utilized earned leave of employees and executives can be accumulated up to a maximum of 40 days and 60 days respectively and can be utilized at any time subject to the approval. Earned leaves in excess of afore mentioned days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company's service. The earned leave encashment is made on last drawn gross salary.

Provisions are made annually to cover the obligation for accumulating compensated absences by the management.

#### **4.14 Revenue recognition**

Capital gains or losses on sale of investments are recognised in the year in which they arise.

Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.

Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.

Dividend income is recognized when the right to receive the dividend is established i.e. at the time of closure of share transfer book of the company declaring the dividend.

Return on securities other than shares is recognized as and when it is due on time proportion basis.

Mark-up/interest income is recognized on accrual basis.

Rental income from investment properties is credited to profit or loss on accrual basis.

#### **4.15 Taxation**

Income tax expense comprises of current and deferred tax. Income tax is charged or credited to profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or



equity, in which case it is recognized in other comprehensive income or equity.

**Current**

Provision of current tax 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 all 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

**4.16 Functional and presentation currency**

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

**4.17 Foreign currency**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak 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 profit or loss.

**4.18 Cash and cash equivalents**

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

		2016	2015
	Note	Rupees	Rupees
<b>5 Property, plant and equipment</b>			
Property, plant and equipment	5.1	53,565,520	71,578,933
Capital work in progress	5.2	112,116,093	138,659,750



**5.1 Operating fixed assets**

	(Rupees)						
	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Plant, machinery and equipment	Vehicles	Total
Balance as 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
Balance as at 30 June 2015	<b>470,315</b>	<b>720,622</b>	<b>2,061,090</b>	<b>154,000</b>	<b>88,250,000</b>	<b>7,839,480</b>	<b>99,495,507</b>
Balance as at 1 July 2015	470,315	720,622	2,061,090	154,000	88,250,000	7,839,480	99,495,507
Balance as at 30 June 2016	<b>470,315</b>	<b>720,622</b>	<b>2,061,090</b>	<b>154,000</b>	<b>88,250,000</b>	<b>7,839,480</b>	<b>99,495,507</b>
<b>DEPRECIATION</b>							
Balance as at 1 July 2014	470,315	580,909	1,874,709	132,101	145,068	6,496,949	9,700,051
Charge for the year	-	32,035	48,444	6,048	17,650,000	479,996	18,216,523
Balance as at 30 June 2015	<b>470,315</b>	<b>612,944</b>	<b>1,923,153</b>	<b>138,149</b>	<b>17,795,068</b>	<b>6,976,945</b>	<b>27,916,574</b>
Balance as at 1 July 2015	470,315	612,944	1,923,153	138,149	17,795,068	6,976,945	27,916,574
Charge for the year	-	48,492	44,700	6,048	17,650,000	264,173	18,013,413
Balance as at 30 June 2016	<b>470,315</b>	<b>661,436</b>	<b>1,967,853</b>	<b>144,197</b>	<b>35,445,068</b>	<b>7,241,118</b>	<b>45,929,987</b>
Book value as at 30 June 2015	-	<b>107,678</b>	<b>137,937</b>	<b>15,851</b>	<b>70,454,932</b>	<b>862,535</b>	<b>71,578,933</b>
Book value as at 30 June 2016	-	<b>59,186</b>	<b>93,237</b>	<b>9,803</b>	<b>52,804,932</b>	<b>598,362</b>	<b>53,565,520</b>
Annual depreciation rate %	<b>10%</b>	<b>33%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>20%</b>	

**5.1.1** Assets with cost amounting to Rs 10,436,071 (2015 : Rs 9,036,071) are carried at nil book value.

**5.2** This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs 107,090,858 (2015: Rs 133,634,515) and Rs 5,025,235 (2015: Rs 5,025,235) respectively. Construction work on these properties is in progress as at 30 June 2016.

	Note	2016 Rupees	2015 Rupees
<b>6 Investment properties</b>			
Opening balance		157,279,500	149,635,000
Addition during the year		9,290,400	-
Fair value adjustment	6.1	<u>(3,399,900)</u>	<u>7,644,500</u>
Closing balance		<u>163,170,000</u>	<u>157,279,500</u>

6.1 Investment properties comprises of four commercial shops at Pace Gujranwala leased to third parties and three at Pace Fortress Lahore. Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on 30 June 2016 by an approved independent valuer, M/s Negotiators. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Company's investment properties that are measured at fair value at 30 June 2016.

**Fair value measurements  
at 30 June 2016 using**

**significant other observable  
inputs (Level 2)  
Rupees**

**Recurring fair value measurements**

Investment properties **163,170,000**

The following table presents the Company's investment properties that are measured at fair value at 30 June 2015.

Fair value measurements  
at 30 June 2015 using

significant other observable  
inputs (Level 2)  
Rupees

**Recurring fair value measurements**

Investment properties 157,279,500

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2015 or 2016.

**Valuation techniques used to derive level 2 fair values:**

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

	Note	2016 Rupees	2015 Rupees
<b>7 Long term investments - available-for-sale</b>			
Investment in related parties			
Subsidiary companies - Unquoted	7.1	255,579,636	210,209,636
Associated companies - Unquoted	7.2	547,313,110	547,313,110
Associated company - Quoted	7.3	75,592,166	110,898,687
Subsidiary company - Quoted	7.4	2,871,964,050	3,641,960,898
		<u>3,750,448,962</u>	<u>4,510,382,331</u>

	Note	Shares		Cost		Percentage of holding	
		2016	2015	2016	2015	2016	2015
<b>7.1 Subsidiary companies - unquoted - at cost</b>							
First Capital Investments Limited	7.1.1	16,561,634	12,024,634	156,051,450	110,681,450	78.86%	77.76%
Lanka Securities (Private) Limited	7.1.2	8,912,250	8,912,250	46,229,683	46,229,683	51.00%	51.00%
World Press (Private) Limited		1,949,041	1,949,041	19,490,410	19,490,410	65.00%	65.00%
Falcon Commodities (Private) Limited		3,150,000	3,150,000	7,150,500	7,150,500	100.00%	100.00%
Evergreen Water valley (Private) Limited		715,400	715,400	26,450,000	26,450,000	100.00%	100.00%
Ozer Investments Limited	7.1.2	1,000	1,000	7,593	7,593	100.00%	100.00%
First Construct Limited		20,000	20,000	200,000	200,000	100.00%	100.00%
				<b>255,579,636</b>	<b>210,209,636</b>		

7.1.1 During the period the company increased its investment in First Capital Investments Limited (FCIL) as a result of the right issue by FCIL. The right issue was 681 shares for every 1000 shares. According to the previous shareholding of the Company in FCIL the number of shares available for subscription under the right issue were 8,188,776. However the Company had subscribed only 4,537,000 at the cost of Rs 10 per share.

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

**7.2 Associated companies - unquoted - at cost**

	Note	Shares		Cost		Percentage of holding	
		2016	2015	2016	2015	2016	2015
Pace Barka Properties Limited		54,790,561	54,790,561	547,200,610	547,200,610	17.95%	17.95%
Pace Super Mall	7.2.1	11,250	11,250	112,500	112,500	0.07%	0.07%
				<b>547,313,110</b>	<b>547,313,110</b>		

7.2.1 The Companies investment in Pace Barka Properties Limited and Pace Super Mall is less than 20% but they are considered to be associates as per the requirement of IAS 28 Investments in Associates because the Company has significant influence over the financial and operating policies of these companies through representation on the board of directors of these companies.

**7.3 Associated company - quoted - at fair value**

	Note	Shares		Market value		Market value value per share		Percentage of holding	
		2016	2015	2016	2015	2016	2015	2016	2015
Media Times Limited	7.3.1	45,264,770	45,264,770	75,592,166	110,898,687	1.67	2.45	25.31%	25.31%

7.3.1 Decrease in value of investment amounts to Rs 35,306,521 (2015: Rs 6,337,067) represents provision for diminution in value of investment charged for the year due to decrease in market value per share on 30 June 2016.

**7.4 Subsidiary companies - at fair value**

	Note	Shares		Market value		Market value value per share		Percentage of holding	
		2016	2015	2016	2015	2016	2015	2016	2015
First Capital Equities Limited	7.4.1	103,494,200	103,494,200	2,871,964,050	3,641,960,898	27.75	35.19	73.23%	73.23%

7.4.1 Decrease in value of investment amounts to Rs 769,996,848 (2015: Nil) represents provision for diminution in value of investment charged for the year due to decrease in market value per share at the end of the year.

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	2016 Rupees	2015 Rupees
<b>8 Long term deposits</b>			
Ijarah deposit	8.1	1,085,250	1,085,250
Other deposits		37,500	37,500
		<u>1,122,750</u>	<u>1,122,750</u>

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

	Note	2016 Rupees	2015 Rupees
<b>9 Trade debts-unsecured, considered good</b>			
Money market receivables		2,948,437	4,050,904
Receivable against trade of shares		6,738	6,738
		<u>2,955,175</u>	<u>4,057,642</u>

**10 Loans, advances, prepayments and other receivables**

Rent receivable		134,952	-
Advances to staff - secured, considered good	10.1	629,724	181,000
Due from related parties			
- unsecured, considered good	10.2	42,657,472	54,958,560
Prepayments		45,598	51,022
Receivable against sale of capital work in progress		18,695,000	-
		<u>62,162,746</u>	<u>55,190,582</u>

10.1 Advances to staff do not include any amount due from Chief Executive (2015: Rs Nil) nor any Director of the Company.

**10.2 Due from related parties - unsecured, considered good**

	Note	2016 Rupees	2015 Rupees
Pace Barka Properties Limited	10.2.1	26,467,472	49,733,560
Evergreen Water Valley (Private) Limited	10.2.2	16,190,000	5,225,000
		<u>42,657,472</u>	<u>54,958,560</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 2 years.

10.2.2 This represents receivables from subsidiary company for use of construction equipment.

	Note	2016 Rupees	2015 Rupees
<b>11 Short term investments</b>			
Market treasury bills - held to maturity		-	8,630,012
Investments - at fair value through profit and loss	11.1	64,279,504	73,912,444
		<u>64,279,504</u>	<u>82,542,456</u>

	Note	2016 Rupees	2015 Rupees
<b>11.1 Investments - at fair value through profit and loss</b>			
Carrying value at 1 July:			
Related parties		58,737,295	33,839,085
Others		<u>15,175,150</u>	<u>14,751,840</u>
		<u>73,912,445</u>	<u>48,590,925</u>
Unrealized (loss)/gain on remeasurement of investments during the year		<u>(9,632,941)</u>	<u>25,321,519</u>
		<u>64,279,504</u>	<u>73,912,444</u>
Fair value of short term investments at 30 June:			
Related parties	11.2	50,872,381	58,737,295
Others	11.3	13,407,123	15,175,149
		<u>64,279,504</u>	<u>73,912,444</u>

		Investments at fair value through profit and loss - related parties				Percentage of holding	
		Shares/unit		Carrying value		Fair value	
Note		2016	2015	2016	2015	2016	2015
		Number		Rupees		Rupees	
						%	
<b>a) Real Estate Investment and Services</b>							
Pace Pakistan Limited	11.2.1	7,506,676	7,506,676	54,723,668	29,951,637	46,916,725	54,723,668
							2.69%
<b>b) Mutual Funds</b>							
First Capital Mutual Fund Limited	21.2	335,316	335,316	4,013,627	3,887,448	3,955,656	4,013,627
				<u>58,737,295</u>	<u>33,839,085</u>	<u>50,872,381</u>	<u>58,737,295</u>

11.2.1 This includes 3,200,000 (2015: 3,370,000) shares having market value of Rs 20,000,000 (2015: Rs 24,567,300) are pledged against the loan of the Company.

**11.3 Investments at fair value through profit and loss - others**

		Shares		Carrying value		Fair value	
		2016	2015	2016	2015	2016	2015
Note		Number		Rupees		Rupees	
<b>a) Insurance</b>							
Shaheen Insurance Company Limited		915,329	915,329	5,867,259	5,583,507	4,576,645	5,867,258
Adamjee Insurance Limited		13	13	619	595	646	619
<b>b) Cement</b>							
Pioneer Cement Limited		31	31	2,644	1,446	3,329	2,644
<b>c) Sugar</b>							
Haseeb Waqas Sugar Mills Limited		1,000	1,000	4,850	5,880	5,000	4,850
<b>d) Investment bank</b>							
Arif Habib Limited	11.3.1	12,144	12,144	646,304	338,089	547,937	646,304
<b>e) Telecommunication</b>							
Worldcall Telecom Limited	11.3.2	4,221,207	4,221,207	8,653,474	8,822,323	8,273,566	8,653,474
				<u>15,175,150</u>	<u>14,751,840</u>	<u>13,407,123</u>	<u>15,175,149</u>

11.3.1 This includes 12,100 (2015: 12,100) shares having market value of Rs 545,952 (2015: Rs 643,962) pledged against loan obtained by FCEL, a subsidiary company.

11.3.2 This includes 4,220,677 (2015: 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 18.1

11.3.3 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	2016 Rupees	2015 Rupees
<b>12 Cash and bank balances</b>			
Cash in hand		69,245	12,279
Cash at bank			
- current accounts		143,354	449,520
- deposit accounts	12.1	536,970	1,166,207
		680,324	1,615,727
		749,569	1,628,006

12.1 The deposit accounts carry mark-up at rates ranging from 2% to 5% (2015: 4% to 6%) per annum.

	Note	2016 Rupees	2015 Rupees
<b>13 Trade and other payables</b>			
Creditors	13.1	3,370,206	2,882,188
Accrued liabilities		2,819,345	6,175,486
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	11,455,329	11,227,329
Unclaimed dividend		1,856,586	1,858,918
Withholding income tax payable		743,373	53,717
Withholding sales tax payable		219,612	310,536
Other liabilities		236,830	1,504,707
		27,869,064	31,180,664

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

	2016 Rupees	2015 Rupees
Media Times Limited	71,100	40,300
World Press (Private) Limited	1,006,442	668,037
	1,077,542	708,337

13.2 This amount is payable to Pace Pakistan Limited an 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.

14 This includes accrued finance cost on the loan obtained from Bank Alfalah as disclosed in note 15.

**15 Current portion of long term loan**

**From banking company - secured**

	Note	2016 Rupees	2015 Rupees
Long term loan	15.1	10,946,666	22,228,774
Payments made during the year		(2,000,000)	(11,282,108)
		8,946,666	10,946,666
Current portion shown under current liabilities		(8,946,666)	(10,946,666)



**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. During the previous financial year, the Company made default in repayment of outstanding loan, therefore it is classified under current liabilities. The Company is making due efforts to settle the outstanding balance with the bank.

