FIRST CAPITAL EQUITIES LIMITED

<u>FINANCIAL STATEMENTS AS AT JUNE 30, 2019</u>

- ✓ *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, 2019

	Note	JUNE 2019 Rupees	JUNE 2018 Rupees
NON - CURRENT ASSETS			
Property plant and equipment	6	1,980,530	3,071,069
Investment property	8	824,712,000	1,269,445,782
Long term investments	9	19,155,471	33,662,358
Long term deposits, receivables and prepayments	10	-	1,524,000
		845,848,001	1,307,703,209
CURRENT ASSETS			
Trade debts	11	252,741,664	275,614,836
Short term investments	12	22,578,257	46,381,295
Advances, deposits, prepayments and other receivables	13	342,555,983	13,349,617
Advance tax	14	6,573,180	5,308,401
Interest accrued		32,296	75,648
Cash and bank balances	15	3,442,943	106,623,484
		627,924,323	447,353,281
ASSETS HELD FOR SALE	7	-	2,500,000
TOTAL ASSETS		1,473,772,324	1,757,556,490
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital	16	1,413,355,000	1,413,355,000
Other reserves		-	16,095,315
Unappropriated loss		(1,067,556,674)	(1,017,378,270)
TOTAL EQUITY		345,798,326	412,072,045
NON - CURRENT LIABILITIES			
Long term financing	17	153,018,252	1,059,531,400
Interest Accrued		82,292,865	144,800,249
Deferred liabilities	18	3,500,000	38,506,461
		238,811,117	1,242,838,110
CURRENT LIABILITIES			
Trade and other payables	19	65,164,244	97,187,053
Current portion of long term financing	17	823,708,669	5,459,282
Provision for taxation	25	289,968	-
		889,162,881	102,646,335
CONTINGENCIES AND COMMITMENTS	28	-	-
TOTAL EQUITY AND LIABILITIES		1,473,772,324	1,757,556,490

The annexed notes from 1 to 35 form an integral part of these financial statements.

Director | Chief Executive | Chief Financial Officer

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

	Note	JUNE 2019 Rupees	JUNE 2018 Rupees
CONTINUING OPERATION			
INCOME			
Dividend income		253,620	658,794
Realised gain/(loss) on sale of investments at fair value through profit or loss	20	(476,605)	4,730,006
Unrealised gain/(loss) on remeasurement of investments at fair value through profit or loss	21	(37,025,620)	(40,837,531)
		(37,248,605)	(35,448,731)
EXPENDITURE			
Operating and administrative expenses	22	6,504,767	9,964,643
Impairment loss on 'available for sale' investments		-	47,928,393
Finance cost	23	40,873,867	17,926,934
		47,378,634	75,819,970
OPERATING LOSS		(84,627,239)	(111,268,701)
OTHER INCOME	24	75,244,286	342,085,306
NET (LOSS) / PROFIT BEFORE TAXATION		(9,382,953)	230,816,605
Taxation	25	38,043	(13,799,697)
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		(9,420,996)	244,616,302
DISCONTINED OPERATIONS			
LOSS AFTER TAXATION FROM DISCONTINED OPERATIONS	27	(56,852,723)	(239,500,605)
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR		(66,273,719)	5,115,697
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED	26		
- continuing operations		(0.07)	1.73
- discontinued operations		(0.40)	(1.69)
		(0.47)	0.04

The annexed notes from 1 to 35 form an integral part of these financial statements.

Director | Chief Executive | Chief Financial Officer

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

	JUNE 2018 Rupees	JUNE 2017 Rupees
Profit/(Loss) after taxation for the year	(66,273,719)	5,115,697
Other comprehensive income / (loss) for the year		
Items that will never be reclassified to profit or loss:		
Re-measurement of defined benefit plan	-	4,264,285
Items that are or may be reclassified to profit or loss:		
Gain on Available for sale financial assets – reclassified to profit or loss	-	(5,876,625)
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)
Total other comprehensive income - net of tax	-	28,595,749
Total comprehensive income	(66,273,719)	33,711,446

The annexed notes from 1 to 35 form an integral part of these financial statements.

Director	Chief Executive	Chief Financial Officer

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

	Note	June 2019 Rupees	June 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		(65,983,751)	(745,849)
Add: Items not involved in movement of funds and others			
Depreciation		988,871	3,760,580
Impairment		2,500,000	50,428,393
Capital loss / (gain)		476,605	(4,730,006)
Loss on re-measurement of investments at fair value through profit or loss - net		37,025,620	40,837,531
(Gain)/Loss on re-measurement of investment property		(618,000)	148,501,186
Deposits written off		1,881,375	456,145
Dividend income		(253,620)	(658,794)
Accrued interest written back		(62,507,384)	(423,264,921)
Interest accrued		(643,299)	(715,911)
Interest expense		40,627,914	10,715,064
Loss on sale of investment property		-	9,593,266
(Gain) on sale of intangible assets		-	(5,375,000)
(Gain) on sale of property and equipment		(8,940,827)	(40,444,878)
Provision for bad debts		25,991,316	169,000,000
Deferred notional income		-	(27,399,232)
Other income		(2,534,764)	(2,979,816)
Provision for gratuity		3,757,038	7,126,666
		37,750,845	(65,149,727)
		(28,232,906)	(65,895,576)
Decrease / (Increase) in current assets			
Investments at fair value through profit or loss		-	(413,638)
Trade debts - unsecured		(3,118,144)	1,068,973,275
Advances, deposits, prepayments and other receivables		(329,563,741)	13,170,637
		(332,681,885)	1,081,730,274
Decrease in current liabilities in trade and other payables		(54,657,014)	(6,430,158)
Cash generated in operations		(415,571,805)	1,009,404,540
Interest received		686,651	722,061
Dividend received		253,620	658,794
Gratuity paid		(11,268,087)	(564,096)
Taxes paid		(3,591,222)	(8,178,153)
Net cash (used) / generated in operating activities		(429,490,843)	1,002,043,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(239,507)	(1,980,550)
Proceeds from sale of property and equipment		9,282,002	79,545,800
Proceeds from sale of intangible assets		-	12,875,000
Proceeds from sale of shares-net		807,700	7,322,028
Acquisition of investments property		-	(1,223,960,706)
Proceeds from investments property		445,351,782	1,398,870,072
Long term deposits and advances			7,963,966
Net cash generated in investing activities		455,201,977	280,635,610
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans paid		(128,891,675)	(1,255,046,533)
Net cash used in financing activities		(128,891,675)	(1,255,046,533)
Effects of exchange rate changes in cash and cash equivalents		-	-
NET (DECREASED) / INCREASE IN CASH AND CASH EQUIVALENTS		(103,180,541)	27,632,223
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		106,623,484	78,991,261
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	3,442,943	106,623,484

