VISION

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

MISSION

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

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2010

Company's Information

Board of Directors	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Shahbaz Ali Taseer Shehryar Ali Taseer Omer Subhan Salamat Sulieman Ahmed Said Al-Hoqani Jamal Said Al-Ojaili
Chief Financial Officer	Saeed Iqbal
Audit Committee	Shahbaz Ali Taseer (Chairman) Aamna Taseer Omer Subhan Salamat
Company Secretary	Muhammad Irfan Khawaja
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	Mazhar Law Associates Advocates & Solicitors
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi. ☎ (021) 111 000 322
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 35757591-4 Fax: (042) 35757590, 35877920

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 17th Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited ("the Company") will be held on 30 October 2010 at 11:30 a.m. at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore to transact the following business:

Ordinary business;

1. To confirm the minutes of Annual General Meeting held on 31 October 2009;
2. To approve as recommended by the Board of Directors, issue of bonus shares in the proportion of (10) bonus shares for every one hundred (100) shares held i.e. 10%;
3. To receive, consider and adopt the financial statements of the Company for the year ended 30 June 2010 together with the Directors' and Auditors' reports thereon; and
4. To appoint the Auditors of the Company for the year ending 30 June 2011 and to fix their remuneration.

Special business;

5. To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications:

"**RESOLVED THAT**, subject to any required corporate and legal formalities, the Company convert the loans/advances given to Media Times Limited ("MTL") together with any mark-up accrued thereon into ordinary shares of MTL up to the extent of Rs. 425.00 million (Rupees four hundred twenty five million only) and that the Chief Executive, singly or any two of the Directors, of the Company jointly are authorized, from time to time, to undertake all acts required in connection with such conversion."

"**RESOLVED FURTHER THAT** the aforesaid conversion shall be at the rate of Rupees Ten per Share which has a face value of Rupees Ten each and therefore the Company may invest in up to 42.5 million (Forty Two Million Five Hundred Thousand) Shares of MTL pursuant to these resolutions."

"**RESOLVED FURTHER THAT** the Chief Executive singly or any two of the Directors, of the Company jointly be and are hereby further authorized to disinvest/sell and otherwise deal with such Shares of MTL from time to time on terms authorized by the Board of Directors of the Company."

"**RESOLVED FURTHER THAT** the Chief Executive singly or any two of the Directors of the Company jointly be and are hereby authorized to take all necessary steps to make long term investments in the share capital of the following associated companies in accordance with the provisions of Section 208 of the Companies Ordinance, 1984 and to disinvest/sell and otherwise deal with such investments, from time to time on terms authorized by the Board of Directors of the Company:

Name of the Company	Amount of Investment
Ozer Investment Limited*	Up to 75.00 Million
Falcon Commodities (Pvt.) Limited	Up to 30.00 Million

** a company incorporated under the laws of Sri Lanka*

"RESOLVED FURTHER THAT the Chief Executive or any Director of the Company and /or Secretary of the Company be and are hereby authorized singly to complete all corporate and regulatory requirements, and to do all acts, and matters and things which may be necessary, ancillary and/or incidental to the above Resolutions."

"RESOLVED FURTHER THAT the above authorities shall remain in-force unless revoked by the shareholders of the Company"

6. **To consider and thought fit, approve the increase in Authorized Share Capital of the Company and to pass the following "Special Resolutions" with or without modification(s):**

"RESOLVED THAT the Authorized Capital of the Company be and is hereby increased from Rs. 3,000,000,000/- divided into 300,000,000 ordinary shares of Rs. 10/- each to Rs. 3,200,000,000/- divided into 320,000,000 ordinary shares of Rs. 10/- each and the words and figures in Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company be and are hereby amended.:

"RESOLVED FURTHER THAT the Chief Executive or any Director and / or the Company Secretary of the Company be and is hereby authorized to complete all the necessary corporate and legal formalities in respect of the above."

By order of the Board

Lahore:
08 October 2010

Muhammad Irfan Khawaja
Company Secretary

Notes:

1) The Members Register will remain closed from 23 October 2010 to 30 October 2010 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi, the Registrar and Share Transfer Office of the Company, by the close of business on 22 October 2010 will be considered in time for the purpose of Annual General Meeting.

2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting.

3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 103-C/II, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.

4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original NIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.

   b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) Members are requested to notify any change in their registered address immediately.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY

In order to facilitate the allotment of 10% bonus shares as recommended by the Board of Directors in their meeting held on 06 October 2010, it is necessary to increase the Authorized Share Capital of the Company. As per recommendations of the Board of Directors, the Authorized Share Capital of the Company be increased from Rs. 3,000,000,000/- to Rs. 3,2000,000,000/-. This increase in share capital will also necessitate amendments in clause V of the Memorandum of Association and in clause 4 of the Articles of Association of the Company accordingly and after the proposed amendment will be read as under:

Clause V of the Memorandum of Association of the Company

The Authorized Capital of the company is Rs. 3,200,000,000/- (Rupees Three Billion two hundred million only) divided into 320,000,000/- (Three hundred twenty million) ordinary shares of Rs. 10/- each. The Company shall have the power to increase, reduce, consolidate or re-organize the said Capital and to divide the shares capital into several classes in accordance with the provisions of the Companies Ordinance 1984.

Clause 4 of the Articles of Association of the Company

The Authorized Capital of the company is Rs. 3,200,000,000/- (Rupees Three Billion two hundred million only) divided into 320,000,000/- (Three hundred twenty million) ordinary shares of Rs. 10/- each.

STATEMENT UNDER SECTION 208 OF THE COMPANIES ORDINANCE, 1984

INVESTMENTS IN ASSOCIATED COMPANIES

MEDIA TIMES LIMITED ("MTL")

Media Times Limited ("MTL") was incorporated in Pakistan on 26 June 2001 as a private limited company, under the provisions of the Companies Ordinance, 1984. MTL was converted into public limited company on 06 March 2007. MTL is listed on Karachi and Lahore Stock Exchanges since 02 February 2009. MTL is engaged in printing and publishing daily English and Urdu Newspapers by the name of "Daily Times" and "Aajkal" respectively and also engaged in production, promotion, advertisement, distribution and broadcasting of television programs through satellite channels by the name of "Business Plus" and "Zaiqa".

The existing authorized share capital of MTL is Rupees 1,400,000,000 divided into 140,000,000 ordinary shares of Rupees 10 each and paid up capital is Rupees 1,341,382,580 divided into 134,138,258 ordinary shares of Rupees 10 each. Out of total paid up capital the Company holds 33,049,669 ordinary shares (24.63%), rest of the shareholding is with other resident and non residents shareholders. The registered office of MTL is located at 41-N, Industrial Area, Gulberg-II, Lahore.

MTL is currently involved in Print and Electronic media activities. In its part of Print media activities MTL publishes a leading English daily newspaper "Daily Times" and Urdu daily newspaper "AAJ KAL". The "Daily Times" project was launched in 2002 and is being published from Lahore, Karachi and Islamabad and it also distribution network in major cities of Pakistan. The brand is being recognized due to authentic news, quality contents, paper and print quality being managed by a competent team of highly dedicated editorial, research, reports and business analysts. The Daily Times covers local and foreign news, foreign views, editorial, opinions, sports, city, business and finance, money market, market statistics and entertainment etc. Within a short span of 9 years "Daily Times" has got recognition as one of the most prestigious, circulated and quality newspapers in Pakistan, especially in the commercial, corporate and government sectors due to its extensive readership all over Pakistan with its high-quality, creative, research-based and interactive material. MTL also prints various weekly magazines with the names of Sunday, Boss and Wikkid. “Sunday” magazine is the heart of the newspaper and has very good reputation among the readers due to its unique contents. “Boss” magazine covers business and corporate sector information material. “Wikkid” magazine provides a quality reading material for children and teenagers.

After launch of “Daily Times” which has gained recognition as one of the top most English newspapers in Pakistan, the management of MTL launched a new Urdu Daily newspaper “Aajkal” from Karachi, Lahore and Islamabad. Urdu being the national language has a much larger readership as compared to English. Aajkal also publishes "Ittwar" magazine on Sunday covering fashion/entertainment news and social gatherings. The daily Urdu newspaper has given MTL an access to cross-sell and capture entire band of readership. MTL intends to concentrate on the increase of circulation which is the main strength of any newspaper and is a key determinant of the advertisement that can be generated. There are corporate, retail and semi-corporate circulation teams in three stations, which is a one-of-its-kind structure in the newspaper industry.

In its part of Electronic Media activities, MTL is running the Pakistan's premier business channel “Business Plus” and a cooking / food channel “Zaiqa” and involved in other Electronic media activities including production, promotion, advertisement, distribution and broadcasting of television programs through satellite.

Business Plus -TV channel was launched in 2004, its main characteristics includes, more than 13 hours of live transmission every day, insight into markets through financial sector in Pakistan and the region, current affairs programs featuring journalists, politicians, analysts and various icons, dedicated and professionally qualified teams for operations and programming.

After Business Plus kids satellite channel “Wikkid Plus” was launched in year 2007, it has also received positive response and appreciation not only from children and household audience but also from advertising agencies/corporate(s). Channel's main characteristics include a mix of locally produced as well as imported content, provide children with entertaining and interactive product that will enhance their learning experience and enjoyment, inform and raise awareness of children on all kinds of issues and instill knowledge and understanding of their own as well as other cultures.

Another addition in the satellite channels bouquet of the Company “Zaiqa” a cooking and food channel was launched by the Company in May 2010. Zaiqa is exclusively dedicated to food programming offering expert advice, recipes from famous chefs and cuisines from not only Pakistan but around the world. The channel airs 8 hours of fresh content every day. Currently content consist of 70% live and 30% recorded. Well-known chefs with diversified experience over decades have been engaged to appear in the programs.

MTL has also applied to PEMRA for acquiring license for uplinking of another entertainment cum infotainment satellite channel which is in the approval process. It is expected that this addition to bring a good amount of advertisement revenue in the coming period.

In order to expand the viewer base and build upon existing marketing potential of the project, MTL plans to embark upon repositioning and expansion/modification of the channel(s). MTL plans to invest more in technical infrastructure development, human resource and content cost which will result in better transmission quality and to add more infotainment content in non-business hours. The content being produced keeping in mind diversified audiences and all sectors of the advertising industry. New content can target segments like entertainment/fashion/advertising industry, property/real estate and IT sectors, business travel, job hunting etc. Special transmissions and electronic supplements are envisaged to be introduced to open up new avenues for advertisement revenue. All programming will have a progressive and liberal tilt with an aim to not just attract viewers but also educate the masses. Planned programming is envisaged to attract advertisements from telecom, real estate companies and financial institutions etc. A number of programs also being planned in conjunction with important government clients, ministries, NGOs and private sectors to establish the brand through indirect marketing.

MTL in order to finance its expansion plans has earlier obtained long term loans/advances to the extent of Rs. 391.629 million (Rupees three hundred ninety one million six hundred twenty nine thousand only) from time to time starting from year 2008 from the Company. The mark-up receivable is amounting to Rs. 15.794 million (Rupees fifteen million seven hundred ninety four thousand only) as at 30 September 2010. The aforesaid loans/advances are for a period of four years and can be extended for a period of one year which would be matured by June 2011.

MTL's various projects are in development stage and the management of MTL expects that its projects would be profitable in near future. Due to current law and order situation and prolonged recession in the country the actual results of MTL are not as per expectations and MTL is as such facing cash flow constraints. However, if the security situation of the country persist positive in the coming period we can expect increase in confidence of investors and business community which eventually will result in the further growth of overall business of MTL.

In view of the current situation of the economy and especially when MTL is in a development phase, the management of MTL has requested the Company, to consider the conversion of the outstanding loans along with mark-up obtained from the Company into ordinary shares. This proposal of MTL has been considered and approved by the Board of Directors of the Company.

The outstanding loan of the Company shall be converted at par value i.e. Rs. 10.00 per share, subject to necessary regulatory and corporate approvals required on the part of MTL and the Company. The shares when issued shall rank pari passu with the existing ordinary shares of MTL. The necessary agreements may be executed with MTL for the issue of shares otherwise than rights, if specially required. As per latest financial statements of MTL the break up value per shares of MTL is Rs. 10.18 per share.

It is envisaged that upon issuance of shares through conversion of loans/advances the company would hold around 43% shareholding in MTL, this would also strengthen the shareholding control of the Company over MTL. Further all the benefits accrued to MTL due through its business operations/profitability will become part of the returns of the Company and its shareholders from the proposed conversion. The Company also expects to earn substantial capital appreciation from the proposed investment.

Further it is proposed by the Board of Directors that authority be given to the Chief Executive, singly and any two of the Directors, jointly, of the Company to disinvest, if required from time to time, such shares to be acquired by the Company upon conversion of loans/advances.

OZER INVESTMENTS LIMITED (“OZER”):

In view of the Company's plans for business expansion in Sri Lanka the Company intends to make long term equity investment abroad. In this respect the Board of Directors of the Company has approved an investment plan involving investment of up to Pak Rupees (“PKR”) 75.00 million (equivalent to around US $ 850,000) in Ozer.

Ozer is incorporated as a public unlisted limited company under the laws of Sri Lanka. Certificate of Incorporation number PB 3867 was issued on 3rd day of September 2010. Ozer has been structured to provide a diverse range of financial services, either directly or through its subsidiaries / associated companies. These services may include portfolio management, margin provision, unit trust management, stock brokerage and corporate finance & advisory. Other services like venture capital / direct investments, corporate secretarial services, will be added on gradually keeping in view market condition and opportunities.

The Company will acquire majority shareholding in Ozer i.e. around 76.10 million shares @ LRK 1.30 per share. Further, the Company being part of its long term plans also intends to list Ozer through an IPO/public offering via listing on the Sri Lankan stock market however, FCSC will at all material times remain in management control.

The Company shall acquire the majority shareholding of Ozer from its existing sponsors through a share purchase agreement. Consequent to acquisition FCSC would be entitled to manage the affairs of Ozer and appoint its majority directors on the Board of Directors of Ozer.

The Company made earlier equity investment in Lanka Securities (Pvt.) Limited ("Lanka Securities") in July 2000 and after the turn around of Lanka Securities the Company has received substantial amount as dividend and bonuses on this equity investment, entire dividend amount received was repatriated to Pakistan through normal banking channels.

On a note on future outlook the year 2009 marked an end to Sri Lanka's three decade armed conflict and provided the Government with an opportunity to create a stable macro economic environment where industries and businesses can thrive and gave optimism about the growth prospects of the country in the investor community. The economy will get a boost from a number of factors including more land available for cultivation; increased labor force participation; almost 60% more coastline available for fishing & trade opportunities; investment in infrastructure, transport & communication in former conflict zones; increased home remittances from abroad and boom in the tourism & hospitality industry. In addition positive economic factors like projected economic growth of 6.5% for 2010, low interest rates, low inflation and increased consumer spending are all pointing towards a new era of development and prosperity for Sri Lanka.

In Sri Lanka overall economic conditions are improving and the economy is likely to show strong growth this year. External balances are strong, remittance inflows continue at a high rate, tourism prospects continue to improve rapidly, and gross reserves remain at comfortable levels. In this context the central bank's recent rate cut was appropriate - with bank lending only slowly beginning to rebound, and economic growth still below potential, there is a little sign of emerging demand-driven inflationary pressures, and average inflation for the year as a whole is expected to remain in the single digits. And with the budget revenues increasing and expenditure restraint continuing, fiscal performance so far remains consistent with achieving the government's full-year IMF deficit target of 8% of GDP. With tourists flocking back to the country, tourism sector is set to expand, boosting hotel construction in the process and will also directly impact the country's services sector. Further, Sri Lanka's strategic position in the Indian Ocean may boost its position as a logistics hub for regional and global seaborne trade.

In view of high growth expected in general economy and financial services sector in Sri Lanka the Company expects substantial dividends to come on such investment along with capital gains in future.

Earning per share of Ozer is not available since Ozer has not yet started commercial operations. The shares of Ozer shall be purchased from the available cash resources and/or the future internal cash generations of the Company. The period of investment shall be of a long term nature. The purpose of this investment is the utilization of Company's available cash resources for better future returns to shareholders. All the benefits accrued to Ozer due to growth in its business operations will become part of the returns of the Company and its shareholders. The Company also expects to earn substantial dividends and capital appreciation/gains from the proposed investment.

FALCON COMMODITIES (PVT.) LIMITED ("FALCON")

As a part of strategic business expansion plan, as per the decision of Board of Directors the Company intends to start commodity business, by acquiring an existing a commodity business Company, Falcon Commodities (Pvt.) Limited, a member of National Commodity Exchange Limited, subject to necessary corporate and regulatory requirements, if any.

Falcon was incorporated in Pakistan on 28 August 2007 as a private company limited under the Companies Ordinance, 1984. The principal activity of the Falcon is to carry on the business of commodities brokerage as a corporate member of National commodities Exchange Limited. The Registered Office of Falcon is situated in Karachi.

The existing Authorised Share Capital of Falcon is PKR 35,000,000 divided into 3,500,000 ordinary shares of PKR10 each. The issued, subscribed and paid up capital is PKR 31,500,000 divided into 3,150,000 ordinary shares of PKR10 each.

The Company shall acquire the 100% shareholding of Falcon from its existing sponsors through a share purchase agreement for a consideration of upto Rs. 30.00 million. Consequent to acquisition FCSC would be fully entitled to manage the affairs of Falcon and appoint its directors on the Board of Directors of Falcon. The Earning Per share and break up value per share of falcon is Rs 0.01 and Rs 7.18, respectively as per annual audited financial statements for the year ended 30 June 2010.

The management expects to earn dividends and capital gains through investment in commodity business. Further, it is proposed by the Board of Directors that authority be given to the Chief Executive, singly and any two of the Directors, jointly, of the Company to disinvest such investment, if required.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 READ WITH SRO 865(I)/2000 DATED 06 DECEMBER 2000

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 30 October 2010.

INVESTMENTS TO BE MADE BY THE COMPANY

The Company is fully authorized by its Memorandum of Association to make such investments. The investments would be made at such time(s), as the Chief Executive may think appropriate on behalf of the Company and would disinvest(s) as and when appropriate and in a manner as the Chief Executive may think appropriate. The Chief Executive of the Company any one of the Directors of the Company and / or the Company Secretary are also authorized to take all the necessary corporate and legal formalities in connection with the proposed investment where required.

The following are material facts about the proposed special resolution**:**

S. No.	Description	Information Required
(i)	**Name of the investee company**	**Ozer Investments Limited ("Ozer")**
(ii)	**Nature, amount and extent of investment**	Long term Investment in the share capital of Ozer for an amount of around SLR 100.00 million (PKR 73.50 million) against purchase of 76.10 million shares @ SLR 1.30 per share and to disinvest as and when considered appropriate.
(iii)	**Average market price of the shares intended to be purchased during preceding six months in case of listed companies**	Not applicable being an un-listed company

(iv)	**Break-up value of shares intended to be purchased on the basis of last audited financial statements**	**30 September 2010** LKR 10.00 per shares based on un-audited accounts for the period ended 30 September 2010.	**30 June 2010** Not available since LSL was incorporated in September 2010.
(v)	**Price at which shares will be purchased**	At SLR 1.30 equivalent to around (PKR 1.00) per share	
(vi)	**Earning per share of the investee company in last three years**	Earning per share of Ozer is not available since Ozer has not yet started commercial operations.	
(vii)	**Source of funds from where shares will be purchased**	Available cash resources and/or future internal cash generation from the operations of Company	
(viii)	**Period for which investment will be made**	As a long-term investment.	
(ix)	**Purpose of Investment**	Utilization of the Company's cash resources for better future returns to shareholders. The management of the Company considers investment in the shares of Ozer as beneficial to the Company and its shareholders owing to the growing economy of Sri Lanka. Based on the empirical data, the Company has earned substantial dividends over its other investment(s). The equity market of Sri Lanka offer attractive returns to its medium and long term investors, which is providing an attractive opportunity for investors. New companies are being listed in Sri Lanka and attractive investment opportunities are being offered by stock market. The Company has also plans for an IPO/public offering of Ozer via listing on the Sri Lankan Stock Market.	
(x)	**Benefits likely to accrue to the Company and the shareholders from the proposed investments**	All the benefits accrued to Ozer will become part of the returns of the Company and its shareholders from the proposed investment. The Company also expects to earn substantial dividends and capital appreciation from the proposed investment.	
(xi)	**Interest of Directors and their relatives in the investee company**	The Directors of the Company and their relatives have no interest in above investee company	

S. No.	Description	Information Required		
(i)	**Name of the investee company**	**Media Times Limited (“MTL”)**		
(ii)	**Nature, amount and extent of investment**	Additional long term Investment in the share capital of MTL for an amount of up to Rs. 425 million and to disinvest as and when considered appropriate.		
(iii)	**Average market price of the shares intended to be purchased during preceding six months in case of listed companies**	Rs.57.00 per share		
(iv)	**Break-up value of shares intended to be purchased on the basis of last audited financial statements**	**30 June 2010 (Audited)**	**30 June 2009 (Audited)**	**30 June 2008 (Audited)**
			Rupees per share	
		Rs. 10.18	Rs. 10.73	Rs. 11.20
(v)	**Price at which shares will be purchased**	Rs. 10.00		
(vi)	**Earning per share of the investee company in last three years**	**30-06-2010 (audited)**	**30-06-2009 (audited)**	**30-06-08 (audited)**
		Rs. (0.55)	Rs.(0.02)	Rs.1.40
(vii)	**Source of funds from where shares will be purchased**	Loans/advances earlier made by the Company to MTL to be converted into ordinary shares		
(viii)	**Period for which investment will be made**	As a long-term investment.		
(ix)	**Purpose of Investment**	To finance the MTL's various projects, which are in development stage and these projects are expected to be profitable in near future. All the benefits accrued to MTL shall become part of the returns to the Company in future.		
(x)	**Benefits likely to accrue to the Company and the shareholders from the proposed investments**	All the benefits accrued to MTL will become part of the returns to the Company and its shareholders from the proposed investment. The Company also expects to earn substantial capital appreciation from the proposed investment.		
(xi)	**Interest of Directors and their relatives in the investee company**	The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings.		

