

***FIRST CAPITAL EQUITIES LIMITED***  
***FINANCIAL STATEMENTS AS AT JUNE 30, 2018***

- ✓ *STATEMENT OF FINANCIAL POSITION*
- ✓ *STATEMENT OF PROFIT OR LOSS*
- ✓ *STATEMENT OF COMPREHENSIVE INCOME*
- ✓ *STATEMENT OF CASH FLOWS*
- ✓ *STATEMENT OF CHANGES IN EQUITY*
- ✓ *NOTES TO THE FINANCIAL STATEMENTS*

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

	<b>Note</b>	<b>JUNE 2018 Rupees</b>	<b>JUNE 2017 Rupees</b>
<b>NON - CURRENT ASSETS</b>			
Property plant and equipment	7	3,071,069	43,952,022
Intangible assets	8	2,500,000	12,500,000
Investment property	9	1,269,445,782	1,602,449,600
Long term investments	10	33,662,358	59,851,308
Long term deposits, receivables and prepayments	11	1,524,000	9,487,966
		<b>1,310,203,209</b>	<b>1,728,240,896</b>
<b>CURRENT ASSETS</b>			
Trade debts	12	275,614,836	1,513,588,111
Short term investments	13	46,381,295	86,805,188
Advances, deposits, prepayments and other receivables	14	13,349,617	26,976,399
Advance tax	15	5,308,401	22,020,420
Interest accrued		75,648	81,798
Cash and bank balances	16	106,623,484	78,991,261
		<b>447,353,281</b>	<b>1,728,463,177</b>
<b>TOTAL ASSETS</b>		<b>1,757,556,490</b>	<b>3,456,704,073</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Share Capital		<b>1,520,000,000</b>	<b>1,520,000,000</b>
Issued, subscribed and paid up capital	17	1,413,355,000	1,413,355,000
Other reserves	17	16,095,315	(8,236,149)
Unappropriated loss		<b>(1,017,378,270)</b>	<b>(1,026,758,252)</b>
<b>TOTAL EQUITY</b>		<b>412,072,045</b>	<b>378,360,599</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing	19	1,059,531,400	2,334,515,382
Interest Accrued		144,800,249	568,065,170
Deferred liabilities	20	38,506,461	36,208,177
		<b>1,242,838,110</b>	<b>2,938,788,729</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	97,187,053	106,597,027
Current portion of long term financing	19	5,459,282	2,206,000
Provision for taxation	28	-	30,751,718
		<b>102,646,335</b>	<b>139,554,745</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	30	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,757,556,490</b>	<b>3,456,704,073</b>

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Executive**

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**Chief Financial Officer**

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Note</b>	<b>JUNE 2018 Rupees</b>	<b>JUNE 2017 Rupees</b>
<b>INCOME</b>			
Brokerage income	23	42,292,450	78,326,842
Capital gain - net	24	4,730,006	65,036,821
Dividend income		658,794	510,955
(Loss) / gain on re-measurement of investments at fair value through profit or loss - net	13.1	<u>(40,837,531)</u>	<u>18,607,513</u>
		6,843,719	162,482,131
<b>EXPENDITURE</b>			
Operating and administrative expenses	25	283,819,547	210,618,775
Impairment loss on 'available for sale' investments	18	47,928,393	-
Finance cost	26	17,926,934	64,016,667
		<u>349,674,874</u>	<u>274,635,442</u>
<b>OPERATING LOSS</b>		<u>(342,831,155)</u>	<u>(112,153,311)</u>
<b>OTHER INCOME</b>	27	<u>342,085,306</u>	<u>406,908,286</u>
<b>NET (LOSS) / GAIN BEFORE TAXATION</b>		<u>(745,849)</u>	<u>294,754,975</u>
Taxation	28	<u>(5,861,546)</u>	<u>30,751,718</u>
<b>PROFIT AFTER TAXATION</b>		<u>5,115,697</u>	<u>264,003,257</u>
<b>EARNING PER SHARE - BASIC AND DILUTED</b>	29	<u>0.04</u>	<u>1.87</u>

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

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**Director**

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**Chief Executive**

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**Chief Financial Officer**

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>JUNE 2018 Rupees</b>	<b>JUNE 2017 Rupees</b>
<b>Profit after taxation for the year</b>	<b>5,115,697</b>	264,003,257
<b>Other comprehensive income / (loss) for the year</b>		
<b><u>Items that will never be reclassified to profit or loss:</u></b>		
Re-measurement of defined benefit plan	4,264,285	(1,243,294)
<b><u>Items that are or may be reclassified to profit or loss:</u></b>		
Gain on Available for sale financial assets – reclassified to profit or loss	(5,876,625)	(52,830,247)
Impairment loss recognized on available for sale investments	47,928,393	-
Unrealized (loss) / gain on re-measurement of investment available for sale	(17,720,304)	92,886,532
<b>Total other comprehensive income - net of tax</b>	<b>28,595,749</b>	38,812,991
<b>Total comprehensive income</b>	<b><u>33,711,446</u></b>	<b><u>302,816,248</u></b>

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

\_\_\_\_\_  
**Director**

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**Chief Executive**

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**Chief Financial Officer**

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	June 2018 Rupees	June 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		(745,849)	294,754,975
<b>Add: Items not involved in movement of funds and others</b>			
Depreciation		3,760,580	5,572,188
Impairment		50,428,393	-
Capital gain		(4,730,006)	(52,830,248)
Loss / (gain) on re-measurement of investments at fair value through profit or loss - net		40,837,531	(18,607,513)
Loss on re-measurement of investment property		148,501,186	6,019,900
Deposits written off		456,145	-
Dividend income		(658,794)	(510,955)
Accrued interest written back		(423,264,921)	(268,557,454)
Interest accrued		(715,911)	(893,522)
Interest expense		10,715,064	29,953,265
Loss / (gain) on sale of investment property		9,593,266	(142,368,000)
(Gain) on sale of intangible assets		(5,375,000)	-
(Gain) on sale of property and equipment	7.2	(40,444,878)	(153,301)
Provision for bad debts		169,000,000	100,621,409
Deferred notional income		(27,399,232)	-
Other income		(2,979,816)	-
Provision for gratuity		7,126,666	5,306,437
		<u>(65,149,727)</u>	<u>(336,447,794)</u>
		(65,895,576)	(41,692,819)
<b>Decrease / (Increase) in current assets</b>			
Investments at fair value through profit or loss		(413,638)	16,242,544
Trade debts - unsecured		1,068,973,275	376,740,008
Advances, deposits, prepayments and other receivables		13,170,637	(19,209,847)
		<u>1,081,730,274</u>	<u>373,772,705</u>
<b>Increase in current liabilities in trade and other payables</b>		<u>(6,430,158)</u>	<u>(59,391,885)</u>
<b>Cash generated in operations</b>		<b>1,009,404,540</b>	<b>272,688,001</b>
Interest received		722,061	1,131,696
Dividend received		658,794	510,955
Gratuity paid		(564,096)	(2,626,133)
Refund received / (taxes paid)		(8,178,153)	8,608,984
<b>Net cash generated in operating activities</b>		<b>1,002,043,146</b>	<b>280,313,503</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(1,980,550)	(1,177,475)
Proceeds from sale of property and equipment		79,545,800	891,600
Proceeds from sale of intangible assets		12,875,000	-
Proceeds from sale of shares		7,322,028	67,324,040
Acquisition of investments property		(1,223,960,706)	(198,978,500)
Proceeds from investments property		1,398,870,072	341,346,500
Long term deposits and advances		7,963,966	(3,975,407)
<b>Net cash generated in investing activities</b>		<b>280,635,610</b>	<b>205,430,758</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance paid		(1,255,046,533)	(458,867,391)
Short term borrowings		-	-
<b>Net cash used in financing activities</b>		<b>(1,255,046,533)</b>	<b>(458,867,391)</b>
Effects of exchange rate changes in cash and cash equivalents		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>27,632,223</b>	<b>26,876,870</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>78,991,261</b>	<b>52,114,391</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	16	<b>106,623,484</b>	<b>78,991,261</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Director