	Note	2016 Rupees	2015 Rupees
<b>16 Staff retirement benefits payable</b>			
Gratuity	16.1	8,078,606	7,517,955
Accumulating compensated absences		1,159,081	928,111
		<u>9,237,687</u>	<u>8,446,066</u>
<b>16.1 Movement in net obligation</b>			
Balance sheet liability at 01 July		7,517,955	6,349,016
Expense chargeable to Profit and Loss account	16.3	1,615,013	1,614,162
Remeasurements chargeable in other comprehensive income	16.4	(665,362)	(375,223)
Benefit payable transferred to short term liability		(228,000)	-
Payments made to outgoing members		(161,000)	(70,000)
<b>Balance sheet liability at 30 June</b>		<u>8,078,606</u>	<u>7,517,955</u>
<b>16.2 Movement in present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation at 1 July		7,517,955	6,349,016
Current service cost		900,976	777,555
Interest cost		714,037	836,607
Benefits payable transferred to short term liability		(228,000)	-
Benefits paid during the year		(161,000)	(70,000)
Actuarial gains from changes in financial assumptions		(11,135)	-
Actuarial gains due to experience adjustments		(654,227)	(375,223)
<b>Present value of defined benefit obligation at 30 June</b>		<u>8,078,606</u>	<u>7,517,955</u>
<b>16.3 Amount charged to profit and loss account</b>			
Current service cost		900,976	777,555
Interest cost		714,037	836,607
<b>Total amount chargeable to profit and loss account</b>		<u>1,615,013</u>	<u>1,614,162</u>
<b>16.4 Charged to other comprehensive income</b>			
Actuarial gains from changes in financial assumptions		(11,135)	-
Actuarial gains due to Experience adjustments		(654,227)	(375,223)
		<u>(665,362)</u>	<u>(375,223)</u>

	2016	2015	2014	2013	2012
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>16.5</b>	<b>Historical information for gratuity plan</b>				
Present value of defined benefit obligation	<b>8,078,606</b>	7,517,955	6,349,016	5,665,735	9,341,801
Gain on actuarial experience adjustments on plan liability	<b>654,227</b>	375,223	408,421	385,762	579,106

**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:

	<b>Increase</b>	<b>Decrease</b>
Discount rate	<b>7,622,977</b>	8,593,713
Future salary increase	<b>8,593,713</b>	7,614,833

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 2016 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:

	<b>2016 per annum</b>	<b>2015 per annum</b>
Discount rate used for profit and loss charge	<b>9.75%</b>	13.25%
Discount rate used for year-end obligation	<b>7.25%</b>	9.75%
Expected rate of salary increase in future years	<b>6.25%</b>	8.75%
Mortality rate	<b>SLIC 2001-2005 Setback 1 year</b>	SLIC 2001-2005 Setback 1 year

**16.8** Estimated expenses to be charged to profit and loss account for financial year 2016-2017 is Rs. 1,523,457 which includes Rs. 947,883 in respect of current service cost and Rs. 575,574 in respect of interest cost in defined benefit obligation.

**16.9** Weighted average duration of the defined benefit obligation is 6 years for gratuity.

**17** This amount is payable to First Capital Equities (subsidiary company) against purchase of investment property in Gujranwala.

**18 Contingencies and commitments**

**18.1** During 2002 the senior management of the Company was contacted by 'National Accountability Bureau'

(NAB) in respect of certain transactions in FIB 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.

- 18.2** During financial year 2002-2003, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs 7.7 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 at that time). 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.
- 18.3** During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs 0.8 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. Honourable Lahore High Court passed an order dated 20-05-2015 to issue notices to the appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favourable decision. Consequently, no provision has been made in these financial statements for this amount.

	<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>18.4</b> Commitments in respect of capital expenditure	<b>3,130,103</b>	3,130,103
<b>18.5</b> Commitments in respect of Ijarah lease rental agreement:		
Particulars:		
Not later than 1 year	<b>1,314,300</b>	1,314,300
Later than 1 year but not later than 5 years	<b>438,100</b>	1,752,400
	<b>1,752,400</b>	3,066,700

**19 Share capital**

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

	<b>2016</b>	<b>2015</b>		<b>2016</b>	<b>2015</b>
	<b>Number of shares</b>			-----Rupees-----	
			Ordinary shares of Rs 10/- each fully paid in cash	<b>381,650,300</b>	381,650,300
			Ordinary shares of Rs 10/- each issued as bonus shares	<b>2,784,450,820</b>	2,784,450,820
	<b>38,165,030</b>	38,165,030		<b>3,166,101,120</b>	3,166,101,120
	<b>278,445,082</b>	278,445,082			
	<b>316,610,112</b>	316,610,112			

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

	<b>2016</b>	<b>2015</b>
	-----Number of shares-----	
Amythest Limited	<b>72,034,306</b>	72,034,306
Al-Hoqani Securities and Investment Limited	<b>50,000,000</b>	-
	<b>122,034,306</b>	72,034,306

**20 Money market services**

	<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Money market income			
- local currency		<b>4,760,996</b>	5,714,144
- foreign currency		<b>11,432,340</b>	10,426,216
		<b>16,193,336</b>	16,140,360
Less: Sales tax		<b>(1,988,655)</b>	(1,553,435)
		<b>14,204,681</b>	14,586,925

**21 Dividend income**

Foreign subsidiary company	<b>21.1</b>	<b>3,577,584</b>	16,552,695
Others	<b>21.2</b>	<b>390,145</b>	3,948,169
		<b>3,967,729</b>	20,500,864

**21.1** This represent dividend received during the year from Lanka Securities (Private) Limited, a foreign subsidiary registered in Sri Lanka.

**21.2** This includes 335,316 units of First Capital Mutual Fund having value of Rs 305,137 (2015: Rs 3,887,448) received as dividend from First Capital Investment Limited, subsidiary company, during the year.

**22** This represents the diminution in value due to fall in market value as disclosed in note-7.

	<b>Note</b>	<b>2016 Rupees</b>	2015 Rupees
<b>23 Operating and administrative expenses</b>			
Salaries, wages and other benefits	<b>23.1</b>	<b>15,467,976</b>	15,014,013
Rent, rates and taxes		<b>648,037</b>	684,452
Postage, telephone and stationary		<b>553,013</b>	431,777
Utilities		<b>291,807</b>	259,351
Insurance		<b>389,563</b>	403,295
Printing and stationery		<b>728,623</b>	822,900
Travelling and conveyance		<b>204,025</b>	365,487
Repairs and maintenance		<b>544,818</b>	725,134
Vehicle running expenses		<b>267,848</b>	469,812
Entertainment		<b>723,811</b>	491,479
Service charges on rental income		<b>336,419</b>	618,146
Legal and professional		<b>1,967,731</b>	1,518,920
Advertisement		<b>59,900</b>	43,100
Auditors' remuneration	<b>23.2</b>	<b>1,228,280</b>	1,110,000
Depreciation	<b>5.1</b>	<b>18,013,413</b>	18,216,523
Others		<b>562,740</b>	403,982
Lease rentals - Ijarah facilities		<b>1,314,300</b>	1,314,300
		<u><b>43,302,304</b></u>	<u>42,892,671</u>

**23.1** Salaries, wages and other benefits includes Rs 1,615,013 (2015: Rs 1,614,162) in respect of gratuity expense for the year.

	<b>Note</b>	<b>2016 Rupees</b>	2015 Rupees
<b>23.2 Auditors' remuneration</b>			
Annual audit fee		<b>525,000</b>	475,000
Fee for audit of consolidated financial statements		<b>475,000</b>	425,000
Half yearly review		<b>200,000</b>	100,000
Out of pocket expenses		<b>28,280</b>	110,000
		<u><b>1,228,280</b></u>	<u>1,110,000</u>

**24 Other income**

**Income from financial assets**

Income on treasury bills /saving accounts 397,701 857,357

	Note	2016 Rupees	2015 Rupees
<b><u>Income from non-financial assets</u></b>			
Rental income of plant and machinery	24.1	11,400,000	11,400,000
Gain on disposal of Capital work in Progress		22,521,343	-
Liabilities written back		10,420,505	-
Miscellaneous income		2,301	60,390
		44,741,850	12,317,747
24.1	This represents income from lease of construction equipment from Evergreen Water Valley (Pvt) Limited.		
		2016 Rupees	2015 Rupees
<b>25 Finance cost</b>			
Mark-up on bank loans		-	13,945,007
Bank charges and commission		24,542	312,713
		24,542	14,257,720
<b>26 Taxation</b>			
<b><u>Current tax</u></b>			
For the year		734,990	2,723,633
Prior		1,013,380	-
		1,748,370	2,723,633
<b>26.1 Tax charge reconciliation</b>			
Numerical reconciliation between tax expense and accounting profit			
(Loss)/Profit before taxation		(797,342,826)	17,742,279
Tax (income)/expense at 32% (2015: 33%)		(255,149,704)	5,854,952
Tax effect of:			
- Income under Separate Tax Regime		(116,977)	(185,400)
- Income under Final Tax Regime		(867,617)	(4,715,198)
- Deferred tax asset not recognised		-	1,623,410
- Minimum tax @ 1%		-	145,869
- Not deductible for tax purposes		256,869,288	-
- Effect of change in prior year taxation		1,013,380	-
		1,748,370	2,723,633
<b><u>Deferred tax</u></b>			
26.2	The Company has a deferred tax asset amounting to Rs 18,201,021 (2015: Rs 11,687,373) 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.		

	2016	2015
<b>27 Earning per share</b>		
<b>27.1 Earning /(loss) per share - basic</b>		
Net (loss)/profit for the year	<b>Rupees</b> <u><u>(799,091,196)</u></u>	<u><u>15,018,646</u></u>
Weighted average number of ordinary shares	<b>Numbers</b> <u><u>316,610,112</u></u>	<u><u>316,610,112</u></u>
(Loss)/profit per share - basic	<b>Rupees</b> <u><u>(2.52)</u></u>	<u><u>0.05</u></u>
<b>27.2 (Loss)/Earning per share - diluted</b>		

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

	2016	2015
<b>28 Number of employees</b>		
The average and total number of employees are as follows:		
Average number of employees during the year	<u><u>20</u></u>	<u><u>20</u></u>
Total number of employees as at 30 June	<u><u>21</u></u>	<u><u>21</u></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	Value of transactions made during the year	
			2016	2015
First Capital Equities Limited	Subsidiary	Purchase of investment property	9,290,400	-
World Press (Private) Limited	Subsidiary	Purchase of goods /services	648,405	675,675
First Capital Investments Limited	Subsidiary	Long term investment made Dividend income	45,370,000 -	- 3,948,169
Evergreen Water Valley (Private) Limited	Subsidiary	Rental income earned	11,400,000	5,225,000
Pace Barka Properties Limited	Associate	Rental income earned	-	6,175,000
Pace Pakistan Limited	Associate	Service charges	336,419	618,146
Media Times Limited	Associate	Purchase of goods / services	71,100	14,300
First Capital Mutual Fund	Associate	Dividend income	305,137	-

-----Rupees-----



**30 Financial risk management**

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

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

- Credit risk
- Liquidity risk
- Market risk

**30.1 Credit risk**

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

**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:

	<b>Note</b>	<b>2016 Rupees</b>	2015 Rupees
Other receivables	<b>10</b>	<b>61,352,472</b>	54,958,560
Long term deposits	<b>8</b>	<b>1,122,750</b>	1,122,750
Trade debts	<b>9</b>	<b>2,955,175</b>	4,057,642
Bank balances	<b>12</b>	<b>680,324</b>	1,615,727
		<u><b>66,110,721</b></u>	<u>61,754,679</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.

**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	2016	2015
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A-1+	AA	JCR-VIS	160,796	35,622
Allied Bank Limited	A1+	AA+	PACRA	355,158	1,109,673
Bank Islamic	A1	A+	PACRA	6,126	6,126
Soneri Bank Limited	A1+	AA-	PACRA	9,306	9,306
MCB Bank Limited	A1+	AAA	PACRA	138,938	444,999
Bank Alfalah Ltd	A1+	AA	PACRA	10,000	10,000
				<b>680,324</b>	<b>1,615,726</b>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**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	2016 Rupees	2015 Rupees
Neither past due nor impaired		1,587,052	1,163,190
Past due 1 - 60 days		1,191,714	2,591,776
Past due 61 - 120 days		169,671	302,676
Above 365 days		6,738	-
	9	<b>2,955,175</b>	<b>4,057,642</b>

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

	2016 Rupees	2015 Rupees
Commercial Banks	2,884,966	3,987,386
Brokerage house	63,471	63,518
Investments and financial services	6,738	6,738
	<b>2,955,175</b>	<b>4,057,642</b>

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.

**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 2016:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<b>Financial liabilities</b>					
Current portion of Long term loan	8,946,666	8,946,666	8,946,666	-	-
Trade and other payables	24,563,059	24,563,059	24,563,059	-	-
Mark-up accrued	5,035,732	5,035,732	5,035,732	-	-
	<b>38,545,457</b>	<b>38,545,457</b>	<b>38,545,457</b>	<b>-</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as on 30 June 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-----					
<b>Financial liabilities</b>					
Long term loan	10,946,666	10,946,666	10,946,666	-	-
Trade and other payables	24,518,518	24,518,518	24,518,518	-	-
Mark-up accrued	13,766,648	13,766,648	13,766,648	-	-
	<b>49,231,832</b>	<b>49,231,832</b>	<b>49,231,832</b>	<b>-</b>	<b>-</b>

### 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 fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The Company has adopted appropriate policies to cover interest rate risk.

As the Company has no significant floating interest rate assets, the Company’s income is substantially independent of changes in market interest rates.

The Company’s interest rate risk arises from bank deposit accounts and long-term borrowing. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Company does not have any fixed rate financial instrument. The interest rate profile of the Company’s interest-bearing financial instruments at the balance sheet date was as under:

	<b>2016</b>	2015
	<b>Rupees</b>	Rupees
Financial assets	<b>536,970</b>	1,166,207
Financial liabilities	<b>(8,946,666)</b>	(10,946,666)
	<b><u>(8,409,696)</u></b>	<u>(9,780,459)</u>

**Cash flow sensitivity analysis for variable rate instruments**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Company does not have any fixed rate financial instrument. A 100 basis points increase in interest rate at the reporting date would have had the following effect in profit and loss account.

	<b>2016</b>	2015
	<b>Rupees</b>	Rupees
Variable rate financial instruments	<b>(57,186)</b>	(65,529)

'A 100 basis points decrease in interest rates at the reporting date would have had an equal but opposite effect on the profit and loss to the amounts shown above, on the basis that all other variables remain constant.

**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 listed on Pakistan Stock exchange. The table below summarizes the Company's equity price risk as of 30 June 2016 and 2015 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.

		2016			
	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase/(decrease) in profit / (loss) before tax
<b><u>Investments</u></b>					
Subsidiary company - available for sale	2,871,964,050	10% increase	3,159,160,455	287,196,405	-
		10% decrease	2,584,767,645	(287,196,405)	-
Associated company - available for sale	75,592,166	10% increase	83,151,383	7,559,217	-
		10% decrease	68,032,949	(7,559,217)	-
Investments held for trading	64,279,504	10% increase	70,707,454	-	6,427,950
		10% decrease	57,851,554	-	(6,427,950)
	<u>3,011,835,720</u>				

		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
<b><u>Investments</u></b>					
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	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	81,303,688	-	7,391,244
		10% decrease	66,521,200	-	(7,391,244)
	<u>3,826,772,029</u>				

**30.3.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The carrying amount less impairment provision of trade debts and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Specific valuation techniques used to value financial instruments include:

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

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

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

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:

**Valuation techniques used to measure fair values**

		Level 1	Level 2	Level 3	Total
<b>30-Jun-16</b>					
<b>Equity securities</b>					
Financial assets classified as held for trading	<b>Rupees</b>	64,279,504	-	-	64,279,504
Financial assets classified as available for sale	<b>Rupees</b>	2,947,556,216	-	-	2,947,556,216
<b>30-Jun-15</b>					
<b>Equity securities</b>					
Financial assets classified as held for trading		73,912,444	-	-	73,912,444
Financial assets classified as available for sale		3,752,859,585	-	-	3,752,859,585

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

**30.4 Capital management**

The Company’s board 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.