S. No.	Description	Information Required
(i)	**Name of the investee company**	**Falcon Commodities (Pvt.) Limited ("Falcon")**
(ii)	**Nature, amount and extent of investment**	Long term Investment in the share capital of Falcon for an amount of up to Rs. 30 million and to disinvest as and when considered appropriate.
(iii)	**Average market price of the shares intended to be purchased during preceding six months in case of listed companies**	NA
(iv)	**Break-up value of shares intended to be purchased on the basis of last audited financial statements**	see below
(v)	**Price at which shares will be purchased**	Upto Rs. 10 per share
(vi)	**Earning per share of the investee company in last three years**	see below
(vii)	**Source of funds from where shares will be purchased**	Internal cash generation
(viii)	**Period for which investment will be made**	As a long-term investment.
(ix)	**Purpose of Investment**	Utilization of the Company's available cash resources for better future returns to shareholders. This would result in tapping new opportunities in commodity business. All the benefits accrued to Falcon shall become part of the returns to the Company in future.
(x)	**Benefits likely to accrue to the Company and the shareholders from the proposed investments**	All the benefits accrued to Falcon will become part of the returns to the Company and its shareholders from the proposed investment. Further, there is diversification in the existing businesses of the Company.
(xi)	**Interest of Directors and their relatives in the investee company**	The Directors of the Company and their relatives have no interest in the above investee company.

(iv) Break-up value:

30 June 2010 (Un-audited)	**30 June 2009 (Audited)**	**30 June 2008 (Audited)**
	Rupees per share	
7.18	7.17	9.87

(vi) Earning per share:

30-06-2010 (Un-audited)	**30-06-2009 (Audited)**	**30-06-2008 (Audited)**
Rs. 0.01	Rs. (2.70)	Rs. (0.17)

STATUS OF INVESTMENTS AS REQUIRED VIDE SRO 865(1)/2000 DATED 06 DECEMBER 2000

First Capital Equities Limited ("FCEL")

The Company was granted approval in the last annual general meeting held on 31 October 2009 to make long term investment by way of issuance of Corporate Guarantee to financial institution(s) for securing the obligation of FCEL, a subsidiary of the Company to the extent of up to Rs. 150 million (Rupees One hundred fifty million only) for a period of three year from time to time. The Guarantee has not been executed to date, due to some procedural requirements. The financial position of FCEL based on the un-audited financial statements as at 30 June 2010 is stated hereunder:

	30 June 2010 (Audited) Rupees	30 June 2009 (Audited) Rupees
Non Current Assets	**1,531,880,248**	775,820,054
Non Current Assets Held for sale	**893,094,509**	-
Current Assets	**3,697,933,563**	5,357,942,585
Current Liabilities	**2,691,505,882**	4,389,013,630
Non Current Liabilities	**1,347,061,379**	33,770,463
Paid up capital	**1,080,315,000**	1,080,315,000
Reserves	**1,004,026,059**	630,663,546

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under section 160(1)(b) of the Companies Ordinance, 1984, annual and quarterly accounts along with all published or otherwise required accounts of all prior periods of the Company and the investee companies along with the financial projections of Ozer and Falcon and other related information of the Company, MTL, Falcon and Ozer, may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings which may also be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC") is pleased to present the audited annual financial statements of the Company for the year ended June 30, 2010.

Operational Results

The Company's results for the Financial Year ("FY") 2010 are summarized below:

	30 June 2010 Rupees	30 June 2009 Rupees
Revenue	**83,248,869**	**54,420,822**
Unrealized gain/(loss) on remeasurement of short term investments	**645,521,903**	**(1,406,536,381)**
Operating expenses	**76,855,903**	**77,564,486**
Operating profit/(loss)	**651,914,869**	**(1,429,680,045)**
Finance and other costs	**11,638,889**	**21,619,053**
Profit/(loss) after taxation	**699,221,087**	**(1,372,710,006)**
Earnings/(loss) per share (basic & diluted)	**2.43**	**(4.77)**

Your Company's performance has been showing a strong recovery wherein the group companies have also started to stabilize their business after going through a difficult recessionary period. During FY10, the Company's revenues increased by over 50% due the handsome dividend inflows from its subsidiary companies. Unrealized gain on short term investments to the tune of Rs. 645.5 million versus an unrealized loss of Rs. 1,406.5 million also had a positive impact on overall profitability. Furthermore FCSC was able to keep its operating expenses on a similar level as last year while the financial & other costs were almost halved. Resultantly, during the financial year 2010, the Company reported an after tax profit of Rs. 699.2 million compared to a loss of Rs. 1,372.7 million the previous year. Earning per share (EPS) has increased to Rs. 2.43 as compared with loss per share of Rs. 4.77 in the same period last year.

Performance of Key Investments

Equity Brokerage

First Capital Equities Limited ("FCEL")

FY10 was a difficult year for equity brokerage industry as trading activities remained squeezed on the Karachi Stock Exchange. Consequently brokerage revenue fell to Rs. 170 million from Rs. 471 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs. Therefore despite lower operating revenues, FCEL was able to reduce overall loss from Rs. 380 million in the preceding year to Rs. 306 million in the current year.

Lanka Securities (Private) Limited ("LSL")

LSL is one of the top stock brokers on the Colombo Stock Exchange, and is one of the 21 stock broking firms that are licensed by the Securities and Exchange Commission of Sri Lanka. The year 2009 marked an end to almost three decades long armed conflict in the country. This lead to improved investor perception and increased activity in the Sri Lankan capital markets with the Colombo stock exchange being ranked as the 2nd best performing market in the world by Bloomberg. As a result, FY10 was a highly profitable year for LSL and it posted an increase in revenues of over 265%. The profit after tax also grew manifold from LKR 17.3 million last year to LKR 130.2 million. EPS for the year was LKR 7.45 per share versus LKR 0.99 per share in the preceding period. Owing to its exceptional performance, LSL announced an interim cash dividend of 15%, bonus shares @ 25%, and a final cash dividend of 17% for the year.

First Capital Investments Limited ("FCIL")

FCIL showed a strong rebound by reporting a profit after tax of Rs. 8.27 million in FY10 against a loss of Rs. 15.70 million in the previous year. The significant improvement is attributable to the share of profit from its associate, First Capital Mutual Fund Limited (FCMF) as well a reduction in its operating costs.

Media

World Press (Pvt.) Limited ("WPL")

During the year, WPL's revenues grew by around 13% to reach Rs. 125.8 million. However due to increase in finance costs and loss due to remeasurement of investments caused the company to post an after-tax loss of Rs. 14.1 million as compared to a profit after tax of Rs. 37.7 million in the previous year.

Media Times Limited ("MTL")

The recessionary economic situation affected the business of MTL as advertisement revenue from clients fell while inflation increased direct & operating costs. The company posted a net loss of Rs. 73.6 million versus a net loss of Rs. 2.6 million in the previous year.

The Company is also completing necessary corporate and legal formalities, in order to convert the loans/advances given to MTL, this would help the Company to strengthen its control over MTL. All the benefits accrued to MTL through increase of profitability, by reducing huge financial cost, will become part of the returns to the Company and its shareholders from the proposed investment.

Construction

Trident Construct (Pvt.) Limited ("Trident")

Trident is engaged in business of construction, development and other related activities of real estate properties. The economic recession and slow down in the real estate sector affected the company's revenues and consequently its profits. The profit for the year stood at Rs. 15.3 million as compared to Rs. 155.6 million in the previous year.

Real Estate & Property Development

Pace (Pakistan) Limited ("Pace")

Despite a challenging business environment, Pace recorded a net profit after tax of Rs. 633 million for the financial year 2010 as compared to Rs. 437 million in the previous year. The extension to Pace's existing Model Town Link Road shopping mall as well as 160 villas under Pace Woodlands project were successfully completed during the year. An increase in property sales and fair value gains on investment property helped Pace meet the challenges of the current economic situation and proved it to be sustainable real estate brand.

Pace Barka Properties Limited ("PBL")

During the financial year under review, PBL earned net profit after tax of Rs. 243.3 million as compared to last year's profit of Rs. 829.2 million.. Economic recession affected the company's performance and while sales increased marginally, the lower gross margins on sales, decrease in other operating income and low fair value gain on investment properties led to a fall in profits.

PBL is planning for an IPO/public offering via listing on the Stock Exchanges and also considering the option of developing a REIT Scheme over the PBL property.

Future Outlook

In FY10, Pakistan's economy started a general progression towards recovery and macroeconomic factors started improving. However the recent floods since start of FY11 have again arrested the pace of economic recovery and their full impact is yet to be realized. Going forward the economic environment will once again become challenging but your Company is confident that it will meet these issues head-on, as it has done in the past. The Company will focus on stabilizing its revenues and controlling its expenses so as to keep its maintain its profitability. FCSC and its subsidiary / associated companies will make their best efforts to improve their businesses and avail any new opportunities that may arise in the market.

As the Company has earned substantial dividends over its equity investment in LSL, the Company intends to make long term equity investment in another Sri Lanka based company Ozer Investments Limited. In this respect the Board of Directors of the Company has approved an investment plan involving investment of up to Pak Rupees 75.00 million (equivalent to US $ 850,000) in Ozer. The Company also intends for an IPO/public offering of Ozer via listing on the Sri Lankan Stock Market.

The Company also intends to acquire a running commodity business by acquiring Falcon Commodities Limited, a member company of National Commodity Exchange.

Key Financial Indicators

The key financial indicators of the Company's performance for the last six years are annexed to the report.

Payouts for the Shareholders

The Company announced final bonus shares in proportion of ten (10) bonus shares for every one hundred (100) shares held i.e. 10% fully paid ordinary shares.

Earnings per share

Earning per share (basic and diluted) for the year ended 2010 was Rs. 2.43 as compared to Loss per share (basic and diluted) of Rs. (4.77) per share for the last year.

Changes in the Board of Directors

During the financial year there has been no change in the Board of Directors of the Company.

Code of Corporate Governance

This statement is being presented to comply with the "Code of Corporate Governance" (Code) contained in the Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Code. The directors hereby confirm the following as required by clause (xix) of the Code.

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment, except for the changes as stated in note 2.3 of the financial statements.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure is disclosed.
5. The system of internal controls is sound in design and has been implemented and effectively monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.
8. The key financial data of last six years is summarized in the report.
9. There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

Board Meetings during the year

Four meetings of the Board of Directors were held during the year. Attendance by each director is as under:

Directors	**Meetings Attended**
Mr. Salmaan Taseer (Chairman & Chief Executive)	4
Mrs. Aamna Taseer	4
Mr. Shahbaz Ali Taseer	4
Mr. Shehryar Ali Taseer	4
Mr. Omer Subhan Salamat	4
Mr. Sulieman Ahmed Said Al-Hoqani	-
Mr. Jamal Said Al-Ojaili	-

The Directors who could not attend the meeting were duly granted leave by the Board. The business of the company is being run under the supervision of Board of Directors; the Chairman & Chief Executive is not entitled to any salary, benefits/privileges in any capacity from the Company, as long as he remains on the present constitutional post.

Trading of Directors

Details of trading in shares of the Company during the financial year, by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children is given in Annexure-I.

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee consisting of following Directors:

Shahbaz Ali Taseer (Chairman)
Aamna Taseer (Member)
Omer Subhan Salamat (Member)

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and be eligible to offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2011.

Pattern of Shareholdings

The pattern of shareholdings as required under the section-236 of the Companies Ordinance, 1984 as well as per Listing Regulations of Stock Exchanges is enclosed.

Acknowledgement

Availing this opportunity the Board desires to place on record their appreciation to the financial institutions, Government authorities and other stakeholders for their dedication and commitments. We would like to thank all shareholders of the company for the trust and confidence. Conclusively we would like to express our gratitude towards Securities and Exchange Commission of Pakistan for its persistent guidance. Finally the Board would like to record its appreciation to all staff members for their hard work.

For and on behalf of the Board

Lahore	**Salmaan Taseer**	**Aamna Taseer**
06 October 2010	Chairman & Chief Executive Officer	Director

Annexure I

TRADING BY BOARD MEMBERS, COMPANY SECRETARY, CFO AND THEIR SPOUSE & MINOR CHILDREN

Directors	Opening balance as on 01-07-2009	Purchase	Bonus	Sale	Closing balance as on 30-06-2010
Salmaan Taseer **(CEO)**	27,325,402	916,550	4,098,809	-	32,340,761
Aamna Taseer	1,305,517	-	195,827	-	1,501,344
Sulieman Ahmed Said Al-Hoqani	35,876,834	-	4,631,523	5,010,752	35,497,605
Jamal Said Al-Ojaili	1,463	-	219	-	1,682
Shahbaz Ali Taseer	770	-	115	-	885
Omer Subhan Salamat	550	-	82	-	632
Shehryar Ali Taseer	-	500	75	-	575
Spouces	-	-	-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Saeed Iqbal	609	-	91	-	700
Company Secretary					
Muhammad Irfan Khawaja	-		-	-	-

Annexure II

KEY FINANCIAL DATA FOR LAST 8 YEARS

FINANCIAL DATA **Rupees in Thousands**

	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenue	728,771	(1,352,116)	5,636,505	1,723,995	429,056	61,535	75,514	41,699
Operating expenses	76,856	77,564	181,830	45,168	35,274	42,898	45,942	41,899
Operation profit	651,915	(1,429,680)	5,454,675	1,678,827	393,782	18,637	29,572	(199)
Other revenue	63,416	80,135	30,014	3,366	8,557	2,237	2,451	5,582
Financial Expenses	11,639	21,619	43,126	46,414	25,507	23,006	11,861	5,017
Taxation	4,471	1,546	118	227	476	-	5,698	1,320
Profit after Taxation	699,221	(1,372,710)	5,441,446	1,635,552	376,365	(2,132)	211,429	165,547
Cash Dividend Final (%)	-	-	-	-	-	-	-	-
Bonus Share Interim & Final	10%	25%	40%	20%	35%	47.5%	-	38%

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2010

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of Shareholders	Shareholdings			Shares Held
	From		To	
360	1	-	100	14,370
716	101	-	500	205,188
627	501	-	1000	502,089
1056	1001	-	5000	2,534,797
421	5001	-	10000	2,776,989
81	10001	-	15000	1,016,570
43	15001	-	20000	783,267
28	20001	-	25000	636,418
20	25001	-	30000	554,723
11	30001	-	35000	365,239
10	35001	-	40000	373,532
7	40001	-	45000	304,199
12	45001	-	50000	575,052
6	50001	-	55000	310,317
3	55001	-	60000	176,455
	60001	-	65000	64,426
1	65001	-	70000	276,632
4	70001	-	75000	74,000
1	75001	-	80000	465,228
6	80001	-	85000	83,291
1	85001	-	90000	264,651
3	90001	-	95000	279,496
3	95001	-	100000	300,000
3	105001	-	110000	213,125
2	115001	-	120000	116,001
1	120001	-	125000	245,258
2	145001	-	150000	735,434
5	150001	-	155000	154,100
2	160001	-	165000	164,243
1	175001	-	180000	177,100
1	185001	-	190000	370,874
1	215001	-	220000	435,714
2	220001	-	225000	445,134
2	245001	-	250000	250,000
2	285001	-	290000	288,732
1	290001	-	295000	294,124
1	335001	-	340000	338,445
1	360001	-	365000	363,055
1	395001	-	400000	400,000
1	415001	-	420000	415,240

No. of Shareholders	Shareholdings From		Shareholdings To	Shares Held
1	420001	-	425000	423,091
1	495001	-	500000	1,000,000
1	630001	-	635000	632,500
2	735001	-	740000	738,507
1	765001	-	770000	769,352
1	780001	-	785000	781,910
1	860001	-	865000	860,356
1	870001	-	875000	874,215
1	895001	-	900000	900,000
1	980001	-	985000	984,257
1	1020001	-	1025000	1,025,000
1	1095001	-	1100000	1,100,000
1	1100001	-	1105000	1,100,044
1	1200001	-	1205000	1,200,292
1	1500001	-	1505000	1,501,344
1	2205001	-	2210000	2,209,983
1	2850001	-	2855000	2,854,535
1	3270001	-	3275000	3,274,803
1	3625001	-	3630000	3,628,868
1	3650001	-	3655000	3,654,145
1	4455001	-	4460000	4,457,265
1	4540001	-	4545000	4,542,605
1	7520001	-	7525000	7,520,844
1	9995001	-	10000000	20,000,000
2	10275001	-	10280000	10,280,000
1	12590001	-	12595000	12,593,732
1	15780001	-	15785000	15,781,031
1	30700001	-	30705000	30,702,516
1	30950001	-	30955000	30,954,954
1	40925001	-	40930000	40,926,788
1	62210001	-	62215000	62,210,930
3482				**287,827,375**

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2010

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	69,343,484	24.09
Associated Companies, undertakings and related parties.	3,628,868	1.26
NIT and ICP	3,749,747	1.30
Banks, Development Financial Institutions, Non Banking Financial Institutions	72,834,723	25.31
Insurance	7,523,146	2.61
Modarabas and Mutual Funds	1,184,724	0.41
Share holders holding 10% or more	174,250,887	60.54
General Public		
a) Local	18,211,448	6.33
b) Foreign	484,832	0.17
Others:		
- Joint Stock Companies	42,307,037	14.70
- Foreign Companies	68,559,366	23.82

Note: Some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30 JUNE 2010

Shareholders' Category	Number of Shares held
Associated Companies, undertaking and related parties	
Worldcall Telecom Limited	3,628,868
NIT and ICP	
National Bank of Pakistan, Trustee Deptt	3,748,247
Investment Corporation of Pakistan	1,500
Directors, CEO and their Spouse and Minor Children	
Salmaan Taseer (CEO/Director)	32,340,761
Aamna Taseer (Director)	1,501,344
Shahbaz Ali Taseer (Director)	885
Shehryar Ali Taseer (Director)	575
Mr.Omer Subhan Salamat (Director)	632
Sulieman Ahmad Said Al-Hoqani (Director)	35,497,605
Mr. Jamal Said Al-Ojaili (Director)	1,682
Executives	
Mr. Kamil Aziz	5,277
Public Sector Companies and Corporations	42,307,037
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Fund etc.	81,542,593
Shareholders holding 10% or more voting interest in the Company	
Salmaan Taseer	32,340,761
Amythest Limited	65,485,733
Sulieman Ahmad Said Al-Hoqani	35,497,605
Invest Capital Investment Bank Limited	40,926,788

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2010

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1) The Board of Directors comprise of seven Directors. The Company encourages representation of independent non-executive directors on its Board. At present the board includes at least 2 independent non-executive directors.

2) The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3) All the resident directors of the Company are registered as taxpayers and none of them has convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a DFI or an NBFI. No one is a member of Stock Exchange.

4) All casual vacancies occurring in the Board were filed up by the directors within 30 days thereof.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7) All the powers of the board have been duly exercised and decisions on material transactions.

8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10) The Board has approved appointment of Company Secretary, Chief Financial Officer and Internal Auditors including remuneration and terms and conditions of employment, as determined by the CEO.

11) The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13) The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding

14) The Company has complied with all the corporate and financial reporting requirements of the Code.

15) The Board has formed an Audit Committee. At present the committee includes two non-executive directors including the chairman of the committee.

16) The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The Board has set-up an effective internal audit function having suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company.

18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20) The Company has fully complied with the requirements on related party transaction to the extent as contained in the listing regulations of Stock Exchanges(s).

21) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore	**Salmaan Taseer**	**Aamna Taseer**
06 October 2010	Chairman & Chief Executive Officer	Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **First Capital Securities Corporation Limited ("the Company")** to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) a Listing Regulations No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price regarding proper justification for using such alternate pricing mechanism. Further, all such transaction are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

Lahore
06 October 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Securities Corporation Limited ("the Company")** as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change referred to in note 2.3 with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source by the Company under Section 7 of the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore:
06 October 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Non current assets			
Property, plant and equipment	3	**183,273,208**	184,140,444
Long term loans	4	**398,129,002**	349,429,002
Investment property	5	**486,292,500**	850,008,150
Long term investments	6	**12,038,134,186**	6,817,025,949
Long term deposits	7	**37,500**	646,838
		13,105,866,396	8,201,250,383
Current assets			
Trade debts	8	**1,685,036**	1,681,297
Loans and advances	9	**2,280,781**	2,303,978
Short term prepayments		**109,796**	111,777
Taxation recoverable		**20,089,212**	18,743,777
Other receivables	10	**8,536,201**	11,401,062
Investments at fair value through profit and loss	11	**128,325,627**	1,905,044,077
Cash and bank balances	12	**6,892,246**	17,279,396
		167,918,899	1,956,565,364
Current liabilities			
Current portion of liabilities against assets subject to finance lease	13	**983,715**	666,661
Mark up accrued		**2,689,748**	2,755,132
Short term borrowings - secured	14	**70,329,587**	70,325,587
Trade and other payables	15	**240,579,228**	309,947,791
		314,582,278	383,695,171
Working capital		**(146,663,379)**	1,572,870,193
Net assets		**12,959,203,017**	9,774,120,576
Non current liabilities			
Liabilities against assets subject to finance lease	13	**-**	984,576
Staff retirement benefits	16	**12,553,457**	11,730,619
		12,553,457	12,715,195
Contingencies and commitments	26		
Net capital employed		**12,946,649,560**	9,761,405,381
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up capital	17	**2,878,273,750**	2,502,846,740
Reserves		**4,807,494,118**	2,321,471,026
Unappropriated profit		**5,260,881,692**	4,937,087,615
		12,946,649,560	9,761,405,381

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore:
06 October 2010

Chairman & Chief Executive Officer | **Director**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Operating revenue			
Unrealized gain on remeasurement of investment property		**16,821,850**	78,442,609
Unrealized gain/(loss) on remeasurement of short term investments	*11*	**645,521,903**	(1,406,536,381)
Financial consultancy services		**9,000,000**	1,500,000
Money market services	*18*	**13,740,322**	12,593,425
Gain/ (loss) on sale of investments		**10,815,013**	(66,572,022)
(Loss)/ gain on sale of investment property		**(22,194,725)**	250,000
Rental income from investment property		**16,695,692**	15,601,810
Dividend income	*19*	**38,370,717**	12,605,000
		728,770,772	(1,352,115,559)
Operating expenses	*20*	**76,855,903**	77,564,486
Operating profit/ (loss)		**651,914,869**	(1,429,680,045)
Finance and other costs	*21*	**11,638,889**	21,619,053
		640,275,980	(1,451,299,098)
Other operating income	*22*	**63,416,037**	80,135,451
Profit /(loss) before taxation		**703,692,017**	(1,371,163,647)
Taxation	*23*	**(4,470,930)**	(1,546,359)
Profit /(loss) after taxation		**699,221,087**	(1,372,710,006)
Earnings/ (loss) per share - basic and diluted	*25*	**2.43**	(4.77)

(2009 : restated)

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore:
06 October 2010

Chairman & Chief Executive Officer | **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Rupees	2009 Rupees
Profit /(loss) after taxation	**699,221,087**	(1,372,710,006)
Other comprehensive income/ (loss) for the year		
Unrealized gain/ (loss) on remeasurement of available for sale of financial assets	**2,486,023,092**	(584,474,309)
Total comprehensive income/ (loss) for the year	**3,185,244,179**	(1,957,184,315)

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore:
06 October 2010

Chairman & Chief Executive Officer **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Cash flows from operating activities			
Profit/ (loss) before taxation		**703,692,017**	(1,371,163,647)
Adjustments for:			
Finance and other costs		**11,638,889**	21,619,053
Unrealized (gain)/ loss on remeasurement of investments at fair value through profit and loss		**(645,521,903)**	1,406,536,381
Unrealized gain on remeasurement of investment property at fair value through profit or loss		**(16,821,850)**	(78,442,609)
Dividend income		**(38,370,717)**	(12,605,000)
Depreciation		**887,236**	1,233,187
Gain on disposal of property and equipment		**(21,500)**	(1,468,000)
Loss/ (gain) on disposal of investment property		**22,194,725**	(250,000)
Debts written off directly		**94,742**	-
Gain on currency translation		**(126,951)**	(195,900)
Gain on disposal of subsidiary		**-**	(249,503)
Mark up income		**(63,268,296)**	(76,879,783)
Provision for compensated absences		**203,343**	247,981
Provision for staff retirement benefits		**4,006,759**	3,518,967
		(725,105,523)	1,263,064,774
Loss before working capital changes		**(21,413,506)**	(108,098,873)
(Increase)/decrease in working capital :			
Trade debts		**(98,481)**	203,709
Loans and advances		**23,197**	(2,190,730)
Short term prepayments		**1,981**	(3,030)
Other receivables		**2,866,561**	(11,377,656)
Short term investments-net		**54,627,853**	54,582,577
Trade and other payables		**14,076,813**	1,889,911
		71,497,924	43,104,781
Cash used in operations		**50,084,418**	(64,994,092)
Staff retirement benefits		**(3,183,921)**	10,856
Finance and other costs paid		**(11,704,273)**	(18,945,019)
Taxes paid		**(5,816,365)**	1,128,527
		(20,704,559)	(17,805,636)
Net cash generated from / (used in) operating activities		**29,379,859**	(82,799,728)
Cash flows from investing activities			
Capital expenditure incurred		**(20,000)**	(70,622,967)
Dividend received		**38,369,017**	23,704,364
Proceeds from disposal of property, plant and equipment		**21,500**	1,468,000
Proceeds from disposal of investment property		**358,342,775**	1,600,000
Payment against liability for purchase of investment property		**(83,648,719)**	(95,855,894)
Proceeds from disposal of subsidiary		**-**	725,000
Long term loans		**(48,700,000)**	(18,729,002)
Long term investment		**(367,472,645)**	(226,047,997)
Long term deposits		**609,338**	-
Mark up received		**63,268,296**	76,995,202
Net cash used in investing activities		**(39,230,438)**	(306,763,294)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(667,522)**	(584,361)
Short term borrowings		**4,000**	56,325,587
Net cash (used in)/generated from financing activities		**(663,522)**	55,741,226
Net decrease in cash and cash equivalents		**(10,514,101)**	(333,821,796)
Cash and cash equivalents at the beginning of the period		**17,279,396**	350,905,292
Unrealised exchange gain on translation of deposit account		**126,951**	195,900
Cash and cash equivalents at the end of the period	*12*	**6,892,246**	17,279,396

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: **Chairman & Chief Executive Officer** **Director**
06 October 2010

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Capital reserve		Revenue reserve	
	Share Capital	Fair value reserve	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2008	1,625,225,160	2,905,945,335	7,187,419,201	**11,718,589,696**
Total comprehensive loss for the year				
Loss for the year after tax	-	-	(1,372,710,006)	**(1,372,710,006)**
Other comprehensive loss for the year	-	(584,474,309)	-	**(584,474,309)**
	-	(584,474,309)	(1,372,710,006)	**(1,957,184,315)**
Capital transactions with owners				
Issuance of bonus shares	877,621,580	-	(877,621,580)	-
Balance as at 30 June 2009	**2,502,846,740**	**2,321,471,026**	**4,937,087,615**	**9,761,405,381**
Total comprehensive income for the year				
Income for the year after tax	-	-	699,221,087	**699,221,087**
Other comprehensive income for the year	-	2,486,023,092	-	**2,486,023,092**
	-	2,486,023,092	699,221,087	**3,185,244,179**
Capital transactions with owners				
Issuance of bonus shares	375,427,010	-	(375,427,010)	-
Balance as at 30 June 2010	2,878,273,750	4,807,494,118	5,260,881,692	**12,946,649,560**

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore:
06 October 2010

Chairman & Chief Executive Officer **Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 Status and nature of business

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated at 103 C/II, Gulberg-III, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments and certain financial assets that are stated at fair value, and recognition of certain employee benefits at present value.

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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

a)	Useful life and residual values of property and equipment	Note 2.4
b)	Impairment of available for sale financial assets	Note 2.6
c)	Provisions	Note 2.16
d)	Staff retirement benefits	Note 2.18
e)	Provision for taxation	Note 2.21

2.3 Changes in accounting policy

Starting 01 July 2009, the Company has changed its accounting policy in respect of 'Presentation of financial statements'.

The Company has applied Revised IAS 1 Presentation of Financial Statements (2007) which became effective as of 01 January 2009. The standard required the Company to present in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. In addition the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has opted to present two statements. This presentation has been applied in these financial statements as of and for the year ended 30 June 2010.

Comparative information has been re-presented so that it is in conformity with the revised / new standard as the change in accounting policy only affects presentation of financial statements.

2.4 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 3 to the financial statements. Residual value and the useful life of an asset are reviewed at least at each financial year end.

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 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 Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains and losses on disposals of assets are included in income.

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.

2.5 Leases

Leases in term of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

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 asset on a straight-line method at the rates given in note 3. Depreciation of leased assets is charged to income.

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.

Residual value and the useful life of an asset is reviewed at least at each financial year end.

2.6 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit and loss. Individually significant financial assets are tested for impairment on individual basis. An impairment loss in respect of available for sale financial assets is calculated by the reference to its current fair value. Any cumulative loss in respect of an available for sale financial asset recoginsed previously in equity is transferred to profit and loss.

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

For available for sale financial assets that are equity securities, the reversal is recoginsed directly in equity.

2.7 Investments

Investment in equity instruments of subsidiaries and associates

Investment in subsidiaries and associates where the Company have significant influence are classified as available for sale, for the purpose of measurement in the Company's separate financial statements.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

2.8 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 2.19.

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

2.9 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.

2.10 Long term loan

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 method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of loan.

2.11 Trade debts

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

2.12 Financial instruments

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

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

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

2.13 Financial assets and liabilities

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

2.14 Offsetting of financial assets and financial liabilities

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

2.15 Trade and other payables

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

2.16 Provisions

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

2.17 Securities sold under repurchase agreements

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

2.18 Staff retirement benefits

Defined benefit plan

The Company operates an un-funded gratuity plan for its eligible staff under which benefits are paid on cessation of employment subject to a minimum qualifying period of service, that is one year. The liability under the plan is determined on the basis of actuarial valuations carried out by using the “Projected Unit Credit Method” and is charged to income.

The Company recognizes actuarial gains/ losses above the 10% of present value of obligation at the end of previous year over the expected remaining average service life of the employees.

2.19 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 is recognized on accrual basis.

2.20 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred.

2.21 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 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 balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

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

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

2.22 Foreign currency

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

2.23 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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.

2.24 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.

2.25 Standards, Interpretations and amendments to published approved accounting standards

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2010:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.

Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010) . The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. These amendments are unlikely to have an impact on the Company's financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 – Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.

2.26 Standards and interpretations issued but not yet effective for the current financial year

	Effective for periods beginning on or after
IAS 24 - Related Party Disclosures (Revised)	1-Jan-2011
IAS 32 - Financial Instruments: Presentation - Amendments relating to Classification of Right Issues	1-Feb-2011
IFRS 2 - Share-based Payment: Amendments relating to Group Cash - settled Share-based Payment Transactions	1-Jan-2010
IFRS 2 - Financial instruments - Disclosures	1-Jan-2011
IFRIC 14 - IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	1-Jan-2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	1-Jul-2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application except for the implications of IAS 24- Related Party Disclosures (revised), which may affect certain disclosures.

	Note	**2010 Rupees**	**2009 Rupees**
3 Property, plant and equipment			
Operating fixed assets	*3.1*	**1,787,249**	2,654,485
Capital work in progress	*3.2*	**181,485,959**	181,485,959
		183,273,208	184,140,444

3.1 Property, plant and equipment

	Owned Assets						Assets Subject To Finance Lease		Total
	Leasehold Improvements	Computers	Office Equipment	Furniture & Fixtures	Vehicles	Sub Total	Vehicles	Sub Total	
	Rupees								
Net Carrying Value Basis									
Net Book Value (NBV) as on 01 July 2009	-	129,494	303,321	60,203	251,367	744,385	1,910,100	1,910,100	2,654,485
Addition(at cost)	-	-	20,000	-	-	20,000	-	-	20,000
Disposal (at NBV)	-	-	-	-	-	-	-	-	-
Depreciation	-	93,875	56,481	10,680	190,000	351,036	536,200	536,200	887,236
NBV as on 30 June 2010	**-**	**35,619**	**266,840**	**49,523**	**61,367**	**413,349**	**1,373,900**	**1,373,900**	**1,787,249**
Gross Carrying Value Basis									
Cost	470,315	726,494	1,923,190	154,000	4,873,930	8,147,929	2,681,000	2,681,000	10,828,929
Accumulated Depreciation	470,315	690,875	1,656,350	104,477	4,812,563	7,734,580	1,307,100	1,307,100	9,041,680
NBV as on 30 June 2010	**-**	**35,619**	**266,840**	**49,523**	**61,367**	**413,349**	**1,373,900**	**1,373,900**	**1,787,249**
Net Carrying Value Basis									
Net Book Value (NBV) as on 01 July 2008	-	226,217	469,303	60,985	610,367	1,366,872	2,446,300	2,446,300	3,813,172
Addition(at cost)	-	51,500	-	23,000	-	74,500	-	-	74,500
Disposal (at NBV)	-	-	-	-	-	-	-	-	-
Depreciation	-	148,223	165,982	23,782	359,000	696,987	536,200	536,200	1,233,187
NBV as on 30 June 2009	**-**	**129,494**	**303,321**	**60,203**	**251,367**	**744,385**	**1,910,100**	**1,910,100**	**2,654,485**
Gross Carrying Value Basis									
Cost	470,315	726,494	1,903,190	154,000	4,951,430	8,205,429	2,681,000	2,681,000	10,886,429
Accumulated Depreciation	470,315	597,000	1,599,869	93,797	4,700,063	7,461,044	770,900	770,900	8,231,944
NBV as on 30 June 2009	**-**	**129,494**	**303,321**	**60,203**	**251,367**	**744,385**	**1,910,100**	**1,910,100**	**2,654,485**
Rate of depreciation (%)	10	33	10	10	20		20		

3.1.1 Book value of deletion made during the period was below Rs. 50,000

		Note	2010 Rupees	2009 Rupees
3.2	Balance as at 01 July		**181,485,959**	110,937,492
	Add: Acquisition during the year		**-**	70,548,467
	Balance as at 30 June	*3.2.1*	**181,485,959**	181,485,959

3.2.1 This represents 43% (2009: 43%) advance payment to Pace (Pakistan) Limited for purchase of offices at Pace Tower Gulberg, Lahore and 62% (2009: 62%) advance payment for purchase of shops from Pace Barka Properties.

		Note	2010 Rupees	2009 Rupees
4	**Long term loans - unsecured considered good - related parties**			
	Media Times Limited	*4.1*	**391,629,002**	349,429,002
	First Capital Equities Limited	*4.2*	**6,500,000**	-
			398,129,002	349,429,002

4.1 This represents loan to subsidiary company and carries minimum mark up at the rate of 16.5% (2009: 18%), subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

4.2 This represents loan to subsidiary company and carries minimum mark up at the rate of 22% , subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

4.3 The maximum aggregate amount of loan outstanding during the year was Rs. 398,129,002 (2009: Rs. 407,725,000).

		Note	2010 Rupees	2009 Rupees
5	**Investment property**			
	Balance as at 1 July		**850,008,150**	736,307,933
	Add: Acquisition during the year		**-**	36,607,608
			850,008,150	772,915,541
	Less: Disposal during the year		**(380,537,500)**	(1,350,000)
			469,470,650	771,565,541
	Increase in fair value		**16,821,850**	78,442,609
	Balance as at 30 June	*5.1*	**486,292,500**	850,008,150

5.1 The carrying amount of investment property is the fair value of property as determined by approved independent valuer M/s Negotiators as at 30 June 2010. Fair value was determined giving due regard to the recent market transactions for similar properties in the same location and condition as the Company's investment property.

	Note	2010 Rupees	2009 Rupees
6 Long term investments - available for sale			
Subsidiary company - Listed			
First Capital Equities Limited			
54,265,200 (2009: 54,265,200) fully paid ordinary shares of Rs.10/- each		**4,917,512,424**	6,665,937,168
Transferred from short term investments 18,425,000 (2009: 18,425,000) fully paid ordinary shares of Rs.10/- each	*11.1.2*	**2,367,612,500**	-
Total equity held 67.29% (2009: 50.23%)			
Fair value adjustment		**2,055,565,776**	(1,748,424,744)
	26.1	**9,340,690,700**	4,917,512,424
Subsidiary companies - Unlisted			
First Capital Investments Limited			
7,855,000 (2009: 7,855,000) fully paid ordinary shares of Rs10 each			
Equity held: 76.56% (2009: 76.56%)		**76,840,107**	78,550,000
Impairment loss		**-**	(1,709,893)
		76,840,107	76,840,107
World Press (Private) Limited			
1,949,041 (2009: 1,949,041) fully paid ordinary shares of Rs.10/- each			
Equity held 65% (2009: 65%)		**19,490,410**	19,490,410
Trident Construct (Private) Limited			
10,455,000 (2009:10,455,000) fully paid ordinary shares of Rs10 each		**10,200,000**	10,200,000
Equity held: 51.76% (2009:51.76%)			
Lanka Securities (Private) Limited			
Foreign entity			
8,912,250 (2009: 7,129,800) fully paid ordinary shares of LKR.10 each			
Equity held: 51% (2009: 51%)	*6.2*	**46,229,683**	46,229,683
Associated company - Listed			
Media Times Limited			
33,049,669 (2009: 31,449,389) fully paid ordinary shares of Rs10 each			
Equity held: 24.64% (2009: 23.45%)		**1,501,708,325**	110,000,000
Additions through purchase at market price (1,600,280 shares 2009:20,449,389)		**86,177,645**	227,757,890
Fair value adjustment		**430,457,316**	1,163,950,435
	6.3	**2,018,343,286**	1,501,708,325

	Note	2010 Rupees	2009 Rupees
Associated companies - Unlisted			
Pace Super Mall (Private) Limited			
4,500 (2009: 4,500) fully paid ordinary shares of Rs10 each			
Equity held: 10% (2009: 10%)	*6.4*	**45,000**	45,000
Pace Barka Properties Limited			
52,700,000 (2009: 24,500,000) fully paid ordinary shares of Rs10 each			
Equity held: 17.25% (2009: 8.03%)		**245,000,000**	245,000,000
Addition through purchase (28,200,000 shares)		**281,295,000**	-
	6.4	**526,295,000**	245,000,000
Total investments		**12,038,134,186**	6,817,025,949

6.1 All subsidiaries and associated companies have been incorporated in Pakistan except for Lanka Securities (Private) Limited which was incorporated in Sri Lanka.

6.2 During the year Lanka Securities (Private) Limited issued bonus shares @ 25%.

6.3 The shares having market value amounting to Rs. 1,897,383,830 (2009: Rs. 1,303,097,500) are pledged.

6.4 The Company's investment in Pace Super Mall (Private) Limited and Pace Barka Properties Limited is less than 20%, however these have been considered as associates as per the requirements of IAS 28 'Investment in Associates', as the Company has significant influence over the financial and operating policies of these companies.

		2010 Rupees	2009 Rupees
7	**Long term deposits**		
	Deposits with leasing companies	**609,338**	609,338
	Less: Current maturity	**(609,338)**	-
		-	609,338
	Deposits with others	**37,500**	37,500
		37,500	646,838
8	**Trade debts**		
	Unsecured, considered good:		
	Money market receivables	**1,678,552**	1,681,297
	Receivable against trade of shares	**6,484**	-
		1,685,036	1,681,297

	Note	2010 Rupees	2009 Rupees
9 Loans and advances			
Advances to staff - Secured, considered good	*9.1*	**2,280,781**	2,303,978

9.1 Advances given to staff for expenses are in accordance with the Company's policy. Such advances are secured against gratuity, interest free and adjustable against salary/ expense claims. Advances to staff do not include any amount due from Chief Executive and Directors (2009: Nil). However, they include an amount due from an executive of Rs.2,000,000 (2009: Rs. 2,000,000) which is as per terms of his employment and secured against gratuity.

