

FIRST CAPITAL SECURITIES CORPORATION LIMITED

FINANCIAL STATEMENTS AS AT JUNE 30, 2019

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	6	133,198,056	150,936,338
Investment properties	7	2,051,721,792	1,547,590,000
Long term investments	8	1,766,869,692	1,734,926,701
Long term deposits	9	37,500	37,500
		<u>3,951,827,040</u>	<u>3,433,490,539</u>
CURRENT ASSETS			
Trade debts - unsecured, considered good	10	1,528,578	1,964,909
Loans, advances, prepayments and other receivables	11	11,126,702	126,004,120
Short term investments	12	19,255,828	31,079,421
Advance tax	13	7,437,979	6,956,366
Cash and bank balances	14	356,006	3,081,554
		<u>39,705,093</u>	<u>169,086,370</u>
CURRENT LIABILITIES			
Trade and other payables	15	42,247,643	436,794,542
Loan payable	16	1,600,000,000	-
Rental payable	16	181,516,802	5,113,041
		<u>1,823,764,445</u>	<u>441,907,583</u>
NET CURRENT ASSETS		<u>2,167,767,688</u>	<u>3,160,669,326</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits payable	18	7,618,472	11,238,402
Long term payable	16	-	1,100,000,000
Deferred tax liability	17	22,434,684	-
		<u>30,053,156</u>	<u>1,111,238,402</u>
Contingencies and commitments	19		
		<u>2,137,714,532</u>	<u>2,049,430,924</u>
REPRESENTED BY			
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital: 320,000,000 (2018: 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	20	3,166,101,120	3,166,101,120
Reserves		-	2,715,886
Retained earnings		<u>(1,028,386,588)</u>	<u>(1,119,386,082)</u>
		<u>2,137,714,532</u>	<u>2,049,430,924</u>

The annexed notes 1 to 36 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, 2019

	Note	2,019 Rupees	2018 Rupees
Revenue			
Money market services	21	8,739,898	10,783,757
Dividend income	22	-	89,420
Rental income		-	320,000
Realized (loss)/gain on disposal of 'investments at fair value through profit or loss'	23	(141,896)	(7,507,695)
Unrealized (loss)/gain on re-measurement of 'investments at fair value through profit or loss'	23	(558,947,082)	(23,595,424)
Loss on disposal of investment properties		-	(46,029,400)
Change in fair value of investment properties	7	300,005,792	(1,622,000)
		(250,343,288)	(67,561,342)
Expenses			
Impairment loss	24	-	(77,714,304)
Operating and administrative expenses	25	(45,660,798)	(63,742,988)
Operating profit/ (loss)		(296,004,086)	(209,018,634)
Other income	26	12,245,263	12,129,108
Finance cost	27	(175,324,081)	(5,133,556)
Profit/(Loss) before taxation		(459,082,904)	(202,023,082)
Taxation	28	34,871,907	(1,617,449)
Profit/(Loss) after taxation		(424,210,997)	(203,640,531)
(Loss)/earnings per share			
- basic and diluted	29	(1.34)	(0.64)

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Chief Executive Officer

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Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
Loss after taxation	(424,210,997)	(203,640,531)
Other comprehensive (loss)/income for the year:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post retirement benefit obligation	536,832	644,953
<i>Items that may subsequently reclassified to profit or loss:</i>		
Change in fair value of investments at fair value through OCI	-	(61,107,440)
Other comprehensive (loss)/income for the year - net of tax	536,832	(60,462,487)
Total comprehensive loss for the year - net of tax	(423,674,165)	(264,103,018)

The annexed notes 1 to 36 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, 2019

	Share Capital	Revenue reserve		Total
		Fair value reserve	Retained earnings	
----- Rupees -----				
Balance as at July 01, 2017	3,166,101,120	63,823,326	(916,390,504)	2,313,533,942
Loss for the year	-	-	(203,640,531)	(203,640,531)
Other comprehensive income/(loss) for the year - net of tax	-	(61,107,440)	644,953	(60,462,487)
Total comprehensive loss for the year - net of tax	-	(61,107,440)	(202,995,578)	(264,103,018)
Balance as at June 30, 2018	3,166,101,120	2,715,886	(1,119,386,082)	2,049,430,924
Impact of reclassification (note:5.1.2)	-	(2,715,886)	514,673,659	511,957,773
Balance as at July 01, 2018	3,166,101,120	-	(604,712,423)	2,561,388,697
Loss for the year	-	-	(424,210,997)	(424,210,997)
Other comprehensive loss for the year - net of tax	-	-	536,832	536,832
Total comprehensive loss for the year - net of tax	-	-	(423,674,165)	(423,674,165)
Balance as at June 30, 2019	3,166,101,120	-	(1,028,386,588)	2,137,714,532

The annexed notes 1 to 36 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, 2019

	2019	2018
	Rupees	Rupees
Cash flows from operating activities		
Profit/(Loss) before taxation	(459,082,904)	(202,023,082)
<i>Adjustments for:</i>		
Finance cost	175,324,081	5,133,556
Dividend income	-	(89,420)
Unrealized loss/(gain) on re-measurement of investments at 'fair value through profit or loss'	558,947,082	23,595,424
Change in value of investment properties	(300,005,792)	1,622,000
Impairment loss on investments through profit or loss	-	77,714,304
Liabilities written back	-	(665,209)
Gain on sale of property, plant and equipment	(625,000)	-
Depreciation	17,738,282	17,814,705
Interest income	(115,112)	(25,940)
Loss on disposal of investment property	-	46,029,400
Provision for staff retirement benefits	1,592,628	1,634,999
	452,856,169	172,763,819
Loss before working capital changes	(6,226,735)	(29,259,263)
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	436,331	709,088
Loans, advances, prepayments and other receivables	114,877,418	13,365,473
<i>(Decrease)/increase in current liabilities:</i>		
Trade and other payables	(393,443,961)	405,228,029
	(278,130,212)	419,302,590
Cash generated from/(used in) operations	(284,356,947)	390,043,327
<i>Increase in non-current liabilities:</i>		
Staff retirement benefits paid	(4,675,726)	(119,593)
Finance cost paid	(23,259)	(20,515)
Taxes paid/adjusted-net	(1,665,080)	22,435,624
	(6,364,065)	22,295,516
Net cash inflow/(outflow) from operating activities	(290,721,012)	412,338,843
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(1,085,250)
Purchase of capital work in progress	-	(25,334,248)
Proceed from sale of capital work in progress	-	5,025,235
Purchase of investment property	(204,126,000)	(1,540,000,000)
Sale proceed for disposal of investment property	-	37,095,000
Proceeds from disposal of property, plant and equipment	625,000	-
Purchase of investments	(8,618,648)	14,746,510
Interest received	115,112	25,940
	(212,004,536)	(1,509,526,813)
Net cash used in investing activities		
Cash flows from financing activities		
Loan acquired during the year	500,000,000	1,100,000,000
Repayment of long term loan	-	(890,400)
Net cash generated from financing activities	500,000,000	1,099,109,600
Net increase/(decrease) in cash and cash equivalents	(2,725,548)	1,921,630
Cash and cash equivalents at the beginning of the year	3,081,554	1,159,924
Cash and cash equivalents at the end of the year	356,006	3,081,554

The annexed notes 1 to 36 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, 2019

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 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:

Lahore-Head Office	Karachi-Corporate Office
2nd Floor Pace Shopping Mall, Fortress	4th Floor, Block B,C,D Lakson Square

2 Going concern assumption

During the year company incurred loss amounting Rs. 424 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,028.9 Million as at June 30, 2019 (2018: 1,119 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 1,784 Million. During the year Company failed to fulfil its obligation under diminishing musharka agreement which led to classification of loan liability as current liability.

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. Management is confident that the loan facility will be settled by the sale of pledged investment property and the Company will not face any cash flow deficit.

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 %	
			2019	2018
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.	65.00	65.00
First Capital Equities Limited (FCEL)	Pakistan	Sale / purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	73.23	73.23
Ever Green Water Valley (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities. The company is also engaged in construction activities.	100.00	100.00
Falcon Commodities (Private) Limited (FCL)	Pakistan	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited.	100.00	100.00
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	100.00	100.00
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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 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 5.2
b)	Impairment	Note 5.11
c)	Provisions and contingencies	Note 5.15 & Note 19
d)	Valuation of investment properties	Note 5.5
e)	Staff retirement benefits	Note 5.16
f)	Provision for taxation	Note 5.18

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

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

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from contracts with customers'

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

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

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

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Changes in significant accounting policies

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

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

The Company is providing money market and consultancy services which generally include single performance obligation. Management has concluded that revenue should be recognised at the point in time when required services are transferred to client for money market business this is when deal ticket is signed by client and for consultancy services upon confirmation from client for acceptance of services, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Invoices are generated and revenue is recognised at that point in time

Invoices are generated at execution of each transaction and revenue is recognised at that point in time, as the services has been rendered and accepted by client.

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

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

I Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2019

As at July 01, 2018	Original Classification Under IAS-39	New Classification Under IFRS-9	Original Carrying Amount	New Carrying Amount
Long term investments	Available for sale	Fair value through profit or loss	1,734,926,701	2,305,374,532
Long Term Deposits	Loans & Receivables	Amortized Cost	37,500	37,500
Trade Debtors	Loans & Receivables	Amortized Cost	1,964,909	1,964,909
Short term investments	Held for trading	Fair value through profit or loss	31,079,421	31,079,421
Loans, advances & Receivables	Loans & Receivables	Amortized Cost	126,004,120	126,004,120
Cash & Bank balances	Loans & Receivables	Amortized Cost	3,081,554	3,081,554

As a result of application of IFRS 9, long term investments amounting to Rs. 1,734.9 million as at July 1, 2018 have been reclassified from 'available for sale' to 'fair value through profit or loss'. In accordance with the transitional provisions of IFRS 9, comparative figures and their related gains / (losses) have been reclassified in the opening statement of financial position. In addition to this the Company has elected to classify its unquoted equity investments at fair value through profit and loss. The fair value of such investment is Rs. 2,305 Million (cost of Rs. 816.5 Million) as result of fair value exercise carried out by the management of the Company upon adoption of IFRS 9. Accordingly, the retained earning as at July 01, 2018 has been adjusted by Rs. 511.96 Million (net of tax Rs. 58.49 Million).

5.1.3 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years and future expectations to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the company. Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

5.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to 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 recognised as an income or expense.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30 2019 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).

5.3 Capital work in progress

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

5.4 Operating leases

Leases including Ijarah financing where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating lease (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease/ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

5.5 Investment properties

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

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

5.6 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 amortised cost.

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

ii- Subsequent measurement

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

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

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss

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

iii Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual

5.7 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These

5.8 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.

5.9 Financial liabilities

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

5.10 Mark-up bearing borrowings and borrowing cost

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

5.11 Impairment

Financial Assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

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

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-Financial Assets

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

5.12 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 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.

5.13 Trade and other payables

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

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

5.14 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 recognised amounts and the Company intends either to settle on a net basis or to realise 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

5.15 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.

5.16 Staff retirement benefits

Defined benefit plan

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

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

Accumulating compensated absences

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

The un-utilized earned leave of employees and executives can not be carried forward.

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

5.17 Revenue recognition

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

5.18 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.

5.19 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.

5.20 Functional and presentation currency

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

5.21 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.

6 Property, plant and equipment

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	6.1	772,950	18,511,232
Capital work in progress (CWIP)	6.2	132,425,106	132,425,106
		133,198,056	150,936,338

6.1 Operating fixed assets

COST	Leasehold improvements	Computers	Office equipment's	Furniture & fixtures	Plant, machinery and equipment	Vehicles	Total
	(Rupees)						
Balance as at 1 July 2017	470,315	720,622	2,061,090	154,000	88,250,000	6,719,980	98,376,007
Additions during the year	-	-	-	-	-	1,085,250	1,085,250
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2018	470,315	720,622	2,061,090	154,000	88,250,000	7,805,230	99,461,257
Balance as at 1 July 2018	470,315	720,622	2,061,090	154,000	88,250,000	7,805,230	99,461,257
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(1,400,000)	(1,400,000)
Balance as at 30 June 2019	470,315	720,622	2,061,090	154,000	88,250,000	6,405,230	98,061,257
DEPRECIATION							
Balance as at 1 July 2017	470,315	704,585	1,995,126	150,246	53,095,068	6,719,980	63,135,320
Charge for the year	-	16,037	15,789	3,244	17,650,000	129,635	17,814,705
Disposals during the year	-	-	-	-	-	-	-
Balance as at 30 June 2018	470,315	720,622	2,010,915	153,490	70,745,068	6,849,615	80,950,025
Balance as at 1 July 2018	470,315	720,622	2,010,915	153,490	70,745,068	6,849,615	80,950,025
Charge for the year	-	-	15,790	510	17,504,932	217,050	17,738,282
Disposals during the year	-	-	-	-	-	(1,400,000)	(1,400,000)
Balance as at 30 June 2019	470,315	720,622	2,026,705	154,000	88,250,000	5,666,665	97,288,307
Book value as at 30 June 2018	-	-	50,175	510	17,504,932	955,615	18,511,232
Book value as at 30 June 2019	-	-	34,385	-	-	738,565	772,950
Annual depreciation rate %	10%	33%	10%	10%	20%	20%	

6.1.1 Assets with cost of Rs 96,818,107 (2018 : Rs 9,945,108) are carried at nil book value.

6.2 Capital work in progress (CWIP)

	Note	2019 Rupees	2018 Rupees
Opening balance		132,425,106	112,116,093
Additions during the year		-	25,334,248
Disposals during the year		-	(5,025,235)
Closing balance	6.2.1	<u>132,425,106</u>	<u>132,425,106</u>

6.2.1 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Circle, Lahore amounting to Rs 107,090,858 (2018: Rs 107,090,858) and Rs. 25,334,248 (2018: Rs 25,334,248) respectively. Construction work on these properties is in progress as at 30 June 2019.

6.2.2 The Company 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 (2018: Rs. 70.13 million) is held in the name of Pace Pakistan Limited, CWIP of Rs. 36.95 Million (2018: Rs. 36.95 million) is held in the name of Mr. Liaquat Ali and CWIP amounting Rs. 25.33 million (2018: Rs. Nil) is held in the name of Pace Barka Properties Limited. The title of these properties will be transferred on completion. However, the Company has complete control and possession of said property.

7	Investment properties	Note	2019	2018
			Rupees	Rupees
	Opening balance		1,547,590,000	163,092,400
	Additions during the year	7.2	204,126,000	1,540,000,000
	Disposals during the year		-	(153,880,400)
	Fair value adjustment		300,005,792	(1,622,000)
	Closing balance	7.1	2,051,721,792	1,547,590,000

7.1 Investment property amounting Rs. 1,804 Million (2018: 1,500 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. 2,051.7 Million (2018:Rs. 1,547 Million), title of property amounting Rs. 1,840 Million, Rs 7.5 Million and Rs. 204.1 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 Property situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi measuring 34,021 sqft purchased from Capital Heights (Private) Limited during the year.

