



**FCSC**

# First Capital Securities Corporation Limited



Annual Reports 2021

# **FIRST CAPITAL SECURITIES CORPORATION LIMITED**

## **VISION**

First Capital Securities Corporation Limited aspires to become a well-diversified and successful conglomerate and develop its image as a premier telecom and financial services group.

## **MISSION**

At First Capital Securities Corporation Limited we are committed to provide high quality services in a positive environment that encourages innovation, creativity and teamwork, promotes ethical and efficient behavior and enables shareholders to maximize the returns on their investments.

## First Capital Securities Corporation Limited

### Company Information

#### **Board of Directors**

Shehrbano Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Non-Executive
Shehryar Ali Taseer	Non-Executive
Naeem Akhtar	Non-Executive
Mustafa Mujeeb Chaudhry	Independent
Umair Fakhra Alam	Independent

#### **Chief Financial Officer**

Saeed Iqbal

#### **Audit Committee**

Umair Fakhra Alam (Chairman)  
Shehrbano Taseer (Member)  
Naeem Akhtar (Member)

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

Umair Fakhra Alam (Chairman)  
Aamna Taseer (Member)  
Shehrbano Taseer (Member)

#### **Company Secretary**

Sajjad Ahmad

#### **Auditors**

Nasir Javaid Maqsood Imran  
Chartered Accountants

#### **Legal Advisers**

M/s. Ibrahim and Ibrahim  
Barristers and Corporate Consultants  
Lahore

#### **Bankers**

Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Soneri Bank Limited

#### **Registrar and Shares Transfer Office**

Corplink (Pvt.) Limited  
Wings Arcade, 1-K  
Commercial Model Town  
Lahore  
Tel: ☐(042) 35839182

#### **Registered Office**

First Capital House  
96-B/1, Lower Ground Floor  
M.M. Alam Road, Gulberg-III  
Lahore, Pakistan  
Tele: + 92-42-35778217-18



**FIRST CAPITAL SECURITIES CORPORATION LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting ("AGM") of the Shareholders of First Capital Securities Corporation Limited ("the Company" or "FCSC") will be held on Thursday, 28 October 2021 at 11:30 a.m. at Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore to transact the following business:

**Ordinary Business**

1. To confirm the minutes of Annual General Meeting held on 28 October 2020;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2021 together with the Chairman's Review, Directors' Report and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2022 and to fix their remuneration;

By order of the Board

  
Sajjad Ahmad  
Company Secretary

Lahore:  
07 October 2021

**Notes:-**

- 1) The Members Register will remain closed from 21 October 2021 to 28 October 2021 (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, 2021 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 below 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.

Registered Office: First Capital House, 96-B/1, Lower Ground Floor, M.M. Alam Road, Gulberg-III,  
Lahore Tel: 042-35778217-18

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 2021 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; through following means;

Email; [sajjadahmad@pacepakistan.com](mailto:sajjadahmad@pacepakistan.com), [asattar@pacepakistan.com](mailto:asattar@pacepakistan.com),  
WhatsApp Number 0303-4444800, 0301-8449940

Please mention your Name, CNIC No, Folio / CDC A/C No., email addresses & 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 سیکورٹیز کارپوریشن لمیٹڈ

### نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا کے ذریعے آگاہ کیا جاتا ہے کہ فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("کمپنی" یا "FCSC") کے حصص داران کا اٹھائیسواں (28واں) سالانہ اجلاس عام بمقام پیس شاپنگ مال، نورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں بروز جمعرات مورخہ 28 اکتوبر 2021ء کو دن 11:30 بجے مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

#### عمومی امور

1. 28 اکتوبر 2020ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
2. 30 جون 2021ء 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 2022ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہیرہ طے کرنا

بحکم بورڈ

سجاد احمد

کمپنی سیکریٹری

لاہور

07 اکتوبر 2021ء

#### مندرجات:

- (1) اراکین کار جسٹرز 21 اکتوبر 2021ء تا 28 اکتوبر 2021ء (بشمول دونوں ایام) بند رہے گا۔ 20 اکتوبر 2021ء کو کاروبار بند ہونے تک کارپ لنک (پرائیویٹ) لمیٹڈ، K-1 کمرشل ماڈل ٹاؤن لاہور، رجسٹر 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 48 گھنٹے قبل کمپنی کے رجسٹرز 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 رجسٹرز دفتر واقع فرسٹ کیپٹل ہاؤس، 96-B/1، ایم ایم عالم روڈ، گلبرگ III، لاہور کو اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئے
- (4) 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 7 (سات) یوم قبل کمپنی کے شیئر رجسٹرار یا بذریعہ مندرجہ ذیل ای میل ایڈریس کمپنی کو براہ راست معیاری فارم پر دی جائے۔ یہ معیاری 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 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے لسٹڈ کمپنیوں COVID-19 وبا کے 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/ویبیکس/زوم کے ذریعے اجلاس میں شرکت کرنے کا انتخاب کر سکتے ہیں۔ ایسے حصص داران جن کے نام 20 اکتوبر 2021ء 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 درخواست کی جاتی ہے۔

ای میل [jawahar@pacepakistan.com](mailto:jawahar@pacepakistan.com) یا [sattar@pacepakistan.com](mailto:sattar@pacepakistan.com)

وٹس ایپ نمبر 0301-84499400302-8440935

براہ کرم اپنی شناخت کی غرض سے اپنا نام CNIC نمبر، فوٹیو/CDC اکاؤنٹ نمبر اور حصص کی تعداد بیان کریں۔ خواہش مند شیئر ہولڈرز سے مذکورہ بالا معلومات کی وصولی پر کمپنی ان 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 موافق 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 آر کیڈ، 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 فیشنل 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/مختار نامہ 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 فیشنل 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/مختار نامہ پراکسی فارم کے ساتھ جمع کرنا ہوگا (اگر یہ پہلے جمع نہ کرایا گیا ہو)۔

(8) اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرز پتا میں تبدیلی کی صورت میں فوراً آگاہ کریں۔

# First Capital Securities Corporation Limited

## Chairman's Review

A Review Report by the Chairman on Board's overall performance and effectiveness of role played by the Board in achieving the Company's objectives u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of First Capital Securities Corporation Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

I am pleased to present the Annual Review for the year ended June 30, 2021,

- ❖ The Board of Directors ("the Board") of First Capital Securities Corporation Limited (FCSC) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.
- ❖ The Board of FCSC is highly professional and experienced people. They bring a vast experience from different businesses including the independent directors. All board members are well aware of their responsibilities and fulfilling these diligently.
- ❖ The Board has adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- ❖ The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- ❖ The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- ❖ The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through

Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- ❖ The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- ❖ All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- ❖ The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- ❖ The Board has prepared and approved the director's report and has ensured that the director report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- ❖ The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- ❖ The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of internal Audit;
- ❖ The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;

I would like to place on record with thanks and appreciation to my fellow directors, shareholders, management and staff for their continued support in very challenging operating conditions. I look forward for more future success for the Company.

Lahore  
06 October 2021

**Shehrbano Taseer**  
**Chairman**

## فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ

### چیئر مین کی جائزہ رپورٹ

بورڈ کی مجموعی کارکردگی اویکینیز ایکٹ 2017ء کے سیکشن 192 کے تحت کمپنی کے مقاصد کے حصول کے لئے بورڈ کے مؤثر کردار پر چیئر مین کی جائزہ رپورٹ۔

کوڈ آف کارپوریٹ گورننس کے تحت فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیا گیا۔ اس جائزہ کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے طے شدہ اہداف کے تناظر میں توقعات کے برعکس بورڈ کی مجموعی کارکردگی اور تاثیر کا تعین کیا جائے۔ ایسے شعبے جن میں بہتری کی ضرورت ہے انہیں مد نظر رکھا گیا ہے اور ایکشن پلان مرتب کیا گیا ہے۔

میں 30 جون 2021ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کرتی ہوں۔

- ❖ فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ ("FCSC") کے بورڈ آف ڈائریکٹرز نے کمپنی کے شیئر ہولڈرز کے بہترین مفاد کو ملحوظ خاطر رکھتے ہوئے اپنے فرائض دلجمعی سے سرانجام دیئے ہیں اور کمپنی کے امور کو مؤثر انداز میں منظم کیا ہے۔
- ❖ FCSC کا انتہائی ماہر اور تجربہ کار افراد پر مشتمل ہے۔ وہ کئی اداروں سے وسیع تجربہ کے حامل افراد بشمول آزاد ڈائریکٹرز کو سامنے لائے ہیں۔ بورڈ کے تمام اراکین اپنے فرائض سے بخوبی آگاہ ہیں اور انہیں دلجمعی سے سرانجام دے رہے ہیں۔
- ❖ ضابطہ کے تحت بورڈ اور اس کی کمیٹیوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز کی مناسب نمائندگی موجود ہے۔ اور یہ کہ بورڈ کے اراکین اور اس کی متعلقہ کمیٹیاں کمپنی کے امور چلانے کے لئے موزوں مہارت، تجربہ اور علم کو بروئے کار لاتے ہیں۔
- ❖ بورڈ نے یقین دلایا ہے کہ مؤثر انداز میں اپنے فرائض سرانجام دینے کے لئے ڈائریکٹرز کو آگاہی کورس فراہم کئے گئے ہیں اور یہ کہ بورڈ کے چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت پہلے ہی اسناد حاصل کر لی ہیں اور باقی ڈائریکٹرز ضابطہ کے مطابق قابلیت اور تجربہ کے معیار پر پورا اترتے ہیں۔
- ❖ بورڈ نے آڈٹ اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی ہے اور ان کے شرائط و ضوابط منظور کئے ہیں۔ اور اپنی فرائض کی انجام دہی کے لئے کمیٹیوں کو مناسب وسائل فراہم کئے ہیں۔
- ❖ بورڈ نے یقین دلایا ہے کہ بورڈ اور کمیٹیوں کے اجلاس مطلوب کورم کے تحت منعقد کئے جاتے ہیں اور فیصلہ سازی کے تمام امور بورڈ کی قرارداد سے ہی طے کئے جاتے ہیں اور تمام اجلاسوں (بشمول کمیٹی کے اجلاس) کی روئیداد کو مناسب انداز میں ریکارڈ کیا جاتا ہے۔

❖ بورڈ منصوبہ بندی کے عمل، رسک مینجمنٹ سسٹم، پالیسی ڈیولپمنٹ اور مالی ڈھانچہ، نگرانی اور منظوری کو احسن انداز میں پائیہ تکمیل تک پہنچاتا ہے۔ سال بھر میں تمام نمایاں معاملات کو بورڈ یا کمیٹیوں کے سامنے پیش کیا جاتا ہے تاکہ کاروباری فیصلہ سازی کے عمل کو مستحکم کیا جاسکے۔

❖ کاروباری فیصلہ سازی کے عمل کو مضبوط کرنے کے لئے سال بھر میں تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے سامنے رکھا جاتا ہے۔ اور خصوصاً، آڈٹ کمیٹی کی سفارشات پر بورڈ نے کمپنی کی جانب سے متعلقہ پارٹیوں سے لین دین کی منظوری دی ہے۔

❖ بورڈ نے یقینی دہانی کرائی ہے کہ انٹرنل کنٹرول کا مناسب نظام عمل میں لایا گیا ہے اور خود کار تعین کے نظام اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدہ نگرانی کی جاتی ہے۔

❖ بورڈ نے ڈائریکٹرز کی رپورٹ کو تیار اور منظور کیا ہے اور یہ یقینی دہانی کرائی ہے کہ لاگو قوانین و ضوابط کے عین مطابق ڈائریکٹرز کی رپورٹ کو کمپنی کے سہ ماہی اور سالانہ مالیاتی گوشواروں کے ساتھ شائع کیا جاتا ہے۔

❖ کمپنی پر لاگو متعلقہ قوانین و ضوابط کے تحت بورڈ نے تفویض کردہ اختیارات کی روشنی میں اپنا کردار ادا کیا ہے۔ اور بورڈ نے ہمیشہ ڈائریکٹرز کی حیثیت سے اپنے اختیارات کے استعمال اور فیصلہ سازی میں تمام لاگو قوانین و ضوابط کو ملحوظ خاطر رکھا ہے۔

❖ بورڈ نے چیف ایگزیکٹو اور دیگر کی ایگزیکٹو بشمول CFO، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ کی تقرری، تعین اور مشاہیرہ کو یقینی بنایا ہے۔

❖ بورڈ نے یقین دہانی کرائی ہے کہ بورڈ اپنے اراکین کو بروقت معلومات فراہم کرتا ہے اور بورڈ کے اراکین کو اجلاس کے دوران پیش رفت سے آگاہ رکھا جاتا ہے۔

میں ان مشکل حالات میں اپنے ساتھی ڈائریکٹرز، شیئر ہولڈرز، انتظامیہ اور عملہ کی مسلسل حمایت کی تہہ دل سے شکر گزار ہوں۔ میں مستقبل میں کمپنی کی ترقی کے لئے پرامید ہوں۔

لاہور

چیئر مین

07 اکتوبر 2021ء

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED  
FOR THE YEAR ENDED JUNE 30 2021**

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:	05
b.	Female:	02
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	02
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)	Mrs. Aamna Taseer
		Mr. Shehryar Ali Taseer
		Miss Shehrbano Taseer
	(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)	Umair Fakhar Alam, (Chairman) Shehrbano Taseer, (Member) Naeem Akhtar, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Umair Fakhar Alam, (Chairman) Aamna Taseer, (Member) Shehrbano Taseer, (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 set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of 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, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with. Further, the company is in non-compliance with the requirements of Regulation 6 of Listed Companies Corporate Governance Regulations 2019 regarding minimum number of Independent Directors. The term of directors was expired on 26th September 2012, the directors have already fixed the number of directors as seven for the next term of three years. However, the board did not decide the date of election of directors due to an impediment in holding the election of Directors, i.e. due to non-completion of succession of shares of late Mr. Salmaan Taseer.	

For and on behalf of the Board

**CHIEF EXECUTIVE**

Lahore

07 October 2021

**DIRECTOR**

## THE COMPANIES ACT, 2017

(Section 227(2)(f))

## PATTERN OF SHAREHOLDING

1. CUIIN (Registration Number) 0032345

2. Name of the Company FIRST CAPITAL SECURITIES CORPORATION LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30-06-2021

-----Shareholdings-----				
4 No. of Shareholders	From	To	Total Shares Held	
377	1	-	100	12,217
645	101	-	500	217,358
569	501	-	1,000	478,642
1365	1,001	-	5,000	3,800,758
636	5,001	-	10,000	4,963,209
183	10,001	-	15,000	2,382,645
181	15,001	-	20,000	3,354,075
103	20,001	-	25,000	2,450,391
68	25,001	-	30,000	1,978,396
36	30,001	-	35,000	1,200,839
45	35,001	-	40,000	1,756,823
30	40,001	-	45,000	1,293,380
82	45,001	-	50,000	4,063,381
24	50,001	-	55,000	1,271,660
18	55,001	-	60,000	1,053,150
13	60,001	-	65,000	828,500
29	65,001	-	70,000	1,990,609
14	70,001	-	75,000	1,036,368
14	75,001	-	80,000	1,104,300
9	80,001	-	85,000	754,000
5	85,001	-	90,000	444,000
9	90,001	-	95,000	845,384
53	95,001	-	100,000	5,298,000
5	100,001	-	105,000	511,510
4	105,001	-	110,000	428,500
4	110,001	-	115,000	452,500
7	115,001	-	120,000	824,763
7	120,001	-	125,000	875,000
5	125,001	-	130,000	642,000
3	130,001	-	135,000	403,000
5	135,001	-	140,000	689,572
3	140,001	-	145,000	427,550
7	145,001	-	150,000	1,046,568
4	150,001	-	155,000	614,500
3	155,001	-	160,000	477,871
4	160,001	-	165,000	648,917
5	170,001	-	175,000	868,500
2	175,001	-	180,000	360,000
1	180,001	-	185,000	185,000
4	185,001	-	190,000	753,000
1	190,001	-	195,000	194,500
7	195,001	-	200,000	1,399,000
5	200,001	-	205,000	1,018,460
1	205,001	-	210,000	206,000
2	210,001	-	215,000	426,138
3	215,001	-	220,000	659,500

1	220,001	-	225,000	225,000
1	225,001	-	230,000	228,500
3	235,001	-	240,000	717,500
2	240,001	-	245,000	484,648
8	245,001	-	250,000	1,993,500
3	260,001	-	265,000	788,500
1	265,001	-	270,000	267,000
4	270,001	-	275,000	1,094,500
1	275,001	-	280,000	277,000
1	280,001	-	285,000	285,000
4	295,001	-	300,000	1,200,000
1	300,001	-	305,000	305,000
1	305,001	-	310,000	307,000
2	340,001	-	345,000	684,500
3	345,001	-	350,000	1,045,000
1	360,001	-	365,000	360,500
2	365,001	-	370,000	737,484
2	370,001	-	375,000	744,289
1	385,001	-	390,000	390,000
1	395,001	-	400,000	400,000
1	410,001	-	415,000	414,000
1	415,001	-	420,000	420,000
2	420,001	-	425,000	843,000
2	425,001	-	430,000	854,000
1	445,001	-	450,000	450,000
1	490,001	-	495,000	495,000
3	495,001	-	500,000	1,500,000
2	505,001	-	510,000	1,013,500
1	515,001	-	520,000	520,000
1	520,001	-	525,000	523,000
1	525,001	-	530,000	528,650
1	545,001	-	550,000	550,000
1	595,001	-	600,000	600,000
1	610,001	-	615,000	614,500
1	635,001	-	640,000	635,500
1	640,001	-	645,000	642,000
1	670,001	-	675,000	673,000
2	695,001	-	700,000	1,395,750
1	760,001	-	765,000	760,500
1	820,001	-	825,000	820,500
1	890,001	-	895,000	890,500
4	895,001	-	900,000	3,591,969
1	915,001	-	920,000	916,500
1	945,001	-	950,000	946,391
1	950,001	-	955,000	952,000
1	960,001	-	965,000	961,636
2	975,001	-	980,000	1,956,000
1	995,001	-	1,000,000	1,000,000
1	1,035,001	-	1,040,000	1,040,000
1	1,145,001	-	1,150,000	1,148,000
1	1,200,001	-	1,205,000	1,202,500
1	1,520,001	-	1,525,000	1,521,500
2	1,540,001	-	1,545,000	3,081,398
9	1,795,001	-	1,800,000	16,177,338
1	1,995,001	-	2,000,000	2,000,000
1	2,045,001	-	2,050,000	2,048,345
1	2,385,001	-	2,390,000	2,390,000
1	3,135,001	-	3,140,000	3,139,988
1	3,545,001	-	3,550,000	3,550,000
1	3,600,001	-	3,605,000	3,602,283
1	3,840,001	-	3,845,000	3,844,059
1	3,930,001	-	3,935,000	3,935,000

1	3,990,001	-	3,995,000	3,991,754
1	4,845,001	-	4,850,000	4,848,000
1	5,285,001	-	5,290,000	5,288,000
1	7,175,001	-	7,180,000	7,177,978
1	8,270,001	-	8,275,000	8,272,928
1	10,055,001	-	10,060,000	10,058,000
1	31,390,001	-	31,395,000	31,395,000
1	33,770,001	-	33,775,000	33,772,767
1	68,430,001	-	68,435,000	68,432,023
<b>4713</b>				<b>316,610,112</b>

5	<b>Categories of shareholders</b>	<b>Shares held</b>	<b>Percentage</b>
5.1(a)	<b>Directors, CEO and their Spouse and Minor Children</b>		
	Aamna Taseer	7,177,978	2.2671
	Shahbaz Ali Taseer	700	0.0002
	Mr. Shehryar Ali Taseer	2,390,632	0.7551
	Shehrbano Taseer	556	0.0002
	Mr. Mustafa Mujeeb Chaudhry	500	0.0002
	Mr. Naeem Akhtar	500	0.0002
	Mr. Umair Fakhra Alam	500	0.0002
5.1 (b)	<b>Chief Executive Officer</b>	-	-
	<b>(7,177,978) share of (Aamna Taseer 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) Amythest Limited	72,034,306	22.7517
	b) Sisly Group Company Limited	31,395,000	9.9160
5.3	NIT and ICP	3,848,546	1.2155
5.4	Banks, DFIs and NBFIs	12,359,084	3.9036
5.5	Insurance	8,272,928	2.6130
5.6	Modarabas	-	-
5.6.1	Mutual Funds	4,402	0.0014
5.7	<b>Share holders holding 10% or more voting interest</b>		
	a) a) Mr. Sulmaan Taseer (Late)	35,574,835	11.2362
	b) b) Amythest Limited	72,034,306	22.7517
5.8	<b>General Public</b>		
	a) Local	101,822,033	32.1601
	b) Foreign Companies/Organizations/Individual / (repatriable base)	26,020,318	8.2184
		Refer 5.2 (a) above	
		Refer 5.2 (b) above	
		Refer 5.7 (b) above	
5.9	<b>Others</b>		
	a) Joint Stock Companies	15,164,830	4.7897
	b) Pension fund Provident Fund etc.	367,484	0.1161
	c) Others	174,980	
		<b>316,610,112</b>	<b>100.0000</b>