The annexed notes from 1 to 35 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					
Balance as at June 30, 2017	1,413,355,000	-	-	(8,236,149)	(1,026,758,252)	378,360,599
Profit for the year after taxation	-	-	-	-	5,115,697	5,115,697
Other comprehensive income for the year						
Gain on Available for sale financial assets - reclassified to profit or loss	-	-	-	(5,876,625)	-	(5,876,625)
Re-measurement of defined benefit plan	-	-	-	-	4,264,285	4,264,285
Unrealized (loss) / gain on re-measurement of investment available for sale				30,208,089		30,208,089
Total other comprehensive income / (loss) for the year - net of tax	-	-	-	24,331,464	4,264,285	28,595,749
Total comprehensive income for the year	-	-	-	24,331,464	9,379,982	33,711,446
Balance as at June 30, 2018	1,413,355,000	-	-	16,095,315	(1,017,378,270)	412,072,045
Transfer to retained earning due to reclassification (Note: 5.1)				(16,095,315)	16,095,315	-
Balance as at July 01, 2018	1,413,355,000	-	-	-	(1,001,282,955)	412,072,045
Loss for the year after taxation	-	-	-	-	(66,273,719)	(66,273,719)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(66,273,719)	(66,273,719)
Balance as at June 30, 2019	1,413,355,000	-	-	-	(1,067,556,674)	345,798,326

The annexed notes from 1 to 35 form an integral part of these financial statements.

Director　　Chief Executive　　Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE FINACIAL 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	**Karachi - Corporate Office**
2nd Floor, Pace Shopping Mall,	4th Floor, Block B,C & D Lakson
Fortress Stadium, Lahore Cantt,	Square Building No. 01, Sarwar
Lahore.	Shaheed Road, Karachi.

2 During the year company incurred loss amounting Rs. 66.27 Million , moreover the accumulated losses of the company stand at Rs. 1,067 Million as at June 30, 2019 (2018: 1,017 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 261 Million. Board of the Directors of the Company owing to the continuous loss and adverse market conditions, in their meeting held on June 28, 2019 decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and seize its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company. Application for surrender of TREC was submitted to PSX and surrendering process was initiated.

The management of the Company is continuously in process of negotiating its loan facilities with Banks and as a result of this Company settled its liability against loan form MCB Bank Limited & Soneri Bank Limited as mentioned in Note 17. Owing to the factors mentioned above 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. The management of the Company is confident that with change in Principal activity and overall expertise of group in real estate sector will have positive impact on the financial performance of the company. Moreover, management is confident that the remaining loan payable to UBL will be settled by sale of properties.

Resultantly, these financial statements are prepared on going concern basis. The financial statements consequnetly, donot include any adjustment relating to the relization of the assets and liquidation of liabilities that might be necessary should the Company be unable to contiunue as going concern.

3 Basis of preparation

3.1 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.

3.2 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.

3.3 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	***Note 6.1***
b)	Impairment	***Note 5.3***
c)	Provisions and contingencies	***Note 5.7***
d)	Staff retirement benefits	***Note 5.8***
e)	Provision for taxation	***Note 5.11***

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

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

-- IFRS 9 'Financial Instruments'

-- IFRS 15 'Revenue from contracts with customers'

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations, therefore have not been detailed in these financial statements.

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

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. IFRS 16 will not have any impact on financial statements. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

Additionally there are certain new standards, amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

5 Significant accounting policies

Except as described below in note 5.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

5.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.1.1 IFRS 15 'Revenue from Contracts with Customers'

International Accounting Standards Board (IASB) issued International Financial Reporting Standards (IFRS) 15 'Revenue From Contracts with Customers' which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described below. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 01 July 2018.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Control of the underlying goods could be transferred and revenue recognized when the product leaves the seller's location, based on legal title transfer, the entity's right to receive payment, or the customer's ability to redirect and sell the goods, but there might be additional performance obligations for shipping and in-transit risk of loss. The Company allocates the transaction price to each of the performance obligations, and recognize revenue when each performance obligation is satisfied, which might be at different times.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company is providing share brokerage service which generally include single performance obligation. Management has concluded that revenue should be recognised at the point in time when required services are rendered to the client. Revenue is recognised at that point in time.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company.

5.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

As a result of application of IFRS 9, long term investments amounting to Rs. 33.66 million as at July 1, 2018 have been reclassified from 'available for sale' to 'fair value through profit or loss'. In accordance with the transitional provisions of IFRS 9, comparative figures and their related gains / (losses) have been reclassified in the opening statement of financial position. Further all financial assets previously classified under the head 'loans and receivables' are now classified as 'amortised cost'.
The accounting policies that apply to financial instruments are stated in note 5.6 to the financial statements.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used forward looking approach to base the calculation of ECL on adoption of IFRS 9.

5.2 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 6.1 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.