Chief Executive

Chief Financial Officer

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserve		Total
	Share Premium	Reserve for issue of bonus shares	Other Reserve	Unappropriated Loss	
Rupees					
1,413,355,000	-	-	(48,292,434)	(1,289,518,215)	75,544,351
-	-	-	-	264,003,257	264,003,257
-	-	-	(52,830,247)	-	(52,830,247)
-	-	-	-	(1,243,294)	(1,243,294)
			92,886,532		92,886,532
-	-	-	40,056,285	(1,243,294)	38,812,991
-	-	-	40,056,285	262,759,963	302,816,248
1,413,355,000	-	-	(8,236,149)	(1,026,758,252)	378,360,599
-	-	-	-	5,115,697	5,115,697
-	-	-	(5,876,625)	-	(5,876,625)
-	-	-	-	4,264,285	4,264,285
-	-	-	30,208,089	-	30,208,089
-	-	-	24,331,464	4,264,285	28,595,749
-	-	-	24,331,464	9,379,982	33,711,446
1,413,355,000	-	-	16,095,315	(1,017,378,270)	412,072,045

The annexed notes from 1 to 36 form an integral part of these financial statements.

\_\_\_\_\_  
**Director**

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**Chief Executive**

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**Chief Financial Officer**

**FIRST CAPITAL EQUITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 Status and nature of business**

First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was converted into a public limited company on June 18, 1997 and is listed on Pakistan Stock Exchange Limited formerly Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (2017: 73.23%) of the share capital of the Company. The principal activities of the Company include share brokerage and conducting / publishing business research.

Geographical locations and addresses of all business units are as under:

**Lahore - Head Office**

2nd Floor, Pace Shopping Mall,  
Fortress Stadium, Lahore Cantt,  
Lahore.

**Karachi - Corporate Office**

4th Floor, Block B,C & D Lakson  
Square Building No. 01, Sarwar  
Shaheed Road, Karachi.

**Islamabad - Regional Office**

Office No. 614, 6th Floor, ISE Tower,  
Jinnah Avenue, F7/1, Blue Area,  
Islamabad.

**Faisalabad - Regional Office**

Office No. 05, 2nd Floor,  
Kohinoor Plaza, Faisalabad.

**Sargodha - Regional Office**

Shan Plaza, Block No. 06, Main  
Khushab Road, Near Allied Bank  
Limited, Sargodha.

**Sukkur - Regional Office**

Suit No. 18, Mezzanine Floor,  
Humayoon Jimkhana Complex,  
Stadium Road, Sukkur.

**Mirpur - Regional Office**

Office No. 57, Quaid-e-Azam  
Stadium, Mirpur, Azad Kashmir.

- 2 Although the company has earned an after tax profit of Rs. 5.11 Million but still there is an operating loss of Rs. 342.83 Million (2017: 112.15 Million), moreover the accumulated losses of the company stand at Rs. 1,017.38 Million as at June 30, 2018 (2017: 1,026.76) however the company successfully signed debt property swaps and restructuring of its long term loans with various banks. The mark up on various loans has also been waived / frozen. These facts have enabled the Company to earn an after tax profit of Rs. 5.11 Million.

The Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. For this purpose the management of the Company took various initiatives which resulted in following:

- a) Hiring of renowned traders from the market;
- b) Change in top operations management to improve the operations of the company; and
- c) The Company is also relying on continued support from its sponsors.

Owing to these factors, these financial statements are prepared on going concern basis.

**3 Summary of significant transactions and events that have affected the Company's financial position and performance during the year**

During the current year, although Pakistan's economy maintained the growth momentum, but still due to changing political landscape and economic challenges, confidence of investor deteriorated which subsequently resulted negatively on stock market and decline in profits during the year as reflected in statement of profit or loss. Following is the summary of significant transactions and events that have affected the company's financial position and performance of the Company:

- a) Due to first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including disclosures and presentation requirements of the fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as disclosed in relevant area in these financial statements.
- b) Other significant transactions and events have been adequately disclosed in the financial statements. For a detailed performance review, refer to the Directors' report.

## 4 Basis of preparation

### 4.1 Statement of compliance

These financial statements have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017. Approved Accounting Standards comprise of such International financial reporting standards as notified under the provisions of the Companies Act, 2017. Whenever the requirements of the Companies Act, 2017 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the Standards, the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

### 4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment property and certain financial assets that are stated at fair value and recognition of deferred liabilities at present value.

### 4.3 Use of estimates and judgments

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

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

There was no significant adjustment required for the estimates and judgments as compared to previous year.

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

a)	Useful life and residual values of property, plant and equipment	<b>Note 7.1</b>
b)	Impairment	<b>Note 6.3</b>
c)	Provisions and contingencies	<b>Note 6.13</b>
d)	Staff retirement benefits	<b>Note 6.14</b>
e)	Provision for taxation	<b>Note 6.16</b>

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

### 5.1 The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

### 5.2 Standards, amendments to approved accounting standards that are not yet effective

	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 01, 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
IFRS 16 - Leases	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019



IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019

The above mentioned standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

#### **Standards or Interpretation**

IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

## **6 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.

### **6.1 Property plant and equipment**

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 7.1 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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 recognized as an income or expense.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30, 2018 did not require any adjustment.

3    **6.2 Intangible assets**  
      **(a) TRE Certificate**

These are stated at closest estimate of fair value as issued by Pakistan Stock Exchange vide its circulars regularly. The carrying value is reviewed at each statement of financial position date and impairment is charged if any indications arises for decline in value or the value issued by Pakistan Stock Exchange is lower than the carrying value, if any. These assets have an indefinite useful life so no amortization has been charged.