***FIRST CAPITAL SECURITIES CORPORATION LIMITED***

***FINANCIAL STATEMENTS AS AT JUNE 30, 2021***

*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 SECURITIES CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	132,743,163	132,965,208
Investment properties	7	2,152,618,664	2,152,618,664
Long term investments	8	1,821,951,969	1,509,698,628
Long term deposits	9	37,500	37,500
		<u>4,107,351,296</u>	<u>3,795,320,000</u>
<b>CURRENT ASSETS</b>			
Trade debts - unsecured, considered good	10	503,784	809,746
Loans, advances, prepayments and other receivables	11	33,544,229	21,713,312
Short term investments	12	75,227,561	24,506,196
Advance tax	13	7,541,537	7,581,031
Cash and bank balances	14	80,394	360,596
		<u>116,897,505</u>	<u>54,970,881</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	65,599,872	55,172,655
Current portion of long term loan	16	100,000,000	1,600,000,000
Current portion of accrued markup	17	331,429,552	456,497,944
		<u>497,029,424</u>	<u>2,111,670,599</u>
		<u>3,727,219,378</u>	<u>1,738,620,282</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loan	16	1,678,060,000	-
Accrued Markup	17	111,377,020	-
Staff retirement benefits payable	19	2,293,421	5,796,925
Deferred tax liability	18	15,000,100	20,000,275
		<u>1,806,730,541</u>	<u>25,797,200</u>
Contingencies and commitments	20	-	-
<b>NET ASSETS</b>		<u><u>1,920,488,836</u></u>	<u><u>1,712,823,082</u></u>
<b>REPRESENTED BY</b>			
<b>EQUITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital: 320,000,000 (June 2020: 320,000,000) ordinary shares of Rs. 10 each		<u>3,200,000,000</u>	<u>3,200,000,000</u>
Issued, subscribed and paid-up capital	21	3,166,101,120	3,166,101,120
Retained earnings		<u>(1,245,612,284)</u>	<u>(1,453,278,038)</u>
		<u>1,920,488,836</u>	<u>1,712,823,082</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Rupees</b>			
<b>Revenue</b>			
Money market services	22	1,108,269	3,404,115
Dividend Income	22	526,012	-
Unrealized gain/(loss) on re-measurement of 'investments at fair value through profit or loss'	24	362,974,706	(251,920,696)
Change in fair value of investment properties	7	-	99,999,619
		<b>364,608,987</b>	<b>(148,516,962)</b>
<b>Expenses</b>			
Operating and administrative expenses	25	(9,330,541)	(48,786,795)
<b>Operating Profit/(loss)</b>		<b>355,278,446</b>	<b>(197,303,757)</b>
Other income	26	111,102,532	11,524,743
Finance cost	27	(263,739,756)	(242,768,587)
<b>Profit/(Loss) before taxation</b>		<b>202,641,222</b>	<b>(428,547,601)</b>
Taxation	28	4,788,281	2,025,915
<b>Profit/(Loss) after taxation</b>		<b>207,429,503</b>	<b>(426,521,686)</b>
<b>Earning/(Loss) per share</b>			
- basic and diluted	29	<b>0.66</b>	<b>(1.35)</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	
Profit/(Loss) after taxation	<b>207,429,503</b>	(426,521,686)
<b>Other comprehensive income for the year:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post retirement benefit obligation - net of tax	<b>236,251</b>	1,630,236
<i>Items that may subsequently reclassified to profit or loss:</i>		
<b>Other comprehensive income for the year - net of tax</b>	<b>236,251</b>	1,630,236
<b>Total comprehensive Income/(loss) for the year - net of tax</b>	<b>207,665,754</b>	(424,891,450)

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Share Capital	Revenue reserve/Accumulated Reserves	Total
		Retained earnings	
----- Rupees -----			
<b>Balance as at July 01, 2019</b>	3,166,101,120	(1,028,386,588)	2,137,714,532
Loss for the year	-	(426,521,686)	(426,521,686)
Other comprehensive income for the year - net of tax	-	1,630,236	1,630,236
Total comprehensive loss for the year - net of tax	-	(424,891,450)	(424,891,450)
<b>Balance as at 30 June 2020</b>	<b>3,166,101,120</b>	<b>(1,453,278,038)</b>	<b>1,712,823,082</b>
<b>Balance as at July 01, 2020</b>	<b>3,166,101,120</b>	<b>(1,453,278,038)</b>	<b>1,712,823,082</b>
Profit for the year	-	207,429,503	207,429,503
Other comprehensive income for the year - net of tax	-	236,251	236,251
Total comprehensive loss for the year - net of tax	-	207,665,754	207,665,754
<b>Balance as at 30 June 2021</b>	<b>3,166,101,120</b>	<b>(1,245,612,284)</b>	<b>1,920,488,836</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	Rupees	Rupees
<b>Cash flows from operating activities</b>		
<b>Profit/(Loss) before taxation</b>	202,641,222	(428,547,601)
<i>Adjustments for:</i>		
Finance cost	263,739,756	242,768,587
Unrealized loss on re-measurement of investments at 'fair value through profit or loss'	(362,974,706)	251,920,696
Impact of discounting	(66,271,548)	-
Provision for penalty written back	(33,330,684)	-
Change in value of investment properties	-	(99,999,619)
Provision for penalty	-	32,227,745
Depreciation	222,045	232,848
Dividend Income	(526,012)	-
Interest income	(50,345)	(14,223)
Provision for staff retirement benefits	725,796	1,513,059
	(198,465,698)	428,649,093
<b>Loss before working capital changes</b>	4,175,524	101,492
<b>Effect on cash flow due to working capital changes</b>		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	305,962	718,832
Loans, advances, prepayments and other receivables	(11,830,917)	(10,586,610)
<i>(Decrease)/increase in current liabilities:</i>		
Trade and other payables	6,641,830	10,323,389
	(4,883,125)	455,611
<b>Cash generated from/(used in) operations</b>	(707,601)	557,103
<i>Increase in non-current liabilities:</i>		
Finance cost paid	(177,828,896)	(15,190)
Taxes paid/adjusted-net	(15,231)	(551,546)
	(177,844,127)	(566,736)
<b>Net cash used in operating activities</b>	(178,551,728)	(9,633)
<b>Cash flows from investing activities</b>		
Dividend Received	161,181	-
Interest received	50,345	14,223
<b>Net cash generated from investing activities</b>	211,526	14,223
<b>Cash flows from financing activities</b>		
Loan obtained during the year	178,060,000	-
<b>Net cash generated from financing activities</b>	178,060,000	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	(280,202)	4,590
<b>Cash and cash equivalents at the beginning of the year</b>	360,596	356,006
<b>Cash and cash equivalents at the end of the year</b>	80,394	360,596

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1 Legal status and nature of business**

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on April 11, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and is listed on the Pakistan Stock Exchange. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

Geographical location and location of other offices are as under:

<b>Lahore-Head Office</b>	<b>Karachi-Corporate Office</b>
2nd Floor Pace Shopping Mall, Fortress Stadium Lahore Cantt, Lahore	4th Floor, Block B,C,D Lakson Square Building No,01 Sarwar Shaheed Road Karachi

**2 Going concern assumption**

Although during the year company reported profit before tax amounting Rs. 207.4 Million, but still the accumulated losses of the company stand at Rs. 1,245.6 Million as at June 30, 2021 (2020: 1,453.27 Million). Moreover current liabilities of the Company exceeds its current assets by Rs. 380.1 Million.

Owing to the factors mentioned above the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. During the year management successfully negotiated with Bank for deferment of its principal and rental payable against diminishing musharka agreement. As at year end the management of the Company is trying to sell its investment properties to settle its loan facilities and is confident that this will be done on favorable terms.

Based on above mentioned assumption of the management these financial statements have been prepared on the 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 Separate financial statements**

These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

**Subsidiaries**

Company	Country of Incorporation	Nature of business	Effective holding %	
			2021	2020
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	78.86	78.86
Lanka Securities (Private) Limited (LSL)	Sri Lanka	Sale / purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	51.00	51.00
World Press (Private) Limited (WPL)	Pakistan	Carrying on the business of printing, publishing, packaging, advertisement and specialized directory business, stationers and dealing in all allied products.	0.00	65.00
First Capital Equities Limited (FCEL)	Pakistan	Sale / purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	73.23	73.23
Ever Green Water Valley (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities. The company is also engaged in construction activities.	100.00	100.00
Falcon Commodities (Private) Limited (FCL)	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00
First Construction Limited	Pakistan	A construction company.	100.00	100.00
Ozer Investments Limited (OIL)	Sri Lanka	OIL has not yet started its commercial activity however main objects are providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage.	100.00	100.00

## Associates

- Pace Barka Properties Limited,	Pakistan	A real estate services company	17.95	17.95
- Pace Super Mall (Private) Limited	Pakistan	A real estate services company	0.07	0.07
- Media Times Limited,	Pakistan	A media company	25.31	25.31
- Pace (Pakistan) Limited	Pakistan	A real estate services company	2.52	2.38

### 3.2 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.

### 3.3 Basis of measurement

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

### 3.4 Critical accounting estimates and judgments

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

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

a)	Useful life and residual values of property and equipment	Note 5.1
b)	Impairment	Note 5.1
c)	Provisions and contingencies	Note 5.14 & Note 20
d)	Valuation of investment properties	Note 5.4
e)	Staff retirement benefits	Note 5.15
f)	Provision for taxation	Note 5.17

## 4 INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

- 4.1 There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

### Standards or Interpretations:

- IFRS 3 - Definition of a Business (Amendments);
- IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments);
- IFRS 14 - Regulatory Deferral Accounts;
- IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)
- IFRS 15 - Revenue from Contracts with Customers
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
- IFRIC 23 - Uncertainty over income tax treatments
- IAS 1 / IAS 8 - De-finition of Material (Amendments);
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments); and
- The Conceptual Framework for Financial Reporting – revised

### Improvements to Accounting Standards Issued by the IASB (2018 - 2020 cycle)

- IFRS 3 Business Combinations - Previously held Interests in a joint operation
- IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
- IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-Jan-23
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	01-Jan-22
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01-Jan-22
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39	01-Jan-21
Reference to the Conceptual Framework – Amendments to IFRS 3	01-Jan-22
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for Derecognition of financial liabilities	01-Jan-22

#### 4.3 Standards, amendments and improvements to approved accounting standards that are issued by IASB but not yet adopted by SECP

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01-Jul-09
IFRS 17 - Insurance Contracts	01-Jan-23

#### 5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

##### 5.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss by 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. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Maintenance and repairs are charged to profit or loss 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 2021 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.11).

##### 5.2 Capital work in progress

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

##### 5.3 Leases

###### Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets that falls under the category of investment properties are carried at fair value as mentioned in note 5.5.

Where the Company determines that the lease term of identified lease contracts are short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

###### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### 5.4 Investment properties

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

Any gain or loss arising from a change in fair value is charged to the statement of profit or loss. Rental income from investment properties is accounted for as described in Note 7.

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

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

## 5.5 Financial Instruments

### i- 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.

### ii- Subsequent measurement

**Debt Investments at FVOCI:** These assets are subsequently measured at fair value. Interest / markup 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 / markup 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 / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss

### iii 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.

## 5.6 Trade debts, 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

## 5.7 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks that form an integral part of the Company's cash management.

## 5.8 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.

## 5.9 Mark-up bearing borrowings and borrowing cost

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 cost that is directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

## 5.10 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.

## 5.11 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.

## 5.12 Trade and other payables

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

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

## 5.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

## 5.14 Provisions

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

## 5.15 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.

#### **5.16 Revenue recognition**

Capital gains or losses on sale of investments are recognized in the year in which they arise. Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided. Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up. Dividend income is recognized when the right to receive the dividend is established i.e. at the time of closure of share transfer book of the Company declaring the dividend. Return on securities other than shares is recognized as and when it is due on time proportion basis. Mark-up/interest income is recognized on accrual basis. Rental income from investment properties is credited to profit or loss on accrual basis.

#### **5.17 Taxation**

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

##### **Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

##### **Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

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

#### **5.18 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.

#### **5.19 Functional and presentation currency**

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

#### **5.20 Foreign currency**

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

#### **5.21 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

		2021	2020
	Note	Rupees	Rupees
Operating fixed assets	6.1	318,057	540,102
Capital work in progress (CWIP)	6.2	132,425,106	132,425,106
		<b>132,743,163</b>	<b>132,965,208</b>

### 6.1 Operating fixed assets

	Leasehold improvements	Computers	Office equipments	Furniture & fixtures	Plant, machinery and equipment	Vehicles	Total
<b>COST</b>	<b>(Rupees)</b>						
Balance as at 1 July 2019	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2020	<b>470,315</b>	<b>720,622</b>	<b>2,061,090</b>	<b>154,000</b>	<b>88,250,000</b>	<b>6,405,230</b>	<b>98,061,257</b>
Balance as at 1 July 2020	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2021	<b>470,315</b>	<b>720,622</b>	<b>2,061,090</b>	<b>154,000</b>	<b>88,250,000</b>	<b>6,405,230</b>	<b>98,061,257</b>
<b>DEPRECIATION</b>							
Balance as at 1 July 2019	470,315	720,622	2,026,705	154,000	88,250,000	5,666,665	97,288,307
Charge for the year	-	-	15,792	-	-	217,056	232,848
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2020	<b>470,315</b>	<b>720,622</b>	<b>2,042,497</b>	<b>154,000</b>	<b>88,250,000</b>	<b>5,883,721</b>	<b>97,521,155</b>
Balance as at 1 July 2020	470,315	720,622	2,042,497	154,000	88,250,000	5,883,721	97,521,155
Charge for the year	-	-	4,992	-	-	217,053	222,045
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2021	<b>470,315</b>	<b>720,622</b>	<b>2,047,489</b>	<b>154,000</b>	<b>88,250,000</b>	<b>6,100,774</b>	<b>97,743,200</b>
Book value as at 30 June 2020	-	-	<b>18,593</b>	-	-	<b>521,509</b>	<b>540,102</b>
Book value as at 30 June 2021	-	-	<b>13,601</b>	-	-	<b>304,456</b>	<b>318,057</b>



**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

7	Investment properties	Note	2021	2020
			Rupees	Rupees
	Opening balance		2,152,618,664	2,052,619,045
	Fair value adjustment		-	99,999,619
	Closing balance	7.1	2,152,618,664	2,152,618,664
Break of investment property is as follows:				
	Owned properties		252,616,000	252,616,000
	Leased properties -- right to use		1,900,002,664	1,900,002,664
		7.3	2,152,618,664	2,152,618,664

7.1 Investment property amounting Rs. 1,900 Million (2020: 1,900 Million) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharaka agreement.

The Company does not hold the title of investment property amounting Rs. 2,152.6 Million (2020: Rs. 2,152.6 Million), title of property amounting Rs. 1,940 Million, Rs 7.5 Million and Rs. 205 Million is held in the name of Pace (Pakistan) Limited, First Capital Equities Limited and Capital Heights (Pvt.) Limited respectively. The transfer of this property is in process as at year end. However, the Company has complete control and possession of said property.

7.2 Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2021 by an approved independent valuer present on panel of Pakistan Bankers Association, M/s Negotiators. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Company's investment properties that are measured at fair value at June 30, 2021:

Recurring fair value measurements	Fair value measurements at 30 June 2021 using significant other observable inputs (Level 2) Rupees
Investment properties	2,152,618,664

The following table presents the Company's investment properties that are measured at fair value at June 30, 2020:

Recurring fair value measurements	Fair value measurements at 30 June 2020 using significant other observable inputs (Level 2) Rupees
Investment properties	2,152,618,664

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2020 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.

7.3 Particulars of the investment properties and forced sale value (FSV) are as follows:

Particulars	Area	Fair value		Force sale value	
	Sqft	2021	2020	2021	2020
Rupees					
Shop situated at Pace Shopping Mall, Mouza Dhola Zari G.T. Road, Gujranwala	196	7,590,000	7,590,000	6,831,000	6,831,000
Plot-D situated Near Rangers Headquarters Lahore Cantt	87444	1,900,002,664	1,900,002,664	1,710,002,398	1,710,002,398
Shops situated at 5th Floor, Pace Shopping Mall, Model Town Link Road, Lahore	4000	40,000,000	40,000,000	36,000,000	36,000,000
Apartments situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi	34171	205,026,000	205,026,000	184,523,400	184,523,400
		<b>2,152,618,664</b>	<b>2,152,618,664</b>	<b>1,937,356,798</b>	<b>1,937,356,798</b>

7.4 The direct expense relating to investment properties were Rs. 65,000 (2020: Rs. 65,000).

8 Long term investments	Note	2021	2020
		Rupees	Rupees
<b>Investment in related parties</b>			
Subsidiary companies - Unquoted	8.1	536,631,383	324,710,585
Associated companies - Unquoted	8.2	868,808,303	935,726,130
Associated company - Quoted	8.3	178,343,194	59,749,496
Subsidiary company - Quoted	8.4	238,169,089	189,512,417
		<b>1,821,951,969</b>	<b>1,509,698,628</b>

Note	Shares		2021	2020	Percentage of holding	
	2021	2020			2021	2020
	Number		Rupees		%	
<b>8.1 Subsidiary companies - unquoted - at fair value</b>						
First Capital Investments Limited	16,561,634	16,561,634	201,309,183	198,928,938	78.86%	78.86%
Lanka Securities (Private) Limited	9,166,886	9,166,886	168,717,968	118,159,495	51.00%	51.00%
World Press (Private) Limited	-	1,949,258	-	-	0.00%	65.00%
Falcon Commodities (Private) Limited	3,150,000	3,150,000	5,223,652	5,282,652	100.00%	100.00%
Evergreen Water valley (Private) Limited	715,400	715,400	161,380,580	2,339,500	100.00%	100.00%
Ozer Investments Limited	1,000	1,000	-	-	100.00%	100.00%
First Construction Limited	20,000	20,000	-	-	100.00%	100.00%
			<b>536,631,383</b>	<b>324,710,585</b>		

8.1.1 Investment in unquoted securities are valued at fair value. Level 3 inputs were used for fair value calculation as per detail mentioned in note 31.3.4.

8.1.2 During the financial year 2000-2001, the Company has made an investment of 148,575 US Dollars (8,170,141 PKR) in Lanka Securities (Pvt) Limited (LSPL), subsidiary of the Company, incorporated and domiciled in Srilanka subscribing 3,564,900 ordinary shares of LSPL @ 2.29/ PKR-each. Subsequently during the financial year 2007-2008 the company made a further investment of 626,429 US Dollars (38,059,842 PKR) subscribing 3,564,900 ordinary shares of LSPL @ 10.67/ PKR-each. The company have received return amounting 1,477,781 US Dollars (122,396,661 PKR) to date from LSPL.

8.1.3 Due to continuous losses and lack of commercial activity the Board of Directors of the Company in their meeting held on October 07, 2020, and subsequently the shareholder of the Company in their annual general meeting held on October 28, 2020, authorized Chief Executive of the Company to sell the whole investment in World Press (Private) Limited (subsidiary) to any prospective buyer with the approval of the Board of Directors. Board of Directors in their meeting held on October 28, 2020 approved the sale of 1,949,258 shares of subsidiary to Mr. Anwar Ali another major shareholder of World Press (Private) Limited against the consideration of Rs. 10,000.

## 8.2 Associated companies - unquoted - at fair value

Note	Shares		2021	2020	Percentage of holding	
	2021	2020			2021	2020
	Number		Rupees		%	
Pace Barka Properties Limited	54,790,561	54,790,561	868,695,803	935,613,630	17.95%	17.95%
Pace Super Mall Private Limited	11,250	11,250	112,500	112,500	0.07%	0.07%
8.2.1			<b>868,808,303</b>	<b>935,726,130</b>		

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

8.2.2 Investment in unquoted securities are valued at fair value. Level 3 inputs were used for fair value calculation as per detail mentioned in note 31.3.4.

## 8.3 Associated company - quoted - at fair value

Note	Shares		Market value		Market value per share		Percentage of holding	
	2021	2020	2021	2020	2021	2020	2021	2020
	Number		Rupees		Rupees		%	
Media Times Limited	45,264,770	45,264,770	178,343,194	59,749,496	3.94	1.32	25.31%	25.31%

8.3.1 Change in value of investment amounts of Rs. 118,593,698 (2020: Rs. 21,727,089) represents change in fair value of investment during the year. Level 1 inputs were used for fair value calculation for this quoted investment.

## 8.4 Subsidiary company - at fair value

Note	Shares		Market value		Market value per share		Percentage of holding	
	2021	2020	2021	2020	2021	2020	2021	2020
	Number		Rupees		Rupees		%	
First Capital Equities Limited (FCEL)	103,494,200	103,494,200	238,169,089	189,512,417	2.30	1.83	73.23%	73.23%

8.4.1 Investment in subsidiary Company are valued at fair value. Level 3 inputs were used for fair value calculation as per detail mentioned in note 31.3.4.

8.5 All investee companies incorporated in Pakistan except for Lanka Securities (Pvt) Ltd. and Ozer Investments Ltd. which are incorporated in Sri Lanka. Shares of all investee companies are fully paid-up ordinary shares, having a face value of Rs. 10 per share except for Evergreen Water Valley (Pvt) Limited, Lanka Securities (Pvt) Ltd and Ozer Investments Ltd. where face value of share is Rs. 100, 8.75 and 8.75 respectively.



