



First Capital Equities Limited

Annual Report 2002

COMPANY INFORMATION

Board of Directors

Mr. Salmaan Taseer
Chairman & Chief Executive

Mian Ehsan ul Haq
Mr. Mumtaz H Syed
Mr. Sardar Ali Wattoo
Mr. Aamer Naseem Chishti
Mr. Khurram Hanif
Mr. Akbar Naqi

Chief Financial Officer

Mr. Muhammad Zubair Khalid

Audit Committee

Mr. Aamir Naseem Chishti (Chairman)
Mian Ehsan ul Haq
Mr. Mumtaz H Syed

Company Secretary

Mr. Akbar Naqi

Auditors

M/s. Nasir Javaid Maqsood
Chartered Accountants

Legal Adviser

Tasawar Ali Hashmi
Advocates, Katachi.

Registered Office

103-C/II, Gulberg-III
Lahore, Pakistan.
Tel. # (042) 5757591 - 4
Fax. # (042) 5757590, 5877920

Corporate Office

4th Floor, Block 'B', 'C', 'D',
Lakson Square Building No. 1
Sarwar Shaheed Road, Karachi.
Tel: (021) 111 226 226
Fax: (021) 5656710, 5656725

Registrar and Share Transfer Office

CORPLINK (PVT.) LIMITED
Wings Arcade, 1-K,
Commercial Model Town, Lahore
Tel. # (042) 5839183

Bankers

Muslim Commercial Bank Limited
Standard Chartered Bank
Prime Commercial Bank Limited
PICIC Commercial Bank Limited
ABN AMRO Bank N.V
Askari Commercial Bank Limited

MISSION STATEMENT

Our mission is to strive to become the LEADING INVESTMENT AND FINANCIAL SERVICES COMPANY and PREFERRED EMPLOYER in each market that we operate. We will adhere to the following principles and provide execution to direct our future. We shall experience growth through building quality relationships, knowledge, service and innovation.

DEDICATED TO MAKE IT HAPPEN

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

VISION STATEMENT

Our Vision is linked with our Mission to be the LEADING INVESTMENT AND FINANCIAL SERVICES COMPANY and BEST EMPLOYER in each market we operate. Our Vision will guide and direct us towards our mission, and communicates what we believe in as an operations group.

WE BELIEVE IN

- ? Obligation to serve the SHAREHOLDERS' INTEREST
- ? Providing Clients with CONSISTENT OUTSTANDING SERVICES
- ? Showing and encouraging TEAMWORK
- ? Maintaining and developing high standards of IMAGE
- ? Treating people with RESPECT
- ? Creating and developing a POSITIVE ENVIRONMENT
- ? Building a REPUTATION FOR SUCCESS
- ? Providing services with the HIGHEST QUALITY
- ? Operating with the highest INTEGRITY & HONESTY
- ? Exploring and encouraging NEW & INNOVATIVE IDEAS
- ? Providing positive RECOGNITION & REINFORCEMENT
- ? Becoming a dependant fiber in every COMMUNITY
- ? Continue to focus our associates with DEVELOPMENT & TRAINING
- ? Building and consistently growing overall REVENUES
- ? Provide every Client with a PLEASANT EXPERIENCE
- ? Stay focused on our business by LISTENING INTENTLY

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the company feel pleasure to place before you the annual report together with audited financial statements of the company for the year ended June 30, 2002.

STATEMENT IN COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

In the financial statements under review, we declare that;

- ? The financial statements of company represent the true and fair view of the Company's operations, cash flows and changes in equity.
- ? Proper books of accounts of the company have been maintained.
- ? Appropriate accounting policies have been consistently applied in preparation of financial statements while adopting the International Accounting Standard 39 & International Accounting Standard 19. Accounting estimates (if any) are based on
- ? International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom (if any) has been adequately disclosed.
- ? Adequate system of internal control is designed and being effectively implemented and monitored by the management.
- ? There are no significant doubts upon the company's ability to continue as a going concern.
- ? There has been no material departure from the best practices of corporate governance, as provided in the listing regulations.