5.3 Impairment

Financial Assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

5.4 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.

5.5 Investment property

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

5.6 Financial instruments

5.6.1 ***Initial measurement of financial asset***

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

5.6.2 ***Subsequent measurement of financial assets***

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in profit or loss.
Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

5.6.3 ***<u>Non-derivative financial assets</u>***

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent.
The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.6.4 ***<u>Trade debts, loans, advances and other receivables</u>***

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.6.5 ***<u>Financial liabilities</u>***

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.
Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

5.6.6 ***<u>Mark-up bearing borrowings and borrowing costs</u>***

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs.
Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss over the period of the borrowing using the effective interest method.
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

5.6.7 ***<u>Accrued and other liabilities</u>***

Accrued and other liabilities are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

5.6.8 ***<u>Settlement date accounting</u>***

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

5.7 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.

5.8 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.

5.9 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.

5.10 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.

5.11 Functional and presentation currency

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

5.12 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.

5.13 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.

5.14 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.

5.15 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).

6 PROPERTY PLANT AND EQUIPMENT

	Note	June 2019 Rupees	June 2018 Rupees
	6.1	**1,980,530**	3,071,069
		1,980,530	3,071,069

6.1 Property, plant and equipment schedule

Cost	Building Freehold	Building Leasehold	Computers	Office equipment	Furniture & fittings	Vehicles	Total
				Rupees			
Balance as at 1 July 2017	30,715,800	36,740,000	18,128,965	16,411,169	14,089,243	25,170,633	141,255,810
Additions during the year	-	-	305,550	225,000	-	1,450,000	1,980,550
Disposals during the year	(30,715,800)	(36,740,000)	(2,957,100)	-	(200,000)	(10,827,208)	(81,440,108)
Balance as at 30 June 2018	-	-	15,477,415	16,636,169	13,889,243	15,793,425	61,796,252
Balance as at 1 July 2018	-	-	15,477,415	16,636,169	13,889,243	15,793,425	61,796,252
Additions during the year			-	239,507	-	-	239,507
Disposals during the year			(1,037,170)	(1,361,627)	(1,137,513)	(11,690,685)	(15,226,995)
Balance as an June 30, 2019	**-**	**-**	**14,440,245**	**15,514,049**	**12,751,730**	**4,102,740**	**46,808,764**
Accumulated Depreciation							
Balance as at 1 July 2017	13,030,543	13,471,325	17,310,510	15,330,674	13,169,236	24,991,501	**97,303,789**
Charge for the year	511,930	1,377,747	388,386	478,490	722,728	281,299	**3,760,580**
Disposals during the year	(13,542,473)	(14,849,072)	(2,957,100)	-	(163,333)	(10,827,208)	**(42,339,186)**
Balance as at 30 June 2018	-	-	14,741,796	15,809,164	13,728,631	14,445,592	58,725,183
Balance as at 1 July 2018	-	-	14,741,796	15,809,164	13,728,631	14,445,592	58,725,183
Charge for the year			430,012	144,544	70,815	343,500	**988,871**
Disposals during the year			(1,037,170)	(1,166,451)	(1,048,602)	(11,633,597)	**(14,885,820)**
Balance as an June 30, 2019	**-**	**-**	**14,134,638**	**14,787,257**	**12,750,844**	**3,155,495**	**44,828,234**
Balance as at June 30, 2018 (NBV)	**-**	**-**	**735,619**	**827,005**	**160,612**	**1,347,833**	**3,071,069**
Balance as at June 30, 2019 (NBV)	**-**	**-**	**305,607**	**726,792**	**886**	**947,245**	**1,980,530**
Depreciation rate (% per annum)	**5**	**5**	**33.33**	**10**	**10**	**20**	

7 INTANGIBLE ASSETS

	Note	June 2019 Rupees	June 2018 Rupees
Trading Right Entitlement Certificate (TREC)			
Opening	7.1	-	2,500,000
		-	2,500,000

7.1 During the year, the company initiated process of surrendering its TREC to Pakistan Stock Exchange Limited and TREC is classified as held for sale as a result value of TREC is measured at lower of carrying value and fair value less cost to sale.

7.2 The Company has no internally generated intangible assets.

8 INVESTMENT PROPERTY

	Note	June 2019 Rupees	June 2018 Rupees
Balance as on July 01,		**1,269,445,782**	1,602,449,600
Acquisition during the year		**-**	1,223,960,706
		1,269,445,782	2,826,410,306
Disposal during the year	8.6	**(445,351,782)**	(1,408,463,338)
		824,094,000	1,417,946,968
Change in fair value		**618,000**	(148,501,186)
Balance as at June 30,	8.3	**824,712,000**	1,269,445,782

8.1 Investment Property comprises various shops / counters in shopping malls situated at Gujranwala and Gujrat. Properties having value of Rs. 824.7 Million (2018: 1,269.4 Million) are under mortgage by banks against borrowings.

8.2 The direct operating expenses related to the investment property were Rs. 55,000/- (2018 Rs. 50,000/-).

8.3 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, 2019. The valuer determined the fair value of Rs. 824,712,000/- (2018: 1,269,445,782/-), 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 5.16 & Note 9.4.

8.4 Recurring fair value measurements

	Fair value measurements at 30 June 2019 using significant other observable inputs (Level 2) Rupees
Investment properties	**824,712,000**

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

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2019 or 2018.

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.