**(b) Rooms and Others**

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets have an indefinite useful life so no amortization has been charged.

**6.3 Impairment**

The carrying amount of the Company's assets are reviewed at each statement of financial position 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 statement of profit or loss. Individually significant financial assets are tested for impairment on individual basis. An impairment loss in respect of available-for-sale financial assets is calculated by the reference to its current fair value. Any cumulative loss in respect of an available-for-sale financial assets recognized 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 recognized directly in equity.

**6.4 Financial instruments**

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

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

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

**6.5 Investments**

**Available-for-sale**

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the statement of financial position date. Impairment on these assets is charged in accordance with Note 6.3.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end.

The Company assesses at each statement of financial position 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 recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through statement of profit or loss.

#### **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 statement of financial position date. Transaction costs are charged to income currently.

### **6.6 Investment property**

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

Any gain or loss arising from a change in fair value is recognized in the statement of profit or loss. Rental income from investment property is charged to profit and loss on accrual basis.

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

### **6.7 Trade debts**

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

### **6.8 Settlement date accounting**

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

### **6.9 Financial assets and liabilities**

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

### **6.10 Interest bearing borrowings**

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

#### **6.11 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

#### **6.12 Trade and other payables**

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

#### **6.13 Provisions**

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

#### **6.14 Staff retirement benefits**

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

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

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

#### **6.15 Revenue recognition**

- \* Capital gains or losses on sale of investments are recognized in the year in which they arise.
- \* Brokerage income, consultancy and money market services are recognized as and when such services are provided.
- \* Dividend income is recognized at the time of book closure 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 recognized on accrual basis.

#### **6.16 Taxation**

##### **Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws 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 statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

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

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

#### **6.17 Functional and presentation currency**

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

#### **6.18 Foreign currency**

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

#### **6.19 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flows 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.

#### **6.20 Related party transactions**

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

#### **6.21 Fair value**

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.

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).

**7 PROPERTY PLANT AND EQUIPMENT**

Note	June	June
	2018	2017
	Rupees	Rupees
7.1	3,071,069	43,952,022
	<b>3,071,069</b>	<b>43,952,022</b>

**7.1 Property, plant and equipment schedule**

	Building		Computers	Office equipment	Furniture & fittings	Vehicles	Total
	Freehold	Leasehold					
	Rupees						
Year ended June 30, 2018							
Opening net book value (NBV)	17,685,256	23,268,675	818,455	1,080,495	920,009	179,132	43,952,022
Additions / transfers	-		305,550	225,000	-	1,450,000	1,980,550
Disposals	(17,173,326)	(21,890,928)	-	-	(36,668)	-	(39,100,922)
Depreciation charged	511,930	1,377,747	388,386	478,490	722,728	281,300	3,760,581
Balance as an June 30, 2017 (NBV)	-	-	735,619	827,005	160,613	1,347,832	3,071,069
Carrying value as at June 30, 2018							
Cost	-	-	15,477,414	16,636,168	13,889,246	15,793,425	61,796,253
Accumulated depreciation	-	-	(14,741,796)	(15,809,164)	(13,728,631)	(14,445,593)	(58,725,184)
Net book value	-	-	735,618	827,004	160,615	1,347,832	3,071,069
Year Ended Jun 30, 2017							
Opening net book value (NBV)	19,221,046	25,105,675	658,061	1,311,909	1,912,161	876,182	49,085,034
Additions / transfers	-	-	692,150	433,825	-	51,500	1,177,475
Disposals	-	-	(43,216)	(1,750)	-	(693,333)	(738,299)
Depreciation charged	(1,535,790)	(1,837,000)	(488,540)	(663,489)	(992,152)	(55,217)	(5,572,188)
Balance as at June 30, 2017 (NBV)	17,685,256	23,268,675	818,455	1,080,495	920,009	179,132	43,952,022
Carrying value as at June 30, 2017							
Cost	30,715,800	36,740,000	18,128,965	16,411,169	14,089,243	25,170,633	141,255,810
Accumulated depreciation	(13,030,544)	(13,471,325)	(17,310,510)	(15,330,674)	(13,169,234)	(24,991,501)	(97,303,788)
Net book value	17,685,256	23,268,675	818,455	1,080,495	920,009	179,132	43,952,022
Depreciation rate (% per annum)	5		33.33	10	10	20	

Building including freehold and lease hold having cost of Rs. NIL (2017: Rs. 67.45 million) has been pledged with various banks against long term financing.

## 7.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Particulars of Buyers
	Rupees			Rupees			
Furniture & fixtures	200,000	163,333	36,667	110,000	73,333	Negotiation	Flair (Pvt.) Ltd
Leasehold building	36,740,000	14,849,072	21,890,928	49,600,000	27,709,072	Negotiation	Muhammad Farooq Iqbal
Freehold building	30,715,800	13,542,473	17,173,327	27,125,000	9,951,673	Negotiation	Summit Bank Limited
Computers	2,957,100	2,957,100	-	10,800	10,800	Negotiation	NI System
Vehicles	10,827,208	10,827,208	-	2,700,000	2,700,000	Negotiation	Clifton Azhar Motors
Total	81,440,108	42,339,186	39,100,922	79,545,800	40,444,878		

## 8 INTANGIBLE ASSETS

	Note	June 2018 Rupees	June 2017 Rupees
<b>Trading Right Entitlement Certificate (TREC)</b>			
Pakistan Stock Exchange Limited	8.1	2,500,000	5,000,000
<b>Room</b>			
Pakistan Stock Exchange Limited		-	7,500,000
		<b>2,500,000</b>	<b>12,500,000</b>

**8.1** 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.

During the year, the Pakistan Stock Exchange Limited (PSX) issued value of TREC at Rs. 2.5 million (2017: Rs. 5 million) as per the decision of the PSX for calculation of BMC. As a result an impairment loss of Rs 2.5 Million (2017: Nil) has been charged on TREC.

**8.2** The Company has no internally generated intangible assets.

## 9 INVESTMENT PROPERTY

	Note	June 2018 Rupees	June 2017 Rupees
Balance as on July 01,		1,602,449,600	1,608,469,500
Acquisition during the year		1,223,960,706	198,978,500
		2,826,410,306	1,807,448,000
Disposal during the year	9.6	(1,408,463,338)	(198,978,500)
		1,417,946,968	1,608,469,500
Decrease in fair value		(148,501,186)	(6,019,900)
Balance as at June 30,	9.3	1,269,445,782	1,602,449,600

**9.1** Investment Property comprises various shops / counters in shopping malls situated at Gujranwala and Gujrat. Properties having value of Rs. 1,264 Million (2017: 1,602 Million) are under mortgage by banks against borrowings.

One shop situated at Gujranwala Pace Shopping Mall was purchased during the year for Rs. 6.14 Million is held in the name of Pace (Pakistan) Limited. The transfer of title for this property is in process as at year end. However, the Company has complete control and possession of said property.