The debt-to-equity ratios as at 30 June 2016 and at 30 June 2015 were as follows:

	<b>2016</b>	2015
	<b>Rupees</b>	Rupees
Total debt	<b>13,982,398</b>	24,713,314
Total equity and debt	<b>4,203,576,720</b>	5,012,733,470
Debt-to-equity ratio	<b>0.33%</b>	0.49%

The decrease in the debt-to-equity ratio in 2016 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, directors and executives of the Company is as follows:

	Chief executive		Executive and non executive directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	<b>2,400,000</b>	2,400,000	-	-	<b>3,708,000</b>	4,794,393
Reimbursable expenses	-	-	-	-	<b>616,968</b>	700,217
Retirement benefits	<b>200,000</b>	185,466	-	-	<b>312,000</b>	1,135,026
	<b>2,600,000</b>	2,585,466	-	-	<b>4,636,968</b>	6,629,636
Number of persons	<b>1</b>	1	<b>6</b>	6	<b>2</b>	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 2016 by the Board of Directors of the Company.

**33 Corresponding figures**

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

**34 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 2016**

**Chief Executive Officer**

**Director**



**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 June 2016**



## **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 (herein referred to as “the Group”) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow 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 by other firms 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. Ozer Investment Limited and First Construct Limited are not material in relation to the Group. These financial statements are the responsibility of the holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing 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 the holding company and its subsidiary companies as at June 30, 2016 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.

The financial statements of the Group for the year ended June 30, 2015 were audited by another firm of accountants, M/S KPMG Taseer Hadi and Company, Chartered Accountants, whose report dated October 9, 2015 expressed an unmodified opinion thereon.

**Lahore**  
09 October 2016

**A.F. Ferguson & Co.**  
Chartered Accountants  
(Muhammad Masood)

**CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	6	366,343,606	366,995,728
Intangible assets	7	15,000,000	19,043,680
Investment properties	8	163,170,000	157,279,500
Investments accounted for using the equity method	9	564,614,173	582,394,552
Long term investments	10	24,156,320	24,156,320
Long term deposits and advances - considered good	11	35,559,611	25,825,899
Deferred taxation	12	1,051,280	2,011,756
		<u>1,169,894,990</u>	<u>1,177,707,435</u>
<b>Current assets</b>			
Stock in trade		19,953,573	25,965,042
Trade debts	13	2,204,207,355	2,610,174,520
Loans, advances and other receivables	14	111,883,056	70,987,949
Prepayments		797,297	774,268
Interest accrued		324,619	442,878
Deposits and other receivables	15	34,259,498	14,460,016
Short term investments	16	262,773,971	219,007,616
Tax refund due from Government		59,645,932	65,496,948
Cash and bank balances	17	124,540,549	74,835,960
		<u>2,818,385,850</u>	<u>3,082,145,197</u>
<b>Non-current assets classified as held for sale</b>			
Investment properties	18	1,608,469,500	1,617,417,600
<b>Current liabilities</b>			
Trade and other payables	19	347,813,950	501,547,484
Mark-up accrued	20	440,034,745	651,444,011
Short term borrowings - secured	21	641,477,416	638,119,801
Current portion of long term loans - secured	22	255,452,674	537,822,592
Current portion of liabilities against assets subject to finance lease	23	4,819,525	5,460,930
		<u>1,689,598,310</u>	<u>2,334,394,818</u>
		<u>2,737,257,040</u>	<u>2,365,167,979</u>
<b>Net current assets</b>			
		<u>3,907,152,030</u>	<u>3,542,875,414</u>
<b>Non-current liabilities</b>			
Deferred liabilities	24	55,412,477	64,870,726
Long term loans - secured	22	2,286,595,962	1,946,108,530
Liabilities against assets subject to finance lease	23	-	3,052,653
		<u>2,342,008,439</u>	<u>2,014,031,909</u>
Contingencies and commitments	25	<u>1,565,143,591</u>	<u>1,528,843,505</u>
<b>Represented by</b>			
<b>Equity</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital: 320,000,000 (2015: 320,000,000) ordinary shares of Rs 10 each		<u>3,200,000,000</u>	<u>3,200,000,000</u>
Issued, subscribed and paid-up share capital	26	3,166,101,120	3,166,101,120
Exchange translation reserve		22,516,300	29,816,935
Reserves capitalised		480,054,923	478,240,308
Retained earnings		(2,313,960,657)	(2,346,784,149)
<b>Equity attributable to owners of the Parent Company</b>		<u>1,354,711,686</u>	<u>1,327,374,214</u>
<b>Non-controlling interests (NCI)</b>		<u>210,431,905</u>	<u>201,469,291</u>
		<u>1,565,143,591</u>	<u>1,528,843,505</u>

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

Chief Executive Officer

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
Operating revenue	27	381,785,939	491,997,894
Direct costs	28	<u>(233,108,901)</u>	<u>(259,810,970)</u>
<b>Gross profit</b>		<b>148,677,038</b>	232,186,924
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	16.2	1,103,916	28,480,435
(Loss)/gain on investment properties		<b>(3,057,600)</b>	23,159,000
Operating and administrative expenses	29	<u>(253,455,878)</u>	<u>(287,801,697)</u>
<b>Operating loss</b>		<b>(106,732,524)</b>	(3,975,338)
Other income	30	376,685,868	88,794,861
Finance costs	31	<u>(190,152,753)</u>	<u>(276,244,844)</u>
		<b>79,800,591</b>	(191,425,321)
Share of loss from investments accounted for using the equity method - net of tax	9.1	<u>(10,269,945)</u>	<u>(41,306,679)</u>
<b>Profit/(loss) before taxation</b>		<b>69,530,646</b>	(232,732,000)
Taxation	32	<u>(28,823,205)</u>	<u>(11,850,589)</u>
<b>Profit/(loss) after taxation</b>		<b>40,707,441</b>	(244,582,589)
<b>Basic and diluted earning/(loss) per share</b>	33	<b>0.10</b>	(0.62)
Profit/(loss) attributable to:			
- Owners of the Parent Company		31,720,355	(195,896,997)
- Non-controlling interests		<u>8,987,086</u>	<u>(48,685,592)</u>
<b>Profit/(loss) for the year</b>		<b>40,707,441</b>	(244,582,589)

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

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>Profit/(loss) after taxation</b>		<b>40,707,441</b>	(244,582,589)
<b>Other comprehensive income/(loss) for the year</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit plan - net of tax	24.4	<b>2,450,664</b>	(809,298)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Share of other comprehensive income of investments accounted for using the equity method - net of tax	9.2	<b>894,034</b>	1,617,685
Exchange differences on translation of foreign operations recognised as:			
- Exchange translation reserve		<b>(7,300,431)</b>	913,402
- Non-controlling interests		<b>(7,014,335)</b>	877,583
Other comprehensive (loss)/income for the year		<b>(14,314,766)</b>	1,790,985
<b>Total comprehensive income/(loss) for the year</b>		<b>29,737,373</b>	(241,983,217)
<b>Total comprehensive income/(loss) attributable to :</b>			
- Owners of the Parent Company		<b>26,797,099</b>	(192,508,741)
- Non-controlling interests		<b>2,940,274</b>	(49,474,476)
		<b>29,737,373</b>	(241,983,217)

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

Chief Executive Officer

Director

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 Rupees	2015 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	205,044,170	204,140,952
Increase in long term deposits and advances		(12,233,712)	(14,192,974)
Retirement benefits paid - net		(2,211,140)	(25,366,853)
Finance costs paid		(149,095,875)	(106,999,060)
Taxes paid		(22,011,713)	(13,180,626)
<b>Net cash generated from operating activities</b>		<b>19,491,730</b>	44,401,439
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(107,403,979)	(1,326,735)
Proceeds from sale of property, plant and equipment		117,613,610	4,430,339
Payment for short term investments - net		(42,662,439)	(116,549,605)
Dividend received from associates		8,404,468	6,557,332
Interest received		8,904,096	53,280,882
<b>Net cash used in from investing activities</b>		<b>(15,144,244)</b>	(53,607,787)
<b>Cash flows from financing activities</b>			
Repayments of liabilities against assets subject to finance lease - net		(3,694,058)	(7,058,523)
Lease rentals of Ijarah facilities paid		(1,314,300)	(1,314,300)
Transactions with non-controlling interests		10,000,000	-
Receipt/(payment) of long term loan		58,117,514	(96,550,952)
Dividend paid to non-controlling interests		(3,437,287)	(17,016,123)
<b>Net cash generated from/(used in) financing activities</b>		<b>59,671,869</b>	(121,939,898)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>64,019,355</b>	(131,146,246)
Cash and cash equivalents at the beginning of the year		74,835,960	204,191,221
Effect of changes in exchange translation reserve		(14,314,766)	1,790,985
<b>Cash and cash equivalents at the end of the year</b>	17	<b>124,540,549</b>	74,835,960

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

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	Attributable to owners of the Parent Company						
	Share capital	Exchange translation reserve	Reserve capitalised	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 01 July 2014</b>	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
<b>Total comprehensive loss for the year</b>							
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
<b>Total comprehensive income / (loss) for the year</b>	-	913,402	-	(193,422,143)	(192,508,741)	(49,474,476)	(241,983,217)
<b>Transactions with owners</b>							
Profit attributed paid to non-controlling interests	-	-	-	-	-	(17,016,123)	(17,016,123)
<b>Balance at 30 June 2015</b>	<b>3,166,101,120</b>	<b>29,816,935</b>	<b>478,240,308</b>	<b>(2,346,784,149)</b>	<b>1,327,374,214</b>	<b>201,469,291</b>	<b>1,528,843,505</b>
<b>Total comprehensive income / (loss) for the year</b>							
Profit for the year	-	-	-	31,720,355	31,720,355	8,987,086	40,707,441
Other comprehensive (loss)/income	-	(7,300,635)	-	2,377,379	(4,923,256)	(6,046,812)	(10,970,068)
<b>Total comprehensive (loss)/income for the year</b>	-	(7,300,635)	-	34,097,734	26,797,099	2,940,274	29,737,373
<b>Transactions with owners</b>							
Profit attributed paid to non-controlling interests	-	-	-	-	-	(3,437,287)	(3,437,287)
Bonus dividend	-	-	1,814,615	(1,814,615)	-	-	-
Change in NCI on exercise of right issue - First Capital Investments Limited	-	-	-	540,373	540,373	9,459,627	10,000,000
	-	-	1,814,615	(1,274,242)	540,373	6,022,340	6,562,713
<b>Balance at 30 June 2016</b>	<b>3,166,101,120</b>	<b>22,516,300</b>	<b>480,054,923</b>	<b>(2,313,960,657)</b>	<b>1,354,711,686</b>	<b>210,431,905</b>	<b>1,565,143,591</b>

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

**Chief Executive Officer**

**Director**



**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**1. Legal status and nature of business**

First Capital Securities Corporation Limited (“the Parent Company”) was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange (PSX). The registered office of the Parent Company is situated at 2nd floor, Pace Shopping Mall, Fortress Stadium, Lahore - Cantt, Lahore. The Parent 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 %	
			2016	2015
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	78.86	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. The company is also engaged in construction 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 %	
			2016	2015
First Construct Limited	Pakistan	A construction company.	<b>100.00</b>	100.00
Ozer Investments Limited (OIL)	Sri Lanka	OIL has not yet started its commercial activity however main objects are providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage.	<b>100.00</b>	100.00

## 2 Significant events

**2.1** Since last few years, FCEL, a subsidiary company, was incurring losses. As a result the accumulated losses as at 30 June 2015 were Rs 1,320 million. FCEL's management, in order to carry on its business and to meet its current obligations is required to generate sufficient profits. During the year, FCEL successfully signed modified terms of agreements of its long term loans with various banks. The mark up has also been waived off/frozen. These facts have enabled FCEL to earn profit after tax of Rs 31 million in the current year. However the accumulated losses are standing at Rs 1,289 million as at 30 June 2016.

FCEL, in order to carry on its business and to meet its current obligations requires sufficient cash flows. Accordingly, there is a material uncertainty relating to FCEL's operations that may cause sufficient doubt regarding discharge of its liabilities in the normal course of business. Continuation of FCEL as a going concern is heavily dependent on improved cash flows. For this purpose the management of FCEL has drawn up plans for:

- Hiring of renowned traders from the market
- Vigorously following the debtors for recovery
- Change in top operations management to improve the operations of FCEL.
- FCEL is also relying on continued support from its sponsors through injection of cash.

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 a going concern basis.

## 3 Basis of preparation

**3.1** The consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. 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 Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of Ordinance or the requirements of the said directives prevail.

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 2016 and the audited

financial statements of the subsidiary companies for the year ended 30 June 2016 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.

### **3.2 Initial application of new standards, interpretations or amendments to existing standards**

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

#### **3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after 1 July 2015 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after 1 January 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard does not have a material impact on the Group's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after 1 January 2013, however, SECP has adopted this standard for periods beginning on or after 1 January 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

#### **3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2016 or later periods, and the Group has not early adopted them:

Amendment to IAS 16 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after 1 January 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments do not have a material impact on the Group's financial statements.

<b>Other standards or interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendments to IAS 7, Statement of cash flows on disclosure initiative	1 January 2017
Amendments to IAS 12, Income taxes on Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IFRS 2, Share based payments , on clarifying how to account for certain types of share-based payment transactions	1 January 2018
IFRS 9, 'Financial instruments'	1 January 2018
IFRS 14, 'Regulatory deferral accounts'	1 January 2017
IFRS 15, 'Revenue from contracts with customers'	1 January 2018
Amendments to IFRS 15, Revenue from contracts with customers' on gross versus net revenue presentation	1 January 2018
IFRS 16 Leases'	1 January 2019

#### **4 Basis of measurement**

The consolidated 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 staff benefits which are presented at present value.

##### **4.1 Critical accounting estimates and judgments**

The Group's significant accounting policies are stated in note 5. The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to the Group's financial statements are as follows:

a)	Useful life and residual values of property and equipment	Note 5.2
b)	Impairment	Note 5.7
c)	Provisions	Note 5.19
d)	Valuation of investment properties	Note 5.9
e)	Staff retirement benefits	Note 5.22
f)	Provision for taxation	Note 5.24

#### **5 Summary of significant accounting policies**

##### **5.1 Principals of consolidation and equity accounting**

###### **a) Subsidiaries**

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.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net reserves of the operation and of net assets of subsidiaries attributable to interests which are not owned by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss or through other comprehensive income as appropriate.