BUSINESS & FINANCIAL PERFORMANCE

	2002	2001
Operating revenue	45,752,127	34,712,449
Operating expenses	53,111,577	59,919,184
Operating profit/(Loss) before tax	5,482,565	(3,333,920)
Taxation	230,000	2,300,000
Profit/(Loss) after taxation	5,252,565	(5,633,920)
Profit/(Loss) brought forward	15,236,608	20,870,528
Profit/(Loss) carried forward	20,489,173	15,236,608

REASONS FOR THE CHANGE IN OPERATING RESULTS

Due to the comparatively better performance of the capital markets during the year, the company has reported a pretax profit of Rs. 5.48 Million for the year under review as compared to a pretax loss of Rs. 3.3 Million for the year ended June 30, 2001.

COMPANY PERFORMANCE IN PAST YEARS:

Past six years company performance is attached

PAYOUT FOR SHAREHOLDERS:

In order to strengthen the company's financial base, the directors do not recommend payment of any dividend this year. (Bonus shares @ 19.99 % during the year ended June 2001 were issued).

STATUTORY PAYMENTS:

The assessment of years 1998-99 & 1999-2000 were reopened U/S 66-A of the Income Tax Ordinance, 1979, on issue of allocation of expenses against exempt income - capital gains. The tax liability comes to Rs.10.08 million, the company has filed appeals in the Income Tax Appellate Tribunal against these orders.

Subsequent to the year end Income tax authorities has also finalized the assessment for the assessment year 2000-2001. A demand of Rs 9.64 million was raised by allocating expenditure against exempt income of capital gains. The company has filed appeal to the Commissioner of Income Tax against this decision.

Other than the above there are no outstanding statutory payment due on account of taxes, levies and charges except these of a normal and routine nature.

FUTURE OUT-LOOK

The performance of the company for the year under review was marked with events like September 11, attacks in USA, the prevalent high tensions on the borders. Despite all this Pakistan's stand against the terrorism has had a positive impact on the country's standing, its economy and consequently the capital markets. Although immediate short term uncertainty prevails, Pakistan will surely derive economic benefits over the medium term.

Pakistan's stand against terrorism has raised the confidence level of the World Community in Pakistan which has resulted in a major restructuring of Pakistan's external debt on favorable terms and the lifting of certain sanctions by the United States. This has paved the way for the enhanced assistance from the IFI's such as IMF, World Bank, ADB etc. which has improved Pakistan's standing in the international capital market.

The future looks promising. Overall economic outlook for the country looks bright. With the backing of IFIs, debt rescheduling, record high foreign exchanges reserves and foreign remittances external side of the economy appears stable. On the domestic front the recovery has been slow. However, your Board feels that the impact of positive developments on the external front would eventually result in improvement of the domestic economy. With improvement in economic performance, capital markets of the country are also expected to show a positive trend. In such a scenario your company is expected to perform well given the vision and expertise of its management.

Your company is moving ahead with its plans to grow and diversify the business with a sure-footed approach.

BOD MEETINGS DURING THE YEAR:

See Annexure – I

PATTERN OF SHAREHOLDING

The pattern of shareholding under the section 236 of the company's ordinance, 1984 is given on page number 30.

TRADING BY THE DIRECTORS etc..

Please see Annexure – II.

EARNING PER SHARE:

Earning per share for the ended June 30, 2002 was Rs. 0.44 as compared to Rs.(0.47) last Year.

DIRECTORS

The new Board of Directors was elected on December 31, 2001. Subsequent to the election there is no change in the board of directors. The current tenor of the office of directors will expire on December 31, 2004.

HOLDING COMPANY

The company's holding company is First Capital Securities Corporation Limited, a company incorporated in Pakistan, having its registered office at 103-C/II, Gulberg III, Lahore.

AUDITORS

The retiring auditors Messers Nasir Javed Maqsood (Chartered Accountants) have expressed their willingness to continue in office and the board recommends that they may be re-appointed. A resolution proposing the re-appointment of Nasir Javed Maqsood (Chartered Accountants) as auditors of the company and giving authority to the directors to determine their remuneration will be submitted to the forthcoming Annual General meeting.