7.3 Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2019 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, 2019:

		Fair value measurements at 30 June 2019 using significant other observable inputs (Level 2)
		Rupees
Recurring fair value measurements		
Investment properties		2,051,721,792

The following table presents the Company's investment properties that are measured at fair value at June 30, 2018:

		Fair value measurements at 30 June 2018 using significant other observable inputs (Level 2)
		Rupees
Recurring fair value measurements		
Investment properties		1,547,590,000

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

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.

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

- Various shops situated at Pace Shopping Mall, Mouza Dhola Zari G.T. Road, Gujranwala, having area of 196 Sqft (2018: 196 sqft) and force sale value of Rs. 6,831,090 (2018: Rs. 5,821,200).

- Plot-D situated Near Rangers Headquarters Lahore Cantt, having area of 87444 Sqft (2018: 87444sqft) and force sale value of Rs. 1,620,005,032 (2018: Rs. 1,351,009,800).

- Various shops measuring 4000 sqft (2018: 4000sqft) situated at 5th Floor, Pace Shopping Mall, Model Town Link Road, Lahore and force sale value of Rs. 36,000,000 (2018: Rs. 36,000,000).

-Various apartments measuring 34,021 sqft (2018: NIL) situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi and force sale value of Rs. 183,713,400 (2018: Rs. NIL).

8	Long term investments	Note	2019	2018
			Rupees	Rupees
Investment in related parties				
	Subsidiary companies - Unquoted	8.1	349,935,688	239,954,259
	Associated companies - Unquoted	8.2	990,808,347	547,313,110
	Associated company - Quoted	8.3	38,022,407	78,308,052
	Subsidiary company - Quoted	8.4	388,103,250	869,351,280
			1,766,869,692	1,734,926,701

Note	Shares		2019	2018	Percentage of holding	
	2019	2018			2019	2018
	Number		Rupees		%	
8.1 Subsidiary companies - unquoted - at fair value						
First Capital Investments Limited	16,561,634	16,561,634	200,022,279	156,051,450	78.86%	78.86%
Lanka Securities (Private) Limited	9,166,886	9,166,886	120,007,848	46,229,683	51.00%	51.00%
World Press (Private) Limited	1,949,041	1,949,041	6,441,136	6,073,126	65.00%	65.00%
Falcon Commodities (Private) Limited	3,150,000	3,150,000	5,341,202	5,150,000	100.00%	100.00%
Evergreen Water valley (Private) Limited	715,400	715,400	18,123,223	26,450,000	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%
			349,935,688	239,954,259		

8.1.1

During the year investment in unquoted securities are valued at fair value due to change in accounting policy as detail mentioned in note 5.1.2. 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. The company have received return amounting 1,477,781 US Dollars (122,396,661 PKR) to date from LSPL.

8.2 Associated companies - unquoted - at fair value

Note	Shares		2019	2018	Percentage of holding	
	2019	2018			2019	2018
	Number		Rupees		%	
Pace Barka Properties Limited	54,790,561	54,790,561	990,695,847	547,200,610	17.95%	17.95%
Pace Super Mall Private Limited	11,250	11,250	112,500	112,500	0.07%	0.07%
			990,808,347	547,313,110		

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

During the year investment in unquoted securities are valued at fair value due to change in accounting policy as detail mentioned in note 5.1.2. 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	Number		Rupees		Rupees		%	
Media Times Limited	45,264,770	45,264,770	38,022,407	78,308,052	0.84	1.73	25.31%	25.31%

8.3.1 Decrease in value of investment amounts of Rs. 40,285,645 (2018: Rs 61,107,440) represents decrease in fair value of investment during the year.

8.4 Subsidiary company - at fair value

Note	Shares		Market value		Market value per share		Percentage of holding	
	2019	2018	2019	2018	2019	2018	2019	2018
	Number		Rupees		Rupees		%	
First Capital Equities Limited	103,494,200	103,494,200	388,103,250	869,351,280	3.75	8.40	73.23%	73.23%

8.4.1 Decrease in value of investment amounts to Rs. 481,248,030 (2018: 62,096,520) represents provision for diminution in value of investment charged for the year due to decrease in market value per share at the end of the year.

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.

		2019	2018
	Note	Rupees	Rupees
9 Long term deposits			
Other deposits		37,500	37,500
10 Trade debts-unsecured, considered good			
Money market receivables		1,528,578	1,964,909
		<u>1,528,578</u>	<u>1,964,909</u>
11 Loans, advances, prepayments and other receivables			
Loans and advances			
Advances to staff - secured, considered good	11.1	113,500	268,700
Due from related parties - unsecured, considered good	11.2	11,013,202	89,420
		11,126,702	358,120
Short term deposits and prepayments			
Advance against purchase of property	11.3	-	125,646,000
		-	125,646,000
		<u>11,126,702</u>	<u>126,004,120</u>
11.1	This includes advance amounting Rs. Nil (2018: Rs. Nil) to Executive, Chief Executive Officer and Directors of the Company.		
11.2 Due from related parties - unsecured, considered good			
Media Times Limited	11.2.1	399,100	-
Evergreen Water Valley (Private) Limited	11.2.2	10,614,102	-
First Capital Mutual Fund		-	89,420
		11,013,202	89,420
11.2.1	This represents advance payment made to Media Times Limited against publishing which is normal course of business. No collateral is available against this. Maximum aggregate on the month end basis is Rs. 400,900 (2018: Rs. Nil).		
11.2.2	This represents receivables from subsidiary company against rental income for use of construction equipment, which is maximum aggregate amount receivable during the year. No collateral is available against same.		
11.2.3 Aging of receivable from related parties			
		2019	2018
		Rupees	Rupees
Neither past due nor impaired		2,850,000	-
Past due 1 - 60 days		-	-
Past due 61 - 120 days		3,249,100	-
Above 120 days		4,914,102	89,420
		<u>11,013,202</u>	<u>89,420</u>
11.3	This represents amount Rs. Nil (2018: Rs. 18,695,000 & Rs. 70,756,000) receivable against sale of capital work in progress and sale of investment property respectively and Rs. Nil (Rs. 36,195,000) is paid as advance against purchase of investment property.		
12 Short term investments			
	Note	2019	2018
		Rupees	Rupees
Investments - at fair value through profit or loss	12.1	19,255,828	31,079,421
		<u>19,255,828</u>	<u>31,079,421</u>
12.1 Investments - at fair value through profit or loss			
Carrying value at 1 July:			
Related parties		22,854,313	41,703,438
Others		8,225,108	12,971,407
Addition		14,270,097	19,814,010
Disposal		(5,651,443)	(19,814,010)
		39,698,075	54,674,845
Unrealized (loss)/gain on remeasurement of investments during the year		(20,442,241)	(23,595,424)
		<u>19,255,834</u>	<u>31,079,421</u>
Fair value of short term investments at 30 June:			
Related parties	12.2	16,244,266	22,854,313
Others	12.3	3,011,562	8,225,108
		<u>19,255,828</u>	<u>31,079,421</u>

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

	Note	Shares/units		Carrying value		Fair value		Percentage of holding	
		2019	2018	2019	2018	2019	2018	2019	2018
		Number		Rupees		Rupees		%	
a) Real Estate Investment and Services									
Pace (Pakistan) Limited (Associated Company)		7,038,176	6,645,176	23,788,992	41,260,730	10,416,500	22,527,147	2.52%	2.38%
b) Mutual Funds									
First Capital Mutual Fund Limited		935,466	35,316	7,675,423	442,708	5,827,766	327,166	5.98%	0.32%
				<u>31,464,415</u>	<u>41,703,438</u>	<u>16,244,266</u>	<u>22,854,313</u>		

12.3 Investments at fair value through profit or loss - others

	Note	Shares		Carrying value		Fair value	
		2019	2018	2019	2018	2019	2018
		Number		Rupees		Rupees	
a) Insurance							
Shaheen Insurance Company Limited		15,329	15,329	78,178	96,726	56,717	78,178
b) Telecommunication							
Worldcall Telecom Limited	12.3.1	4,221,207	4,221,207	8,146,930	12,874,681	2,954,845	8,146,930
				<u>8,225,108</u>	<u>12,971,407</u>	<u>3,011,562</u>	<u>8,225,108</u>

12.3.1 This includes 4,220,677 (2018: 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 19.1

12.4 During the year company sold investments having carrying value Rs. 5,651,443 (2018: 19,814,010 Rs) and loss amounting Rs. 141,896 (2018: Rs. 7,507,695) is realized during the year.

12.5 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.

		2019	2018
	Note	Rupees	Rupees
13 Advance tax		7,437,979	6,956,366
14 Cash and bank balances			
Cash in hand		500	85,404
Cash at bank			
- current accounts		6,126	409,415
- deposit accounts	14.1	349,380	2,586,735
		355,506	2,996,150
		356,006	3,081,554
14.1	The deposit accounts carry mark-up at rates upto 5% (2018: upto 5%) per annum.		
15 Trade and other payables--unsecured			
Creditors	15.1	4,929,303	4,302,046
Accrued liabilities		11,171,296	8,818,603
Security deposit from tenants		486,660	486,660
Payable against purchase of investment property	15.2	5,783,870	408,181,523
Final settlements payable	15.3	16,351,751	11,685,362
Withholding income tax payable		3,417,063	2,762,037
Sales tax payable		89,920	540,531
Other liabilities		17,780	17,780
		42,247,643	436,794,542
15.1	Creditors balance includes following balances payable for services to related parties:		
	Media Times Limited	-	341,100
	World Press (Private) Limited	1,001,442	1,001,442
		1,001,442	1,342,542
15.2	This represent Rs 861,561(2018: NIL) payable to Capital Heights (Private) Limited and Rs 4,922,309 (2018: 408,181,523) is payable to Pace (Pakistan) Limited an associated company against purchase of property and Rs. NIL (2018: Rs. 2,000,000) to Evergreen Water Valley (Private) Limited subsidiary company against purchase of investment property		
15.3	This represents amount payable to employees who have left the Company on account of final settlement of gratuity.		
16 Loan Payable		2019	2018
	Note	Rupees	Rupees
Payable against diminishing musharka	16.1	1,600,000,000	-
Rental against diminishing musharka facility	16.1	180,413,863	-
Default penalty payable	16.2	1,102,939	-
		1,781,516,802	-
16.1	This represents balance payable against diminishing musharka agreement with Silk Bank Limited (Eman Islamic Banking). The rental payable against the facility is at the rate of 6 month KIBOR (ask side) plus 2% margin per annum. This payable is charged by the way of hypothecation over following assets: Diminishing Mushrka Asset Current Assets of the company		
16.2	This represents penalty payable till June 30, 2019 on the rental due at the rate of 6 month KIBOR (ask side) plus 5% per annum calculated on daily basis. The company was unable to pay the rental due on June 14, 2019 against the use of diminishing musharka asset. Consequences of the default are as follows: - Bank have a right to issue written notice to FCSC to terminate the agreement and repossess the diminishing musharka asset; - Bank can enforce FCSC to fulfil its obligation under purchase agreement of musharka asset and - Bank have a right to demand accrued & unpaid rent and supplementary rent.		
17 Deferred tax liability		2019	2018
	Note	Rupees	Rupees
Deferred tax liability	17.1	22,434,684	-
17.1 Deductible temporary differences			
Tax losses		65,208,528	18,555,447
Other		11,963,688	10,304,560
		77,172,216	28,860,007
Taxable temporary differences			
Revaluation gain on investment property		(44,832,540)	-
Surplus on revaluation of investment at fair value through P&L--unquoted		(54,774,360)	-
		(99,606,900)	-
Deferred tax asset/(liability)	17.3	(22,434,684)	28,860,007
17.2 Movement of tax asset / (liability) - net			
Opening balance		-	-
Impact of adoption of IFRS 9		(58,490,058)	-
Restated opening balance after IFRS 9 adoption		(58,490,058)	-
Charged to profit or loss		36,055,374	-
Charged to OCI		-	-
		(22,434,684)	-
17.3	Last year deferred tax asset was not recognized due to unavailability of taxable profits in foreseeable future.		

	Note	2019 Rupees	2018 Rupees
18 Staff retirement benefits payable			
Gratuity	18.1	6,427,923	10,047,853
Accumulating compensated absences		1,190,549	1,190,549
		<u>7,618,472</u>	<u>11,238,402</u>
18.1 Movement in net obligation			
Statement of financial position liability at 01 July		10,047,853	9,177,400
Expense chargeable to Profit or Loss account	18.3	1,592,628	1,634,999
Remeasurements chargeable in other comprehensive income	18.4	(536,832)	(644,953)
Benefit payable transferred to short term liability		(4,675,726)	(119,593)
Statement of financial position liability at 30 June		<u>6,427,923</u>	<u>10,047,853</u>
18.2 Movement in present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at 1 July		10,047,853	9,177,400
Current service cost		898,729	928,385
Interest cost on defined benefit obligation		693,899	706,614
Benefits payable transferred to short term liability		(4,675,726)	(119,593)
Actuarial loss/(gains) from changes in financial assumptions		21,352	5,575
Actuarial loss/(gains) due to Experience adjustments		(558,184)	(650,528)
Present value of defined benefit obligation at 30 June		<u>6,427,923</u>	<u>10,047,853</u>
18.3 Amount charged to profit or loss			
Current service cost		898,729	928,385
Interest cost		693,899	706,614
Total amount chargeable to profit or loss		<u>1,592,628</u>	<u>1,634,999</u>
18.4 Charged to other comprehensive income			
Actuarial loss/(gains) from changes in financial assumptions		21,352	5,575
Actuarial loss/(gains) due to Experience adjustments		(558,184)	(650,528)
		<u>(536,832)</u>	<u>(644,953)</u>

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
18.5 Historical information for gratuity plan					
Present value of defined benefit obligation	6,427,923	10,047,853	9,177,400	8,078,606	7,517,955
Gain/(loss) on actuarial experience adjustments on plan liability	(558,184)	(650,528)	(7,323)	654,227	375,223

18.6 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, 2019 would have been as follows:

	Increase	Decrease
Discount rate	6,011,886	6,895,585
Future salary increase	6,895,585	6,004,895

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

18.7 Actuarial valuation of this plan was carried out on June 30, 2019 using the Projected Unit Credit Method of which the principle actuarial assumptions used are as follows:

	2019 per annum	2018 per annum
Discount rate used for profit or loss charge	9.00%	7.75%
Discount rate used for year-end obligation	14.25%	9.00%
Expected rate of salary increase in future years	N/A	8.00%
Mortality rate	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

18.8 Estimated expenses to be charged to profit or loss account for financial year 2019-2020 is Rs 1,995,651 which includes Rs 1,104,548 in respect of current service cost and Rs 891,103 in respect of interest cost in defined benefit obligation.