8.5 Particulars of the investment properties are as follows:

Particulars	Location	Forced sale value Area Sq. Ft	Forced sale value June 2019 Rupees	Forced sale value Area Sq. Ft	Forced sale value June 2018 Rupees
Various shops, super market and counters	Grand Trunk Road, Pace Gujrat, Gujrat	26912	**720,625,500**	26912	1,116,528,750
Various shops	Muza dhola zari, G.T Road, Pace Shopping Mall, Gujranwala	1364	**21,615,300**	1364	25,972,454
		28276	**742,240,800**	**28276**	**1,142,501,204**

8.6 Disposals of Investment properties (various shops and counters)

	Carrying Value	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Sale	Particulars of Buyers
	Rupees		Rupees			
	5,459,282	5,459,282	5,459,282	-	Negotiation	Soneri Bank Limited
	439,892,500	439,892,500	439,892,500	-	Negotiation	WorldCall Mobile (Pvt.) Limited
Total	**445,351,782**	**445,351,782**	**445,351,782**	**-**		

	Note	June 2019 Rupees	June 2018 Rupees
9 LONG TERM INVESTMENTS			
9.1 Investment in related parties			
Available for sale			
Media Times Limited - quoted shares	**9.1.1**	**5,096,582**	10,496,536
9.2 Other Investments			
Available for sale			
Pakistan Stock Exchange Limited - quoted shares	**9.2.1**	**14,058,889**	23,165,822
		19,155,471	33,662,358

9.1.1 Movement of Investment in related parties

Opening balance on July 01, 6,067,362 (2018: 6,067,362) Fully paid ordinary shares of Rs. 10 each, Equity Held 3.39% (2018 : 3.39%)	**10,496,536**	18,687,475
Gain/(Loss) on remeasurement of investment available for sale charged to OCI	**(5,399,954)**	(8,190,939)
Closing balance on June 30,	**5,096,582**	10,496,536

Shares having value of Rs. 5,096,582/- (2018: Rs. 10,496,536/-) have been pledged with various commercial banks against long term financing.

9.2.1 Movement of other Investments

	Note	2019 No. of shares	2018 No. of shares	2019 Rupees	2018 Rupees
Opening balance		1,172,953	1,602,953	**23,165,822**	41,163,833
Disposals during the year		**(91,500)**	(430,000)	**(1,807,125)**	(11,042,400)
Closing		**1,081,453**	1,172,953	21,358,697	30,121,433
Remeasurement of carrying shares	**9.2.2**	**1,081,453**	1,172,953	14,058,889	23,165,822
Unrealized gain charged to P&L/OCI				**(7,299,808)**	**(6,955,611)**
Cost of shares sold during the year		**91,500**	430,000	1,807,125	11,042,400
Sale proceeds from the disposal		**91,500**	430,000	(1,478,600)	(8,468,645)
Capital (loss) / gain realized transferred to profit or loss				**(328,525)**	**(2,573,755)**

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. 14.05 Million are still held in block account.

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

10 LONG TERM DEPOSITS, RECEIVABLES AND PREPAYMENTS

	Note	June 2019 Rupees	June 2018 Rupees
Pakistan Stock Exchange Limited		-	-
Central Depository Company of Pakistan Limited		-	100,000
National Clearing Company of Pakistan Limited		-	1,000,000
Other deposits and receivables		-	424,000
		-	1,524,000

11 TRADE DEBTS

	Note	June 2019 Rupees	June 2018 Rupees
Trade debts against purchase of shares:			
Considered good - unsecured			
Clients		**252,741,664**	275,614,836
Considered doubtful:			
Clients		**194,991,316**	169,000,000
Members		**-**	-
		194,991,316	**169,000,000**
Less: Provision for doubtful debts	**11.1**	**(194,991,316)**	(169,000,000)
	11.2	**252,741,664**	275,614,836

Based on past experience and future expectations the management has charged provision for doubtful debts that are overdue for more than 14 days and against which no collateral is available. No provision is charged for balances against which legal cases for recovery are filed.

11.1 Provision for doubtful debts

	Note	June 2019 Rupees	June 2018 Rupees
Opening balance		**169,000,000**	-
Charge for the year		**25,991,316**	169,000,000
Closing balance		**194,991,316**	169,000,000

11.2 This includes receivable amounting Rs. 244,804,354 from different clients against which Company have filed legal cases for recovery and management is confident that full amount will be recovered from these and so no impairment required.

12 SHORT TERM INVESTMENTS

	Note	June 2019	June 2018
At fair value through profit or loss			
Quoted equity securities	**12.1**	**22,578,257**	46,381,295
		22,578,257	46,381,295

12.1 Quoted equity securities held for trading

	June 2019			June 2018		
	Number of shares	Carrying Amount Rupees	Market value Rupees	Number of shares	Carrying Amount Rupees	Market value Rupees
Investments in related parties						
First Capital Mutual Fund Limited	**1,792**	**16,601**	**11,165**	1,792	22,902	16,601
Media Times Limited	**8,260,138**	**14,037,599**	**6,938,516**	7,825,638	24,102,965	13,538,354
Pace (Pakistan) Limited	**7,600,000**	**25,764,000**	**11,248,000**	7,600,000	52,896,000	25,764,000
Other investments						
Arif Habib Limited	**120**	**6,100**	**3,796**	100	8,041	6,100
World Call Telecom Limited	**917,500**	**1,770,775**	**642,250**	917,500	2,776,255	1,770,775
Pakistan Services Limited	**80**	**80,820**	**81,600**	-	-	-
PICIC Insurance Limited	**32,000**	**70,400**	**36,800**	32,000	112,000	70,400
Pioneer Cement Limited	**11,000**	**515,460**	**249,150**	11,000	1,430,000	515,460
D.G Khan Cement Limited	**-**	**-**	**-**	500	77,383	57,245
Pakistan Telecommunication Limited	**34,000**	**388,960**	**281,180**	34,000	530,740	388,960
Shaheen Insurance Company Limited	**834,000**	**4,253,400**	**3,085,800**	834,000	5,262,540	4,253,400
Total Investment		**46,904,115**	**22,578,257**		87,218,826	46,381,295
Gain / (loss) on remeasurement		**(24,325,858)**			(40,837,531)	
Total Investment as at June 30,		**22,578,257**			46,381,295	

12.2 Shares having carrying amount of Rs. 45,840,496/- (2018: Rs. 86,758,587/-) and market value of Rs. 22,037,629/- (2018: 46,080,674/-) are pledged as security against long term loans.