ACKNOWLEDGEMENT

In the end I, on behalf of board, would like to thank all our shareholders for the trust and confidence reposed in us. Finally, we would like to thank the Securities and Exchange Commission for its continued guidance and constant improvement on regulations.

**For and on behalf of the Board of Directors
(Salmaan Taseer)**

Dated: September 25, 2002

SEVEN YEARS AT A GLANCE

Financial Highlights

FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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(R u p e e s i n m i l l i o n)

Income Statement

Revenues	0.27	0.58	56.30	174.86	182.91	58.58	62.29
Expenses	5.24	7.54	39.66	114.93	169.47	61.91	56.81
Profit before tax	(4.96)	(6.96)	16.64	59.92	13.44	(3.33)	5.48
Profit after tax	(4.96)	(6.96)	16.45	54.32	9.94	(5.63)	5.25

Balance Sheet

Paid up capital	0.01	40.04	100.04	100.04	100.04	120.04	120.04
Shareholder's equity	(2.77)	111.47	112.91	130.97	140.91	135.27	140.52
Liabilities	7.02	7.02	290.64	468.06	98.81	28.78	73.30
Total assets	4.25	118.49	403.55	599.03	239.72	164.05	213.83
Investment value at cost	-	-	0.47	2.14	0.15	4.57	11.35
Investment value at mkt price	-	-	0.24	2.03	0.39	4.51	11.41

Ratios

Earning per share (Rs.)	(4,962.07)	(1.74)	1.64	5.43	0.99	(0.47)	0.44
Break up value (Rs.)	(7,845.35)	6.30	10.66	13.09	14.09	11.27	11.71
Return on Equity (%)	(178.97)	(6.25)	14.57	41.48	7.05	(4.16)	3.74

Payout (%)

Cash	-	-	15	30	-	-	-
Bonus	-	-	-	-	-	19.99	-

Annexure - I

Statement showing attendance of board meetings from July 01, 2001 to June 30, 2002

S. No.	Name	Designation	Attended	Leave Granted
1	Mr. Salmaan Taseer	Chairman & Chief Executive	5	1
2	Mian Ehsan ul Haq	Director	5	1
3	Mr. Mumtaz H Syed	Director	5	1
4	Mr. Sardar Ali Wattoo	Director	6	-
5	Mr. Aamer Naseem Chisti	Director	6	-
6	Mr. Khurram Hanif	Director	6	-
7	Mr. Akbar Naqi	Director & Company Secretary	6	-

Annexure - II

Statement showing shares bought and sold by Directors, CEO, CFO and Company Secretary from July 01, 2001 to June 30, 2002

S. No.	Name	Designation	Shares bought	Shares sold
1	Mr. Salmaan Taseer	Chairman & Chief Executive	-	-
2	Mian Ehsan ul Haq	Director	-	-
3	Mr. Mumtaz H Syed	Director	-	-
4	Mr. Sardar Ali Wattoo	Director	-	-
5	Mr. Aamer Naseem Chisti	Director	-	-
6	Mr. Khurram Hanif	Director	-	-
7	Mr. Akbar Naqi	Director & Company Secretary	-	-

STATEMENT OF COMPLIANCE

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 Code of Corporate governance prepared by the Board of Directors of First Capital Equities Limited to comply with the Listing Regulation, Chapter 13 of the Lahore Stock Exchange (Guarantee) Ltd., where the company is listed

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. Our 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 systems 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.

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 effective as at 30 June 2002.

Date: September 25, 2002
Place: LAHORE

NASIR JAVAID MAQSOOD
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of First Capital Equities Limited as at June 30, 2002 and the related profit and loss account, 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 purpose 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 and Rule 21 of the Investment Companies and Investment Adviser Rules, 1971. 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 accounts have been kept by the company as required by the Companies Ordinance, 1984 and Rule 21 of the Investment Companies and Investment Adviser Rules, 1971;

(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 the Investment Companies and Investment Adviser Rules, 1971, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, investment 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, 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 and the Investment Companies and Investment Adviser Rules, 1971, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2002 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 under the Zakat and Ushr Ordinance, 1980.