18.9 Weighted average duration of the defined benefit obligation is 7 years for gratuity.

19 Contingencies and commitments

19.1 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 favourable outcome, therefore no provision has been made in the financial statements.

19.2 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 favour of the Company. SECP had filed an appeal in the Supreme Court of Pakistan against the judgment of the Honourable Lahore High Court. The Appeal has resulted in remand of the proceedings to the Lahore High Court; by the Honourable Supreme Court vide order dated 29.04.2010. The matter will be re-decided by the Lahore High Court. Honourable Lahore High Court passed an order dated 20-05-2015 to issue notices to the Appellants and consigned the appeal to record. In stated proceedings, Company has engaged a new Counsel who has filed Application for restoration of the stated Appeal and matter is pending before Lahore High Court. Management considers that there are strong grounds to support the Company's stance and is hopeful for a favourable decision. Consequently, no provision has been made in these financial statements for this amount

19.3 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 Honourable Lahore High Court and is to be heard along with other identical matters. There is likelihood of a favourable decision in favour 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 Honourable Lahore High Court Lahore.

19.4 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 Honourable 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 favourable decision in the matter.

19.5 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 honourable court of Mr. Imran Khan, Civil Judge Lahore. The legal counsel is confident of success of the case in company's favour.

19.6 During the current year, 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, 2019 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 honourable High Court of Sindh. The legal counsel is confident of success of the case in company's favour.

19.7 During the current year, company have failed to fulfil its obligation under diminishing musharka agreement for rental payment. As a consequence Company might be asked for to pay the termination amount (accrued and unpaid rent, supplementary rent), until the date of approval of these financial statements no such notice have been received from Bank. As per legal counsel's opinion there is no other adverse consequences on the company except payment of unpaid and accrued rentals which is already classified and current liability. Detail mentioned in note 16.2.

19.8 Commitments in respect of capital expenditure

2019	2018
Rupees	Rupees
-	5,905,760

20 Share capital

20.1 Issued, subscribed and paid-up capital

2019		2018		2019		2018	
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	
<u>316,610,112</u>	<u>316,610,112</u>			<u>3,166,101,120</u>		<u>3,166,101,120</u>	

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

	Note	2019	2018
		----- (Number of shares) -----	
Amythest Limited	20.3	72,034,182	72,034,182
Sisley Group	20.4	31,395,000	31,395,000

20.3 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.

20.4 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.

21 Money market services

	Note	2019	2018
		Rupees	Rupees
Money market income			
- local currency		5,449,553	4,219,032
- foreign currency		4,426,532	7,966,613
		9,876,085	12,185,645
Less: Sales tax		(1,136,187)	(1,401,888)
		<u>8,739,898</u>	<u>10,783,757</u>

22 Dividend income

Others		-	89,420
		<u>-</u>	<u>89,420</u>

23 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/(loss) on resmeasurement of short term investments	12	(20,442,241)	23,595,424
Unrealized gain/(loss) on resmeasurement of long term investments	8	(538,504,841)	77,714,304
		<u>(558,947,082)</u>	<u>101,309,728</u>

Realized (loss)/gain on disposal of 'investments at fair value through profit or loss'

Realized gain/(loss) on resmeasurement of short term investments		(141,896)	(7,507,695)
Realized gain/(loss) on resmeasurement of long term investments		-	-
		<u>(141,896)</u>	<u>(7,507,695)</u>

24 This represents diminution in value of long term investments due to fall in market value.

25 Operating and administrative expenses

	Note	2019	2018
		Rupees	Rupees
Salaries, wages and other benefits	25.1	17,526,941	14,053,461
Rent, rates and taxes		1,018,716	2,486,402
Postage, telephone and stationary		366,346	426,690
Utilities		221,560	178,855
Insurance		7,196	125,550
Printing and stationery		306,387	296,818
Travelling and conveyance		92,310	267,800
Repairs and maintenance		808,199	98,640
Vehicle running expenses		264,848	102,720
Entertainment		523,347	368,656
Legal and professional		3,141,010	980,953
Advertisement		59,800	52,000
Auditors' remuneration	25.2	1,240,000	1,240,000
Depreciation	6.1	17,738,282	17,814,705
Others		1,242,917	792,181
Lease rentals - Ijarah facilities		-	219,050
Reversal of tax refund		-	24,238,507
Penalty on default	16.2	1,102,939	-
		<u>45,660,798</u>	<u>63,742,988</u>

25.1 Salaries, wages and other benefits includes Rs 1,592,628 (2018: Rs1,634,999) in respect of gratuity expense for the year.

	Note	2019 Rupees	2018 Rupees
25.2 Auditors' remuneration			
Annual audit fee		525,000	525,000
Fee for audit of consolidated financial statements		475,000	475,000
Half yearly review		200,000	200,000
Out of pocket expenses		40,000	40,000
		1,240,000	1,240,000

26 Other income

Income from financial assets

Income on treasury bills /saving accounts		115,112	25,940
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Income from non-financial assets

Rental income of plant and machinery	26.1	11,400,000	11,400,000
Gain on sale of property plant and equipment		625,000	-
Liabilities written back		-	665,209
Miscellaneous income		105,151	37,959
		12,245,263	12,129,108

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

	Note	2019 Rupees	2018 Rupees
27 Finance cost			
Bank charges and commission		23,259	20,515
Markup on long term financing	16.1	175,300,822	5,113,041
		175,324,081	5,133,556

28 Taxation

Current tax

For the year	28.1	1,183,467	1,546,409
Prior		-	71,040
Deferred tax expense	17	(36,055,374)	-
		(34,871,907)	1,617,449

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 final tax under section 233 and final tax under section 150 of the Income Tax Ordinance,2001. Which is 12% and 12.5% of revenue from money market services and final tax on dividend respectively. Since the Company is subject to minimum tax and final tax therefore no numerical reconciliation of tax is produced.

29 Earning per share

29.1 Earning / (loss) per share - basic

		2019	2018
Net profit/(loss) for the year	Rupees	(424,210,997)	(203,640,531)
Weighted average number of ordinary shares	Numbers	316,610,112	316,610,112
Loss per share - basic	Rupees	(1.34)	(0.64)

29.2 (Loss)/Earning 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:

	2019	2018
Average number of employees during the year	20	20
Total number of employees as at 30 June	20	19

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	2019 Rupees	2018 Rupees
Long term deposits	9	37,500	37,500
Trade debts	10	1,528,578	1,964,909
Other receivables	11	11,126,702	126,004,120
Bank balances	14	355,506	2,996,150
		11,482,208	129,000,270

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	2019	2018
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A-1+	AA	PACRA	62,658	519,404
Allied Bank Limited	A-1+	AAA	PACRA	133,549	2,046,317
Bank Islami	A-1	A+	PACRA	6,126	6,126
Soneri Bank Limited	A-1+	AA-	PACRA	9,306	9,306
MCB Bank Limited	A-1+	AAA	PACRA	-	404,498
United Bank Limited	A-1+	AAA	JCR-VIS	133,821	500
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	10,000	10,000
Silk Bank Limited	A-2	A-	JCR-VIS	45	-
				355,506	2,996,151

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	2019 Rupees	2018 Rupees
Neither past due nor impaired	10	169,472	1,667,888
Past due 1 - 60 days		974,475	103,043
Past due 61 - 120 days		384,631	50,154
Above 120 days		-	143,524
		1,528,578	1,964,609

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

	2019 Rupees	2018 Rupees
Commercial banks	1,211,697	1,824,457
Others	316,881	140,453
	1,528,578	1,964,910

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	2019 Rupees	2018 Rupees
Loan and advances			
Related parties	11	11,013,202	89,420
Employees		113,500	268,700
Others		-	125,646,000
		11,126,702	126,004,120

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 2019:

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
Rupees					
Financial liabilities					
Loan payable	1,600,000,000	1,600,000,000	1,600,000,000	-	-
Rental payable	181,516,802	181,516,802	181,516,802	-	-
Trade and other payables	42,784,475	42,784,475	42,784,475	-	-
	1,824,301,277	1,824,301,277	1,824,301,277	-	-

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

	Carrying Amount	Contracted cash flow	Upto one year or less	One to five years	More than five years
Rupees					
Financial liabilities					
Loan payable	1,100,000,000	1,100,000,000	-	700,000,000	400,000,000
Rental payable	5,113,041	5,113,041	5,113,041	-	-
Trade and other payables	436,794,542	436,794,542	436,794,542	-	-
	436,794,542	436,794,542	436,794,542	700,000,000	400,000,000

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

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

	2019 Rupees	2018 Rupees
Financial assets	349,380	2,586,735
Financial liabilities	1,600,000,000	1,100,000,000
	<u>1,600,349,380</u>	<u>1,102,586,735</u>

Cash flow sensitivity analysis for variable rate instruments

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

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 2019 and 2018 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.

	Fair value Rupees	"Hypothetical price change"	2019		
			Estimated fair value after hypothetical change in prices"	Hypothetical increase / (decrease) in OCI	"Hypothetical increase/ (decrease) in profit / (loss) before tax"
			Rupees		
Long term investments	426,125,657	10% increase	468,738,223	-	42,612,566
		10% decrease	383,513,091	-	(42,612,566)
Short term investments	19,255,828	10% increase	21,181,411	-	1,925,583
		10% decrease	17,330,245	-	(1,925,583)
	<u>445,381,485</u>				

Investments

		2018			
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		
Investments					
Long term investments	947,659,332	10% increase	1,042,425,265	-	
		10% decrease	852,893,399	(94,765,933)	
Short term investments	31,079,421	10% increase	34,187,363	3,107,942	
		10% decrease	27,971,479	(3,107,942)	
	<u>978,738,753</u>				

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 categorised:

Recurring fair value measurements

	30-Jun-19			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Quoted investments	426,125,657	-	-	426,125,657
Unquoted investments	-	-	1,340,744,035	1,340,744,035
Investment properties	-	2,051,721,792	-	2,051,721,792
Short term investments	19,255,828	-	-	19,255,828
30-Jun-18				
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Quoted investments	947,659,332	-	-	947,659,332
Investment properties	-	1,547,590,000	-	1,547,590,000
Short term investments	31,079,421	-	-	31,079,421

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. 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, 2019, the Company's long term investments are in unquoted securities (see note 8), which are 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
- (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

31.5 Financial instruments by category

	30-Jun-19			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
Rupees				
Financial Assets				
Long term investments	-	1,766,869,692	-	1,766,869,692
Long term deposits	37,500	-	-	37,500
Trade debts	1,528,578	-	-	1,528,578
Short term investments	-	19,255,829	-	19,255,829
Advances, deposits, prepayments and other receivables	11,126,702	-	-	11,126,702
Cash and bank balances	356,006	-	-	356,006
	13,048,786	1,786,125,521	-	1,799,174,306

	30-Jun-19			Total
	At amortized cost	Liabilities at fair value through profit or loss		
Financial Liabilities				
Trade and other payables-Unsecured		42,784,475	-	42,784,475
Long Term Payable		1,600,000,000	-	1,600,000,000
Mark up payable		181,516,802	-	181,516,802
		1,824,301,277	-	1,824,301,277

	30-Jun-18			Total
	At Amortized Cost	Assets at fair value through profit or loss	Assets at fair value through OCI	
Rupees				
Financial Assets				
Long term investments	-	1,734,926,701	-	1,734,926,701
Long term deposits	37,500	-	-	37,500
Trade debts	1,964,909	-	-	1,964,909
Short term investments	-	31,079,421	-	31,079,421
Advances, deposits, prepayments and other receivables	126,004,120	-	-	126,004,120
Cash and bank balances	3,081,554	-	-	3,081,554
	131,088,083	1,766,006,122	-	1,897,094,205

	30-Jun-18			Total
	At amortized cost	Liabilities at fair value through profit or loss		
Rupees				
Financial Liabilities				
Trade and other payables-Unsecured		436,794,542	-	436,794,542
Long term payable		1,100,000,000	-	1,100,000,000
Mark up payable		5,113,041	-	5,113,041
		1,541,907,583	-	1,541,907,583

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 31 are as follows:

Name of Parties	Nature of relationship	Nature and description of related party transaction	2019	2018
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
First Capital Equities Limited	Subsidiary(73.23% Shareholding)	Brokerage charges	11,715	112,560
		Payment of outstanding balance	-	890,400
Evergreen Water Valley (Private) Limited	Subsidiary(100% owned)	Rental income earned	11,400,000	11,400,000
		Rental income received	2,497,898	300,000
		Payment against investment property	2,000,000	40,000,000
Pace Barka Properties Limited	Associate(Common Directorship)	Purchase of CWIP	-	25,334,248
				-
Pace (Pakistan) Limited	Associate(Common Directorship)	Payment against purchase of property	400,000,000	1,500,000,000
Media Times Limited	Associate(Common Directorship)	Purchase of goods / services	59,200	172,500
		Advance against publishing	800,000	

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	
	2019	2018	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	2,400,000	2,400,000	-	-	6,185,280	3,905,280
Medical Expenses Reimbursed		-	-	-	94,080	499,839
Provision for gratuity	399,917	228,573	-	-	851,516	325,440
	<u>2,799,917</u>	<u>2,628,573</u>	<u>-</u>	<u>-</u>	<u>7,130,876</u>	<u>4,730,559</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>2</u>	<u>2</u>

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 04 October 2019 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 General

The figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chief Financial Officer

Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Non-current assets			
Property, plant and equipment	6	270,274,885	273,990,367
Intangible assets	7	2,562,503	2,812,511
Investment properties	8	3,167,339,144	2,890,575,782
Investments accounted for using the equity method	9	500,799,831	476,163,258
Long term investments	10	14,058,889	23,165,822
Long term deposits and advances - considered good	11	12,692,602	136,911,466
		<u>3,967,727,854</u>	<u>3,803,619,206</u>
Current assets			
Stock in trade		1,077,093	36,779,100
Trade debts	13	380,137,747	658,391,617
Loans, advances and other receivables	14	770,961,191	364,008,230
Prepayments		1,027,296	1,001,725
Interest accrued		32,296	75,648
Deposits and other receivables	15	-	19,222,801
Short term investments	16	314,697,240	305,975,202
Tax refund due from Government	17	-	10,635,246
Cash and bank balances	18	61,391,700	154,350,251
		<u>1,529,324,563</u>	<u>1,550,439,820</u>
Assets held for sale	7	-	2,500,000
Current liabilities			
Trade and other payables	19	506,495,836	1,207,560,429
Short term borrowings	20	-	491,125
Current portion of long term loans - secured	21	2,690,131,432	31,459,282
Provision for taxation		2,671,118	-
		<u>3,199,298,386</u>	<u>1,239,510,836</u>
Net current assets		<u>(1,669,973,823)</u>	<u>313,428,984</u>
		<u>2,297,754,031</u>	<u>4,117,048,190</u>
Non-current liabilities			
Deferred tax liability	12	1,402,020	988,470
Deferred liabilities	22	30,171,408	67,421,984
Long term loans - secured	21	548,311,117	2,348,444,690
		<u>579,884,545</u>	<u>2,416,855,144</u>
Contingencies and commitments	23		
		<u>1,717,869,486</u>	<u>1,700,193,046</u>
Represented by			
Equity			
Share Capital and Reserves			
Authorized share capital: 320,000,000 (2018: 320,000,000) ordinary shares of Rs 10 each		<u>3,200,000,000</u>	<u>3,200,000,000</u>
Issued, subscribed and paid-up share capital	24	3,166,101,120	3,166,101,120
Exchange translation reserve		53,446,569	30,701,293
Reserves capitalised		480,054,923	480,054,923
Retained earnings		(2,253,540,695)	(2,259,828,819)
Equity attributable to owners of the Parent Company		<u>1,446,061,917</u>	<u>1,417,028,517</u>
Non-controlling interests (NCI)		<u>271,807,569</u>	<u>283,164,529</u>
		<u>1,717,869,486</u>	<u>1,700,193,046</u>