12.3 During the year capital loss of Rs. 148,080/- has occurred on sale of shares having cost of Rs. 12,887,243/-

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

	Note	June 2019 Rupees	June 2018 Rupees
13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured - considered good			
Executives	13.1	190,871	89,405
Employees	13.1	-	3,105,127
Deposits with			
Others	13.2	2,007,349	-
Prepayments		-	190,000
Exposure with Pakistan Stock Exchange Limited	13.3	4,843,935	6,130,454
Accrued brokerage commission		-	124,801
Accrued rental income		-	403,000
Other receivables - considered good	13.4	335,513,828	3,306,830
		342,555,983	13,349,617

13.1 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 (2018 : NIL).

13.2 This includes security deposit amounting Rs. 1,650,000/- (2018: Nil) and Rs. 100,000 (2018: Nil) with the National Clearing Company of Pakistan Limited and Central Depository Authority respectively.

13.3 This includes exposure deposit with the National Clearing Company of Pakistan Limited under the exposure rules. This includes Rs. 4,300,000/ (2018: Rs. 2,500,000/-) deposited with PSX against requirement of Base Minimum Capital.

13.4 This includes receivable against sale of investment property amounting Rs. 332.27 Million (2018: Rs. Nil) from Worldcall Mobile (Pvt.) Limited against sale of property. Company retains title of the property transferred as collateral against receivable balance.

	Note	June 2019 Rupees	June 2018 Rupees
14 ADVANCE TAX			
Advance tax		6,573,180	5,308,401
		6,573,180	5,308,401
15 CASH AND BANK BALANCES			
Cash at bank			
Current accounts	15.1	3,240,088	44,563,115
Deposit accounts	15.2	202,855	61,981,988
		3,442,943	106,545,103
Cash in hand		-	78,381
		3,442,943	106,623,484

15.1 Current accounts include clients' balances held in designated bank accounts of Rs. 3,238,771/- (2018: Rs. 44,026,618/-)

15.2 These carry profit at rates ranging from upto 7% per annum (2018: upto 4% per annum).

16 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

June 2019 Number of shares	June 2018 Number of shares		June 2019 Rupees	June 2018 Rupees
		Shares issued against cash consideration		
73,316,250	73,316,250	Shares of Rs. 10/- each fully paid	733,162,500	733,162,500
-	-	**Shares issued against consideration other than cash**	-	-
68,019,250	68,019,250	Bonus shares of Rs. 10/- each fully paid	680,192,500	680,192,500
141,335,500	141,335,500		1,413,355,000	1,413,355,000

16.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 103,494,200 (73.23%) ordinary shares (2018: 103,494,200 (73.23 %)) of the Company.

	Note	June 2019 Rupees	June 2018 Rupees
17 LONG TERM FINANCING			
Long term financing - Secured - Other than related parties			
Loans from banking companies	17.1	978,794,338	1,107,686,013
Deferred notional income	17.3	(2,067,417)	(42,695,331)
		976,726,921	1,064,990,682
Less: Current portion shown under current liability		(823,708,669)	(5,459,282)
Long term portion		153,018,252	1,059,531,400

17.1 This includes agreements with different commercial banks with an original mark up rates of 8% and 3 months kibor plus 1.5% to 4 % p.a (2018: 8% and 3 months kibor 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.

17.2 During the year the company settled loan of MCB Bank Limited and Soneri Bank Limited amounting Rs. 123.4 Million and Rs. 5.4 Million respectively. The interest accrued on MCB Bank Limited amounting Rs. 62.5 Million is waived off as per the restructuring agreement.

17.3 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% (2018: upto 8.05 - 12.29%) per annum based on the original loan agreements.. Movement is as follows:

	June 2019 Rupees	June 2018 Rupees
Deferred notional income		
As at beginning of the year	**42,695,331**	26,011,163
Occurred during the year	**-**	27,399,232
Amortized during the year	**(40,627,914)**	(10,715,064)
As at end of the year	**2,067,417**	42,695,331

18 DEFERRED LIABILITIES

		June 2019 Rupees	June 2018 Rupees
Provision for Gratuity	**18.1**	**3,500,000**	38,506,461

18.1 During the year all the employees were resigned or terminated only one employee was eligible for gratuity at year end so no actuarial valuation was carried out. Liability against gratuity is recorded at the amount accrued till year end as the effect of present value is not significant.

	2019 Rupees	2018 Rupees
Statement of financial position		
Present value of defined benefits obligations	3,500,000	37,609,800
plus payables	-	896,661
Balance sheet liability/(asset)	**3,500,000**	38,506,461

	2019 Rupees	2018 Rupees
Change in present value of defined benefits obligations		
Present value of defined benefits obligation	**38,506,461**	34,881,310
Current service cost	**3,757,038**	3,906,336
Past service cost (credit)	**-**	-
Interest cost on defined benefits obligation	**-**	3,220,329
Benefits due but not paid (payables)	**(27,495,412)**	(94,794)
Benefits paid	**(11,268,087)**	(39,096)
Gain and losses arising on plan settlements	**-**	-
Re-measurements:		
Actuarial (gains)/losses from changes in demographic assumption	**-**	-
Actuarial (gains)/losses from changes in financial assumptions	**-**	57,509
Experience adjustments	**-**	(4,321,794)
Present value of defined benefits obligation	**3,500,000**	37,609,800