Date: September 25, 2002
Place: LAHORE

NASIR JAVAID MAQSOOD
CHARTERED ACCOUNTANTS

BALANCE SHEET
AS AT JUNE 30, 2002

	<u>Notes</u>	<u>2002</u> (Rupees)	<u>2001</u> (Rupees)
TANGIBLE FIXED ASSETS	3	36,016,147	28,094,538
COST OF CARDS AND ROOMS	4	56,200,000	56,200,000
LONG TERM DEPOSITS	5	2,147,590	2,532,848
		94,363,737	86,827,386
CURRENT ASSETS			
Accounts receivable	6	31,094,241	16,397,798
Investments	7	11,411,285	4,509,872
Advances, deposits, prepayments and other receivables	8	18,736,596	23,479,370
Cash and bank balances	9	58,221,515	32,840,302
		119,463,637	77,227,342
CURRENT LIABILITIES			
Current maturity of liability against finance lease	14	1,509,221	3,243,871
Accounts payable	10	31,046,129	9,278,072
Short term running finance	11	14,247,836	161,244
Creditors, accrued and other liabilities	12	19,657,128	5,947,552
Provision for taxation		3,252,002	5,259,514
		69,712,316	23,890,253
WORKING CAPITAL		49,751,321	53,337,089
CAPITAL EMPLOYED		144,115,058	140,164,475
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	14	41,845	1,551,067
DEFERRED LIABILITY - GRATUITY		3,549,040	3,341,800
NET CAPITAL EMPLOYED		140,524,173	135,271,608
REPRESENTED BY:			
SHARE CAPITAL & RESERVES			
Share capital	13	120,035,000	120,035,000
Share premium		-	-
Unappropriated Profit		20,489,173	15,236,608
		140,524,173	135,271,608
CONTINGENCIES AND COMMITMENTS	15	-	-
		140,524,173	135,271,608

The annexed notes form an integral part of these accounts.