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, 2019

	Note	2019 Rupees	2018 Rupees
<u>CONTINUED OPERATIONS</u>			
Operating revenue	25	261,830,966	405,333,950
Direct costs	26	(181,164,461)	(359,751,556)
Gross profit		80,666,505	45,582,394
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	16.2	(62,953,686)	(60,006,366)
(Loss)/gain on investment properties		300,623,792	(150,123,186)
Operating and administrative expenses	27	(168,495,467)	(188,551,563)
Operating profit/(loss)		149,841,144	(353,098,721)
Other income	28	110,807,599	534,166,636
Finance costs	29	(258,372,486)	(27,195,838)
		(147,564,887)	506,970,798
Share of profit/(loss) from investments accounted for using the equity method - net of tax	9.1	(35,258,395)	(17,780,114)
Impairment on investment in associates	9	(6,528,524)	-
Profit/(Loss) before taxation		(39,510,662)	136,091,963
Taxation	30	(336,357)	(3,602,333)
Profit/(Loss) after taxation		(39,847,019)	132,489,630
<u>DISCONTINUED OPERATION</u>			
Loss after taxation from discontinued operation	31	(56,852,723)	(239,613,165)
Loss after taxation for the year		(96,699,742)	(107,123,535)
Basic and diluted earning/(loss) per share-- from continued operation	32	(0.06)	0.20
Basic and diluted loss per share-- from discontinued operation	32	(0.13)	(0.55)
Profit/(loss) attributable to:			
- Owners of the Parent Company from continuing operation		(62,029,026)	(110,719,646)
- Non-controlling interests		(34,670,716)	3,596,111
Profit/(loss) for the year		(96,699,742)	(107,123,535)

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, 2019

	Note	2019 Rupees	2018 Rupees
Loss after taxation		(96,699,742)	(107,123,535)
Other comprehensive income/(loss) for the year			
Items that will not be reclassified to profit and loss:			
Remeasurement of defined benefit plan - net of tax	22.3	3,853,354	7,192,984
Items that may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of investments accounted for using the equity method - net of tax	9.2	64,828,938	39,311
Gain on sale of available for sale asset reclassified to profit or loss available for sale		-	(5,876,625)
Unrealized gain / (loss) on remeasurement of investment available for sale		-	(9,529,365)
Exchange differences on translation of foreign operations recognised as:			
- Exchange translation reserve		22,745,276	12,710,925
- Non-controlling interests		21,853,305	12,212,458
Other comprehensive (loss)/income for the year		44,598,581	24,923,383
Total comprehensive income/(loss) for the year		16,581,131	(90,373,847)
Total comprehensive income/(loss) attributable to :			
- Owners of the Parent Company from continuing operation		27,938,091	(104,231,400)
- Non-controlling interests		(11,356,960)	13,857,553
		16,581,131	(90,373,847)

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, 2019

	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Capital Reserve			Revenue Reserve		Total		
	Share capital	Exchange translation reserve	Reserve capitalised	Retained earnings				
----- Rupees -----								
Balance at 01 July 2017	3,166,101,120	17,990,368	480,054,923	(2,143,982,701)	1,520,163,710	269,306,976	1,789,470,686	
Total comprehensive loss for the year								
Loss for the year				(110,719,646)	(110,719,646)	3,596,111	(107,123,535)	
Other comprehensive income / (loss)		12,710,925		(6,222,679)	6,488,246	10,261,442	16,749,688	
Share of reserve on incremental depreciation - net of tax from associate				1,096,207	1,096,207		1,096,207	
Total comprehensive income / (loss) for the year	-	12,710,925	-	(115,846,118)	(103,135,193)	13,857,553	(89,277,640)	
Balance at 30 June 2018	3,166,101,120	30,701,293	480,054,923	(2,259,828,819)	1,417,028,517	283,164,529	1,700,193,046	
Total comprehensive income / (loss) for the year								
Loss for the year				(62,029,026)	(62,029,026)	(34,670,716)	(96,699,742)	
Other comprehensive income		22,745,276		67,221,841	89,967,117	23,313,756	113,280,873	
Share of reserve on incremental depreciation - net of tax from associate				1,095,309	1,095,309		1,095,309	
Total comprehensive (loss)/income for the year	-	22,745,276	-	6,288,124	29,033,400	(11,356,960)	17,676,440	
Balance at 30 June 2019	3,166,101,120	53,446,569	480,054,923	(2,253,540,695)	29,033,400	271,807,569	1,717,869,486	

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, 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Cash generated from operations	34	(865,409,212)	1,205,449,155
Retirement benefits paid - net		(6,230,205)	(926,294)
Finance costs paid		(3,815,197)	(1,848,974)
Taxes paid		(4,779,523)	7,202,918
Net cash generated from operating activities		(880,234,137)	1,209,876,805
Cash flows from investing activities			
Fixed capital expenditure		(721,117)	(5,160,473)
Proceeds from sale of property, plant and equipment		31,407,002	80,006,016
Payment/receipts from investments - net		70,997,139	(1,245,236,109)
Proceeds from sale of intangible assets		-	12,875,000
Dividend received		253,620	4,880,942
Long term deposits		(3,236,600)	32,652,221
Interest received		23,967,217	30,876,502
Net cash used in from investing activities		122,667,261	(1,089,105,901)
Cash flows from financing activities			
Receipt/(payment) of loan--net		664,608,325	(90,936,933)
Net cash generated from/(used in) financing activities		664,608,325	(90,936,933)
Net increase/(decrease) in cash and cash equivalents		(92,958,551)	29,833,971
Cash and cash equivalents at the beginning of the year		154,350,251	124,516,280
Cash and cash equivalents at the end of the year	18	61,391,700	154,350,251

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, 2019

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, Ozer Investments Limited and World Press (Private) 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 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	Corporate Office
2nd Floor Pace Shopping Mall, Fortress Stadium Lahore Cant, Lahore.	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. 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. 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. 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 activities of the Company include share brokerage and conducting / publishing business research. 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	Corporate Office
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

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 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.

1.7 First Construction Limited (the Subsidiary Company) was incorporated on August 15, 2014 as Public Limited Company under the repealed Companies Ordinance, 1984. 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 World Press (Private) Limited (WPPL) was incorporated in Pakistan on September 11, 2003 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 2nd floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt, Lahore and its principal place of business is at 113/13 Quaid-e-Azam Industrial estate Kot Lakhpat Lahore. The principal activity of the company is to carry on the business of printers, publishers, packaging, advertisement and specialized directory business, stationers and dealers in all allied products and paper, board and packing materials for industrial and commercial packing. The Holding Company has 65% ownership in World Press (Private) Limited.

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

Going concern assumption

2.1 During the year Parent Company incurred loss amounting Rs. 424 Million after tax, moreover the accumulated losses of the company stand at Rs. 1,028.9 Million as at June 30, 2019 (2018: 1,119 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 1,784 Million. Parent company failed to fulfil its obligation under diminishing musharka agreement which led to classification of loan liability as current liability.

Owing to the factors mentioned above the Parent 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. Management is confident that the loan facility will be settled by the sale of mortgaged investment property and the Company will not face any cash flow deficit.

Based on above mentioned assumption of the management financial statements of the Parent Company have been prepared on the going concern basis. The financial statements consequently, donot include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Parent Company be unable to continue as going concern.

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

The management of the FCEL is continuously is in process of negotiating its loan facilities with Banks and as a result of this Company settled its liability against loan form MCB Bank Limited & Soneri Bank Limited as mentioned in note 21. 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. Moreover, management is confident that the remaining loan payable to UBL will be settled by sale of properties.

Resultantly, financial statements of FCEL 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 FCEL 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 (2018: Rs. Nil) against administrative expenses of Rs. 58,550 (Rs. 1,371,714). 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, 2019 is less than the minimum net worth requirement of Rs. 10 million and net capital balance requirement of Rs. 2.5 million.
- As at June 30, 2019 the outstanding balance of trade creditors stands at Rs. 372,147 whereas bank balance in client account is Rs. Nil.

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.

2.4 During the year World Press (Private) Limited a subsidiary company has incurred an after tax loss of Rs. 1,794,052 (2018: Rs. 3,221,817), the accumulated losses of the company stands at Rs. 22.4 million (2018: Rs. 20.6 Million). Moreover, the reserves of the Company have been significantly depleted. The Company is also facing difficulties in earning revenue. These conditions raise significant doubts on the Company's ability to continue as a going concern. 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 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 and generation of revenue. For this purpose the management of the Company drawn up plans for :

- Hiring a professional workforce to run the company.
- Negotiating printing contracts with various clients and reviving the business relationships.

Owing to these factors, the financial statements of the subsidiary company are prepared on going concern basis.

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 2019 and the audited financial statements of the subsidiary companies for the year ended June 30, 2019 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

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

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

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from contracts with customers'

The other new standards, amendments/improvements to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

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

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

IFRIC 23 'Uncertainty' over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements

Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

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 certain staff benefits which are presented at present value.

4.1 Critical accounting estimates and judgments

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

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

a)	Useful life and residual values of property and equipment	Note 5.3
b)	Impairment	Note 5.8
c)	Valuation of investment properties	Note 5.10
d)	Provisions	Note 5.19
e)	Staff retirement benefits	Note 5.22
f)	Provision for taxation	Note 5.24

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. They are deconsolidated from the date that control ceases.

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

Non-controlling interests are that part of the net reserves of the operation and of net assets of subsidiaries attributable to interests which are not owned by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated profit 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 acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interests in the acquire 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 recognise 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

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 Changes in significant accounting policies

5.2.1 IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost'). The changes laid down by IFRS 9 do not have any significant impact on these consolidated financial statements of the Group.

5.2.2 IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The changes laid down by IFRS 15 do not have any significant impact on these consolidated financial statements of the Group.

Further, related changes to the accounting policies have been made in these consolidated financial statements.

5.3 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 2019 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.

5.4 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.

5.5 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.

5.6 Leases

5.6.1 Finance leases

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

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

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on straight line method at the rates mentioned in note 6.1. Depreciation on leased assets is charged to the profit or loss.

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

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

5.6.2 Operating leases

Leases including Ijarah financing where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating lease (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease/Ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

5.7 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.

5.8 Impairment

Financial Assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-Financial Assets

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

5.9 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.

5.10 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.

5.11 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 amortised cost.

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

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 recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

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

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

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

iii). Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent.

The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.12 Trade debts

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

5.13 Settlement date accounting

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

5.14 Inventories

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

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

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

5.15 Stores, spares and loose tools

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.

5.16 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.

5.17 Trade and other payables

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

Liabilities for creditors and other costs payable are initially 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.

5.18 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.

5.19 Provisions

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

5.20 Securities purchased and sold under resale / repurchase agreements

Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the 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.

5.21 Mark-up bearing borrowings

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

5.22 Staff retirement benefits

Defined benefit plan

The Group maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method 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.

Accumulating compensated absences

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

The un-utilized earned leaves of employees and executives can be accumulated up to a maximum of 40 days and 60 days respectively and unearned leaves cannot be carried forward.

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

5.23

Revenue recognition

- a) Capital gains or losses on sale of investments are 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 recognised 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 recognises 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 recognised 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 recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

5.24 Taxation

Current

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

Deferred

Deferred tax is accounted for using the 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.

5.25 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.

5.26 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.

5.27 Segment reporting

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

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

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

	Note	2019 Rupees	2018 Rupees
6	Property, plant and equipment		
	Operating fixed assets	15,044,779	55,630,261
	Capital work-in-progress	255,230,106	218,360,106
		270,274,885	273,990,367