**b) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling

interests to reflect their relative interests in the subsidiary. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**c) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated profit and loss account, and the Group's share of movements in other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

**d) Foreign currency transactions and translation**

**Functional and presentation currency**

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

**Transactions and balances**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak 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 Pak 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 Pak Rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit or loss.

**e) 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 exchange 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 exchange reserve in equity.

## **5.2 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 6.1 to these consolidated financial statements.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset available for intended 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 asset's 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 property and equipment at 30 June 2016 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.7).

## **5.3 Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to property, plant and equipment as and when these are available for use.

## **5.4 Non-current assets classified as held for sale and discontinued operations**

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 statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.A421



## **5.5 Leases**

### **5.5.1 Finance leases**

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

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 assets on straight line method at the rates mentioned in note 6.1. Depreciation on leased assets is charged to the profit and loss account.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

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.

### **5.5.2 Operating leases**

Leases including Ijarah financing where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating leases. 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/Ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

## **5.6 Intangible assets**

### **5.6.1 Trading Right Entitlement Certificate (TREC)**

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

### **5.6.2 Others**

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

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 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.

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.

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

### **5.7 Impairment**

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

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

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

### **5.8 Long term loans**

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

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

### **5.9 Investment properties**

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently, these are stated at fair value. The fair value is determined annually by an independent professional 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 arm's length transaction.

Any gain or loss arising from a change in fair value is charged to profit or loss. Rental income from investment properties is accounted for as described in note 5.23.

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference 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 fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings. Any loss arising in this manner is immediately charged to profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

## **5.10 Financial instruments**

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on balance sheet include long term loan, long term deposits, short term investments, trade debts, loans, advances, prepayments and other receivables, cash and bank balances, accrued finance cost, long term payable and trade and other payables.

All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## **5.11 Investments**

### **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. The fair values of quoted investments are based on current prices. Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each reporting period. Impairment loss, if any, is charged to income currently.

The Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. If any such evidence exists for available for sale investments, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through profit and loss account.

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

These include investments classified as held for trading or upon initial recognition are designated by the Group 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.

### **Held-to-maturity financial assets**

Investments with a fixed maturity that the Group 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 Group 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.

### **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.

#### **5.12 Trade debts**

Trade debts are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, 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.

#### **5.13 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 cost.

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**

Useable 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 Cash and cash equivalents**

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

**5.17 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognised at cost which is the fair value of the consideration to be paid in future for goods and/or services, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest rate method.

**5.18 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.

**5.19 Provisions**

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

**5.20 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.

**5.21 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.

**5.22 Staff retirement benefits****Defined benefit plan**

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

contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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

#### **Accumulating compensated absences**

Employees and executives of the Parent Company are entitled to take earned leave of 20 and 40 days every year respectively.

The un-utilized earned leaves of employees and executives can be accumulated up to a maximum of 40 days and 60 days respectively and can be utilized at any time subject to the approval. Earned leaves in excess of afore mentioned days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Parent Company's service. The earned leave encashment is made on last drawn gross salary.

Provisions are made annually to cover the obligation for accumulating compensated absences by the management.

#### **5.23 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.

## 5.24 **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 all 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

## 5.25 **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 the year/period in which they are incurred.

**5.26 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.

**5.27 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, plant 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, plant and equipment and intangible assets.

**6 Property, plant and equipment**

	<b>Note</b>	<b>2016 Rupees</b>	2015 Rupees
Property, plant and equipment	6.1	<b>148,292,513</b>	181,757,798
Capital work-in-progress	6.2	<b>218,051,093</b>	185,237,930
		<b>366,343,606</b>	366,995,728

6.1 Property, plant and equipment

	Cost	Owned assets						Leased assets				Total		
		Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Subtotal	Plant and machinery		Office equipment	Vehicles
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)
Exchange differences	-	-	-	-	43,591	12,548	95,717	151,856	-	-	-	83,026	83,026	234,882
<b>Balance at 30 June 2015</b>	<b>75,023,800</b>	<b>886,088</b>	<b>30,245,533</b>	<b>340,658,456</b>	<b>40,577,502</b>	<b>32,047,731</b>	<b>21,396,742</b>	<b>46,439,612</b>	<b>587,275,464</b>	<b>19,267,015</b>	<b>15,510</b>	<b>26,173,291</b>	<b>45,455,816</b>	<b>632,731,280</b>
Balance at 01 July 2015	75,023,800	886,088	30,245,533	340,658,456	40,577,502	32,047,731	21,396,742	46,439,612	587,275,464	19,267,015	15,510	26,173,291	45,455,816	632,731,280
Additions during the year	-	-	120,200	-	653,384	35,000	-	867,500	1,676,084	-	-	-	-	1,676,084
Disposals during the year	-	-	-	(9,120,162)	(1,614,590)	(233,479)	(720,529)	(1,327,490)	(13,016,250)	-	-	(13,101,494)	(13,101,494)	(26,117,744)
Exchange differences	-	-	-	-	(1,036,655)	(704,460)	(193,127)	-	(1,934,242)	-	-	(1,093,052)	(1,093,052)	(3,027,294)
<b>Balance at 30 June 2016</b>	<b>75,023,800</b>	<b>886,088</b>	<b>30,365,733</b>	<b>331,538,294</b>	<b>38,579,641</b>	<b>31,144,792</b>	<b>20,483,086</b>	<b>45,979,622</b>	<b>574,001,056</b>	<b>19,267,015</b>	<b>15,510</b>	<b>11,978,745</b>	<b>31,261,270</b>	<b>605,262,326</b>
<b>Accumulated depreciation</b>														
Balance at 01 July 2014	17,198,553	738,002	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	1,743,039	1,745,526	3,561,637	33,349,909	637,500	-	6,940,258	7,577,758	40,927,667
Depreciation on disposals	-	-	-	-	-	-	-	(3,622,894)	(3,622,894)	-	-	(3,448,552)	(3,448,552)	(7,071,446)
Exchange differences	-	-	-	-	50,845	9,385	94,277	-	154,307	-	-	62,263	62,263	216,770
<b>Balance at 30 June 2015</b>	<b>20,745,345</b>	<b>886,088</b>	<b>22,099,446</b>	<b>245,684,838</b>	<b>39,267,998</b>	<b>30,814,588</b>	<b>18,103,637</b>	<b>34,804,704</b>	<b>412,406,644</b>	<b>14,220,139</b>	<b>15,510</b>	<b>24,331,189</b>	<b>38,566,838</b>	<b>450,973,482</b>
Balance at 01 July 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
Depreciation for the year	3,547,090	-	546,023	20,267,471	1,178,408	1,056,878	1,370,614	2,347,685	30,294,169	637,500	-	2,180,977	2,818,477	33,112,646
Depreciation on disposals	-	-	-	(8,339,389)	(1,612,921)	(233,479)	(688,888)	(1,327,490)	(12,202,167)	-	-	(12,093,959)	(12,093,959)	(24,296,126)
Exchange differences	-	-	-	-	(987,239)	(658,930)	(181,092)	-	(1,927,261)	-	-	(992,928)	(992,928)	(2,820,189)
<b>Balance at 30 June 2016</b>	<b>24,292,435</b>	<b>886,088</b>	<b>22,645,469</b>	<b>257,612,920</b>	<b>37,846,246</b>	<b>30,959,057</b>	<b>18,604,271</b>	<b>35,834,899</b>	<b>428,671,385</b>	<b>14,857,639</b>	<b>15,510</b>	<b>13,425,279</b>	<b>28,298,428</b>	<b>486,968,813</b>
<b>Carrying value</b>														
As at 30 June 2015	(20,745,345)	-	8,146,087	94,975,618	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
<b>As at 30 June 2016</b>	<b>(24,292,435)</b>	<b>-</b>	<b>7,720,264</b>	<b>73,925,374</b>	<b>733,395</b>	<b>185,735</b>	<b>1,878,815</b>	<b>10,154,723</b>	<b>145,229,671</b>	<b>4,409,376</b>	<b>-</b>	<b>(1,446,534)</b>	<b>2,962,842</b>	<b>148,292,513</b>
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	8	33	20			



**6.1.1 Disposal of property, plant and equipment**

2016						
Particulars	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
-----Rupees-----						
<b>Plant and machinery</b>	<b>Outside party</b>					
	Butt Book House	3,757,856	3,450,981	306,875	5,500,000	Negotiation
	M Ishaq Printing	5,362,306	4,924,408	437,898	6,133,645	--- do ---
<b>Items with book value less than Rs 50,000</b>		16,997,582	15,920,737	1,076,845	11,755,000	
	<b>2016</b>	<b><u>26,117,744</u></b>	<b><u>24,296,126</u></b>	<b><u>1,821,618</u></b>	<b><u>23,388,645</u></b>	
	2015	<u>7,869,120</u>	<u>7,071,446</u>	<u>797,674</u>	<u>4,430,339</u>	

	Note	2016 Rupees	2015 Rupees
<b>6.1.2 Depreciation for the year has been allocated as follows:</b>			
Direct costs	28	<b>3,254,971</b>	4,266,733
Operating and administrative expenses	29	<b><u>29,857,667</u></b>	<u>36,660,934</u>
		<b>33,112,638</b>	40,927,667

**6.2 Capital work-in-progress**

Opening balance		<b>185,237,930</b>	185,237,930
Additions during the year		<b>105,935,000</b>	-
Disposals during the year		<b>(73,121,837)</b>	-
Closing balance	6.2.1	<b><u>218,051,093</u></b>	<u>185,237,930</u>

**6.2.1** This includes advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Barka Lahore amounting to Rs 107,090,858 (2015: Rs 133,634,515) and Rs 5,025,235 (2015: Rs 5,025,235) respectively. Construction work on these properties is in progress as at 30 June 2016. This also includes one property exchanged with Pace Pakistan Limited, an associated company, amounting to Rs 85,935,000 and one property purchased from Wireless n Cable (Private) Limited amounting to Rs 20,000,000. No amount is outstanding in this regard and the transfer of title is in process as at 30 June 2016.

7 Intangible assets	Note	2016 Rupees	2015 Rupees
Membership cards		2,500,000	2,500,000
License rooms		7,500,000	7,500,000
TREC	7.2	5,000,000	9,043,680
Total	7.1	<u>15,000,000</u>	<u>19,043,680</u>

7.1 Movement in the intangible assets is as follows:

Opening balance		19,043,680	19,043,680
Impairment loss charged during the year	29	<u>(4,043,680)</u>	-
Closing balance		<u>15,000,000</u>	<u>19,043,680</u>

7.2 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act). The Group has also received shares of PSX after completion of the demutualization process. During the year, PSX issued the value of TREC for calculation of Base Minimum Capital (BMC) at Rs 5,000,000. This indicated that the value of TREC needs impairment of Rs. 4,043,680.

8 Investment properties	Note	2016 Rupees	2015 Rupees
Opening balance		157,279,500	149,635,000
Transfer from investment properties held for sale		9,290,400	-
Fair value adjustment		<u>(3,399,900)</u>	7,644,500
Closing balance	8.1	<u>163,170,000</u>	<u>157,279,500</u>

8.1 Investment properties comprises of four commercial shops at Pace Gujranwala leased to third parties, three at Pace Fortress Lahore and various shops/counters in various shopping malls situated at Gujranwala and Gujrat. Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on 30 June 2016 by an approved independent valuer, M/s Negotiators. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Group's investment properties that are measured at fair value at 30 June 2016.

	Fair value measurements at 30 June 2016 using significant other observable inputs (Level 2)
<b>Recurring fair value measurements</b>	<b>Rupees</b>
Investment properties	163,170,000
Investment properties - held for sale	1,608,469,500
	<b>1,771,639,500</b>

The following table presents the Group's investment properties that are measured at fair value at 30 June 2015.

	Fair value measurements at 30 June 2015 using  significant other observable inputs (Level 2)
<b>Recurring fair value measurements</b>	<b>Rupees</b>
Investment properties	157,279,500
Investment properties - held for sale	1,617,417,600
	<b>1,774,697,100</b>

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2015 or 2016.

**Valuation techniques used to derive level 2 fair values:**

Level 2 fair value of investment properties and investment properties held for sale have been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>9 Investments accounted for using the equity method</b>			
<b>First Capital Mutual Fund Limited (FCMF)</b>			
9,235,680 (2015: 9,235,680) ordinary units of Rs 10 each			
Equity held 56% (2015: 42%)		<b>119,901,284</b>	109,643,477
Share of profit - net of tax	9.1	<b>7,856,982</b>	16,815,139
Less : dividend received		<b>(8,404,468)</b>	(6,557,332)
		<b>119,353,798</b>	119,901,284
<b>Media Times Limited</b>			
59,157,770 (2015: 51,332,132) ordinary shares of Rs 10 each		<b>11,456,997</b>	72,976,181
Equity held: 33.08% (2015: 28.70%)			
Share of loss for the year - net of tax	9.1	<b>(11,369,246)</b>	(62,139,926)
Share of other comprehensive (loss)/income for the year		<b>(87,751)</b>	620,742
		-	<b>11,456,997</b>

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>Pace Super Mall (Private) Limited</b>			
11,250 (2015: 11,250) ordinary shares of Rs 10 each		112,500	112,500
Equity held: 0.07% (2015: 0.07%)		<b>112,500</b>	112,500
<b>Pace Barka Properties Limited</b>			
54,790,561 (2015: 54,790,561) ordinary shares of Rs 10		450,923,771	445,908,720
Equity held: 17.95% (2015: 17.95%)		<b>(6,757,681)</b>	4,018,108
Share of (loss)/ profit for the year - net of tax	9.1	<b>981,785</b>	996,943
Share of other comprehensive income for the year		<b>445,147,875</b>	450,923,771
<b>Total investments</b>		<b>564,614,173</b>	582,394,552
<b>9.1 Share of loss/(profit) of associated companies</b>			
First Capital Mutual Fund Limited		7,856,982	16,815,139
Media Times Limited		(11,369,246)	(62,139,926)
Pace Barka Properties Limited		(6,757,681)	4,018,108
		<b>(10,269,945)</b>	(41,306,679)
<b>9.2 Share of other comprehensive income/(loss) from associates</b>			
Media Times Limited		(87,751)	620,742
Pace Barka Properties Limited		981,785	996,943
		<b>894,034</b>	1,617,685
<b>9.3 Refer note 41.6 for summarized financial information for associates accounted for using equity method.</b>			
<b>10 Long term investments - available for sale</b>			
Pakistan Stock Exchange Limited	10.1	<b>24,156,320</b>	24,156,320
<b>10.1</b> The issuance 4,007,383 shares of PSX to its members including FCEL were determined on the basis of the fair valuation of the underlying asset and liabilities of the stock exchange in accordance with requirements of the Act. Shares of Rs 40,073,830 received by FCEL represented its share in the fair value of the net assets of the PSX. Under these circumstances where active market is not available for such shares, this net asset value based valuation was considered as the closest estimate of the fair value of the shares.			
Further, the PSX also introduced a minimum capital regime for the brokers, and for this purpose valued TREC at Rs 15 million as per the decision of the Board of Directors of the PSX. This fact indicated an acceptable level of value for TREC which was also used by the stock exchange for risk management and safeguarding the investor's interest. In the absence of an active market of TREC, this assigned value of Rs 15 million was considered as the closest estimate of the fair value of the TREC.			
Therefore, based on the above estimates of fair value of PSX shares Rs. 40,073,830 and TREC Rs 15,000,000 FCEL allocated its carrying value in the ratio of 0.7276 to shares and 0.2724 to TREC.			