Chief Executive

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Notes</u>	<u>2002</u> <u>(Rupees)</u>	<u>2001</u> <u>(Rupees)</u>
OPERATING REVENUE			
Brokerage Income		45,752,127	34,712,449
Capital Gain		4,493,834	238,699
		<u>50,245,961</u>	<u>34,951,148</u>
OPERATING EXPENSES	16	<u>53,111,577</u>	<u>59,919,184</u>
OPERATING LOSS		<u>(2,865,616)</u>	<u>(24,968,036)</u>
FINANCIAL EXPENSES	17	<u>2,852,956</u>	<u>1,933,557</u>
NET OPERATING LOSS		<u>(5,718,572)</u>	<u>(26,901,593)</u>
OTHER INCOME	18	<u>11,990,389</u>	<u>20,585,542</u>
		<u>6,271,817</u>	<u>(6,316,051)</u>
SURPLUS ON REVALUATION OF INVESTMENTS	7	<u>57,590</u>	<u>-</u>
		<u>6,329,407</u>	<u>(6,316,051)</u>
OTHER EXPENSES	19	<u>846,842</u>	<u>(2,982,131)</u>
NET PROFIT/ (LOSS) BEFORE TAXATION		<u>5,482,565</u>	<u>(3,333,920)</u>
TAXATION - Current		<u>230,000</u>	<u>2,300,000</u>
PROFIT/ (LOSS) AFTER TAXATION		<u>5,252,565</u>	<u>(5,633,920)</u>
ACCUMULATED PROFIT BROUGHT FORWARD		<u>15,236,608</u>	<u>20,870,528</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>20,489,173</u>	<u>15,236,608</u>
APPROPRIATION		-	-
ACCUMULATED PROFIT CARRIED FORWARD		<u>20,489,173</u>	<u>15,236,608</u>
Earning per share - Basic	20	<u>0.44</u>	<u>(0.47)</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		(Rupees)	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Funds generated from operations			
Profit/(loss) before taxation		5,482,565	(3,333,920)
Add: Items not involved in movement of funds			
Depreciation		4,447,293	4,523,337
Provision for diminution in value of investments		-	61,658
Surplus on revaluation of investments		(57,590)	-
Provision for doubtful debts		(5,599,145)	(6,552,835)
Dividend Income		(2,773,600)	(10,015,420)
Interest/M-up income		(1,578,740)	(3,066,762)
Interest/M-up expense		2,202,722	67,090
Gain on sale of fixed assets		(351,182)	(437,590)
Provision for gratuity		1,549,199	854,826
		<u>(2,161,043)</u>	<u>(14,565,696)</u>
		3,321,522	(17,899,616)
(Increase) / decrease in current assets			
Investments		(6,843,823)	(4,178,249)
Accounts receivable		(9,097,298)	27,304,660
Advances, deposits, prepayments and other receivables		5,344,232	(1,524,177)
		<u>(10,596,889)</u>	<u>21,602,234</u>
Increase / (decrease) in current liabilities			
Accounts payable		21,768,057	(43,968,398)
Creditors, accrued and other liabilities		13,113,870	(14,261,729)
		<u>34,881,927</u>	<u>(58,230,127)</u>
Cash Generated from Operations		<u>27,606,561</u>	<u>(54,527,509)</u>
Dividend received		2,773,600	10,015,420
Interest/M-up received		977,282	2,553,518
Interest/M-up paid		(2,029,878)	(29,295)
Gratuity Paid		(1,341,959)	(2,359,213)
Taxes Paid		(2,237,512)	(717,730)
Net cash from operating activities		<u>25,748,094</u>	<u>(45,064,809)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(13,121,717)	(1,608,636)
Proceeds from sale of fixed asset		1,104,000	7,124,089
Long term deposits		385,258	876,410
Net cash from Investing activities		<u>(11,632,459)</u>	<u>6,391,863</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment against lease finance		(2,821,014)	(12,398,431)
Proceeds from finance lease		-	323,453
Short term running finance		14,086,592	161,244
Net cash from financing activities		<u>11,265,578</u>	<u>(11,913,734)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>25,381,213</u>	<u>(50,586,680)</u>
CASH AND CASH EQUIVALENTS - OPENING		<u>32,840,302</u>	<u>83,426,982</u>
CASH AND CASH EQUIVALENTS - CLOSING	9	<u>58,221,515</u>	<u>32,840,302</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002**

PARTICULARS	Share Capital	Share Premium	Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2000	100,035,000	20,000,000	20,870,528	140,905,528
Issue of Share Capital - Bonus Shares	20,000,000	(20,000,000)	-	-
Loss for the Year	-	-	(5,633,920)	(5,633,920)
Balance as at June 30, 2001	120,035,000	-	15,236,608	135,271,608
Profit for the Year	-	-	5,252,565	5,252,565
Balance as at June 30, 2002	120,035,000	-	20,489,173	140,524,173

The annexed notes form an integral part of these accounts.

Chief Executive

Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2002

1. STATUS AND NATURE OF BUSINESS

First Capital Equities Limited, (the "Company") was incorporated on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984. The company was converted into public limited company on June 18, 1997 and is listed on Lahore Stock Exchange October 01, 2001. The principal activities of the company include share brokerage, conducting and publishing business research.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention, except for investments, which are stated at fair value, and are in accordance with the accounting standards issued by the international Accounting Standards Committee ("IASC") as adopted in Pakistan and the requirements of the Companies Ordinance, 1984 and Investments Companies & Investment Advisors Rules, 1971.

2.2 Adoption of International Accounting Standard (IAS)

In the current year, the company has adopted IAS-39 "Financial Instruments: Recognition and Measurement" for the first time. IAS-39 introduced a comprehensive framework for accounting for all financial instruments. The principal effect of the adoption of IAS-39 has been that all of the company's investments in securities are carried at fair value. This has resulted in a change in accounting policy, hence profit of the company has been increased by Rs.57,590/-

2.3 Tangible Fixed Assets

Owned Assets

- i) Fixed assets are stated at cost less accumulated depreciation.
- ii) Depreciation is charged on the reducing balance method at the rates specified in the schedule of fixed asset, which are considered appropriate to write off the cost of assets over their useful economic lives.
- iii) Full year's depreciation is charged on the assets acquired during the year while no depreciation is charged in the year of disposal.
- iv) Gain or loss on disposal of assets, if any, are determined by comparing the sales proceeds with the carrying value and are included in income currently.
- v) Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased Assets

- i) Assets subject to finance lease are stated at cost less depreciation at the rates and basis applicable to company's owned assets. The outstanding obligations under the lease less finance charges allocated to future periods are shown as a liability;
- ii) The finance charges are calculated at the interest rates implicit in the lease and are charged to income.