**9.2** The direct operating expenses related to the investment property were Rs. 50,000/- (2017 Rs. 50,000/-).

**9.3** The fair value of subject investment property is based on valuation that was carried out by M/s. Negotiator, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2018. The valuer determined the fair value of Rs. 1,269,445,782/- (2017: 1,602,449,600/-), the effect of which has been incorporated in the financial statements. The table below analyse the non-financial assets carried at fair value, by valuation method. The different levels have been defined in Note 6.21 & Note 9.4

## 9.4 Recurring fair value measurements

Investment properties	Fair value measurements at 30 June 2018 using significant other observable inputs (Level 2)
	Rupees
	1,269,445,782
	Fair value measurements at 30 June 2017 using significant other observable inputs (Level 2)
Investment properties	Rupees
	1,602,449,600

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2018 or 2017.

## 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.

9.5 Particulars of the investment properties are as follows:

Particulars	Location	Forced sale value		Forced sale value	
		Area Sq. Ft	June	Area Sq. Ft	June
			2018 Rupees		2017 Rupees
Various shops, super market and counters	Grand Trunk Road, Pace Gujrat, Gujrat	47958	1,116,528,750	47958	1,244,420,550
Various shops	Muza dhola zari, G.T Road, Pace Shopping Mall, Gujranwala	1581	25,972,454	7390	197,784,090
		<b>49539</b>	<b>1,142,501,204</b>	<b>55348</b>	<b>1,442,204,640</b>

9.6 Disposals of Investment properties (various shops and counters)

	Carrying Value	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Buyers
	Rupees		Rupees			
	378,982,700	378,982,700	364,296,000	(14,686,700)	Negotiation	Askari Bank Limited
	85,420,428	85,420,428	77,671,718	(7,748,710)	Negotiation	Soneri Bank Limited
	402,453,054	402,453,054	463,962,854	61,509,800	Negotiation	Summit Bank Limited
	422,009,656	422,009,656	373,342,000	(48,667,656)	Negotiation	United Bank Limited
	119,597,500	119,597,500	119,597,500	-	Negotiation	WorldCall Mobile (Pvt.) Limited
<b>Total</b>	<b>1,408,463,338</b>	<b>1,408,463,338</b>	<b>1,398,870,072</b>	<b>(9,593,266)</b>		
					<b>Note</b>	<b>June 2018 Rupees</b>
						<b>June 2017 Rupees</b>

10 LONG TERM INVESTMENTS

10.1 Investment in related parties

Available for sale

Media Times Limited - quoted shares	10.1.1	10,496,536	18,687,475
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10.2 Other Investments

Available for sale

Pakistan Stock Exchange Limited - quoted shares	10.2.1	23,165,822	41,163,833
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**33,662,358** **59,851,308**

10.1.1 Movement of Investment in related parties

Opening balance on July 01, 6,067,362 (2017: 6,067,362) Fully paid ordinary shares of Rs. 10 each, Equity Held 3.39% (2017 : 3.39%)

18,687,475 10,132,495

Gain/(Loss) on remeasurement of investment available for sale charged to OCI (8,190,939) 8,554,980

Closing balance on June 30, 10,496,536 18,687,475

Shares having value of Rs. 10,496,536/- (2017: Rs. 18,687,475/-) have been pledged with various commercial banks against long term financing.

10.2.1 Movement of other Investments

	Note	2018	2017	2018	2017
		No. of shares		Rupees	
Opening balance		1,602,953	4,007,383	41,163,833	24,156,320
Disposals during the year		(430,000)	(2,404,430)	(11,042,400)	(14,493,792)
Closing		1,172,953	1,602,953	30,121,433	9,662,528
Remeasurement of carrying shares	10.2.2	1,172,953	1,602,953	23,165,822	41,163,833
Unrealized gain charged to OCI				(6,955,611)	31,501,305
Cost of shares sold during the year		430,000	2,404,430	2,592,020	14,493,792
Sale proceeds from the disposal		-	2,404,430	(8,468,645)	(67,324,040)
Capital (loss) / gain realized transferred to profit or loss				5,876,625	52,830,248

This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in accordance with requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX. Afterwards during 2017, PSX concluded bidding process for its equity stake where share price of Rs. 28 per share was offered by successful bidder. PSX sold these 60% (40% to the successful bidder & 20% to general public) shares of the company, held in separate blocked account in CDC at this price and sale proceeds were transferred in the designated bank account of the company.

Currently, 1,081,194 shares having value of Rs. 21.3 Million are still held in block account.

10.2.2 Level 1 inputs i.e. Quoted prices (unadjusted) in active markets for these shares are used for recurring measurement of fair value.



	Note	June 2018 Rupees	June 2017 Rupees
<b>## ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - unsecured - considered good			
Executives	#REF!	89,405	-
Employees	#REF!	3,105,127	3,153,292
Deposits with			
Others		-	5,900
Prepayments		190,000	19,831
Exposure with Pakistan Stock Exchange Limited	#REF!	6,130,454	18,548,313
Accrued brokerage commission		124,801	249,714
Accrued rental income		403,000	403,000
Other receivables - considered good		3,306,830	4,596,349
		<u>13,349,617</u>	<u>26,976,399</u>

#REF! Advances given to Executives / Employees are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary / expenses claims. Advances to executives and employees does not include any amounts due from Chief Executive and Directors NIL (2017 : NIL).

#REF! This includes exposure deposit with the Pakistan Stock Exchange Limited under the exposure rules. This includes Rs. 2,500,000/ (2017: Rs. 18,000,000/-) deposited with PSX against requirement of Base Minimum Capital.

#REF! Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

	Note	June 2018 Rupees	June 2017 Rupees
<b>## ADVANCE TAX</b>			
Advance tax		5,308,401	22,020,420
		<u>5,308,401</u>	<u>22,020,420</u>

	Note	June 2018 Rupees	June 2017 Rupees
<b>## CASH AND BANK BALANCES</b>			
<b>Cash at bank</b>			
Current accounts	#REF!	44,563,115	74,990,189
Deposit accounts	#REF!	61,981,988	3,941,691
		<u>106,545,103</u>	<u>78,931,880</u>
<b>Cash in hand</b>		78,381	59,381
		<u>106,623,484</u>	<u>78,991,261</u>

#REF! Current accounts include clients' balances held in designated bank accounts of Rs. 44,026,618/- (2017: Rs. 74,281,396/-)

#REF! These carry profit at rates ranging from 3% to 4% per annum (2017: 3% to 4% per annum).

#### ## ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

June 2018 Number of shares	June 2017 Number of shares		June 2018 Rupees	June 2017 Rupees
<b>Shares issued against cash consideration</b>				
73,316,250	73,316,250	Shares of Rs. 10/- each fully paid	733,162,500	733,162,500
-	-	<b>Shares issued against consideration other than cash</b>	-	-
68,019,250	68,019,250	Bonus shares of Rs. 10/- each fully paid	680,192,500	680,192,500
<u>141,335,500</u>	<u>141,335,500</u>		<u>1,413,355,000</u>	<u>1,413,355,000</u>

#REF! The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 103,494,200 (73.23%) ordinary shares (2017: 103,494,200 (73.23 %)) of the Company.