**12.2 Investments at fair value through profit or loss - related parties**

	Note	Shares/units		Carrying value		Fair value		Percentage of holding	
		2021	2020	2021	2020	2021	2020	2021	2020
		Number		Rupees		Rupees		%	
<b>a) Real Estate Investment and Services</b>									
Pace (Pakistan) Limited		7,038,176	7,038,176	14,850,551	10,416,500	50,815,631	14,850,551	2.52%	2.52%
<b>b) Mutual Funds</b>									
First Capital Mutual Fund Limited		935,466	935,466	5,936,748	5,827,766	7,630,035	5,936,748	6.09%	5.63%
				<u>20,787,299</u>	<u>16,244,266</u>	<u>58,445,666</u>	<u>20,787,299</u>		

**12.3 Investments at fair value through profit or loss - others**

	Note	Shares		Carrying value		Fair value	
		2021	2020	2021	2020	2021	2020
		Number		Rupees		Rupees	
<b>a) Insurance</b>							
Shaheen Insurance Company Limited		15,329	15,329	46,447	56,717	65,915	46,447
<b>b) Telecommunication</b>							
Worldcall Telecom Limited	12.3.1	4,221,207	4,221,207	3,672,450	2,954,845	16,715,980	3,672,450
				<u>3,718,897</u>	<u>3,011,562</u>	<u>16,781,895</u>	<u>3,718,897</u>

**12.3.1** This includes 4,220,677 (2020: 4,220,677) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to Note 20.1.

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

		2021	2020
	Note	Rupees	Rupees
<b>13 Advance tax</b>		7,541,537	7,581,031
<b>14 Cash and bank balances</b>			
Cash in hand		10,000	-
Cash at bank			
- current accounts		6,126	6,126
- deposit accounts	14.1	64,268	354,470
		70,394	360,596
		80,394	360,596

14.1 The deposit accounts carry mark-up at rates upto 5% (2020: upto 13%) per annum.

		2021	2020
	Note	Rupees	Rupees
<b>15 Trade and other payables--unsecured</b>			
Creditors		11,207,282	8,545,497
Accrued liabilities		19,580,816	16,786,748
Security deposit from tenants		486,660	486,660
Payable against purchase of investment property	15.1	6,681,123	6,681,123
Final settlements payable	15.2	22,036,914	18,043,865
Withholding income tax payable		4,655,602	4,103,031
Sales tax payable		244,081	102,842
Other liabilities		707,394	422,889
		65,599,872	55,172,655

15.1 This represent Rs. 6,681,123 (2020: Rs. 6,681,123) payable to Pace (Pakistan) Limited an associated company against purchase of property.

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

		2021	2020
	Note	Rupees	Rupees
<b>16 Long Term Loan</b>			
Payable against diminishing musharka--secured	16.1	1,600,000,000	1,600,000,000
Payable against long term loan from non-financial institutions--unsecured	16.2	178,060,000	-
		1,778,060,000	1,600,000,000
<b>Less Current portion of loan</b>		(100,000,000)	(1,600,000,000)
<b>Non current portion of loan</b>		1,678,060,000	-

16.1 This represents balance payable against two diminishing musharka facilities obtained from Silk Bank Limited (Eman Islamic Banking) Facility 1 and 2 amounting to Rs. 1,100 Million and Rs. 500 Million respectively. Details of rental payable on these facilities is mentioned in note 17.2. Principal amount of Facility 1 and 2 is repayable in 11 equal semiannual installments commencing from June 14, 2022 and August 08, 2022 respectively. Silk Bank Limited has charge by way of hypothecation over following assets:

- Diminishing Mushrka Asset
- Current Assets of the company

16.2 This represents loan obtained from WTL Services (Private) Limited it carries interest at the rate of 24% per annum, interest is payable on demand after lapse of 12 months grace period starting from July 31, 2020. Principal amount is repayable on January 31, 2024.

		2021	2020
	Note	Rupees	Rupees
<b>17 Accrued Markup</b>			
Rental payable against diminishing musharka	17.1	403,256,124	423,167,260
Interest payable against long term loan from non-financial institutions	17.2	39,550,448	-
Penalty payable against diminishing musharka	17.3	-	33,330,684
		442,806,572	456,497,944
<b>Less Current portion of loan</b>		(331,429,552)	(456,497,944)
<b>Non current portion of loan</b>		111,377,020	-

17.1 The rental payable against the diminishing musharka agreement with Silk Bank Limited (Eman Islamic Banking) was at the rate of 6 month KIBOR (ask side) plus 2% margin per annum. During the year on the request of the Company, the Bank agreed to defer the repayment of principal and rental for two years starting from July 15, 2020 and interest rate to be charged during deferment period is 2 year KIBOR plus 2% spread per annum. Rental deferred is measured at present value using the applicable rental rate of 2Y KIBOR plus 2%. Reconciliation of deferred rental is as follows:

		2021	2020
	Note	Rupees	Rupees
Deferred rental	17.1.1	469,527,672	423,167,260
Less: Impact of discounting	17.1.2	(66,271,548)	-
		<u>403,256,124</u>	<u>423,167,260</u>
<b>17.1.1 Reconciliation of deferred rental</b>			
Opening balance		423,167,260	180,413,863
Add: Charged during the year		224,167,781	242,753,397
Less: Paid during the year		(177,807,369)	-
		<u>469,527,672</u>	<u>423,167,260</u>
<b>17.1.2 Reconciliation of discounting</b>			
Opening balance		-	-
Add: Discounting impact of deferred rental		66,271,548	-
		<u>66,271,548</u>	<u>-</u>
<b>17.2</b>	This represents interest at the rate of 24% on loan obtained from WTL Services (Private) Limited it is repayable on demand after lapse of 12 months grace period starting from July 31, 2020. Movement of interest during the year is as follows:		
		2021	2020
		Rupees	Rupees
Opening balance		-	-
Add: Charged during the year		39,550,448	-
Less: Paid during the year		-	-
		<u>39,550,448</u>	<u>-</u>
<b>17.3</b>	This represents penalty accrued till June 30, 2021 on the rental due against diminishing musharka agreement at the rate of 6 month KIBOR (ask side) plus 5% per annum calculated on daily basis due to non payment of rental last year. During the year on request of Company, the Bank agreed to defer the payment of interest and principal for two years starting from July 15, 2021 based on which this provision is written back.		
<b>18 Deferred tax liability</b>		2021	2020
	Note	Rupees	Rupees
Deferred tax liability	18.1	15,000,100	20,000,275
<b>18.1 Tax on deductible temporary differences</b>			
<b>Tax on taxable temporary differences</b>			
Revaluation gain on investment property		(15,000,100)	(20,000,275)
		<u>(15,000,100)</u>	<u>(20,000,275)</u>
Deferred tax asset/(liability)		<u>(15,000,100)</u>	<u>(20,000,275)</u>
<b>18.2 Movement of tax asset / (liability) - net</b>		2021	2020
	Note	Rupees	Rupees
Opening balance		(20,000,275)	(22,434,684)
Charged to profit or loss		5,000,175	2,434,409
Charged to OCI		-	-
		<u>(15,000,100)</u>	<u>(20,000,275)</u>
<b>18.3</b>	The Company have a deferred tax asset on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However as sufficient taxable profits may not be available in foreseeable future, the Company has not recognized deferred tax asset in these financial statements. The details are as follows:		
		2021	2020
	Note	Rupees	Rupees
Deductible temporary differences		24,330,335	34,503,479
Tax losses --net		64,501,136	140,894,596
Unrecognized deferred tax asset		<u>25,761,127</u>	<u>50,865,442</u>
<b>19 Staff retirement benefits payable</b>			
Gratuity	19.1	2,293,421	4,606,376
Accumulating compensated absences		-	1,190,549
		<u>2,293,421</u>	<u>5,796,925</u>
<b>19.1 Movement in net obligation</b>			
Statement of financial position liability at 01 July		4,606,376	6,427,923
Expense chargeable to Profit or Loss account	19.3	725,796	1,513,059
Remeasurements chargeable in other comprehensive income	19.4	(236,251)	(1,630,236)
Benefit payable transferred to short term liability		(2,802,500)	(1,704,370)
<b>Statement of financial position liability at 30 June</b>		<u>2,293,421</u>	<u>4,606,376</u>

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

	2021	2020
Note	Rupees	Rupees
Present value of defined benefit obligation at 1 July	4,606,376	6,427,923
Current service cost	453,360	718,516
Interest cost on defined benefit obligation	272,436	794,543
Benefits payable transferred to short term liability	(2,802,500)	(1,704,370)
Actuarial loss/(gains) from changes in financial assumptions	477	(11,946)
Actuarial loss/(gains) due to Experience adjustments	(236,728)	(1,618,290)
<b>Present value of defined benefit obligation at 30 June</b>	<b>2,293,421</b>	<b>4,606,376</b>

**19.3 Amount charged to profit or loss**

Current service cost	453,360	718,516
Interest cost	272,436	794,543
<b>Total amount chargeable to profit or loss</b>	<b>725,796</b>	<b>1,513,059</b>

**19.4 Charged to other comprehensive income**

Actuarial loss/(gains) from changes in financial assumptions	477	(11,946)
Actuarial loss/(gains) due to Experience adjustments	(236,728)	(1,618,290)
	<b>(236,251)</b>	<b>(1,630,236)</b>

	2021	2020	2019	2018	2017
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>19.5 Historical information for gratuity plan</b>					
Present value of defined benefit obligation	2,293,421	4,606,376	6,427,923	10,047,853	9,177,400
Gain/(loss) on actuarial experience adjustments on plan liability	(236,728)	(1,618,290)	(558,184)	(650,528)	(7,323)

**19.6 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined obligation as at June 30, 2021 would have been as follows:

	Increase	Decrease
Discount rate	4,594,266	4,853,485
Future salary increase	4,593,758	4,379,014

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

**19.7 Actuarial valuation of this plan was carried out on June 30, 2021 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:**

	2021 per annum	2020 per annum
Discount rate used for profit or loss charge	8.50%	14.25%
Discount rate used for year-end obligation	10.00%	8.50%
Expected rate of salary increase in future years		
Salary increase FY 2021	N/A	7.50%
Salary increase FY 2022	9.00%	7.50%
Salary increase FY 2023	9.00%	7.50%
Salary increase FY 2024	9.00%	7.50%
Salary increase FY 2025	9.00%	7.50%
Salary increase FY 2026	9.00%	7.50%
Salary increase FY 2027 and onward	9.00%	7.50%
Retirement assumption	Age 60	Age 60
Mortality rate	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

**19.8 Estimated expenses to be charged to profit or loss account for financial year 2021-2022 is Rs 430,202 which includes Rs 302,814 in respect of current service cost and Rs. 127,388 in respect of interest cost in defined benefit obligation.**

**19.9 Weighted average duration of the defined benefit obligation is 2 years for gratuity.**

## 20 Contingencies and commitments

**20.1** The senior management of the Company was contacted by 'National Accountability Bureau' (NAB) dated June 22,2002 in respect of certain transactions in FIB carried out by the Company related to Workers Welfare Fund ("WWF") during the year 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the Company had colluded with WWF officials to defraud WWF.

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

National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. The Company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously. The Company is confident of its favorable outcome, therefore no provision has been made in the financial statements.

**20.2** During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") raised a demand of Rs. 0.8 Million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favor of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the Judgment of the Honorable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honorable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. Honorable Lahore High Court passed an order dated 20-05-2015 to issue notices to the Appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated Appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favorable decision. Consequently, no provision has been made in these financial statements for this amount

**20.3** CTR No. 14/2002 reference has been directed against the judgment of ITAT dated 03.02.2001 whereby the order passed under 66 - A of the Income Tax Ordinance, 1979, for the assessment years 1995-1996, by IAC of the Income tax Range - III, Companies Zone - II, Lahore has been affirmed. The C.T.R is now pending before the Honorable Lahore High Court and is to be heard along with other identical matters. There is likelihood of a favorable decision in favor of Company in as much as said order is in conflict with earlier judgments of the superior courts. The case has to be fixed by office of the Honorable Lahore High Court Lahore.

**20.4** The Income Tax Appellate Tribunal Lahore vide its Order dated 19th November 2008 for Assessment Year 1996-1997, 1999-2000, 2001-2001,2002-2003, Tax Year 2003 and 2004 held that allocation of expense cannot be made against Capital Gain. During the preceding year Tax References No. PTR 131/09 to 140/09 filed by the Tax Department against order of Income Tax Appellate Tribunal Lahore dated 19th November 2008. The Honorable Lahore High Court vide its order dated 10th March 2015 accepted the references filed by department for the above mentioned years, and cases were remanded back to Income Tax Appellate Tribunal Lahore. The Company has preferred CPLAs before the August Supreme Court against the Orders passed by the Lahore High Court Lahore in all Tax References Nos. PTR 131/09 to 140/09. The Company is confident of a favorable decision in the matter.

**20.5** During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Equities Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the cumulative recovery of Rs. 188.74 Million from the Company or alternatively recovery of Rs. 0.513 Million from the Company against insurance premium. 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.

**20.6** During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd has filed suit against the Company, First Capital Equities 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.

2021	2020
Rupees	Rupees

**20.7** Commitments in respect of capital expenditure

-	-
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**20.8** The company extended the corporate guarantee amounting Rs. 480,000,000 in favor of Silk Bank Limited against the loan facility obtained by one of the wholly owned subsidiary Evergreen Water Valley (Pvt.) Limited.

## 21 Share capital

### 21.1 Issued, subscribed and paid-up capital

2021	2020		2021	2020
Number of shares			Rupees	
38,165,030	38,165,030	Ordinary shares of Rs 10/- each fully paid in cash	381,650,300	381,650,300
278,445,082	278,445,082	Ordinary shares of Rs 10/- each issued as bonus shares	2,784,450,820	2,784,450,820
<b>316,610,112</b>	<b>316,610,112</b>		<b>3,166,101,120</b>	<b>3,166,101,120</b>

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

	Note	2021 ----- (Number of shares) -----	2020
Amythest Limited	21.3	72,034,182	72,034,182
Sisley Group	21.4	31,395,000	31,395,000

21.3 Beneficial owner of the above mentioned holding was Salman Taseer (Late) resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

21.4 Beneficial owner of the above mentioned holding is Aamna Taseer resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

	Note	2021 Rupees	2020 Rupees
<b>22 Money market services</b>			
Money market income			
- local currency		1,252,344	2,875,388
- foreign currency		-	528,727
		1,252,344	3,404,115
Less: Sales tax		(144,075)	-
		<u>1,108,269</u>	<u>3,404,115</u>
<b>23 Dividend income</b>			
Others		526,012	-
		<u>526,012</u>	<u>-</u>

24 Gain/(Loss) on investments classified at fair value through profit or loss

*Unrealized (loss)/gain on re-measurement of 'investments at fair value through profit or loss'*

Unrealized gain on resmeasurement of short term investments	12	50,721,365	5,250,368
Unrealized gain/(loss) on resmeasurement of long term investments	8	312,253,341	(257,171,064)
		<u>362,974,706</u>	<u>(251,920,696)</u>

25 Operating and administrative expenses

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	25.1	5,855,546	10,705,862
Rent, rates and taxes		100,000	100,000
Postage, telephone and stationary		34,084	332,523
Utilities		6,500	295,713
Printing and stationery		65	19,549
Travelling and conveyance		-	31,860
Repairs and maintenance		1,812	417,660
Vehicle running expenses		238,744	54,150
Entertainment		27,635	74,060
Legal and professional		1,520,285	3,054,444
Advertisement		-	-
Auditors' remuneration	25.2	1,250,500	1,025,000
Depreciation	6.1	222,045	232,848
Others		73,325	215,381
Penalty on default	17.3	-	32,227,745
		<u>9,330,541</u>	<u>48,786,795</u>

25.1 Salaries, wages and other benefits includes Rs. 725,796 (2020: Rs. 1,513,059) in respect of gratuity expense for the year.

	Note	2021 Rupees	2020 Rupees
<b>25.2 Auditors' remuneration</b>			
Annual audit fee		500,000	500,000
Fee for audit of consolidated financial statements		500,000	275,000
Half yearly review		200,000	200,000
Out of pocket expenses		50,500	50,000
		<u>1,250,500</u>	<u>1,025,000</u>

	Note	2021 Rupees	2020 Rupees
<b>26 Other income</b>			
<b><u>Income from financial assets</u></b>			
Income on treasury bills /saving accounts		50,345	14,223
<b><u>Income from non-financial assets</u></b>			
Rental income of plant and machinery	26.1	11,400,000	11,400,000
Gain on sale of subsidiary	8.1.3	10,000	-
Impact of discounting on deferred rental	17.1	66,271,548	-
Provision for penalty written back	17.3	33,330,684	-
Miscellaneous income		39,955	110,520
		<b>111,102,532</b>	<b>11,524,743</b>

26.1 This represents income from lease of plant and machinery (construction equipment) to Evergreen Water Valley (Pvt.) Limited a subsidiary company.

	Note	2021 Rupees	2020 Rupees
<b>27 Finance cost</b>			
Bank charges and commission		21,527	15,190
Markup/Rental on long term financing	17.1 & 17.2	263,718,229	242,753,397
		<b>263,739,756</b>	<b>242,768,587</b>
<b>28 Taxation</b>			
<b><u>Current tax</u></b>			
For the year	28.1	211,894	408,494
Deferred tax expense/(income)	18	(5,000,175)	(2,434,409)
		<b>(4,788,281)</b>	<b>(2,025,915)</b>

28.1 Since the company showing tax loss for the year as a result taxable income for the year is Nil. Keeping in view this fact provision for taxation represents minimum and final tax under section 233 and 150 of the Income Tax Ordinance,2001 respectively, which is 12% of revenue from money market services and 15% of dividend income. Since the Company's income is subject to final tax therefore no numerical reconciliation of tax is produced.

## 29 Profit/(Loss) per share

### 29.1 Loss per share - basic

		2021	2020
Profit/(Loss) for the year	Rupees	207,429,503	(426,521,686)
Weighted average number of ordinary shares	Numbers	316,610,112	316,610,112
Earning/(Loss) per share - basic	Rupees	0.66	(1.35)

### 29.2 Loss per share - diluted

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

## 30 Number of employees

The average and total number of employees are as follows:

	2021	2020
Average number of employees during the year	7	12
Total number of employees as at 30 June	4	8

## 31 Financial risk management

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

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

- Credit risk
- Liquidity risk
- Market risk

### 31.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk arises from deposits with banks, trade debts, loans and advances and credit exposure arising as a result of dividends from equity securities and other receivable. The Company has concentration of credit risk in other receivables but this not considered to be significant as this includes a major portion overdue from related parties and remaining exposure is spread over a large number of counter parties in the case of trade debts to manage exposure to credit risk, the Company applies credit limits to its customers.

#### 31.1.1 Exposure to credit risk

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

	Note	2021 Rupees	2020 Rupees
Long term deposits	9	37,500	37,500
Trade debts	10	503,784	809,746
Other receivables	11	33,544,229	21,713,312
Bank balances	14	70,394	360,596
		<b>34,155,907</b>	<b>22,921,154</b>

All financial assets subject to credit exposure at the statement of financial position' date represent domestic parties.

#### 31.1.2 Credit quality of financial assets

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Banking companies and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers, supplier and others is assessed by reference to historical defaults rates and present ages.

##### 31.1.2.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties, past experiences and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

#### Bank balances

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

	Rating		Rating Agency	2021	2020
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A-1+	AA	PACRA	6,150	71,546
Allied Bank Limited	A-1+	AAA	PACRA	29,419	218,680
Bank Islami	A-1	A+	PACRA	6,126	6,126
Soneri Bank Limited	A-1+	AA-	PACRA	9,306	9,306
United Bank Limited	A-1+	AAA	VIS	-	44,893
Bank Alfalah Limited	A-1+	AA+	VIS	10,000	10,000
Silk Bank Limited	A-2	A-	VIS	9,393	45
				<b>70,394</b>	<b>360,596</b>

#### Trade debts

The trade debts as at the statement of financial position date are classified in Pak Rupees. The aging of trade receivables at the reporting date is:

	Note	2021 Rupees	2020 Rupees
Neither past due nor impaired	10	427,181	427,181
Past due		76,603	382,565
		<b>503,784</b>	<b>809,746</b>

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

	2021 Rupees	2020 Rupees
Commercial banks	381,734	687,696
Others	122,050	122,050
	<b>503,784</b>	<b>809,746</b>

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

### 31.1.2.2 Counterparties without external credit ratings

Management estimates that the below mentioned balances will be recovered within next 12 months and the probability of default is expected to be zero as all the balance is receivable from related parties and employees of the Company. Consequently, no expected credit loss allowance is required.