2.4 Room and Membership Card

These are stated at acquisition cost. Provision, if any, is made for permanent diminution in value of these assets.

2.5 Investments

All investments are initially recognized at cost, being fair value of the consideration given and including acquisition charges associated with investments and are classified as either held for trading or available for sale.

After initial recognition, investments, which are classified as, investments held for trading are measured at fair value. Investments held for trading are those which are either acquired for generating a profit from short term fluctuations in prices or dealers margin, or are securities included in the a portfolio in which a pattern of short term profit taking exists. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or change in interest rates are classified as available for sale. These are classified as non-current unless management intends to hold the investment for less then 12 months from the balance sheet date in which case they are included in current assets.

Gains and losses on held for trading investments are recognized in profit and loss account for the year.

All purchases and sales of investments are recognized on trade date, which is the date that the company commits to purchase or sell the investments

Previously investments were stated at average cost or market price which ever is lower in accordance with IAS-25 and TR 23 issued by the Institute of Chartered Accountants of Pakistan.

2.6 Revenue Recognition

- i) Capital gains or losses on sale of investments are taken to income in the year in which they arise.
- ii) Brokerage income is recognized as and when services are provided.
- iii) Dividend income is recognized at the time of book closure of company declaring dividend.
- iv) Mark-up income is recognized as and when it is due on accrual basis.

2.7 Trade & Other Receivables

These are stated at net of provisions, if any, for doubtful debts. Full provision is made against the debts considered doubtful.

2.8 Taxation

Provision for current taxation is based on taxable income at current rates of taxation after taking into account all tax credits and tax rebates available, if any. Deferred taxation is accounted fro a;; material timing differences, which are expected to reverse in the near future i.e. three years. Net deferred tax debits are not recognized.

2.9 Foreign Currency Translation

All assets and liabilities in foreign currency are translated at exchange rates prevailing at the year-end. Foreign currency transactions during the year are recorded at the rate of exchange prevailing at the time of transaction. Exchange differences are included in income currently.

2.10 Staff Retirement Benefits

The company operates an un-funded gratuity scheme for its permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service.

Employees' benefits under this scheme were previously being accounted for on the basis of current entitlement of employees. For the current year the provision and current service costs are accounted for on the basis of actuary's recommendations based on the actuarial valuation of the scheme. Latest valuation of the scheme was carried out as on June 30, 2002.

The valuation uses projected unit credit method and a discount rate of 11%. It assumes that salaries will increase by 10 % per annum, and the expected average remaining working period of employees with the company was assumed as 11 years. The future contribution rates of the scheme include allowances for deficit and surplus.

The amount to be recognized in the balance sheet is as follows:

	<u>2002</u> <u>(Rupees)</u>
Present value of obligation	3,405,561
Unrecognized actuarial gain	143,479
Liability recognized in the balance sheet	<u>3,549,040</u>

The amount to be recognized in the profit and loss account is as follows:

Current service cost	1,534,320
Interest cost	332,644
Liability (asset) charged	(317,765)
Total amount charged to income statement	<u>1,549,199</u>

Movement of liability to be recognized in the balance sheet is as follows:

Present value of obligation at beginning of the year	3,341,800
Contributions paid	1,549,199
Benefits paid	(1,341,959)
Net liability at the end of the year	<u>3,549,040</u>

2.11 Financial instruments

Financial assets are investments, long-term deposits, accounts receivables, advances, others receivables, cash and bank balances. These are stated at their nominal value except for investments which are carried at fair value, as reduced by the appropriate allowances for estimated irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are short-term running finance utilized under mark-up arrangements, obligation under lease finance, creditors, accounts payable, accrued and other liabilities. These are stated at their nominal value.

2.12 Offsetting of financial assets and financial liabilities.

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

2.13 Provisions

A provision is recognized when and only 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.

2.14 Cash and Cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand and bank balances.

3. TANGIBLE FIXED ASSETS

3.1 Following is the statement of operating fixed assets.

Particulars	COST			Depreciation			Written down value as at June. 30, 2002	Depreciation Rate	Depreciation charged for the year
	As at June 30, 2001	Additions/ Transfers/ (Deletions)	As at June 30, 2002	Accumulated June 30, 2001	Adjustments Additions (Deletions)	Accumulated June. 30, 2002			
	(R u p e e s)						%	(Rupees)	
OWNED ASSETS									
Leasehold improvements	4,741,816	(47,485)	4,694,331	839,750	(2,374)	1,030,224	3,664,107	5	192,848
Freehold Building	-	11,330,099	11,330,099	-	-	566,505	10,763,594	5	566,505
Computers	11,103,796	388,490 (17,000)	11,475,286	5,479,295	- (8,296)	6,671,855	4,803,431	20	1,200,857
Office equipment (Transferred from Leased assets)	10,164,193	553,128 756,600 (45,800)	11,428,121	2,456,450	- 205,038 (3,983)	3,534,567	7,893,554	10	877,062
Furniture and fixtures (Transferred from Leased assets)	2,769,019	850,000 1,500,000 (161,154)	4,957,865	735,789	- 406,500 (16,116)	1,509,342	3,448,523	10	383,169
Vehicles (Transferred from Leased assets)	3,178,906	- 4,218,980 (1,037,360)	6,360,526	1,767,321	- 2,035,465 (525,213)	3,894,164	2,466,362	20	616,590
	31,957,730	19,597,297 (1,291,799)	50,246,228	11,278,605	2,647,003 (559,965)	17,206,657	33,039,571		3,837,031
LEASED ASSETS									
Computers	53,900	-	53,900	10,780	-	19,404	34,496	20	8,624
Office equipment (Transferred to Freehold assets)	2,052,600	- (756,600)	1,296,000	429,976	(205,039)	332,044	963,956	10	107,107
Furniture and fixtures (Transferred to Freehold assets)	1,500,000	- (1,500,000)	-	406,500	(406,500)	-	-	10	-
Vehicles (Transferred to Freehold assets)	7,563,980	- (4,218,980)	3,345,000	2,907,810	(2,035,465)	1,366,876	1,978,124	20	494,531
Total	43,128,210	19,597,297 (7,784,379)	54,941,128	15,033,671	2,647,003 (3,202,986)	18,924,981	36,016,147		4,447,293
2001	49,990,222	4,956,638 (11,818,650)	43,128,210	12,294,487	1,199,881 (2,984,032)	15,033,672	28,094,538		4,523,337

3.2 DISPOSAL OF FIXED ASSETS

Particulars	Cost	Depreciation	Book Value	Sale Proceeds	Profit / (Loss)	Mode of Sale	Particulars of Buyers
	(R u p e e s)						
Leasehold improvements	47,485	2,374	45,111				
Furniture and fixtures	41,798	4,180	37,618				
Computers	17,000	8,296	8,704				
Office equipments	12,800	983	11,818				
	119,083	15,833	103,250	64,000	(39,250)	Negotiations	Arshad Mehmood s/o Fazal Khan Post Office POF Havallian Cantt, Abbotabad
Office equipments	33,000	3,000	30,000	30,000	-	Negotiations	Raja Nusrat Ullah, Allama Iqbal Road, Mirpur
Furniture and fixtures	119,356	11,936	107,420	-	(107,420)	Written Off	
Vehicle	185,360	109,436	75,924	185,000	109,076	Negotiations	Javaid Yousuf Usmani House No. 193 Street # 15, Sharfabad Karachi
Vehicle	352,000	171,776	180,224	325,000	144,776	Negotiations	Manzoor Ahmed 157-Q Block-02 PECHS, Karachi
Vehicle	500,000	244,000	256,000	500,000	244,000	Negotiations	Zahida W/O. Mohammad Hanif G-K 6/63, Police Chowki, Kharadar, Karachi
Total	1,308,799	555,981	752,818	1,104,000	351,182		
2001	8,481,650	1,784,151	6,697,499	7,135,089	437,590		

3.3 No assets were sold to the Chief Executive, Directors, Executives, Associated under taking or any shareholder with not less than 10 % voting right.