#### ## OTHER RESERVES

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired. The details are as under:-

	Media Times Limited	Pakistan Stock Exchange Limited	Total
<b>Balance as on July 01, 2017</b>	(39,737,454)	31,501,306	(8,236,148)
Fair value decrease during the year charge to OCI	(8,190,939)	(9,529,365)	(17,720,304)
Gain realized on sale of available for sale assets transferred to profit or loss	-	(5,876,625)	(5,876,625)
Impairment loss	<b>Note 18.1</b> 47,928,393	-	47,928,393
<b>Balance as on June 30, 2018</b>	<b>-</b>	<b>16,095,316</b>	<b>16,095,316</b>

**#REF!** This represents the diminishing in value to continuous fall in market value and difficulties faced by issuer.

	Note	June 2018 Rupees	June 2017 Rupees
<b>## LONG TERM FINANCING</b>			
<b>Long term financing - Secured - Other than related parties</b>			
Loans from banking companies	<b>#REF!</b>	<b>1,107,686,013</b>	2,362,732,545
<b>Deferred notional income</b>	<b>#REF!</b>	<b>(42,695,331)</b>	(26,011,163)
		<b>1,064,990,682</b>	2,336,721,382
Less: Current portion shown under current liability		<b>(5,459,282)</b>	(2,206,000)
<b>Long term portion</b>		<b>1,059,531,400</b>	2,334,515,382

**#REF!** This includes agreements with different commercial banks with an original mark up rates of **8% and 3 months kibar plus 1.5% to 4 % p.a (2017: 8% and 3 months kibar plus 1.5% to 4 % p.a)**. But owing to the negotiations with the banks the markup on these loans was either waived or frozen.

**#REF!** During the year the company entered into debt property swap agreement with banks. As a result loans having carrying amount of Rs. 1,255,046,533/- have been paid / adjusted against disposal of buildings and investment property. Some of the loan facilities are restructured during the year and the difference between the amortized cost and carrying value has been charged to profit or loss.

**#REF!** This represents the difference between amortization cost and carrying value and restructuring of long term loans. Amortized cost has been determined using effective interest rate upto 12.29% (2017: upto 9.05% ) per annum based on the original loan agreements.. Movement is as follows:

	June 2018 Rupees	June 2017 Rupees
<b>Deferred notional income</b>		
As at beginning of the year	26,011,163	59,732,842
Occurred during the year	27,399,232	-
Amortized during the year	<b>(10,715,064)</b>	(33,721,679)
As at end of the year	<b>42,695,331</b>	26,011,163

#### ## DEFERRED LIABILITIES

	June 2018 Rupees	June 2017 Rupees
<b>Provision for Gratuity</b>	<b>38,506,461</b>	36,208,177

**#REF!** The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2018.

	2018 Rupees	2017 Rupees
<b>Statement of financial position</b>		
Present value of defined benefits obligations plus payables	37,609,800	34,881,310
Balance sheet liability/(asset)	<b>896,661</b>	1,326,867
	<b>38,506,461</b>	36,208,177
	2018 Rupees	2017 Rupees
<b>Change in present value of defined benefits obligations</b>		
<b>Present value of defined benefits obligation</b>	<b>34,881,310</b>	31,592,079
Current service cost	<b>3,906,336</b>	2,634,735
Past service cost (credit)	-	-
Interest cost on defined benefits obligation	<b>3,220,329</b>	2,671,702
Benefits due but not paid (payables)	<b>(94,794)</b>	(1,186,867)
Benefits paid	<b>(39,096)</b>	(2,626,133)
Gain and losses arising on plan settlements	-	-
<b>Re-measurements:</b>		
Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	<b>57,509</b>	18,943
Experience adjustments	<b>(4,321,794)</b>	1,776,851
<b>Present value of defined benefits obligation</b>	<b>37,609,800</b>	34,881,310

	June 2018 Rupees	June 2017 Rupees
<b>Expenses to be charged to P&amp;L</b>		
Current service cost	3,906,336	2,634,735
Past service cost (credit)	-	-
Gain and losses arising on plan settlements	-	-
Interest cost on defined benefits obligation	3,220,329	2,671,702
<b>Expenses chargeable to P&amp;L</b>	<b>7,126,665</b>	<b>5,306,437</b>
<b>Total re-measurements chargeable in other comprehensive income</b>		
<b>Remeasurement of plan obligation:</b>		
Actuarial (gains)/losses from changes in demographic assumption	-	-
Actuarial (gains)/losses from changes in financial assumptions	57,509	18,943
Experience adjustments	(4,321,794)	1,776,851
	<b>(4,264,285)</b>	<b>1,795,794</b>
<b>Change in net liability</b>		
<b>Balance sheet liability/(asset)</b>	<b>36,208,177</b>	<b>32,284,579</b>
Expenses chargeable to P&L	7,126,665	5,306,437
Re-measurements chargeable in other comprehensive income	(4,264,285)	1,795,794
Benefits paid	(564,096)	(2,626,133)
Adjustment to last years payables	-	(552,500)
<b>Balance sheet liability/(asset)</b>	<b>38,506,461</b>	<b>36,208,177</b>
<b>Significant actuarial assumptions</b>		
Discount rate for interest cost in P&L charge	9.25%	9.00%
Discount rate for year end obligation	10.00%	9.25
Salary increase used for year end obligation		
Salary increase FY 2018	9.00%	8.25%
Salary increase FY 2019	9.00%	8.25%
Salary increase FY 2020	9.00%	8.25%
Salary increase FY 2021 onward	9.00%	8.25%
Salary increase FY 2022	9.00%	8.25%
Salary increase FY 2023 onward	9.00%	8.25%
Next salary is increased at	July 01, 2018	July 01, 2017
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60

	Note	June 2018 Rupees	June 2017 Rupees
<b>## TRADE AND OTHER PAYABLES</b>			
Payable against sale of shares - un secured			
Clients		43,791,173	72,488,591
Members		-	-
Accrued and other liabilities	#REF!	43,954,163	29,719,639
Withholding tax payable		9,441,717	4,388,796
		<b>97,187,053</b>	<b>106,597,027</b>

#REF! This includes balance payable to associated company i.e. Falcon Commodities (Pvt.) Limited for expenses sharing Rs. 3,316,132/- (June 2017: Rs. 3,316,132/-).

## 22 Investment in associates

All the investments in associated Companies are in accordance with the provisions of Companies Act, 2017 except the 7.6 million ordinary shares of Pace (Pakistan) Limited that were acquired as part of settlement of overdue outstanding balance related to certain clients in preceding years. However, as per the instructions of Securities and Exchange Commission of Pakistan the Company has decided to obtain ratification of these shares in the forthcoming Annual General Meeting.