	Note	2021 Rupees	2020 Rupees
<b>Loan and advances</b>			
Related parties	11	33,009,312	21,609,312
Employees		170,086	104,000
		<b>33,179,398</b>	<b>21,713,312</b>

### 31.1.3 Concentration of credit risk

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

### 31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. 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 2021:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
<b>Financial liabilities</b>					
Loan payable	1,778,060,000	1,778,060,000	100,000,000	1,678,060,000	-
Rental payable	442,806,572	509,078,120	377,047,626	132,030,494	-
Trade and other payables	65,599,872	65,599,872	65,599,872	-	-
	<b>2,286,466,444</b>	<b>2,352,737,992</b>	<b>542,647,498</b>	<b>-</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as on June 30 2020:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
<b>Financial liabilities</b>					
Loan payable	1,600,000,000	1,600,000,000	1,600,000,000	-	-
Rental payable	456,497,944	456,497,944	456,497,944	-	-
Trade and other payables	55,172,655	55,172,655	55,172,655	-	-
	<b>2,111,670,599</b>	<b>2,111,670,599</b>	<b>2,111,670,599</b>	<b>-</b>	<b>-</b>

### 31.3 Market risk

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

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

#### 31.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Company was not exposed to foreign currency's risk as there was no foreign currency held by the Company at year end.

#### 31.3.2 Interest rate risk

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

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

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

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

The interest rate profile of the Company's variable interest-bearing financial instruments at the statement of financial position date was as under:

	2021 Rupees	2020 Rupees
Financial assets	64,268	354,470
Financial liabilities	1,600,000,000	1,600,000,000
	1,600,064,268	1,600,354,470

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Company does not have any fixed rate financial instrument.

### 31.3.3 Other price risk

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

#### Sensitivity analysis

All of the Company's listed equity investments are listed on Pakistan Stock exchange. The table below summarizes the Company's equity price risk as of June 30 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

		2021			
Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in OCI	"Hypothetical increase/ (decrease) in profit /(loss) before tax"	
Rupees		Rupees			
<b>Investments</b>					
Long term investments	10% increase	458,163,512	-	41,651,228	
	10% decrease	374,861,055	-	(41,651,228)	
Short term investments	10% increase	82,750,317	-	7,522,756	
	10% decrease	67,704,805	-	(7,522,756)	
		491,739,844			
		2020			
Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in OCI	"Hypothetical increase/ (decrease) in profit /(loss) before tax"	
Rupees		Rupees			
<b>Investments</b>					
Long term investments	10% increase	274,188,104	-	24,926,191	
	10% decrease	224,335,722	-	(24,926,191)	
Short term investments	10% increase	26,956,816	-	2,450,620	
	10% decrease	22,055,576	-	(2,450,620)	
		273,768,109			

### 31.3.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

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

Specific valuation techniques used to value financial instruments include:

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

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

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

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

#### Recurring fair value measurements

	30-Jun-21			
	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Long term investments</b>				
Quoted investments	178,343,194	-	238,169,089	416,512,283
Unquoted investments	-	-	1,405,439,686	1,405,439,686
<b>Investment properties</b>	-	2,152,618,664	-	2,152,618,664
<b>Short term investments</b>	75,227,561	-	-	75,227,561
	Rupees			
<b>Long term investments</b>				
Quoted investments	59,749,496	-	189,512,417	249,261,913
Un Quoted investments	-	-	1,260,436,715	1,260,436,715
<b>Investment properties</b>	-	2,152,618,664	-	2,152,618,664
<b>Short term investments</b>	24,506,196	-	-	24,506,196

#### 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 statement of financial position date except for one quoted investment (FCEL) where level 3 inputs are used to determine fair value as shares of FCEL are not actively traded based on which management ascertained that quoted market value does not reflect actual fair value of investment. 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.

As at June 30, 2021, the Company's long term investments in unquoted securities (see note 8), carried at fair value. The fair value of such investments is determined by using level 3 techniques. The fair value of investment in unquoted securities has been determined based on the net asset value.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

### 31.4 Capital management

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

The Company's objectives when managing capital are:

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

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

### 31.5 Financial instruments by category

	30-Jun-21			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
<b>Financial Assets</b>				
<b>Rupees</b>				
Long term investments	-	1,821,951,969	-	1,821,951,969
Long term deposits	37,500	-	-	37,500
Trade debts	503,784	-	-	503,784
Short term investments	-	75,227,561	-	75,227,561
Advances, deposits, prepayments and other receivables	33,544,229	-	-	33,544,229
Cash and bank balances	80,394	-	-	80,394
	<b>34,165,907</b>	<b>1,897,179,530</b>	<b>-</b>	<b>1,931,345,437</b>

	30-Jun-21			Total
	At amortized cost	Liabilities at fair value through profit or loss		
<b>Financial Liabilities</b>				
Trade and other payables-Unsecured	65,599,872	-	-	65,599,872
Long Term Payable	1,600,000,000	-	-	1,600,000,000
Mark up payable	331,429,552	-	-	331,429,552
	<b>1,997,029,424</b>	<b>-</b>	<b>-</b>	<b>1,997,029,424</b>

	30-Jun-20			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
<b>Financial Assets</b>				
<b>Rupees</b>				
Long term investments	-	1,509,698,628	-	1,509,698,628
Long term deposits	37,500	-	-	37,500
Trade debts	809,746	-	-	809,746
Short term investments	-	24,506,196	-	24,506,196
Advances, deposits, prepayments and other receivables	21,713,312	-	-	21,713,312
Cash and bank balances	360,596	-	-	360,596
	<b>22,921,154</b>	<b>1,534,204,824</b>	<b>-</b>	<b>1,557,125,978</b>

	30-Jun-20			Total
	At amortized cost	Liabilities at fair value through profit or loss		
<b>Financial Liabilities</b>				
<b>Rupees</b>				
Trade and other payables-Unsecured	55,172,655	-	-	55,172,655
Long term payable	1,600,000,000	-	-	1,600,000,000
Mark up payable	456,497,944	-	-	456,497,944
	<b>2,111,670,599</b>	<b>-</b>	<b>-</b>	<b>2,111,670,599</b>

## 32 Transactions with related parties

Related parties comprise of entities over which the Directors are able to exercise significant influence. Related parties include entities with common Directors, major shareholders, subsidiary undertakings, associated companies, Directors and key management personnel. Details of transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment disclosed in note 33 are as follows:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2021	2020
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
Evergreen Water Valley (Private) Limited	Subsidiary(100% owned)	Rental income earned	<b>11,400,000</b>	<b>11,400,000</b>
		Rental income received	-	<b>803,890</b>
First Capital Mutual Fund	Associate (6.09% owned)	Dividend Income	<b>526,012</b>	-
		Dividend received	<b>161,181</b>	-

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

**32.2** No impairment allowance is necessary in respect of amount due from related parties

### 33 Remuneration of Chief Executive, Director and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and Executives of the company is as follows:

	Chief executive		Executive and non executive directors		Executives	
	2021	2020	2021	2020	2021	2020
	<b>Rupees</b>					
Managerial remuneration	2,400,000	2,400,000	-	-	-	1,479,840
Medical Expenses Reimbursed	-	-	-	-	-	65,085
Provision for gratuity	632,938	599,252	-	-	-	610,743
	<b>3,032,938</b>	<b>2,999,252</b>	-	-	-	<b>2,155,668</b>
Number of persons	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>2</b>

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

33.2 Executives are employees whose basic salary exceed Rs. 1,200,000 in a financial year.

**34 Date of authorization for issue**

These financial statements were authorized for issue on \_\_\_\_\_ 2021 by the Board of Directors.

**35 Corresponding figures**

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

**36 Impact of Covid-19**

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Company has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Company's operations will not experience any material impact due to the COVID-19 pandemic. Based on management assessment there is no material financial impact of COVID-19 in these financial statements.

**37 General**

The figures have been rounded off to the nearest Rupee.

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

\_\_\_\_\_  
Director

***FIRST CAPITAL SECURITIES CORPORATION LIMITED***  
***CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2021***

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	6	272,244,918	276,584,196
Intangible assets	7	2,812,510	3,062,519
Investment properties	8	3,354,181,263	3,267,338,763
Investments accounted for using the equity method	9	412,524,455	476,694,768
Long term investments	10	24,127,216	10,706,385
Long term deposits and advances - considered good	11	36,579,471	13,166,098
		<b>4,102,469,833</b>	<b>4,047,552,729</b>
<b>Current assets</b>			
Stock in trade	13	290,053,500	968,643
Trade debts	14	608,139,942	562,330,611
Loans, advances and other receivables	15	366,683,418	731,574,307
Prepayments		1,018,351	947,110
Short term investments	16	533,452,966	254,949,888
Cash and bank balances	17	50,837,074	47,971,595
		<b>1,850,185,251</b>	<b>1,598,742,154</b>
<b>Current liabilities</b>			
Trade and other payables	18	666,392,155	840,349,739
Short term borrowings		14,833,987	-
Current portion of lease liability	21	6,867,378	6,572,471
Current portion of long term loans	19	267,590,909	2,538,821,542
Current portion of accrued markup	20	428,752,510	538,214,737
Provision for taxation		84,024,702	8,515,914
		<b>1,468,461,641</b>	<b>3,932,474,403</b>
<b>Net current assets/(liability)</b>		<b>381,723,610</b>	<b>(2,333,732,249)</b>
		<b>4,484,193,443</b>	<b>1,713,820,480</b>
<b>Non-current liabilities</b>			
Lease liability	21	-	7,175,728
Deferred tax liability	12	14,204,296	21,025,380
Staff retirement benefits	22	24,442,112	26,057,985
Long term loans	19	2,694,745,177	245,454,545
Accrued markup	20	111,377,019	-
		<b>2,844,768,604</b>	<b>299,713,638</b>
Contingencies and commitments	23	-	-
		<b>1,639,424,839</b>	<b>1,414,106,842</b>
<b>Represented by</b>			
<b>Equity</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital: 320,000,000 (2019: 320,000,000) ordinary shares of Rs 10 each		3,200,000,000	3,200,000,000
Issued, subscribed and paid-up share capital	24	3,166,101,120	3,166,101,120
Exchange translation reserve		28,618,644	48,668,733
Reserves capitalized		480,054,923	480,054,923
Retained earnings		(2,356,835,232)	(2,536,904,220)
<b>Equity attributable to owners of the Parent Company</b>		<b>1,317,939,455</b>	<b>1,157,920,556</b>
<b>Non-controlling interests (NCI)</b>		<b>321,485,384</b>	<b>256,186,286</b>
		<b>1,639,424,839</b>	<b>1,414,106,842</b>

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

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b><u>CONTINUED OPERATIONS</u></b>			
Operating revenue	25	918,563,540	242,223,910
Direct costs	26	(297,503,130)	(136,583,208)
<b>Gross profit</b>		<b>621,060,410</b>	<b>105,640,702</b>
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	27	124,640,584	9,672,441
Gain on investment properties		-	99,999,619
Operating and administrative expenses	28	(232,925,251)	(186,953,333)
<b>Operating profit</b>		<b>512,775,743</b>	<b>28,359,429</b>
Other income	29	148,708,075	108,726,574
Finance costs	30	(290,379,007)	(307,162,662)
		<b>(141,670,932)</b>	<b>(198,436,088)</b>
Share of loss from investments accounted for using the equity method - net of tax	9.1	(42,167,422)	(26,243,626)
<b>Profit/(Loss) before taxation</b>		<b>328,937,389</b>	<b>(196,320,285)</b>
Taxation	31	(71,662,464)	(26,242,356)
<b>Profit/(Loss) after taxation</b>		<b>257,274,925</b>	<b>(222,562,641)</b>
<b><u>DISCONTINUED OPERATION</u></b>			
<b>Loss after taxation from discontinued operation</b>	32	<b>(747,415)</b>	<b>(79,027,599)</b>
<b>Profit/(Loss) after taxation for the year</b>		<b>256,527,510</b>	<b>(301,590,240)</b>
<b>Basic and diluted earning/(loss) per share-- from continued operation</b>	33	<b>0.5394</b>	<b>(0.73)</b>
<b>Basic and diluted loss per share-- from discontinued operation</b>	33	<b>(0.0017)</b>	<b>(0.18)</b>
Profit/(loss) attributable to:			
- Owners of the Parent Company		170,233,247	(289,541,954)
- Non-controlling interests		86,294,263	(12,048,286)
<b>Profit/(Loss) for the year</b>		<b>256,527,510</b>	<b>(301,590,240)</b>

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

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>Loss after taxation</b>		<b>256,527,510</b>	(301,590,240)
<b>Other comprehensive income for the year</b>			
<b>Items that will not be reclassified to profit and loss:</b>			
Remeasurement of defined benefit plan - net of tax	22.3	(3,142,186)	5,057,338
<b>Items that may be subsequently reclassified to profit and loss:</b>			
Share of other comprehensive income of investments accounted for using the equity method - net of tax	9.2	1,520,724	308,740
Exchange differences on translation of foreign operations recognized as:			
- Exchange translation reserve		(20,050,089)	(4,777,836)
- Non-controlling interests		(19,263,811)	(4,590,469)
Other comprehensive (loss) for the year		(39,313,900)	(9,368,305)
<b>Total comprehensive (loss) for the year</b>		<b>215,592,148</b>	<b>(305,592,467)</b>
<b>Total comprehensive income/(loss) attributable to :</b>			
- Owners of the Parent Company		150,293,050	(289,971,184)
- Non-controlling interests		65,299,098	(15,621,283)
		<b>215,592,148</b>	<b>(305,592,467)</b>

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

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Attributable to owners of the Parent Company						Total Equity
	Capital Reserve			Revenue Reserve		Non-controlling Interests	
	Share Capital	Exchange Translation Reserve	Reserve Capitalized	Retained Earnings	Total		
----- Rupees -----							
<b>Balance at 01 July 2019</b>	3,166,101,120	53,446,569	480,054,923	(2,253,540,695)	1,446,061,917	271,807,569	1,717,869,486
<b>Total comprehensive income/(loss) for the year</b>							
Loss for the year				(289,541,954)	(289,541,954)	(12,048,286)	(301,590,240)
Other comprehensive income		(4,777,836)		4,348,606	(429,230)	(3,572,997)	(4,002,227)
Share of reserve on incremental depreciation - net of tax from associate				1,829,823	1,829,823		1,829,823
<b>Total comprehensive income / (loss) for the year</b>	-	(4,777,836)	-	(283,363,525)	(288,141,361)	(15,621,283)	(303,762,644)
<b>Balance at 30 June 2020</b>	<b>3,166,101,120</b>	<b>48,668,733</b>	<b>480,054,923</b>	<b>(2,536,904,220)</b>	<b>1,157,920,556</b>	<b>256,186,286</b>	<b>1,414,106,842</b>
<b>Total comprehensive income for the year</b>							
Profit for the year				170,233,247	170,233,247	86,294,263	256,527,510
Other comprehensive loss		(20,050,089)		109,892	(19,940,197)	(20,995,165)	(40,935,362)
Share of reserve on incremental depreciation - net of tax from associate				9,725,849	9,725,849		9,725,849
<b>Total comprehensive income for the year</b>	-	(20,050,089)	-	<b>180,068,988</b>	<b>160,018,899</b>	<b>65,299,098</b>	<b>225,317,997</b>
<b>Balance at 30 June 2021</b>	<b>3,166,101,120</b>	<b>28,618,644</b>	<b>480,054,923</b>	<b>(2,356,835,232)</b>	<b>160,018,899</b>	<b>321,485,384</b>	<b>1,639,424,839</b>

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

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	35	179,072,820	(56,487,262)
Retirement benefits paid - net		-	(819,180)
Finance costs paid		(189,417,114)	(17,037,209)
Taxes paid		(360,161)	(1,051,399)
<b>Net cash used in operating activities</b>		<b>(10,704,455)</b>	<b>(75,395,050)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(5,475,314)	(86,590)
Proceeds from sale of property, plant and equipment		-	720,000
Purchase of investment property		-	(25,000,000)
Proceeds from sale of investment property		19,300,000	162,870,000
Proceed from sale of subsidiary		10,000	-
Investment in associate -- FCMF		(10,000,000)	-
Increase/(Decrease) from investments - net		(163,323,685)	64,269,025
Asset management license		-	(750,025)
Dividend received		1,568,635	-
Long term deposits		(18,485,822)	314,800
Rental paid		(6,430,616)	-
Interest received		42,826,649	25,806,862
<b>Net cash generated from/(used in) investing activities</b>		<b>(140,010,153)</b>	<b>228,144,072</b>
<b>Cash flows from financing activities</b>			
Receipt/(payment) of loan--net		178,060,000	(156,800,822)
Bank overdraft facility		14,833,987	-
<b>Net cash generated from/(used in) financing activities</b>		<b>192,893,987</b>	<b>(156,800,822)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42,179,379</b>	<b>(4,051,800)</b>
Impact of exchange translation		(39,313,900)	(9,368,305)
Cash and cash equivalents at the beginning of the year		47,971,595	61,391,700
<b>Cash and cash equivalents at the end of the year</b>	17	<b>50,837,074</b>	<b>47,971,595</b>

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

Chief Executive Officer

Chief Financial Officer

Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1 The Group and its operations**

1.1 The Group consists of First Capital Securities Corporation Limited, (the Holding Company), Ever Green Water Valley (Private) Limited, Falcon Commodities (Private) Limited, First Capital Equities Limited, First Capital Investments Limited, First Construction Limited, Lanka Securities (Private) Limited and Ozer Investments Limited (the subsidiary companies) [together referred to as "the Group"] and the Group's interest in equity accounted investee namely; First Capital Mutual Fund, Media Times Limited and Pace Baraka Properties Limited.

1.2 First Capital Securities Corporation Limited ("the Holding Company") was incorporated in Pakistan on April 11, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and is listed on the Pakistan Stock Exchange. The Company is involved in making long and short term investments, money market operations and financial consultancy services. Geographical location and location of other offices are as under:

**Head Office**

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

**Corporate Office**

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

1.3 Ever Green Water Valley (Private) Limited (the Subsidiary Company) was incorporated on December 22, 2005 as Private Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017). The Company is engaged in the business of Installation & manufacturing of Water purification plants, RO systems, water softness systems and Construction of Buildings and other related activities. The registered office of the Company is situated at 2nd floor Pace Shopping mall, Fortress Stadium Lahore. Ever Green Water Valley (Private) Limited is the wholly owned subsidiary of the Holding Company.

1.4 Falcon Commodities (Private) Limited (the Subsidiary Company) was incorporated on December 22, 2005 as Private Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017). The principal activity of the Company is to carry on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited. The registered office of the Company is situated at 4th Floor, Lakson Square Building No,01 Sarwar Shaheed Road Karachi. Falcon Commodities (Private) Limited is the wholly owned subsidiary of the Holding Company..

1.5 First Capital Equities Limited (FCEL) (the Subsidiary Company) was incorporated in Pakistan on January 26, 1995 as a private limited company, under the repealed 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 principal activity of the Company is to acquire, construct, develop, sell, rent out and manage shops, apartments, villas and commercial buildings. The Holding Company has 73.23% ownership in First Capital Equities Limited. Geographical locations and addresses of all business units are as under:

**Head Office**

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

**Corporate Office**

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

1.6 First Capital Investments Limited (FCIL) (the Subsidiary Company) was incorporated in Pakistan on October 27, 1994 as a private company limited by shares, under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) having registered office at 2nd Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore. Status of the Company was changed from private limited to public limited on August 06, 2003. The Securities and Exchange Commission of Pakistan (SECP) has issued a license to the Company to undertake Asset Management Services as required under the NBFC (Establishment and Regulation) Rules, 2003. The Company has been assigned Management Quality Rating "AM4++" by The Pakistan Credit Rating Agency Limited "PACRA" Credit Rating Company. The main activity of the company is to provide asset management services to First Capital Mutual Fund Limited (The fund). The Holding Company has 78.86% ownership in First Capital Investments Limited.

**Head Office**

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

**Branch Office**

4th Floor, Lakson Square Building No.1,Sarwar  
Shaheed Road, Karachi.

1.7 First Construction Limited (the Subsidiary Company) was incorporated on August 15, 2014 as Public Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017). The principal activity of the Company is to undertake construction, development and related activities. The registered office of the Company is situated at 2nd Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore. First Construction Limited is the wholly owned subsidiary of the Holding Company.

1.8 Lanka Securities (Private) Limited (the Subsidiary Company) was incorporated in Sri Lanka in the year of 1989. The principal activity of the Company is equity debt security brokering and undertaking placement of equity debt securities. The registered office of the Company is situated at No. 228/1, Galle Road, Colombo 04, Sri Lanka. The Holding Company has 51% ownership in Lanka Securities (Private) Limited.

1.9 Ozer Investments Limited (OIL) (the Subsidiary Company) was incorporated in Sri Lanka in the year of 2010. OIL has not yet started its commercial activity however main objective of the Company is to provide financial advisory, portfolio management, margin provision unit trust management and stock brokerage services. The registered office of the Company is situated Colombo, Sri Lanka. Ozer Investments Limited is the wholly owned subsidiary of the Holding Company.

**1.10 Disposal of investment in World Press (Private) Limited (Subsidiary Company)**

Due to continuous losses and lack of commercial activity the Board of Directors of the Parent Company in their meeting held on October 07, 2020, and subsequently the shareholder of the Company in their annual general meeting held on October 28, 2020, authorized Chief Executive of the Company to sell the whole investment in World Press (Private) Limited (subsidiary) to any prospective buyer with the approval of the Board of Directors. Board of Directors in their meeting held on October 28, 2020 approved the sale of 1,949,258 shares of subsidiary to Mr. Anwar Ali another major shareholder of World Press (Private) Limited against the consideration of Rs. 10,000.