6.1 Operating fixed assets

	Owned assets								Leased assets					Total	
	Freehold building	Construction equipment	Leasehold improvements	Plant and machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Subtotal	Leasehold building	Plant and machinery	Office equipment	Vehicles		Subtotal
	-----Rupees-----														
Cost															
Balance at 01 July 2018	53,392,605	886,088	19,440,278	313,173,345	36,821,596	29,534,576	19,107,942	48,940,422	521,296,852	46,832,576	6,357,639	15,510	7,878,745	61,084,470	582,381,322
Additions during the year	-	-	-	-	736,855	430,064	7,753,453	9,438,824	18,359,196	-	-	-	-	-	18,359,196
Disposals during the year	(32,600,600)	-	(18,969,963)	(204,068,685)	(3,381,433)	(6,565,083)	-	-	(265,585,764)	(41,149,376)	(6,357,639)	(15,510)	(7,878,745)	(55,401,270)	(320,987,034)
Exchange differences					1,881,520	321,220	1,257,807	1,262,378	4,722,925	-	-	-	-	-	4,722,925
Balance at 30 June 2018	20,792,005	886,088	470,315	109,104,660	36,058,538	23,720,777	28,119,202	59,641,624	278,793,209	5,683,200	-	-	-	5,683,200	284,476,409
Balance at 01 July 2018	20,792,005	886,088	470,315	109,104,660	36,058,538	23,720,777	28,119,202	59,641,624	278,793,209	5,683,200	-	-	-	5,683,200	284,476,409
Additions during the year	-	-	-	-	191,392	522,093	7,632	-	721,117	-	-	-	-	-	721,117
Disposals during the year	(20,792,005)	-	-	-	(1,037,170)	(1,361,627)	(1,137,513)	(13,090,685)	(37,419,000)	-	-	-	-	-	(37,419,000)
Exchange differences					3,606,992	669,201	2,560,174	2,423,927	9,260,294						9,260,294
Balance at 30 June 2019	-	886,088	470,315	109,104,660	38,819,752	23,550,444	29,549,495	48,974,866	251,355,620	5,683,200	-	-	-	5,683,200	257,038,820
Accumulated depreciation															
Balance at 01 July 2018	16,629,034	886,088	18,702,913	272,644,299	36,143,779	29,534,576	19,107,942	40,753,227	434,401,858	17,915,201	6,357,639	15,510	7,878,745	32,167,095	466,568,953
Depreciation for the year	1,551,530	-	-	19,034,100	681,776	813,934	1,137,963	1,626,230	24,845,533	1,555,347	-	-	-	1,555,347	26,400,880
Depreciation on disposals	(16,117,864)	-	(18,232,598)	(206,102,468)	(4,294,611)	(8,546,150)	4,661,544	12,730,876	(235,901,271)	(18,491,548)	(6,357,639)	(15,510)	(7,878,745)	(32,743,442)	(268,644,713)
Exchange differences					1,788,064	305,668	1,164,918	1,262,378	4,521,028					-	4,521,028
Balance at 30 June 2018	2,062,700	886,088	470,315	85,575,931	34,319,008	22,108,028	26,072,367	56,372,711	227,867,148	979,000	-	-	-	979,000	228,846,148
Balance at 01 July 2018	2,062,700	886,088	470,315	85,575,931	34,319,008	22,108,028	26,072,367	56,372,711	227,867,148	979,000	-	-	-	979,000	228,846,148
Depreciation for the year	173,267	-	-	18,888,987	779,010	451,768	886,022	1,526,016	22,705,070	177,600	-	-	-	177,600	22,882,670
Adjustment/Depreciation on disposals	(2,235,967)	-	-	-	(1,037,170)	(1,166,451)	(1,048,602)	(13,033,597)	(18,521,787)	-	-	-	-	-	(18,521,787)
Exchange differences	-	-	-	-	3,420,455	611,111	2,331,517	2,423,927	8,787,010						8,787,010
Balance at 30 June 2019	-	886,088	470,315	104,464,918	37,481,303	22,004,456	28,241,304	47,289,057	240,837,441	1,156,600	-	-	-	1,156,600	241,994,041
Carrying value															
As at 30 June 2018	18,729,305	-	-	23,528,729	1,739,530	1,612,749	2,046,835	3,268,913	50,926,061	4,704,200	-	-	-	4,704,200	55,630,261
As at 30 June 2019	-	-	-	4,639,742	1,338,449	1,545,988	1,308,191	1,685,809	10,518,179	4,526,600	-	-	-	4,526,600	15,044,779
Rate of depreciation (%)	5	20	10	7.5 to 20	33 to 50	10 to 12.5	10 to 50	20 to 25		3.125 to 5	20	10	8		

6.1.1 Details of property, plant and equipment disposed off / scrapped having book value each in excess of Rs.5 Million are as follows:

During the year freehold building having book value of Rs. 18,556,038 (Cost 20,792,005 less accumulated depreciation 2,235,967) disposed for Rs. 21,500,000 at gain of Rs. 2,943,962 to Mr. Laal Khan. Mode of disposal is through negotiation. All other assets sold during the year have net book value less than Rs. 5 Million each.

	Note	2019 Rupees	2018 Rupees
6.1.2	Depreciation for the year has been allocated as follows:		
Direct costs	26	-	-
Operating and administrative expenses	27	22,882,670	30,020,094
		22,882,670	30,020,094
6.2	Capital work-in-progress		
Opening balance		218,360,106	198,051,093
Additions during the year		36,870,000	25,334,248
Disposals during the year		-	(5,025,235)
Closing balance	6.2.1	255,230,106	218,360,106

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 (2018: Rs 193.02 Million) and Rs. 25.33 Million (2018: Rs 25.33 Million) respectively. Construction work on these properties is in progress as at 30 June 2019. During the year properties have been purchased from Pace Barka Properties Limited amounting Rs. Nil (2018: Rs. 25,334,248) against the settlement of receivable balance and exchange of 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 (2018: Rs. 70.13 million) is held in the name of Pace Pakistan Limited, CWIP of Rs. 36.95 Million (2018 Rs. 36.95 million) is held in the name of Mr. Liaquat Ali and CWIP amounting Rs. 146 million (2018: Rs. 110 million) is held in the name of Pace Barka Properties Limited. The title of these properties will be transferred on completion. However, the Group has complete control and possession of said property.

	Note	2019 Rupees	2018 Rupees
7	Intangible assets		
Membership cards		2,500,000	2,500,000
License rooms	28.1	-	-
TREC	7.2	-	2,500,000
Asset management license		62,503	312,511
Total	7.1	2,562,503	5,312,511
Classified as held for sale	7.2	-	2,500,000

7.1 Movement in the intangible assets is as follows:

Opening balance cost	5,750,025	15,750,025
Disposal	-	(7,500,000)
Impairment loss charged during the year	(2,500,000)	(2,500,000)
Closing balance cost	3,250,025	5,750,025
Opening Balance - Accumulated amortization	437,514	187,506
Add: Amortization for the year	250,008	250,008
Closing Balance - Accumulated amortization	687,522	437,514
Closing balance	2,562,503	5,312,511

7.2 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX), in accordance with the requirements of the Stock Exchanges (Corporation, demutualization and Integration) Act, 2012 (The Act). During the year, one of the subsidiary company First Capital Equities Limited decided to seize its brokerage operation due to which TREC is classified as held for sale as a result value of TREC is measured at lower of carrying value and fair value less cost to sale.

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

7.4 Group has no internally generated intangible assets.

	Note	2019 Rupees	2018 Rupees
8	Investment properties		
Opening balance		2,890,575,782	1,765,542,000
Acquisition during the year		846,091,352	2,837,500,706
Disposal during the year	8.4 & 8.8	(869,951,782)	(1,562,343,738)
Fair value adjustment		300,623,792	(150,123,186)
Closing balance	8.1 & 8.2	3,167,339,144	2,890,575,782

8.1 Investment properties comprises of following:

- Property situated at 5th Floor of Pace Mall Model town Link Road Lahore measuring 11,354 sqft. amounting to Rs. Nil (June 30 2018: Rs. 113.5 Million) situated in revenue limits of Lahore Development Authority (LDA), Tehsil Model Town, District Lahore purchased from Pace Pakistan Limited - related party.

- Property situated at Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad Express Way, Rawalpindi measuring 70,667 sqft (2018: Nil) amounting to Rs. 421.49 Million (June 30 2018: Nil), 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 (2018: 1,277 Million) having area of 28,472 sqft (2018: 49,735 sqft).

- Plot-D situated Near Rangers Headquarters Lahore Cantt, having area of 87444 Sqft (2018: 87444 sqft) and market value of Rs. 1,800 Million (2018: Rs. 1,501 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.

8.2 These includes properties amounting to Rs. 824.7 Million (2018: Rs. 1,269.4 Million) that are under mortgage by banks against the borrowings. In addition to above investment property amounting Rs. 1,800 Million (2018: Rs. 1,501) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharaka agreement.

8.3 The direct expense relating to investment properties were Rs. 115,000 (2018: Rs. 70,000)

8.4 The fair value of subject investment property is based on valuation that was carried out by M/s. Negotiator, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2019.

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 2019.

	Fair value measurements at 30 June 2019 using significant other observable inputs (Level 2)
	Rupees
Recurring fair value measurements	
Investment properties	3,167,339,144
	<u>3,167,339,144</u>

The following table presents the Group's investment properties that are measured at fair value at 30 June 2018.

	Fair value measurements at 30 June 2018 using significant other observable inputs (Level 2)
	Rupees
Recurring fair value measurements	
Investment properties	2,890,575,782
	<u>2,890,575,782</u>

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

Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties 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
			2018		2018
		Rupees		Rupees	
Various shops,	Grand Trunk Road, Pace Gujrat, Gujrat	26912	720,625,500	47958	1,116,528,750
Various Shops	'Muza dhola zari, G.T Road, Pace Shopping Mall, Gujranwala	1560	28,446,390	1777	31,793,654
Plot-D	Near Rangers Headquarters Lahore Cantt	87444	1,620,005,033	87444	1,351,009,800
5th Floor	Pace Mall Model town Link Road Lahore	11354	102,186,090	15354	102,186,000
Various apartments	Plot No. 523, Khana Kak, Service Road West near Sohan Interchange, Islamabad	70667	379,342,217	-	-
		197937	2,850,605,230	152533	2,601,518,204

8.7 Details of investment property disposed off having book value each in excess of Rs.5 Million are as follows:

Location	Revalued Amount	Book Value	Sale price	Gain / (Loss)	Mode of disposal	Particulars of the purchasers
Rupees						
Lahore	424,600,000	424,600,000	424,600,000	-	Negotiation	Pace Pakistan Limited-- Related party
Gujranwala	5,459,282	5,459,282	5,459,282	-	Negotiation	Soneri Bank Limited
Gujrat	439,892,500	439,892,500	439,892,500	-	Negotiation	Worldcall Mobile (Pvt.) Limited
Total	869,951,782	869,951,782	869,951,782	-		

9 Investment accounted for using the equity method

	Note	2018 Rupees	2018 Rupees
First Capital Mutual Fund Limited (FCMF)-Quoted			
5,035,462 (2018: 5,035,462) ordinary units of Rs 10 each			
Equity held 32% (2018: 46%)			
Share of profit/(Loss) - net of tax	9.1	51,812,984	125,950,629
Less: Impairment loss on associate investment		(13,914,533)	(24,094,239)
Less: Disposal of Units		(6,528,524)	-
Less : Dividend received		-	(46,533,849)
		-	(3,509,557)
		31,369,927	51,812,984
Media Times Limited-Quoted			
59,592,270 (2018:59,157,770) ordinary shares of Rs 10 each			
Equity held: 33.32% (2018:33.08%)			
Investment during the year		-	13,068,815
Share of loss for the year - net of tax	9.1	499,245	-
Share of other comprehensive (loss)/income for the year		(499,245)	(13,068,815)
		-	-
		-	-
These includes 13,893,000 shares (2018: 13,893,000 shares) out of total shares that are pledged with various commercial banks.			
Pace Super Mall (Private) Limited-Unquoted			
11,250 (2018: 11,250) ordinary shares of Rs 10 each			
Equity held: 0.07% (2018: 0.07%)			
		112,500	112,500
		112,500	112,500
Pace Barka Properties Limited-Unquoted			
54,790,561 (2018: 54,790,561) ordinary shares of Rs 10			
Equity held: 17.95% (2018: 17.95%)			
Share of (loss)/ profit for the year - net of tax	9.1	424,237,774	416,788,131
Share of other comprehensive (loss)/income for the year	9.2	(20,844,617)	6,314,125
Share of other reserves for the year	9.3	64,828,938	39,311
		1,095,309	1,096,207
		469,317,404	424,237,774
Total investments accounted for using equity method		500,799,831	476,163,258

	Note	2018 Rupees	2018 Rupees
9.1	Share of (loss)/profit of associates.		
First Capital Mutual Fund Limited		(13,914,533)	(24,094,239)
Media Times Limited		(499,245)	-
Pace Barka Properties Limited		(20,844,617)	6,314,125
		(35,258,395)	(17,780,114)
9.2	Share of other comprehensive (loss)/income from associates		
Pace Barka Properties Limited		64,828,938	39,311
		64,828,938	39,311
9.3	Share of other comprehensive (loss)/income from associates		
Pace Barka Properties Limited		1,095,309	1,098,540
		1,095,309	1,098,540

9.4 Refer note 40.3 for summarized financial information for associates accounted for using equity method

	Note	2018 Rupees	2018 Rupees
10	Long term investments		
Pakistan Stock Exchange Limited	10.1	14,058,889	23,165,822

10.1 Movement of long term Investments

		2019	2018	2019	2018
		Number of shares		Rupees	
Opening balance		1,172,953	1,602,953	23,165,822	41,163,833
Addition		-	-	-	-
Deletion		(91,500)	(430,000)	(1,807,125)	(11,042,400)
Closing		1,081,453	1,172,953	21,358,697	30,121,433
Remeasurement of carrying value of shares	10.2	1,081,453	1,172,953	14,058,889	23,165,822
Unrealized (loss)/gain charged to P&L/OCI				(7,299,808)	(6,955,611)
Sale proceeds from the disposal				(1,478,600)	2,592,020
Carrying value of shares sold during the year				(1,807,125)	(8,468,645)
Capital gain realized				328,525	5,876,625

10.2 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received in accordance with requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX. Afterwards during 2018, PSX concluded bidding process for its equity stake where share price of Rs. 28 per share was offered by successful bidder. PSX sold these 60% (40% to the successful bidder & 20% to general public) shares of the company, held in separate blocked account in CDC at this price and sale proceeds were transferred in the designated bank account of the Group. Currently, 1,081,194 shares having value of Rs. 14 Million are still held in block account.

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

	Note	2018 Rupees	2018 Rupees
11	Long term deposits and advances - considered good		
Security deposits with:			
- Central Depository Company (CDC)		100,000	200,000
- License fee with SECP		-	1,500,025
- National Clearing Company Pakistan Limited (NCCPL)		-	1,000,000
- Others	11.1	352,300	125,776,300
- Fix Deposit in Colombo stock exchange		3,228,069	2,659,508
- Retention money	11.2	9,012,233	5,775,633
		12,692,602	136,911,466

11.1 This includes advance against purchase of property located at 133 Shadman II Lahore measuring 4 Kannal & 15 Marla, to Pace Barka Properties Limited a related party amounting Rs Nil (2018: Rs. 125 Million). Maximum amount outstanding at any time during the year calculated by reference to month end balances is Rs. 125 Million (2018: Rs. 125 Million).

11.2 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. 9.02 Million (2018: 29.26 Million).

12	Deferred tax	Note	2018 Rupees	2018 Rupees
This comprises of the following:				
	Deferred tax liability in respect of tax depreciation		90,256	-
	Deferred tax liability in respect of gratuity		1,311,764	988,470
	Defer tax liability	12.2	1,402,020	988,470

12.1 The Group has a unrecognized deferred tax asset amounting to Rs. 563.4 Million (2018: Rs. 383.9 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 recognise this defer tax asset in consolidated financial statement.

12.2 This represents deferred tax liability relating to Lanka Securities (Private) Limited subsidiary Company. The same falls under the regulation of different tax authority. Deferred tax liability recognized in separate financial statements of the Parent is reversed due to elimination of unrealized gain on investments in consolidated financial statements.

12.3 Increase in deferred tax liability is due to Derecognition of deferred tax asset by one subsidiary and origination of taxable temporary differences.