	Note	2010 Rupees	2009 Rupees
10 Other receivables			
Current portion of deposits with leasing companies	*7*	**609,338**	-
Dividend		**13,500**	11,800
Taxation refundable		**6,677,426**	6,677,426
Service charges refundable from Pace		**-**	4,561,836
Rent receivable		**1,125,388**	-
Others		**110,549**	150,000
		8,536,201	11,401,062

		Note	30 June 2010 Carrying value	30 June 2010 Fair value	30 June 2009 Carrying value	30 June 2009 Fair value
			---Rupees---		---Rupees---	
11	**Short term investments - at fair value through profit and loss**					
	These are made up as under:					
	Held for trading					
	Related parties	*11.1*	**167,980,535**	**112,490,819**	3,273,161,483	1,883,276,485
	Others	*11.2*	**12,762,189**	**15,834,808**	38,418,975	21,767,592
			180,742,724	**128,325,627**	3,311,580,458	1,905,044,077
	Add: Unrealised gain/ (loss) on account of remeasurement to fair value		**645,521,903**	**-**	(1,406,536,381)	-
			826,264,627	**128,325,627**	1,905,044,077	1,905,044,077
	Less : Unrealised gain relating to investments transferred to long term investments		**(697,939,000)**	**-**	-	-
			128,325,627	**128,325,627**	1,905,044,077	1,905,044,077

		Note	Number of shares/certificates 2010	2009	30 June 2010 Carrying value	30 June 2010 Fair value	30 June 2009 Carrying value	30 June 2009 Fair value
					---Rupees---		---Rupees---	
11.1	**Held for trading - related parties**							
	Insurance							
	Shaheen Insurance Company Limited		**845,856**	812,513	**19,971,650**	**12,264,912**	36,730,831	21,856,600
	Equity held 4.83% (2009:4.64%)							
	Telecommunication							
	Worldcall Telecom Limited	*11.1.1*	**4,221,207**	6,371,207	**10,553,018**	**12,283,712**	92,509,926	15,928,018
	Equity held 0.49% (2009: 0.74%)							
	Real estate investment and services							
	Pace (Pakistan) Limited		**24,633,668**	31,508,668	**137,455,867**	**87,942,195**	880,593,726	175,818,367
	Equity held 10.58% (2009:13.53%)							
	Investment							
	First Capital Equities Limited		**18,425,000**	18,425,000	**1,669,673,500**	**2,367,612,500**	2,263,327,000	1,669,673,500
	Equity held Nil (2009:17.06%)							
					1,837,654,035	**2,480,103,319**	3,273,161,483	1,883,276,485
	Less : Transferred to long term investments	*11.1.2*	**18,425,000**	-	**(1,669,673,500)**	**(2,367,612,500)**	-	-
					167,980,535	**112,490,819**	3,273,161,483	1,883,276,485
11.2	**Held for trading - others**							
	Cement							
	DG Khan Cement Company Limited		**70,000**	70,000	**1,729,584**	**1,653,400**	3,573,800	2,075,500
	Pioneer Cement Limited		**-**	349	**-**	**-**	9,831	4,739
	Insurance							
	Adamjee Insurance Company Limited		**11,000**	10,000	**839,900**	**878,680**	2,164,256	839,900
	Cable and Electrical goods							
	Pak Electron Limited		**-**	93	**-**	**-**	5,208	2,279
	Commercial Bank / Investment co.							
	Askari Commercial Bank Limited		**52,000**	52,000	**662,134**	**791,440**	1,506,990	794,560
	JS bank Limited		**101,000**	101,000	**609,030**	**283,810**	1,387,740	609,030
	Habib bank Limited		**20,790**	19,180	**1,626,534**	**2,021,828**	2,444,356	1,650,631
	United Bank Limited		**25,000**	25,000	**870,227**	**1,355,250**	1,553,594	957,250
	Textile composite							
	Nishat Mills Limited		**20,000**	20,000	**521,655**	**862,400**	949,395	756,400
	Fuel and Energy							
	Byco Petroleum (Bosicor)		**150,000**	150,000	**1,044,000**	**1,497,000**	2,010,000	1,044,000
	Pak Oil Fields Ltd.		**15,000**	18,000	**2,188,500**	**3,238,500**	3,662,884	2,626,200
	Pakistan State Oil Company Ltd.		**12,500**	12,500	**2,670,625**	**3,252,500**	3,556,809	2,670,625
	Leasing							
	Standard Chartered Leasing Limited		**-**	70,000	**-**	**-**	427,000	140,700
	Food & Personal care products							
	Zulfiqar Industries Limited		**-**	12,980	**-**	**-**	1,805,400	821,634
	Funds							
	Namco Balanced Fund Limited		**-**	1,435,200	**-**	**-**	13,361,712	6,774,144
					12,762,189	**15,834,808**	38,418,975	21,767,592

11.1.1 This includes 2.9 million shares held under lien as security by National Accountability Bureau. Refer to note 26.3.

11.1.2 The Company has reclassified its investment in First Capital Equities Limited to 'available for sale' category as at 30 June 2010. These equity securities are no longer held for selling and repurchasing in the near term.

11.3 The shares having market value amounting to Rs. 88,745,772(2009: Rs. 128,898,117) have been pledged.

11.4 All shares are ordinary fully paid shares having a face value of Rs. 10 per share.

	Note	2010 Rupees	2009 Rupees
12 Cash and bank balances			
Cash in hand		**6,029**	11,055
Cash at bank			
Current accounts	*12.1*	**2,196,619**	2,067,316
Deposit accounts	*12.2*	**4,689,598**	15,201,025
		6,886,217	17,268,341
		6,892,246	17,279,396

12.1 This Includes Sri Lankan Rupees amounting to LKR. 2,716,355 (2009: LKR. 2,716,355) translated in Pak rupees at the rate prevailing at balance sheet date.

12.2 The balance in deposit accounts bear mark up which ranges from 2.75% to 5.78% (2009: 0.5% to 10.75%) per annum.

13 Liabilities against assets subject to finance lease

The liabilities against assets subject to finance lease represent entered into with leasing companies.

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	30 June 2010		
	Not later than one year	**Later than one year and not later than five years**	**Total**
		Rupees	
Minimum lease payments	**1,003,422**	**-**	**1,003,422**
Future finance charge	**(19,707)**	**-**	**(19,707)**
Present value of minimum lease payments	**983,715**	**-**	**983,715**

	30 June 2009		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	770,272	1,004,460	1,774,732
Future finance charge	(103,611)	(19,884)	(123,495)
Present value of minimum lease payments	666,661	984,576	1,651,237

13.1 Rentals are payable in monthly installments. The Company has the right to exercise purchase option at the end of the lease term by adjusting the security deposit agianst the residual value of shares. The present value of minimum lease payments have been discounted at an effective rate of 12.30% to 15.20% (2009: 12.30 to 15.20%) per annum. There are no financial restrictions in the lease agreements.

	Note	2010 Rupees	2009 Rupees
14 Short term borrowings - secured			
Running finance facility with Bank Alfalah Limited	*14.1*	**70,329,587**	70,325,587

14.1 The Company has running finance facility of Rs. 75 million (2009: 75 million) from a commercial bank under mark up arrangement at the rate of 3 Months KIBOR plus 3% per annum (2009: 3 Months KIBOR plus 3% per annum). This running finance facility is secured by pledge of listed securities.

	Note	2010 Rupees	2009 Rupees
15 Trade and other payables			
Bills payable		**996,158**	2,186,886
Security deposit Pace Shopkeepers		**2,117,750**	2,117,750
Payable against purchase of investment property	*15.1*	**215,683,962**	299,332,681
Accrued liabilities		**2,830,236**	3,401,030
Withholding tax		**1,860**	41,786
Unclaimed dividend		**1,858,918**	1,858,918
Workers' Welfare Fund payable		**14,113,140**	-
Other liabilities		**2,977,204**	1,008,740
		240,579,228	309,947,791

15.1 This amount is payable to Pace Pakistan Limited, an associated company, against purchase of properties.

	Note	2010 Rupees	2009 Rupees
16 Staff retirement benefits			
Amount recognised in the Balance Sheet Are as follows:			
Present value of defined benefit obligation		**12,898,433**	13,329,159
Unrecognised actuarial losses to be recognized in later period		**(344,976)**	(1,598,540)
Balance sheet liability as on 30 June		**12,553,457**	11,730,619

		2010 Rupees	2009 Rupees
16.1	**Movement in net obligation**		
	Net liability as on 1 July	**11,730,619**	8,200,796
	Liability transferred from other sister concerns	**-**	215,856
	Liability transferrable from other sister concerns	**195,000**	-
	Liability transferrable to other sister concerns	**(2,152,021)**	-
	Liability transferred to other sister concerns	**-**	-
	Amount recognized during the year	**4,006,759**	3,518,967
	Benefits payments made by the Company during the year	**(1,226,900)**	(205,000)
	Net liability as on 30 June	**12,553,457**	11,730,619

		2010 Rupees	2009 Rupees
16.2	**Movement in present value of defined benefit benefit obligation is as follows:**		
	Present value of defined benefit obligation as at 01 July	**13,329,159**	10,201,283
	Current service cost	**2,386,827**	2,213,116
	Interest cost	**1,599,499**	1,224,154
	Liability transferred from other sister concern	**-**	215,856
	Liability transferrable from other sister concerns	**195,000**	**-**
	Liability transferrable to other sister concerns	**(2,152,021)**	**-**
	Liability transferred to other Company.	**-**	-
	Benefit paid during the period	**(1,226,900)**	(205,000)
	Actuarial gain	**(1,233,131)**	(320,250)
	Present value of defined benefit obligation as at 30 June	**12,898,433**	13,329,159

		2010 Rupees	2009 Rupees
16.3	**Salaries, wages and other benefits include following in respect of retirement benefits**		
	Current service cost	**2,386,827**	2,213,116
	Interest cost	**1,599,499**	1,224,154
	Actuarial loss charged	**20,433**	81,697
	Total amount chargeable to Profit and Loss account	**4,006,759**	3,518,967

16.4 The Company expects to contribute Rs. 3,656,629 to defined gratuity plan in 2011.

16.5 Principal actuarial assumptions

	2010	2009
Discount rate	12% per annum	12% per annum
Expected rate of Eligible Salary increase in future years	11% per annum	11% per annum
Average expected remaining working life time of employees	13 years	13 years

	2010 Rupees	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees
16.6 Historical information for Gratuity plan					
Present value of defined benefit obligation	**12,898,433**	13,329,159	10,201,283	7,316,886	5,146,271
Actuarial experience adjustments on plan liabilities gains/(losses)	**1,233,131**	320,250	(335,462)	(892,554)	(352,033)

	2010 Rupees	**2009 Rupees**
17 Share capital		
Authorized		
300,000,000 (2009: 300,000,000) ordinary shares of Rs 10 each	**3,000,000,000**	3,000,000,000

	Number of Shares 2010	Number of Shares 2009	2010 Rupees	2009 Rupees
Issued, subscribed and paid-up capital				
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares				
opening balance as at 1 July	**212,119,644**	124,357,486	**2,121,196,440**	1,243,574,860
Issued during the year	**37,542,701**	87,762,158	375,427,010	877,621,580
Closing balance as at 30 June	**249,662,345**	212,119,644	**2,496,623,450**	2,121,196,440
	287,827,375	250,284,674	**2,878,273,750**	2,502,846,740

17.1 Worldcall Telecom Limited holds 3,628,868 (2009:3,155,538) shares with a percentage holding of 1.26% (2009: 1.26%).

17.2 During the year the Company issued 15% bonus shares i.e. 37,542,701 shares (2009: 40% bonus shares i.e. 65,009,006 shares followed by 10% bonus shares i.e. 22,753,152 shares) to ordinary shareholders.

	2010 Rupees	**2009 Rupees**
18 Money market services		
Money market income - local currency	**7,720,382**	6,474,325
Money market income - foreign currency	**6,019,940**	6,119,100
	13,740,322	12,593,425

		Note	2010 Rupees	2009 Rupees
19	**Dividend income**			
	Local subsidiary company		**18,768,969**	10,200,000
	Foreign subsidiary company		**19,048,148**	-
	Other listed companies		**553,600**	2,405,000
			38,370,717	12,605,000
20	**Operating expenses**			
	Salaries, wages and benefits	*20.1*	**33,488,801**	33,684,347
	Rent, rates and taxes		**1,098,666**	416,953
	Telephone, fax, etc.		**964,214**	1,373,386
	Utilities		**517,355**	170,900
	Insurance		**480,353**	588,209
	Printing and stationery		**915,365**	755,363
	Traveling and conveyance		**1,090,800**	2,409,109
	Repairs and maintenance		**475,600**	1,600,780
	Postage, courier, etc.		**91,710**	53,533
	Vehicle running expenses		**1,864,698**	4,615,306
	Newspapers and periodicals		**14,859**	13,172
	Entertainment		**518,488**	538,394
	Brokerage commission and capital value tax		**1,695,105**	3,257,203
	Service charges on rental income		**11,144,130**	10,177,635
	Legal and professional		**5,049,712**	11,805,185
	Advertisement		**408,760**	573,497
	Debts written off directly		**94,742**	-
	Tenderable gain paid		-	699,965
	Auditors' remuneration	*20.2*	**1,099,000**	1,131,000
	Depreciation	*3.1*	**887,236**	1,233,187
	Impairment loss on investments	*6*	**-**	1,709,893
	Workers' Welfare Fund		**14,113,140**	-
	Others		**843,169**	757,469
			76,855,903	77,564,486

20.1 Salaries, wages and benefits includes Rs. 4,006,759 (2009: Rs. 3,518,967) and Rs. 203,343 (2009: Rs. 247,981) in respect of gratuity fund contribution by Company and accumulated compensated absences respectively.

		2010 Shares	2009 Shares
20.2	**Auditors' remuneration**		
	Annual audit fee	**475,000**	475,000
	Fee for audit of consolidated financial statements	**425,000**	425,000
	Half yearly review	**100,000**	100,000
	Other certifications	**-**	21,000
	Out of pocket expenses	**99,000**	110,000
		1,099,000	1,131,000

	2010 Rupees	2009 Rupees
21 Finance and other costs		
Cost of repo transactions	**628,611**	9,769,314
Continuous funding system cost	**-**	2,234,648
Mark up on running finance facility	**10,854,501**	9,382,375
Mark up charged by related parties on short term borrowings	**-**	-
Finance charges on liabilities against assets subject to finance lease	**99,077**	180,449
Loan arrangement fee	**-**	13,417
Bank charges and commission	**56,700**	38,850
	11,638,889	21,619,053
22 Other operating income		
Income from financial assets		
Income on deposit accounts	**313,917**	19,933,487
Income from loan to related parties		
Mark-up income	**62,954,379**	56,946,296
Income from non-financial instruments		
Gain on disposal of property and equipment	**21,500**	1,468,000
Gain on CFS investment transactions	**-**	1,336,425
Gain on currency translation	**126,241**	195,900
Gain on sale of subsidiary (Un-listed securities Mileage)	**-**	249,503
Miscellaneous income	**-**	5,840
	63,416,037	80,135,451
23 Taxation		
Current tax	**4,470,930**	1,546,359

23.1 Provision for current year taxation represents minimum tax under section 113 of Income Tax Ordinance, 2001 at the rate of 0.5% of turn over. In addtion to this, it includes tax on rental income and dividend income which is full and final discharge of company's tax liability in respect of income arising from such source.

23.2 The Company’s assessments have been finalized up to tax year 2004. All pending issues relationg to the previous years have been resolved in favour of the company, resulting in a refund of Rs 6,677,426.

Returns for the tax years 2005 to tax year 2009 were filed and are deemed to be assessed.

Deferred tax

23.3 The Company has a deferred tax asset amounting to Rs. 93,624,103 (2009: Rs.153,296,097) 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, in view of taxable profits not available in foreseeable future, the Company has not incorporated the deferred tax asset in these financial statements.

23.4 Since the Company is liable to pay minimum tax, therefore, no numerical tax reconciliation is given.

24 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, subsidiary undertakings, associated companies, directors and key management personnel. Balances with related parties are also shown in the relevant notes to the accounts.

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

	2010 Rupees	2009 Rupees
24.1 Transactions during the year		
Subsidiary companies		
First Capital Equities Limited		
Long term loan given	**6,500,000**	-
Mark up income	**242,904**	-
Brokerage / Commission	**708,934**	2,591,860
Short term borrowings - Repo	**-**	276,000,000
Repayment of short term borrowings - Repo	**-**	276,000,000
Cost of repo transactions	**-**	9,769,314
Placements entered and rolled over	**-**	32,200,000
Placements matured	**-**	32,200,000
Gain on placements	**-**	1,336,425
Finance cost charged on placements	**-**	9,769,314
Sale of investment property	**323,115,360**	-
World Press (Private) Limited		
Long term loan given	**-**	10,600,000
Long term loan matured	**-**	10,600,000
Mark up income	**-**	1,825,729
Purchase of goods/services	**802,500**	582,546
Trident Construct (Private) Limited		
Dividend income	**18,768,969**	10,200,000
Lanka Securities (Private) Limited		
Dividend income	**19,048,148**	-
Associated companies		
Media Times Limited		
Long term investment made	**86,177,645**	227,757,890
Long term loan given	**42,200,000**	161,276,053
Long term loan matured	**-**	142,547,051
Mark up income	**62,711,475**	56,456,992

	2010 Rupees	2009 Rupees
Pace Barka Properties Limited		
Long term investment made	**281,295,000**	-
Shaheen Insurance Company Limited		
Short term investment made	**1,585,150**	21,864,912
Short term investment sold	**3,251,500**	-
Insurance premium	**477,714**	488,937
Insurance claim	**264,168**	93,120
Pace (Pakistan) Limited		
Short term investment made	-	6,257,455
Short term investment sold	**46,354,923**	21,420,000
Income from financial consultancy services	**9,000,000**	1,500,000
Investment property purchased	-	36,607,608
Service charges	**11,144,130**	10,177,635
Worldcall Telecom Limited		
Short term investment sold	**7,700,093**	5,386,745

24.2 Amounts outstanding as at year end

	2010 Rupees	2009 Rupees
Subsidiary companies		
First Capital Equities Limited		
Long term loan receivable	**6,500,000**	-
Associated companies		
Media Times Limited		
Long term loan receivable	**391,629,002**	349,429,002
Shaheen Insurance Company Limited		
Insurance premium payable	**116,193**	126,510
Insurance claim receivable	**110,549**	150,000
Pace (Pakistan) Limited		
Payable against purchase of property	**215,683,962**	299,332,681
Service charges refundable from Pace	-	4,561,836

25 Earnings/(loss) per share - basic

		2010	2009 Restated
Net profit/(loss) for the year	*Rupees*	**699,221,087**	(1,372,710,006)
Weighted average number of ordinary shares			
Weighted average number of ordinary shares as at 30 June	*Numbers*	**287,827,375**	287,827,375
Earnings/(loss) per share - basic and diluted	*Rupees*	**2.43**	(4.77)

For the purpose of computing earnings per share, the number of shares of the previous year have been adjusted for the effect of bonus shares issued during the year.

Earnings per share - diluted

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

26 Contingencies and commitments

26.1 Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the Company, the Company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million.

As agreed between the Company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The Company has provided a guarantee to ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

26.2 First Capital Equities Limited, a subsidiary of the company, has availed a term finance facility from a commercial bank at mark up rate 13% which is repayable over a period of 18 months from the date of disbursement in six equal quarterly installments. This arrangement is secured by legal mortgage of Rs. 55,250,000 on the property of the company.

26.3 During 2002 the senior management of the Company was contacted by National Accountability Bureau in respect of certain transactions in FIBs 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. Keeping in view that public funds were involved and based on legal advise that 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 Company remains contingently liable to the extent of Rs. 10.073 million.

26.4 Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Worldcall Communications Limited (now Worldcall Telecom Limited, an associated company). 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 has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

26.5 Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 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, an associated company. 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 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. As such no provision has been made in the financial statements as the Company is confident of a favorable decision.

	2010 Rupees	2009 Rupees
26.6 Commitments in respect of capital expenditure	**239,830,434**	239,830,434

27 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

27.1 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 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, the Company applies credit limits to its customers and obtains advances from certain customers. For banking relationships, credit ratings and other factors are evaluated. Credit risk on dividend receivable is minimal due to statutory protection.

27.1.1 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:

	2010 Rupees	2009 Rupees
Long term loans	**398,129,002**	349,429,002
Long term investments	**12,038,134,186**	6,817,025,949
Long term deposits	**37,500**	646,838
Loans and advances	**2,280,781**	2,303,978
Trade debts	**1,685,036**	1,681,297
Investments at fair value through profit or loss	**128,325,627**	1,905,044,077
Other Receivables	**1,858,775**	4,723,636
Bank balances	**6,886,217**	17,268,341
	12,577,337,124	9,098,123,118

27.1.2 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.

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

	2010 Rupees	2009 Rupees
Past due 0 - 30 days	**952,290**	1,108,117
Past due 31 - 90 days	**732,746**	481,839
Past due 91 - 180 days	**-**	67,547
Past due 181 days	**-**	23,794
	1,685,036	1,681,297

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

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

	2010 Rupees	2009 Rupees
Foreign	**2,029,010**	1,902,059
Domestic	**4,857,207**	15,366,282
	6,886,217	17,268,341

The analysis below summarizes the credit rating quality of the Company's bank balances as at 30 June:

Bank balances by rating category	**2010**	2009
MCB Bank Limited	**AA+**	AA+
Faysal Bank Limited	**AA**	AA
Standard Charted Bank (Pakistan) Limited	**AAA**	AAA
Bank Al-Habib Limited	**AA+**	AA+
Habib Metropolitan Bank	**AA+**	AA+
KASB Bank Limited	**A-**	A
NIB Bank Ltd	**AA-**	AA-
Bank Alfalah Limited	**AA**	AA
Allied Bank Limited	**AA**	AA
Citi Bank Sri Lanka	**A+**	A+
Soneri Bank Limited	**AA-**	AA-

27.1.3 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 thereby mitigating any significant concentrations of credit risk.

27.2 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. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from Bank Alfalah Limited to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of financial liabilities as on 30 June 2010 :

	Carrying Amount	6 months or less	6 - 12 months	1-2 years	More than 2 years
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Liabilities against assets subject					
to finance lease	983,715	983,715	-	-	-
Running finance under markup					
Arrangements-secured	70,329,587	70,329,587	-	-	-
Trade and other payables	240,579,228	238,461,478	2,117,750	-	-
Mark up accrued	2,689,748	2,689,748	-	-	-
	314,582,278	**312,464,528**	**2,117,750**	**-**	**-**

The following are the contractual maturities of financial liabilities as on 30 June 2009 :

	Carrying Amount	6 months or less	6 - 12 months	1-2 years	More than 2 years
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Liabilities against assets subject					
to finance lease	1,651,237	321,450	345,212	984,575	-
Running finance under markup					
Arrangements-secured	70,325,587	70,325,587	-	-	-
Trade and other payables	309,947,791	289,388,480	20,559,311	-	-
Mark up accrued	2,755,132	2,755,132	-	-	-
	384,679,747	362,790,649	20,904,523	984,575	-

27.3 Market risk

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

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

27.3.1 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 is exposed to foreign currency's risk on conversion of balance in foreign currency account maintained in Lanka Rupees (LKR). The Company's exposure to foreign currency risk for LKR is as follows:

	2010 Rupees	**2009 Rupees**
Foreign currency bank accounts	**2,029,010**	1,902,059
Net exposure	**2,029,010**	1,902,059

The following significant exchange rates have been applied:

	Average rate		**Reporting date rate**	
	2010	2009	**2010**	2009
LKR to PKR	**0.72**	0.66	**0.75**	0.70

<u>Sensitivity analysis:</u>

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.