	Note	June 2018 Rupees	June 2017 Rupees
<b>23 BROKERAGE INCOME</b>			
Brokerage income - gross		50,473,359	92,735,834
Less:			
Sales tax		(6,099,228)	(11,397,909)
Capital value tax		(2,081,681)	(3,011,083)
Brokerage income - net		<b>42,292,450</b>	<b>78,326,842</b>
<b>24 CAPITAL GAIN / (LOSS)</b>			
Gain/(Loss) on sale of investment at fair value through profit or loss	#REF!	(1,146,619)	12,206,573
Gain/(Loss) on derecognition of available for sale investments reclassified from equity	#REF!	5,876,625	52,830,248
		<b>4,730,006</b>	<b>65,036,821</b>

	Note	June 2018 Rupees	June 2017 Rupees
<b>25 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		61,402,249	62,920,980
Provision for gratuity	#REF!	7,126,666	5,306,437
Stock Exchange and settlement charges		4,509,627	5,490,156
Rent, rates and taxes		2,149,333	1,858,576
Communication		3,968,723	4,344,337
Utilities		4,003,401	3,052,407
Insurance		504,397	808,412
Printing and stationery		646,546	714,277
Traveling and conveyance		1,015,275	1,115,304
Repair and maintenance		4,579,195	3,768,848
Postage and courier		683,910	1,193,390
Newspaper and periodicals		91,213	99,204
Entertainment		1,768,074	1,719,587
Legal and professional		4,065,354	4,418,769
Deposits written off directly		456,145	-
Provision / Bad Debts written off directly		169,000,000	100,621,409
Advertisement		128,000	202,816
Auditors' remuneration	25.1	1,040,000	1,040,000
Depreciation	7.1	3,760,580	5,572,188
Fee and subscription		3,273,976	3,584,660
CDC and stamps charges		2,908,152	1,810,962
Impairment expense		2,500,000	-
Other expenses		4,238,731	976,056
		<u>283,819,547</u>	<u>210,618,775</u>
<b>25.1 Auditors' remuneration</b>			
Statutory audit		625,000	625,000
Half year review		215,000	215,000
Certifications		200,000	200,000
		<u>1,040,000</u>	<u>1,040,000</u>
<b>26 FINANCE COST</b>			
Mark-up on short term borrowings		-	17,836,968
Mark-up on long term financing		-	12,116,297
Loan settlement cost		6,862,140	-
Mark up amortized	#REF!	10,715,064	33,721,679
Bank charges		349,730	341,723
		<u>17,926,934</u>	<u>64,016,667</u>
	Note	June 2018 Rupees	June 2017 Rupees
<b>27 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on deposit accounts		715,911	893,522
<b>Income from assets other than financial assets</b>			
Gain on sale of property and equipment		40,444,878	153,517
Gain on sale of intangibles		5,375,000	-
Gain on Sale of Investment Property		(9,593,266)	142,368,000
Unrealized (Loss)/gain on re-measurement of investment Property		(148,501,186)	(6,019,900)
Accrued interest written back		423,264,921	268,557,454
Gain on Remeasurement of financial liability at amortized cost		27,399,232	-
Miscellaneous income		2,979,816	955,693
		<u>341,369,395</u>	<u>406,014,764</u>
		<u>342,085,306</u>	<u>406,908,286</u>
<b>28 TAXATION</b>			
<b>Current year</b>			
-Alternate Corporate Tax	28.1	-	11,573,287
-Final Tax		8,375,251	19,178,431
		<u>8,375,251</u>	<u>30,751,718</u>
Prior year		(14,236,797)	-
		<u>(5,861,546)</u>	<u>30,751,718</u>
<b>28.1</b> During the year the Company's revenue subject to final tax under section 233A of the Income Tax Ordinance, 2001. Since the Company is liable to pay final tax under section 233A and 150 of the Income Tax Ordinance 2001, therefore, no numerical tax reconciliation is produced.			
<b>28.2</b> The Company have a deferred tax asset 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 recognized deferred tax asset in these financial statements. The details are as follows:			

	Note	June 2018 Rupees	June 2017 Rupees
Deductible temporary differences		209,729,860	29,793,216
Taxable temporary differences		(2,500,000)	(5,000,000)
Tax losses		865,908,349	1,267,790,668
Unrecognized deferred tax asset		<u>321,941,463</u>	<u>387,775,165</u>

**28.2.1** During the year Company recognized deferred tax asset on to the extent of deferred tax liability amounting Rs. 750,000 (2017: Rs. 1,500,000).

**28.3** The Company computes current tax expense based on generally accepted interpretations of the tax laws to ensure that the sufficient provision of taxation is available. According to management the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017 Rupees	2016 Rupees	2015 Rupees
Income tax provision for the year (as per accounts)	30,751,718	6,456,452	21,193,428
Income tax as per tax assessment	16,514,920	6,456,452	812,459

## 29 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

		June 2018 Rupees	June 2017 Rupees
Profit after taxation attributable to ordinary share holders - Rupees		<u>5,115,697</u>	<u>264,003,257</u>
Number of ordinary shares		<u>141,335,500</u>	<u>141,335,500</u>
Earning / (loss) per share - Basic and Diluted - Rupees per share	<b>29.1</b>	<u>0.04</u>	<u>1.87</u>

**29.1** No figure for diluted earning / (loss) per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

## 30 CONTINGENCIES AND COMMITMENTS

### 30.1 Contingencies

- 30.1.1** During the year 2007-08, Securities and Exchange Commission of Pakistan (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 on April 17, 2009. The Company has filed an appeal in Appellate Tribunal SECP against the aforesaid order and as a result the order was set aside by Tribunal on December 03, 2015 with an instructions to initiate fresh proceedings as per law.
- 30.1.2** During the year 2008-09, M/s Savari ((Pvt.)) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura ((Pvt.)) Limited, the clients of the Company has defaulted to pay their debts Rs. 239,900,022/-. The Company has filed a suit on February 01, 2009 in Civil Court, Lahore for recovery from these clients. The Management is confident that company would be able to recover the above stated debt.
- 30.1.3** During the year 2009-10 the Company has lodged a complaint to Securities and Exchange Commission of Pakistan on September 10, 2009 for taking appropriate action against the Universal Equities ((Pvt.)) Limited for dishonored cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities ((Pvt.)) Limited by the Company and for recovery of Rs. 25.20 million till February 2010. The Universal Equities ((Pvt.)) Limited has filed a suit for permanent injunction alleging therein that the Company be directed not to initiate criminal proceedings against the dishonored 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 the Universal Equities ((Pvt.)) Limited to interfere in the order of the Learned Trial Court passed in favor of the Company. Later on the civil suit filed by the Universal Equities (Pvt.) Limited was dismissed by the court. However the company has also filed an application on June 20, 2011 for winding up the Universal Equities (Pvt.) Limited before the honorable Lahore High Court Lahore. Which is pending before the High Court and the company is confident of a favorable decision in the case.
- 30.1.4** During the year 2010-11, the 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 the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The Company has filed a suit on February 03, 2011 before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192/- on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The 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 the 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 favor.
- 30.1.5** A case was filed in the Sindh High Court on May 19, 2009 for the Recovery of Rs. 5,161,670 along further mark up of 20 % from the date of suit till realization against loss on trading of shares from Mr. Nazimuddin Siddique who act as agent of the Company under brokerage agency agreement. The outstanding balance is against various clients under the agency agreement.
- 30.1.6** In the year 2014-15, the Company was contesting the case with Askari Bank Limited in the Honorable High Courts of Sindh and Lahore filed on February 04, 2014, 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. During the year Company entered in to a settlement agreement with Askari Bank Limited and Company disposed the counter claim while the Bank agreed to withdraw the original case as per the settlement agreement.