During the year, the PSX issued value of TREC at Rs 5 million as per the decision of the Board of the Directors of PSX for calculation of BMC.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>11 Long term deposits and advances - considered good</b>			
Security deposits with:			
- Leasing companies		<b>3,076,600</b>	3,650,926
- Pakistan Stock Exchange		<b>3,653,159</b>	1,860,000
- Central Depository Company (CDC)		<b>200,000</b>	225,000
- License fee with SECP		<b>1,500,025</b>	812,527
- National Clearing Company Pakistan Limited (NCCPL)		<b>1,400,000</b>	1,400,000
- Ijarah deposit		<b>1,085,250</b>	1,085,250
- Others		<b>821,300</b>	352,300
- Retention money	11.1	<b>23,823,277</b>	13,939,896
		<b>35,559,611</b>	23,325,899
<b>Advances</b>			
- National Commodity Exchange Limited		-	2,500,000
		<b>35,559,611</b>	25,825,899

**11.1** This represents retention money held by Pace Barka Properties Limited, an associate, against provision of construction services.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>12 Deferred taxation</b>			
This comprises of the following:			
Deferred tax asset in respect of tax depreciation		<b>369,071</b>	536,284
Deferred tax asset in respect of gratuity		<b>149,378</b>	149,378
Deferred tax asset in respect of unused tax losses and tax credits	12.1	<b>532,831</b>	1,326,094
		<b>1,051,280</b>	2,011,756

The Parent Company has a deferred tax asset amounting to Rs 18,201,021 (2015: Rs 11,687,373) 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 Parent Company has not recognised deferred tax asset in these financial statements.

However, some subsidiary companies have recognized their respective deferred tax assets owing to their tax position for each year.

**12.1** This includes deferred tax asset relating to Lanka Securities (Private) Limited amounting to Rs 85,151 (2015: Rs 252,980). The same falls under the regulation of different tax authority.

			<i>Note</i>	<b>2016</b>	<b>2015</b>			
				<b>Rupees</b>	<b>Rupees</b>			
<b>13</b>	<b>Trade debts</b>							
	<b>Money market receivables:</b>							
	Unsecured - considered good			2,948,437	4,050,904			
	Receivables against purchase of shares by clients:							
	Unsecured - considered good			1,990,334,857	2,202,048,596			
	Unsecured - considered doubtful			1,096,813,205	1,096,813,205			
				3,087,148,062	3,298,861,801			
	<b>Receivable against professional services rendered:</b>							
	Related Parties - unsecured, considered good		13.1	15,955,237	17,824,360			
	<b>Others:</b>							
	Unsecured - considered good			194,968,824	386,250,660			
	Unsecured - considered doubtful			92,625,977	88,174,160			
				287,594,801	474,424,820			
				3,393,646,537	3,795,161,885			
	Less: provision for doubtful debts		13.2	(1,189,439,182)	(1,184,987,365)			
				2,204,207,355	2,610,174,520			
<b>13.1</b>	This includes asset management fee amounting to Rs 4,080,426 (2015: 5,507,089) receivable from First Capital Mutual Fund, an associated company. This also includes receivable from Media Times Limited, an associate amounting to Rs 6,480,766 (2015 : Rs 12,317,271).							
				<b>2016</b>	<b>2015</b>			
			<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>			
<b>13.2</b>	<b>Provision for doubtful debts</b>							
	Opening balance			1,184,987,365	1,183,699,444			
	Charge for the year		29	4,451,817	1,287,921			
	Closing balance			1,189,439,182	1,184,987,365			
<b>14</b>	<b>Loans, advances and other receivables</b>							
	<b>Secured - considered good</b>							
	Advances to employees:							
	- Executives		14.1	5,023,845	4,745,187			
	- Others			4,626,861	9,745,395			
				9,650,706	14,490,582			
	<b>Unsecured - considered good</b>							
	Due from associated companies		14.2	69,528,472	49,733,560			
	Stock exchanges		14.3	2,333,878	6,763,807			
	Advance against purchase of property			30,370,000	-			
				111,883,056	70,987,949			

- 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.
- 14.2** This represents receivable from Pace Barka Properties Limited, an associate as part of consideration as per the terms of settlement agreement for disposal of a former subsidiary Trident Construct (Private) Limited.
- 14.3** This represents exposure deposit with the Pakistan Stock Exchange Limited under the exposure rules.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>15 Deposits and other receivables</b>			
Accrued brokerage commission		<b>153,050</b>	501,763
Rent receivable		<b>1,629,952</b>	-
Others receivables	15.1	<b>32,476,496</b>	13,958,253
		<b><u>34,259,498</u></b>	<u>14,460,016</u>

- 15.1** This includes Rs 1,000,000 (2015: 1,000,000) advance paid to Media Times Limited, an associate. This is in the normal course of business and interest free.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>16 Short term investments</b>			
Held to maturity	16.1	<b>93,869,711</b>	121,166,046
Investments at fair value through profit or loss	16.2	<b>168,904,260</b>	97,841,570
		<b><u>262,773,971</u></b>	<u>219,007,616</u>

- 16.1** This represents the following :

Treasury bills		-	8,630,012
Fixed and Repo Investment		<b>93,869,711</b>	112,536,034
		<b><u>93,869,711</u></b>	<u>121,166,046</u>

- 16.2 Investments at fair value through profit or loss**

Carrying value at 30 June:			
- Related parties	16.2.1	<b>136,465,216</b>	54,283,312
- Others	16.2.2	<b>31,335,128</b>	15,077,823
		<b>167,800,344</b>	69,361,135
Unrealized gain on remeasurement of investments during the year		<b>1,103,916</b>	28,480,435
		<b><u>168,904,260</u></b>	<u>97,841,570</u>
Fair value of investments at fair value through profit or loss at 30 June comprises of:			
- Related parties	16.2.1	<b>131,646,861</b>	82,366,896
- Others	16.2.2	<b>37,257,399</b>	15,474,674
		<b><u>168,904,260</u></b>	<u>97,841,570</u>

16.2.1 Investments at fair value through profit and loss - related parties	Note	Shares/Units		Carrying value		Fair value		Percentage holding	
		2016	2015	2016	2015	2016	2015	2016	2015
		Number		Rupees		Rupees		%	
<b>Real estate investment and services</b>									
Pace (Pakistan) Limited - associated company	16.2.1.1	15,106,676	7,506,676	104,123,668	29,951,637	94,416,725	54,723,668	2.69%	2.69%
<b>Mutual funds</b>									
First Capital Mutual Fund Limited - associate		2,048,126	2,309,434	24,515,910	24,331,675	24,161,321	27,643,228	12.42%	10.46%
<b>Print and electronic media</b>									
Media Times Limited - associate		7,825,638	-	7,825,638	-	13,068,815	-	4.38%	0.00%
				<u>136,465,216</u>	<u>54,283,312</u>	<u>131,646,861</u>	<u>82,366,896</u>		

16.2.1.1 This includes 3,200,000 (2015: 3,370,000) shares having market value of Rs 20,000,000 (2015: Rs 24,567,300), pledged against the loan of the Parent Company.

**16.2.2 Investments at fair value through profit and loss - others**

Insurance	Note	Shares		Carrying value		Fair value	
		2016	2015	2016	2015	2016	2015
		Number		Rupees		Rupees	
Shahen Insurance Company Limited		2,137,292	915,329	9,951,212	5,583,507	10,686,460	5,867,259
Adamjee Insurance Limited		13	13	619	595	646	619
<b>Investment Banks</b>							
Arif Habib Limited	16.2.2.1	12,244	13,492	653,265	424,442	552,449	740,138
<b>Sugar</b>							
Haseeb Waqas Sugar Mills Limited		2,739,956	33,000	8,280,959	194,040	13,699,780	160,050
<b>Cement</b>							
Pioneer Cement Limited		11,031	31	986,594	1,446	1,184,729	2,644
<b>Miscellaneous</b>							
Pakistan Services Limited		-	102	-	51,470	-	50,490
Others		303,480	-	1,885,505	-	1,291,769	-
<b>Telecommunication</b>							
Worldcall Telecom Limited	16.1.2.2	5,021,207	4,221,207	9,576,974	8,822,323	9,841,566	8,653,474
				<u>31,335,128</u>	<u>15,077,823</u>	<u>37,257,399</u>	<u>15,474,674</u>

16.2.2.1 This includes 12,100 (2015: 12,100) shares having market value of Rs 545,952 (2015: Rs 643,962) pledged against loan obtained by the Group.

16.2.2.2 This includes 4,220,677 (2015: 2,972,308) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to note 25.1.2

16.2.2.3 Shares held for trading by FCEL in different companies having carrying amount of Rs 194,566 (2015: 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>	<b>2016 Rupees</b>	2015 Rupees
<b>17 Cash and bank balances</b>			
Cash in hand		272,484	131,393
Cash at bank:			
- Current accounts - local and foreign currency	17.1	51,713,105	9,632,363
- Saving accounts - local and foreign currency	17.2	72,554,960	65,072,204
		124,268,065	74,704,567
		124,540,549	74,835,960

**17.1** This includes Sri Lankan Rupees amounting to LKR. 1,282,498 (2015: LKR. 5,976,093).

**17.2** The deposit accounts carry mark-up at rates ranging from 2% to 10% (2015: 4% to 8%) per annum.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>18 Non-current assets classified as held for sale</b>			
<b>Investment properties</b>			
Opening balance		1,617,417,600	1,601,903,100
Gain on fair value adjustment		342,300	15,514,500
Transfer from held for sale		(9,290,400)	-
Closing balance	18.1	1,608,469,500	1,617,417,600

**18.1** Investment properties comprises various shops/counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings. The Group has the intention to sell off this property to pay off the bank borrowings.

The fair value of subject investment properties is based on valuation that was carried out by M/s. Negotiator, independent valuer as on 30 June 2016. Please refer note 8.1 for details.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>19 Trade and other payables</b>			
Payable against sale of shares on behalf of :			
- members		114,472,424	194,526,463
- clients		4,603,267	69,712,016
		119,075,691	264,238,479
Trade creditors	19.1	34,178,434	23,626,214
Accrued liabilities		89,133,610	104,659,504
Advances from customers		36,474,873	610,067
Payable against purchase of property	19.2	6,681,123	6,681,123
Sales tax		1,105,257	1,032,075
Federal Excise Duty	19.3	3,786,830	3,042,490
Security deposit of shopkeepers		486,660	486,660
Unclaimed dividend		1,856,586	1,858,918
Withholding tax		33,950,019	28,814,832
Other liabilities	19.4	17,329,268	22,043,972
Due to contract		3,755,599	44,453,150
		347,813,950	501,547,484

**19.1** Trade creditors include following balances payable/(receivable) in ordinary course of business to associates:

	<b>2016</b>	2015
	<b>Rupees</b>	Rupees
Media Times Limited	<b>71,100</b>	40,300
Pace Barka Properties Limited	<b>10,914,168</b>	(30,976,391)
	<b>10,985,268</b>	(30,936,091)

**19.2** This amount is payable to Pace Pakistan Limited, an associated company against purchase of properties in Pace Fortress Stadium, Lahore.

	<b>2016</b>	2015
<i>Note</i>	<b>Rupees</b>	Rupees

**19.3** Federal Excise Duty :

Opening balance	<b>3,042,490</b>	1,287,698
Provision during the year	<b>744,340</b>	1,754,792
Closing balance	<b>3,786,830</b>	3,042,490

**19.3.1** As per requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of management company has been applied effectively from 13 June 2013. The group is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. A stay order against the collection has been granted by the Honourable Sindh High Court on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) as on 04 September 2013.

On 30 June 2016 the Honourable Sindh High Court of Pakistan has passed a Judgment that after 18th amendment in Constitution of Pakistan the provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of FED after 1 July 2011 is Ultra Vires to the Constitution of Pakistan. Further, subsequent to the year end Finance Act 2016 has excluded the asset management companies from levy of FED with effect from 01 July 2016 where provinces have levied their respective provincial sales tax.

In view of uncertainty regarding the applicability of FED on asset management services, the management as a matter of abundant caution, has not reversed the provision of FED and related sales tax impact amounting to Rs 3.713 million ( 2015: Rs 2.969 million) as the Federal Board of Revenue could file an appeal with Honourable Supreme Court of Pakistan against the Judgment passed by Honourable Sindh High Court of Pakistan.

**19.4** This includes Rs 11,455,329 (2015: Rs 11,227,329) payable by Parent Company in respect of final settlements of employees who have left the company.

**20 This includes the following:**

**FCSC - Parent Company**

This includes accrued finance cost on the loan obtained from Bank Alfalah Limited as disclosed in note 22.

**FCEL - Subsidiary company**

This includes accrued finance cost on the loan obtained from Bank Alfalah Limited as disclosed in note 21.1.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>21 Short term borrowings - secured</b>			
From banking companies	21.1	<u><b>641,477,416</b></u>	<u>638,119,801</u>

**21.1** This includes FCEL's agreements with different commercial banks with a mark up rate of 3 to 6 months kibar plus 1.8% to 2.5% and 20% (2015 : 3 to 6 months KIBOR plus 1.8% to 2.5% and 20%). 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 12,215,000 (2015 : 6,270,200) have been pledged by the company.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>22 Long term loans - secured</b>			
Term finance facilities		<b>2,230,111,132</b>	2,311,054,848
Deferred notional income	22.1	<b>(59,732,842)</b>	(182,336,158)
Accrued mark-up classified as long term		<u><b>371,670,346</b></u>	<u>355,212,432</u>
		<b>2,542,048,636</b>	2,483,931,122
Current portion		<b>(255,452,674)</b>	(537,822,592)
	22.2&22.3	<u><b>2,286,595,962</b></u>	<u>1,946,108,530</u>

**22.1** This represents the difference between amortization cost and carrying value on restructuring of long term loans of FCEL. Amortized cost has been determined using effective interest rate of 9.13% to 12.06% (2015 : 9.13% to 12.06%) per annum being the 6 month KIBOR rate. Movement is as follows:

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>Deferred notional income</b>			
Opening balance		<b>182,336,158</b>	334,230,306
Amortized during the year		<u><b>(122,603,316)</b></u>	<u>(151,894,148)</u>
Closing balance		<u><b>59,732,842</b></u>	<u>182,336,158</u>

**22.2** The facility was originally obtained by the Parent Company as short term credit line to finance the working capital requirements of the Parent Company and was reprofiled on 13 August 2012. As per terms of the restructuring agreement the facility was converted into long term loan payable till 25 June 2015 in unequal quarterly instalments. The revised markup rate was fixed at 10% per annum and the interest accrued during the grace period of initial 21 months was payable during the last year of the restructured loan agreement. The loan is secured against pledge of Parent Company shares in CDC account with 40% margin, lien on bank deposit accounts and mortgage over 3 shops in Fortress Stadium. During the previous financial year, the Parent Company made default in repayment of outstanding loan, therefore it is classified under current liabilities. The Parent Company is making due efforts to settle the outstanding balance with the bank.