	June 2019 Rupees	June 2018 Rupees
Expenses to be charged to P&L		
Current service cost	**3,757,038**	3,906,336
Past service cost (credit)	**-**	-
Gain and losses arising on plan settlements	**-**	-
Interest cost on defined benefits obligation	**-**	3,220,329
Expenses chargeable to P&L	**3,757,038**	7,126,665
Total re-measurements chargeable in other comprehensive income		
Remeasurement of plan obligation:		
Actuarial (gains)/losses from changes in demographic assumption	**-**	-
Actuarial (gains)/losses from changes in financial assumptions	**-**	57,509
Experience adjustments	**-**	(4,321,794)
	-	(4,264,285)
Change in net liability		
Balance sheet liability/(asset)	**38,506,461**	36,208,177
Expenses chargeable to P&L	**3,757,038**	7,126,665
Re-measurements chargeable in other comprehensive income	**-**	(4,264,285)
Benefits paid/payable	**(38,763,499)**	(564,096)
Adjustment to last years payables	**-**	-
Balance sheet liability/(asset)	**3,500,000**	38,506,461
Significant actuarial assumptions		
Discount rate for interest cost in P&L charge	**-**	9%
Discount rate for year end obligation	**-**	10%
Salary increase used for year end obligation	**-**	
Salary increase FY 2018	**-**	9%
Salary increase FY 2019	**-**	9%
Salary increase FY 2020	**-**	9%
Salary increase FY 2021 onward	**-**	9%
Salary increase FY 2022	**-**	9%
Salary increase FY 2023 onward	**-**	9%
Next salary is increased at	**-**	July 01, 2018
Mortality rates	**-**	SLIC 2001-2005
	-	Setback 1 year
Withdrawal rates	**-**	Age-Based
	-	(per appendix)
Retirement assumption	**-**	Age 60

	Note	June 2019 Rupees	June 2018 Rupees
19 TRADE AND OTHER PAYABLES			
Payable against sale of shares - un secured			
Clients		**3,202,168**	43,791,173
Accrued and other liabilities	**19.1**	**53,602,143**	43,954,163
Withholding tax payable		**8,359,933**	9,441,717
		65,164,244	97,187,054

19.1 This includes balance payable to associated company Falcon Commodities Private Limited for expenses sharing Rs. 3,257,382/- (June 2018: Rs. 3,316,132/-) and Media Times Limited against advertisement expense Rs. 196,300 (2018: Rs. Nil).

	Note	June 2019 Rupees	June 2018 Rupees
20 REALISED GAIN/(LOSS) ON SALE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Gain/(Loss) on sale of short term investment	**12.3**	**(148,080)**	(1,146,619)
Gain/(Loss) on sale of long term investment	**9.2**	**(328,525)**	5,876,625
		(476,605)	4,730,006
21 UNREALISED GAIN/(LOSS) ON REMEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Gain/(Loss) on sale of short term investment	**12.1**	**(24,325,858)**	(40,837,531)
Gain/(Loss) on sale of long term investment	**9.2**	**(12,699,762)**	-
		(37,025,620)	(40,837,531)

	Note	June 2019 Rupees	June 2018 Rupees
22 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		**26,801,405**	61,402,249
Provision for gratuity		**3,757,038**	7,126,666
Stock Exchange and settlement charges		**2,897,655**	4,509,627
Rent, rates and taxes		**2,720,457**	2,149,333
Communication		**2,265,309**	3,968,723
Utilities		**2,910,471**	4,003,401
Insurance		**227,601**	504,397
Printing and stationery		**394,872**	646,546
Traveling and conveyance		**262,075**	1,015,275
Repair and maintenance		**2,039,521**	4,579,195
Postage and courier		**618,437**	683,910
Newspaper and periodicals		**61,818**	91,213
Entertainment		**896,315**	1,768,074
Legal and professional		**934,239**	4,065,354
Deposits written off directly		**1,881,375**	456,145
Provision / Bad Debts written off directly		**25,991,316**	169,000,000
Advertisement		**260,000**	128,000
Auditors' remuneration	**22.1**	**1,140,000**	1,040,000
Depreciation	**6.1**	**988,871**	3,760,580
Fee and subscription		**1,716,931**	3,273,976
CDC and stamps charges		**142,483**	2,908,152
Impairment expense	**22.2**	**2,500,000**	2,500,000
Other expenses		**1,851,386**	4,238,731
		83,259,575	283,819,547
Related to discontinued operations		**76,754,808**	273,854,904
Related to continuing operations		**6,504,767**	9,964,643
22.1 ***Auditors' remuneration***			
Statutory audit		**625,000**	625,000
Half year review		**220,000**	215,000
Certifications		**295,000**	200,000
		1,140,000	1,040,000

22.2 Impairment during the year is charged due to classification of intangible assets as held for sale as per note 7.

	Note	June 2019 Rupees	June 2018 Rupees
23 FINANCE COST			
Loan settlement cost		**-**	6,862,140
Mark up amortized	**17.3**	**40,627,914**	10,715,064
Bank charges		**245,953**	349,730
		40,873,867	17,926,934

	Note	June 2019 Rupees	June 2018 Rupees
24 OTHER INCOME			
Income from financial assets			
Return on deposit accounts		**643,299**	715,911
Income from assets other than financial assets			
Gain on sale of property and equipment		**8,940,827**	40,444,878
(Loss) / Gain on sale of intangibles		**-**	5,375,000
(Loss) / Gain on Sale of Investment Property		**-**	(9,593,266)
Unrealized (Loss)/gain on re-measurement of investment Property		**618,000**	(148,501,186)
Accrued interest written back		**62,507,396**	423,264,921
Gain on Remeasurement of financial liability at amortized cost		**-**	27,399,232
Miscellaneous income		**2,534,764**	2,979,816
		74,600,987	341,369,395
		75,244,286	**342,085,306**

25 TAXATION

	Note	June 2019 Rupees	June 2018 Rupees
Current year			
-Alternate Corporate Tax	25.1	-	-
-Final Tax		289,968	8,375,251
		289,968	8,375,251
Prior year		-	(14,236,797)
		289,968	(5,861,546)
Related to discontinued operations		**251,925**	7,938,151
Related to continuing operations		**38,043**	(13,799,697)

25.1 During the year the Company's revenue subject to minimum tax under section 113 of the Income Tax Ordinance, 2001. Since the Company is liable to pay minimum tax under section 113 and final tax on dividend income under section 150 of the Income Tax Ordinance 2001, therefore, no numerical tax reconciliation is produced.

25.2 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 2019 Rupees	June 2018 Rupees
Deductible temporary differences		**200,471,846**	207,229,860
Tax losses		**1,559,841,428**	865,908,349
Unrecognized deferred tax asset		**510,490,849**	321,941,463

26 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

	June 2019	June 2018
Profit/(Loss) after taxation from continuing operations	**(9,420,996)**	244,616,302
Profit/(Loss) after taxation from discontinued operations	**(56,852,723)**	(239,500,605)
Number of ordinary shares	**141,335,500**	141,335,500
Earning /(loss) per share from continuing operations- Rupees per share	**(0.07)**	**1.73**
Earning /(loss) per share from discontinued operations- Rupees per share	**(0.40)**	**(1.69)**
Earning /(loss) per share - Basic and Diluted - Rupees per share	(0.47)	0.04

26.1 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.

27 DISCONTINUED OPERATIONS

During the year the management of the Company decided to surrender its TREC with Pakistan Stock Exchange and to discontinue stock broker operations due to continuous loss and declining market. The broker operation was not previously classified as a discontinued operation. The comparative statement of profit or loss has been restated to show the discontinued operation separately from continuing operations. Results of discontinued operations are as follows:

	June 2019 Rupees	June 2018 Rupees
Brokerage commission		
Brokerage income - gross	**24,020,666**	50,473,359
Less:		
Sales tax	**(3,009,383)**	(6,099,228)
Capital value tax	**(857,273)**	(2,081,681)
Brokerage income - net	**20,154,010**	42,292,450
Operating expenses	**(76,754,808)**	**(273,854,904)**
Taxation	**(251,925)**	**(7,938,151)**
Profit/(Loss) after taxation from discontinued operations	**(56,852,723)**	(239,500,605)

27.1 Cash flows from/(used in) discontinued operations

	June 2019 Rupees	June 2018 Rupees
Net cash used in operating activities	**(72,837,843)**	988,353,308
Net cash from investing activities	**-**	-
Net cash flow for the year	**(72,837,843)**	988,353,308

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 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.

28.1.2 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.

28.1.3 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 Trail 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 Trail 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.

28.1.4 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.

28.1.5 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.

28.1.6 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.

28.1.7 During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Securities Corporation Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the recovery of Rs. 105.78 from the Company against reverse repo purchase transaction and insurance premium or cummulative recovery of Rs. 188.74 Million from First Capital Securities Corporation Limited. The case is pending before the honorable court of Mr. Imran Khan, Civil Judge Lahore. The legal counsel is confident of success of the case in company's favor.

28.1.8 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.

28.1.9 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.

28.1.10 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.

28.1.11 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 counsellor 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 counsellor opinion management decided not to record any provision as value of provision is not certain.

28.1.12 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.

28.2 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
Commitments in respect of:		
Sale of shares	-	-
Purchase of shares	-	-
Sale of property to Soneri Bank Limited	-	-

29 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 32 are as follows:

	Basis of relationship	Nature of transaction	2019 Rupees	2018 Rupees
First Capital Securities Corporation Limited	Parent (73.23% shareholding)	Brokerage Income	11,715	112,560
		Reciept of outstanding balance	-	890,400
Pace Pakistan Limited	Associated undertaking (2.73% shareholding)	Purchase of Investment Property	-	378,000,000
		Brokerage income	-	4,741
Media Times Limited	Associated undertaking (3.39% shareholding)	Advertisement expense	196,300	-
First Capital Mutual Fund	Associated undertaking (0.016% shareholding)	Brokerage Income	14,525	42,980
Falcon Commodities (Pvt.) Limited	Associated undertaking	Adjustment against outstanding balance	58,750	-
Mr. Azhar Ahmed Batla	Director	Brokerage Income	41,657	-

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

30 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.

30.1 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.

30.1.1 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:

	2019 Rupees	2018 Rupees
Long term deposits and advances	**-**	1,524,000
Trade debts - unsecured	**252,741,664**	275,614,836
Advances, deposits and other receivables	**342,555,983**	13,159,617
Interest accrued	**32,296**	75,648
Bank balance	**3,442,943**	106,545,103
	598,772,886	396,919,205

The credit quality of financial assets with Banking Companies can be assessed by reference to external credit rating as follows and so no impairment is charged against same:

	Rating Short Term	Rating Long Term	Rating Agency	2019 Rupees	2018 Rupees
Askari Bank Limited	A-	AA+	PACRA	**350**	38,306
Bank Alfalah Limited	A-	AA+	JCR - VIS	**66,187**	516,719
Bank Al Habib Limited	A-	AA+	PACRA	**6,610**	6,610
Bank Islami Limited	A-	A+	JCR - VIS	**-**	1,560
Faysal Bank Limited	A-	AA	PACRA	**3,806**	3,806
Habib Metropolitan Bank Limited	A-	AA+	PACRA	**29,831**	29,832
MCB Bank Limited	A-	AAA	PACRA	**3,283,062**	65,905,564
Dubai Islamic Bank	A-	AA	JCR - VIS	**33,847**	40,023,200
MCB Islamic Bank Limited	A-1	A	PACRA	**18,283**	17,863
United Bank Limited	A -	AAA	JCR - VIS	**-**	1,643
Silk Bank Limited	A -	A-	JCR - VIS	**967**	-
				3,442,943	106,545,103

30.1.2 The age of trade debts at the reporting date was:

Other clients

	2019 Rupees	2018 Rupees
Neither past due nor impaired 1 - 30 days	**-**	9,384,911
Past due 30 - 90 days	**126,023**	2,254,579
Past due 90 - 180 days	**3,509,295**	741,462
Past due 180 - 365 days	**8,520,562**	1,037,922
More than 1 year	**240,585,784**	262,195,962
	252,741,664	275,614,836

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 and recievable agaisnt sale of investment property. Recievable from sale of investment property is secured against property sold.

30.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. During the year Company came under severe liquidity presure as mentioned in note 2.

The following are the contractual maturities of financial liabilities as on June 30, 2019.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	**153,018,252**	-	-	153,018,252	-
Trade & other payables - Unsecured	**65,164,244**	65,164,244	-	-	-
Short term borrowings	**823,708,669**	-	823,708,669	-	-
Interest accrued	**82,292,865**	-	-	82,292,865	-
	1,124,184,030	**65,164,244**	**823,708,669**	**235,311,117**	**-**

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	**1,059,531,400**	-	-	1,059,531,400	-
Trade & other payables - Unsecured	**97,187,053**	97,187,053	-	-	-
Short term borrowings	**5,459,282**	5,459,282	-	-	-
Interest accrued	**144,800,249**	-	-	144,800,249	-
	1,306,977,984	**102,646,335**	**-**	**1,204,331,649**	**-**

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.

30.3.1 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 28.1.10. 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 (2018 : 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.

30.3.3 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:

	2019		2018	
	Effective interest rate	Carrying value	Effective interest rate	Carrying value
		Rupees		Rupees
Financial assets				
Bank Balances	up to 7%	202,855	upto 4%	61,981,988
Financial liabilities				
Long term financing	upto 12.29%	978,794,338	upto 12.29%	1,107,686,013

30.3.4 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 equity securities amounting to Rs. 41.73 Million (2018 : Rs. 80.04 Million) 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. 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.

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.

	2019				
	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"
Investments					
Long term investments	19,155,471	+10%	21,071,018	1,915,547	1,915,547
		-10%	17,239,924	(1,915,547)	(1,915,547)
Short term investments	22,578,257	+10%	24,836,083	2,257,826	2,257,826
		-10%	20,320,431	(2,257,826)	(2,257,826)

Investments	2018 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	Rupees	Rupees	Rupees	Rupees
Long term investments	33,662,358	+10%	37,028,594	3,366,236	3,366,236
		-10%	30,296,122	(3,366,236)	(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)

30.3.5 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 5.16.

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

	2019 Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Fair Value through Profit and Loss"	19,155,471.00	-	-	19,155,471.00
Short term investments classified as "Fair Value through Profit and Loss"	22,578,257.00	-	-	22,578,257.00

	2018 Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Fair Value through Profit and Loss"	33,662,358	-	-	33,662,358
Short term investments classified as "Fair Value through Profit and Loss"	46,381,295	-	-	46,381,295

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.

30.4 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. Capital comprises of share capital net of accumulated losses.

30.5 Financial instruments by category

	30 June 2019 Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
	Rupees			
Long term investments	-	19,155,471	-	**19,155,471**
Trade debts	252,741,664	-	-	**252,741,664**
Short term investments	-	22,578,257	-	**22,578,257**
Advances, deposits, prepayments and other receivables	342,555,983	-	-	**342,555,983**
Interest accrued	32,296	-	-	**32,296**
Cash and bank balances	3,442,943	-	-	**3,442,943**
	598,772,886	**41,733,728**	**-**	**640,506,614**

	30 June 2019 Liabilities at fair value through profit or loss	Amortized cost	Total
Long term and short term financing	-	976,726,921	**976,726,921**
Interest Accrued	-	82,292,865	**82,292,865**
Trade and other payables	-	65,164,244	**65,164,244**
	-	**1,124,184,030**	**1,124,184,030**

	30 June 2018			
	Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	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 and other receivables	13,349,617	-	-	13,159,617
Interest accrued	75,648	-	-	75,648
Cash and bank balances	106,623,484	-	-	106,623,484
	397,187,585	80,043,653	-	477,041,238

	30 June 2018		
	Liabilities at fair value through profit or loss	Amortized cost	Total
Long term and short term financing	-	1,064,990,682	1,064,990,682
Interest Accrued	-	144,800,249	144,800,249
Trade & other payables - Unsecured	-	97,187,053	97,187,053
	-	1,306,977,984	1,306,977,984

31 CORRESPONDING FIGURES

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

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2019	2018	2019	2018	2019	2018
Total Number	1	1	3	2	2	8
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	230,000	2,760,000	1,812,893	4,711,398	2,386,667	10,992,256
House Rent	92,000	1,104,000	725,157	1,884,559	954,667	4,396,903
Medical Expenses Reimbursed	259,757	288,914	-	-	-	
Provision for gratuity	-	345,000	245,000	290,000	360,000	1,145,000
Utilities	23,000	276,000	181,289	471,140	238,667	1,099,226
Commission	-	-	-	-	-	186,688
	604,757	4,773,914	2,964,339	7,357,097	3,940,001	17,820,073

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

32.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2018: Nil).

32.3 Total number of employees are 1 as on June 30, 2019 (June 2018 : 66) and average employees during the year were 45 (June 2018 : 66).

33 SUBSEQUENT EVENTS

On September 28, 2019 Extra Odinary General Meeting of the Company was held in which members passed the special resolution to change Principal activity of Company form brokerage Company to real estate Company.

34 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on ______________

35 GENERAL

Figures have been rounded off to the nearest rupee.

Director | Chief Executive | Chief Financial Officer