- 30.1.7** During the year 2016-17, Soneri Bank Limited has filed suit against the company on May 27, 2016 for recovery of Rs. 148,342,600/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honorable High Court of Sindh. During the year Company entered in debt property swap agreement with Bank, as per settlement agreement negotiated the Bank agrees to withdraw this case on settlement of agreed liability.
- 30.1.8** During the year 2016-17, JS Bank Limited has filed suit against the company on May 05, 2017 for recovery of Rs. 234,484,862/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honorable High Court of Sindh. The legal advisor is confident of success of the case in company's favor.
- 30.1.9** During the current year, Al-Hoqani Securities has filed suit against the Company, First Capital Securities Corporation Limited, Pace Barka Properties Limited, Mr. Azhar Ahmed Batla, Mrs. Amna Taseer and Adamjee Assurance Company Limited on May 14, 2018 for the recovery of Rs. 76,304,380 along with markup of 10% from March 15, 2012 to date. Plaintiff claims that they have an unsettled charge against property located at Clifton Karachi owned by Pace Barka Properties Limited (previously owned by First Capital Equities Limited). As per Pace Barka Properties Limited this claim is unlawful and no such charge exists on this property. The case is pending before the honorable High Court of Sindh. The legal counsel is confident of success of the case in company's favor.
- 30.1.10** During the year ending June 2018 a complaint was filed by Mr. David Williams Jeans before the Learned Judge, Consumer Court, Lahore on November 11, 2017 against the Company stating therein that an amount of € 12,750/- had been transferred in 2003 to the Company for the purchase of shares of World Call Company. The claimant sought relief of Rs. 2,200,000 and € 12,750/- against the Company. While as per the legal counselor of the Company this will be settled against the transfer of shares and there is no likelihood of any financial loss. Based on this legal counselor opinion management decided not to record any provision as value of provision is not certain.
- 30.1.11** The Company has entered into an arrangement with different commercial banks for modification in the terms of their financial liabilities. The bank has frozen/waived off their accrued markup and any further markup on certain terms and conditions. The main issue in this restructuring is that if the company failed to comply with the terms of agreements, the concession / reliefs shall stand withdrawn. The Company is very much confident that they will adhere to all the terms and conditions.

### 30.2 Commitments

Company has agreed to pay further sums, with respect to binding legal agreements for items stated below:

	Less than one year	One year and above
	Rupees	Rupees
<b>Commitments in respect of:</b>		
Sale of shares	517,215,269	-
Purchase of shares	513,507,359	-
Sale of property to Soneri Bank Limited	5,459,282	-

**31 TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment disclosed in note 34 are as follows:

	Basis of relationship	Nature of transaction	2018	2017
			Rupees	Rupees
First Capital Securities Corporation Limited	Parent (73.23% shareholding)	Brokerage Income Receipt of outstanding balance	112,560 890,400	27,396 -
Pace Pakistan Limited	Associated undertaking (2.73% shareholding)	Purchase of Investment Property Brokerage Income	378,000,000 4,741	- -
First Capital Mutual Fund	Associated undertaking (0.016% shareholding)	Brokerage Income	42,980	119,324
Shahryar Taseer Shahbaz Taseer	Director/Key Management Personnel of parent company	Brokerage Income Brokerage Income	- -	20,500 25

31.1 The amounts due to / due from related parties are disclosed in respective notes to the financial statements.

**32 FINANCIAL INSTRUMENTS**

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

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

- Credit risk
- Liquidity risk
- Market risk

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

**32.1 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis and charging an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables / fund placements. The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness.

**32.1.1 Exposure to credit risk**

The carrying values of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018	2017
	Rupees	Rupees
Long term deposits and advances	1,524,000	9,487,966
Trade debts - unsecured	275,614,836	1,513,588,111
Advances, deposits and other receivables	13,159,617	26,956,568
Interest accrued	75,648	81,798
Bank balance	106,545,103	78,931,880
	<u>396,919,204</u>	<u>1,629,046,324</u>

The credit quality of financial assets can be assessed by reference to external credit rating as follows:

	Rating		Rating Agency	2018	2017
	Short Term	Long Term		Rupees	Rupees
Askari Bank Limited	A1	AA+	PACRA	38,306	415,707
Bank Alfalah Limited	A-	AA+	JCR - VIS	516,719	704,036
Bank Al Habib Limited	A1	AA+	PACRA	6,610	6,610
Bank Islami Limited	A1	A+	PACRA	1,560	1,560
Faysal Bank Limited	A -	AA	JCR - VIS	3,806	1,644
Habib Metropolitan Bank Limited	A1	AA+	PACRA	29,832	29,831
MCB Bank Limited	A	AAA	PACRA	65,905,564	36,864,533
Dubai Islamic Bank	A-	AA-	JCR - VIS	40,023,200	40,009,000
MCB Islamic Bank Limited	A1	A	PACRA	17,863	897,316
United Bank Limited	A -	AAA	JCR - VIS	1,643	1,643
				<u>106,545,103</u>	<u>78,931,880</u>

**32.1.2 The age of trade debts at the reporting date was:  
Other clients**

	2018	2017
	Rupees	Rupees
Neither past due nor impaired 1 - 30 days	9,384,911	483,060,711
Past due 30 - 90 days	2,254,579	419,817,575
Past due 90 - 180 days	741,462	178,898,972
Past due 180 - 365	1,037,922	413,854
More than 1 year	262,195,962	431,396,998
	<u>275,614,836</u>	<u>1,513,588,110</u>

32.1.2.1 This Include client balance of Rs. 5,343,150/- with in 5 days.

**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 mainly concentrated in trade debts where major transactions are entered into with credit-worthy counterparties there by mitigating any significant concentrations of credit risk.

**32.2 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk as only 4% of total liabilities are due within next 12 months.