	2010 Rupees	**2009 Rupees**
Effect on profit and loss	**202,901**	190,144
	202,901	190,144

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 Company.

27.3.2 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 Company's significant interest bearing financial instruments was as follows:

	2010	2009	**2010**	2009
	Effective rate (in Percentage)		**Carrying amount (Rupees)**	
Financial liabilities				
Variable rate instruments:				
Liabilities against assets subject to finance lease	12.3 to 15.08	12.3 to 15.08	**983,715**	1,651,237
Short term borrowings	15.29 to 15.6	15.74 to 18.5	**70,329,587**	70,329,587

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Cash flow sensitivity analysis for variable rate instruments</u>

A change of 1% 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 2009.

	Increase	**Decrease**
	Rupees	
As at 30 June 2010	**(712,533)**	**712,533**
As at 30 June 2009	(608,132)	608,132

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

27.3.3 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 Company is exposed to equity price risk because of investments held by the Company and classified on the Balance Sheet at fair value through profit and 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.

27.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. 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.

Effective 01 January 2009 the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 or indirectly (that is, derived from prices) (level 2);

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

	----------------------As at 30 June 2010--------------------			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------------------------Rupees------------------------			
Assets				
Investments at fair value through profit and loss	**128,325,627**	**-**	**-**	**128,325,627**
Long term investments available for sale	**11,359,033,986**	**-**	**-**	**11,359,033,986**

	----------------------As at 30 June 2009--------------------			
	Level 1	Level 2	Level 3	Total
	----------------------------Rupees------------------------			
Investments at fair value through profit or loss	1,905,044,077	-	-	1,905,044,077
Long term investments	6,419,220,749	-	-	6,419,220,749

27.4 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 of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, 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 maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company 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 as at 30 June 2010 and at 30 June 2009 were as follows:

	2010 Rupees	**2009 Rupees**
Total debt	**71,313,302**	71,976,824
Total equity and debt	**13,017,962,862**	9,833,382,205
Debt-to-equity ratio	**0.55%**	0.73%

The decrease in the debt-to-equity ratio in 2010 resulted primarily from increase in equity during the year while there were no additional borrowings during the year.

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

28 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, full time working directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2010	2009	**2010**	2009	**2010**	2009
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**-**	-	**-**	2,100,000	**22,134,975**	19,047,168
Medical	**-**	-	**-**	104,686	**951,914**	1,163,974
Utilities	-	-	**620,885**	1,285,496	**-**	-
Provision for gratuity	**-**	-	**-**	343,231	**3,266,874**	2,616,379
Others	**-**	-	**-**	-	**705,174**	664,095
	-	-	**620,885**	3,833,413	**27,058,937**	23,491,616
Number of persons	**1**	1	**1**	2	**8**	12

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

29 Event after Balance Sheet date

The Board of Directors in their meeting held on 06 October 2010 has recommended bonus shares at the rate of 10 shares for each 100 shares held i.e. 10% (2009: 25%) as a final dividend.

30 Date of authorization for issue

These financial statements were authorized for issue on 6 October 2010 by the Board of Directors of the Company.

31 General

The figures have been rounded off to the nearest Rupee.

Lahore: **Chairman & Chief Executive Officer** **Director**
06 October 2010

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 June 2010

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **First Capital Securities Corporation Limited ("the Holding Company")** and its subsidiary companies (hereinafter referred as the "Group") as at 30 June 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. The financial statements of the subsidiary companies, First Capital Investments Limited, First Capital Equities Limited, World Press (Private) Limited, Trident Construct (Private) Limited and Ever Green Valley (private) Limited were audited by and that of Lanka Securities (Private) Limited was reviewed under Sri Lanka Auditing Practice Statement by other firms of auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the report of other auditors.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the financial position of the Group as at 30 June 2010 and the results of its operations, its comprehensive loss, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

As stated in note 2.3 to the consolidated financial statements, the Group has changed its accounting policies in respect of initial application of standards and amendments or interpretation to existing standards, with which we concur.

Lahore:
06 October 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of First Capital Securities Corporation Limited ("the Group") are delighted to present the annual audited consolidated financial statements of the Group for the financial year ended on 30 June 2010.

Financial Overview	30 June 2010 **Rupees**	30 June 2009 Rupees
Revenue	**1,023**	1,388
Direct Costs	**268**	304
Operating Expenses	**454**	581
Operating Profit	**301**	503
Share of profit of associated companies	**10**	82
Unrealized loss on re measurement of investment	**(77)**	(909)
Loss after Taxation	**(235)**	(885)
Minority interest	**(49)**	(33)
Earnings per Share (Basis & Diluted)	**(0.64)**	(2.96)

The performances of subsidiary companies of the Group are as follows.

First Capital Equities Limited ("FCEL")

FY10 was a difficult year for equity brokerage industry as trading activities remained squeezed on the Karachi Stock Exchange. Consequently brokerage revenue fell to Rs. 170 million from Rs. 471 million last year. A major debt restructuring process and other prudent measures helped to reduce the company's operating and financial costs. Therefore despite lower operating revenues, FCEL was able to reduce overall loss from Rs. 380 million in the preceding year to Rs. 306 million in the current year.

Lanka Securities (Private) Limited ("LSL")

LSL is one of the top stock brokers on the Colombo Stock Exchange, and is one of the 21 stock broking firms that are licensed by the Securities and Exchange Commission of Sri Lanka. The year 2009 marked an end to almost three decades long armed conflict in the country. This lead to improved investor perception and increased activity in the Sri Lankan capital markets with the Colombo stock exchange being ranked as the 2nd best performing market in the world by Bloomberg. As a result, FY10 was a highly profitable year for LSL and it posted an increase in revenues of over 265%. The profit after tax also grew manifold from LKR 17.3 million last year to LKR 130.2 million. EPS for the year was LKR 7.45 per share versus LKR 0.99 per share in the preceding period. Owing to its exceptional performance, LSL announced an interim cash dividend of 15%, bonus shares @ 25%, and a final cash dividend of 17% for the year.

First Capital Investments Limited ("FCIL")

FCIL showed a strong rebound by reporting a profit after tax of Rs. 8.27 million in FY10 against a loss of Rs. 15.70 million in the previous year. The significant improvement is attributable to the share of profit from its associate, First Capital Mutual Fund Limited (FCMF) as well a reduction in its operating costs.

World Press (Pvt.) Limited ("WPL")

During the year, WPL's revenues grew by around 13% to reach Rs. 125.8 million. However due to increase in finance costs and loss due to remeasurement of investments caused the company to post an after-tax loss of Rs. 14.1 million as compared to a profit after tax of Rs. 37.7 million in the previous year.

Trident Construct (Pvt.) Limited ("Trident")

Trident is engaged in business of construction, development and other related activities of real estate properties. The economic recession and slow down in the real estate sector affected the company's revenues and consequently its profits. The profit for the year stood at Rs. 15.3 million as compared to Rs. 155.6 million in the previous year.

Future Outlook

In FY10, Pakistan's economy started a general progression towards recovery and macroeconomic factors started improving. However the recent floods since start of FY11 have again arrested the pace of economic recovery and their full impact is yet to be realized. Going forward the economic environment will once again become challenging but the Group is confident that it will meet these issues head-on, as it has done in the past. The Group will focus on stabilizing its revenues and controlling its expenses so as to keep its maintain its profitability. The Group will make their best efforts to improve their businesses and avail any new opportunities that may arise in the market.

The Board of Directors wishes place on record its sincere appreciation and gratefulness to the stakeholders for their esteemed support and to employees for their dedication and commitment towards to the group.

For and on behalf of the Board of Directors

Lahore	**Salmaan Taseer**	**Aamna Taseer**
06 October 2010	Chairman & Chief Executive Officer	Director

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Non current assets			
Property, plant and equipment	3	**555,848,422**	595,179,826
Intangible assets	4	**41,540,000**	41,820,000
Long term loans	5	**391,629,002**	349,429,002
Investment property	6	**486,292,500**	850,008,150
Investment in associates	7	**1,333,667,651**	856,991,798
Long term deposits and advances	8	**14,486,301**	15,209,852
Deferred tax assets	21	**8,296,944**	867,481
		2,831,760,820	2,709,506,109
Current assets			
Inventories		**20,997,607**	16,867,627
Trade debts	9	**3,372,441,599**	3,705,798,389
Loans and advances	10	**115,992,025**	50,415,382
Short term prepayments		**5,207,135**	2,936,503
Taxation recoverable		**16,047,856**	42,600,687
Deposits and other receivables	11	**112,749,308**	47,747,864
Placements	12	**782,093,163**	1,503,852,766
Interest receivable		**4,621,218**	16,528,574
Short term investments	13	**423,810,838**	910,694,818
Cash and bank balances	14	**590,197,011**	240,064,605
		5,444,157,760	6,537,507,215
Non current assets held for sale			
Investment property	15	**892,418,149**	-
Current liabilities			
Trade and other payables	16	**1,505,102,690**	943,643,480
Mark up accrued		**234,196,161**	169,619,425
Liability against repurchase agreement	17	**189,400,000**	681,400,430
Short term borrowings	18	**1,398,112,284**	3,271,211,237
Current portion of liabilities against assets subject to finance lease	19	**17,327,878**	19,132,642
Current portion of long term finance	20	**642,400,255**	40,000,000
		3,986,539,268	5,125,007,214
Net current assets		**2,350,036,641**	1,412,500,001
Net assets		**5,181,797,461**	4,122,006,110
Non current liabilities			
Liabilities against assets subject to finance lease	19	**15,028,615**	20,026,308
Long term finance	20	**1,304,817,094**	7,000,000
Staff retirement benefits	22	**72,341,571**	50,720,965
		1,392,187,280	77,747,273
Contingencies and commitments	23		
Net capital employed		**3,789,610,181**	4,044,258,837
Represented by:			
Share capital and reserves			
Issued, subscribed and paid up capital	24	**2,878,273,750**	2,502,846,740
Exchange translation reserve		**28,931,874**	20,446,936
Reserves capitalised		**564,735,308**	538,699,000
Unappropriated (loss) / profit		**(383,343,079)**	203,729,967
Capital and reserves attributable to equity holders of the parent		**3,088,597,853**	3,265,722,643
Non controlling interest		**701,012,328**	778,536,194
		3,789,610,181	4,044,258,837

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Lahore: **Chairman & Chief Executive Officer** **Director**
06 October 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Revenue	25	**1,022,670,118**	1,387,938,048
Direct costs	26	**267,752,390**	303,840,326
Gross profit		**754,917,728**	1,084,097,722
Operating expenses	27	**454,395,877**	581,028,516
Operating profit		**300,521,851**	503,069,206
Other income	28	**127,816,426**	201,900,314
		428,338,277	704,969,520
Finance costs	29	**513,876,912**	802,716,676
		(85,538,635)	(97,747,156)
Unrealized gain on remeasurement of investment property		**16,821,850**	78,442,609
Share of profit of associated companies	7	**10,401,208**	81,555,645
Unrealized loss on remeasurement of short term investments	13	**(76,966,372)**	(908,550,882)
Loss before taxation		**(135,281,949)**	(846,299,784)
Taxation	30	**99,669,747**	38,285,913
Loss after taxation		**(234,951,696)**	(884,585,697)
Loss per share - basic and diluted	31	**(0.64)**	(2.96)
Loss attributable to :			
- Parent company		**(185,609,728)**	(851,596,781)
- Non controlling interest		**(49,341,968)**	(32,988,916)
		(234,951,696)	(884,585,697)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Lahore: **Chairman & Chief Executive Officer** **Director**

06 October 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Loss after taxation		**(234,951,696)**	(884,585,697)
Other comprehensive income for the year			
Exchange translation difference recognized as :			
- Currency translation reserve		**8,152,195**	10,353,414
- Non controlling interest		**8,484,938**	10,776,003
Total comprehensive loss for the year		**(218,314,563)**	(863,456,280)
Loss attributable to :			
- Parent company		**(168,972,595)**	(830,467,364)
- Non controlling interest		**(49,341,968)**	(32,988,916)
		(218,314,563)	(863,456,280)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Lahore: **Chairman & Chief Executive Officer** **Director**

06 October 2010

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	*33*	**45,505,599**	(276,412,589)
Long term deposits and advances		**723,551**	(407,540)
Retirement benefits paid		**(4,817,593)**	(8,491,586)
Finance costs paid		**(449,300,176)**	(725,609,062)
Taxes paid		**(80,546,379)**	(39,752,312)
Net cash used in operating activities		**(488,434,998)**	(1,050,673,089)
Cash flows from investing activities			
Fixed capital expenditure		**(40,195,284)**	(229,644,990)
Sale proceeds of property, plant and equipment		**4,679,350**	421,925,084
Proceeds on sale of subsidiary		**-**	725,000
Purchase of software		**-**	(1,400,000)
Investment property		**(612,351,218)**	(172,948,503)
Dividend received		**3,264,820**	2,827,721
Investment in associates		**(466,274,645)**	(240,605,114)
Long term loans		**(42,200,000)**	(18,729,002)
Mark up received		**134,089,573**	512,351,692
Net cash (used in) / generated from investing activities		**(1,018,987,404)**	274,501,888
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(6,802,457)**	(15,985,726)
Long term finance		**1,900,217,349**	47,000,000
Dividend paid to non controlling interest		**(36,334,093)**	(9,800,000)
Net cash generated from financing activities		**1,857,080,799**	21,214,274
Net increase / (decrease) in cash and cash equivalents		**349,658,397**	(754,956,927)
Cash and cash equivalents at the beginning of the year		**240,064,605**	993,870,985
Less : Adjustment of cash and bank balance of subsidiary sold		**-**	(475,499)
		240,064,605	993,395,486
Exchange gain on translation of deposit account		**474,009**	1,626,046
Cash and cash equivalents at the end of the year	*34*	**590,197,011**	240,064,605

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Lahore: **Chairman & Chief Executive Officer** **Director**

06 October 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of the Parent							
					Revenue reserve			
	Share capital	Revaluation reserve of an associated company	Reserves capitalised	Currency translation reserve	Unappropriated profit	Total	Non-controlling interest	Total Equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2008	**1,625,225,160**	-	**298,968,600**	**9,670,933**	**2,172,678,728**	**4,106,543,421**	**810,971,696**	**4,917,515,117**
Exchange translation difference recognized directly in equity	-	-	-	10,776,003	-	**10,776,003**	10,353,414	**21,129,417**
Profit for the year	-	-	-	-	(851,596,781)	**(851,596,781)**	(32,988,916)	**(884,585,697)**
	-	-	-	10,776,003	(851,596,781)	**(840,820,778)**	(22,635,502)	**(863,456,280)**
Capital Transaction with owners								
Dividend paid	-	-	-	-	-	-	(9,800,000)	**(9,800,000)**
Issue of bonus shares by subsidiary	-	-	239,730,400	-	(239,730,400)	-	-	-
Issuance of bonus shares	877,621,580	-	-	-	(877,621,580)	-	-	-
	877,621,580	-	239,730,400	-	(1,117,351,980)	-	**(9,800,000)**	**(9,800,000)**
Balance as at 30 June 2009	**2,502,846,740**	-	**538,699,000**	**20,446,936**	**203,729,967**	**3,265,722,643**	**778,536,194**	**4,044,258,837**
Total comprehensive loss for the year								
- Exchange translation difference recognized directly in equity	-	-	-	8,484,938	-	**8,484,938**	8,152,195	**16,637,133**
- Loss for the year	-	-	-	-	(185,609,728)	**(185,609,728)**	(49,341,968)	**(234,951,696)**
Total recognized income and expenses for the year	-	-	-	8,484,938	(185,609,728)	**(177,124,790)**	(41,189,773)	**(218,314,563)**
Capital transactions with owners								
- Dividend paid	-	-	-	-	-	-	(36,334,093)	**(36,334,093)**
- Issue of bonus shares by subsidiary	-	-	26,036,308	-	(26,036,308)	-	-	-
- Issuance of bonus shares	375,427,010	-	-	-	(375,427,010)	-	-	-
	375,427,010	-	26,036,308	-	(401,463,318)	-	(36,334,093)	**(36,334,093)**
Balance as at 30 June 2010	**2,878,273,750**	-	**564,735,308**	**28,931,874**	**(383,343,079)**	**3,088,597,853**	**701,012,328**	**3,789,610,181**

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Lahore:
06 October 2010

Chairman & Chief Executive Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

1. Status and nature of business

First Capital Securities Corporation Limited ("the Parent Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated at 103 C/II, Gulberg-III, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

The Group consists of the following subsidiaries

Company	Country of incorporation	Nature of business	Effecting Holding %	
			2010	**2009**
First Capital Investments Limited (FCIL)	Pakistan	Providing asset management Company services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.	**76.56**	76.56
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 printers, publishers, 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.	**67.29**	67.29
Trident Construct (Private) Limited	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	**51.00**	51.00
Ever Green Water Valley (Private) Limited owned (wholly owned subsidiary of Trident Construct (Private) Limited	Pakistan	Installation and manufacturing of water purification plants, RO systems, water softness system and other related activities.	**51.00**	-

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for investments in associates accounted for under equity method, short term investments and certain financial assets that are stated at fair value and recognition of certain employee benefits at present value.

The preparation of consolidated 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

a)	Useful life and residual values of property, plant and equipment	*Note 2.4*
b)	Impairment	*Note 2.8*
c)	Provisions	*Note 2.22*
d)	Staff retirement benefits	*Note 2.24*
e)	Provision for taxation	*Note 2.23*
f)	Contingencies and commitments	*Note 23*

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary companies – “the Group”. The financial statements of the Subsidiaries have been consolidated on a line by line basis.

Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Detail of subsidiaries is given in note 1.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest is that part of net results of operations and of net assets of Subsidiaries attributable to interests which are not owned by the Group. Non-controlling interest is presented separately in the consolidated financial statements.

2.3 Changes in accounting policy

Starting 01 July 2009, the Group has changed its accounting policies in the following areas :

- The Group has applied Revised IAS 1 Presentation of Financial Statements (2007) which became effective as of 01 January 2009. The standard required the Group to present in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. In addition the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has opted to present two statements. This presentation has been applied in these financial statements as of and for the year ended 30 June 2010.

- The group has applied IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009). This IFRS replaces IAS 14, ‘Segment Reporting’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes, and introduced detailed disclosures regarding the reportable segments and products. As the changes in this standard only result in additional disclosures, there is no impact on earnings per share.

- The Group has changed its accounting policy with respect to capitalization of borrowing costs as per the transitional provision of International Accounting Standard “IAS-23 (Borrowing Costs)”. Mark-up, interest and other charges on long term borrowings, which were previously recognised as an expense in the period in which they are incurred, are now being capitalized upto the date of commissioning of the related qualifying assets, acquired out of the proceeds of such long term borrowings. This change in accounting policy is applicable on borrowing cost relating to qualifying assets for which the commencement date for capitalization is on or after the effective date i.e. 01 January 2009 and thus has no impact on the current financial statements.

2.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses. 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 3 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 upto 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.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

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. Gains or losses on disposal of fixed assets, if any, are taken to income currently.

2.5 Capital Work in Progress

Capital Work in Progress is stated at cost less any identified impairment loss.

2.6 Leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of its fair value and present value of minimum lease payments under the lease agreement at the date of commencement of lease, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is calculated at the rate implicit in the lease and charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on straight-line method at the rates given in note 3. Depreciation of leased assets is charged to income.

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.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

2.7 Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less any identified impairment loss.

Negative goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the interest in subsidiary's net assets acquired over its cost of acquisition.

The negative goodwill in excess of the fair value of non- monetary assets of the subsidiary is charged to profit and loss.

Stock exchange membership cards and room

These are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is recorded in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

2.8 Impairment

The carrying amount of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

Impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

2.9 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.

2.10 Investment property

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

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 2.28.

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

2.11 Investments

Investment in equity instruments of subsidiaries and associates

Investments in associates where the Group has significant influence, are accounted for using the equity method.

In case of investments accounted for under the equity method, the method is applied from the date when significant influence commences until the date when that significant influence ceases. When the Parent Company's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Parent Group has incurred obligations in respect of the associates.

Investments at fair value through profit or loss

These include investments classified as held for trading or investments which upon initial recognition are designated by the Group as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date.

Investments available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

Held-to-maturity financial assets

Held-to-maturity investments are non derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. After initial measurement, held to maturity investments are measured at amortized cost. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the profit or loss account when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortization process.

Fair Value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date except for the units of open end funds which are valued at the closing redemption price. Investments for whom there is no active market and fair value cannot be reasonably calculated, are carried at cost.