1.11 Detail of Group's equity accounted investee is given in note 9 to these consolidated financial statements.

**2 Going concern assumption**

2.1 During the year Parent Company reported profit before tax amounting Rs. 207.4 Million, but still the accumulated losses of the company stand at Rs. 1,245.6 Million as at June 30, 2021 (2020: 1,453.27 Million). Moreover current liabilities of the Company exceeds its current assets by Rs. 380.1 Million.

Owing to the factors mentioned above the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. During the year management successfully negotiated with Bank for deferment of its principal and rental payable against diminishing musharka agreement. As at year end the management of the Company is trying to sell its investment properties to settle its loan facilities and is confident that this will be done on favorable terms.

Based on above mentioned assumption of the management these financial statements have been prepared on the 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.

- 2.2 The Board of the Directors of the subsidiary First Capital Equities Limited 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 profit of Rs. 90.1 Million (2020: Loss Rs. 3.48 Million) after recognizing unrealized gain on investments amounting Rs. 94.5 Million (2020: Rs. 8.3 Million), moreover the accumulated losses of the company stand at Rs. 980.91 Million as at June 30, 2021 (2020: 1,071.04 Million) and as at the reporting date current liabilities of the Company exceed its current assets by Rs. 441.17 Million (2020: Rs. 498.77 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.

- 2.3 The financial statements of the Falcon Commodities (Private) Limited (the subsidiary company) have been prepared on non-going concern basis due to the following reasons:

- The Company has generated no revenue during the year (2020: Rs. Nil) against administrative expenses of Rs. 59,000 (2020: Rs. 58,550). The historical trend of earning versus expenses shows a downward trend.
- The net worth and net capital balances of the Company as at June 30, 2021 is less than the minimum net worth requirement of Rs. 10 million and net capital balance requirement of Rs. 2.5 million.

The above mentioned conditions indicate existence of material uncertainty which cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. As the management has no realistic alternative basis, therefore these financial statements have been prepared using the non-going concern assumptions of accounting. However, the management of the Company has no intention to liquidate the Company.

### 3 Basis of preparation

- 3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for these financial reporting comprises of International Financial Reporting (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These consolidated financial statements have been prepared from the information available in the separate audited financial statements of the Parent Company for the year ended 30 June 2021 and the audited financial statements of the subsidiary companies for the year ended June 30, 2021 except for Ozer Investments Limited and First Construction Limited the result of whom have been consolidated based on unaudited financial statements. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in Note 9 to these consolidated financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

#### Standards or Interpretations:

- IFRS 3 - Definition of a Business (Amendments);
- IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments);
- IFRS 14 - Regulatory Deferral Accounts;
- IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)
- IFRS 15 - Revenue from Contracts with Customers
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
- IFRIC 23 - Uncertainty over income tax treatments
- IAS 1 / IAS 8 - De-finition of Material (Amendments);
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments); and
- The Conceptual Framework for Financial Reporting – revised

#### Improvements to Accounting Standards Issued by the IASB (2018 - 2020 cycle)

- IFRS 3 Business Combinations - Previously held Interests in a joint operation
- IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
- IAS 12 Income Taxes - Income tax consequences of payments on -financial instruments classified as equity
- IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements.

### 3.3 Standards, amendments and improvements to approved accounting standards that are not yet effective

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements.

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-Jan-23
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	01-Jan-22
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01-Jan-22
Interest Rate Benchmark Reform – Phase 2 –Amendments to IFRS 9, IAS 39	01-Jan-21
Reference to the Conceptual Framework – Amendments to IFRS 3	01-Jan-22
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for Derecognition of financial liabilities	01-Jan-22

### 3.4 Standards, amendments and improvements to approved accounting standards that are issued by IASB but not yet adopted by SECP

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01-Jul-09
IFRS 17 - Insurance Contracts	01-Jan-23

### 4 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial statements of one subsidiary (Falcon Commodities (Private) Limited) that are prepared on break up basis, certain financial assets and investment properties that are stated at fair value and staff benefits which are presented at present value.

#### 4.1 Critical accounting estimates and judgments

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

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

a)	Useful life and residual values of property and equipment	Note 5.2
b)	Impairment	Note 5.7
c)	Valuation of investment properties	Note 5.10
d)	Provisions	Note 5.19
e)	Staff retirement benefits	Note 5.21
f)	Provision for taxation	Note 5.18

### 5 Summary of significant accounting policies

#### 5.1 Principles of consolidation and equity accounting

##### a) Subsidiaries

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

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated profit or loss.

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

##### b) Associates

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

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

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

#### **c) Foreign currency transactions and translation**

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

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

##### **Transactions and balances**

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

#### **d) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rupees at exchange rates taking US Dollar as base rate at the reporting date. The income and expenses of foreign operations, are translated to Rupees at exchange rates at the dates of the transactions.

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

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

## **5.2 Property, plant and equipment**

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 6.1 to these consolidated financial statements.

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

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

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is 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 Group's estimates of residual value of property and equipment at 30 June 2021 did not require any adjustment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

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

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

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

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

## 5.5 Leases

### Right of use asset

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets that falls under the category of investment properties are carried at fair value as mentioned in note 5.10.

Where the Group determines that the lease term of identified lease contracts are short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## 5.6 Intangible assets

### 5.7.1 Trading Right Entitlement Certificate (TREC)

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

### 5.7.2 Others

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

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

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

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

## 5.7 Impairment

### Financial Assets

The Group recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Group 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 Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

The Group 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 Group 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 Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group 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 Group 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 Group's procedures for recovery of amounts due.

The Group 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 Group'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.

### **5.8 Long term loans**

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

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

### **5.9 Investment properties**

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

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

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

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

### **5.10 Financial assets**

#### **i). Initial measurement of financial asset**

The Group 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.

#### **ii). Subsequent measurement**

**Debt Investments at FVOCI:** These assets are subsequently measured at fair value. Interest / markup 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 / markup 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 / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

#### **iii). Non-derivative financial assets**

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Group 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 Group 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.

### **5.11 Trade debts**

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

### **5.12 Settlement date accounting**

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

### **5.13 Inventories**

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

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

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

#### 5.14 Stores, spares and loose tools

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

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

#### 5.15 Cash and cash equivalents

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

#### 5.16 Trade and other payables

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

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

#### 5.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on net basis or realize the asset and settle the liability simultaneously.

#### 5.18 Provisions

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

#### 5.19 Securities purchased and sold under resale / repurchase agreements

##### Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the statement of financial position and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as "securities sold under repurchase agreements" in short term borrowings. The difference between sale and repurchase price is treated as mark-up on borrowings and is accrued over the life of the Repo agreement.

##### Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse Repo) are not recognized in the statement of financial position. Amounts paid under these obligations are recorded as fund placements. The difference between purchase and resale price is treated as mark-up / interest income on placements and is accrued over the life of the reverse Repo agreement.

#### 5.20 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction cost. Subsequent to the initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowings on an effective interest basis.

#### 5.21 Staff retirement benefits

##### Defined benefit plan

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

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

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

#### 5.22 Revenue recognition

- a) Capital gains or losses on sale of investments are recognized in the year in which they arise.
- b) Brokerage income, consultancy and money market services are recognized on accrual basis and when services are provided.
- c) Income on placements on account of continuous funding system is recognized on accrual basis.
- d) Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.
- e) Income from bank deposits, loans and advances is recognized on accrual basis.
- f) Dividend income is recognized at the time of book closure of the company declaring the dividend.
- g) Return on securities other than shares is recognized as and when it is due on time proportion basis.
- h) Mark-up/interest income is recognized on accrual basis.
- i) Investment advisory fee is accounted for on accrual basis.
- j) Revenue from sale of goods is recorded when the risks and rewards are transferred i.e. on delivery of goods to customers.
- k) Rental income is recognized on accrual basis.
- l) Revenue from printing services are accounted for at the time of acceptance of goods by the customers.
- m) **Construction contracts**

Revenue is recognized in accordance with the five step model by applying the following:

- Step 1 : Identify the contract with a customer;
- Step 2 : Identify the performance obligations in the contract;
- Step 3 : Determine the transaction price of the contract;
- Step 4 : Allocate the transaction price to each of the separate performance obligations in the contract; and
- Step 5 : Recognize the revenue when (or as) the entity satisfies a performance obligation.

Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs;
- (ii) the group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- (iii) the group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at a point in time. For sale of properties under construction, the Group's performance for contracts creates an asset that the customer controls as the asset is created and its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Accordingly, revenue for these contracts is recognized over time. The Group measures its progress towards satisfaction of performance obligation using an input method by reference to the cost incurred relative to the total expected inputs to the completion of the properties. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

### 5.23 Taxation

#### Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

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

### 5.24 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized upto the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit in the year/period in which they are incurred.

### 5.25 Proposed dividend and appropriations to reserves

Dividends declared and appropriations to reserves made subsequent to the statement of financial position date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / appropriations are made.

### 5.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

	Note	2021 Rupees	2020 Rupees
<b>6 Property, plant and equipment</b>			
Operating fixed assets	6.1	6,325,931	3,915,773
Capital work-in-progress	6.2	255,230,106	255,230,106
Right of use assets	6.3	10,688,881	17,438,317
		<b>272,244,918</b>	<b>276,584,196</b>

6.1 Operating fixed assets

	Owned assets								Total
	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	
	-----Rupees-----								
<b>Cost</b>									
Balance at 01 July 2019	-	886,088	470,315	109,104,660	38,819,752	23,550,444	29,549,495	48,974,866	251,355,620
Additions during the year	-	-	-	-	70,245	16,345	-	-	86,590
Disposals during the year	-	-	-	(20,854,660)	(236,561)	(1,948,665)	(35,700)	(7,337,000)	(30,412,586)
Exchange differences					(662,991)	(126,150)	(469,437)	(444,358)	(1,702,936)
<b>Balance at 30 June 2020</b>	-	886,088	470,315	88,250,000	37,990,445	21,491,974	29,044,358	41,193,508	219,326,688
Balance at 01 July 2020	-	886,088	470,315	88,250,000	37,990,445	21,491,974	29,044,358	41,193,508	219,326,688
Additions during the year	-	-	-	-	5,253,404	136,410	85,500	-	5,475,314
Disposals during the year	-	-	-	-	-	-	-	-	-
Exchange differences					(2,920,000)	(498,417)	(1,815,421)	(1,712,887)	(6,946,725)
<b>Balance at 30 June 2021</b>	-	886,088	470,315	88,250,000	40,323,849	21,129,967	27,314,437	39,480,621	217,855,277
<b>Accumulated depreciation</b>									
Balance at 01 July 2020	-	886,088	470,315	104,464,918	37,481,303	22,004,456	28,241,304	47,289,057	240,837,441
Depreciation for the year	-	-	-	-	483,695	401,751	566,308	511,800	1,963,554
Depreciation on disposals	-	-	-	(16,214,918)	(236,561)	(1,948,665)	(35,700)	(7,337,000)	(25,772,844)
Exchange differences	-	-	-	-	(628,940)	(112,508)	(431,429)	(444,359)	(1,617,236)
<b>Balance at 30 June 2020</b>	-	886,088	470,315	88,250,000	37,099,497	20,345,034	28,340,483	40,019,498	215,410,915
Balance at 01 July 2020	-	886,088	470,315	88,250,000	37,099,497	20,345,034	28,340,483	40,019,498	215,410,915
Depreciation for the year	-	-	-	-	1,654,709	304,407	138,570	507,053	2,604,739
Depreciation on disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(2,569,252)	(458,169)	(1,746,000)	(1,712,887)	(6,486,308)
<b>Balance at 30 June 2021</b>	-	886,088	470,315	88,250,000	36,184,954	20,191,272	26,733,053	38,813,664	211,529,346
<b>Carrying value</b>									
As at 30 June 2020	-	-	-	-	890,948	1,146,940	703,875	1,174,010	3,915,773
<b>As at 30 June 2021</b>	-	-	-	-	4,138,895	938,695	581,384	666,957	6,325,931
Rate of depreciation (%)	5	20	10	7.5 to 20	33 to 50	10 to 12.5	10 to 50	20 to 25	

	Note	2021 Rupees	2020 Rupees
<b>6.1.1</b>			
Depreciation for the year has been allocated as follows:			
Operating and administrative expenses	28	2,604,739	1,963,554
		<u>2,604,739</u>	<u>1,963,554</u>
<b>6.2</b>			
<b>Capital work-in-progress</b>			
Opening balance		255,230,106	218,360,106
Additions during the year		-	36,870,000
Disposals during the year		-	-
Closing balance	6.2.1	<u>255,230,106</u>	<u>255,230,106</u>

6.2.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Circle, Lahore amounting to Rs 229.89 Million (2020: Rs 229.89 Million) and Rs. 25.33 Million (2020: Rs 25.33 Million) respectively. Construction work on these properties is in progress as at 30 June 2021. This includes Rs. 25.33 Million (2020: 25.33 Million) paid for purchase of leasehold property.

6.2.2 The Group does not hold the title of capital work in progress which includes various shops and apartments situated at Pace Tower, Gulberg and Pace Circle, Lahore. Out of this CWIP amounting Rs. 70.13 million (2020: Rs. 70.13 million) is held in the name of Pace Pakistan Limited, CWIP of Rs. 36.95 Million (2020: Rs. 36.95 million) is held in the name of Mr. Liaquat Ali, CWIP of Rs. 44.6 Million (2020: Rs. 44.6 million) is held in the name of Wireless and Cable (Pvt.) Limited and CWIP amounting Rs. 25.33 million (2020: Rs. 25.33 million) is held in the name of Pace Barka Properties Limited. The title of these properties will be transferred on completion.

	Note	2021 Rupees	2020 Rupees
<b>6.3</b>			
<b>Right of use assets -- Leasehold Building</b>			
<b>Cost</b>			
Opening balance		26,074,967	5,683,200
Additions during the year		404,421	20,391,767
Covid Adjustment		(329,205)	-
Exchange Loss		(2,600,238)	-
Closing balance		<u>23,549,945</u>	<u>26,074,967</u>
<b>Accumulated depreciation</b>			
Opening balance		8,636,650	1,156,600
Charge during the year		5,531,557	7,369,514
Exchange gain/(loss)		(1,307,143)	110,536
Closing balance		<u>12,861,064</u>	<u>8,636,650</u>
Net book value		<u>10,688,881</u>	<u>17,438,317</u>

Depreciation for the year has been allocated to operating and administrative expenses.

<b>7</b>			
<b>Intangible assets</b>			
Membership cards		2,500,000	2,500,000
Asset management license		312,510	562,519
Total	7.1	<u>2,812,510</u>	<u>3,062,519</u>

7.1 Movement in the intangible assets is as follows:

Opening balance cost		3,250,047	3,250,025
Addition		-	750,024
License expired during the year		-	(750,002)
Closing balance cost		<u>3,250,047</u>	<u>3,250,047</u>
Opening Balance - Accumulated amortization		187,528	687,522
Add: Amortization for the year		250,009	250,008
Amortization of license expired during the year		-	(750,002)
Closing Balance - Accumulated amortization		<u>437,537</u>	<u>187,528</u>
Closing balance		<u>2,812,510</u>	<u>3,062,519</u>

7.2 All the amortization on intangibles has been charged to profit or loss.

7.3 Group has no internally generated intangible assets.

	Note	2021 Rupees	2020 Rupees
<b>8</b>			
<b>Investment properties</b>			
Opening balance		3,267,338,763	3,167,339,144
Acquisition during the year		221,740,121	291,822,340
Disposal during the year	8.4 & 8.8	(134,897,621)	(291,822,340)
Fair value adjustment		-	99,999,619
Closing balance	8.1 & 8.2	<u>3,354,181,263</u>	<u>3,267,338,763</u>

**8.1** Investment properties comprises of following:

- Property situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi measuring 70,667 sqft (2020: 70,667) amounting to Rs. 421.49 Million (June 30 2020: Rs. 421.49 Million), title of this property is in name of Capital Heights (Private) Limited which will be transferred on completion of construction work although group have complete control and possession of property.

- Property comprises various shops / counters in shopping malls situated at Gujranwala and Gujrat. Properties having value of Rs. 832 Million (2020: 832 Million) having area of 28,472 sqft (2020: 28,472sqft).

- Plot-D situated Near Rangers Headquarters Lahore Cantt, having area of 87444 Sqft (2020: 87444 sqft) and market value of Rs. 1,900 Million (2020: Rs. 1,900 Million), title of this property is in name of Pace Pakistan Limited--related party which is mortgaged against the loan facility and title will be transferred after property is released by bank although group have complete control and possession of property.

- Shops situated at 5th Floor Pace Shopping Mall Model Town Link Road Lahore, measuring 15354 sqft (2020: 15354 sqft) having fair value amounting Rs. 113.5 Million (2020: Rs. 113.5 Million), title of this property is in the name of Pace Pakistan Limited. The Group has complete control and possession of the property.

- Property situated at Pace Woodlands Lahore, having area of 2,250 Sqft (2020: Nil) and market value of Rs. 12 Million (2020: Nil), title of this property is in name of Pace Barka Properties Limited--related although group have complete control and possession of property.

- Property situated at 5th Zamzama Street, Phase V-DHA, Karachi having area of 7,920 Sqft (2020: Nil) and market value of Rs. 74.8 Million (2020: Nil).

**8.2** These includes properties amounting to Rs. 824.7 Million (2020: Rs. 824.7 Million) that are under mortgage by banks against the borrowings. In addition to above investment property amounting Rs. 1,900 Million (2020: Rs. 1,900) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharaka agreement.

**8.3** The direct expense relating to investment properties were Rs. 100,000 (2020: Rs. 100,000)

**8.4** The fair value of 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, 2021.

**8.5** The table below analyze the non-financial assets carried at fair value, by valuation method. The different levels of fair value also have been defined below;

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

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

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

The following table presents the Group's investment properties that are measured at fair value at 30 June 2021.

	<b>Fair value measurements at 30 June 2021 using significant other observable inputs (Level 2)</b>
	<b>Rupees</b>
<b>Recurring fair value measurements</b>	
Investment properties	<u>3,354,181,263</u>
	<u><b>3,354,181,263</b></u>

The following table presents the Group's investment properties that are measured at fair value at 30 June 2020.

	<b>Fair value measurements at 30 June 2020 using significant other observable inputs (Level 2)</b>
	<b>Rupees</b>
<b>Recurring fair value measurements</b>	
Investment properties	<u>3,267,338,763</u>
	<u><b>3,267,338,763</b></u>

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2021 or 2020.

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

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

8.6 Forced sale value of the investment properties are as follows:

Particulars	Location	Forced sale value		Forced sale value	
		Area Sq. Ft	June	Area Sq. Ft	June
			2021		2020
		Rupees		Rupees	
Various shops,	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	1560	28,446,300	1560	28,446,300
Plot-D	Near Rangers Headquarters Lahore Cantt	87444	1,710,002,398	87444	1,710,002,398
5th Floor	Pace Mall Model town Link Road Lahore	15354	102,186,090	15354	102,186,090
Various apartments	Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express	70667	379,344,599	70667	379,344,599
House	Pace Woodlands Lahore	2250	10,800,000	-	-
House	5th Zamzam Street, Phase V, DHA Karachi	7920	67,358,250	-	-
		<b>212107</b>	<b>3,018,763,137</b>	<b>201937</b>	<b>2,940,604,887</b>

9 Investment accounted for using the equity method

	Note	2021 Rupees	2020 Rupees
<b>First Capital Mutual Fund Limited (FCMF)-Quoted</b>			
7,621,133 (2020: 7,621,133) ordinary units of Rs 10 each			
Equity held 32% (2020: 32%)			
Share of profit/(Loss) - net of tax	9.1	33,249,464	31,369,927
Transferred to Short Term		(33,249,464)	-
		-	33,249,464
<b>Media Times Limited-Quoted</b>			
59,592,270 (2020:59,592,270) ordinary shares of Rs 10 each			
Equity held: 33.32% (2020:33.32%)			
Investment during the year		-	-
Share of loss for the year - net of tax	9.1	-	-
		-	-
These includes 13,893,000 shares (2020: 13,893,000 shares) out of total shares that are pledged with various commercial banks.			
<b>Pace Super Mall (Private) Limited-Unquoted</b>			
11,250 (2020: 11,250) ordinary shares of Rs 10 each			
Equity held: 0.07% (2020: 0.07%)			
		112,500	112,500
		112,500	112,500
<b>Pace Barka Properties Limited-Unquoted</b>			
54,790,561 (2020: 54,790,561) ordinary shares of Rs 10			
Equity held: 17.95% (2020: 17.95%)			
Share of (loss)/ profit for the year - net of tax	9.1	443,332,804	469,317,404
Share of other comprehensive (loss)/income for the year	9.2	(42,167,422)	(28,123,163)
Share of other reserves for the year	9.3	1,520,724	308,740
		9,725,849	1,829,823
		412,411,955	443,332,804
<b>Total investments accounted for using equity method</b>		<b>412,524,455</b>	<b>476,694,768</b>

9.1 Share of loss from associates.

First Capital Mutual Fund Limited	-	1,879,537
Pace Barka Properties Limited	(42,167,422)	(28,123,163)
	(42,167,422)	(26,243,626)

9.2 Share of other comprehensive income from associates

Pace Barka Properties Limited	1,520,724	308,740
	1,520,724	308,740

9.3 Share of other reserve from associates

Pace Barka Properties Limited	9,725,849	1,829,823
	9,725,849	1,829,823

9.4 Refer note 41.5 for summarized financial information for associates accounted for using equity method.

	Note	2021 Rupees	2020 Rupees
<b>10 Long term investments</b>			
Pakistan Stock Exchange Limited	10.1	24,127,216	10,706,385

**10.1 Movement of long term Investments**

	Note	2021	2020	2021	2020
		Number of shares		Rupees	
Opening balance		1,081,453	1,081,453	10,706,385	14,058,889
Addition		-	-	-	-
Deletion		-	-	-	-
Closing		1,081,453	1,081,453	10,706,385	14,058,889
Remeasurement of carrying value of shares	10.2	1,081,453	1,081,453	24,127,216	10,706,385
Unrealized (loss)/gain charged to P&L/OCI				13,420,831	(3,352,504)

**10.2** Shares having value of Rs. 14,058,889/- (2020: Rs. 10,703,821/-) are freeze against Base Minimum Capital with Pakistan Stock Exchange.