**22.3** This includes long term loans obtained by FCEL from various commercial banks with a mark up rate of 8% and 3 months KIBOR plus 1.5 % to 4 % per annum (2015 : 8% and 3 months KIBOR plus 1.5% to 4 % per annum). These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. The shares having market value of Rs 218,226,666 (2015 : Rs 375,932,545) have been pledged by FCEL.

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

The liabilities against assets subject to finance lease represent 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:

	2016		
	Not later than one year	Later than one year and not later than five years	Total
	-----Rupees-----		
Minimum lease payments	4,819,525	-	4,819,525
Present value of minimum lease payments	4,819,525	-	4,819,525
	-----		
	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	(222,879)	(20,366)	(243,245)
Present value of minimum lease payments	5,460,930	3,052,653	8,513,583

The Group availed leasing facilities from various commercial institutions as shown in note 6.1 of these consolidated financial statements. Lease instalments 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 deposits against the residual value of leased assets.

**24 Staff retirement benefits**

**Amount recognized in the balance sheet is as follows:**

	<i>Note</i>	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	24.1	73,276,454	84,199,101
Fair value of plan assets		(19,023,058)	(20,256,486)
Accumulating compensated absences		1,159,081	928,111
		<u>55,412,477</u>	<u>64,870,726</u>

**24.1 Movement in net obligation**

Balance sheet liability at 01 July		85,942,421	72,999,149
Expense charged to profit and loss account	24.2	(6,976,735)	16,411,020
Remeasurements charged in other comprehensive income	24.3	(2,450,664)	860,160
Benefits payable transferred to short term liability		(368,000)	-
Benefits paid during the year		(2,870,568)	(6,071,228)
<b>Balance sheet liability at 30 June</b>		<u>73,276,454</u>	<u>84,199,101</u>

	<i>Note</i>	<b>2016</b>	2015
		<b>Rupees</b>	Rupees
<b>24.2 Charged to profit and loss account</b>			
Current service cost		7,612,948	7,865,316
Interest cost		7,620,228	8,545,704
Gain on plan settlements		<b>(22,209,911)</b>	-
		<u><b>(6,976,735)</b></u>	<u>16,411,020</u>
<b>24.3 Charged to other comprehensive income</b>			
Changes in financial assumptions		<b>(11,135)</b>	-
Experience adjustments		<b>(2,439,529)</b>	860,160
		<u><b>(2,450,664)</b></u>	<u>860,160</u>

The latest valuation of defined benefit obligation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2016. Significant actuarial assumptions are as follows:

		2016	2015
Discount rate	Per annum	<b>7.25% to 13.25%</b>	9.75% to 13.25%
Expected rate of eligible salary increase in future years	Per annum	<b>6.25% to 12%</b>	7.5% to 9.75%
Expected rate of salary increase in future years	Per annum	<b>6.25%</b>	8.75%

## 25 Contingencies and commitments

### 25.1 Contingencies

#### Parent Company

**25.1.1** During 2002 the senior management of the Parent Company was contacted by National Accountability Bureau (NAB) in respect of certain transactions in FIB 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 advise that it was the Parent Company's vicarious liability, the Parent Company had paid NAB an amount of Rs 13.8 million and had provided adequate security against the balance amount recovered 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, NAB has again raised a demand of Rs 10 million, which remains un-recovered from various parties involved. The Parent Company has informed NAB that the said amount is not payable. The Parent Company 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.

- 25.1.2** During financial year 2002-2003, Securities and Exchange Commission of Pakistan (SECP) has raised demand of Rs 7.7 million in respect of tenderable gain under section 224 of the Ordinance, in respect of purchase and sale of shares of World Call Communications Limited (now Worldcall Telecom Limited, an associated company at that time). Appellate Bench of SECP passed an order against the Parent Company.

The Parent Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Parent Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honourable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the management is confident of its favourable outcome, therefore no provision has been made in these financial statements.

- 25.1.3** During financial year 1998-1999, SECP has raised demand of Rs 0.8 million in respect of tenderable gain under section 224 of the Ordinance in respect of purchase and sale of shares of Shaheen Insurance Company Limited. Appellate Bench of SECP passed an order against the Parent Company. The Parent Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Parent Company.

SECP 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. Honourable Lahore High Court passed an order dated 20 May 2015 to issue notices to the appellants and consigned the appeal to record. In stated proceedings, the Parent Company has engaged a new counsel who has filed application for restoration of the stated appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Parent Company's stance and is hopeful for a favourable decision. Consequently, no provision has been made in these financial statements for this amount.

#### **First Capital Equities Limited**

- 25.1.4** During the year 2007-08, SECP served a show cause notice to the company under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the company has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited.

The company has submitted its reply to the show cause notice to the SECP. SECP has decided the case and has imposed a fine of Rs 500,000 on the company. The company has filed an appeal in Appellate Tribunal SECP against the aforesaid order, which is in process.

- 25.1.5** The return for tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs 5.4 million. The company filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). The company has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of the company.

The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability upto Rs 1.4 million on account of apportionment of expenses to capital gain. The company has filed appeal before the Commissioner of Income Tax (Appeals) against the said order. The management is confident that the appeal will be decided in favour of the company. Due to the non compliance of provisions of tax laws, certain penalties and surcharge may be imposed by the authorities on the company. Moreover it is impracticable to estimate the value of said penalties.

- 25.1.6** During the year 2008-09, M/s Savari (Private) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Private) Limited, the clients of the company have defaulted to pay their debts Rs 239,900,022. The company has filed a suit for recovery from these clients. The management is confident that the company would



be able to recover the above stated debt.

**25.1.7** During the year 2009 - 10 the company has lodged a complaint to SECP for taking appropriate action against Universal Equities (Private) Limited for dishonoured cheque of Rs 1,000,000 tendered as part payment towards its outstanding liability by Universal Equities (Private) Limited by the company and for recovery of Rs 25.20 million till February 2010. Universal Equities (Private) Limited has filed a suit for permanent injunction alleging therein that the company be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trial Court has declined to issue injunctive order in this regard against the company. The Learned Appellate Court has also turned down the request of Universal Equities (Private) Limited to interfere in the order of the Learned Trial Court passed in favour of the company.

The company has also filed an application for winding up Universal Equities (Private) Limited in SECP.

**25.1.8** During the year 2010 - 11, JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the company and a notice u/s 176 of the Contract Act, 1872 was served to the company by JS Bank Limited whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The company 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 JS Bank Limited for charging exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The company has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby JS Bank Limited has been restrained from selling the securities pledged by the company. The mark up portion claimed by the bank is Rs. 82.29 million. The court may also award the cost of fund together with cost of suit, if the case is decided against the company. The legal advisors are confident of success of the case in company's favour.

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

**25.1.10** In the year 2014-15, the company was contesting a case with Askari Bank Limited in the Honorable High Courts of Sindh and Lahore, in which PLA to defend the cases has been filed by the company. The company has also lodged 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 mark up portion claimed by the bank is Rs 236 million. The court may also award the cost of fund together with cost of suit, if the case is decided against the company. The legal advisors are confident of company's chances of success in the case.

**25.1.11** The company has entered into an arrangement with different commercial banks for the rescheduling / restructuring of their financial liabilities. The banks have frozen/waived off their accrued mark-up and any further mark-up on certain terms and conditions. The main issue in this restructuring is that if the company failed on a single issue, the concession / reliefs shall stand withdrawn. The company is confident that they will adhere to all the terms and conditions.

#### **World Press (Private) Limited**

**25.1.12** During the year, Rana Usman Anwar, landlord of premises plot No 113/13 industrial area Kot Lakhpat Lahore has filed a petition in the Court of Senior Civil Judge, with rent controller Lahore against World Press (Private) Limited, alleging that the company has not fulfilled the terms of rent agreement dated 1 January 2011 and the company has an outstanding rent of Rs 878,460. The company has filled an appeal in Lahore High Court against the aforesaid petition, which is still pending. The company is confident of a favourable judgment.

**Falcon Commodities (Private) Limited**

**25.1.13** The income tax department has passed an order dated 07 May 2014 against the company 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. The company has filed an appeal against said order and is confident that the case will be decided in its favour. Therefore no provision is recognized in these financial statements.

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
<b>25.2 Commitments</b>			
Commitments include amounts in respect of:			
Capital expenditure	25.2.1	<b>21,825,103</b>	3,130,103
Sale of shares		<b>50,148,207</b>	147,761,015
Purchase of shares		<b>57,630,577</b>	120,156,393
Ijarah lease rental		<b>1,752,400</b>	3,066,700
		<b>131,356,287</b>	274,114,211

**25.2.1** This includes a commitment arising during the year where the Group entered into an agreement to purchase of property from Wireless n Cable (Private) Limited for Rs 49,065,000. Out of this Rs 30,370,000 is paid and remaining Rs 18,695,000 is pending which is to be paid from 31 July 2016 in 18 equal monthly instalments.

**26 Share capital**

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

	2016	2015		2016	2015
	-----	-----		-----	-----
	-----	-----		-----	-----
	<b>38,165,030</b>	38,165,030	Ordinary shares of Rs 10 each fully paid in cash	<b>381,650,300</b>	381,650,300
	<b>278,445,082</b>	278,445,082	Ordinary shares of Rs 10 each issued as bonus shares	<b>2,784,450,820</b>	2,784,450,820
	<b>316,610,112</b>	316,610,112		<b>3,166,101,120</b>	3,166,101,120

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

	2016		2015	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Al-Hoqani Securities and Investment Limited	<b>15.79</b>	<b>50,000,000</b>	-	-
Amythest Limited	<b>22.75</b>	<b>72,034,306</b>	22.75	72,034,306



	Note	2016 Rupees	2015 Rupees
<b>27 Operating revenue</b>			
Revenue from construction contracts		256,206,890	251,039,201
Brokerage income		101,545,967	184,490,086
Dividend income		3,207,028	1,469,452
Money market income		14,204,681	14,586,925
(Loss)/gain on sale of investments		(423,744)	174,045
Investment advisory fee from FCMF		3,854,427	9,057,722
Financial consultancy fee		-	1,231,230
Rental income		1,405,986	2,160,840
Revenue from printing		1,784,704	27,788,393
		<u>381,785,939</u>	<u>491,997,894</u>

**28 Direct costs**

Materials consumed		1,933,691	8,431,000
Salaries and benefits		43,964,723	31,425,214
Folding and binding costs		273,068	2,946,310
Electricity and fuel consumed		7,719,021	10,483,771
Rent, rates and taxes		3,523,617	3,139,182
Postage and communication		152,217	325,451
Stores and general items consumed		1,311	1,661,319
Travelling expenses		266,400	395,110
Laboratory testing charges		1,450	2,400
Insurance		300	1,067,106
Entertainment		1,011,322	1,196,438
Repair and maintenance		652,199	1,936,896
Courier charges		-	56,360
Vehicle running and maintenance		348,219	312,328
Depreciation	6.1.2	3,254,971	4,266,733
Rental expense of machinery		10,043,995	10,091,442
Steel expense		66,539,183	100,029,709
Sand and crush		22,506,954	18,375,921
Cement expense		24,461,191	24,429,600
Shuttering fixing and steel fixing		9,243,128	11,353,406
Plywood expense		5,770,232	3,146,662
Other construction expenses		24,628,724	17,296,359
Miscellaneous		6,812,985	7,442,253
		<u>233,108,901</u>	<u>259,810,970</u>

**29 Operating and administrative expenses**

Salaries, wages and benefits		117,490,569	164,024,964
Stock exchange charges		3,415,728	4,266,293
Rent, rates and taxes		4,266,516	4,754,171
Telephone and fax		5,556,840	5,467,768
Utilities		3,383,519	3,689,101
Insurance		1,590,659	1,872,409
Printing and stationery		466,001	1,848,710

	Note	2016 Rupees	2015 Rupees
Travelling and conveyance		1,950,514	2,509,808
Repairs and maintenance		4,781,379	5,570,328
Postage and courier		1,261,022	930,297
Vehicle running		615,650	874,658
News papers and periodicals		198,150	184,902
Entertainment		2,478,867	2,147,355
Brokerage commission and capital value tax		172,023	305,004
Service charges on rental income		336,419	618,146
Legal and professional charges		8,202,883	7,697,206
Lease rentals on Ijarah facilities		1,314,300	1,314,300
Advertisement		2,736,246	3,523,909
Provision for doubtful debts	13.2	4,451,817	1,287,921
Fees and subscriptions		1,541,386	1,989,144
Auditors' remuneration	29.1	3,368,103	3,023,596
Depreciation	6.1.2	29,857,667	36,660,934
Deposits written off		2,500,000	-
Impairment loss on TREC	7.1	4,043,680	-
Miscellaneous		47,475,940	33,240,773
		<u>253,455,878</u>	<u>287,801,697</u>

**29.1 Auditors' remuneration**

	Parent company	Subsidiary companies	Total 2016	Total 2015
-----Rupees-----				
Annual audit	525,000	1,432,323	1,957,323	1,828,596
Consolidated accounts	475,000	-	475,000	425,000
Half yearly review	200,000	275,000	475,000	380,000
Other certifications	-	395,000	395,000	215,000
Out of pocket expenses	28,280	37,500	65,780	175,000
	<u>1,228,280</u>	<u>2,139,823</u>	<u>3,368,103</u>	<u>3,023,596</u>

**30 Other income**

	Note	2016 Rupees	2015 Rupees
<b>Income from financial assets</b>			
Income on deposit accounts		1,726,160	4,221,583
Interest from staff loans		38,743	45,471
Income on term deposits		7,296,195	48,326,003
<b>Income from other than financial assets</b>			
Gain on sale of property, plant and equipment		20,148,812	3,632,665
Accrued interest written back		252,466,144	-
Rental Income from plant and equipment	30.1	1,638,000	6,175,000
Scrap sales		48,160	543,730
Gain on disposal of capital work-in-progress		22,521,343	-
Interest income on delayed payments		20,292,849	24,040,935
Miscellaneous		50,509,462	1,809,474
		<u>376,685,868</u>	<u>88,794,861</u>

**30.1** This represents income from lease of construction equipment from Pace Barka Properties Limited, an associate.

	Note	2016 Rupees	2015 Rupees
<b>31 Finance costs</b>			
Mark-up on long term loans		16,457,914	30,747,271
Mark-up on short term borrowings		49,787,794	90,959,284
Mark up amortized	22.1	122,603,316	151,894,148
Finance charges on assets subject to finance lease		246,559	994,829
Bank charges and commission		599,105	791,511
Miscellaneous		458,065	857,801
		<b>190,152,753</b>	<b>276,244,844</b>

**32 Taxation**

Current		14,022,381	9,718,563
Prior Year		14,644,074	(1,067,056)
Deferred		156,750	3,199,082
		<b>28,823,205</b>	<b>11,850,589</b>