2.12 Settlement date accounting

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

2.13 Deferred cost

These included preliminary expenses and other similar expenses incurred in connection with incorporation or public offering of Group companies upto the year 2004. In order to comply with the substituted Fourth Schedule to the Companies Ordinance, 1984, the Group has adopted the treatment allowed by Circular No. 1 of 2005 issued by Securities and Exchange Commission of Pakistan whereby deferred costs incurred prior to 01 July 2004 are being amortized over the remaining available period whereas deferred costs incurred subsequent to this date are charged to income currently.

2.14 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.

2.15 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.

2.16 Trade debts

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

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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.

2.18 Fiduciary assets

Assets are held in trust or in fiduciary capacity are not treated as assets of the Group and accordingly are not disclosed in these financial statements.

2.19 Trade and other payables

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

2.20 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 balance sheet 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 balance sheet. 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.

2.21 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 and loss over the period of the borrowings on an effective interest basis.

2.22 Provisions

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

2.23 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

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

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

2.24 Staff retirement benefits

Defined benefit plan

The Group operates an un-funded gratuity plan for its eligible staff under which benefits are paid on cessation of employment subject to a minimum qualifying period of service, that is one year. The liability under the plan is determined on the basis of actuarial valuations carried out by using the Projected unit credit method and are charged to income.

The Group recognizes actuarial gains/(losses) in excess of 10% of and present value of obligation at the end of previous year over the expected remaining average service life of the employees.

Lanka Securities (Private) Limited operates an un-funded 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.

2.25 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. The Group de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is stated in their respective notes.

Financial assets are long term loan, long term deposits and advances, placements, short term investments, trade debts, advances, other receivables and cash and bank balances.

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

2.26 Financial assets and liabilities

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

2.27 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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.

2.28 Revenue recognition

a) Capital gains or losses on sale of investments are recognised 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 recognised 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

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and it is probable that these will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.29 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised 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 which they are incurred.

2.30 Foreign currency translation

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

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of balance sheet;

b) income and expenses for each income statement are translated at average exchange rates; and

c) all resulting exchange differences are recognized as a separate component of equity.

When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of gain or loss on sale.

2.31 Transactions with related parties

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 Group to do so.

2.32 Proposed dividend and appropriations to reserves

Dividends declared and appropriations to reserves made subsequent to the balance sheet 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.

2.33 Standards, Interpretations and amendments to published approved accounting standards

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2010:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.

Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010) . The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. These amendments are unlikely to have an impact on the Company's financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 – Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.

2.34 Standards and interpretations issued but not yet effective for the current financial year

	Effective for periods beginning on or after
IAS 24 - Related Party Disclosures (Revised)	1-Jan-2011
IAS 32 - Financial Instruments: Presentation - Amendments relating to Classification of Right Issues	1-Feb-2011
IFRS 2 - Share-based Payment: Amendments relating to Group Cash - settled Share-based Payment Transactions	1-Jan-2010
IFRS 2 - Financial instruments - Disclosures	1-Jan-2011
IFRIC 14 - IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	1-Jan-2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	1-Jul-2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application except for the implications of IAS 24- Related Party Disclosures (revised), which may affect certain disclosures.

	Note	**2010 Rupees**	2009 Rupees
3 Property, plant and equipment			
Operating fixed assets	*3.1*	**314,508,966**	291,171,507
Capital work in progress	*3.4*	**241,339,456**	304,008,319
		555,848,422	595,179,826

3.1 Property, plant and equipment

	Owned Assets										Leased Assets			Total
	Freehold land	Freehold building	Construction Equipment	Leasehold Improvements	Plant and Machinery	Computers	Office equipment	Furniture and fixture	Vehicles	Sub Total	Plant and Machinery	Vehicles	Sub Total	
	(Rupees)													
Net Carrying Value Basis														
NBV as on 01 July 2009	24,237,225	39,756,783	118,953,195	7,467,876	6,900,895	6,996,763	16,058,704	13,559,162	18,381,643	**252,312,246**	21,308,751	17,550,510	**38,859,261**	**291,171,507**
Addition(at cost)	-	36,748,300	2,306,036	3,100,134	1,210,639	1,562,483	1,751,131	2,436,837	15,483,455	**64,599,015**	27,101,132	4,100,000	**31,201,132**	**95,800,147**
Disposal(at NBV)	-	-	-	-	-	115,078	163,215	16,485	3,105,895	**3,400,673**	-	-	**-**	**3,400,673**
Depreciation	-	2,703,410	39,113,853	1,168,358	645,088	4,456,302	2,512,647	2,079,408	7,912,507	**60,591,573**	2,146,257	6,848,716	**8,994,973**	**69,586,546**
Adjustment/Transfer	-	-	-	-	-	-	-	-	448,583	**448,583**	-	(448,583)	**(448,583)**	**-**
Exchange gain/(loss)	-	-	-	61,509	-	67,171	110,504	61,646	-	**300,830**	-	223,701	**223,701**	**524,531**
NBV as on 30 June 2010	**24,237,225**	**73,801,673**	**82,145,378**	**9,461,161**	**7,466,446**	**4,055,037**	**15,244,477**	**13,961,752**	**23,295,279**	**253,668,428**	**46,263,626**	**14,576,912**	**60,840,538**	**314,508,966**
Gross Carrying Value Basis														
Cost	24,237,225	78,246,487	198,109,655	15,348,772	10,274,143	37,885,605	28,083,807	22,957,154	80,210,780	**495,353,628**	50,626,132	36,132,007	**86,758,139**	**582,111,767**
Accumulated Depreciation	-	4,444,814	115,964,277	5,887,611	2,807,697	33,830,568	12,839,330	8,995,402	56,915,501	**241,685,200**	4,362,506	21,555,095	**25,917,601**	**267,602,801**
NBV as on 30 June 2010	**24,237,225**	**73,801,673**	**82,145,378**	**9,461,161**	**7,466,446**	**4,055,037**	**15,244,477**	**13,961,752**	**23,295,279**	**253,668,428**	**46,263,626**	**14,576,912**	**60,840,538**	**314,508,966**
Net Carrying Value Basis														
NBV as on 01 July 2008	158,237,100	48,233,190	133,606,918	19,577,310	2,902,078	9,512,542	17,925,127	15,373,581	34,586,767	439,954,613	26,440,271	17,888,944	44,329,215	484,283,828
Addition(at cost)	-	31,728,603	22,184,126	1,766,692	1,195,623	3,885,409	1,928,991	584,180	112,780	63,386,404	-	1,865,810	1,865,810	65,252,214
Disposal(at NBV)	133,999,875	38,435,337	-	13,091,618	-	151,894	1,037,466	401,910	852,135	187,970,235	-	-	-	187,970,235
Depreciation	-	1,769,673	36,837,849	761,660	563,951	6,348,321	2,846,509	2,030,099	11,831,440	62,989,502	1,764,375	6,466,091	8,230,466	71,219,968
Adjustment/Transfer	-	-	-	(66,901)	3,367,145	-	66,901	-	(3,634,329)	(267,184)	(3,367,145)	3,634,329	267,184	-
Exchange gain/(loss)	-	-	-	70,656	-	99,027	131,465	115,238	-	416,386	-	627,518	627,518	1,043,904
Disposal of subsidiary	-	-	-	26,603	-	-	109,805	81,828	-	218,236	-	-	-	218,236
NBV as on 30 June 2009	24,237,225	39,756,783	118,953,195	7,467,876	6,900,895	6,996,763	16,058,704	13,559,162	18,381,643	252,312,246	21,308,751	17,550,510	38,859,261	291,171,507
Gross Carrying Value Basis														
Cost	24,237,225	41,498,187	195,803,619	11,930,948	9,063,504	36,724,734	26,479,071	20,395,852	68,932,514	435,065,654	23,525,000	31,956,036	55,481,036	490,546,690
Accumulated Depreciation	-	1,741,404	76,850,424	4,463,072	2,162,609	29,727,971	10,420,367	6,836,690	50,550,871	182,753,408	2,216,249	14,405,526	16,621,775	199,375,183
NBV as on 30 June 2009	24,237,225	39,756,783	118,953,195	7,467,876	6,900,895	6,996,763	16,058,704	13,559,162	18,381,643	252,312,246	21,308,751	17,550,510	38,859,261	291,171,507
Rate of depreciation	-	5%	20%	5% to 10%	7.50%	33% to 50%	10% to 12.50%	10% to 12.5%	20% to 25%		7.50%	20%		

3.2 Disposal of operating fixed assets

Particulars of assets	Cost	Depreciation	Net book value	Sale proceeds	Profit/ (loss)	Mode of sale	Particulars of buyers
	(..........	....	Rupees	....	..........)		
Computers	279,350	211,062	68,288	18,696	(49,592)	Negotiation	Various
Office Equipment	144,100	57,444	86,656	79,000	(7,656)	Negotiation	Mr.Mumtaz Ahmad
Office Equipment	89,760	37,512	52,248	14,304	(37,944)	Negotiation	Mr. Muhammad Ehsan
Vehicles	4,000,000	1,200,000	2,800,000	3,800,000	1,000,000	Negotiation	Mr. Muhammad Jamshed
Vehicles	420,000	273,000	147,000	235,000	88,000	Negotiation	Mr. Ahmed Farqaleet
Vehicles	476,684	317,789	158,895	400,000	241,105	Theft	Insurance claim
	5,409,894	**2,096,807**	**3,313,087**	**4,547,000**	**1,233,913**		
Assets with book value below Rs.50,000	1,090,670	1,003,084	87,586	132,350	44,764		
2010	**6,500,564**	**3,099,891**	**3,400,673**	**4,679,350**	**1,278,677**		
2009	421,355,917	19,633,524	401,722,393	421,925,084	20,202,691		

3.3 Charge for depreciation has been allocated as follows:

	Note	2010 Rupees	2009 Rupees
Direct costs	*25*	**33,929,394**	41,734,217
Operating expenses	*26*	**35,657,152**	29,485,751
		69,586,546	71,219,968

3.4 Capital Work-in-Progress

	2010 Rupees	2009 Rupees
Balance as at 01 July	**304,008,319**	353,367,701
Additions during the year	**-**	179,225,576
	304,008,319	532,593,277
Transferred / disposed during the year	**(62,668,863)**	(228,584,958)
Balance as at 30 June	**241,339,456**	304,008,319

4. Intangible assets

	2010			
	Membership Cards	**License Rooms**	**Software**	**Total**
	(Rupees)			
Net Carrying Value Basis				
NBV as on 01 July 2009	33,200,000	7,500,000	1,120,000	**41,820,000**
Addition(at cost)	-	-	-	**-**
Disposal(at NBV)	-	-	-	**-**
Amortization	-	-	280,000	**280,000**
NBV as on 30 June 2010	**33,200,000**	**7,500,000**	**840,000**	**41,540,000**
Gross Carrying Value Basis				
Cost	33,200,000	7,500,000	1,400,000	**42,100,000**
Accumulated amortization	-	-	560,000	**560,000**
NBV as on 30 June 2010	**33,200,000**	**7,500,000**	**840,000**	**41,540,000**

	2009			
	Membership Cards	**License Rooms**	**Software**	**Total**
	(Rupees)			
Net Carrying Value Basis				
NBV as on 01 July 2008	33,200,000	7,500,000	-	40,700,000
Addition(at cost)	-	-	1,400,000	1,400,000
Disposal(at NBV)	-	-	-	-
Amortization	-	-	280,000	280,000
NBV as on 30 June 2009	33,200,000	7,500,000	1,120,000	41,820,000
Gross Carrying Value Basis				
Cost	33,200,000	7,500,000	1,400,000	42,100,000
Accumulated amortization	-	-	280,000	280,000
NBV as on 30 June 2009	33,200,000	7,500,000	1,120,000	41,820,000
Rate of amortization	-	-	20%	-

	Note	2010 Rupees	2009 Rupees
5 Long term loans - unsecured considered good			
Related Parties			
Media Times Limited	*5.1*	**391,629,002**	349,429,002

5.1 This represents loan to an associated company and carries minimum mark up at the rate of 16.5% (2009:18%), subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

5.2 The Maximum aggregate amount of loan outstanding during the year was Rs. 391,629,002 (2009: Rs. 407,725,000).

	Note	2010 Rupees	2009 Rupees
6 Investment property	*6.1*		
Balance as at 01 July		**850,008,150**	736,307,933
Add: Acquisition during the year		**-**	36,607,608
		850,008,150	772,915,541
Less: Disposal during the year		**(380,537,500)**	(1,350,000)
		469,470,650	771,565,541
Increase in fair value		**16,821,850**	78,442,609
Balance as at 30 June		**486,292,500**	850,008,150

6.1 The carrying amount of investment property is the fair value of property as determined by approved independent valuer M/s Negotiators as at 30 June 2010. Fair value was determined giving due regard to the recent market transactions for similar properties in the same location and condition as the Company's investment property.

		2010 Rupees	2009 Rupees
7 Investments in associates			
Associated companies-listed			
First Capital Mutual Fund Limited			
6,531,000 (2009: 6,531,000) ordinary shares of Rs. 10 each		**33,823,079**	33,755,306
Equity held: 21.77% (2009: 21.77 %)			
Addition through new purchase		**-**	12,847,224
Share of profit / (loss)		**6,079,398**	(12,779,451)
	C/F	**39,902,477**	33,823,079

	Note	2010 Rupees	2009 Rupees
	B/F	**39,902,477**	33,823,079
Associated companies - listed			
Media Times Limited			
55,955,366 (2009: 44,455,086) ordinary shares of Rs. 10 each		**445,189,391**	218,286,326
Equity held: 41.72% (2009:33.14%)			
Addition through new purchase		**184,979,645**	227,757,890
Share of loss		**(30,165,909)**	(854,825)
		600,003,127	445,189,391
Associated companies - Unlisted			
Pace Super Mall (Private) Limited			
4,500 (2009: 4,500) ordinary shares of Rs. 10 each	*7.1*	**45,000**	45,000
Equity held: 10% (2009: 10%)			
Pace Barka Properties Limited			
52,700,000 (2009: 24,500,000) ordinary shares of Rs10 each		**377,934,328**	282,744,407
Equity held: 17.25% (2009: 8.03%)			
Addition through new purchase		**281,295,000**	-
Share of profit		**34,487,719**	95,189,921
		693,717,047	377,934,328
Total investments		**1,333,667,651**	856,991,798
Share of profit of associated companies		**10,401,208**	81,555,645

7.1 The operations of the company has not yet started.

7.2 Shares having market value amounting to Rs 1,897 million (2009: Rs. 1,303 million) are pledged.

7.3 Summary financial information of associates.

	2010			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Media Times Limited	**2,022,251,561**	**657,189,038**	**498,588,391**	**(73,627,367)**
First Capital Mutual Fund Limited	**245,085,999**	**13,856,780**	**42,192,625**	**27,923,438**
Pace Barka Properties Limited	**7,699,288,000**	**1,537,740,000**	**518,851,000**	**243,271,000**
Pace Super Mall (Private) Limited	**165,605,964**	**165,155,964**	**-**	**-**
	10,132,231,524	**2,373,941,782**	**1,059,632,016**	**197,567,071**

	2009			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Media Times Limited	2,203,368,564	764,678,674	509,240,023	(2,578,656)
First Capital Mutual Fund Limited	210,258,261	6,952,480	(126,751,426)	(134,298,872)
Pace Barka Properties Limited	7,583,815,000	2,037,436,000	503,993,000	829,151,000
Pace Super Mall (Private) Limited	149,089,147	148,639,147	-	-
	10,146,530,972	2,957,706,301	886,481,597	692,273,472

		Note	2010 Rupees	2009 Rupees
8	**Long term deposits and advances**			
	Deposits with			
	Leasing companies		**8,968,931**	9,310,811
	Stock exchanges		**1,860,000**	1,710,000
	Central Depository Company		**225,000**	100,000
	National clearing company		**450,000**	400,000
	Others		**1,928,010**	1,189,041
	Advance for National Commodity Exchange Limited Membership		**2,500,000**	2,500,000
			15,931,941	15,209,852
	Less : Current maturity of deposits with leasing companies	*11*	**(1,445,640)**	-
			14,486,301	15,209,852
	Deferred cost			
	Balance as at 01 July		**-**	3,015
	Less: Amortization for the year		**-**	(3,015)
	Balance as at 30 June		**-**	-
9	**Trade debts**			
	Money market receivables			
	Unsecured, considered good		**1,678,552**	1,681,297
	Receivables against purchase of shares by clients			
	Unsecured, considered good		**2,530,567,903**	3,012,002,700
	Unsecured, considered doubtful		**135,147,819**	85,147,819
		9.1	**2,665,715,722**	3,097,150,519
	Receivable against professional services rendered - related parties, unsecured, considered good	*9.2*	**6,435,655**	5,932,621
	Others			
	Unsecured, considered good		**833,759,489**	686,181,771
	Unsecured, considered doubtful		**15,893,268**	20,039,435
			849,652,757	706,221,206
	Less: Provision for doubtful debts	*9.3*	**151,041,087**	105,187,254
			698,611,670	601,033,952
			3,372,441,599	3,705,798,389

9.1 It includes an amount of Rs. 167,944,259 (2009: Rs. 167,944,259) receivable from related party, Mr. Suleiman Ahmad Said Al-Hoqani.

	Note	2010 Rupees	2009 Rupees
9.2 Receivable against professional services - related parties			
First Capital Mutual Fund Limited		**4,878,698**	4,144,100
Shaheen Insurance Company Limited		**1,556,957**	1,788,521
		6,435,655	5,932,621
9.3 Provision against others			
Balance as at 01 July		**105,187,254**	91,450,922
Charge for the year		**50,795,952**	13,987,982
Provision written back		**(4,942,119)**	(251,650)
Balance as at 30 June		**151,041,087**	105,187,254

10 Loans and advances - unsecured, considered good

	Note	2010 Rupees	2009 Rupees
Advances to suppliers		**81,198,157**	17,047,230
Advances to employees for expenses:			
Executives		**9,331,324**	7,590,655
Others	*10.1*	**14,926,163**	11,670,188
		24,257,487	19,260,843
Stock Exchanges	*10.2*	**10,536,381**	14,107,309
		115,992,025	50,415,382

10.1 Advances given to staff for expenses are in accordance with the Group's policy. Such advances are unsecured, interest free and are adjusted against salary/expense claims. These advances are secured against gratuity. Advance to staff does not include any amount due from Chief Executive and Directors (2009: Nil). However, it includes an amount due from an executive of Rs.2,000,000 (2009: 2,000,000) which is as per terms of his employment and secured against gratuity.

11 Deposits and other receivables

	Note	2010 Rupees	2009 Rupees
Dividend		**13,500**	11,800
Due from construction contracts customers		**62,760,590**	-
Deposits against leased assets	*8*	**1,445,640**	-
Others	*11.1*	**32,255,267**	18,502,574
Accrued brokerage commission		**257,693**	318,114
Advance Income Tax		**6,677,426**	6,677,426
Retention money		**-**	17,022,502
Rent receivable		**1,240,888**	-
Advance cost incurred on unbilled contracts		**8,098,304**	5,215,448
		112,749,308	47,747,864

	Note	2010 Rupees	2009 Rupees
11.1 Others			
Unsecured, considered good		**32,255,267**	18,502,574
Unsecured, considered doubtful		**500,000**	500,000
		32,755,267	19,002,574
Less: Provision for bad debts		**(500,000)**	(500,000)
		32,255,267	18,502,574

12 Placements - secured, considered good

	Note	2010 Rupees	2009 Rupees
Placement on account of resale of quoted shares		**782,093,163**	1,503,852,766
	12.1	**782,093,163**	1,503,852,766

12.1 These have been placed for a period ranging from twenty six days to one hundred twenty two days (2009: Three to ninety two days) and carry mark up at rates ranging from 16.5 % to 20 % per annum (2009: 16.5% to 20% per annum). Market value of quoted equity securities held as collateral is Rs.828,771,846 (2009: Rs. 1,677,179,803) out of which quoted equity securities having market value of Rs. 13,999,999 (2009: Rs. 478,036,967) were further placed as collateral with financial institutions by the Company under repurchase transactions (refer to Note 17.1).

13 Short term investments - at fair value through profit and loss

	Note	2010 Carrying value	2010 Fair value	2009 Carrying value	2009 Fair value
		Rupees		Rupees	
These are made up as under:					
Others	*13.1*	**94,128,794**	**59,276,494**	210,168,890	249,289,648
Related parties	*13.2*	**406,648,416**	**364,534,344**	1,609,076,810	661,405,170
		500,777,210	**423,810,838**	1,819,245,700	910,694,818
Add: Unrealized gain/(loss) on account of remeasurement to fair value		**(76,966,372)**	**-**	(908,550,882)	-
		423,810,838	**423,810,838**	910,694,818	910,694,818

13.1 Others

	Number of shares / certificates 2010	Number of shares / certificates 2009	2010 Carrying cost	2010 Fair value	2009 Carrying cost	2009 Fair value
			Rupees		Rupees	
Listed securities						
Mutual funds						
PICIC Growth Mutual Fund Limited	**3,200**	218,200	**26,880**	**29,632**	5,186,614	1,832,880
Namco Balanced Fund Limited	**1,472,467**	2,907,667	**6,950,044**	**5,124,185**	20,724,047	13,724,188
			6,976,924	**5,153,817**	25,910,661	15,557,068
Insurance companies						
Adamjee Insurance Company Limited	**11,000**	10,000	**839,900**	**878,680**	2,164,256	839,900
PICIC Insurance Ltd.	**32,739**	32,739	**196,107**	**101,491**	229,173	196,107
			1,036,007	**980,171**	2,393,429	1,036,007
Leasing companies						
Standard Chartered Leasing Limited	**-**	70,000	**-**	**-**	427,000	140,700
Orix Leasing Pakistan Limited	**34,125**	34,125	**273,000**	**178,474**	426,563	273,000
			273,000	**178,474**	853,563	413,700
Investment companies/banks						
Askari Commercial Bank Limited	**52,000**	52,000	**662,134**	**791,440**	1,506,990	794,560
JS Bank Limited	**101,000**	101,000	**609,030**	**283,810**	1,387,740	609,030
Habib Bank Limited	**20,790**	19,180	**1,626,534**	**2,021,828**	2,444,356	1,650,631
United Bank Limited	**25,000**	25,000	**870,227**	**1,355,250**	1,553,594	957,250
Bankislami Pakistan	**2,026,055**	2,930,343	**12,905,970**	**6,503,637**	17,594,558	18,666,285
Arif Habib Limited	**9,200**	47,100	**492,383**	**404,800**	1,648,500	3,150,519
KASB Bank Limited	**-**	16,000,000	**-**	**-**	128,000,000	165,120,000
			17,166,278	**11,360,765**	154,135,738	190,948,275

	Number of shares / certificates 2010	Number of shares / certificates 2009	2010 Carrying cost	2010 Fair value	2009 Carrying cost	2009 Fair value
			Rupees		Rupees	
Cement						
Pioneer Cement Limited	**11,031**	11,380	**149,801**	**70,267**	76,419	154,540
Javedan Cement Limited	**300,000**	-	**35,850,000**	**19,170,000**	-	-
DG Khan Cement	**70,000**	70,000	**1,729,584**	**1,653,400**	3,573,800	2,075,500
			37,729,385	**20,893,667**	3,650,219	2,230,040
Textile composite						
Nishat Mills Limited	**20,000**	20,000	**521,655**	**862,400**	949,395	756,400
D.S.Ind. Limited	**150,000**	150,000	**463,500**	**327,000**	1,200,000	463,500
			985,155	**1,189,400**	2,149,395	1,219,900
Sugar						
Haseeb Waqas Sugar Mills Ltd.	**529,000**	529,000	**24,058,920**	**11,532,200**	5,290,000	24,058,920
Cable and electrical goods						
Pak Elektron Limited	**-**	153,542	**-**	**-**	1,466,042	3,763,314
Food and Allied						
Zulfiqar Industries Limited	**-**	12,980	**-**	**-**	1,805,400	821,634
Chemicals						
Nimir Resins	**-**	938,500	**-**	**-**	3,284,750	2,899,965
Refinery						
Byco Petroleum (Bosicor)	**150,000**	150,500	**1,044,000**	**1,497,000**	2,010,000	1,044,000
Pak Oil Fields Ltd.	**15,000**	18,000	**2,188,500**	**3,238,500**	3,662,884	2,626,200
Pakistan State Oil Company Ltd.	**12,500**	12,500	**2,670,625**	**3,252,500**	3,556,809	2,670,625
			5,903,125	**7,988,000**	9,229,693	6,340,825
			94,128,794	**59,276,494**	210,168,890	249,289,648

13.2 Related parties

Listed securities

	Number of shares / certificates 2010	Number of shares / certificates 2009	2010 Carrying cost	2010 Fair value	2009 Carrying cost	2009 Fair value
Worldcall Telecom Limited - *note 13.4*	**6,570,185**	31,589,185	**16,426,402**	**19,119,238**	172,582,896	78,972,963
Pace (Pakistan) Limited	**28,253,776**	35,872,776	**157,704,070**	**100,865,981**	924,165,321	200,170,090
Media Times Limited	**3,087,734**	3,087,731	**147,439,312**	**188,567,915**	108,629,373	147,439,155
First Capital Mutual Fund Limited	**4,166,210**	4,166,210	**9,915,579**	**9,582,283**	34,371,233	9,915,579
Shaheen Insurance Company Limited	**3,199,926**	2,928,938	**75,163,053**	**46,398,927**	223,209,037	78,788,433
			406,648,416	**364,534,344**	1,462,957,860	515,286,220
Un-Listed securities						
Pace Barka Properties Limited	**-**	29,223,790	**-**	**-**	146,118,950	146,118,950
			406,648,416	**364,534,344**	1,609,076,810	661,405,170

13.3 This includes 2.9 million (2009: 2.9 million) shares held under lien as security by National Accountability Bureau. Refer to note 23.1.4

13.4 The shares having market value amounting to Rs. 189,421,697 (2009: Rs. 610,050,867) are pledged.

	Note	2010 Rupees	2009 Rupees
14 Cash and bank balances			
Cash in hand		**293,914**	355,686
At bank			
Current accounts - local and foreign currency		**505,263,000**	88,675,585
Saving accounts - local and foreign currency	*14.1*	**84,640,097**	151,033,334
		589,903,097	239,708,919
		590,197,011	240,064,605

14.1 The balance in saving accounts bears mark-up which ranges from 2% to 6% (2009: 0.5% to 11%) per annum.

	2010 Rupees	2009 Rupees
15 Investment property - Held for sale		
Investment property	**892,418,149**	-

Investment property acquired during the year comprises various shops / counters acquired from various parties in various shopping malls situated at Gujrat and Gujranwala. These properties are under mortgage by banks against the borrowing by the Group. The Group has the intention to sell off these properties to pay off the bank borrowings.

	2010 Rupees	2009 Rupees
16 Trade and other payables		
Payable against sale of shares on behalf of		
Members	**158,594,978**	130,359,698
Clients	**220,620,981**	295,908,945
	379,215,959	426,268,643
Trade creditors	**29,010,061**	10,998,392
Advances from customers	**759,656,685**	111,552,689
Accrued liabilities	**55,241,186**	67,436,373
Withholding tax	**3,116,027**	1,214,838
Payable against purchase of property	**215,683,962**	299,332,681
Sales tax	**259,783**	-
Retention money	**384,279**	-
Excise duty payable	**39,368**	-
Unclaimed dividend	**1,858,918**	1,858,918
Security deposit of shopkeepers	**2,117,750**	2,117,750
Other liabilities	**43,211,674**	20,676,310
Worker's Welfare Fund	**14,310,880**	-
Bills Payable	**996,158**	2,186,886
	1,505,102,690	943,643,480

	Note	2010 Rupees	2009 Rupees
17 Liability against repurchase agreement - secured			
Payable to financial institution	*17.1*	**189,400,000**	681,400,430

17.1 This represents the amount payable to financial institutions under repurchase agreements against the securities, under the arrangement as explained in note 12. The effective interest rate is 17.03 % to 19 % per annum (2009: 16.5% to 18% per annum) and is for a period of thirty days to ninety two days (2009: twenty one days to ninety two days).

	Note	2010 Rupees	2009 Rupees
18 Short term borrowings - secured	*18.1*	**1,398,112,284**	3,271,211,237

18.1 These facilities are obtained from various commercial banks under mark up arrangements amounting to Rs 1,629 million (2009: Rs 4,440 million). These facilities carry mark up at the rate ranging from 1 to 6 months KIBOR plus 2.5% to 5 % (2009: 1 to 6 months KIBOR plus 2.5% to 5 %) per annum with no floor and cap limit (2009: 14.49% to 19.52%). These are secured against pledge of quoted equity securities.

19 Liabilities against assets subject to finance lease

	2010		
	Not later than one year	**Later than one year and not later than five years**	**Total**
		Rupees	
Minimum lease payments	19,985,523	16,281,118	**36,266,641**
Future finance charges	(2,657,645)	(1,252,503)	**(3,910,148)**
Present value of minimum lease payments	**17,327,878**	**15,028,615**	**32,356,493**

	2009		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	23,490,915	21,917,837	45,408,752
Future finance charges	(4,358,273)	(1,891,529)	(6,249,802)
Present value of minimum lease payments	19,132,642	20,026,308	39,158,950

Rentals are payable in monthly as well as in quarterly installments. The group companies have the right to exercise purchase option at the end of the lease term . The present value of minimum lease payments have been discounted at an effective rate of 12% to 18.03% (2009: 12.30% to 19.39%) per annum.

	2010 Rupees	2009 Rupees

20 Long term finance

Term finance facility	**1,947,217,349**	47,000,000
Less: Current portion	**(642,400,255)**	(40,000,000)
	1,304,817,094	7,000,000

21 Deferred tax asset

This comprises the following:

Deferred tax liability in respect of tax depreciation	**7,497,412**	4,364,285
Deferred tax liability in respect of unused tax losses & tax credits	**(15,794,356)**	(5,231,766)
	(8,296,944)	(867,481)

21.1 The Parent Company has a deferred tax asset amounting to Rs. 93,624,103 (2009: Rs.153,296,097) 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, in view of taxable profits not available in foreseeable future, the Company has not incorporated the deferred tax asset in these financial statements.

However, some subsidiary companies recognize their respective deferred tax assets or liabilities owing to their tax position for each year.

22 Staff retirement benefits

	Note	2010 Rupees	2009 Rupees
Net liability at the beginning of the year		**50,720,965**	38,885,992
Amount recognized during the year	*22.1*	**24,254,720**	20,110,703
Liability transferred from sister concern		**-**	215,856
Liability transferrable from other sister concerns		**195,000**	-
Liability transferred to sister concern		**4,140,500**	-
Liability transferrable to other sister concerns		**(2,152,021)**	-
Benefits paid during the year		**(4,817,593)**	(8,491,586)
Net liability at the end of the year	*22.2*	**72,341,571**	50,720,965

22.1 The amounts recognized in the profit and loss are as follows:

Current service cost	**14,523,832**	12,695,885
Past service cost	**117,790**	-
Interest cost	**6,434,305**	5,727,961
Net expense of Lanka Securities Limited	**343,245**	917,751
Actuarial loss recognized	**2,835,548**	769,106
Total amount charged to the profit and loss account	**24,254,720**	**20,110,703**

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2010. Significant actuarial assumptions are as follows:

		2010	2009
Discount rate	*Per annum*	10% to 12%	12%
Expected rate of Eligible Salary increase in future years	*Per annum*	11% to 15%	11%
Average expected remaining working life time of employees	*Years*	4 to 14 years	4 to 13

22.2 The amounts recognized in the balance sheet are as follows:

	2010 Rupees	2009 Rupees
Present value of defined benefit obligation	**59,724,846**	49,170,730
Unrecognized actuarial (gains) / losses	**2,137,779**	(5,067,150)
Benefits due but not paid	**719,700**	1,474,700
	62,582,325	45,578,280
Subsidiary's gratuity obligations - Lanka Securities (Private) Limited	**9,759,246**	5,142,685
Liability recognized in balance sheet	**72,341,571**	50,720,965

23 Contingencies and commitments

23.1 Contingencies

Parent company

23.1.1 Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the Parent Company, the Parent Company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million.

As agreed between the Parent Company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The Parent Company has provided a guarantee to ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

23.1.2 First Capital Equities Limited, a subsidiary of the Parent Company, has availed a term finance facility from a commercial bank at mark up rate 13% which is repayable over a period of 18 months from the date of disbursement in six equal quarterly installments. This arrangement is secured by legal mortgage of Rs. 55,250,000 on the property of the Parent Company.

23.1.3 During 2002 the senior management of the Parent Company was contacted by National Accountability Bureau in respect of certain transactions in FIBs carried out by the Parent 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 Parent Company had colluded with WWF officials to defraud WWF.

On this basis, National Accountability Bureau required the Parent Company to pay or guarantee to pay on account of WWF a sum of Rs. 46 million. Keeping in view that public funds were involved and based on legal advise that it was the Parent Company's vicarious liability, the Parent 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 Parent Company's liability stands reduced by the said amount. The Parent 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 Parent Company's accounts. However, the Bureau has again raised a demand of Rs. 10 million, which remains un-recovered from various parties involved. The Parent Company has informed National Accountability Bureau that the said amount is not payable. The Parent 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 Parent Company remains contingently liable to the extent of Rs. 10.073 million.

23.1.4 Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Worldcall Communications Limited (now Worldcall Telecom Limited, an associated company of the Parent Company). Appellate Bench of SECP passed an order against the Parent Company. The Parent 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 Parent Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Parent Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

23.1.5 Securities and Exchange Commission of Pakistan ("SECP") has raised demand of Rs. 0.823 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, an associated company of the Parent Company. Appellate Bench of SECP passed an order against the Parent Company. The Parent 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 Parent 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. As such no provision has been made in the financial statements as the Parent Company is confident of a favorable decision.

23.1.6 For contingencies relating to tax matters, refer to note 30.2.

First Capital Equities Limited (FCEL)

23.1.6 During the year 2000 certain clients of FCEL defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of FCEL at that time, arranged for the requisite financing and assumed the open positions and obligations of the defaulting clients. The loans so arranged by ABN AMRO were secured specifically against the amounts recoverable from these defaulting clients and were repayable only through amounts recovered from such defaulting clients. These loans were interest free and exchange risk had been assumed by ABN AMRO pursuant to the loan agreements signed between FCEL and ABN AMRO. Accordingly FCEL had set off these loans and such recoverable amounts.

FCEL had initiated cases against the defaulting clients for recovery of the amounts due from them. Based on the legal opinion, the management considers that if the recovery suits succeed entirely or partially and result in recovery of an amount from clients, the only obligation of FCEL is to remit the same to ABN AMRO. Whereas in case the recovery suits are unsuccessful, the aforesaid loan will lapse for all purposes and it will extinguish the recovery of loans from clients and this will not affect, in any manner, the financial position of FCEL, as it does not have any obligation to pay any amounts to ABN AMRO from its own sources. The defaulting clients had made a counter claim in the said proceedings. The eventual outcome of these cases or counter claims is uncertain at this stage.

FCEL has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalized against FCEL except for those mentioned above. The existence and the magnitude of any such claims, other than mentioned in these financial statements, are not presently known.

23.1.7 Mr. Assad ullah Sajid has filed a petition with Securities and Exchange Commission of Pakistan against FCEL for refund of deposit of Rs. 590,740 deposited for purchase of shares on his behalf. The management is confident that the matter will be decided in FCEL's favour.

23.1.8 During the year 2007-08, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to FCEL under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that FCEL has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. FCEL 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 FCEL. FCEL has flled an appeal in Applette Tribunal SECP against the aforesaid order, which is in process.

23.1.8 During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by FCEL.

23.1.9 The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs.5.4 million. FCEL filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). FCEL has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of FCEL.

23.1.10 The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability upto Rs.1.4 million on account of apportionment of expenses to capital gain. FCEL has filed appeal before the Commissioner of Income Tax (Appeals) against the said order. The management is confident that the appeal will be decided in favour of FCEL.

23.1.11 During the year 2008-09, M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of FCEL has defaulted to pay their debts Rs. 239,900,022/-. FCEL has filed a suit for recovery from these clients. The Management is confident that FCEL would be able to recover the above stated debt.

23.1.12 During the year FCEL has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonoured cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by FCEL 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 FCEL be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trail Court has declined to issue injunctive order in this regard against FCEL. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed in favour of FCEL.

Trident Construct (Private) Limited (TCPL)

23.1.13 TCPL has issued cross corporate guarantee on behalf of Ever Green Water Valley (Pvt.) Limited, in favour of Albaraka Islamic Bank amounting to Rs. 352.10 Million. (2009: Nil)

23.1.14 TCPL has issued performance guarantees in form of Insurance Bond amounting to Rs. 239.40 million from Shaheen Insurance Company Limited have been given by the Group in favour of Public Health Engineering Department, Govternment of Sindh and Government of Balochistan as performance security in CDWA Project. (2009 : Nil)

23.1.15 TCPL has issued bank guarantees of Rs. 638.38 Million against mobilization advance have been issued by Albaraka Islamic Bank & Bank Alfalah Limited in favour of Public Health Engineering Department, Govt. of Sindh and Government of Balochistan against mobilization advance received. (2009 : Nil)

23.2 Commitments

	2010 Rupees	2009 Rupees
Commitments in respect of :		
Capital Expenditure	**239,830,434**	239,830,434
Sale of shares	**96,730,665**	213,360,116
Purchase of shares	**96,344,449**	224,806,739
Performance guarantee	**17,685,635**	6,977,103
	450,591,183	684,974,392

	2010 Rupees	2009 Rupees
24 Share capital		
Authorized		
300,000,000 (2009: 300,000,000) ordinary shares of Rs 10 each	**3,000,000,000**	3,000,000,000

Issued, subscribed and paid-up capital	Number of shares 2010	Number of shares 2009	2010 Rupees	2009 Rupees
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares				
Opening balance as at 1 July	**212,119,644**	124,357,486	**2,121,196,440**	1,243,574,860
Issued during the year	**37,542,701**	87,762,158	**375,427,010**	877,621,580
Closing balance as at 30 June	**249,662,345**	212,119,644	**2,496,623,450**	2,121,196,440
	287,827,375	250,284,674	**2,878,273,750**	2,502,846,740

24.1 Worldcall Telecom Limited - related party holds 3,628,868 (2009: 3,155,538) shares with a percentage holding of 1.26% (2009: 1.26%).

	Number of shares 2010	Number of shares 2009
24.2 Movement of number of shares		
Shares as on 01 July	**250,284,674**	162,522,516
Bonus issue	**37,542,701**	87,762,158
Shares as on 30 June	**287,827,375**	250,284,674

	Note	2010 Rupees	2009 Rupees
25 Revenue			
Financial consultancy fee		**9,000,000**	1,500,000
Dividend income		**3,266,520**	2,638,334
Money market income		**13,740,322**	12,593,425
Gain/(loss) on sale of investments		**27,150,741**	(77,480,878)
(Loss)/gain on sale of investment property		**(22,871,085)**	250,000
Investment advisory fee from FCMF		**6,647,134**	6,156,162
Income from placements		**216,753,816**	380,390,674
Income from continuous funding system placements		**-**	440,069
Brokerage income		**355,483,743**	515,209,462
Rental Income		**18,081,692**	16,294,810
Revenue from printing		**125,030,724**	111,646,487
Revenue against construction contracts		**270,386,511**	418,299,503
		1,022,670,118	1,387,938,048
26 Direct costs			
Materials consumed		**107,054,917**	65,058,748
Salaries and benefits		**63,246,467**	128,282,992
Folding and binding costs		**5,478,018**	4,137,425
Electricity consumed		**2,209,660**	2,360,511
Rent, rates and taxes		**3,857,934**	4,177,211
Postage and communication		**270,294**	560,587
Stores and general items consumed		**24,122,346**	39,805,957
Mess and staff refreshment charges		**43,089**	269,278
Traveling expenses		**286,111**	112,739
Lab testing charges		**599,015**	589,517
Insurance		**2,081,065**	2,948,092
Entertainment		**843,617**	1,089,381
Repair and maintenance		**8,366,729**	8,388,291
Courier charges		**150,905**	12,746
Vehicle running and maintenance		**3,160,716**	2,326,864
Depreciation	*3*	**33,929,394**	41,734,217
Others		**12,052,113**	1,985,770
		267,752,390	303,840,326
27 Operating expenses			
Salaries, wages and benefits		**227,181,894**	188,871,226
Stock exchange charges		**2,517,777**	9,059,277
Rent, rates and taxes		**8,969,869**	11,431,472
Telephone, fax, etc.		**8,820,087**	12,382,932
Utilities		**6,336,673**	6,151,754
Insurance		**3,912,759**	4,240,539
Printing and stationery		**2,811,633**	3,399,546

	Note	2010 Rupees	2009 Rupees
Traveling and conveyance		**13,052,518**	13,797,284
Repairs and maintenance		**11,633,882**	11,869,741
Postage, courier etc.		**2,841,319**	2,914,191
Vehicle running		**6,022,865**	8,182,678
News papers and periodicals		**297,007**	340,607
Entertainment		**4,615,473**	5,138,692
Brokerage commission and capital value tax		**986,171**	908,578
Service charges on rental income		**11,144,130**	10,177,635
Legal and professional charges		**15,807,260**	21,093,736
Advertisement		**552,670**	2,073,509
Provision for doubtful debts		**50,795,952**	13,987,982
Bad debts written off directly		**94,742**	184,623,752
Fees and subscriptions		**11,389,681**	12,923,388
Tenderable gain paid		**-**	699,965
Auditors' remuneration	*27.1*	**3,171,794**	2,732,692
Donations		**-**	47,080
Depreciation	*3*	**35,657,152**	29,485,751
Amortization of intangible assets		**280,000**	280,000
Business development		**2,136,005**	207,865
Workers' welfare fund		**14,310,880**	-
Others		**9,055,684**	24,006,644
		454,395,877	581,028,516

27.1 Auditors' remuneration

	Parent company Rupees	Subsidiary companies Rupees	2010 Rupees	2009 Rupees
Annual audit	**475,000**	**1,601,594**	**2,076,594**	1,496,492
Consolidated accounts	**425,000**	**-**	**425,000**	425,000
Half yearly review	**100,000**	**235,000**	**335,000**	330,000
Other certifications	-	**202,200**	**202,200**	354,200
Out of pocket expenses	**99,000**	**34,000**	**133,000**	127,000
	1,099,000	**2,072,794**	**3,174,794**	2,732,692

	Note	2010 Rupees	2009 Rupees
28 Other income			
Income from financial assets			
Return on deposit accounts		**7,366,192**	26,507,707
Interest on term deposits		**52,104,550**	47,131,074
Mark-up income on loans to related parties		**62,711,475**	56,456,992
Income from other than financial assets			
Underwriting commission		**-**	3,500,000
Take-up commission		**-**	3,119,351
Provision written back		**4,942,119**	251,650
Exchange gain		**474,009**	1,626,046
Gain on sale of fixed assets		**1,278,677**	20,202,691
Gain on sale of subsidiary		**-**	17,132
Others		**(1,060,596)**	43,087,671
		127,816,426	201,900,314
29 Finance costs			
Markup on long term borrowings		**127,702,511**	-
Markup on short term borrowings		**277,000,309**	617,598,934
Cost of repo transactions		**101,475,572**	169,901,439
Finance charges on assets subject to finance lease		**3,293,873**	4,302,055
Continuous funding system cost		**-**	2,234,648
Bank charges and commission		**2,046,027**	1,774,263
Others		**2,358,620**	6,905,337
		513,876,912	802,716,676
30 Taxation			
Current year		**95,897,926**	39,292,362
Prior Year		**287,292**	-
Deferred		**3,484,529**	(1,006,449)
		99,669,747	38,285,913

30.1 Since majority of the group companies have taxable losses for the year, therefore, no numerical tax reconciliation is given.