The following are the contractual maturities of financial liabilities as on June 30, 2018.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	1,064,990,682	-	5,459,282	1,059,531,400	-
Trade & other payables - Unsecured	97,187,053	97,187,053	-	-	-
Interest accrued	144,800,249	-	-	144,800,249	-
	<u>1,306,977,984</u>	<u>97,187,053</u>	<u>5,459,282</u>	<u>1,204,331,649</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as on June 30, 2017.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	2,336,721,382	1,226,610	979,390	2,334,515,382	-
Trade & other payables - Unsecured	106,597,027	106,597,027	-	-	-
Interest accrued	568,065,170	-	-	568,065,170	-
	<u>3,011,383,579</u>	<u>107,823,637</u>	<u>979,390</u>	<u>2,902,580,552</u>	<u>-</u>

### 32.3 Market risk

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

#### 32.3.1 Currency risk

Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. There were no dealings with foreign clients during the year, except as disclosed in Note 30.1.10. Since the company's legal counsel is confident that no cash outflow will occur, as a result it is assumed that there is no exposure to foreign currency risk.

#### Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and decrease in Profit & Loss Account by NIL (2017 : NIL). This analysis assumes that all other variables were held constant.

A 5 % weakening of Rupee would have an equal but opposite effect.

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

#### 32.3.3 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. The Company's exposure to interest rate risk and the effective interest rates of its financial assets and financial liabilities are summarized as follows:

	2018		2017	
	Effective interest rate	Carrying value	Effective interest rate	Carrying value
		Rupees		Rupees
<b>Financial assets</b>				
Bank Balances	3% to 4%	61,981,988	3% to 4%	3,941,691
<b>Financial liabilities</b>				
Long term financing	upto 12.29%	969,020,543	upto 9.05%	1,964,711,363

#### 32.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 80,043,653/- (2017 : Rs. 146,656,496/-) at the year end.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The total number of clients of the company are 2,557 and the total holding against these clients is Rs. 969.03 million.

#### Sensitivity analysis

During the year, KSE 100 index has decreased by 10% and subsequent to the year end, till the authorization of these financial statements a further decrease of 4.35% in KSE 100 index has been recorded. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

	Fair value	"Hypothetical price change"	2018		
			Estimated fair value after hypothetical change in prices"	Hypothetical increase/(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit/(loss) before tax"
<b>Investments</b>					
Long term investments	33,662,358	+10%	37,028,594	3,366,236	-
		-10%	30,296,122	(3,366,236)	-
Short term investments	46,381,295	+10%	51,019,425	4,638,130	4,638,130
		-10%	41,743,166	(4,638,130)	(4,638,129)

	Fair value	"Hypothetical price change"	2017		
			Estimated fair value after hypothetical change in prices"	Hypothetical increase/(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit/(loss) before tax"
<b>Investments</b>					
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Long term investments	59,851,308	+10%	65,836,439	5,985,131	-
		-10%	53,866,177	(5,985,131)	-
Short term investments	86,805,188	+10%	95,485,707	8,680,519	8,680,519
		-10%	78,124,669	(8,680,519)	(8,680,519)

#### 32.3.4 Fair value of financial instruments



The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 6.21.

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 categorized:

#### Recurring fair value measurements

	2018			
	Level 1	Level 2	Level 3	Total
Rupees				
Long term investments classified as "Available for Sale"	33,662,358.00	-	-	33,662,358.00
Short term investments classified as "Held for Trading"	46,381,295.00	-	-	46,381,295.00

	2017			
	Level 1	Level 2	Level 3	Total
Rupees				
Long term investments classified as "Available for Sale"	59,851,308	-	-	59,851,308
Short term investments classified as "Held for Trading"	86,805,188	-	-	86,805,188

#### Valuation techniques used to measure fair values

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.

#### 32.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

There were no changes in the Company's approach to capital management during the year and the company is subject to externally imposed minimum equity requirement of the Securities Brokers (Licensing and Operations) Regulations, 2016 and is required to maintain Rs. 35 million net equity. The Company's equity is above the minimum required threshold limit.

#### 32.5 Financial instruments by category

	30 June 2018			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
Long term investments	-	-	33,662,358	33,662,358
Long term deposits, receivables and prepayments	1,524,000	-	-	1,524,000
Trade debts	275,614,836	-	-	275,614,836
Short term investments	-	46,381,295	-	46,381,295
Advances, deposits, prepayments and other receivables	13,159,617	-	-	13,159,617
Interest accrued	75,648	-	-	75,648
Cash and bank balances	106,623,484	-	-	106,623,484
	<b>396,997,585</b>	<b>46,381,295</b>	<b>33,662,358</b>	<b>477,041,238</b>

	30 June 2018		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Long term financing	-	1,064,990,682	1,064,990,682
Interest Accrued	-	144,800,249	144,800,249
Trade and other payables	-	97,187,053	97,187,053
	-	<b>1,306,977,984</b>	<b>1,306,977,984</b>

	30 June 2017			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
Long term investments	-	-	59,851,308	59,851,308
Long term deposits, receivables and prepayments	9,487,966	-	-	9,487,966
Trade debts	1,513,588,111	-	-	1,513,588,111
Short term investments	-	86,805,188	-	86,805,188
Advances, deposits and other receivables	26,956,568	-	-	26,956,568
Interest accrued	81,798	-	-	81,798
Cash and bank balances	78,991,261	-	-	78,991,261
	<b>1,629,105,704</b>	<b>86,805,188</b>	<b>59,851,308</b>	<b>1,775,762,200</b>

	30 June 2017		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Long term financing	-	2,336,721,382	2,336,721,382
Interest Accrued	-	568,065,170	568,065,170
Trade & other payables - Unsecured	-	106,597,027	106,597,027
	-	<b>3,011,383,579</b>	<b>3,011,383,579</b>

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and disclosed in relevant notes.

### 34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2018	2017	2018	2017	2018	2017
	1	1	3	3	8	6
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Total Number						
Managerial Remuneration	2,760,000	2,760,000	4,711,398	3,473,333	10,992,256	11,665,699
House Rent	1,104,000	1,104,000	1,884,559	1,389,333	4,396,903	4,666,280
Medical Expenses Reimbursed	288,914	93,973	-	-	-	-
Provision for gratuity	345,000	345,000	290,000	465,000	1,145,000	2,350,000
Utilities	276,000	276,000	471,140	347,334	1,099,226	1,166,570
Commission	-	-	-	-	186,688	-
	<b>4,773,914</b>	<b>4,578,973</b>	<b>7,357,097</b>	<b>5,675,000</b>	<b>17,820,073</b>	<b>19,848,549</b>

34.1 In addition, Chief Executive, Directors and some executives have been provided with Company maintained cars.

34.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2017: Nil).

34.3 Total number of employees are 66 as on June 30, 2018 (June 2017 : 67) and average employees during the year were 66 (June 2017 : 66).

34.4 Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

### 35 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on \_\_\_\_\_.

### 36 GENERAL

Figures have been rounded off to the nearest rupee .

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer