

# FIRST CAPITAL EQUITIES LIMITED

Annual Report 2022



[www.firstcapital.com.pk](http://www.firstcapital.com.pk)

## MISSION

Our mission is to strive to become the *Leading Brokerage and its Related Business Company and Best Employer* in each market that we operate. We will adhere to the following principles and provide execution to direct our future. We shall experience growth through building quality relationships, knowledge, service and innovation.

### *Dedicated to Make it Happen*

<b>CLIENTS:</b>	We will offer every Client: Fast & Friendly Service, Commitment, Cleanliness, Dedication, Excellence, & Trust.
<b>ASSOCIATES:</b>	We will offer every associate: Development, Loyalty, Opportunities, Open-Door, Teamwork, Training, & Benefits.
<b>IMAGE:</b>	We will operate every facility: Professionally, Helpful, Positive, Bright, Clean, & Consistent.
<b>COMMUNITY:</b>	We will offer every community: Involvement, Support, Stability, Respect, Assistance & Environmental Awareness.
<b>STANDARDS:</b>	We will operate our business: Ethically, Competitively, Safely, Innovative, with High Expectations, & Quality Products.

## VISION

Our Vision is linked with our Mission to be the *Leading Brokerage and its Related Business Company and Best Employer* in each market we operate. Our Vision will guide and direct us towards our mission, and communicates what we believe in as an operations group.

### *We Believe In*

- Obligation to serve the Shareholders' Interest
- Providing Clients with Consistent Outstanding Services
- Showing and encouraging Teamwork
- Maintaining and developing high standards of Image
- Treating people with Respect
- Creating and developing a Positive Environment
- Building a Reputation For Success
- Providing services with the Highest Quality
- Operating with the highest Integrity & Honesty
- Exploring and encouraging New & Innovative Ideas
- Providing positive Recognition & Reinforcement
- Becoming a dependant fiber in every Community
- Continue to focus our associates with Development & Training
- Building and consistently growing overall Revenues
- Provide every Client with a Pleasant Experience
- Stay focused on our business by Listening Intently

***FIRST CAPITAL EQUITIES LIMITED***  
***FINANCIAL STATEMENTS AS AT JUNE 30,2022***

- ✓ *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**  
**COMPANY INFORMATION**

Board of Directors	Mian Ehsan Ul Haq, (Chief Executive) Waseem ul Hasan Azhar Ahmad Batla Malik Safeer Raza Awan (Chairman) Muhammad Ahmad Saroya Shabana Atta Asad Yar Khan	Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent Independent
Chief Financial Officer	Waseem Ul Hassan	
Audit Committee	Asad Yar Khan (Chairman) Muhammad Ahmad Saroya Malik Safeer Raza Awan	
Human Resource and Remuneration (HR&R) Committee	Asad Yar Khan (Chairman) Mian Ehsan Ul Haq Muhammad Ahmad Saroya	
Company Secretary	Shahzad Jawahar	
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants	
Legal Advisers	M/s. Ibrahim and Ibrahim Barristers and Corporate Consultants Lahore	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Bank Islami Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited MIB Bank Limited Soneri Bank Limited Silk Bank Limited United Bank Limited	
Registered Office	First Capital House 96-B/1, Lower Ground Floor M.M. Alam Road, Gulberg-III Lahore, Pakistan Tele: + 92-42-35778217-18	
Main Corporate Office	4 <sup>th</sup> Floor, Block B,C & D Lakson Square Building No. 1 Sarwar Shaheen Road, Karachi Tele: + 92-21-111 226 226 Fax: +92-21-5656710	
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K Commercial Model Town, Lahore Tele: + 92-42-5839182	



First  
Capital  
Equities  
Limited

REGISTERED OFFICE:  
**FIRST CAPITAL HOUSE**  
96-B/1, Lower Ground Floor,  
M.M. Alam Road, Gulberg-III, Lahore.  
Tel: +92-42-35778217-8

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 27<sup>th</sup> Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company" or "FCEL") will be held on Friday, 28 October 2022 at 10:00 a.m. at Company's Registered Office, First Capital House, 96-B-1, M.M. Alam Road, Gulberg-III, Lahore to transact the following business:

#### **Ordinary business**

1. To confirm the minutes of last Annual General Meeting held on 28 October 2021;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2022 together with the Chairman's Review, Directors' and Auditors' reports thereon; and
3. To appoint the Auditors of the Company for the year ending 30 June 2023 and to fix their remuneration

Lahore  
07 October 2022

By order of the Board

**Shahzad Jawahar**  
Company Secretary

#### **Notes:-**

- 1) The Members Register will remain closed from 21 October 2022 to 28 October 2022 (both days inclusive). Transfers received at Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on 20 October, 2022 will be treated in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company not later than 48 hours before the time for holding the meeting.
- 3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Company's Registered Office, First Capital House, 96-B/1, M.M. Alam Road, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.
- 4) Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting.

The demand for video-link facility shall be received by the Share Registrar of the Company or directly to the Company at the email address given herein blow at least 7 (seven) days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: [www.pacepakistan.com](http://www.pacepakistan.com)

Further, Securities & Exchange Commission of Pakistan vide its Circular No.5 dated March 17, 2020, has directed the listed companies to modify their usual planning for Annual General Meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID -19 situation.

Accordingly, the shareholders of the Company can opt to attend the meeting through Video/Webex/Zoom. The shareholders whose names appear in the Books of the Company by the close of business on 20 October 2022 and who are interested to attend AGM through online platform are hereby requested to get themselves, registered with the Company Secretary Office by providing the following details at least 7 (seven) days prior before the meeting;

Email; [jawahar@pacepakistan.com](mailto:jawahar@pacepakistan.com), [asattar@pacepakistan.com](mailto:asattar@pacepakistan.com),  
WhatsApp Number 0302-8440935, 0301-8449940

Please mention your Name, CNIC No, Folio / CDC A/C No & Number of shares for your identification.

Upon receipt of the above information from interested shareholders, the Company will send the login details / password at their email addresses. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The members can also send their comments/suggestions related to the agenda items of the meeting on the above mentioned email and Whats App number .The login facility will be opened 10 minutes before the meeting time to enable the participants to join the meeting.

- 5) Address of Independent Share Registrar of the Company: Name : **Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, (042) 35839182**
- 6) The Notice of Annual General Meeting has been placed on the Company's website: [www.pacepakistan.com](http://www.pacepakistan.com)
- 7)
  - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.
  - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
- 8) Members are requested to notify any change in their registered address immediately;

## فرسٹ کیپٹل ایکویٹیز لمیٹڈ

### نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ فرسٹ کیپٹل ایکویٹیز لمیٹڈ (”کمپنی“ یا ”FCEL“) کے شیئر ہولڈرز کا ستائیسواں (27واں) سالانہ اجلاس عام مورخہ 28 اکتوبر 2022ء بروز جمعہ صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس واقع فرسٹ کیپٹل ہاؤس، 1-B-96، ایم ایم عالم روڈ، گلبرگ-III، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

### عمومی امور

1. 28 اکتوبر 2021ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
2. 30 جون 2022ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ چیئرمین کے تجزیہ، ڈائریکٹرز اور آڈیٹرز رپورٹ کو وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
3. 30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہیرہ طے کرنا۔

بحکم بورڈ

شہزاد جواہر

کمپنی سیکریٹری

لاہور

05 اکتوبر 2022ء

### مندرجات:

- (1) اراکین کا رجسٹر 21 اکتوبر 2022ء تا 28 اکتوبر 2022ء (بشمول دونوں ایام) بند رہے گا۔ 20 اکتوبر 2022ء کو کاروبار بند ہونے تک کمپنی کے رجسٹرار کارپ لنک (پرائیویٹ) لمیٹڈ، 1-K- کمرشل ماڈل ٹاؤن لاہور اور کمپنی شیئر ٹرانسفر آفس کو موصول ٹرانسفرز کو سالانہ اجلاس عام کے لئے بروقت وصولی شمار کیا جائے گا۔
- (2) اجلاس میں شرکت اور رائے شماری کرنے کا اہل رکن اپنی جگہ اجلاس میں شرکت اور رائے شماری کرنے کے لئے کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے۔ کارآمد کرنے کی غرض سے پراکسیز اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس کو موصول ہو جانی چاہئیں۔
- (3) کارآمد کرنے کی غرض سے پراکسی کا دستاویز اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت یہ دستخط شدہ ہو یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل کمپنی کے رجسٹرڈ آفس واقع فرسٹ کیپٹل ہاؤس، 1-B-96، ایم ایم

(4) عالم روڈ، گلبرگ III، لاہور کو اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئے۔  
کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں دوسرے شہر میں مقیم کم از کم 10 فی صد ٹوٹل ادا شدہ سرمایہ حصص کے حامل شیئر ہولڈرز ویڈیولنک کے ذریعے اجلاس میں شرکت کی سہولت حاصل کرنے کی درخواست دے سکتے ہیں۔  
ویڈیولنک سہولت کی درخواست اجلاس کے انعقاد سے کم از کم 7 (سات) یوم قبل کمپنی کے شیئر رجسٹرار یا بذریعہ مندرجہ ذیل ای میل ایڈریس کمپنی کو براہ راست اسٹینڈرڈ فارم پر دی جائے۔ یہ اسٹینڈرڈ فارم کمپنی کی ویب سائٹ [www.pacepakistan.com](http://www.pacepakistan.com) سے ڈاؤن لوڈ کیا جاسکتا ہے۔

مزید برآں، مورخہ 17 مارچ 2020ء کے مراسلہ نمبر 5 کے تحت سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے لسٹڈ کمپنیوں کو COVID-19 وبا کے باعث پیدا ہونے والے خطرات سے حصص داران کو محفوظ رکھنے کے لئے اپنے سالانہ اجلاس عام کے معمول میں تبدیلی کی ہدایات جاری کی ہیں۔

اسی طرح سے کمپنی کے حصص داران ویڈیو/ویب ایکس/زوم کے ذریعے اجلاس میں شرکت کرنے کا انتخاب کر سکتے ہیں۔ ایسے حصص داران جن کے نام 20 اکتوبر 2022ء کو کاروباری اوقات کا ختم ہونے تک کمپنی کی کتابوں میں ظاہر ہوتے ہیں اور وہ آن لائن پلیٹ فارم کے ذریعے AGM میں شرکت کے خواہش مند ہیں تو انہیں اجلاس کے انعقاد سے کم از کم 7 (سات) یوم قبل کمپنی سیکریٹری کے دفتر میں اپنا اندراج کرانے کی گزارش کی جاتی ہے۔

ای میل: [asattar@pacepakistan.com](mailto:asattar@pacepakistan.com)؛ [jawahar@pacepakistan.com](mailto:jawahar@pacepakistan.com)

وٹس ایپ نمبر: 0302-8440935؛ 0301-8449940

براہ کرم اپنی شناخت کی غرض سے اپنا نام، CNIC نمبر، فوٹو/ CDC اکاؤنٹ نمبر اور حصص کی تعداد بیان کریں۔  
خواہش مند شیئر ہولڈرز سے مذکورہ بالا معلومات کی وصولی پر کمپنی اُن کے ای میل ایڈریس پر لاگ ان تفصیلات/ پاس ورڈ بھیجے گی۔ AGM کے وقت شیئر ہولڈرز AGM کارروائی میں اپنے سمارٹ فون یا کمپیوٹر ڈیوائس کے ذریعے کسی بھی مناسب مقام سے لاگ ان کر کے شرکت کر سکتے ہیں۔

اراکین اجلاس کے ایجنڈا آئٹمز سے متعلق اپنی رائے/ تجاویز مذکورہ بالا ای میل ایڈریس اور وٹس ایپ نمبر پر بھیج سکتے ہیں۔ لاگ ان کی سہولت اجلاس کے انعقاد سے 30 منٹ قبل کھولی جائے گی تاکہ شرکاء اجلاس میں شمولیت اختیار کر سکیں۔

(5) کمپنی کے خود مختار شیئر رجسٹرار کا پتا: کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور

(042)-35839182

(6) نوٹس برائے سالانہ اجلاس عام کمپنی کی ویب سائٹ [www.pacepakistan.com](http://www.pacepakistan.com) پر شائع کر دیا گیا ہے۔

(7) (a) اجلاس میں شرکت اور رائے شماری کرنے کا اہل CDC کا فرد واحد بنی فیشل مالک اپنی شناخت ثابت کرنے کے لئے شرکت کا آئی ڈی اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمعہ اصلی CNIC یا پاسپورٹ ہمراہ لائے گا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ جس پر nominees کے نمونہ کے دستخط موجود ہوں اجلاس کے انعقاد کے وقت پیش کرنا ہوگا (اگر یہ پہلے فراہم نہ کیا گیا ہو)

(b) پراکسیز کے تقرر کے لئے، CDC کا فرد واحد بنی فیشل مالک مذکور بالا ضروریات کے مطابق پراکسی فارم بمعہ شرکت کا آئی ڈی، اکاؤنٹ/ذیلی اکاؤنٹ نمبر بشمول CNIC یا پاسپورٹ کی مصدقہ نقل جمع کرائے گا۔ دو افراد کی جانب سے ان کے نام، پتا اور CNIC نمبر کے ساتھ پراکسی فارم کی توثیق ہونی چاہئے۔ پراکسی کو اجلاس کے انعقاد کے وقت اپنا اصلی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں نمونہ کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ پراکسی فارم کے ساتھ جمع کرانا ہوگا (اگر یہ پہلے جمع نہ کرایا گیا ہو)۔

(8) اراکین سے گزارش کی جاتی ہے کہ اپنے رجسٹرڈ پتا میں تبدیلی سے متعلق فوراً آگاہ کریں۔

## FIRST CAPITAL EQUITIES LIMITED

### DIRECTOR'S REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Annual Report of 2022 along with the audited financial statements of the Company for the year ended June 30, 2022.

During the preceding year, the Board of the Directors decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange Limited and to change the Principal line of Business of the Company from stock broker to real estate Company. An application for surrender was submitted to PSX however, the company is in process of completing certain formalities to complete the surrendering process.

### COMPANY'S PERFORMANCE

Financial summary of the Company for the year ended June 30, 2022 is given below.

*All Figures are in Million except EPS\**

	FY 22	FY 21
Brokerage income	-	-
Capital (loss) / gain	-	-
Gain / (loss) on re-measurement of investments at fair value through profit or loss	(77.01)	94.57
Other income	0.002	0.03
(Loss) / Profit after taxation from continuing operations	(78.14)	90.88
(Loss) after taxation from discontinued operations	(1.46)	(0.75)
Earnings / (loss) Per Share (EPS) Rs*		
- continuing operations	(0.55)	0.64
- discontinued operations	(0.01)	(0.01)
	(0.56)	0.63

Company reported a loss after taxation from continuing operations of Rs 90.88 million in FY22 as compared to profit of Rs. 90.88 million during the same period last year. During the year discontinuation of operations loss of the Company is recorded at Rs 1.46 million during the period under review as compared to loss of Rs. 0.85 million in previous year. Further, the Un-realized loss on re-measurement of investment is recorded at Rs. 77.01 million.

### COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

The Board of the Directors of the Company in their meeting held on June 28, 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinue its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company.

During the year company earned losses of Rs. 79.60 Million (2021: Profit Rs. 90.13 Million) after recognizing unrealized loss on investments amounting Rs. 77.01 Million (2021: gain Rs. 94.57 Million), moreover the accumulated losses of the company stand at Rs. 1060.51 Million as at June 30, 2022 (2021: 980.91 Million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 495.49 Million (2021: Rs. 441.17 Million).

The management of the Company is continuously in process of negotiating its loan facilities and is hopeful that outstanding loan of UBL will be settled against investment property. 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 significant 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. Resultantly, these

financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

## **FUTURE OUTLOOK**

In order to change the principal line of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company continued its contribution to the society as a socially responsible organization through discharge its obligations towards the peoples who work for it, peoples around its workplace and the society as whole.

## **HUMAN RESOURCE MANAGEMENT**

The management of the Company believes strongly in principles, beliefs and philosophy of the company where employees are treated as family members. The Company is continuously striving to provide corporate and social work environment to its employees as this helps them to work in complete harmony in a healthy and professional way.

## **INTERNAL CONTROLS**

The directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2022.

The board and audit committee regularly review reports of the internal audit function of the company related to the Company's control framework in order to satisfy the internal control requirements. The company's internal Audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

## **IMPACT OF THE COMPANY'S BUSINESS ON THE ENVIRONMENT**

The Company's nature of business is service provider, hence its activities has very less impact on environment. The Company has a policy to minimize the use of paper by encouraging employees, departments and clients to communicate mostly through emails.

## **PAYOUT FOR THE SHAREHOLDERS**

Keeping in view the un appropriated losses of the company, the Board of Directors does not recommend any payout this year.

## **RISK MANAGEMENT**

The Company's principal business activities by their nature engender significant market and credit risks. In addition, the Company is also subject to various other risks including operating risk, legal risk and funding risk. Effective identification, assessment and management of these risks are critical to the success and stability of the Company. As a result comprehensive risk management policies and procedures have been established to identify, control and monitor each of these major risks.

## **COMPANY PERFORMANCE IN PAST YEARS**

Past six years Company performance chart is attached.

## EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2022 was Rs. (0.56) as compared to Rs. 0.63 in the last year.

## EXECUTIVE REMUNERATION

The remuneration to the Chief Executive Officer and Executive at the Company is as follows:

	CHIEF EXECUTIVE		EXECUTIVE DIRECTORS	
	2022	2021	2022	2021
Total Number	1	1	1	1
	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	-	-	-	175,000
House Rent	-	-	-	-
Medical Expenses	-	-	-	-
Reimbursed	-	-	-	-
Provision for gratuity	-	-	-	-
Utilities	-	-	-	-
	-	-	-	-
	-	-	-	175,000

## Code of Corporate Governance

"Listed Companies (Code of Corporate Governance) Regulations" has been implemented. The Company has made the composition of Board and its committees accordingly.

## Composition of Board

The following persons, during the financial year, remained Directors of the Company:

## Composition of Board

The following persons, during the financial year, remained Directors of the Company:

Names	Designation
Mian Ehsan UI Haq	CEO
Malik Safeer Raza Awan	Chairman
Waseem UI Hassan	Director
Asad Yar Khan	Director
Azhar Ahmed Batla	Director
Shabana Atta	Director
Muhammad Ahmad Saroya	Director

**Total number of Directors**

a) Male:	06
b) Female:	01

**Composition:**

Independent Directors	02
Other Non-Executive Directors	03
Executive Directors	02

**Committee of the board****Audit Committee**

Asad Yar Khan (Chairman)  
Muhammad Ahmad Saroya (Member)  
Malik Safeer Raza Awan (Member)

**Human Resource and  
Remuneration (HR&R)  
Committee**

Asad Yar Khan (Chairman)  
Mian Ehsan Ul Haq (Member)  
Mr. Muhammad Ahmad Saroya (Member)

**CHANGE OF REGISTERED OFFICE**

The Registered Office of the Company has been changed to the First Capital House, 96-B/1, Lower Ground Floor, M.M. Alam Road, Gulberg-III, Lahore

**TRADING OF DIRECTORS**

During the financial year no trading in shares of the Company, by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

**AUDITORS**

The present Auditors, Messrs Nasir Javaid Maqsood Imran (Chartered Accountants), have retired and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs Nasir Javaid Maqsood Imran (Chartered Accountants) as the Auditors of the Company for the financial year ending June 30, 2022.

**PATTERN OF SHAREHOLDINGS**

The pattern of shareholding as required under Section 227(2)(f) of the Companies Act 2017 and Listing regulations is enclosed.

**CORPORATE AND FINANCIAL REPORTING FRAMEWORK:**

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The systems of internal controls are sound in design and have been implemented and effectively monitored.
- The key financial data of last Six years is summarized in the report.

- There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.
- The Company is in compliance with the requirement of training programs for Directors

## ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore  
Dated: October 05, 2022



CEO/Director



Director

**THE COMPANIES ACT. 2017**  
**(Section 227(2) (F )**  
**PATTERN OF SHAREHOLDING**

1. CUIIN (Registration Number) **0034157**

2. Name of the Company **FIRST CAPITAL EQUITIES LIMITED.**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2022**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
103	1	100	752
18	101	500	6,990
10	501	1,000	8,167
138	1,001	5,000	538,305
1	10,001	15,000	13,500
2	25,001	30,000	56,725
1	490,001	495,000	492,500
6	640,001	645,000	3,849,795
1	995,001	1,000,000	997,000
1	1,005,001	1,010,000	1,005,395
2	1,095,001	1,100,000	2,199,874
9	1,280,001	1,285,000	11,549,331
1	1,710,001	1,715,000	1,710,250
1	3,995,001	4,000,000	4,000,000
1	4,695,001	4,700,000	4,700,000
1	6,710,001	6,715,000	6,712,716
1	33,300,001	33,305,000	33,304,000
1	70,190,001	70,195,000	70,190,200
<b>298</b>			<b>141,335,500</b>

5	Categories of shareholders	Shares held	Percentage
5.1(a)	<b>Directors, CEO and their Spouse and Minor Children</b>		
	Mian Ehsan Ul Haq	29,620	0.021
	Mr. Azhar Ahmad Batla	500	0.000
	Malik Safeer Raza Awan	2,250	0.002
	Mr. Waseem Ul Hassan	1,080	0.001
	Mr. Muhammad Ahmad Saroya	500	0.000
	Mr. Asad yar Khan	600	0.000
	Miss. Shabana Atta	500	0.000
5.1 (b)	<b>Chief Executive Officer</b>		
	<b>29,620 shares of (Mian Ehsan ul Haq CEO)</b>	-	-
5.1 ©	<b>Directors spouse &amp; minor children</b>	-	-
5.1.1	<b>Executive / Executives' spouse</b>	-	-
5.2	<b>Associated Companies, undertaking and related parties</b>	-	-
a)	First Capital Securities Corporation Limited	103,494,200	73.226
b)	Pace Barka Properties Limited	6,712,716	4.749
c)	Amythest Limited	492,500	0.348
5.3	NIT and ICP	-	-
5.4	Banks, DFIs and NBFIs	-	-
5.5	Insurance	4,700,000	3.325
5.6	Modarabas	-	-
5.6.1	Mutual Funds	1,005,395	0.711
5.7	<b>Share holders holding 10% or more voting intrest</b>		
a)	First Capital Securities Corporation Limited	Refer 5.2 (a) above	
5.8	<b>General Public</b>		
	a) Local	2,249,500	1.592
	b) Foreign Companies/Orginzations/Individual / (repatriable bases)	17,599,000	12.452
5.9	<b>Others</b>		
	a) Joint Stock Companies	5,047,139	3.571
	b) Pension fund Provident Fund etc.	-	-
		<b>141,335,500</b>	<b>100.000</b>

## KEY FINANCIAL DATA FOR LAST 7 YEARS

### FINANCIAL DATA

Rupees in Millions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	(77,011)	94,569	8,358	95.64	348.92	569.39	315.14	131.64	172.74
Expenses	1,131	3,717	12,051.00	124.13	.49.67	274.64	265.52	366.23	462.91
profit/ (loss) before tax	(78,140)	90,877	75,544						
-continuing operation				(9.38)					
-discontinued operations				(56.60)					
profit/(loss) after tax	(78,140)	90,877	75,544	(65.98)	(0.75)	294.75	49.62	(234.61)	(290.55)
-continuing operation				(9.42)					
-discontinued operations				(56.85)					
				(66.27)	5.12	264.00	31.16	(234.23)	292.30
paid up capital	1,413.36	1,413.36	1,413.36	1,413.36	1,413.36	1,413.36	1,413.36	1,413.36	1,413.36
shareholder's equity				345.80	412.07	378.36	75.54	49.57	280.55
liabilities	1,016,203	1,014,619	1,008.014	1,127.97	1,345.49	3,078.34	3,807.01	3,988.89	3,818.42
total assets	1,369,047	1,447,065	1,354.005	1,473.77	1,757.56	3,456.70	3,882.53	4,083.45	4,098.98
investment value at cost				78.76	116.41	97.02	112.45	40.20	52.18
investmentvalue at mkt price				41.73	80.04	146.66	118.73	39.31	40.15
earning/ (loss) per share (Rs.)	(0.56)	0.63	0.03						
-continuing operation	(0.55)	0.64	0.53	(0.07)					
-discontinued operations	(0.01)	(0.01)	(0.56)	(0.40)					
				(0.47)	0.04	1.87	0.22	(1.66)	(2.07)

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**FIRST CAPITAL EQUITIES LIMITED  
FOR THE YEAR ENDED JUNE 30 2022**

The company has complied with the requirements of the Regulations in the following manner:

1.	The total number of directors are seven as per the following:	
a.	Male:	06
b.	Female:	01
2.	The composition of board is as follows:	
(i)	Independent Directors	02
(ii)	Other Non-Executive Directors	04
(iii)	Executive Directors	01
(iv)	Female Directors	01
3.	The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;	
4.	The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.	
5.	The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company	
6.	All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.	
7.	The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.	
8.	The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.	
9.	The Board has arranged Directors' Training program for the following:	
	(Name of Director)	Mian Ehsan Ul Haq Waseem ul Hassan
	(Name of Executive & Designation (if applicable))	N/A
10.	The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.	
11.	CFO and CEO duly endorsed the financial statements before approval of the board.	
12.	The board has formed committees comprising of members given below:	

a.	Audit Committee (Name of members and Chairman)	Asad Yar Khan, (Chairman) Muhammad Ahmad Saroya, (Member) Malik Safeer Raza Awan, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Asad Yar Khan, (Chairman) Mian Ehsan Ul Haq, (Member) Muhammad Ahmad Saroya, (Member)
c.	Nomination Committee (if applicable) (Name of members and Chairman)	N/A
d.	Risk Management Committee (if applicable) (Name of members and Chairman)	N/A
13.	The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.	
14.	The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:	
a	Audit Committee	06
b	HR and Remuneration Committee	01
c	Nomination Committee (if applicable)	N/A
d	Risk Management Committee (if applicable)	N/A
15.	The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company	
16.	The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company	
17.	The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.	
18.	We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and	
19.	Explanation pertaining to the regulations other than 3, 6, 7, 8, 27,32, 33 and 36 is below:  i) As per Regulation 19, at 100% of the Directors should acquire the prescribed certification under a Director Training Program, only 30% of the Directors have completed their training as at June 30, 2022. The company is in process of complying with requirement of Regulation 19 of Listed Companies Code of Corporate Governance Regulations 2019.	

For and on behalf of the Board

**CHIEF EXECUTIVE**

Lahore

05 October 2022

**DIRECTOR**



## **Independent Auditor's report to the members of First Capital Equities Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of First Capital Equities Limited, which comprises the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty relating to Going Concern**

We draw attention to Note 2 in the annexed financial statements, which states that during the year company incurred loss of Rs. 79.6 million (2021: profit of Rs. 90.1 million) after recognizing unrealized loss on investments amounting Rs. 77.01 million (2021: gain Rs. 94.5 million), moreover the accumulated losses of the company stand at Rs. 1,060.5 million as at June 30, 2022 (2021: 980.91 million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 495.4 million (2021: Rs. 441.17 million)

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Opposite to Shaheen Complex, Off. I.I Chundrigar Road.  
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515, Email: khi@njmi.net

Moreover, the Company in order to meet its current obligations requires to generate sufficient profits and cash flows. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

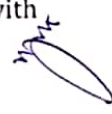
## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit
1.	<p><b>Recoverability of Trade Debts</b></p> <p>As at year end, the Company's gross trade debtors were Rs. 446.8 million against which allowances for doubtful debts amounting to Rs. 271.85 million were recorded for details refer note 11 of the financial statements.</p> <p>We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.</p>	<p>Our audit procedures to assess the valuation of trade debts amongst others included the following:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts;</li> <li>▪ Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Company;</li> <li>▪ Testing the assumptions and estimates made by management for the allowances for doubtful debts; and</li> <li>▪ Evaluating that the allowance for doubtful debt is in accordance with</li> </ul>



the requirements of applicable financial reporting framework.

## **2. Litigations**

There are a number of legal and regulatory matters for which no provision has been established, as disclosed in Note 26 of accompanying financial statements.

The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Also, there is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis. Importantly, the decision to recognize a provision and the basis of measurement are purely judgmental.

We identified litigations as key audit matter because there is a high level of judgement involve in assessing the likelihood of their outcome which effect the level of provisioning and/or disclosures.

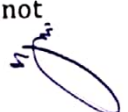
We performed following key audit procedures to address the assessed risk:

- Obtained understanding of the Company's controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee;
- Discussed open matters and developments with the Company's in-house legal counsel and read correspondence with external legal counsels, where relevant;
- Circularized confirmations to relevant third-party legal representatives and follow up discussions, where appropriate, on certain material cases;
- Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessed the appropriateness of the related disclosures made in the accompanying financial statements.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report including, in particular, the Chairman's Review, Director's Report and Financial Highlights, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



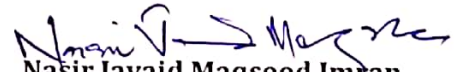
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

**Date: October 5, 2022**

**Place: Islamabad**

**UDIN: AR2022101638UfVsXDaP**

  
**Nasir Javaid Maqsood Imran**  
**Chartered Accountants**



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST CAPITAL  
EQUITIES LIMITED**

**REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of "First Capital Equities Limited" (the Company) for the year ended **June 30, 2022** in accordance with the requirement of regulation 36 of the Regulations.

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight that company has not complied with the provision of regulation 19(1) of the Regulation which require at least 100% of the directors to have Director's training certificates, as disclosed in the note 19 of the statement of compliance.

Date: October 6, 2022

Place: Islamabad

UDIN: CR2022101633rxeTZy0.

  
Nasir Javaid Maqsood Inaran  
Chartered Accountants

## FIRST CAPITAL EQUITIES LIMITED

### DIRECTOR'S REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Annual Report of 2021 along with the audited financial statements of the Company for the year ended June 30, 2022.

The Board of the Directors earlier decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange Limited and to change the Principal line of Business of the Company from stock broker to real estate Company. An application for surrender was submitted to PSX however, the Company is in process of completing certain formalities to complete the surrendering process.

### COMPANY'S PERFORMANCE

Financial summary of the Company for the year ended June 30, 2022 is given below.

*All Figures are in Million except EPS\**

	FY 22	FY 21
Brokerage income	-	-
Capital (loss) / gain	-	-
Gain / (loss) on re-measurement of investments at fair value through profit or loss	(77.01)	94.57
Other income	0.002	0.03
(Loss) / Profit after taxation from continuing operations	(78.14)	90.88
(Loss) after taxation from discontinued operations	(1.46)	(0.75)
Earnings / (loss) Per Share (EPS) Rs*		
- continuing operations	(0.55)	0.64
- discontinued operations	(0.01)	(0.01)
	(0.56)	0.63

The Company reported a loss after taxation from continuing operations of Rs 78.14 million in FY22 as compared to profit of Rs. 90.88 million during the same period last year. During the year discontinuation of operations loss of the Company is recorded at Rs 1.46 million during the period under review as compared to loss of Rs. 0.75 million in previous year. Further, the Un-realized loss on re-measurement of investment is recorded at Rs. 77.01 million.

### COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

The Board of the Directors of the Company earlier in June 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinued its brokerage operation and changed the Principal objective of the Company from stock broker to real estate Company.

During the year the Company earned loss of Rs. 79.60 Million (2021: Profit Rs. 90.13 Million) after recognizing unrealized loss on investments amounting Rs. 77.01 Million (2021: gain Rs. 94.57 Million), moreover the accumulated losses of the company stood at Rs. 1,060.51 Million as at June 30, 2022 (2021: 980.91 Million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 495.49 Million (2021: Rs. 441.17 Million).

The management of the Company is continuously in process of negotiating its loan facilities and is hopeful that outstanding loan of UBL will be settled against investment property. 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 significant 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. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

The Company is reviewing various business plans in Real Estate sector, and once a plan is finalized the Company will restart its operations.

## **FUTURE OUTLOOK**

In order to change the principal line of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company continued its contribution to the society as a socially responsible organization through discharge its obligations towards the peoples who work for it, peoples around its workplace and the society as whole.

## **HUMAN RESOURCE MANAGEMENT**

The management of the Company believes strongly in principles, beliefs and philosophy of the company where employees are treated as family members. The Company is continuously striving to provide corporate and social work environment to its employees as this helps them to work in complete harmony in a healthy and professional way.

## **INTERNAL CONTROLS**

The directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2020.

The board and audit committee regularly review reports of the internal audit function of the company related to the Company's control framework in order to satisfy the internal control requirements. The company's internal Audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

## **IMPACT OF THE COMPANY'S BUSINESS ON THE ENVIRONMENT**

The Company's nature of business is service provider, hence its activities has very less impact on environment. The Company has a policy to minimize the use of paper by encouraging employees, departments and clients to communicate mostly through emails.

## **PAYOUT FOR THE SHAREHOLDERS**

Keeping in view the un appropriated losses of the company, the Board of Directors does not recommend any payout this year.

## **RISK MANAGEMENT**

The Company's principal business activities by their nature engender significant market and credit risks. In addition, the Company is also subject to various other risks including operating risk, legal risk and funding risk.

Effective identification, assessment and management of these risks are critical to the success and stability of the Company. As a result comprehensive risk management policies and procedures have been established to identify, control and monitor each of these major risks.

## COMPANY PERFORMANCE IN PAST YEARS

Past six years Company performance chart is attached.

## EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2020 was Rs. (0.03) as compared to Rs. (0.47) in the last year.

## EXECUTIVE REMUNERATION

The remuneration to the Chief Executive Officer and Executive at the Company is as follows:

	CHIEF EXECUTIVE		EXECUTIVE DIRECTORS	
	2022	2021	2022	2021
	1	1	1	1
	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	Nil	NIL	-	175,000
House Rent	-	-	-	-
Medical Expenses	-	-	-	-
Reimbursed	-	-	-	-
Provision for gratuity	-	-	-	-
Utilities	-	-	-	-
	<b>01</b>	<b>01</b>	<b>Nil</b>	<b>175,000</b>

## Code of Corporate Governance

The Company has implemented Listed Companies (Code of Corporate Governance) Regulations. The Company has made the composition of Board and its committees accordingly.

## Composition of Board

The following persons, during the financial year, remained Directors of the Company:

## Composition of Board

The following persons, during the financial year, remained Directors of the Company:

Names	Designation
Mian Ehsan Ul Haq	CEO
Malik Safeer Raza Awan	Chairman
Waseem Ul Hassan	Director
Asad Yar Khan	Director
Azhar Ahmed Batla	Director
Shabana Atta	Director
Muhammad Ahmad Saroya	Director

**Total number of Directors**

a) Male:	06
b) Female:	01

**Composition:**

Independent Directors	02
Other Non-Executive Directors	05
Executive Directors	-

**Committee of the board****Audit Committee**

Asad Yar Khan (Chairman)  
Muhammad Ahmad Saroya (Member)  
Malik Safeer Raza Awan (Member)

**Human Resource and  
Remuneration (HR&R)  
Committee**

Asad Yar Khan (Chairman)  
Mian Ehsan Ul Haq (Member)  
Muhammad Ahmad Saroya (Member)

**TRADING OF DIRECTORS**

During the financial year no trading in shares of the Company, by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

**AUDITORS**

The present Auditors, Messrs Nasir Javaid Maqsood Imran (Chartered Accountants), have retired and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs Nasir Javaid Maqsood Imran (Chartered Accountants) as the Auditors of the Company for the financial year ending June 30, 2023.

**PATTERN OF SHAREHOLDINGS**

The pattern of shareholding as required under Section 227(2)(f) of the Companies Act 2017 and Listing regulations is enclosed.

**CORPORATE AND FINANCIAL REPORTING FRAMEWORK:**

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The systems of internal controls are sound in design and have been implemented and effectively monitored.
- The key financial data of last Six years is summarized in the report.

- There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.
- The Company is in compliance with the requirement of training programs for Directors

## ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore  
Dated: October 05, 2022



CEO/Director



Director

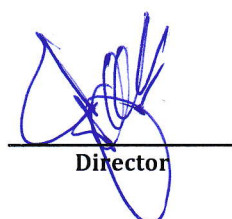
***FIRST CAPITAL EQUITIES LIMITED***  
***FINANCIAL STATEMENTS AS AT JUNE 30,2022***

- ✓ *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*

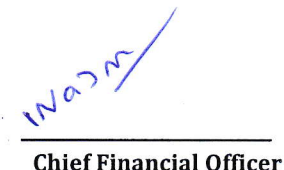
**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	JUNE 2022 Rupees	JUNE 2021 Rupees
<b>NON - CURRENT ASSETS</b>			
Property plant and equipment	6	483,032	874,395
Investment property	8	824,712,000	824,712,000
Long term investments	9	23,137,314	48,032,622
		848,332,346	873,619,017
<b>CURRENT ASSETS</b>			
Stock in trade	10	290,053,500	290,053,500
Trade debts	11	175,037,011	175,602,157
Short term investments	12	44,512,874	96,628,964
Advances, deposits, prepayments and other receivables	13	4,571,849	4,571,849
Advance tax	14	6,287,364	6,287,364
Cash and bank balances	15	252,121	302,160
		520,714,719	573,445,994
<b>ASSETS HELD FOR SALE</b>	7	-	-
<b>TOTAL ASSETS</b>		<u>1,369,047,065</u>	<u>1,447,065,011</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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
Unappropriated loss		(1,060,511,279)	(980,909,325)
<b>TOTAL EQUITY</b>		<u>352,843,721</u>	<u>432,445,675</u>
<b>CURRENT LIABILITIES</b>			
Loan Payable	17	825,776,086	825,776,086
Trade and other payables	18	190,427,258	188,843,250
		1,016,203,344	1,014,619,336
<b>CONTINGENCIES AND COMMITMENTS</b>	26	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,369,047,065</u>	<u>1,447,065,011</u>

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

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

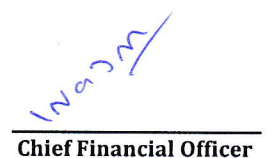
**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	JUNE 2022 Rupees	JUNE 2021 Rupees
<b>CONTINUING OPERATION</b>			
<b>INCOME</b>			
Unrealized gain/(loss) on remeasurement of investments at fair value through profit or loss	19	(77,011,398)	94,569,099
		(77,011,398)	94,569,099
<b>EXPENDITURE</b>			
Operating and administrative expenses	20	1,130,679	3,713,815
Finance cost	21	571	3,659
		1,131,250	3,717,474
<b>OPERATING PROFIT/(LOSS)</b>		(78,142,648)	90,851,625
<b>OTHER INCOME</b>	22	2,104	26,018
<b>NET PROFIT BEFORE TAXATION</b>		(78,140,544)	90,877,643
Taxation	23	-	-
<b>PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS</b>		(78,140,544)	90,877,643
<b>DISCONTINUED OPERATIONS</b>			
<b>LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS</b>	25	(1,461,410)	(747,415)
<b>PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR</b>		(79,601,954)	90,130,228
<b>EARNING/(LOSS) PER SHARE - BASIC AND DILUTED</b>			
- continuing operations	24	(0.55)	0.64
- discontinued operations		(0.01)	(0.01)
		(0.56)	0.63

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

  
 Director

  
 Chief Executive Officer

  
 Chief Financial Officer

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

JUNE	JUNE
2022	2021
Rupees	Rupees

Profit/(Loss) after taxation for the year (79,601,954) 90,130,228

Other comprehensive income / (loss) for the year

Items that will never be reclassified to profit or loss:

Items that are or may be reclassified to profit or loss:


-	-
-	-

Total other comprehensive income - net of tax - -

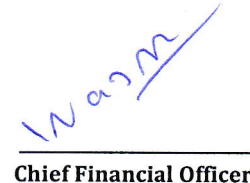
Total comprehensive income/(loss)

(79,601,954)	90,130,228
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The annexed notes from 1 to 33 form an integral part of these financial statements.

  
 Director

  
 Chief Executive Officer

  
 Chief Financial Officer

**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Issued, subscribed and paid up capital	Unappropriated Loss	Total
	Rupees		
Balance as at July 01, 2020	1,413,355,000	(1,071,039,553)	342,315,447
Profit for the year after taxation	-	90,130,228	90,130,228
Other comprehensive income / (loss) for the year	-	-	-
Balance as at June 30, 2021	<u>1,413,355,000</u>	<u>(980,909,325)</u>	<u>432,445,675</u>
Loss for the year after taxation	-	(79,601,954)	(79,601,954)
Other comprehensive income / (loss) for the year	-	-	-
Balance as at June 30, 2022	<u>1,413,355,000</u>	<u>(1,060,511,279)</u>	<u>352,843,721</u>

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

  
 \_\_\_\_\_  
 Director

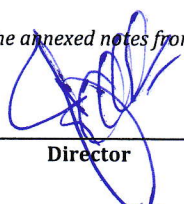
  
 \_\_\_\_\_  
 Chief Executive

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


**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	JUNE 2022 Rupees	JUNE 2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		(79,601,954)	90,130,228
<b>Add: Items not involved in movement of funds and others</b>			
Depreciation		391,363	458,174
Gain on re-measurement of investments at fair value through profit or loss - net		77,011,398	(94,569,099)
Return on deposit accounts		(2,104)	(26,018)
		77,400,657	(94,136,943)
		(2,201,297)	(4,006,715)
<b>Decrease / (Increase) in current assets</b>			
Trade debts - unsecured		565,146	17,008
Advances, deposits, prepayments and other receivables		-	1,006,398
		565,146	1,023,406
<b>Decrease in current liabilities in trade and other payables</b>			
		1,584,008	2,929,230
<b>Cash generated in operations</b>			
		(52,143)	(54,079)
Interest received		2,104	26,018
<b>Net cash (used) / generated in operating activities</b>			
		(50,039)	(28,061)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(50,039)	(28,061)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
		302,160	330,221
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	15	252,121	302,160

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

  
 Director

  
 Chief Executive

  
 Chief Financial Officer

**FIRST CAPITAL EQUITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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% (2021: 73.23%) of the share capital of the Company. The principal activity of the Company is to acquire, construct, develop, sell, rent out and manage shops, apartments, villas and commercial buildings.

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

**Lahore - Registered Office**

96-B/1 Lower Ground Floor  
M.M Alam Road Gulberg III  
Lahore.

**Karachi - Corporate Office**

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

**2 Going concern assumption**

The Board of the Directors of the Company in their meeting held on June 28, 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinue its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company.

During the year company incurred loss of Rs. 79.60 Million (2021: profit of Rs. 90.1 Million) after recognizing unrealized loss on investments amounting Rs. 77.01 Million (2021: Gain of Rs. 94.5 Million), moreover the accumulated losses of the company stand at Rs. 1,060.5 Million as at June 30, 2022 (2021: Rs. 980.91 Million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 495.4 Million (2021: Rs. 441.17 Million).

The management of the Company is continuously in process of negotiating its loan facilities and is hopeful that outstanding loan of UBL will be settled against investment property. 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 significant 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. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue 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

**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	<b>Note 6.1</b>
b)	Impairment	<b>Note 5.3</b>
c)	Provisions and contingencies	<b>Note 5.7</b>
d)	Staff retirement benefits	<b>Note 5.8</b>
e)	Provision for taxation	<b>Note 5.10</b>

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

##### **4.1 Standards, interpretations and amendments to accounting standards that are effective in the current period**

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021.

- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

- Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what 40 Nishat Chunian Power Limited comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 effective for annual reporting periods beginning on or after 1 January 2022 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

## 5 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been

### 5.1 Property plant and equipment

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

## **5.2 Impairment**

### **Financial Assets**

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized 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 amortized 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 recognizes 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

## **5.3 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.

#### **5.4 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.

#### **5.5 Financial instruments**

##### **5.5.1 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 amortized 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.

##### **5.5.2 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 recognized in the statement of profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 recognized in profit or loss.

**Financial assets measured at amortized cost:** These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

### **5.5.3 Non-derivative financial assets**

All non-derivative financial assets are initially recognized 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 derecognizes 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.

### **5.5.4 Trade debts, loans, advances and other receivables**

These are classified at amortized cost and are initially recognized 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.

### **5.5.5 Financial liabilities**

Financial liabilities are initially recognized 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 derecognizes 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 amortized cost using effective interest rate method which is the fair value of consideration to be paid to settle the liability.

### **5.5.6 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs.

Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized 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 capitalized as part of the cost of the relevant asset.

### **5.5.7 Accrued and other liabilities**

Accrued and other liabilities are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized costs, which is the fair value of consideration to be paid to settle the liability.

### **5.5.8 Settlement date accounting**

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

## **5.6 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.

## **5.7 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.

## **5.8 Revenue recognition**

- \* Income from sale of apartments, shops etc is recorded as per IFRS-15.
- \* 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.

## **5.9 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.

## **5.10 Functional and presentation currency**

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

## **5.11 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.

#### **5.12 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.

#### **5.13 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.

#### **5.14 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).

#### **5.15 Discontinued operations**

A discontinued operation is a component of an entity that either has been disposed off or is classified as held for sale, and

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

#### **5.16 Stock in trade**

Shops, apartments and commercial buildings acquired, constructed or in the process of construction for sale are classified as stock-in-trade. Unsold properties are carried at lower of cost and net realizable value. The cost of stock-in-trade includes the cost of freehold land, leasehold land and other related expenditure. Net realizable value represents the estimated selling price of a property in the ordinary course of business less estimated cost of completion and cost necessary to make the sale. If expected net realizable value is lower than the carrying amount, a write down is recognized for the amount by which the carrying amount exceeds its net realizable value.

#### **5.17 Operating Segments**

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The CEO is responsible for the Company's entire product portfolio and considers business as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis. The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

## 6 PROPERTY PLANT AND EQUIPMENT

Note	June	June
	2022	2021
	Rupees	Rupees
6.1	483,032	874,395
	483,032	874,395

### 6.1 Property, plant and equipment schedule

Cost	Computers	Office	Furniture	Vehicles	Total
	Rupees				
Balance as at 1 July 2020	14,440,245	13,839,187	12,751,730	3,252,740	44,283,902
Additions during the year	-	-	-	-	-
Disposals during the year	-	-	-	-	-
Balance as at June 30, 2021	<b>14,440,245</b>	<b>13,839,187</b>	<b>12,751,730</b>	<b>3,252,740</b>	<b>44,283,902</b>
Balance as at 1 July 2021	14,440,245	13,839,187	12,751,730	3,252,740	44,283,902
Additions during the year	-	-	-	-	-
Disposals during the year	-	-	-	-	-
<b>Balance as at June 30, 2022</b>	<b>14,440,245</b>	<b>13,839,187</b>	<b>12,751,730</b>	<b>3,252,740</b>	<b>44,283,902</b>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2020	14,374,914	13,224,751	12,751,429	2,600,239	42,951,333
Charge for the year	65,331	102,543	300	290,000	458,174
Disposals during the year	-	-	-	-	-
Balance as at June 30, 2021	<b>14,440,245</b>	<b>13,327,294</b>	<b>12,751,729</b>	<b>2,890,239</b>	<b>43,409,507</b>
Balance as at 1 July 2021	14,440,245	13,327,294	12,751,729	2,890,239	43,409,507
Charge for the year	-	101,362	1	290,000	<b>391,363</b>
Disposals during the year	-	-	-	-	-
<b>Balance as at June 30, 2022</b>	<b>14,440,245</b>	<b>13,428,656</b>	<b>12,751,730</b>	<b>3,180,239</b>	<b>43,800,870</b>
Balance as at June 30, 2021 (NBV)	-	<b>511,893</b>	<b>1</b>	<b>362,501</b>	<b>874,395</b>
<b>Balance as at June 30, 2022 (NBV)</b>	-	<b>410,531</b>	-	<b>72,501</b>	<b>483,032</b>
Depreciation rate (% per annum)	<b>33.33</b>	<b>10</b>	<b>10</b>	<b>20</b>	

## 7 INTANGIBLE ASSETS

- 7.1 During 2019, 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. Due to non availability of active market carrying value of TREC amounting Rs. 2.5 Million was written down to Rs. Nil during the year ended June 30, 2019.
- 7.2 The Company has no internally generated intangible assets.

## 8 INVESTMENT PROPERTY

	Note	June 2022 Rupees	June 2021 Rupees
Opening balance		824,712,000	824,712,000
Disposal during the year		-	-
		824,712,000	824,712,000
Change in fair value		-	-
Closing balance	8.3	824,712,000	824,712,000

- 8.1 Investment Property comprises various shops / counters in shopping malls situated at Gujranwala and Gujrat. Properties having value of Rs. 824.7 Million (2021: 824.7 Million) are under mortgage by banks against borrowings.

- 8.2 The direct operating expenses related to the investment property were Rs. 35,000/- (2021: Rs. 35,000/-).

- 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, 2022. The valuer determined the fair value of Rs. 824,712,000/- (2021: Rs. 824,712,000/-). The table below analyze the non-financial assets carried at fair value, by valuation method. The different levels have been defined in Note 5.14 & Note 8.4.

### 8.4 Recurring fair value measurements

	Fair value measurements at 30 June 2022 using significant other observable inputs (Level 2) Rupees
Investment properties	824,712,000

	Fair value measurements at 30 June 2021 using significant other observable inputs (Level 2) Rupees
Investment properties	824,712,000

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2022 or 2021.

#### 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		Forced sale value	
		Area Sq. Ft	June 2022 Rupees	Area Sq. Ft	June 2021 Rupees
Various shops, super market and counters	Grand Trunk Road, Pace Gujrat, Gujrat	26912	720,625,500	26912	720,625,500
Various shops	Muza dhola zari, G.T Road, Pace Shopping Mall, Gujranwala	1364	21,615,300	1364	21,615,300
		28276	742,240,800	28276	742,240,800

## 9 LONG TERM INVESTMENTS

### 9.1 Investment in related parties

#### Available for sale

Media Times Limited - quoted shares

9.1.1 #REF! #REF!

### 9.2 Other Investments

#### Available for sale

Pakistan Stock Exchange Limited - quoted shares

9.2.1 #REF! #REF!

#REF! #REF!

### 9.1.1 Movement of Investment in related parties

#### Opening balance on July 01,

6,067,362 (2021: 6,067,362) Fully paid ordinary shares of Rs. 10 each, Equity Held 3.39% (2020 : 3.39%)

Gain/(Loss) on remeasurement of investment through profit or loss

#REF! 8,008,918

#### Closing balance on June 30,

#REF! #REF!

#REF! #REF!

Shares having value of Rs. 12,074,050/- (2021: Rs. 23,905,406/-) have been pledged with various commercial banks against long term financing.

### 9.2.1 Movement of other Investments

	Note	2022	2021	2022	2021
		No. of shares		Rupees	
Opening balance		1,081,453	1,081,453	#REF!	10,706,385
Disposals during the year		-	-	-	#REF!
Closing		1,081,453	1,081,453	#REF!	#REF!
Remeasurement of carrying shares		1,081,453	1,081,453	#REF!	#REF!
Unrealized gain/(loss) charged to P&L				#REF!	#REF!
Unrealized gain/(loss )	Note 9.1.1 & 9.2.1			#REF!	#REF!

- 9.2.2 Shares having value of Rs. 11,060,615 (2021: Rs. 24,121,438/-) are freeze against Base Minimum Capital with Pakistan Stock Exchange.

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

## 10 STOCK IN TRADE

June	June
2022	2021
Rupees	Rupees
290,053,500	290,053,500

Stock in trade

10.1 This represents various shops situated at Pace Gujrat, situated at 'Grand Trunk Road, Gujrat

## 11 TRADE DEBTS

Considered good - unsecured	175,037,011	175,602,157
Considered doubtful	271,851,411	271,851,411
Gross trade debts	446,888,422	447,453,568
Less: Provision for doubtful debts	(271,851,411)	(271,851,411)
	175,037,011	175,602,157

Based on past experience and future expectations the management has charged provision for doubtful debts.

### 11.1 Provision for doubtful debts

	June	June
	2022	2021
	Rupees	Rupees
Opening balance	271,851,411	271,851,411
Charge for the year	-	-
Closing balance	271,851,411	271,851,411

## 12 SHORT TERM INVESTMENTS

At fair value through profit or loss

Quoted equity securities	44,512,874	96,628,964
	44,512,874	96,628,964

### 12.1 Quoted equity securities held for trading

	June 2022			June 2021	
	Number of shares	Carrying Amount	Market value	Carrying Amount	Market value
		Rupees	Rupees	Rupees	Rupees
<b>Investments in related parties</b>					
First Capital Mutual Fund Limited	1,792	14,616	11,327	11,373	14,616
Media Times Limited	8,260,138	32,544,944	16,437,675	10,903,382	32,544,944
Pace (Pakistan) Limited	7,600,000	54,872,000	22,952,000	16,036,000	54,872,000
<b>Other investments</b>					
Arif Habib Limited	120	9,734	5,327	3,904	9,734
World Call Telecom Limited	917,500	3,633,300	1,220,275	798,225	3,633,300
Pakistan Services Limited	80	72,000	123,200	79,200	72,000
PICIC Insurance Limited	32,000	51,840	27,200	22,720	51,840
Pioneer Cement Limited	11,000	1,441,770	663,630	693,440	1,441,770
Pakistan Telecommunication Limited	34,000	402,560	236,640	301,920	402,560
Shaheen Insurance Company Limited	834,000	3,586,200	2,835,600	2,527,020	3,586,200
<b>Total Investment</b>		96,628,964	44,512,874	31,377,184	96,628,964
Gain on remeasurement		(52,116,090)		65,251,780	
<b>Total Investment as at June 30</b>		44,512,874		96,628,964	

12.2 Shares having carrying amount of Rs. 82,483,544/- (2021: Rs. 26,624,222/-) and market value of Rs. 37,354,890/- (2021: 82,483,544/-) are pledged as security against long term loans.

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

	Note	June 2022 Rupees	June 2021 Rupees
<b>13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Deposits with			
Others	13.1	271,849	271,849
Exposure with Pakistan Stock Exchange Limited	13.2	4,300,000	4,300,000
		<u>4,571,849</u>	<u>4,571,849</u>

13.1 This includes security deposit amounting Rs. 100,000 (2021: 100,000) with the Central Depository Company.

13.2 This includes Rs. 4,300,000/ (2021: Rs. 4,300,000/-) deposited with PSX against requirement of Base Minimum Capital.

	Note	June 2022 Rupees	June 2021 Rupees
<b>14 ADVANCE TAX</b>			
Advance tax		6,287,364	6,287,364
		<u>6,287,364</u>	<u>6,287,364</u>

<b>15 CASH AND BANK BALANCES</b>			
<b>Cash at bank</b>			
Current accounts	15.1	170,850	222,993
Deposit accounts	15.2	81,271	79,167
		252,121	302,160
<b>Cash in hand</b>			
		-	-
		<u>252,121</u>	<u>302,160</u>

15.1 Current accounts include clients' balances held in designated bank accounts of Rs. 148,702/- (2021: Rs. 148,702/-)

15.2 These carry profit at rates upto 8.25% per annum (2021: upto 13% per annum).

**16 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

June 2022 Number of shares	June 2021 Number of shares		June 2022 Rupees	June 2021 Rupees
<b>Shares issued against cash consideration</b>				
73,316,250	73,316,250	Shares of Rs. 10/- each fully paid	733,162,500	733,162,500
<b>Shares issued against consideration other than cash</b>				
68,019,250	68,019,250	Bonus shares of Rs. 10/- each fully paid	680,192,500	680,192,500
<u>141,335,500</u>	<u>141,335,500</u>		<u>1,413,355,000</u>	<u>1,413,355,000</u>

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 (2021: 103,494,200 (73.23 %)) of the Company.

	Note	June 2022 Rupees	June 2021 Rupees
<b>17 LOAN PAYABLE</b>			
<b>Loan facility - Secured - Other than related parties</b>			
Loans from banking companies	17.1	825,776,086	825,776,086

17.1 This represents loan payable to United Bank Limited (UBL) with an original mark up rate of 8% (2021: 8%) per annum. But owing to the negotiations

with the bank the markup on this loan was freeze and waived off. The interest waived off on this loan amounts to Rs. 354 Million till October 01, 2010. The management of the Company is in negotiation with UBL and are confident that this loan will be settled against Debt to Property swap as previously done on favorable terms. Based on ongoing negotiations Bank agreed to grant extension to the Company for repayment of loan till December 31, 2022 although the company was unable to repay its loan facility but based on legal advisors opinion management is of the view that settlement of this loan will not result in any further cost for the Company.

	Note	June 2022 Rupees	June 2021 Rupees
<b>18 TRADE AND OTHER PAYABLES</b>			
Payable against sale of shares - un secured			
Clients		1,970,032	2,008,700
Accrued and other liabilities	18.1	179,818,663	178,195,987
Withholding tax payable		8,638,563	8,638,563
		<u>190,427,258</u>	<u>188,843,250</u>
<b>18.1</b> This includes following balances payable to associated Companies:			
	<b>Name of related party</b>	<b>Purpose</b>	
	Falcon Commodities (Pvt.) Limited	Payable against expense sharing	3,255,332
	Media Times Limited	Payable against advertisement expense	1,702,548
	Pace Pakistan Limited	Payable against purchase of property	114,822,340
			<u>119,780,220</u>
			<u>119,780,220</u>
<b>19 UNREALISED GAIN/(LOSS) ON REMEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
	Note	June 2022 Rupees	June 2021 Rupees
Gain/(Loss) on remeasurement of short term investment	12.1	(52,116,090)	65,251,780
Gain/(Loss) on remeasurement of long term investment	9.2.1	(24,895,308)	29,317,319
		<u>(77,011,398)</u>	<u>94,569,099</u>
	Note	June 2022 Rupees	June 2021 Rupees
<b>20 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		-	175,000
Stock Exchange and settlement charges		592,560	5,600
Rent, rates and taxes		-	82,038
Printing and stationery		-	3,000
Repair and maintenance		-	23,100
Legal and professional		104,316	115,957
Advertisement		-	753,124
Auditors' remuneration	20.1	600,000	600,000
Depreciation	6.1	391,363	458,174
Fee and subscription		-	1,484,676
CDC and stamps charges		868,850	741,815
Other expenses		35,000	18,746
		<u>2,592,089</u>	<u>4,461,230</u>
<b>Related to discontinued operations</b>		<u>1,461,410</u>	<u>747,415</u>
<b>Related to continuing operations</b>		<u>1,130,679</u>	<u>3,713,815</u>
<b>20.1 Auditors' remuneration</b>			
Statutory audit		400,000	400,000
Half year review		200,000	200,000
		<u>600,000</u>	<u>600,000</u>
<b>21 FINANCE COST</b>			
Bank charges		571	3,659
		<u>571</u>	<u>3,659</u>
<b>22 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on deposit accounts		2,104	26,018
		<u>2,104</u>	<u>26,018</u>

**23 TAXATION**

- 23.1** Due to unavailability of taxable income no tax provision is recognized. Therefore, no numerical tax reconciliation is produced.
- 23.2** 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 2022 Rupees	June 2021 Rupees
Deductible temporary differences		273,805,580	272,725,806
Tax losses		85,985,412	1,180,065,492
Unrecognized deferred tax asset		104,339,388	421,309,476

**24 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED**

Profit/(Loss) after taxation from continuing operations	(78,140,544)	90,877,643
Profit/(Loss) after taxation from discontinued operations	(1,461,410)	(747,415)
Number of ordinary shares	141,335,500	141,335,500
Earning /(loss) per share from continuing operations- Rupees per share	(0.55)	0.64
Earning /(loss) per share from discontinued operations- Rupees per share	(0.01)	(0.01)
Earning /(loss) per share - Basic and Diluted - Rupees per share	(0.56)	0.63

- 24.1** 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.

**25 DISCONTINUED OPERATIONS**

During 2019, the Board of Directors 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. Based on which brokerage operations are classified as a discontinued operation. Results of discontinued operations are as follows:

	June	June
	2022	2021
	Rupees	Rupees
Operating expenses	(1,461,410)	(747,415)
Taxation	-	-
Loss after taxation from discontinued operations	(1,461,410)	(747,415)
<b>25.1 Cash flows from/(used in) discontinued operations</b>		
Net cash used in operating activities	-	(747,415)
Net cash flow for the year	-	(747,415)

**26 CONTINGENCIES AND COMMITMENTS****26.1 Contingencies**

- 26.1.1** 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.
- 26.1.2** 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. Legal counsel is confident about the recoverability of balance but adopting conservative approach management has decided to provide provision against this balance.
- 26.1.3** During the year 2009-10 the Company has lodged a complaint to Securities and Exchange Commission of Pakistan on September 10, 2009 for taking appropriate action against the Universal Equities (Pvt.) Limited for dishonored cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities (Pvt.) Limited by the Company and for recovery of Rs. 25.20 million till February 2010. The Universal Equities (Pvt.) Limited has filed a suit for permanent injunction alleging therein that the Company be directed not to initiate criminal proceedings against the dishonored cheque. The Learned Trial Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned down the request of the Universal Equities (Pvt.) Limited to interfere in the order of the Learned Trial Court passed in favor of the Company. Later on the civil suit filed by the Universal Equities (Pvt.) Limited was dismissed by the court. However the company has also filed an application on June 20, 2011 for winding up the Universal Equities (Pvt.) Limited before the honorable Lahore High Court Lahore. Which is pending before the High Court and the legal counsel is confident about the recoverability of balance but adopting conservative approach management

has decided to provide provision against this balance.

- 26.1.4** 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. Legal counsel is confident about the recoverability of balance but adopting conservative approach management decided to provide provision against this balance.
- 26.1.5** 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 cumulative 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.
- 26.1.6** During the 2018-2019, 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.
- 26.1.7** 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 the legal counsellor's opinion management decided not to record any provision as value of provision is not certain.
- 26.1.8** On September 27, 2018, the Company filed suit for recovery and permanent injunction in the court of senior civil judge Lahore against legal heirs of one of its trade receivable Mr. Sulaiman Ahmed Saeed Al Houqani (Late) for recovery of receivable balance amounting Rs. 167.94 Million. The Company also pleaded to the Court to freeze Pakistani assets of Mr. Sulaiman Houqani i.e. 73.9 Million shares of Pace Barka Properties Limited (related party) having market value at filling of suit amounting Rs. 369.6 Million until recovery of balance. The case is at the stage of preliminary arguments and next hearing date is October 08, 2021. Based on this legal counsellor's opinion management decided not to record any provision against the receivable balance as management is confident of success in Company's favor.
- 26.1.9** 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.
- 26.2** There are no outstanding commitments at year end.

**27 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 30 are as follows:

	Basis of relationship	Nature of transaction	2022	2021
			Rupees	Rupees
Media Times Limited	Associated undertaking (3.39% shareholding)	Advertisement expense	-	753,124

**27.1** The amounts due to / due from related parties are disclosed in respective notes to the financial statements. All the transactions with related parties are carried out at arm's length.

**28 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.

**28.1 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.
- 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.

**28.1.1 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:

	2022	2021
	Rupees	Rupees
Trade debts	175,037,011	175,602,157
Advances, deposits and other receivables	4,571,849	4,571,849
Bank balance	252,121	302,160
	<u>179,860,981</u>	<u>180,476,166</u>

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		Rating Agency	2022	2021
	Short Term	Long Term		Rupees	Rupees
Askari Bank Limited	A-1+	AA+	PACRA	315	315
Bank Alfalah Limited	A-1+	AA+	PACRA	66,187	66,187
Bank Al Habib Limited	A-1+	AAA	PACRA	6,570	6,570
Faysal Bank Limited	A-1+	AA	PACRA	30,117	28,580
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	113	113
MCB Bank Limited	A-1+	AAA	PACRA	87,044	138,620
Dubai Islamic Bank	A-1+	AA	VIS	347	347
MCB Islamic Bank Limited	A-1	A	PACRA	18,283	18,283
JS Bank Limited	A-1+	AA-	PACRA	42,178	42,178
Silk Bank Limited	A-2	A-	VIS	967	967
				<u>252,121</u>	<u>302,160</u>

**28.1.2** The age of trade debts at the reporting date was:

	2022	2021
	Rupees	Rupees
Neither past due nor impaired 1 - 30 days	-	-
Past due 30 - 90 days	-	-
Past due 90 - 180 days	-	-
Past due 180 - 365 days	-	410,390
More than 1 year	175,602,157	175,191,767
	<u>175,602,157</u>	<u>175,602,157</u>

**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 receivable against sale of investment property. Receivable from sale of investment property is secured against property sold and trade debts against which sufficient collateral is not available are written off.

**28.2 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 pressure as mentioned in note 2.

The following are the contractual maturities of financial liabilities as on June 30, 2022.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
<b>Rupees</b>					
Long term financing	825,776,086	825,776,086	-	-	-
Trade & other payables - Unsecured	190,427,258	190,427,258	-	-	-
	<b>1,016,203,344</b>	<b>1,016,203,344</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as on June 30, 2021.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
<b>Rupees</b>					
Long term financing	825,776,086	825,776,086	-	-	-
Trade & other payables - Unsecured	188,843,250	188,843,250	-	-	-
	<b>1,014,619,336</b>	<b>1,014,619,336</b>	<b>-</b>	<b>-</b>	<b>-</b>

**28.3 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.

**28.3.1 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 27.1.11. 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 (2021 : 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.