13	Trade debts	Note	2018 Rupees	2018 Rupees
Money market receivables:				
	Unsecured - considered good		1,528,578	1,964,909
Receivables against purchase of shares by clients:				
	Unsecured - considered good		252,741,664	275,614,836
	Unsecured - considered doubtful		194,991,316	169,000,000
			447,732,980	444,614,836
Receivable against professional services rendered :				
	Related Parties - unsecured, considered good	13.1	21,945,577	16,051,568
Others:				
	Unsecured - considered good		103,921,928	364,760,304
	Unsecured - considered doubtful		523,093	318,095
			104,445,021	365,078,399
			575,652,156	827,709,712
	Less: provision for doubtful debts	13.2	(195,514,409)	(169,318,095)
			380,137,747	658,391,617

13.1 This includes asset management fee amounting to Rs 4,109,733 (2018: Rs. 3,917,738) receivable from First Capital Mutual Fund, an associated company. This also includes receivable from Media Times Limited, an associated amounting to Rs 12,133,829 (2018 : Rs 12,133,829). This also includes receivable from Pace Barka Properties Limited, an associated amounting to Rs 5,702,014 (2018 : Rs. Nil). Maximum aggregate balance is same as closing.

13.2	Provision for doubtful debts	Note	2018 Rupees	2018 Rupees
	Opening balance		169,318,095	92,625,977
	Charge for the year	27	26,923,590	171,768,494
	Bad debts written off		(727,276)	(95,076,376)
	Closing balance		195,514,409	169,318,095

13.3 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. 25.9 Million (2018: Rs. 169 Million) and Rs. 0.9 Million (2018: Rs. 2.7 Million) respectively. No provision is charged for balances against which legal cases for recovery are filed.

	Note	2018 Rupees	2018 Rupees
14	Loans, advances and other receivables		
Considered good			
Advances to employees:			
- Executives	14.1	370,871	325,405
- Others		6,871,882	6,826,199
		7,242,753	7,151,604
Unsecured - considered good			
Due from associated companies	14.2	17,308,618	1,578,417
Stock exchanges	14.3	4,843,935	6,130,454
Advance against purchase of property	23.2	-	106,565,000
Advance to supplier	14.4	181,778,364	156,364,253
Receivable against sale of investment property	14.5	549,045,729	70,756,000
Other		10,741,792	15,462,502
		770,961,191	364,008,230

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

14.2 This includes receivable from Media Time Limited given as advance in the normal course of business amounting Rs 1,700,080 (2018: Rs 1,300,980). This includes receivable from First Capital Mutual Fund amounting Rs. 121,649 (2018: Rs. 277,437) against dividend and expense sharing. No collateral is available against this and the maximum aggregate on month end during the year is Rs. 1,700,080 (2018: Rs. 380,980) and Rs. 277,437 (2018: Rs. 188,017) of Media Times Limited and First Capital Mutual Fund respectively. This includes Rs. 15.48 Million (2018: Rs. Nil) receivable from Pace Barka Properties Limited against construction contract and maximum aggregate is also same.

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

14.4 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.

14.5 This includes receivable against sale of investment property amounting Rs. 332.27 Million (2018: Rs. Nil) from Worldcall Mobile (Pvt.) Limited. Group retains title of the property transferred as collateral against receivable balance. This also includes Rs. 213.5 Million (2018: Rs. Nil) receivable from Pace Barka Properties Limited -- Related party against sale of investment property no collateral is available against this and maximum aggregate balance during the year is Rs. 213.5 Million (2018: Rs. Nil) calculated on month end basis.

	Note	2018 Rupees	2018 Rupees
15	Deposits and other receivables		
Accrued brokerage commission		-	124,801
Rent receivable		-	403,000
Others receivables	15.1	-	18,695,000
		-	19,222,801

15.1 This includes Rs. Nil (2018: Rs. 18,695,000) receivable from Wireless n Cable (Pt.) Ltd. against sale of capital work in progress.

	Note	2019 Rupees	2018 Rupees
16	Short term investments		
Term deposits	16.1	244,428,356	224,683,090
Investments at fair value through profit or loss	16.2	70,268,884	81,292,112
		314,697,240	305,975,202

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. 244.4 Million (2018: 224.4 Million).

	Note	2019 Rupees	2018 Rupees
16.2	Investments at fair value through profit or loss		
Carrying value at 30 June:			
- Related parties	16.2.1	110,611,739	118,130,111
- Others	16.2.2	15,311,023	23,168,367
		125,922,762	141,298,478
Unrealized (loss)/gain on remeasurement of investments during the year		(62,953,686)	(60,006,366)
		62,969,076	81,292,112
Fair value of investments at fair value through profit or loss at 30 June comprises of:			
- Related parties	16.2.1	62,876,746	66,004,664
- Others	16.2.2	7,392,138	15,287,448
		70,268,884	81,292,112

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

	Note	Shares/Units		Carrying value		Fair value		Percentage holding	
		2019	2018	2019	2018	2019	2018	2019	2018
		-----Number-----		-----Rupees-----		-----Rupees-----		%	%
Real estate investment and services									
Pace (Pakistan) Limited - associated company		14,638,176	14,245,176	49,561,538	94,156,730	21,664,500	48,291,147	5.25%	5.11%
Mutual funds									
First Capital Mutual Fund Limited - associate		6,615,340	1,912,344	61,050,201	23,973,381	41,212,246	17,713,517	42.31%	17.42%
				110,611,739	118,130,111	62,876,746	66,004,664		

16.2.2 Investments at fair value through profit and loss - others

	Note	Shares		Carrying value		Fair value	
		2019	2018	2019	2018	2019	2018
		-----Number-----		-----Rupees-----		-----Rupees-----	
Insurance							
Shaheen Insurance Company Limited		849,329	849,329	4,331,578	5,359,267	3,142,517	4,331,578
PICIC Insurance Limited		32,000	32,000	70,400	112,000	36,800	70,400
Investment Banks							
Arif Habib Limited		120	100	6,100	8,041	3,796	6,100
Cement							
Pioneer Cement Limited		11,000	11,000	515,460	1,430,000	249,150	515,460
D.G Khan Cement Limited		-	500	-	77,383	-	57,245
Service Industry							
Pakistan Service Industry		80	-	80,820	-	81,600	-
Telecommunication							
Worldcall Telecom Limited	16.2.4	5,138,707	5,138,707	9,917,705	15,650,936	3,597,095	9,917,705
Pakistan Telecommunication Limited		34,000	34,000	388,960	530,740	281,180	388,960
	16.2.3			15,311,023	23,168,367	7,392,138	15,287,448

16.2.3 Shares having carrying amount of Rs. 45,840,496/- (2018: Rs. 86,758,587/-) and market value of Rs. 22,037,629/- (2018: 46,080,674/-) are pledged as security with commercial banks against loan.

16.2.4 This includes 4,220,677 (2018: 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 25.1.2

16.2.5 During the year Group sold investments having carrying value Rs. 18,538,686 (2018: Rs. 89,315,594) and realised loss of Rs. 289,976 (2018: Rs. 8,654,314).

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

17 Tax refund due from Government

This includes refund claimed filed by the group to the taxation authorities. During the year advance tax amounting Rs. Nil (2018: Rs. 24,238,507) is written off.

	Note	2019 Rupees	2018 Rupees
18 Cash and bank balances			
Cash in hand		160,184	564,329
Cash at bank:			
- Current accounts - local and foreign currency	18.1	3,360,779	45,033,210
- Saving accounts - local and foreign currency	18.2	57,870,737	108,752,712
		61,231,516	153,785,922
		61,391,700	154,350,251

18.1 This includes Sri Lankan Rupees amounting to LKR. 7,276,084 (2018: LKR. 1,611,970).

18.2 The deposit accounts carry mark-up at rates ranging from 2% to 13% (2018: 4% to 8%) per annum.

	Note	2019 Rupees	2018 Rupees
19 Trade and other payables			
Trade creditors	19.1	342,545,370	605,649,406
Accrued liabilities	19.2	79,040,829	57,705,774
Advances from customers	19.3	678,760	678,760
Payable against purchase of property	19.4	6,681,123	406,181,523
Sales tax		89,920	466,908
Federal excise duty	19.5	3,786,830	3,786,830
Security deposit of shopkeepers		486,660	486,660
Withholding tax		25,353,244	25,229,167
Other liabilities	19.6	24,863,908	39,306,609
Due to contract	19.7	22,969,192	68,068,792
		506,495,836	1,207,560,429

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

	2019 Rupees	2018 Rupees
Media Times Limited	-	71,100
Pace Barka Properties Limited	123,926,176	77,871,564
Pace (Pakistan) Limited	65,386,302	-
	189,312,478	77,942,664

19.2 This includes payable amounting Rs 132,191(2018: Rs. 132,191) to Pace Pakistan Limited, an associated company against purchase of vehicle by one of the subsidiary of the company and balance amounting Rs 1,215,705 (2018: Rs 1,215,705) to Chief Executive of one of the subsidiary on account of salary and expenses. This also includes Rs. 196,300 (2018: Rs. Nil) to Media Times Limited against advertisement expense.

19.3 This includes Rs. 85,790 (2018: 85,790) payable to Pace Barka Properties Limited against printing advance.

19.4 This includes Rs. 6.68 Million (2018: Rs. 406.1 Million) payable to Pace Pakistan Limited, an associated company against purchase of properties in Pace Fortress Stadium, and Near Ranger headquarters Lahore.

	Note	2019 Rupees	2018 Rupees
19.5 Federal Excise Duty (FED):			
Opening balance			
- Related to asset management	19.4.1	3,713,207	3,713,207
- Other		73,623	73,623
Provision during the year		-	-
Closing balance		3,786,830	3,786,830

19.5.1 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 Honourable Sindh High Court on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) as on 04 September 2013.

On 30 June 2016 the Honourable Sindh High Court of Pakistan 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 yearend 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 (2018: Rs 3.713 million) as the Federal Board of Revenue could file an appeal with Honourable Supreme Court of Pakistan against the Judgment passed by Honourable Sindh High Court of Pakistan.

19.6 This includes Rs 16,351,751 (2018: Rs 11,685,362) payable by Parent Company in respect of final settlements of employees who have left the company.

This also includes amount Rs. 211,363 (2018: Rs.211,363) payable to First Capital Mutual Fund a fund managed by FCIL a subsidiary company and Rs. 866,190 (2018: Rs. 194,430) to Pace Pakistan Limited.

19.7 This includes payable amounting Rs. Nil (2018: 23.5 Million) and Rs. 22.6 Million (2018: 44.5 Million) to Pace Barka Properties Limited and Pace Pakistan Limited respectively, against construction contracts.

	Note	2019 Rupees	2018 Rupees
20			
Short term borrowings			
From banking companies	20.1	-	491,125

20.1 This represents overdraft facility obtained by Lanka Securities (Private.) Limited from Bank of Ceylon an associated against a mark-up rate of FED rate+2.5%.

	Note	2019 Rupees	2018 Rupees
21			
Long term loans - secured			
Term finance facilities		3,158,217,101	2,277,799,054
Deferred notional income	21.1	(2,067,417)	(42,695,331)
Accrued mark-up classified as long term		82,292,865	144,800,249
		<u>3,238,442,549</u>	<u>2,379,903,972</u>
Current portion		(2,690,131,432)	(31,459,282)
	21.2	<u>548,311,117</u>	<u>2,348,444,690</u>

21.1 This represents the difference between amortization cost and carrying value and restructuring of long term loans. Amortized cost has been determined using effective interest rate upto 12.29% (2018: upto 9.05%) per annum based on the original loan agreements.. Movement is as follows:

	2019 Rupees	2018 Rupees
Deferred notional income		
Opening balance	42,695,331	26,011,163
Incurred during the year	-	27,399,232
Amortized during the year	(40,627,914)	(10,715,064)
Closing balance	<u>2,067,417</u>	<u>42,695,331</u>

21.2 During the year one of the subsidiary First Capital Equities Limited settled loan of MCB Bank Limited and Soneri Bank Limited amounting to Rs. 123.4 Million and Rs. 5.4 Million respectively. The interest accrued on MCB Bank Limited amounting to Rs. 62.5 Million is waived off as per the restructuring agreement.

During the year parent company failed to fulfil its obligation under diminishing musharka agreement and recognized penalty payable till June 30, 2019 on the rental due at the rate of 6 month KIBOR (ask side) plus 5% per annum calculated on daily basis. The parent company was unable to pay the rental due on June 14, 2019 against the use of diminishing musharka asset. Consequences of the default are as follows:

- Bank have a right to issue written notice to FCSC to terminate the agreement and repossess the diminishing musharka asset;
- Bank can enforce FCSC to fulfil its obligation under purchase agreement of musharka asset and
- Bank have a right to demand accrued & unpaid rent and supplementary rent.

This payable is charged by the way of hypothecation over following assets:

- Diminishing Mushrka Asset
- Current assets of the parent company

22	Staff retirement benefits	Note	2019 Rupees	2018 Rupees
Amount recognized in the statement of financial position is as follows:				
	Present value of defined benefit obligation	22.1	28,980,859	66,231,435
	Accumulating compensated absences		1,190,549	1,190,549
			<u>30,171,408</u>	<u>67,421,984</u>
22.1 Movement in net obligation				
	Liability at 01 July		66,231,435	61,097,434
	Expense charged to profit or loss account	22.2	10,395,833	13,175,704
	Remeasurements charged in other comprehensive income	22.3	(3,853,354)	(7,192,984)
	Benefits payable transferred to short term liability		(4,675,726)	(144,873)
	Benefits paid during the year		(39,117,329)	(703,846)
	Liability at 30 June		<u>28,980,859</u>	<u>66,231,435</u>
22.2 Charged to profit or loss				
	Current service cost		9,662,502	9,794,939
	Interest cost		733,331	3,380,765
			<u>10,395,833</u>	<u>13,175,704</u>
22.3 Charged to other comprehensive income				
	Changes in financial assumptions		(585,363)	223,364
	Experience adjustments		(3,267,991)	(7,416,348)
			<u>(3,853,354)</u>	<u>(7,192,984)</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 2018. Significant actuarial assumptions are as follows:

		2019	2018
Discount rate	Per annum	7.75% to 11.5%	7.25% to 13.25%
Discount rate used for year-end obligation	Per annum	9% to 11.5%	6.25% to 12%
Expected rate of salary increase			
in future years	Per annum	8% to 10%	6.25%

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 unrecovered 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 honourable 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.

23.1.7 During the current year, company have failed to fulfill its obligation under diminishing musharka agreement for rental payment. As a consequence Company might be asked for to pay the termination amount (accrued and unpaid rent, supplementary rent), until the date of approval of these financial statements no such notice have been received from Bank. As per management's opinion there is no other adverse consequences on the company except payment of unpaid and accrued rentals which is already classified and current liability. Refer note 21 for detail.

First Capital Equities Limited (the subsidiary company)

23.1.8 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.