**32.1 Tax charge reconciliation**

	2016 % age	2015 % age
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
Chargeable to tax at different rates	(1.44)	(1.75)
Not deductible for tax purposes	11.63	(1.55)
	10.19	(3.30)
Deferred tax asset not recognized on minimum tax available for carry forward	(21.75)	(35.25)
Effect of change in prior years' tax	21.01	0.46
	(0.74)	(34.79)
Average effective tax rate	<b>41.45</b>	<b>(5.09)</b>

**33 Earning/(loss) per share - basic and diluted**

		2016	2015
Net profit/(loss) for the year	Rupees	<b>31,720,355</b>	(195,896,997)
Weighted average number of ordinary shares as at 30 June	Numbers	<b>316,610,112</b>	316,610,112
Earning/(loss) per share - basic and diluted	Rupees	<b>0.10</b>	(0.62)

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

**34 Transactions with related parties**

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, associated companies, directors and key management personnel. Details of significant transactions and balances with related parties, other than those which have been specially disclosed elsewhere in these consolidated 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	2016		2015	
			Value of transactions made during the year	Closing balance	Value of transactions made during the year	Closing balance
-----Rupees-----						
Bank of Ceylon	Associated company	Employee benefits fund	-	19,023,058	-	-
		Share transaction	66,199,631	-	1,317,083,285	-
		Dividend Income	1,398,243	-	-	-
		Brokerage income	254,743	-	8,064,977	6,827,786
		Interest income	6,349,552	-	9,423,649	-
		Investment in fixed deposit	90,924,871	88,069,714	112,360,071	112,536,034
Merchant Bank of Sri Lanka	Associated company	Share transaction	1,039,249	-	151,870,531	-
		Brokerage income	-	-	937,605	49,746
		Dividend	2,027,452	-	-	-
		Lease repayment	1,943,960	-	6,961,237	-
Pace Pakistan Limited	Associated company	Exchange of property	-	-	1,289,906	-
		Service Charges	336,419	-	-	6,681,123
		Building rent	-	-	9,663,060	-
		Sale of goods and services	688,015	292,809	2,348,101	16,908,730
First Capital Mutual Fund	Associate	Asset Management Fee	4,010,689	-	9,057,722	-
		Dividend Income	305,137	-	6,557,332	-
		Other Payable	-	4,291,489	-	-
		Mutual fund units purchased	-	-	5,111,757	5,507,089
Pace Barka Properties Limited	Associate	Rental income earned	-	-	6,175,000	-
		Sale of goods and services	-	85,790	4,252,926	-
		Retention money	-	-	13,939,896	-
		Construction revenue	251,741,767	-	243,561,842	-
		Contracting revenue	-	-	-	44,453,150
		Other receivables	-	-	-	49,733,560
		Building rent	-	-	4,192,650	-
Media Times Limited	Associate	Sale of goods and services	350,125	12,133,829	-	-
		Purchase of goods and services	71,100	-	14,300	40,300
		Advance against advertisement	-	-	1,156,650	-
Pace Super Mall	Associate	Receivable against advertisement	-	-	-	500
Mrs. Aamna Taseer	CEO	Subordinated loan	497,608	-	-	5,000,000

	2016 Rupees	2015 Rupees
<b>35 Cash generated from operations</b>		
Profit/(loss) before taxation	69,530,646	(232,732,000)
<i>Adjustments for:</i>		
Depreciation	33,112,646	40,927,667
Finance cost	190,152,753	276,244,844
Accrued interest written back	(252,466,144)	-
Gain on re-measurement of short term investments	(1,103,916)	(28,480,435)
Loss/(gain) on re-measurement of investment properties	3,399,900	(23,159,000)
Lease rentals of Ijarah facilities	1,314,300	1,314,300
Gain on disposal of property, plant and equipment	(42,670,155)	(3,632,665)
Provision for doubtful debts	4,451,817	1,287,921
Deposits written off	2,500,000	-
Impairment loss on TREC	4,043,680	-
Retirement benefits	(6,689,018)	16,411,020
Gain on transaction between owners	(540,373)	-
Share of loss from investments accounted for using equity method	10,269,945	41,306,679
Mark-up income	(9,022,355)	(52,547,586)
	(63,246,920)	269,672,745
<b>Profit before working capital changes</b>	<b>6,283,726</b>	<b>36,940,745</b>
Effect on cash flow due to working capital changes:		
Decrease/(increase) in:		
Inventories	6,011,469	(22,770,365)
Trade debts	408,284,485	172,590,128
Loans and advances	(40,895,107)	2,904,104
Short term prepayments	(23,029)	(120,855)
Deposits and other receivables	(19,799,482)	3,384,891
	353,578,336	155,987,903
(Decrease)/increase in:		
Trade and other payables	(158,175,507)	(79,119,234)
Short term borrowings	3,357,615	90,331,538
	(154,817,892)	11,212,304
	198,760,444	167,200,207
	205,044,170	204,140,952

**36 Financial instruments**

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

- Credit risk
- Liquidity risk
- Market risk

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

**36.1 Credit risk**

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

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

**36.1.1 Exposure to credit risk**

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

	<i>Note</i>	<b>2016 Rupees</b>	2015 Rupees
Long term deposits and advances		<b>11,736,334</b>	9,386,003
Long term investments - available for sale		<b>24,156,320</b>	24,156,320
Trade debts - net	36.1.2	<b>2,204,207,355</b>	2,610,174,520
Loans and advances		<b>71,862,350</b>	56,497,367
Interest accrued		<b>324,619</b>	442,878
Deposits and other receivables		<b>34,259,498</b>	14,460,016
Short term investments	36.1.2	<b>262,773,971</b>	106,471,582
Bank balances	36.1.2	<b>124,540,549</b>	187,371,994
		<b><u>2,733,860,996</u></b>	<u>3,008,960,680</u>

**36.1.2 Credit quality of financial assets**

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

<u><i>Trade debts</i></u>	<b>2016 Rupees</b>	2015 Rupees
Trade debts as at balance sheet date are classified as follows:		
Foreign	<b>191,891,526</b>	333,276,339
Domestic	<b>2,012,315,829</b>	2,276,898,181
	<b><u>2,204,207,355</u></b>	<u>2,610,174,520</u>

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

	2016		2015	
	Gross	Provision	Gross	Provision
	----- Rupees -----		----- Rupees -----	
Neither past due not impaired	2,238,949,363	-	1,163,190	-
Past due 1 - 60 days	544,809,801	-	2,279,389,774	-
Past due 61 - 180 days	15,194,431	-	396,250,757	-
Past due 181 - 365 days	42,243,697	-	95,633,754	-
More than 1 year	552,449,245	(1,189,439,182)	1,022,724,410	(1,184,987,365)
	<b>3,393,646,537</b>	<b>(1,189,439,182)</b>	<b>3,795,161,885</b>	<b>(1,184,987,365)</b>

### Short term investments

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

### Bank balances

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

Foreign	<b>903,594</b>	118,570,811
Domestic	<b>123,364,471</b>	85,549,339
	<b>17</b>	<b>204,120,150</b>

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	JCR-VIS
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

### 36.1.3 Concentration of credit risk

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

### 36.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	2016				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----R u p e e s-----					
<b>Financial liabilities</b>					
Liabilities against assets subject					
to finance lease	4,819,525	4,819,525	4,819,525	-	-
Long term loan	2,170,378,290	2,170,378,290	255,452,674	1,914,925,616	-
Short term borrowings	641,477,416	641,477,416	641,477,416	-	-
Trade and other payables	347,813,950	347,813,950	347,813,950	-	-
Mark-up accrued	811,705,091	811,705,091	440,034,745	371,670,346	-
	<b>3,976,194,272</b>	<b>3,976,194,272</b>	<b>1,689,598,310</b>	<b>2,286,595,962</b>	<b>-</b>
-----R u p e e s-----					
	2015				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
<b>Financial liabilities</b>					
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	2,128,718,690	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	-
	<b>4,284,484,112</b>	<b>4,284,484,112</b>	<b>2,335,322,929</b>	<b>1,944,161,183</b>	<b>5,000,000</b>

### 36.3 Market risk

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

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk



**36.3.1 Currency risk**

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

	<b>2016 Rupees</b>	2015 Rupees
Foreign debtors	<b>191,891,526</b>	333,276,339
Foreign currency bank accounts	<b>903,594</b>	118,270,447
Net exposure	<b><u>192,795,120</u></b>	<u>451,546,786</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	<b>2016</b>	2015	<b>2016</b>	2015
LKR to PKR	<b>0.73</b>	0.75	<b>0.70</b>	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.

	<b>2016 Rupees</b>	2015 Rupees
Effect on profit and loss	<b>19,279,512</b>	45,154,679
	<b><u>19,279,512</u></b>	<u>45,154,679</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.

**36.3.2 Interest rate risk**

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

	<b>2016</b>	2015	<b>2016</b>	2015
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	<b>12 to 18.75</b>	12 to 18.75	<b>(4,819,525)</b>	(8,513,583)
Short term borrowings - secured	<b>9.18 to 10.01</b>	9.18 to 10.01	<b>(641,477,416)</b>	(638,119,801)
Long term loans - secured	<b>8.13 to 20</b>	8.13 to 20	<b>(2,170,378,290)</b>	(2,128,718,690)
			<b><u>(2,816,675,231)</u></b>	<u>(2,775,352,074)</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 2015.

	Profit or loss	
	100 bps Increase	100 bps Decrease
Rupees		
<b>As at 30 June 2016</b>		
Cash flow sensitivity - Variable rate financial liabilities	<b>28,118,557</b>	<b>(28,118,557)</b>
<b>As at 30 June 2015</b>		
Cash flow sensitivity - Variable rate financial liabilities	27,668,385	(27,668,385)

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

**36.3.3 Other price risk**

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

**Sensitivity analysis**

The table below summarizes the Group's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase (decrease) in profit / (loss) before tax
-----Rupees-----					
<b>2016</b>					
<b>Investments</b>					
Investments at fair value through profit or loss	168,904,260	10% increase	185,794,686	-	16,890,426
		10% decrease	152,013,834	-	(16,890,426)
	<u>168,904,260</u>				
<b>2015</b>					
<b>Investments</b>					
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>				

**36.3.4 Fair value of financial instruments**

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

**a) Fair values versus carrying amounts**

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

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<b>Financial assets</b>				
Long term investments	24,156,320	24,156,320	24,156,320	24,156,320
Long term deposits and advances - considered good	11,736,334	11,736,334	25,825,899	25,825,899
Trade debts	2,204,207,355	2,204,207,355	2,610,174,520	2,610,174,520
Loans, advances and other receivables	71,862,350	71,862,350	70,987,949	70,987,949
Interest accrued	324,619	324,619	442,878	442,878
Deposits and other receivables	34,259,498	34,259,498	14,460,016	14,460,016
Short term investments	262,773,971	262,773,971	106,471,582	106,471,582
Cash and bank balances	124,540,549	124,540,549	187,371,994	187,371,994
	<b>2,733,860,996</b>	<b>2,733,860,996</b>	<b>3,039,891,158</b>	<b>3,039,891,158</b>

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	4,819,525	4,819,525	8,513,583	8,513,583
Long term loan	2,170,378,290	2,170,378,290	1,946,108,530	1,946,108,530
Short term borrowings	641,477,416	641,477,416	638,119,801	638,119,801
Trade and other payables	347,813,950	347,813,950	502,475,595	502,475,595
Mark-up accrued	811,705,091	811,705,091	651,444,011	651,444,011
	<b>3,976,194,272</b>	<b>3,976,194,272</b>	<b>3,746,661,520</b>	<b>3,746,661,520</b>

**b) Valuation of financial instruments**

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency

exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm’s length.

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

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

<b>30 June 2016</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Equity securities</b>					
Financial assets at fair value through					
profit or loss	Rupees	<b>168,904,260</b>	-	-	<b>168,904,260</b>
<b>30 June 2015</b>					
Equity securities					
Financial assets at fair value through					
profit or loss	Rupees	97,841,570	-	-	97,841,570

**36.3.5 Operational risk**

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

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

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

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

### 36.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board 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 2016 and at 30 June 2015 were as follows:

	<b>2016</b>	<b>2015</b>
	<b>Rupees</b>	Rupees
Total debt	<b>3,628,380,322</b>	3,782,008,517
Total equity and debt	<b>5,193,523,913</b>	5,310,852,022
Debt-to-equity ratio	<b>69.86%</b>	71.21%

The Increase in the debt-to-equity ratio in 2016 resulted primarily from decrease in equity during the year and whereas no additional borrowings were made during the year.

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

### 37 Remuneration of Chief Executive, Directors and Executives

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

	Chief executive		Non executive Directors		Executives	
	2016	2015	2016	2015	2016	2015
	-----Rupees-----					
<b>Short Term Employee Benefits</b>						
Managerial remuneration	<b>2,400,000</b>	2,400,000	-	2,600,000	<b>23,159,525</b>	14,604,087
Re-imbursable expenses	-	-	-	-	<b>394,796</b>	777,240
Utilities	-	-	-	-	<b>620,000</b>	-
House rent	-	-	-	-	<b>2,480,000</b>	-
<b>Post Employment Benefits</b>						
Provision for gratuity	<b>200,000</b>	185,466	-	-	<b>3,183,300</b>	1,135,026
	<b>2,600,000</b>	<b>2,585,466</b>	<b>-</b>	<b>2,600,000</b>	<b>29,837,621</b>	<b>16,516,353</b>
Number of persons	<b>1</b>	1	<b>6</b>	6	<b>36</b>	37

2016                      2015

**38 Number of employees**

The average and total number of employees are as follows:

Average number of employees during the year	<b>225</b>	247
Total number of employees as at 30 June	<b>198</b>	251

**39 Operating segments**

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

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

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

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

**Type of segments and nature of business**

**1 Financial services**

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

**2 Investment advisory services**

Investment advisory services to open end mutual funds.

**3 Construction and water sanitation**

Business of construction, development and other related activities of real estate properties. Installation and manufacturing of water purification plants, reverse osmosis systems and water softness system.