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

	Note	2021 Rupees	2020 Rupees
<b>11 Long term deposits and advances - considered good</b>			
Security deposits with:			
- Central Depository Company (CDC)		100,000	100,000
- Others		37,500	37,500
- Fix Deposit in Colombo stock exchange		8,943,916	4,016,365
- Retention money	11.1	27,498,055	9,012,233
		36,579,471	13,166,098

**11.1** This represents money retained by Pace Barka Properties Limited (Associate Company) at 5% of contract work on account of interim payment certificates (IPCs) raised regarding work done on the Pace Circle Project. The maximum amount outstanding at any time during the year calculated by reference to month end balances is Rs. 27.49 Million (2020: Rs. 9.02 Million).

	Note	2021 Rupees	2020 Rupees
<b>12 Deferred tax</b>			
This comprises of the following:			
Deferred tax liability in respect of gain on investment property		15,000,100	20,000,275
Deferred tax liability in respect of others		(795,804)	1,025,105
Deferred tax liability	12.2	14,204,296	21,025,380

**12.1** The Group has a unrecognized deferred tax asset amounting to Rs. 461.54 Million (2020: Rs. 525.95 Million) arising on unused tax losses and deductible temporary differences. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However as sufficient taxable profits may not be available in foreseeable future, to recognize this defer tax asset in consolidated financial statement.

**12.2** This includes deferred tax liability relating to Lanka Securities (Private) Limited subsidiary Company. The same falls under the regulation of different tax authority.

**12.3** Decrease in deferred tax liability is due to reduction in taxable temporary differences of parent company.

	Note	2021 Rupees	2020 Rupees
<b>13 Stock in trade</b>			
Stock in trade	13.1	290,053,500	968,643

**13.1** This represents various shops situated at Pace Gujranwala.

	Note	2021 Rupees	2020 Rupees
<b>14 Trade debts</b>			
<b>Money market receivables:</b>			
Unsecured - considered good		503,784	809,746
<b>Receivables against purchase of shares by clients:</b>			
Unsecured - considered good		175,602,157	175,619,165
Unsecured - considered doubtful		271,851,411	271,851,411
		447,453,568	447,470,576
<b>Receivable against professional services rendered :</b>			
Related Parties - unsecured, considered good	14.1	21,214,122	16,941,168
<b>Others:</b>			
Unsecured - considered good		410,819,879	368,960,532
Unsecured - considered doubtful		4,737,020	1,143,540
		415,556,899	370,104,072
		884,728,373	835,325,562
Less: provision for doubtful debts	14.2	(276,588,431)	(272,994,951)
		608,139,942	562,330,611

**14.1** This includes asset management fee amounting to Rs. 3,970,802 (2020: Rs. 4,117,968) receivable from First Capital Mutual Fund, an associated company. This also includes receivable from Media Times Limited, an associated amounting to Rs. Nil (2020 : Rs 9,000,000). This also includes receivable from Pace Barka Properties Limited, an associated amounting to Rs. 17,243,320 (2020 : Rs. 3,823,200). Maximum aggregate balance is same as closing.

14.2 Provision for doubtful debts	Note	2021 Rupees	2020 Rupees
Opening balance		272,994,951	195,514,409
Charge for the year	28	3,593,480	77,480,542
Closing balance		<u>276,588,431</u>	<u>272,994,951</u>

14.3 During the year the board of directors of the subsidiaries First Capital Equities Limited and Lanka Securities (Pvt.) Ltd. charged provision against the receivable balances of debtors which are considered doubtful amounting Rs. Nil (2020: Rs. 76.8 Million) and Rs. 3.5 Million (2020: Rs. 0.6 Million) respectively.

## 15 Loans, advances and other receivables

### Considered good

Advances to employees:

- Executives	14.1	1,909,957	124,000
- Others		1,928,182	3,099,556
		<u>3,838,139</u>	<u>3,223,556</u>

### Unsecured - considered good

Due from associated companies	15.2	159,034,615	92,367,387
Stock exchanges	15.3	4,300,000	4,300,000
Advance to supplier	15.4	12,618,765	151,159,444
Receivable against sale of investment property	15.5	178,718,759	469,755,657
Other		8,173,140	10,768,263
		<u>366,683,418</u>	<u>731,574,307</u>

15.1 This does not include any loan, advance given to Chief executive or Directors.

15.2 This include receivable from Media Time Limited given as advance in the normal course of business amounting Rs 1,200,080 (2020: Rs 1,200,080) maximum aggregate balance on month end basis is Rs. 1,200,080 (2020: Rs 1,700,080). This includes receivable from First Capital Mutual Fund amounting Rs. 4,399,255 (2020: Rs. 107,430) against dividend and expense sharing. This also includes Rs. 153.43 Million (2020: Rs. 91.05 Million) receivable from Pace Barka Properties Limited against construction contract. Maximum aggregate is also same and no collateral is available against this balance.

15.3 This includes exposure deposit with the National Clearing Company of Pakistan Limited under the exposure rules. This includes Rs. 4,300,000/ (2020: Rs. 4,300,000/-) deposited with PSX against requirement of Base Minimum Capital.

15.4 This includes amount due with respect to HVAC works and with respect to purchase of vertical transportation system at Pace Circle Project. The advance includes partial payment in kind through transfer of properties.

15.5 This includes receivable against sale of investment property amounting Rs. Nil (2020: Rs. 291.03 Million) from Worldcall Mobile (Pvt.) Limited. This also includes Rs. 178.71 Million (2020: Rs. 178.71 Million) receivable from Pace Pakistan Limited -- Related party against sale of investment property no collateral is available against this and maximum aggregate balance during the year is Rs. 178.71 Million (2020: Rs. 213.5 Million) calculated on month end basis.

16 Short term investments	Note	2021 Rupees	2020 Rupees
Term deposits	16.1	308,546,635	167,552,014
Investments at fair value through profit or loss	16.2	224,906,331	87,397,874
		<u>533,452,966</u>	<u>254,949,888</u>

16.1 This represents investment in fixed deposits and repo with Bank of Ceylon related party. The maximum amount outstanding at any time during the year calculated by reference to month end balances is Rs. 308.5 Million (2020: 167.5 Million).

## 16.2 Investments at fair value through profit or loss

16.2 Investments at fair value through profit or loss	Note	2021 Rupees	2020 Rupees
Carrying value at 30 June:			
- Related parties	16.2.1	105,541,252	66,980,791
- Others	16.2.2	8,145,326	7,392,138
		<u>113,686,578</u>	<u>74,372,929</u>
Unrealized (loss)/gain on remeasurement of investments during the year		<u>111,219,753</u>	<u>13,024,945</u>
		<u>224,906,331</u>	<u>87,397,874</u>
Fair value of investments at fair value through profit or loss at 30 June comprises of:			
- Related parties	16.2.1	198,927,032	79,252,548
- Others	16.2.2	25,979,299	8,145,326
		<u>224,906,331</u>	<u>87,397,874</u>

**16.2.1 Investments at fair value through profit and loss - related parties**

	Note	Shares/Units		Carrying value		Fair value		Percentage holding	
		2021	2020	2021	2020	2021	2020	2021	2020
		-----Number-----		-----Rupees-----		-----Rupees-----		%	%
<b>Real estate investment and services</b>									
Pace (Pakistan) Limited - associated company		14,638,176	14,638,176	30,886,551	21,664,500	105,687,631	30,886,551	5.25%	5.25%
<b>Mutual funds</b>									
First Capital Mutual Fund Limited - associate		11,431,440	7,621,133	74,654,701	45,316,291	93,239,401	48,365,997	74.00%	46.00%
				<b>105,541,252</b>	<b>66,980,791</b>	<b>198,927,032</b>	<b>79,252,548</b>		

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

	Note	Shares		Carrying value		Fair value	
		2021	2020	2021	2020	2021	2020
		-----Number-----		-----Rupees-----		-----Rupees-----	
<b>Insurance</b>							
Shaheen Insurance Company Limited		849,329	849,329	2,573,467	3,142,517	3,652,115	2,573,467
PICIC Insurance Limited		32,000	32,000	22,720	36,800	51,840	22,720
<b>Investment Banks</b>							
Arif Habib Limited		120	120	3,904	3,796	9,734	3,904
<b>Cement</b>							
Pioneer Cement Limited		11,000	11,000	693,440	249,150	1,441,770	693,440
D.G Khan Cement Limited		-	-	-	-	-	-
<b>Service Industry</b>							
Pakistan Service Industry		80	80	79,200	81,600	72,000	79,200
<b>Telecommunication</b>							
Worldcall Telecom Limited	16.2.4	5,138,707	5,138,707	4,470,675	3,597,095	20,349,280	4,470,675
Pakistan Telecommunication Limited		34,000	34,000	301,920	281,180	402,560	301,920
	16.2.3			<b>8,145,326</b>	<b>7,392,138</b>	<b>25,979,299</b>	<b>8,145,326</b>

16.2.3 Shares having carrying amount of Rs. 26,624,222/- (2020: Rs. 19,477,666/-) and market value of Rs. 82,483,544/- (2020: 26,624,222/-) are pledged as security against long term loans.

16.2.4 This includes 4,220,677 (2020: 4,220,677) shares held under lien as security by National Accountability Bureau (NAB). These shares are held in possession of NAB. Refer to note 23.1.1.

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

	Note	2021 Rupees	2020 Rupees
<b>17 Cash and bank balances</b>			
Cash in hand		1,184,313	151,055
Cash at bank:			
- Current accounts - local and foreign currency	16.1	434,566	502,488
- Saving accounts - local and foreign currency	16.2	49,218,195	47,318,052
		49,652,761	47,820,540
		<b>50,837,074</b>	<b>47,971,595</b>

17.1 This includes Sri Lankan Rupees amounting to LKR. 11,302,306 (2020: LKR. 6,797,047).

17.2 The deposit accounts carry mark-up at rates ranging from 2% to 10% (2020: 2% to 13%) per annum.

	Note	2021 Rupees	2020 Rupees
<b>18 Trade and other payables</b>			
Trade creditors	18.1	359,924,840	547,814,261
Accrued liabilities	18.2	127,658,589	114,855,611
Advances from customers	18.3	-	678,760
Payable against purchase of property	18.4	121,503,463	121,503,463
Sales tax		244,081	102,842
Federal excise duty	18.5	3,713,207	3,786,830
Security deposit of shopkeepers		486,660	486,660
Withholding tax		21,344,993	26,955,371
Other liabilities	18.6	31,516,322	24,165,941
		<b>666,392,155</b>	<b>840,349,739</b>

18.1 Trade creditors include following balances payable in ordinary course of business to associates:"

	2021 Rupees	2020 Rupees
Pace Barka Properties Limited	-	123,926,176
Pace (Pakistan) Limited	-	74,987,591
	-	198,913,767

18.2 This includes payable amounting Rs 1,702,548 (2020: Rs. 949,424) to Media Times Limited, an associated company against printing and advertisement by one of the subsidiary of the company and balance amounting Rs. Nil (2020: Rs 2,556,043) to Chief Executive of one of the subsidiary on account of salary and expenses. This also includes Rs. 196,300 (2020: Rs. 196,300) to Media Times Limited against advertisement expense. This includes payable amounting Rs. Nil (2020: Rs. 132,191) to Pace Pakistan Limited, an associated company against purchase of vehicle by one of the subsidiary of the company.

18.3 This includes Rs. Nil (2020: 85,790) payable to Pace Barka Properties Limited against printing advance.

18.4 This includes Rs. 121.5 Million (2020: Rs. 121.5 Million) payable to Pace Pakistan Limited, an associated company against purchase of properties in Pace Fortress Stadium, and Near Ranger headquarters Lahore and Pace Tower, Gulberg Lahore.

	Note	2021 Rupees	2020 Rupees
<b>18.5 Federal Excise Duty (FED):</b>			
Opening balance			
- Related to asset management	18.5.1	3,713,207	3,713,207
- Other		73,623	73,623
Closing balance		<b>3,786,830</b>	<b>3,786,830</b>

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

On 30 June 2016 the Honorable Sindh High Court of Pakistan passed a Judgment that after 18th amendment in Constitution of Pakistan the provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of FED after 1 July 2011 is Ultra Vires to the Constitution of Pakistan. Further, subsequent to the year-end Finance Act 2018 has excluded the asset management companies from levy of FED with effect from 01 July 2016 where provinces have levied their respective provincial sales tax.

In view of uncertainty regarding the applicability of FED on asset management services, the management as a matter of abundant caution, has not reversed the provision of FED and related sales tax impact amounting to Rs 3.713 million (2020: Rs 3.713 million) as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

18.6 This also includes amount Rs. 211,363 (2020: Rs. 211,363) payable to First Capital Mutual Fund a fund managed by FCIL a subsidiary company and Rs. 2,209,710 (2020: Rs. 1,537,950) to Pace Pakistan Limited.

	Note	2021 Rupees	2020 Rupees
<b>19 Long term loans</b>			
Payable against diminishing musharka--secured	19.1	1,600,000,000	1,600,000,000
Payable against loan from financial institutions--secured	19.2	1,184,276,086	1,184,276,087
Payable against loan from non-financial institutions--unsecured	19.3	178,060,000	-
		2,962,336,086	2,784,276,087
Current portion		(267,590,909)	(2,538,821,542)
Non-Current portion		<b>2,694,745,177</b>	<b>245,454,545</b>

19.1 This represents balance payable against two diminishing musharka facilities obtained from Silk Bank Limited (Eman Islamic Banking) Facility 1 and 2 amounting to Rs. 1,100 Million and Rs. 500 Million respectively. Details of rental payable on these facilities is mentioned in note 20.1. Principal amount of Facility 1 and 2 is repayable in 11 equal semiannual installments commencing from June 14, 2022 and August 08, 2022 respectively. Silk Bank Limited has charge by way of hypothecation over following assets:

- Diminishing Mushrka Asset
- Current Assets of the company

19.2 This includes loan payable to United Bank Limited (UBL) with an original mark up rate of 8% (2020: 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 First Capital Equities Limited-Subsidiary Company (FCEL) 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 FCEL for repayment of loan till December 31, 2021.

This also includes loan facilities obtained by Evergreen Water Valley Private Limited--subsidiary company against two facilities amounting Rs. 65 Million (2020: Rs. 65 Million) and Rs. 300 Million (2020: Rs. 300 Million) repayable in 10 equal quarterly and 11 equal biannual installments respectively. These facilities carries interest at the rate of 3M KIBOR + 5% per annum and 6M KIBOR + 2.5% per annum respectively.

19.3 This represents loan obtained from WTL Services (Private) Limited it carries interest at the rate of 24% per annum, interest is payable on demand after lapse of 12 months grace period starting from July 31, 2020. Principal amount is repayable on January 31, 2024.

	Note	2021 Rupees	2020 Rupees
<b>20 Accrued markup</b>			
Rental payable against diminishing musharka--secured	20.1	403,256,124	423,167,260
Markup payable against long term loan from financial institutions--secured	20.2	97,322,957	81,716,793
Markup payable against long term loan from non-financial institutions--unsecured	20.3	39,550,448	-
Penalty payable against diminishing musharka		-	33,330,684
		<u>540,129,529</u>	<u>538,214,737</u>
Current portion		(428,752,510)	(538,214,737)
Non Current portion		<u>111,377,019</u>	-

20.1 The rental payable against the diminishing musharka agreement with Silk Bank Limited (Eman Islamic Banking) was at the rate of 6 month KIBOR (ask side) plus 2% margin per annum. During the year on the request of the Parent Company, the Bank agreed to defer the repayment of principal and rental for two years starting from July 15, 2020 and rental rate to be charged during deferment period is 2 year KIBOR plus 2% spread per annum. Rental deferred is measured at present value using the applicable rental rate of 2Y KIBOR plus 2%. Reconciliation of deferred rental is as follows:

	Note	2021 Rupees	2020 Rupees
Deferred rental	20.1.1	469,527,672	423,167,260
Less: Impact of discounting	20.1.2	(66,271,548)	-
		<u>403,256,124</u>	<u>423,167,260</u>

**20.1.1 Reconciliation of deferred rental**

Opening balance	423,167,260	180,413,863
Add: Charged during the year	224,167,781	242,753,397
Less: Paid during the year	(177,807,369)	-
	<u>469,527,672</u>	<u>423,167,260</u>

**20.1.2 Reconciliation of discounting**

Opening balance	-	-
Add: Discounting impact of deferred rental	66,271,548	-
	<u>66,271,548</u>	-

20.2 This represents interest on the loan obtained from Silk Bank Limited, Facility 1 amounting Rs. 65 Million and Facility 2 amounting Rs. 300 Million at the rate of 3 month KIBOR +5% and 6 month+2.5% respectively.

	Note	2021 Rupees	2020 Rupees
Opening balance		81,716,793	39,405,964
Add: Charged during the year		15,606,164	58,907,121
Less: Paid during the year		-	(16,596,292)
		<u>97,322,957</u>	<u>81,716,793</u>

20.3 This represents interest at the rate of 24% on loan obtained from WTL Services (Private) Limited it is repayable on demand after lapse of 12 months grace period starting from July 31, 2020. Movement of interest during the year is as follows:

	Note	2021 Rupees	2020 Rupees
Opening balance		-	-
Add: Charged during the year		39,550,448	-
Less: Paid during the year		-	-
		<u>39,550,448</u>	-

**21 Lease liability**

	Note	2021 Rupees	2020 Rupees
Present value of minimum lease payments		6,867,378	13,748,199
Less: Current portion of lease liabilities		(6,867,378)	(6,572,471)
		-	<u>7,175,728</u>
Maturity analysis			
Not later than 1 year		6,867,378	6,572,471
Later than 1 year		-	8,831,232
		<u>6,867,378</u>	<u>15,403,703</u>

	Note	2021 Rupees	2020 Rupees
<b>22 Staff retirement benefits</b>			
<b>Amount recognized in the statement of financial position is as follows:</b>			
Present value of defined benefit obligation	22.1	24,442,112	24,867,436
Accumulating compensated absences		-	1,190,549
		<u>24,442,112</u>	<u>26,057,985</u>
<b>22.1 Movement in net obligation</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Opening balance		24,867,436	28,980,859
Expense charged to profit or loss account	22.2	6,683,173	3,467,465
Remeasurements charged in other comprehensive income	22.3	3,142,186	(5,057,338)
Benefits payable transferred to short term liability		(9,589,060)	(1,704,370)
Benefits paid/extinguished during the year		(661,623)	(819,180)
<b>Closing balance</b>		<u>24,442,112</u>	<u>24,867,436</u>
<b>22.2 Charged to profit or loss</b>			
Current service cost		5,601,083	2,752,565
Interest cost		259,322	714,900
		<u>5,860,405</u>	<u>3,467,465</u>
<b>22.3 Charged to other comprehensive income</b>			
Changes in financial assumptions		20,893	(102,191)
Experience adjustments		3,121,293	(4,955,147)
		<u>3,142,186</u>	<u>(5,057,338)</u>

The latest valuation of defined benefit obligation was conducted by Nauman Associates (consulting actuaries) except for Lanka Securities (Private) Limited and Evergreen Water Valley (Private) Limited as of 30 June 2020. Significant actuarial assumptions are as follows:

		2021	2020
Discount rate	Per annum	up to 8.5%	up to 14.25%
Discount rate used for year-end obligation	Per annum	up to 10%	up to 8.5%
Expected rate of salary increase in future years	Per annum	up to 9%	up to 7.5%

## 23 Contingencies and commitments

### 23.1 Contingencies

#### Parent Company

- 23.1.1** The senior management of the Company was contacted by 'National Accountability Bureau' (NAB) dated June 22, 2002 in respect of certain transactions in FIB carried out by the Company related to Workers Welfare Fund ("WWF") during the year 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the Company had colluded with WWF officials to defraud WWF. On this basis, National Accountability Bureau required the Company to pay or guarantee to pay on account of WWF a sum of Rs. 46 Million in view that public funds were involved and it was the Company's vicarious liability. The Company had paid National Accountability Bureau an amount of Rs. 13.8 Million and had provided adequate security against the balance amount recovered from the parties involved. National Accountability Bureau had recovered Rs 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. The Company had also paid an amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved. The instant writ petition was disposed of with direction to the respondents / National Accountability Bureau authorities that they shall hear the petitioner and decide the matter in accordance with law expeditiously. The Company is confident of its favorable outcome, therefore no provision has been made in the financial statements.
- 23.1.2** During financial year 1998-1999, Securities and Exchange Commission of Pakistan ("SECP") raised a demand of Rs. 0.8 Million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favor of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the judgment of the Honorable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honorable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. Honorable Lahore High Court passed an order dated 20-05-2015 to issue notices to the Appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated Appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favorable decision. Consequently, no provision has been made in these financial statements for this amount.
- 23.1.3** CTR No. 14/2002 reference has been directed against the judgment of ITAT dated 03.02.2001 whereby the order passed under 66 - A of the Income Tax Ordinance, 1979, for the assessment years 1995-1996, by IAC of the Income tax Range - III, Companies Zone - II, Lahore has been affirmed. The C.T.R is now pending before the Honorable Lahore High Court and is to be heard along with other identical matters. There is likelihood of a favorable decision in favor of Company in as much as said order is in conflict with earlier judgments of the superior courts. The case has to be fixed by office of the Honorable Lahore High Court Lahore.
- 23.1.4** The Income Tax Appellate Tribunal Lahore vide its Order dated 19th November 2008 for Assessment Year 1996-1997, 1999-2000, 2001-2001, 2002-2003, Tax Year 2003 and 2004 held that allocation of expense cannot be made against Capital Gain. During the preceding year Tax References No. PTR 131/09 to 140/09 filed by the Tax Department against order of Income Tax Appellate Tribunal Lahore dated 19th November 2008. The Honorable Lahore High Court vide its order dated 10th March 2015 accepted the references filed by department for the above mentioned years, and cases were remanded back to Income Tax Appellate Tribunal Lahore. The Company has preferred CPLAs before the August Supreme Court against the Orders passed by the Lahore High Court Lahore in all Tax References Nos. PTR 131/09 to 140/09. The Company is confident of a favorable decision in the matter.