30.2 The Parent Company's assessments have been finalized up to tax year 2004. All pending issues relating to the previous years have been resolved in favour of the Parent Company, resulting in a refund of Rs. 6,677,426.

Return for the tax year 2005 to tax year 2009 were filed and are deemed to be assessed.

		2010	2009 Restated

31 Loss per share - basic

Net profit for the year	***Rupees***	**(185,609,728)**	(851,596,781)
Weighted average number of ordinary shares as at 30 June	***Numbers***	**287,827,375**	287,827,375
Loss per share - basic & diluted	***Rupees***	**(0.64)**	(2.96)

For the purpose of computing (loss) / earnings per share, the number of shares of the previous year have been adjusted for the effect of bonus shares issued during the year.

Earnings per share - diluted

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

32 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. Balances with related parties are shown in the relevant notes to the accounts. The transactions with related parties other than those which have been disclosed in other notes are as follows:

	2010 Rupees	2009 Rupees
Associated companies		
Media Times Ltd		
Mark up income	**62,711,475**	56,456,992
Long term loan given	**42,200,000**	161,276,053
Long term loan matured	-	142,547,051
Long term Investment made	**86,177,645**	227,757,890
Pace Pakistan Ltd		
Income from financial consultancy services	**9,000,000**	1,500,000
Contract services	**173,714,013**	418,299,502
Purchase of goods/services	**11,144,130**	10,177,635
Short term investments made	**46,354,923**	6,257,455
Short term Investment sold	**-**	21,420,000
Investment Property Purchased	**-**	36,607,608
Shaheen Insurance Company Ltd		
Insurance premium	**477,714**	488,937
Insurance claim	**264,168**	93,120
Short term investments made	**1,585,150**	21,864,912
Short term Investment sold	**3,251,500**	-
Income from financial consultancy services	**1,556,957**	1,788,521

	2010 Rupees	2009 Rupees
Merchant Bank of Sri Lanka		
Brokerage income	**5,272,192**	-
MBSL Saving Bank		
Brokerage income	**644,821**	-
Merchant Bank of Sri Lanka		
Brokerage income	**1,793,267**	3,911,979
Payment of lease rental	**-**	3,967,636
MBSL Insurance Co. Ltd.		
Brokerage income	**402,949**	-
Bank of Ceylon		
Brokerage income	**13,487,345**	1,696,888
Mark up income	**4,610,572**	4,098,000
Pace Barka		
Long term Investment made	**281,295,000**	-
WorldCall		
Short term Investment sold	**7,700,093**	5,386,745
FCMF		
Income from financial consultancy services	**4,878,698**	4,144,100
Key Management Personnel of Group		
Brokerage income	**-**	20,752,356
Repurchase agreement arrangement fee	**-**	2,929,167
Placement entered and rolled over	**-**	1,140,000,000
Placement matured	**-**	2,170,000,000
Income earned on placements	**-**	162,851,439

33 Cash generated from operations

	2010 Rupees	2009 Rupees
Loss before taxation	**(135,281,949)**	(846,299,784)
Adjustments for:		
Depreciation and write off	**69,586,546**	71,219,968
Finance cost	**513,876,912**	802,716,676
Loss on remeasurement of short term investments	**76,966,372**	908,550,882
Dividend income	**(3,266,520)**	(2,638,334)
Amortization of intangible assets	**280,000**	280,000
Gain on disposal of property, plant and equipment	**(1,278,677)**	(20,202,691)
Gain on disposal subsidiary	**-**	(17,132)
Exchange translation difference	**16,112,602**	20,085,513
Provision for doubtful debts	**50,795,952**	13,987,982
Bad debts written off directly	**94,742**	184,623,752
Retirement benefits	**26,438,199**	20,326,559
Share of profit of associated companies	**(10,401,208)**	(81,555,645)
Provision for doubtful debts written back	**(4,942,119)**	(251,650)
Mark up income	**(122,182,217)**	(510,486,447)
	612,080,584	1,406,639,433
Profit before working capital changes	**476,798,635**	560,339,649

	2010 Rupees	2009 Rupees
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	**(4,129,980)**	17,893,236
Trade debts	**287,408,215**	(1,304,606,633)
Loans and advances	**(65,576,643)**	917,814,716
Short term prepayments	**(2,270,632)**	4,975,011
Deposits and other receivables	**(58,409,753)**	42,269,449
Short term investments - net	**409,917,608**	(384,123,387)
Placements	**721,759,603**	493,572,234
Increase/(decrease) in:		
Trade and other payables	**645,107,929**	(97,368,757)
Liability against repurchase agreement	**(492,000,430)**	172,975,430
Short term borrowings	**(1,873,098,953)**	(700,153,537)
	(431,293,036)	(836,752,238)
	45,505,599	(276,412,589)

34 Cash and cash equivalents

These are made up as follows:

	2010 Rupees	2009 Rupees
Cash in hand	**293,914**	355,686
Bank balances	**589,903,097**	194,053,647
Treasury bills	**-**	45,655,272
	590,197,011	240,064,605

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 is primarily attributable to its trade debts and loans and advances. 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, the group applies credit limits to its customers and obtains advances from certain customers.

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:

	2010 Rupees	2009 Rupees
Long term loans	**391,629,002**	349,429,002
Investment in associates	**1,333,667,651**	856,991,798
Long term deposits	**11,986,301**	12,709,852
Loans and advances	**115,992,025**	50,415,382
Placements	**782,093,163**	1,503,852,766
Trade debts	**3,372,441,599**	3,705,798,389
Investments at fair value through profit or loss	**423,810,838**	910,694,818
Interest receivable	**4,621,218**	16,528,574
Deposits and other receivables	**106,071,882**	41,070,438
Bank balances	**589,903,097**	239,708,919
	7,132,216,776	**7,687,199,938**

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

	2010 Rupees	2009 Rupees
Foreign	**404,885,919**	176,845,459
Domestic	**2,967,555,680**	3,528,952,930
	3,372,441,599	3,705,798,389

The aging of trade receivables at the reporting date is:

	2010 Rupees	2009 Rupees
Past due 0 - 30 days	**1,822,230,687**	2,104,428,014
Past due 31 - 90 days	**212,703,262**	67,684,686
Past due 91 - 180 days	**271,972,655**	298,282,954
Past due 181 - 365 days	**765,009,790**	372,500,382
More than 1 year	**300,525,205**	862,902,353
	3,372,441,599	3,705,798,390

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

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

	2010 Rupees	2009 Rupees
Foreign	**65,055,097**	55,602,285
Domestic	**524,848,000**	184,106,634
	589,903,097	**239,708,919**

The analysis below summarizes the credit rating quality of the Company's bank balances as at 30 June:

Bank balances by rating category	**2010**	2009
MCB Bank Limited	**AA+**	AA+
Faysal Bank Limited	**AA**	AA
Standard Charted Bank (Pakistan) Limited	**AAA**	AAA
Bank Al-Habib Limited	**AA+**	AA+
Habib Metropolitan Bank	**AA+**	AA+
KASB Bank Limited	**A-**	A
NIB Bank Ltd	**AA-**	AA-
Bank Alfalah Limited	**AA**	AA
Allied Bank Limited	**AA**	AA
Citi Bank Sri Lanka	**A+**	A+
Soneri Bank Limited	**AA-**	AA-

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 as on 30 June 2010

	Carrying Amount	**6 months or less**	**6-12 months**	**1-2 years**	**More than 2 years**
	----------------------------------	(Rupees)	----------------------------		
Liabilities against assets subject to finance lease	32,356,493	11,925,397	10,362,307	6,119,420	3,949,369
Long term finance	1,947,217,349	286,175,750	356,224,505	495,245,164	809,571,930
Short term borrowing under markup Arrangements-secured	1,398,112,284	1,398,108,284	-	-	-
Trade and other payables	747,953,117	735,914,674	12,038,443	-	-
Mark up accrued	234,196,161	2,689,748	231,506,413	-	-
Liabilities against REPO	189,400,000	189,400,000	-	-	-
	4,549,235,404	2,624,213,853	610,131,668	501,364,584	813,521,299

The following are the contractual maturities of financial liabilities as on 30 June 2009

	Carrying Amount	6 months or less	6-12 months	1-2 years	More than 2 years
	----------	----------	(Rupees)	----------	----------
Liabilities against assets subject to finance lease	39,158,950	9,359,421	9,773,221	18,076,341	1,949,967
Long term finance	47,000,000	-	40,000,000	7,000,000	-
Short term borrowing under markup Arrangements-secured	3,271,211,237	130,274,714	3,140,936,523	-	-
Trade and other payables	943,643,480	804,190,820	121,011,099	18,441,561	-
Mark up accrued	169,619,425	2,755,132	166,864,293	-	-
Liabilities against REPO	681,400,430	137,511,462	543,888,968	-	-
	5,152,033,522	1,084,091,549	4,022,474,104	43,517,902	1,949,967

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.

35.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. The group is exposed to foreign currency's risk on conversion of balance in foreign currency account maintained in Lanka Rupees (LKR) and US Dollars. The Group's exposure to foreign currency risk for LKR and US Dollars is as follows:

	2010 Rupees	2009 Rupees
Foreign debtors	**404,885,919**	176,845,459
Foreign currency bank accounts	**65,055,097**	55,602,285
Net exposure	**469,941,016**	232,447,744

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2010	2009	**2010**	2009
LKR to PKR	**0.72**	0.66	**0.75**	0.70
US$ to PKR	**83.25**	74.55	**85.40**	81.10

Sensitivity analysis:

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

	2010 Rupees	2009 Rupees
Effect on profit and loss	**46,994,102**	23,244,774
	46,994,102	23,244,774

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the pre- tax loss.

The sensitivity analysis prepared is not necessarily indicative of the effects on 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:

	2010	2009	2010	2009
	Effective rate (in Percentage)		Carrying amount (Rupees)	
Financial liabilities				
Variable rate instruments:				
Liabilities against assets subject to finance lease	**12.00% to 18.03%**	19.39% to 23.30%	**32,356,493**	39,158,950
Short term borrowings	**15.29% to 18.70%**	15.74% to 18.50%	**1,398,112,284**	3,271,211,237
Liabilities against REPO	**17.03% to** 19.00%	17.25% to 18.00%	**681,400,430**	818,911,892

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss 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 2009.

	Increase	Decrease
	Rupees	
As at 30 June 2010	**(22,149,577)**	**22,149,577**
As at 30 June 2009	(45,913,317)	45,913,317

The sensitivity analysis prepared is not necessarily indicative of the effects on 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 not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

35.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. 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.

Effective 01 January 2009 the Group adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 or indirectly (that is, derived from prices) (level 2);

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

	Level 1	Level 2	Level 3	Total
	---------------- R u p e e s ----------------			
Assets as at 30 June 2010				
Investments at fair value through profit or loss	**423,810,838**	**-**	**-**	**423,810,838**
Assets as at 30 June 2009				
Investments at fair value through profit or loss	910,694,818	-	-	910,694,818

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 of Directors monitors the return on capital employed, which the group defines as operating income divided by total capital employed. The Board of Directors 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 as at 30 June 2010 and at 30 June 2009 were as follows:

	2010 Rupees	2009 Rupees
Total debt	**3,567,086,126**	4,038,770,617
Total equity and debt	**7,356,696,307**	8,083,029,454
Debt-to-equity ratio	**48.49%**	49.97%

There has not been a major change in the debt-to-equity ratio during the period.

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 accounts for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Group is as follows:

	Chief Executive		**Director**		**Executives**	
	2010 Rupees	**2009 Rupees**	**2010 Rupees**	**2009 Rupees**	**2010 Rupees**	**2009 Rupees**
Managerial remuneration	**6,033,333**	-	**7,463,333**	28,033,858	**36,490,052**	53,436,813
Medical	**180,801**	-	**429,725**	1,816,751	**1,516,387**	1,245,430
Utilities	**536,861**	1,115,564	**1,821,829**	1,258,400	**1,643,702**	2,167,880
House rent	**824,000**	-	**2,145,334**	4,361,600	**6,577,321**	8,671,520
Provision for gratuity	**-**	-	**343,231**	214,453	**2,885,046**	2,694,797
Others	**213,716**	-	**821,693**	171,005	**1,485,788**	607,200
	7,788,711	**1,115,564**	**13,025,145**	**35,856,067**	**50,598,296**	**68,823,640**
Number of persons	4	1	6	8	31	38

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

37 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. Unallocated assets and liabilities include short term and long term borrowings, employees retirement benefits and other operating liabilities.

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, money market operations and financial consultancy services

2 Investment Advisory Services

Investment advisory services to closed end mutual funds.

3 Construction

Business of construction, development and other related activities of real estate properties.

4 Printing and Publishing

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

5 Water Sanitation

Installation and manufacturing of water purification plants, reverse osmosis systems and water softness system

The identification of operating segments was based on the internal organizational and reporting structure, built on the different products and services within the Group. Allocation of the individual organizational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies 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.

37.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

	Financial Services		Investment advisory services		Construction		Printing		Water sanitation		Elimination - net		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		(----------					Rupees						----------)	
Revenue														
- External customers	**666,516,413**	862,035,896	**6,647,134**	6,156,162	**188,856,952**	408,099,503	**97,889,029**	111,646,487	**62,760,590**	-	-	-	**1,022,670,118**	1,387,938,048
- Inters group	**20,433,442**	3,928,285	-	-	**18,768,969**	10,200,000	**13,955,828**	-	-	-	**(53,158,239)**	(14,128,285)	-	-
	686,949,855	865,964,181	**6,647,134**	6,156,162	**207,625,921**	418,299,503	**111,844,857**	111,646,487	**62,760,590**		**(53,158,239)**	(14,128,285)	**1,022,670,118**	1,387,938,048
Direct costs	**5,405,377**	5,629,894	-	-	**115,406,316**	207,546,565	**104,336,586**	90,663,867	**42,604,111**	-	-	-	**267,752,390**	303,840,326
Gross profit	**681,544,478**	860,334,287	**6,647,134**	6,156,162	**92,219,605**	210,752,938	**7,508,271**	20,982,620	**20,156,479**	-	**(53,158,239)**	(14,128,285)	**754,917,728**	1,084,097,722
Operating expenses	**385,888,360**	523,117,133	**9,051,327**	12,023,161	**47,297,911**	39,152,614	**9,494,206**	9,314,052	**4,175,505**	-	**(1,511,432)**	(2,578,444)	**454,395,877**	581,028,516
Operating profit/ (loss)	**295,656,118**	337,217,154	**(2,404,193)**	(5,866,999)	**44,921,694**	171,600,324	**(1,985,935)**	11,668,568	**15,980,974**	-	**(51,646,807)**	(11,549,841)	**300,521,851**	503,069,206
Other income/ (expense)	**759,073,352**	(863,171,804)	**127,289,332**	(9,878,003)	**121,244,404**	-	**121,244,404**	38,518,933	**121,244,404**	-	**(1,172,022,784)**	287,878,560	**78,073,112**	(546,652,314)
Finance costs	**(509,863,149)**	(808,717,076)	**(54,380)**	(100,951)	**(950,942)**	(1,428,163)	**(15,666,374)**	(13,307,318)	**(738,298)**	-	**13,396,231**	20,836,832	**(513,876,912)**	(802,716,676)
Profit/(Loss) before taxation	**544,866,321**	(1,334,671,726)	**124,830,759**	(15,845,953)	**165,215,156**	170,172,161	**103,592,095**	36,880,183	**136,487,080**	-	**(1,210,273,360)**	297,165,551	**(135,281,949)**	**(846,299,784)**
Taxation	**57,080,779**	24,638,794	**1,198,968**	(146,955)	**5,719,149**	14,580,000	**(2,509,034)**	(785,926)	**38,179,885**	-	-	-	**99,669,747**	**38,285,913**
Profit/(Loss) after taxation	**487,785,542**	(1,359,310,520)	**123,631,791**	(15,698,998)	**159,496,007**	155,592,161	**106,101,129**	37,666,109	**98,307,195**	-	**(1,210,273,360)**	297,165,551	**(234,951,696)**	(884,585,697)
Segment net assets	**19,865,427,607**	16,722,817,182	**110,878,685**	103,057,016	**720,648,414**	621,520,717	**124,243,695**	270,454,064	**727,325,896**	71,799,017	**(12,380,187,568)**	8,542,634,672	**9,168,336,729**	9,247,013,324
Segment liabilities	**4,549,683,982**	5,039,196,896	**2,242,277**	2,690,434	**258,763,088**	161,085,092	**54,065,378**	186,064,957	**678,723,105**	259,017	**(164,751,282)**	186,541,909	**5,378,726,548**	5,202,754,487
Depreciation	**18,614,834**	23,510,738	**1,048,918**	1,262,171	**44,955,905**	42,536,839	**4,514,248**	3,910,221	**452,641**	-	-	-	**69,586,546**	71,219,968
Cash generated from/ (used in) operating activities	**567,204,194**	(629,659,500)	**2,405,693**	3,867,814	**58,168,066**	23,716,041	**(2,607,615)**	8,446,421	**404,405,362**	(23,436,059)	**(1,518,010,698)**	433,571,806	**(488,434,998)**	(1,050,637,089)
Capital expenditure	**2,320,304**	155,855,887	**69,500**	14,388,924	**12,563,712**	66,151,076	**1,285,739**	1,195,623	**7,347,005**	1,129,202	**16,609,024**	9,075,722	**40,195,284**	229,644,990
Net Cash generated from/ (used in) investing activities	**120,854,851**	(461,483,975)	**229,352**	14,388,924	**(12,029,910)**	(137,594,576)	**163,654,900**	(133,040,930)	**(7,751,005)**	(1,519,202)	**(1,283,945,592)**	(993,751,647)	**(1,018,987,404)**	274,501,888

37.2 Information by geographical area

	Revenue		Net Assets	
	2010	2009	**2010**	2009
	Rupees	Rupees	**Rupees**	Rupees
Pakistan	**835,903,569**	1,340,990,772	**8,699,602,737**	8,815,774,528
Sri Lanka	**186,766,549**	46,947,276	**468,733,992**	431,238,796
Total	**1,022,670,118**	1,387,938,048	**9,168,336,729**	9,247,013,324

Revenue are allocated to geographical areas according to the location of country producing goods or providing services.

38 Events after the balance sheet date

The Board of Directors in their meeting held on 06 October 2010 has recommended bonus shares at the rate of 10 shares for each 100 shares held i.e. 10% (2009: 15%) as a final dividend.

39 Date of authorization for issue

These financial statements were authorized for issue on 06 October 2010 by the Board of Directors.

40 General

40.1 The figures have been rounded off to the nearest Rupee.

40.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. During the year Income from placements amounting to Rs. 216,753,816 (2009 : 380,390,674) has been reclassified from "Other income" to "Revenue".

Lahore: **Chairman & Chief Executive Officer** **Director**

06 October 2010

FORM OF PROXY

The Company Secretary
First Capital Securities Corporation Limited
103-C/II, Gulberg-III
Lahore

Folio No./CDC A/c. No. ______________

Shares Held: ______________

I / We ______________________________________ of ______________________________________
(Name) *(Address)*

being the member(s) of **First Capital Securities Corporation Limited** hereby appoint Mr. / Mrs./

Miss ______________________________________ of ______________________________________
(Name) *(Address)*

or failing him / her / Mr. / Mrs. / Miss. ____________________________ of _________________________
(Name) *(Address)*

[who is also member of the Company vide Registered Folio No. /CDC A/c. No. _____________ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at an Annual General Meeting of the Company to be held at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, on 30 October 2010 at 11:30 a.m. and at any adjournment thereof.

Signature this ___________________ Day of _________________ 2010.

(Witnesses)

1.___________________

2.___________________

Affix Revenue Stamp
of Rupees Five

Signature ______________________________
(signature appended should agree with the specimen signature registered with the Company)

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.