**4 Printing and publishing**

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

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

**40 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. 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.

**40.1 Information about reportable segments**

	Financial Services		Investment advisory services		Printing and publishing		Construction and water sanitation		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
External revenues	118,687,109	206,051,923	5,674,434	10,473,977	1,784,704	26,150,393	255,639,692	249,321,601	381,785,939	491,997,894
Inter-segment revenues	-	-	-	-	-	-	-	-	-	-
Direct cost	(3,666,436)	(5,199,669)	-	-	(11,619,860)	(30,285,176)	(217,822,605)	(224,326,125)	(233,108,901)	(239,810,970)
Operating expenses	(209,057,798)	(252,775,698)	(21,305,414)	(22,990,130)	(13,285,020)	(4,466,482)	(9,807,645)	(7,569,387)	(253,455,877)	(287,801,697)
Other income	326,879,730	87,942,139	39,432,332	308,993	10,373,806	543,730	-	-	376,685,868	88,794,862
Finance cost	(190,030,644)	(276,198,373)	(12,210)	(8,689)	(14,110)	(12,912)	(95,789)	(24,870)	(190,152,753)	(276,244,844)
Gain on investment properties	(3,057,600)	23,159,000	-	-	-	-	-	-	(3,057,600)	23,159,000
Unrealized gain / (loss) on re-measurement of short investment	1,399,244	25,295,060	(295,328)	3,185,374	-	-	-	-	1,103,916	28,480,434
Share of loss from investments accounted for using the equity method	(18,126,927)	(58,121,818)	7,856,981	16,815,139	-	-	-	-	(10,269,946)	(41,306,679)
<b>Profit / (loss) before taxation</b>	<b>23,026,678</b>	<b>(249,847,436)</b>	<b>31,350,795</b>	<b>7,784,664</b>	<b>(12,760,480)</b>	<b>(8,070,447)</b>	<b>27,913,653</b>	<b>17,401,219</b>	<b>69,530,646</b>	<b>(232,732,000)</b>
Taxation expense for the year									(28,823,205)	(11,850,589)
<b>Profit / (loss) after taxation</b>									<b>40,707,441</b>	<b>(244,582,589)</b>
<b>Other information</b>										
Segment assets	5,077,765,094	5,455,905,664	303,058,924	219,549,641	57,491,850	71,811,537	158,434,472	130,003,390	5,596,750,340	5,877,270,232
Segment liabilities	3,919,246,970	4,240,791,032	9,907,315	12,764,728	26,286,297	27,818,421	76,166,167	67,052,537	4,031,606,749	4,348,426,718
Depreciation	26,594,991	31,766,496	2,371,765	2,937,802	3,911,961	5,438,756	233,921	784,613	33,112,638	40,927,667
Capital expenditure	1,249,579	621,915	106,149,400	484,951	5,000	75,000	-	144,869	107,403,979	1,326,735

	2016 Rupees	2015 Rupees
<b>40.2 Reconciliation of assets</b>		
<b>Assets</b>		
Total assets of reportable segments	5,032,136,167	5,294,875,680
Investments accounted for using the equity method	564,614,173	582,394,552
<b>Consolidated total assets</b>	<b>5,596,750,340</b>	<b>5,877,270,232</b>

**40.3 Geographical information**

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

	2016 Rupees	2015 Rupees
<b>40.3.1 Revenue</b>		
Pakistan	326,660,193	375,401,289
Sri Lanka	55,125,746	116,596,605
	<b>381,785,939</b>	<b>491,997,894</b>

**40.3.2 Non-current assets**

Pakistan	1,168,358,217	1,172,197,625
Sri Lanka	1,536,773	5,509,810
	<b>1,169,894,990</b>	<b>1,177,707,435</b>

**40.4 Revenue on the basis of major products and services**

Financial consultancy fee	-	1,231,230
Dividend income	3,207,028	1,469,452
Money market income	14,204,681	14,586,925
(Loss) / gain on sale of investments	(423,744)	174,045
Investment advisory fee from FCMF	3,854,427	9,057,722
Brokerage income	101,545,967	184,490,086
Rental income	1,405,986	2,160,840
Revenue from printing	1,784,704	27,788,393
Revenue against construction contracts	256,206,890	251,039,201
	<b>381,785,939</b>	<b>491,997,894</b>



41 Interests in other entities

41.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the owners of the parent		Ownership interest held by non-controlling interests		Principal activities
		2016	2015	2016	2015	
First Capital Investments Limited	Pakistan	78.76%	77.76%	21.24%	22.24%	Asset management services
Lanka Securities (Private) Limited	Sri Lanka	51%	51%	49%	49%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
World Press (Private) Limited	Pakistan	65%	65%	35%	35%	Printing, publishers, packaging, advertisement and specialized directory business and stationers
Falcon Commodities (Private) Limited	Pakistan	100%	100%	0%	0%	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited
Ozer Investments Limited	Sri Lanka	100%	100%	0%	0%	Providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage
First Capital Equities Limited	Pakistan	73.23%	73.23%	26.77%	26.77%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
Evergreen Water Valley (Private) Limited	Pakistan	100%	100%	0%	0%	Installation and manufacturing of water purification plants and construction activities
First Construct Limited	Pakistan	100%	100%	0%	0%	Construction company

41.2 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	First Capital Investment Limited		Lanka Securities (Private) Limited		First Capital Equities Limited		World Press (Private) Limited	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Summarised balance sheet</b>								
Current assets	65,703,327	39,402,669	292,726,431	441,498,715	2,172,676,523	2,309,014,633	20,915,373	29,889,916
Current liabilities	5,283,141	3,911,697	77,320,904	206,488,514	1,488,107,533	2,001,018,819	23,596,596	22,778,088
<b>Current net assets / (liabilities)</b>	<b>60,420,186</b>	<b>35,490,972</b>	<b>215,405,527</b>	<b>235,010,201</b>	<b>684,568,990</b>	<b>307,995,814</b>	<b>(2,681,223)</b>	<b>7,111,828</b>
Non-current assets	237,575,346	180,237,549	23,025,784	5,509,810	1,709,855,903	1,729,437,769	36,603,560	42,189,882
Non-current liabilities	4,843,923	3,943,608	20,579,082	1,533,204	2,318,880,542	1,987,865,501	2,716,784	5,308,594
<b>Non-current net assets/(liabilities)</b>	<b>232,731,423</b>	<b>176,293,941</b>	<b>2,446,702</b>	<b>3,976,606</b>	<b>(609,024,639)</b>	<b>(258,427,732)</b>	<b>33,886,776</b>	<b>36,881,288</b>
<b>Net assets</b>	<b>293,151,609</b>	<b>211,784,913</b>	<b>217,852,229</b>	<b>238,986,807</b>	<b>75,544,351</b>	<b>49,568,082</b>	<b>31,205,553</b>	<b>43,993,116</b>
<b>Accumulated non-controlling interests</b>	<b>61,294,919</b>	<b>45,547,849</b>	<b>105,580,886</b>	<b>115,980,306</b>	<b>32,753,528</b>	<b>24,691,234</b>	<b>10,802,572</b>	<b>15,249,901</b>
<b>Summarised statement of comprehensive income</b>								
Revenue	3,638,330	12,527,180	55,125,745	116,596,605	58,210,710	70,313,968	2,708,277	26,826,068
Profit/(loss) for the year	30,990,181	5,863,025	(2,033,630)	35,443,064	31,158,912	(234,233,386)	(29,962,652)	(7,663,033)
Other comprehensive income/(loss)	6,515	638,397	(12,086,079)	(4,298,311)	(5,182,643)	3,252,696	-	164,250
Total comprehensive income/(loss)	30,996,696	6,501,422	(14,119,709)	31,144,753	25,976,269	(230,980,690)	(29,962,652)	(7,498,783)
Profit/(loss) allocated to NCI	6,832,855	1,303,937	(996,478)	17,367,101	10,851,631	(64,674,567)	(4,475,647)	(2,682,062)
Other comprehensive income/(loss) allocated to NCI	1,377	141,979	(5,922,178)	(2,519,544)	(126,011)	1,531,193	-	57,488
Dividends paid to NCI	-	-	3,437,287	17,016,123	-	-	-	-
<b>Summarised cash flows</b>								
Cash flows from operating activities	(2,573,465)	(9,149,520)	(47,119,434)	2,596,496	109,453,373	(7,882,716)	(10,931,725)	1,729,845
Cash flows from investing activities	(48,923,295)	1,042,624	36,144,888	34,457,438	6,527,641	2,572,414	11,138,451	(180,326)
Cash flows from financing activities	50,370,000	-	(10,703,126)	(38,377,113)	(73,943,715)	(59,026,342)	(100,000)	(1,542,086)
Net (decrease)/increase in cash and cash equivalents	(1,126,760)	(8,106,896)	(21,677,672)	(1,323,179)	42,037,299	(64,336,644)	106,726	7,433

**41.3 Transactions with non-controlling interests - acquisition of further interest in FCIL**

On 31 December 2015, the owners of the parent company acquired a further 1.10% of the issued share capital of FCIL, pursuant to right issue, for a consideration of Rs 45.3 million. As at 30 June 2016, the owners of the parent company holds 78.76% of the issued share capital of FCIL. The carrying amount of 22.24% NCI in FCIL immediately prior to further acquisition of shareholding was Rs 51.7 million. The Group recorded an increase in NCI of Rs 9.5 million and recorded an increase in equity attributable to owners of the Parent Company amounting to Rs 0.5 million during the year ended 30 June 2016.

**41.4 Interests in associates**

Set out below are the associates of the group as at 30 June 2016 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business	Ownership interest held by the Group		Quoted Fair Value		Carrying Value	
		2016	2015	2016	2015	2016	2015
First Capital Mutual Fund	Pakistan	56.00%	42.00%	119,353,797	119,901,284	119,353,797	119,901,284
Media Times Limited	Pakistan	33.08%	28.70%	98,793,476	125,763,723	98,793,476	125,763,723
Pace Barka Properties Limited	Pakistan	17.95%	17.95%	-	-	547,200,610	547,200,610
Pace Super Mall	Pakistan	0.07%	0.07%	-	-	112,500	112,500
				<b>218,147,273</b>	<b>245,665,007</b>	<b>765,460,383</b>	<b>792,978,117</b>

**41.5 Commitments and contingent liabilities in respect of associates**

No commitments and contingent liabilities in respect of associates exist as at 30 June 2016.

**41.6 Summarised financial information for associates**

**Summarised balance sheet**

	First Capital Mutual Fund		Media Times Limited		Pace Barka Properties Limited	
	2016	2015	2016	2015	2016	2015
Current assets	217,543,238	285,041,234	170,480,824	161,739,676	2,317,886	2,297,085
Current liabilities	23,180,020	20,809,023	639,865,903	609,512,555	976,802	1,202,464
<b>Current net assets / (liabilities)</b>	<b>194,363,218</b>	<b>264,232,211</b>	<b>(469,385,079)</b>	<b>(447,772,879)</b>	<b>1,341,084</b>	<b>1,094,621</b>
Non-current assets	-	-	511,960,610	616,843,100	3,952,501	3,840,522
Non-current liabilities	-	-	212,080,681	189,946,067	402,690	74,518
<b>Non-current net assets</b>	<b>-</b>	<b>-</b>	<b>299,879,929</b>	<b>426,897,033</b>	<b>3,549,811</b>	<b>3,766,004</b>
<b>Net assets/(liabilities)</b>	<b>194,363,218</b>	<b>264,232,211</b>	<b>(169,505,150)</b>	<b>(20,875,846)</b>	<b>4,890,895</b>	<b>4,860,625</b>

**Summarised statement of comprehensive income**

Revenue	<b>22,015,091</b>	59,325,562	<b>377,892,177</b>	325,619,043	<b>319,346</b>	462,296
Profit/(loss) for the year	<b>14,015,308</b>	40,189,144	<b>(148,364,034)</b>	(216,515,422)	<b>(37,647)</b>	22,385,000
Other comprehensive (loss)/income	-	-	<b>(265,270)</b>	2,162,865	<b>9,117</b>	5,554
<b>Total comprehensive income/(loss)</b>	<b>14,015,308</b>	40,189,144	<b>(148,629,304)</b>	<b>(214,352,557)</b>	<b>(28,530)</b>	27,939

**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-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Figures have been rounded off to the nearest of Pak Rupee.

**Chief Executive Officer**

**Director**

**FORM OF PROXY**

The Company Secretary  
First Capital Securities Corporation Limited  
2<sup>nd</sup> 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 Pace (Pakistan) 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, 2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt, Lahore, on 31 October 2016 at 11:00 p.m. and at any adjournment thereof.

Signature this \_\_\_\_\_ Day of \_\_\_\_\_ 20 16

(Witnesses)

1. \_\_\_\_\_  
Signature

Affix Revenue Stamp  
of Rupees Five

Name \_\_\_\_\_

Address  
\_\_\_\_\_  
\_\_\_\_\_

CNIC No. \_\_\_\_\_

(Witnesses)

2. \_\_\_\_\_  
Signature

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

Name \_\_\_\_\_

Address  
\_\_\_\_\_  
\_\_\_\_\_

CNIC No. \_\_\_\_\_

(Please See Notes on reverse)

**Notes:**

1. A member entitled to attend and vote the Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him/her. A corporation or a company being a member of the Company may appoint any of its officer, though not a member of the Company;
2. Proxy(s) must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting;
3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company;
4. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

**A. For attending the Meeting:**

- i) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
- ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. For appointing Proxies:**

- i) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements
- ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form
- iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form
- iv) The proxy shall produce his / original CNIC or original passport at the time of the Meeting
- v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company

فرسٹ کیپیٹل سیکورٹیز کارپوریشن لمیٹڈ

رجسٹرڈ آفس: دوسری منزل پین شاپنگ مال فورٹریس سٹیڈیم، لاہور

نمائندگی نامہ

میں رہم..... مقیم..... بحیثیت فرسٹ کیپیٹل سیکورٹیز کارپوریشن لمیٹڈ کے  
 ایک ممبر، محترم، محترمہ..... مقیم..... یا ان کے  
 شریک ہونے پر محترم / محترمہ..... مقیم..... کو بذریعہ ہذا دوسری منزل پین  
 شاپنگ مال فورٹریس سٹیڈیم، لاہور۔ پاکستان میں 31 اکتوبر 2016 کو صبح 11:00 بجے اور اس کے کسی ممکنہ التوائی وقت پر منعقدہ کمپنی کے سالانہ اجلاس عام میں  
 بطور میرا ہمارا نمائندہ ووٹ دینے کے لئے نامزد کرنا چاہتا ہوں / چاہتے ہیں۔

آج بروز..... تاریخ..... 2016ء دستخط کیے گئے۔

گواہان

1- دستخط.....

نام.....

پتا.....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر.....

پانچ روے کی

ریونیواسٹمپ

2- دستخط.....

نام.....

پتا.....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر.....

دستخط.....

مالک..... عدد عام شیئرز

رجسٹرڈ فونو نمبر.....

CDC شریک شناختی نمبر..... اکاؤنٹ نمبر.....

## نوٹس

- 1- سالانہ اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنے بجائے شرکت اور حق رائے دہی کے استعمال کے لئے اپنا نمائندہ (پراکسی) مقرر کر سکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری کر سکتی ہے، خواہ وہ کمپنی کا ممبر نہ ہو۔
- 2- نمائندگی نامہ (S) Proxy اس اجلاس کے انعقاد کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہئے۔
- 3- نمائندگی پر موجود دستخط لازماً کمپنی کے ریکارڈ میں موجود دستخط کے نمونے کے مطابق ہونا چاہئے۔
- 4- CDC کاؤنٹ ہولڈرز کو سکيورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 1 بتاریخ 26 جنوری 2000ء میں واضح کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی۔

### A- اجلاس میں شرکت کے لئے:

- (i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈرز جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھائے گا۔
- (ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)

### B- نمائندوں کی تقرری کے لئے

- (i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈرز جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جا سکتی ہے۔ اجلاس میں شرکت کے وقت مندرجہ بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کرائے گا۔
- (ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہئے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہیں۔
- (iii) نمائندگی نامے کے ہمراہ اصل مالکان (Beneficial Owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔
- (iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کاروباری ادارے کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمائندے/انٹارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)