**23.1.5** During the year 2014-2015, Shaheen Insurance Company Limited has filed a suit against the Company, First Capital Equities Limited, Pace (Pakistan) Limited, World Press (Pvt.) Limited, Trident Construct (Pvt.) Limited and Media Times Limited on April 24, 2015 for the cumulative recovery of Rs. 188.74 Million from the Company or alternatively recovery of Rs. 0.513 Million from the Company against insurance premium. 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.

**23.1.6** During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd has filed suit against the Company, First Capital Equities 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.

#### **First Capital Equities Limited (the subsidiary company)**

**23.1.7** 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.

**23.1.8** 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.

**23.1.9** During the year 2008-09, M/s Savari (Pvt.) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt.) Limited, the clients of the Company has defaulted to pay their debts Rs. 239,900,022/-. The Company has filed a suit on February 01, 2009 in Civil Court, Lahore for recovery from these clients. The Management is confident that company would be able to recover the above stated debt.

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

**23.1.11** During the year 2010-11, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the Company and a Notice u/s 176 of the "Contract Act 1872" was served to the Company by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The Company has filed a suit on February 03, 2011 before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192/- on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The Company has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby the JS Bank Limited has been restrained from selling the securities pledged by the Company. The mark up portion claimed by the bank is Rs. 82.29 million. The court may also award the cost of fund together with cost of suit, if the case is decided against the company. Last year the Company entered in to a settlement agreement with Bank and settled its loan liability and the legal case is in process of withdrawal.

**23.1.12** 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.

**23.1.13** In the year 2014-15, the Company was contesting the case with Askari Bank Limited in the Honorable High Courts of Sindh and Lahore filed on February 04, 2014, in which PLA to defend the cases has been filed by the Company. The Company has also lodged counter claim and claim damages from Askari Bank Limited. During the year Company entered in to a settlement agreement with Askari Bank Limited and Company disposed the counter claim while the Bank agreed to withdraw the original case as per the settlement agreement.

**23.1.14** 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 cumulative recovery of Rs. 188.74 Million from First Capital Securities Corporation Limited or alternatively recovery of Rs. 105.78 Million from the Company against reverse repo purchase transaction and insurance premium. 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.

**23.1.15** During the year 2016-17, Soneri Bank Limited has filed suit against the company on May 27, 2016 for recovery of Rs. 148,342,600/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honorable High Court of Sindh. The Company entered in debt property swap agreement with Bank, as per settlement agreement negotiated the Bank agrees to withdraw this case on settlement of agreed liability.

**23.1.16** During the year 2016-17, JS Bank Limited has filed suit against the company on May 05, 2018 for recovery of Rs. 234,484,862/- under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001. Leave to defend application has been filed and is pending before the honorable High Court of Sindh. During the year the Company entered in to a settlement agreement with Bank and settled its loan liability and the legal case is in process of withdrawal.

**23.1.17** During the year 2017-2018, Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd 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.

**23.1.18** 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, 2018 against the Company stating therein that an amount of € 12,750/- had been transferred in 2003 to the Company for the purchase of shares of World Call Company. The claimant sought relief of Rs. 2,200,000 and € 12,750/- against the Company. While as per the legal counselor of the Company this will be settled against the transfer of shares and there is no likelihood of any financial loss. Based on this legal counsellor opinion management decided not to record any provision as value of provision is not certain.

**23.1.19** 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 mark-up and any further mark-up 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.

**Lanka Securities (Private) Limited (the subsidiary company)**

**23.1.20** During the year 2014 via case No. HCC/503/14/MR plaintiff named CA Chanmukapawan filed a suit against Lanka Securities Private Limited in the Commercial High Court of Colombo for the recovery of amount LKR 3,298,534 (PKR 2,506,422). The case is awaiting further trial

**23.1.21** During the year 2016 via case No. HCC/31/16/MR plaintiff named HNB filed a suit against Lanka Securities Private Limited in the Commercial High Court of Colombo for the recovery of amount Rs LKR 11,000,000 (PKR 8,358,453). The case is awaiting further trial in Supreme Court of Sri Lanka.

**23.1.22** During the year 2018 via case No. 1/42/2018 plaintiff named Buddhika Suraj Wickramaratne on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 1-Borella. The case is fixed for trial on September 12,2018 on account of defendants (Lanka Securities Private Limited) witness to be cross examined.

**23.1.23** During the year 2018 via case No. 8/180/17 plaintiff named JCR Udayakumara on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 8-Borella. The case is awaiting further trial on October 23,2018 on account of defendants (Lanka Securities Private Limited) witness to be cross examined.

**23.1.24** During the year 2018 via case No. 1/43/2018 plaintiff named KDLK Randeniya on account of an industrial dispute filed a suit against Lanka Securities Private Limited in LT No 1-Borella. The further court dates for the above case are September 12,2018, October 17,2018 & November 14,2018.

**23.1.25** During current year via case No. CA/Writ/326/2019 plaintiff Court of Appeals filed a suit against Lanka Securities Private Limited in the local court. The case is awaiting trial.

The lawyers and Directors of the subsidiary company are of the opinion that the outcome of these cases will not result in material liability for the company. Accordingly no provision recognized in the financial statements.

**Falcon Commodities (Private) Limited (the subsidiary company)**

**23.1.26** The income tax department has passed an order dated 07 May 2014 against the Company for the recovery of tax amounting to Rs. 362,215 for the tax year 2012. The tax authorities have disallowed certain expenses amounting to Rs. 1,355,803. The Commissioner of Inland Revenue (Appeals) has remanded back the case to the tax department. Therefore, in view of the above no provision is recognized in these financial statements.

	Note	2021 Rupees	2020 Rupees
<b>23.2 Commitments</b>			
Commitments include amounts in respect of:			
Capital expenditure	23.2.1	12,195,000	12,195,000
		<b>12,195,000</b>	<b>12,195,000</b>

**23.2.1** One of the subsidiary (First Capital Investment Limited) entered into an agreement to purchase capital work in progress from Wireless n Cable (Pvt) Ltd for Rs. 49,065,000. Out of this Rs. 36,870,000 is paid as an advance and remaining Rs. 12,195,000 is to be paid as per the property purchase agreement.

**24 Share capital**

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

	2021 -----Number of shares-----	2020		2021 -----Rupees-----	2020
	38,165,030	38,165,030	Ordinary shares of Rs 10 each fully paid in cash	381,650,300	381,650,300
	278,445,082	278,445,082	Ordinary shares of Rs 10 each issued as bonus shares	2,784,450,820	2,784,450,820
	<b>316,610,112</b>	<b>316,610,112</b>		<b>3,166,101,120</b>	<b>3,166,101,120</b>

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

	Note	2021		2020	
		Percentage of holding	Number of shares	Percentage of holding	Number of shares
Amythest Limited	24.1.1	22.75%	72,034,306	22.75%	72,034,306
Sisley Group	24.1.2	9.92%	31,395,000	9.92%	31,395,000

**24.1.1** Beneficial owner of the above mentioned holding was Salman Taseer (Late) resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

**24.1.2** Beneficial owner of the above mentioned holding is Aamna Taseer resident House No. 118, Street No 3 Cavalry Ground Lahore and also the authorized agent. Pakistani shareholder associated with this entity is Mrs. Aamna Taseer.

	Note	2021 Rupees	2020 Rupees
<b>25 Operating revenue</b>			
Revenue from construction contracts		557,858,597	167,739,553
Brokerage income		354,808,358	66,827,617
Money market income		1,252,344	3,846,650
Gain on sale of investments		2,339,238	2,104,045
Investment advisory fee from FCMF and open fund management		2,840,930	2,492,353
		<b>919,099,467</b>	<b>243,010,218</b>
Sales tax		(535,927)	(786,308)
		<b>918,563,540</b>	<b>242,223,910</b>

	Note	2021 Rupees	2020 Rupees
<b>26 Direct costs</b>			
Salaries and benefits		4,747,694	25,538,944
Electricity and fuel consumed		107,300	1,443,619
Rent, rates and taxes		803,890	532,000
Postage and communication		28,714	100,670
Travelling expenses		-	34,700
Entertainment		2,025	4,485
Repair and maintenance		5,330	135,339
Other construction expenses		278,540,262	102,785,547
Miscellaneous		13,267,915	6,007,904
		<b>297,503,130</b>	<b>136,583,208</b>
<b>27 Unrealized gain on re-measurement of 'investments at fair value through profit or loss'</b>			
Long term investments	10.1	13,420,831	(3,352,504)
Short term investments	16.2	111,219,753	13,024,945
		<b>124,640,584</b>	<b>9,672,441</b>
<b>28 Operating and administrative expenses</b>			
Salaries, wages and benefits		162,764,176	67,230,183
Stock exchange charges		5,600	2,945
Rent, rates and taxes		2,524,857	1,748,056
Telephone and fax		3,323,787	325,853
Utilities		2,846,875	445,224
Insurance		1,611,591	-
Printing and stationery		591,812	40,839
Travelling and conveyance		9,035,479	403,672
Repairs and maintenance		3,507,388	444,687
Postage and courier		317,715	544,580
Vehicle running		1,440,015	795,992
Entertainment		3,298,704	156,215
Legal and professional charges		7,253,152	6,090,809
Lease rentals on Ijarah facilities		-	2,014,696
Advertisement		5,617,136	4,091,496
Provision for doubtful debts		3,593,480	77,480,542
Bad debt written off		1,143,540	3,603,004
Fees and subscriptions		1,493,027	1,176,694
Auditors' remuneration	28.1	3,237,231	2,679,717
Amortization of right to use asset	6.3	5,531,557	7,369,514
Amortization of intangible assets		250,009	250,008
Depreciation	6.1	2,604,739	1,963,554
Deposits written off		-	2,934,962
Miscellaneous		11,680,796	84,187,690
		<b>233,672,666</b>	<b>265,980,932</b>
<b>Related to discontinued operations</b>		<b>747,415</b>	<b>79,027,599</b>
<b>Related to continuing operations</b>		<b>232,925,251</b>	<b>186,953,333</b>

#### 28.1 Auditors' remuneration

	Parent company	Subsidiary companies	Total 2021	Total 2020
	-----Rupees-----			
Annual audit	500,000	1,635,481	2,135,481	1,800,217
Consolidated accounts	500,000	-	500,000	275,000
Half yearly review	200,000	278,750	478,750	487,000
Out of pocket expenses	50,500	72,500	123,000	117,500
	<b>1,250,500</b>	<b>1,986,731</b>	<b>3,237,231</b>	<b>2,679,717</b>

	Note	2021 Rupees	2020 Rupees
<b>29 Other income</b>			
<b>Income from financial assets</b>			
Income on deposit accounts		1,615,849	2,926,089
Interest from staff loans		33,876	69,946
Income on term deposits		11,028,673	16,619,337
Dividend income		6,093,273	-
<b>Income from other than financial assets</b>			
Gain on sale of property, plant and equipment		-	2,107,303
Liabilities and accrued interest written back		-	78,510,295
Provision for penalty written back		33,330,684	-
Impact of discounting on deferred rental		66,271,548	-
Interest income on delayed payments		30,107,306	8,277,357
Loss on disposal of subsidiary		(10,852)	-
Miscellaneous		237,718	216,247
		<b>148,708,075</b>	<b>108,726,574</b>

	Note	2021 Rupees	2020 Rupees
<b>30 Finance costs</b>			
Mark-up on borrowings		288,587,213	301,660,518
Mark-up on short term borrowings		-	408,301
Mark up amortized	18.1	-	2,067,417
Finance charges on assets subject to finance lease		1,242,394	2,612,074
Bank charges and commission		549,400	414,352
		<u>290,379,007</u>	<u>307,162,662</u>
<b>31 Taxation</b>			
Current		76,662,639	7,018,200
Deferred		(5,000,175)	19,224,156
		<u>71,662,464</u>	<u>26,242,356</u>

31.1 There is no relationship between tax expense and accounting profit since the majority of the Group Companies have taxable losses for the year and are subject to minimum and final. Accordingly no numerical reconciliation has been presented.

### 32 Discontinued operations

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

	Note	2021 Rupees	2020 Rupees
<b>Operating and administrative expenses</b>		747,415	79,027,599
<b>Taxation</b>		-	-
<b>Loss after taxation from discontinued operations</b>		<u>747,415</u>	<u>79,027,599</u>
<b>32.1 Cash flows from/(used in) discontinued operations</b>			
Net cash used in operating activities		(747,415)	(2,167,504)
Net cash from investing activities		-	-
Net cash flow for the year		<u>(747,415)</u>	<u>(2,167,504)</u>
<b>33 Earning/(loss) per share - basic and diluted</b>			
Net profit/(loss) for the year from continued operations attributable to shareholder of the parent company		<u>170,780,579</u>	(231,670,043)
Net profit/(loss) for the year from discontinued operations attributable to shareholder of the parent company		<u>(547,332)</u>	<u>(57,871,911)</u>
Weighted average number of ordinary shares as at 30 June		<u>316,610,112</u>	316,610,112
Earning/(loss) per share - basic and diluted--continued operations		<u>0.5394</u>	<u>(0.73)</u>
Earning/(loss) per share - basic and diluted -- discontinued operations		<u>(0.0017)</u>	<u>(0.18)</u>

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

### 34 Transactions with related parties

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

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

Name of Parties	Nature of relationship	Nature and description of related party transaction	2021	2020
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
Bank of Ceylon	Associated	Share transaction	<b>1,208,841,728</b>	539,983,869
		Brokerage income	<b>6,950,847</b>	2,436,177
		Interest income	<b>8,426,019</b>	26,198,698
		Investment in Repo	<b>2,576,847</b>	15,172,935
		Investment in fixed deposit	<b>163,323,685</b>	46,438,256
Merchant Bank of Sri Lanka	Associated company	Share transaction	<b>125,253,432</b>	5,142,663
		Brokerage income	<b>708,006</b>	32,538
Pace Pakistan Limited	Associated company (share holding 5.11%)	Purchase of property	-	139,822,340
		Service Charges	<b>671,760</b>	671,760
		Payment on behalf of group	<b>50,779,169</b>	-
		Sale of goods and services provided	<b>125,766,760</b>	55,080,749
		Payments against Purchase of property	-	59,813,082
First Capital Mutual Fund	Associate (shareholding 63.42%)	Asset management fee	<b>2,837,461</b>	2,492,353
		Other Receivable	<b>122,991</b>	107,430
		Payment received	<b>4,664,162</b>	2,605,767
		Investment in units	<b>10,000,000</b>	20,500,000
		Redemption of units	<b>19,300,000</b>	18,500,000
Pace Barka Properties Limited	Associate (shareholding 17.95%)	Sale of goods and services	<b>369,716,433</b>	12,616,625
		Property against sale of goods and services	<b>86,842,500</b>	-
		Payment on behalf of group	<b>280,425,259</b>	-
		Property adjusted against payable	<b>134,897,621</b>	-
Media Times Limited	Associate (shareholding 33.08%)	Purchase of goods and services	<b>753,124</b>	753,124
		Advance against publishing	-	500,000

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

**34.2** No impairment allowance is necessary in respect of amount due from related parties

	2021 Rupees	2020 Rupees
<b>35 Cash generated from operations</b>		
Profit/(Loss) before taxation	328,189,974	(275,347,884)
<i>Adjustments for:</i>		
Depreciation	2,604,739	1,963,554
Amortization of right of use	5,531,557	7,480,050
Finance cost	290,379,007	307,162,662
Accrued interest written back	-	(78,510,295)
Loss/(Gain) on re-measurement of short term investments	(124,640,584)	(9,672,441)
Loss/(gain) on re-measurement of investment properties	-	(99,999,619)
Capital gain on sale of investments	(2,339,238)	(2,104,045)
Loss on disposal of subsidiary	10,852	-
Gain on disposal of property, plant and equipment	-	(2,107,303)
Provision for doubtful debts and bad debts written off	3,593,480	77,480,542
Deposits written off	-	2,934,962
Share of loss from investments accounted for using equity method	42,167,422	26,243,626
Dividend income	(6,093,273)	-
Retirement benefits	6,683,173	3,467,465
Interest income	(42,785,704)	(24,988,226)
Bad debts written off	1,143,540	3,603,004
Amortization of intangible assets	250,009	250,008
Provision for penalty	-	32,227,745
Penalty written back	(33,330,684)	-
Impact of discounting	(66,271,548)	-
	<b>76,902,748</b>	<b>245,431,689</b>
<b>Loss before working capital changes</b>	<b>405,092,722</b>	<b>(29,916,195)</b>
<i>Effect on cash flow due to working capital changes:</i>		
<i>Decrease/(increase) in:</i>		
Inventories	968,643	108,450
Trade debts	(35,410,472)	(261,764,697)
Loans and advances	138,574,651	(14,404,509)
Prepayments	(71,241)	-
	<b>104,061,581</b>	<b>(276,060,756)</b>
<i>(Decrease)/increase in:</i>		
Trade and other payables	(330,081,483)	249,489,689
	<b>(330,081,483)</b>	<b>249,489,689</b>
	<b>(226,019,902)</b>	<b>(26,571,067)</b>
	<b>179,072,820</b>	<b>(56,487,262)</b>

## 36 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

### 36.1 Credit risk

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

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

#### 36.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the year end:

	Note	2021 Rupees	2020 Rupees
Long term deposits and advances		36,579,471	13,166,098
Trade debts - net	36.1.2	608,139,942	562,330,611
Loans and advances		366,683,418	731,574,307
Bank balances	36.1.2	49,652,761	47,820,540
		<u>1,061,055,592</u>	<u>1,354,891,556</u>

#### 36.1.2 Credit quality of financial assets

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

Trade debts	2021 Rupees	2020 Rupees
Foreign	410,819,879	368,960,532
Domestic	197,320,063	193,370,079
	<u>608,139,942</u>	<u>562,330,611</u>

Trade debts as at balance sheet date are classified as follows:

Foreign	410,819,879	368,960,532
Domestic	197,320,063	193,370,079
	<u>608,139,942</u>	<u>562,330,611</u>

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

	2021	2020
	-----Rs.-----	
Neither past due not impaired	411,447,260	369,587,913
Past due 1 - 60 days	468,369	3,387,121
Past due 61 - 120 days	-	1,210,410
Above 120 days	196,224,313	188,145,167
	<u>608,139,942</u>	<u>562,330,611</u>

#### Bank balances

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

	Note	2021 Rupees	2020 Rupees
Foreign		8,790,164	6,797,047
Domestic		40,862,597	41,023,493
	17	<u>49,652,761</u>	<u>47,820,540</u>

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

	Rating		Rating agency
	Short term	Long term	
Faysal Bank Limited	A-1 +	AA	PACRA
Bank Al Falah Limited	A-1 +	AA+	PACRA
Allied Bank Limited	A-1 +	AAA	PACRA
Bank Islami Limited	A-1	A+	PACRA
Soneri Bank Limited	A-1 +	AA-	PACRA
Habib Metropolitan Bank Limited	A-1 +	AA+	PACRA
Bank Al Habib Limited	A-1 +	AAA	PACRA
Silk Bank Limited	A-2	A-	VIS
United Bank Limited	A-1 +	AAA	VIS
Askari Bank Limited	A-1 +	AA+	PACRA
Albaraka Islamic Bank Limited	A1	A	PACRA
MCB Bank Limited	A-1 +	AAA	PACRA
MCB Islamic Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Limited	A-1 +	AA	VIS
JS Bank Limited	A-1 +	AA-	PACRA
Bank of Ceylon	NA	AA -(lka)	Fitch Ratings
MBSL Bank	NA	[SL]BBB+	ICRA (Lanka)

### 36.1.3 Counterparties without external credit ratings

Management estimates that the below mentioned balances will be recovered within next 12 months and the probability of default is expected to be zero. Consequently, no expected credit loss allowance is required.