**28.3.2 Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk and the effective interest rates of its financial assets and financial liabilities are summarized as follows:

	2022		2021	
	Effective interest rate	Carrying value	Effective interest rate	Carrying value
		Rupees		Rupees
<b>Financial assets</b>				
Bank Balances		170,850	up to 7%	79,167

**28.3.3 Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 67.65 Million (2021 : Rs. 144.66 Million) at the year end.

The Company's strategy is to hold its strategic equity investments for long period of time that are classified as long term investment. 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 at year end. 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**

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

	Fair value	"Hypothetical price change"	2022		
			Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit /(loss) before tax"
<b>Investments</b>					
Long term investments	23,137,314	+10%	25,451,045	2,313,731	2,313,731
		-10%	20,823,583	(2,313,731)	(2,313,731)

Short term investments	44,512,874	+10%	48,964,161	4,451,287	4,451,287
		-10%	40,061,587	(4,451,287)	(4,451,287)

	2021				
	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	Rupees	Rupees	Rupees	Rupees	Rupees
Long term investments	48,032,622	+10%	52,835,884	4,803,262	4,803,262
		-10%	43,229,360	(4,803,262)	(4,803,262)
Short term investments	96,628,964	+10%	106,291,860	9,662,896	9,662,896
		-10%	86,966,068	(9,662,896)	(9,662,896)

#### 28.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 5.14.

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

	2022			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Fair Value through Profit and Loss"	23,137,314	-	-	23,137,314
Short term investments classified as "Fair Value through Profit and Loss"	44,512,874	-	-	44,512,874

	2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments classified as "Fair Value through Profit and Loss"	48,032,622	-	-	48,032,622
Short term investments classified as "Fair Value through Profit and Loss"	96,628,964	-	-	96,628,964

##### 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.

#### 28.4 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.

#### 28.5 Financial instruments by category

30 June 2022			
Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
Rupees			
Long term investments	-	23,137,314	-
			23,137,314

Long term and short term financing  
Trade and other payables

30 June 2022		
Liabilities at fair value through profit or loss	Amortized cost	Total
-	825,776,086	825,776,086
-	190,427,258	190,427,258
-	<u>1,016,203,344</u>	<u>1,016,203,344</u>

Long term investments  
Trade debts  
Short term investments  
Advances, deposits and other receivables  
Cash and bank balances

30 June 2021			
Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
-	48,032,622	-	48,032,622
175,602,157	-	-	175,602,157
-	96,628,964	-	96,628,964
4,571,849	-	-	4,571,849
302,160	-	-	302,160
<u>180,476,166</u>	<u>144,661,586</u>	-	<u>325,137,752</u>

Long term and short term financing  
Trade & other payables - Unsecured

30 June 2021		
Liabilities at fair value through profit or loss	Amortized cost	Total
-	825,776,086	825,776,086
-	188,843,250	188,843,250
-	<u>1,014,619,336</u>	<u>1,014,619,336</u>

## 29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. However there is no significant reclassification during the year.

## 30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- 30.1 No remuneration was paid to Chief Executive and Directors although they have been provided with Company maintained cars. There were no executive of the Company during the year.
- 30.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2021: Nil).
- 30.3 Total number of employees are nil as on June 30, 2022 (June 2021 : 1) and average employees during the year were nil (June 2021 : 1).

## 31 Impact of Covid-19

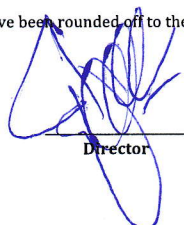
In March 2020, The World Health Organization (WHO) declared the outbreak of the Novel Coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread. Including without limitation. Quarantines 'stay home' or 'shelter-in-place' orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industries, along with global economic conditions generally has been significantly disrupted by the pandemic. However, the Company already discontinued its brokerage operations since 2019, therefore Covid-19 did not have any major effect on Company. Management has assessed the accounting implications of these developments on these financial statements and the management of the Company concluded that there is no significant impact of Covid-19 on current financial statements of the Company.

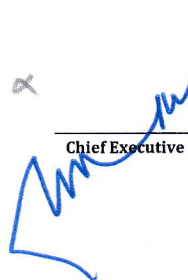
## 32 AUTHORIZATION FOR ISSUE

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

## 33 GENERAL

Figures have been rounded off to the nearest rupees.

  
Director

  
Chief Executive

  
Chief Financial Officer



FCEL

**FORM OF PROXY**

The Company Secretary  
First Capital Equities Limited  
First Capital House  
96-B/1, M.M. Alam Road  
Gulberg-III  
Lahore

Folio No./CDC A/c No.: \_\_\_\_\_

Shares Held: \_\_\_\_\_

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

I/We \_\_\_\_\_ S/o \_\_\_\_\_ D/o \_\_\_\_\_ W/o \_\_\_\_\_  
\_\_\_\_\_ CNIC \_\_\_\_\_ being the member(s) of First Capital Equities  
Limited hereby appoint Mr./Mrs./Ms./ \_\_\_\_\_ S/o \_\_\_\_\_ D/o \_\_\_\_\_ W/o \_\_\_\_\_ CNIC  
\_\_\_\_\_ or failing him / her Mr. / Mrs. Miss \_\_\_\_\_ S/o \_\_\_\_\_ D/o \_\_\_\_\_ W/o \_\_\_\_\_  
\_\_\_\_\_ CNIC \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our  
behalf at the Annual General meeting of the Company to be held on 28 October 2022 at 10:00 a.m. and at any adjournment  
thereof.

Signed under my/our hands on this \_\_\_\_\_ day of \_\_\_\_\_, 2022

Affix Revenue Stamp of  
Rupees Five

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

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

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

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

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

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

**Notes**

1. A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
2. In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Registered Office of the Company, First Capital House, 96-B/1, Lower Ground Floor, M.M. Alam Road, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.
  - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
  - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

# FIRST CAPITAL EQUITIES LIMITED

## پراکسی فارم

کمپنی سیکریٹری

فرسٹ کیپٹل ایکویٹیز لمیٹڈ

دوسری منزل، پیس شاپنگ مال،

فورٹریس سٹیڈیم، لاہور کینٹ، لاہور

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ہم ..... ولد/ذوہ/بنت ..... شناختی کارڈ

نمبر ..... کے حامل فرسٹ کیپٹل ایکویٹیز لمیٹڈ کے رکن کی حیثیت سے

..... ولد/بنت/ذوہ ..... شناختی کارڈ نمبر

..... کو اس کی ناکامی کی صورت میں

..... ولد/بنت/ذوہ ..... شناختی کارڈ نمبر

..... 28 اکتوبر 2022ء کو دن 10:00 بجے منعقد ہونے والے سالانہ اجلاس یا اس کے کسی بھی

وقفہ میں عام میں اپنی/ہماری جگہ شرکت اور ووٹ کرنے کے لئے اپنا/ہمارا پراکسی مقرر کرتے ہیں۔

تاریخ .....

زیر دستخط .....

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

.....

گواہ 2 کے دستخط

گواہ 1 کے دستخط

دوسری وضع

کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت برقی ووٹنگ

میں/ہم ..... ولد/ذوہ/بنت ..... شناختی کارڈ

نمبر ..... کے حامل فرسٹ کیپٹل ایکویٹیز لمیٹڈ کے رکن اور ..... حصص، درجہ

.....، فلیو نمبر ..... کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا

# FIRST CAPITAL EQUITIES LIMITED

چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت ایگزیکوشن آفیسر..... کی  
پراکسی کے طور پر تقرری پر رضامندی کا اظہار کرتے ہیں۔ اس لئے ہم قراردادوں پر پولنگ میں ووٹ کا مطالبہ کرتے ہیں۔ میرا محفوظ ای میل  
ایڈریس..... ہے برائے مہربانی لاگ ان کی تفصیلات، پاس ورڈ اور برقی دستخط اس ای میل پر بھیج دیں۔

بتاریخ.....

زیر دستخط.....

کی موجودگی میں دستخط کئے گئے

گواہ 2 کے دستخط

گواہ 1 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کر سکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔
2. جائز ہونے کی غرض سے، پراکسی کا دستاویز اور مختار نامہ یا اتھارٹی (اگر کوئی ہے) جسے کے ماتحت اس پر دستخط کئے گئے ہیں، یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاہنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین ثالث بطور پراکسی کی جانب سے ایگزیکوشن آفیسر کی تعیناتی پر کمپنی کے اجلاس کے انعقاد سے 10 دن پہلے اپنی تحریری رضامندی سے مشروط برقی ووٹنگ کے ذریعے اپنا حق رائے دہی استعمال کر سکتے ہیں۔

(a) CDC کے واحد بنی فیشیل مالک جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں، اپنی شراکت کی شناخت، اکاؤنٹ اور ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ دکھا کر اپنی شناخت کروائیں گے۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمع نامزدگان کے نمونہ کے دستخط (اگر یہ قبل ازیں فراہم نہ کیا گیا ہے) اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔

(b) پراکسی کے تقرر کے لئے CDC کے انفرادی بنی فیشیل مالکان شراکت کے آئی ڈی، اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ کی مصدقہ نقول کے مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔ دو گواہان اپنے نام، پتا اور CNIC نمبر کے ہمراہ پراکسی فارم کی توثیق کریں گے۔ اجلاس کے انعقاد کے وقت پراکسی اپنا اصلی CNIC یا پاسپورٹ پیش کریں گے۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانے ہوں گے۔