- 23.1.9 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 dishonoured cheque. The Learned Trial Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned down the request of 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. The legal advisors are confident of success of the case in company's favor.
- 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. The outstanding balance is against various clients under the agency agreement.
- 23.1.13 In the year 2014-15, the Company was contesting the case with Askari Bank Limited in the Honourable 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. During the year Company entered in debt property swap agreement with Bank, as per settlement agreement negotiated the Bank agrees to withdraw this case on settlement of agreed liability.
- 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. The legal advisor is confident of success of the case in company's favor.
- 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.
- World Press (Private) Limited (the subsidiary company)**
- 23.1.20 The company is non compliant with the provisions of various tax laws. This may result in imposition of penalty from the relevant regulatory authority. Since, the amount of penalty cannot be measured reliably thus no provision has been recorded in the financial statements.

Lanka Securities (Private) Limited (the subsidiary company)

- 23.1.21** During the year 2014 via case No. DMR/2544/14 plaintiff named Ananda Wijerathne filed a suit against Lanka Securities Private Limited in the District Court of Colombo for the recovery of amount Rs LKR 1,300,000 (PKR 987,817). The case is awaiting further trial.
- 23.1.22** During the year 2014 via case No. HCC/503/14/MR plaintiff named C.A 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
- 23.1.23** 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 Srilanka.
- 23.1.24** 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.
- 23.1.25** 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.
- 23.1.26** 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.
- 23.1.27** 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)

- 23.1.28** 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	2018 Rupees	2018 Rupees
23.2	Commitments		
Commitments include amounts in respect of:			
Capital expenditure	23.2.1	12,195,000	34,600,760
Sale of shares		-	517,215,269
Purchase of shares		-	513,507,359
Sale of property		-	5,459,282
Ijarah lease rental		3,331,995	6,679,115
		15,526,995	1,077,461,785

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

2019	2018		2018	2018
-----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
316,610,112	316,610,112		3,166,101,120	3,166,101,120

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

	Note	2019		2018	
		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	2018 Rupees	2018 Rupees
25	Operating revenue		
Revenue from construction contracts		216,166,968	394,778,288
Brokerage income		30,397,024	57,389,631
Dividend income		253,620	1,460,805
Money market income		9,876,085	12,185,645
(Loss)/gain on sale of investments		3,565,479	(8,311,538)
Investment advisory fee from FCMF and open fund management		2,822,254	3,926,793
Rental income		275,000	1,520,000
Loss on sale of investment property		-	(55,622,666)
		263,356,430	407,326,958
Sales tax		(1,525,464)	(1,993,008)
		261,830,966	405,333,950
26	Direct costs		
Materials consumed		18,734,468	23,082,200
Salaries and benefits		50,535,027	48,121,126
Electricity and fuel consumed		8,627,511	8,085,385
Rent, rates and taxes		-	479,000
Postage and communication		1,108,767	420,987
Travelling expenses		81,500	-
Entertainment		200,328	482,558
Repair and maintenance		1,315,126	1,946,278
Vehicle running and maintenance		37,050	130,323
Rental expense of machinery		10,380,603	10,186,668
Other construction expenses		41,222,940	21,462,343
Miscellaneous		8,507,064	18,445,083
Installations		40,414,077	226,909,605
		181,164,461	359,751,556

27	Operating and administrative expenses	Note	2018 Rupees	2018 Rupees
	Salaries, wages and benefits		112,033,412	140,846,189
	Stock exchange charges		2,897,655	4,509,627
	Rent, rates and taxes		4,399,218	3,900,506
	Telephone and fax		2,980,524	4,706,398
	Utilities		3,134,631	4,182,256
	Insurance		234,797	685,947
	Printing and stationery		710,633	972,216
	Travelling and conveyance		2,826,772	3,270,767
	Repairs and maintenance		2,849,220	4,696,535
	Postage and courier		817,518	891,407
	Vehicle running		2,314,814	1,299,003
	News papers and periodicals		61,818	91,213
	Entertainment		1,504,631	2,680,997
	Brokerage commission and capital value tax		-	1,294,429
	Legal and professional charges		5,722,412	9,260,084
	Lease rentals on Ijarah facilities		3,347,120	2,581,925
	Advertisement		3,939,201	5,695,299
	Provision for doubtful debts	13.2	26,923,590	171,768,494
	Bad debt written off		-	1,778,046
	Fees and subscriptions		1,716,931	3,326,936
	Auditors' remuneration	27.1	3,399,951	3,251,973
	Depreciation	6.1	22,882,670	26,400,880
	Deposits written off		1,881,375	24,694,652
	Impairment loss on TREC	7.1	2,500,000	2,500,000
	Miscellaneous		36,171,382	37,120,688
			245,250,275	462,406,467
	Related to discontinued operations		76,754,808	273,854,904
	Related to continuing operations		168,495,467	188,551,563

27.1 Auditors' remuneration

	Parent company	Subsidiary companies	Total 2019	Total 2018
	-----Rupees-----			
Annual audit	525,000	1,498,451	2,023,451	1,985,273
Consolidated accounts	475,000	-	475,000	475,000
Half yearly review	200,000	295,000	495,000	490,000
Other certifications	-	295,000	295,000	200,000
Out of pocket expenses	40,000	71,500	111,500	101,700
	1,240,000	2,159,951	3,399,951	3,251,973

28	Other income	Note	2019 Rupees	2018 Rupees
	Income from financial assets			
	Income on deposit accounts		2,602,844	2,118,319
	Interest from staff loans		71,181	65,279
	Income on term deposits		21,666,803	21,264,940
	Income from other than financial assets			
	Gain/(loss) on sale of property, plant and equipment		12,509,789	41,127,414
	Liabilities and accrued interest written back		62,507,396	423,930,130
	Gain on sale of intangible assets	28.1	-	5,375,000
	Gain on sale of investment property		5,400,000	-
	Interest income on delayed payments		3,341,078	9,794,532
	Notional income on remeasurement of financial liability		-	27,399,232
	Miscellaneous		2,708,508	3,091,790
			110,807,599	534,166,636

28.1 This gain is recognized on sale of rights of room located in Pakistan Stock Exchange Building, Karachi for Rs. Nil (2018: Rs. 12.87 Million) to Summit Bank Limited.

	Note	2019 Rupees	2018 Rupees
29			
Finance costs			
Mark-up on long term loans		216,658,959	5,113,041
Mark-up on short term borrowings		192,068	77,575
Mark up amortized	21.1	40,627,914	10,715,064
Finance charges on assets subject to finance lease		-	3,691,484
Bank charges and commission		893,545	736,534
Loan settlement charges		-	6,862,140
		258,372,486	27,195,838
30			
Taxation			
Current		13,243,328	17,984,201
Prior Year		(13,086,169)	(14,164,127)
Deferred		179,198	(217,741)
		336,357	3,602,333

30.1 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.

31 Discontinued operations

During the 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	2019 Rupees	2018 Rupees
Brokerage commission			
Brokerage income - gross		24,020,666	50,360,799
Less:			
Sales tax		(3,009,383)	(6,099,228)
Capital value tax		(857,273)	(2,081,681)
Brokerage income - net		20,154,010	42,179,890
Operating and administrative expenses		(76,754,808)	(273,854,904)
Taxation		(251,925)	(7,938,151)
Loss after taxation from discontinued operations		(56,852,723)	(239,613,165)

31.1 Cash flows from/(used in) discontinued operations

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

32 Earning/(loss) per share - basic and diluted

Net profit/(loss) for the year from continued operations	Rupees	(20,395,777)	64,749,075
Net profit/(loss) for the year from discontinued operations	Rupees	(41,633,249)	(175,468,721)
Weighted average number of ordinary shares as at 30 June	Numbers	316,610,112	316,610,112
Earning/(loss) per share - basic and diluted--continued operations	Rupees	(0.06)	0.20
Earning/(loss) per share - basic and diluted -- discontinued operations	Rupees	(0.13)	(0.55)

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

33 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	2019	2018
			Value of transactions made during the year	Value of transactions made during the year
-----Rupees-----				
Bank of Ceylon	Associated company	Employee benefits fund	-	-
		Share transaction	508,874,070	434,127,661
		Brokerage income	2,319,048	1,978,413
		Interest income	-	21,062,814
		Investment in Repo	14,298,785	12,198,496
		Investment in fixed deposit	43,762,834	37,334,692
Merchant Bank of Sri Lanka	Associated company	Share transaction	4,846,381	4,134,516
		Brokerage income	31,017	26,461
Pace Pakistan Limited	Associated company (share holding 5.11%)	Purchase of property	378,000,000	1,878,000,000
		Service Charges	671,760	671,760
		Brokerage income	4,741	4,741
		Sale of investment property	430,000,000	-
		Payment on behalf of group	1,758,814	-
		Payment received	-	265,480
			38,400,000	66,108,866
		Sale of goods and services provided		20,614,218
		Payments against Purchase of property	620,235,214	
		Vehicle purchased		425,000
First Capital Mutual Fund	Associate (shareholding 63.42%)	Asset management fee	2,432,977	3,335,673
		Dividend Income	-	-
		Brokerage income	42,980	42,980
		Other Receivable	121,649	188,466
		Payment received	188,466	245,375
Pace Barka Properties Limited	Associate (shareholding 17.95%)	Rental income earned	-	-
		Sale of goods and services	95,393,979	404,959,161
		Payment received	-	25,000,000
Media Times Limited	Associate (shareholding 33.08%)	Purchase of goods and services	59,200	172,500
		Advance agaisnt publishing	800,000	-

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

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

	2018	2018
	Rupees	Rupees
34 Cash generated from operations		
Profit/(loss) before taxation	(96,111,460)	(95,583,051)
<i>Adjustments for:</i>		
Depreciation	22,882,670	26,400,880
Finance cost	216,851,027	19,617,679
Accrued interest written back	(62,507,396)	(423,264,921)
Loss/(Gain) on re-measurement of short term investments	62,953,686	60,006,366
Loss on disposal of investment properties	-	55,622,666
Loss/(gain) on re-measurement of investment properties	(300,623,792)	150,123,186
Capital gain on sale of investments	(3,565,479)	803,843
Gain on sale of intangible assets	-	(5,375,000)
Gain on disposal of property, plant and equipment	(12,509,789)	(40,862,414)
Provision for doubtful debts and bad debts written off	26,923,590	171,768,494
Deposits written off	1,881,375	456,145
Impairment losses	2,500,000	2,500,000
Share of loss from investments accounted for using equity method	35,258,395	17,780,114
Impairment on investment in associates	6,528,524	-
Dividend income	(253,620)	(1,460,805)
Retirement benefits paid	6,638,795	13,175,705
Interest income	(25,837,475)	(741,851)
Liabilities written back	-	(665,209)
Amortization	250,008	250,008
Deferred notional income	40,627,914	(27,399,232)
Other income	-	(2,979,816)
Bad debts written off	-	1,778,046
Mark-up income	-	(31,124,751)
	17,998,433	(13,590,867)
Profit before working capital changes	(78,113,027)	(109,173,918)
<i>Effect on cash flow due to working capital changes:</i>		
Decrease/(increase) in:		
Inventories	35,576,694	(26,701,657)
Trade debts	253,585,473	878,986,926
Loans and advances	(398,141,374)	(311,439,251)
Short term investments	59,243,018	(34,697,441)
	(49,736,189)	506,148,577
(Decrease)/increase in:		
Trade and other payables	(737,068,871)	817,732,548
Short term borrowings	(491,125)	(9,258,052)
	(737,559,996)	808,474,496
	(787,296,185)	1,314,623,073
	(865,409,212)	1,205,449,155

35 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.

35.1 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.

35.1.1 Exposure to credit risk

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

	Note	2019 Rupees	2018 Rupees
Long term deposits and advances		12,692,602	136,911,466
Long term investments		14,058,889	23,165,822
Trade debts - net	35.1.2	380,137,747	658,391,617
Loans and advances		770,961,191	364,008,230
Interest accrued		32,296	75,648
Deposits and other receivables		-	19,222,801
Short term investments	35.1.2	314,697,240	305,975,202
Placements		-	-
Bank balances	35.1.2	61,231,516	153,785,922
		1,553,811,481	1,661,536,708

35.1.2 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	2019 Rupees	2018 Rupees
Trade debts as at balance sheet date are classified as follows:		
Foreign	103,921,928	364,760,304
Domestic	276,215,819	293,631,313
	380,137,747	658,391,617

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

	2019	2018
	-----Rs.-----	
Neither past due not impaired	490,439	122,360,120
Past due 1 - 60 days	4,898,129	248,874,874
Past due 61 - 120 days	12,405,623	4,041,479
Above 120 days	362,343,556	283,115,144
	380,137,747	658,391,617

Short term investments

These short term investments are pledged with various financial institutions. For details, refer note 16.

Bank balances

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

	Note	2019 Rupees	2018 Rupees
Foreign		7,276,084	1,224,871
Domestic		53,955,432	152,561,051
	18	<u>61,231,516</u>	<u>153,785,922</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	JCR - VIS
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 +	AA+	PACRA
Silk Bank Limited	A-2	A-	JCR - VIS
United Bank Limited	A-1 +	AAA	JCR - VIS
Askari Bank Limited	A-1 +	AA+	PACRA
Albaraka Islamic bank	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	JCR-VIS
Bank of Ceylon	NA	AA+	Fitch Ratings
MBSL Bank	NA	A	ICRA (Lanka)

35.1.3 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 as all the balance is receivable from related parties and employees of the Company. Consequently, no expected credit loss allowance is required.

	Note	2019 Rupees	2018 Rupees
Long term deposits and advances		12,692,602	136,911,466
Long term investments		14,058,889	23,165,822
Trade debts - net	-	380,137,747	658,391,617
Loans and advances		770,961,191	364,008,230
Interest accrued		32,296	75,648
Deposits and other receivables		-	19,222,801
Short term investments	-	314,697,240	305,975,202
		<u>1,492,579,965</u>	<u>1,507,750,786</u>

35.1.3 Concentration of credit risk

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

35.2 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:

	2019				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
Financial liabilities					
Long term loan	3,156,149,684	3,156,149,684	2,690,131,432	466,018,252	-
Short term borrowings	-	-	-	-	-
Trade and other payables	506,495,836	506,495,836	506,495,836	-	-
Mark-up accrued	82,292,865	82,292,865	-	82,292,865	-
	<u>3,744,938,385</u>	<u>3,744,938,385</u>	<u>3,196,627,268</u>	<u>548,311,117</u>	<u>-</u>

	2018				
	Carrying Amount	Contracted cash flow	Upto one year or less	One to two years	More than two years
-----Rupees-----					
Financial liabilities					
Long term loan	2,235,103,723	2,235,103,723	31,459,282	2,203,644,441	-
Short term borrowings	491,125	491,125	491,125	-	-
Trade and other payables	1,207,560,429	1,207,560,429	1,207,560,429	-	-
Mark-up accrued	144,800,249	144,800,249	-	144,800,249	-
	3,587,955,526	3,587,955,526	1,239,510,836	2,348,444,690	-

35.3 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

35.3.1 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:

	2019 Rupees	2018 Rupees
Foreign debtors	103,921,928	364,760,304
Foreign currency bank accounts	7,276,084	1,224,871
Foreign creditor and other payables	121,436,771	387,007,904
Net exposure	(10,238,759)	(21,022,729)

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2019	2018	2019	2018
LKR to PKR	0.841	0.717	0.922	0.759

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.