	Note	2021 Rupees	2020 Rupees
Long term deposits and advances		36,579,471	13,166,098
Trade debts - net		608,139,942	562,330,611
Loans and advances		366,683,418	731,574,307
		<u>1,011,402,831</u>	<u>1,307,071,016</u>

### 36.1.4 Concentration of credit risk

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

### 36.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	2021				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----Rupees-----					
<b>Financial liabilities</b>					
Long term loan	2,962,336,086	2,962,336,086	267,590,909	2,694,745,177	-
Short term borrowings	14,833,987	14,833,987	14,833,987	-	-
Trade and other payables	666,392,155	666,392,155	666,392,155	-	-
Accrued markup	540,129,529	606,401,077	377,047,626	229,353,451	-
	<u>4,183,691,757</u>	<u>4,249,963,305</u>	<u>1,325,864,677</u>	<u>2,924,098,628</u>	<u>-</u>
-----Rupees-----					
-----Rupees-----					
<b>Financial liabilities</b>					
Long term loan	2,784,276,087	3,156,149,684	2,690,131,432	466,018,252	-
Trade and other payables	840,349,739	506,495,836	506,495,836	-	-
Accrued markup	538,214,737	538,214,737	538,214,737	-	-
	<u>4,162,840,563</u>	<u>4,200,860,257</u>	<u>3,734,842,005</u>	<u>466,018,252</u>	<u>-</u>

### 36.3 Market risk

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

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

### 36.3.1 Currency risk

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

	2021 Rupees	2020 Rupees
Foreign debtors	410,819,879	368,960,532
Foreign currency bank accounts	8,790,164	6,797,047
Foreign creditor and other payables	368,226,699	328,413,383
Net exposure	<u>51,383,344</u>	<u>47,344,196</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
LKR to PKR	0.835	0.883	0.777	0.893

### Sensitivity analysis

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

	2021 Rupees	2020 Rupees
Net effect on profit or loss	5,138,334	4,734,420
	<u>5,138,334</u>	<u>4,734,420</u>

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

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

### 36.3.2 Interest rate risk

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

	2021	2020	2021	2020
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<b>Financial liabilities</b>				
Long term loans	up to 24	up to 15	2,962,336,086	2,784,276,087
			<u>2,962,336,086</u>	<u>2,784,276,087</u>

### Fair value sensitivity analysis for fixed rate instruments

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

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss	
	100 bps Increase	100 bps Decrease
<b>As at 30 June 2021</b>	<b>Rupees</b>	
Cash flow sensitivity - Variable rate financial liabilities	<b>29,623,361</b>	<b>(29,623,361)</b>
<b>As at 30 June 2020</b>		
Cash flow sensitivity - Variable rate financial liabilities	<b>27,842,761</b>	<b>(27,842,761)</b>

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

### 36.3.3 Other price risk

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

#### Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
<b>2021</b>					
<b>Investments</b>					
Investments at fair value through profit or loss	249,033,547	10% increase	273,936,902	-	24,903,355
		10% decrease	224,130,192	-	(24,903,355)
	<u>249,033,547</u>				
<b>2020</b>					
<b>Investments</b>					
Investments at fair value through profit or loss	98,104,259	10% increase	107,914,685	-	9,810,426
		10% decrease	88,293,833	-	(9,810,426)
	<u>98,104,259</u>				

### 36.3.4 Fair value of financial instruments

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

#### a) Fair values versus carrying amounts

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

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Long term investments	24,127,216	24,127,216	10,706,385	10,706,385
Long term deposits and advances - considered good	36,579,471	36,579,471	13,166,098	13,166,098
Trade debts	608,139,942	608,139,942	562,330,611	562,330,611
Loans, advances and other receivables	366,683,418	366,683,418	731,574,307	731,574,307
Short term investments	533,452,966	533,452,966	254,949,888	254,949,888
Cash and bank balances	50,837,074	50,837,074	47,971,595	47,971,595
	<u>1,619,820,087</u>	<u>1,619,820,087</u>	<u>1,620,698,884</u>	<u>1,620,698,884</u>

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>	-----Rupees-----			
Long term loan	2,962,336,086	2,962,336,086	2,784,276,087	2,784,276,087
Accrued markup	540,129,529	540,129,529	538,214,737	538,214,737
Trade and other payables	666,392,155	666,392,155	506,495,836	506,495,836
	<b>4,168,857,770</b>	<b>4,168,857,770</b>	<b>3,828,986,660</b>	<b>3,828,986,660</b>

#### b) Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

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

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

	Level 1	Level 2	Level 3	Total
<b>30 June 2021</b>	<b>Rupees</b>			
<b>Equity securities</b>				
Long term investments	14,058,889	-	-	14,058,889
Short term investments	70,268,884	-	-	70,268,884
	<b>84,327,773</b>	<b>-</b>	<b>-</b>	<b>84,327,773</b>
<b>30 June 2020</b>				
Equity securities				
Long term investments	14,058,889	-	-	14,058,889
Short term investments	70,268,884	-	-	70,268,884
	<b>84,327,773</b>	<b>-</b>	<b>-</b>	<b>84,327,773</b>

#### 36.3.5 Operational risk

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

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

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

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

#### 36.4 Capital management

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

The Group's objectives when managing capital are:

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

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

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

The debt-to-equity ratios at 30 June 2021 and at 30 June 2020 were as follows:

	<b>2021</b>	2020
	<b>Rupees</b>	Rupees
Total debt	<b>2,962,336,086</b>	2,784,276,087
Total equity and debt	<b>4,601,760,925</b>	4,198,382,929
Debt-to-equity ratio	<b>64.37%</b>	66.32%

The increase in the debt-to-equity ratio in 2021 resulted primarily due to material finance facility obtained by Group during the year.

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

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

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

	Chief executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees-----					
<b>Short Term Employee Benefits</b>						
Managerial remuneration	2,400,000	2,400,000	-	-	9,381,708	24,215,266
Re-imbursable expenses	-	-	-	-	136,880	283,479
Utilities	-	-	-	-	-	140,000
House rent	-	-	-	-	-	560,000
<b>Post Employment Benefits</b>						
Provision for gratuity	632,938	599,252	-	-	5,038,173	7,829,347
	<b>3,032,938</b>	<b>2,999,252</b>	<b>-</b>	<b>-</b>	<b>14,556,761</b>	<b>33,028,092</b>
Number of persons	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>11</b>

The Group has also provided executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

Executives are employees whose basic salary exceed Rs. 1,200,000 in a financial year. Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

	2021	2020
<b>38 Number of employees</b>		
The average and total number of employees are as follows:		
<b>Holding Company</b>		
Average number of employees during the year	7	12
Total number of employees as at 30 June	4	8
<b>Subsidiary Companies</b>		
Average number of employees during the year	76	93
Total number of employees as at 30 June	86	93

### 39 Operating segments

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

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

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

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

#### Type of segments and nature of business

##### 1 Financial services

Business of long and short term investments, sale/purchase of shares, money market operations and financial consultancy services.

##### 2 Investment advisory services

Investment advisory services to open end mutual funds.

##### 3 Real estate

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

The identification of operating segments was based on the internal organizational and reporting structure, built on the different products and services within the Group. Allocation of the individual organizational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Act, 2017. For the presentation of reportable segments in accordance with IFRS 8, both operating segments with comparable economic features and operating segments not meeting the quantitative thresholds were aggregated with other operating segments.

#### 40 Segment analysis and reconciliation

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

##### 40.1 Information about reportable segments

	Financial Services		Investment advisory services		Printing and publishing		Real Estate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	-----Rupees-----									
External revenues	355,916,627	70,231,732	4,788,316	4,252,625	-	-	557,858,597	167,739,553	918,563,540	242,223,910
Direct cost	(13,248,537)	(5,418,496)	-	-	-	-	(284,254,593)	(131,164,712)	(297,503,130)	(136,583,208)
Operating expenses	(203,941,812)	(233,559,065)	(14,250,462)	(13,171,190)	-	(8,917,020)	(15,480,392)	(10,333,657)	(233,672,666)	(265,980,932)
Other income	141,575,310	104,434,767	5,742,941	317,304	-	1,387,303	1,389,824	2,587,200	148,708,075	108,726,574
Finance cost	(274,751,966)	(248,234,874)	(5,999)	(3,244)	-	-	(15,621,042)	(58,924,544)	(290,379,007)	(307,162,662)
Gain on investment properties	-	99,999,619	-	-	-	-	-	-	-	99,999,619
Unrealized gain / (loss) on re-measurement of short investment	50,721,365	6,731,925	16,888,170	2,940,516	-	-	57,031,049	-	124,640,584	9,672,441
Share of loss from investments accounted for using the equity method	(42,167,422)	(28,123,163)	-	1,879,537	-	-	-	-	(42,167,422)	(26,243,626)
<b>Profit / (loss) before taxation</b>	<b>14,103,565</b>	<b>(233,937,555)</b>	<b>13,162,966</b>	<b>(3,784,452)</b>	<b>-</b>	<b>(7,529,717)</b>	<b>300,923,443</b>	<b>(30,096,160)</b>	<b>328,189,974</b>	<b>(275,347,884)</b>
Taxation expense for the year	(30,475,588)	(19,632,650)	(908,561)	(171,886)	-	-	(40,278,315)	(6,437,820)	(71,662,464)	(26,242,356)
<b>Profit / (loss) after taxation</b>	<b>(16,372,023)</b>	<b>(253,570,205)</b>	<b>12,254,405</b>	<b>(3,956,338)</b>	<b>-</b>	<b>(7,529,717)</b>	<b>260,645,128</b>	<b>(36,533,980)</b>	<b>256,527,510</b>	<b>(301,590,240)</b>
<b>Other information</b>										
Segment assets	3,536,058,679	4,660,646,372	225,447,218	211,293,627	-	9,013,731	2,191,149,187	765,341,153	5,952,655,084	5,646,294,883
Segment liabilities	2,724,822,894	3,473,917,481	9,233,338	7,606,656	-	9,994,322	1,579,174,013	740,669,582	4,313,230,245	4,232,188,041
Depreciation	1,963,281	1,668,986	119,995	85,620	-	-	521,463	208,948	2,604,739	1,963,554
Capital expenditure	5,350,314	86,590	125,000	-	-	-	-	-	5,475,314	86,590

	<b>2021</b>	2020
	<b>Rupees</b>	Rupees
<b>40.2 Reconciliation of assets</b>		
<b>Assets</b>		
Total assets of reportable segments	<b>5,540,130,629</b>	5,169,600,115
Investments accounted for using the equity method	<b>412,524,455</b>	476,694,768
<b>Consolidated total assets</b>	<b><u>5,952,655,084</u></b>	<b><u>5,646,294,883</u></b>

#### **40.3 Geographical information**

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

	<b>2021</b>	2020
	<b>Rupees</b>	Rupees
<b>40.3.1 Revenue</b>		
Pakistan	<b>563,755,182</b>	175,396,293
Sri Lanka	<b>354,808,358</b>	66,827,617
	<b><u>918,563,540</u></b>	<b><u>242,223,910</u></b>

#### **40.3.2 Non-current assets**

Pakistan	<b>4,082,208,589</b>	4,028,795,862
Sri Lanka	<b>20,261,244</b>	18,756,867
	<b><u>4,102,469,833</u></b>	<b><u>4,047,552,729</u></b>

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

Money market income	<b>1,108,269</b>	3,404,115
(Loss) / gain on sale of investments	<b>2,339,238</b>	2,104,045
Investment advisory fee from FCMF	<b>2,449,078</b>	2,148,580
Brokerage income	<b>354,808,358</b>	66,827,617
Revenue against construction contracts	<b>557,858,597</b>	167,739,553
	<b><u>918,563,540</u></b>	<b><u>242,223,910</u></b>

## 41 Interests in other entities

### 41.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the owners of the parent		Ownership interest held by non-controlling interests		Principal activities
		2021	2020	2021	2020	
First Capital Investments Limited	Pakistan	78.86%	78.86%	21.14%	21.14%	Asset management services
Lanka Securities (Private) Limited	Sri Lanka	51%	51%	49%	49%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
World Press (Private) Limited	Pakistan	0%	65%	0%	35%	Printing, publishers, packaging, advertisement and specialized directory business and stationers
Falcon Commodities (Private) Limited	Pakistan	100%	100%	0%	0%	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited
Ozer Investments Limited	Sri Lanka	100%	100%	0%	0%	Providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage
First Capital Equities Limited	Pakistan	73.23%	73.23%	26.77%	26.77%	To acquire, construct, develop, sell, rent out and manage shops, apartments, villas and commercial buildings.
Evergreen Water Valley (Private) Limited	Pakistan	100%	100%	0%	0%	Installation and manufacturing of water purification plants and construction activities
First Construct Limited	Pakistan	100%	100%	0%	0%	Construction company

#### 41.2 Non-controlling interests

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

	First Capital Investments Limited		Lanka Securities (Private) Limited		First Capital Equities Limited	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>Summarized balance sheet</b>						
Current assets	107,656,037	59,613,535	738,598,436	555,307,842	283,415,494	509,245,495
Current liabilities	13,799,032	11,754,970	419,500,501	332,069,972	1,014,642,336	1,008,014,920
<b>Current net assets / (liabilities)</b>	<b>93,857,005</b>	<b>47,858,565</b>	<b>319,097,935</b>	<b>223,237,870</b>	<b>(731,226,842)</b>	<b>(498,769,425)</b>
Non-current assets	127,722,544	161,394,611	21,057,048	18,756,867	1,163,672,517	844,759,872
Non-current liabilities	5,365,669	5,566,205	9,335,479	10,309,482	-	3,675,000
<b>Non-current net assets/(liabilities)</b>	<b>122,356,875</b>	<b>155,828,406</b>	<b>11,721,569</b>	<b>8,447,385</b>	<b>1,163,672,517</b>	<b>841,084,872</b>
<b>Net assets</b>	<b>216,213,880</b>	<b>203,686,971</b>	<b>330,819,504</b>	<b>231,685,255</b>	<b>432,445,675</b>	<b>342,315,447</b>
<b>Accumulated non-controlling interests</b>	<b>45,707,614</b>	<b>43,059,426</b>	<b>162,101,557</b>	<b>113,525,775</b>	<b>115,765,707</b>	<b>91,637,845</b>
<b>Summarized statement of comprehensive income</b>						
Revenue (continued & discontinued operation)	21,852,166	7,510,445	354,808,358	61,409,121	94,569,099	8,358,759
Profit/(loss) for the year after tax	12,254,405	(3,956,338)	142,099,089	(12,619,224)	90,130,228	(3,482,879)
Other comprehensive income/(loss)	272,504	1,106,122	(3,650,941)	1,151,468	-	-
Total comprehensive income/(loss)	12,526,909	(2,850,216)	138,448,148	(17,124,641)	90,130,228	(3,482,879)
Profit/(loss) allocated to NCI	2,590,581	(602,536)	69,628,554	(8,391,074)	24,127,862	(932,367)
Other comprehensive income/(loss) allocated to NCI	57,607	233,834	(1,788,961)	564,219	-	-
Dividends paid to NCI	-	-	-	-	-	-
<b>Summarized cash flows</b>						
Cash flows from operating activities	(9,622,165)	(7,225,531)	143,822,369	(76,537,307)	(28,061)	21,125,100
Cash flows from investing activities	10,582,454	(2,750,025)	(141,809,810)	10,590,331	-	132,563,000
Cash flows from financing activities	-	-	-	-	-	(156,800,822)
Net (decrease)/increase in cash and cash equivalents	960,289	(9,975,556)	2,012,559	(65,946,976)	(28,061)	(3,112,722)

#### 41.3 Interests in associates

Set out below are the associates of the group as at 30 June 2021 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares except FCMF, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held and total units in case of mutual fund .

Name of entity	Place of business	Ownership interest held by the Group		Quoted Fair Value		Carrying Value	
		2021	2020	2021	2020	2021	2020
First Capital Mutual Fund	Pakistan	74.00%	46.00%	-	33,249,464	-	33,249,464
Media Times Limited	Pakistan	33.32%	33.32%	234,793,544	78,661,796	-	-
Pace Barka Properties Limited	Pakistan	18.00%	18.00%	-	-	412,411,955	443,332,804
Pace Super Mall	Pakistan	0.10%	0.10%	-	-	112,500	112,500
				<u>234,793,544</u>	<u>111,911,260</u>	<u>412,524,455</u>	<u>476,694,768</u>

#### 41.4 Commitments and contingent liabilities in respect of associates

No commitments and contingent liabilities in respect of associates exist as at 30 June 2021.

#### 41.5 Summarized financial information for associates

	First Capital Mutual Fund		Media Times Limited		Pace Barka Properties Limited	
	2021	2020	2021	2020	2021	2020
<b>Summarized balance sheet</b>						
	-----Rs-----				-----Rs'000-----	
Current assets	150,535,669	125,269,263	42,624,243	55,765,345	2,657,607	2,581,543
Current liabilities	25,301,146	19,742,437	782,357,926	842,075,069	1,534,543	1,471,530
<b>Current net assets / (liabilities)</b>	<u>125,234,523</u>	<u>105,526,826</u>	<u>(739,733,683)</u>	<u>(786,309,724)</u>	<u>1,123,064</u>	<u>1,110,013</u>
Non-current assets	-	-	295,538,258	226,127,376	4,146,191	4,033,986
Non-current liabilities	-	-	514,053,835	284,649,288	604,845	253,144
<b>Non-current net assets</b>	<u>-</u>	<u>-</u>	<u>(218,515,577)</u>	<u>(58,521,912)</u>	<u>3,541,346</u>	<u>3,780,842</u>
<b>Net assets/(liabilities)</b>	<u>125,234,523</u>	<u>105,526,826</u>	<u>(958,249,260)</u>	<u>(844,831,636)</u>	<u>4,664,410</u>	<u>4,890,855</u>
<b>Summarized statement of comprehensive income</b>						
Revenue	<u>42,773,895</u>	<u>10,787,703</u>	<u>117,771,306</u>	<u>165,452,269</u>	<u>344,394</u>	<u>(25,410)</u>
Profit/(loss) for the year	<u>37,731,636</u>	<u>6,206,554</u>	<u>(114,476,289)</u>	<u>(110,019,052)</u>	<u>(234,917)</u>	<u>(156,675)</u>
Other comprehensive (loss)/income	<u>-</u>	<u>-</u>	<u>1,058,665</u>	<u>6,787,918</u>	<u>8,472</u>	<u>1,720</u>
<b>Total comprehensive income/(loss)</b>	<u>37,731,636</u>	<u>6,206,554</u>	<u>(113,417,624)</u>	<u>(103,231,134)</u>	<u>(226,445)</u>	<u>(154,955)</u>

**42 Date of authorization for issue**

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

**43 General**

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

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**



**FORM OF PROXY**

The Company Secretary  
First Capital Securities Corporation Limited  
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 Securities  
Corporation 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  
2021 at 11:30 a.m. and at any adjournment thereof.

Signed under my/our hands on this \_\_\_\_\_ day of \_\_\_\_\_, 2021

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

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

Signed in the presence of:

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

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

**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.
  - 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 SECURITIES CORPORATION LIMITED

کمپنی سیکرٹری

پراکسی فارم

فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ  
دوسری منزل، پیس شاپنگ مال،  
فورٹریس سٹیڈیم، لاہور کینٹ، لاہور

فولیو نمبر/ CDC اکاؤنٹ نمبر: .....

موجود حصص: .....

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ ہم ..... ولد/ زوجہ/ بنت ..... شناختی کارڈ  
نمبر ..... کے حامل فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ کے رکن کی حیثیت سے  
..... ولد/ بنت/ زوجہ ..... شناختی کارڈ نمبر  
..... کو اس کی ناکامی کی صورت میں  
..... ولد/ بنت/ زوجہ ..... شناختی کارڈ نمبر  
..... 28 اکتوبر 2021ء کو 11:30 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۔

بتاریخ .....

زیر دستخطی .....

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/ زوجہ/ بنت ..... ، شناختی کارڈ  
نمبر ..... کے حامل فرسٹ کیپٹل سیکورٹیز کارپوریشن لمیٹڈ کے رکن اور ..... حصص،  
درجہ ..... ، فولیو نمبر ..... کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ

کرنا چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت ایگزیکٹو شن

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 دستخطی .....

کی موجودگی میں دستخط کئے گئے

گواہ 2 کے دستخط

گواہ 1 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

# FIRST CAPITAL SECURITIES CORPORATION LIMITED

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 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 مختا نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاپنگ 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 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۔