	2019 Rupees	2018 Rupees
Net effect on profit or loss	(1,023,876)	(2,102,273)
	(1,023,876)	(2,102,273)

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.

35.3.2 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:

	2019	2018	2019	2018
	Effective rate (in Percentage)		Carrying amount (Rupees)	
Financial liabilities				
Short term borrowings	up to 11	up to 11	-	491,125
Long term loans - secured	up to 15	up to 12.29	3,156,149,684	2,235,103,723
			<u>3,156,149,684</u>	<u>2,235,594,848</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 2018.

	Profit or loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial liabilities	<u>31,561,497</u>	<u>(31,561,497)</u>
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	<u>22,355,948</u>	<u>(22,355,948)</u>

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

35.3.3 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 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
	-----Rupees-----				
2019					
Investments					
Investments at fair value through profit or loss	70,268,884	10% increase	77,295,772	-	7,026,888
		10% decrease	63,241,996	-	(7,026,888)
	<u>70,268,884</u>				
2018					
Investments					
Investments at fair value through profit or loss	81,292,112	10% increase	89,421,323	-	8,129,211
		10% decrease	73,162,901	-	(8,129,211)
	<u>81,292,112</u>				

35.3.4 Fair value of financial instruments

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

a) Fair values versus carrying amounts

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

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----				
Financial assets				
Long term investments	14,058,889	14,058,889	23,165,822	23,165,822
Long term deposits and advances - considered good	12,692,602	12,692,602	135,911,466	135,911,466
Trade debts	380,137,747	380,137,747	658,391,617	658,391,617
Loans, advances and other receivables	770,961,191	770,961,191	364,008,230	364,008,230
Interest accrued	32,296	32,296	75,648	75,648
Deposits and other receivables	-	-	19,222,801	19,222,801
Short term investments	314,697,240	314,697,240	305,975,202	305,975,202
Cash and bank balances	61,391,700	61,391,700	154,350,251	154,350,251
	1,553,971,665	1,553,971,665	1,661,101,037	1,661,101,037
-----Rupees-----				
Financial liabilities				
Long term loan	3,156,149,684	3,156,149,684	2,235,103,723	2,235,103,723
Short term borrowings	-	-	491,125	491,125
Trade and other payables	506,495,836	506,495,836	1,207,560,429	1,207,560,429
Mark-up accrued	82,292,865	82,292,865	144,800,249	144,800,249
	3,744,938,385	3,744,938,385	3,587,955,526	3,587,955,526

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 categorised:

30 June 2018	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Equity securities				
Long term investments	14,058,889			14,058,889
Short term investments	70,268,884	-	-	70,268,884
	84,327,773	-	-	84,327,773
30 June 2018				
Equity securities				
Long term investments	23,165,822			23,165,822
Short term investments	81,292,112			81,292,112
	104,457,934	-	-	104,457,934

35.3.5 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

35.4 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 2018 and at 30 June 2018 were as follows:

	2019	2018
	Rupees	Rupees
Total debt	3,238,442,549	2,380,395,097
Total equity and debt	4,956,312,035	4,703,840,515
Debt-to-equity ratio	65.34%	50.61%

The increase in the debt-to-equity ratio in 2019 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.

36 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	
	2019	2018	2019	2018	2019	2018
	-----Rupees-----					
Short Term Employee Benefits						
Managerial remuneration	2,400,000	2,400,000	-	-	33,711,232	43,065,950
Re-imbursable expenses	-	-	-	-	807,238	1,119,034
Utilities	-	-	-	-	442,956	1,846,366
House rent	-	-	-	-	1,771,824	7,385,462
Commission	-	-	-	-	-	186,688
Post Employment Benefits						
Provision for gratuity	228,573	200,000	-	-	6,903,402	7,008,691
	2,628,573	2,600,000	-	-	43,636,652	60,612,191
Number of persons	1	1	6	6	17	25

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.

	2019	2018
37 Number of employees		
The average and total number of employees are as follows:		
Holding Company		
Average number of employees during the year	20	20
Total number of employees as at 30 June	20	19
Subsidiary Companies		
Average number of employees during the year	92	174
Total number of employees as at 30 June	125	171

38 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 Construction and water sanitation

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

4 Printing and publishing

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

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

39 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.

39.1 Information about reportable segments

	Financial Services		Investment advisory services		Printing and publishing		Construction and water sanitation		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	-----Rupees-----									
External revenues	58,689,479	53,021,137	2,432,977	(285,585)	-	-	216,166,968	394,778,288	277,289,424	447,513,840
Inter-segment revenues										
Direct cost	(5,094,784)	(9,721,034)	-	-	-	-	(176,069,677)	(350,030,522)	(181,164,461)	(359,751,556)
Operating expenses	(211,062,234)	(428,643,821)	(21,720,014)	(15,590,128)	(1,794,052)	(3,481,169)	(17,202,499)	(14,691,349)	(251,778,799)	(462,406,467)
Other income	100,617,204	532,138,392	3,013,781	463,119		265,000	11,872,166	1,300,125	115,503,151	534,166,636
Finance cost	(216,581,720)	(23,250,596)	(20,524)	(10,790)	-	(5,648)	(41,770,242)	(3,928,804)	(258,372,486)	(27,195,838)
Gain on investment properties	300,623,792	(150,123,186)	-	-	-	-	-	-	300,623,792	(150,123,186)
Unrealized gain / (loss) on re-measurement of short investment	(44,968,824)	(53,868,344)	(17,984,862)	(6,138,022)	-	-			(62,953,686)	(60,006,366)
Share of loss from investments accounted for using the equity method	(21,343,862)	6,314,125	(13,914,533)	(24,094,239)	-	-	-	-	(35,258,395)	(17,780,114)
Profit / (loss) before taxation	(39,120,949)	(74,133,327)	(48,193,175)	(45,655,645)	(1,794,052)	(3,221,817)	(7,003,284)	27,427,738	(96,111,460)	(95,583,051)
Taxation expense for the year	11,433,536	579,438	(194,638)	(1,323,684)	-	-	(11,827,180)	(10,796,538)	(588,282)	(11,540,784)
Profit / (loss) after taxation	(27,687,413)	(73,553,889)	(48,387,813)	(46,979,329)	(1,794,052)	(3,221,817)	(18,830,464)	16,631,200	(96,699,742)	(107,123,835)
Other information										
Segment assets	4,507,139,214	4,596,343,560	212,720,273	268,891,306	16,795,449	20,507,181	760,397,481	470,816,979	5,497,052,417	5,356,559,026
Segment liabilities	3,064,365,488	3,278,678,672	6,183,086	14,320,706	10,246,322	12,164,002	698,388,035	351,202,600	3,779,182,931	3,656,365,980
Depreciation	19,833,900	22,193,664	1,421,440	2,572,236	1,386,650	1,394,300	240,680	240,680	22,882,670	26,400,880
Capital expenditure	7,254,775	5,158,751	-	-	-	-	-	1,720	7,254,775	5,160,471

	2019	2018
	Rupees	Rupees
39.2 Reconciliation of assets		
Assets		
Total assets of reportable segments	4,996,252,586	4,880,395,768
Investments accounted for using the equity method	500,799,831	476,163,258
Consolidated total assets	<u>5,497,052,417</u>	<u>5,356,559,026</u>

39.3 Geographical information

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

	2019	2018
	Rupees	Rupees
39.3.1 Revenue		
Pakistan	231,422,227	390,124,209
Sri Lanka	30,408,739	57,389,631
	<u>261,830,966</u>	<u>447,513,840</u>

39.3.2 Non-current assets

Pakistan	3,962,061,177	3,800,869,330
Sri Lanka	5,666,677	5,249,876
	<u>3,967,727,854</u>	<u>3,806,119,206</u>

39.4 Revenue on the basis of major products and services

Dividend income	253,620	1,460,805
Money market income	8,739,898	10,783,757
(Loss) / gain on sale of investments	(1,130,073)	(63,934,204)
Investment advisory fee from FCMF	2,432,977	3,335,673
Brokerage income	50,551,034	99,569,521
Rental income	275,000	1,520,000
Revenue against construction contracts	216,166,968	394,778,288
	<u>277,289,424</u>	<u>447,513,840</u>

40 Interests in other entities

40.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2018 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
		2019	2018	2019	2018	
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	65%	65%	35%	35%	Printing, publishers, packaging, advertisement and specialized directory business and stationers
Falcon Commodities (Private) Limited	Pakistan	100%	100%	0%	0%	Carrying on the business of commodities brokerage as a corporate member of Pakistan Mercantile Exchange Limited
Ozer Investments Limited	Sri Lanka	100%	100%	0%	0%	Providing financial advisory services, portfolio management, margin provision, unit trust management and stock brokerage
First Capital Equities Limited	Pakistan	73.23%	73.23%	26.77%	26.77%	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.
Evergreen Water Valley (Private) Limited	Pakistan	100%	100%	0%	0%	Installation and manufacturing of water purification plants and construction activities
First Construct Limited	Pakistan	100%	100%	0%	0%	Construction company

40.2 Non-controlling interests

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

	First Capital Investments Limited		Lanka Securities (Private) Limited		First Capital Equities Limited		World Press (Private) Limited	
	2019	2018	2019	2018	2019	2018	2019	2018
Summarised balance sheet								
Current assets	63,113,967	104,668,385	366,841,604	602,895,709	627,924,323	447,353,281	15,249,874	15,482,276
Current liabilities	8,144,313	7,265,942	125,215,366	387,960,186	889,162,881	102,646,335	12,339,002	12,164,002
Current net assets / (liabilities)	54,969,654	97,402,443	241,626,238	214,935,523	(261,238,558)	344,706,946	2,910,872	3,318,274
Non-current assets	159,278,278	164,578,846	10,351,545	7,955,544	845,848,001	1,310,203,209	4,639,697	6,026,347
Non-current liabilities	7,710,745	7,410,689	1,402,020	988,470	238,811,117	1,242,838,110	-	-
Non-current net assets/(liabilities)	151,567,533	157,168,157	8,949,525	6,967,074	607,036,884	67,365,099	4,639,697	6,026,347
Net assets	206,537,187	254,570,600	250,575,763	221,902,597	345,798,326	412,072,045	7,550,569	9,344,621
Accumulated non-controlling interests	43,661,961	53,816,225	122,782,124	108,732,273	92,570,212	110,311,686	2,642,699	3,270,617
Summarised statement of comprehensive income								
Revenue (continued & discontinued operation)	(15,995,638)	(8,262,480)	30,408,739	57,389,631	17,094,595	6,843,719	-	-
Profit/(loss) for the year	(48,624,385)	(46,979,329)	(19,112,212)	(5,216,584)	(66,273,719)	5,115,697	(1,794,052)	(3,221,817)
Other comprehensive income/(loss)	590,972	313,772	2,725,551	1,969,974	-	28,595,749	-	-
Total comprehensive income/(loss)	(48,033,413)	(46,665,557)	(17,124,641)	(3,246,610)	(66,273,719)	33,711,446	(1,794,052)	(18,639,115)
Profit/(loss) allocated to NCI	(10,279,195)	(9,931,430)	(9,364,984)	(2,556,126)	(17,741,475)	1,369,472	(627,918)	(1,127,636)
Other comprehensive income/(loss) allocated to NCI	124,931	66,331	1,335,520	965,287	-	7,655,082	-	-
Dividends paid to NCI	-	-	-	-	-	-	-	-
Summarised cash flows								
Cash flows from operating activities	24,787,704	(44,765,669)	(41,760,017)	6,779,944	(429,490,843)	1,002,043,146	(232,402)	(1,642,187)
Cash flows from investing activities	(15,000,000)	44,934,557	47,811,230	28,070,765	455,201,977	280,635,610	-	-
Cash flows from financing activities	-	-	-	-	(128,891,675)	(1,255,046,533)	-	-
Net (decrease)/increase in cash and cash equivalents	9,787,704	168,888	6,051,213	34,850,709	(103,180,541)	27,632,223	(232,402)	(1,642,187)

40.3 Interests in associates

Set out below are the associates of the group as at 30 June 2018 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	
		2019	2018	2018	2018	2018	2018
First Capital Mutual Fund	Pakistan	32.20%	46.00%	31,369,927	46,641,974	31,369,927	51,812,984
Media Times Limited	Pakistan	33.32%	33.08%	50,057,505	102,342,942	-	-
Pace Barka Properties Limited	Pakistan	18.00%	17.95%	-	-	469,317,404	424,237,774
Pace Super Mall	Pakistan	0.10%	0.07%	-	-	112,500	112,500
				81,427,432	148,984,916	500,799,831	476,163,258

40.4 Commitments and contingent liabilities in respect of associates

No commitments and contingent liabilities in respect of associates exist as at 30 June 2018.

40.5 Summarised financial information for associates

Summarised balance sheet	First Capital Mutual Fund		Media Times Limited		Pace Barka Properties Limited	
	2018	2018	2018	2018	2018	2018
	-----Rs-----				-----Rs'000-----	
Current assets	117,255,677	226,346,924	124,014,274	124,014,274	2,633,717	2,682,790
Current liabilities	19,843,565	18,199,345	663,095,804	663,095,804	1,403,192	1,298,040
Current net assets / (liabilities)	97,412,112	208,147,579	(539,081,530)	(539,081,530)	1,230,525	1,384,750
Non-current assets	-	-	341,028,815	341,028,815	4,064,349	3,723,778
Non-current liabilities	-	-	280,544,406	280,544,406	249,064	307,756
Non-current net assets	-	-	60,484,409	60,484,409	3,815,285	3,416,022
Net assets/(liabilities)	97,412,112	208,147,579	(478,597,121)	(478,597,121)	5,045,810	4,800,772
Summarised statement of comprehensive income						
Revenue	(37,764,548)	(36,858,857)	177,165,827	354,887,897	195,763	592,415
Profit/(loss) for the year	(43,208,097)	(43,768,466)	(244,506,124)	(229,271,579)	(116,126)	73,771
Other comprehensive (loss)/income	-	-	1,189,323	(1,844,056)	361,164	219
Total comprehensive income/(loss)	(43,208,097)	(43,768,466)	(243,316,801)	(231,115,635)	245,038	73,990

41 Date of authorization for issue

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

42 SUBSEQUENT EVENTS

On September 28, 2019 Extra Ordinary General Meeting of First Capital Equities Limited (Subsidiary Company) was held in which members passed the special resolution to change Principal activity of Company from brokerage Company to real estate 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