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		(Rupees)	(Rupees)
4. COST OF CARDS AND ROOMS			
Lahore Stock Exchange (Guarantee) Ltd.		11,000,000	11,000,000
Karachi Stock Exchange (Guarantee) Ltd.		33,200,000	33,200,000
Others (Rooms)		12,000,000	12,000,000
		56,200,000	56,200,000

5 LONG TERM DEPOSITS

Leasing Companies		469,190	1,099,448
Stock Exchanges		985,000	985,000
Central Depository Company		500,000	300,000
Others		193,400	148,400
		2,147,590	2,532,848

6 ACCOUNTS RECEIVABLE

Receivable against purchase of shares

Unsecured considered good

Clients	27,861,233	15,573,764
Members	141,371	-
Stock Exchanges	3,091,637	674,034
Associated Companies	-	150,000
	31,094,241	16,397,798

6.1

Unsecured considered doubtful:

Clients	36,595,042	41,697,136
Members	2,344,757	2,841,808
	38,939,799	44,538,944
Less: Provision for doubtful debts	(38,939,799)	(44,538,944)
	-	-
	31,094,241	16,397,798

6.1 Maximum aggregate amount receivable from associated companies at the end of any month during the year was Rs.3,117,904/- (2001: Rs 2,818,631/-)

7 INVESTMENTS

Quantity	2002				Quantity	2001			
	COST		MARKET			COST		MARKET	
	Rate	Rupees	Rate	Rupees		Rate	Rupees	Rate	Rupees

Investment held for trading

ASSOCIATED - LISTED

COMMUNICATION

WorldCall Multimedia Limited	1,000,000	10.00	10,000,000	9.85	9,850,000	-	-	-	-	-
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OTHERS - LISTED

FUEL & ENERGY

Hub Power Company Ltd.	5,000	19.15	95,750	23.20	116,000	205,000	19.44	3,985,000	19.15	3,925,750
Karachi Electric Supply Corporation	40,000	3.00	120,000	5.20	208,000	-	-	-	-	-

LEASING CO.

Askari Leasing Ltd.	7,500	9.83	73,750	7.85	58,875	3,500	9.00	31,500	9.70	33,950
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COMMUNICATION

Pakistan Telecom. Corp. Ltd. (A)	-	-	-	-	-	7,000	17.90	125,300	17.95	125,650
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CHEMICALS & PHARMA

FFC Jordan	29,500	6.87	202,665	6.30	185,850	-	-	-	-	-
Engro Chemicals Ltd.	15,400	50.95	784,600	59.90	922,460	-	-	-	-	-

CEMENT

Lucky Cement Ltd.	200	6.80	1,360	8.20	1,640	200	7.10	1,420	6.80	1,360
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MISCELLANEOUS

Prud. Modaraba 1st.	400	1.00	400	0.65	260	-	-	-	-	-
Ados Pakistan Ltd.	12,000	4.74	56,920	4.10	49,200	-	-	-	-	-
Pakistan National Shipping Corp.	-	-	-	-	-	2,500	3.81	9,523	1.75	4,375
Rupali Polyester Ltd.	400	26.25	10,500	28.50	11,400	-	-	-	-	-
Pakistan International Airlines	1,000	7.75	7,750	7.60	7,600	98,538	4.25	418,787	4.25	418,787

			<u>11,353,695</u>		<u>11,411,285</u>			<u>4,571,530</u>		<u>4,509,872</u>
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Surplus on revaluation of investments held for trading

			57,590		-			-		-
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Provision for diminution in value of investments

			-		-			(61,658)		-
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Investments as at 30 June.

			<u>11,411,285</u>		<u>11,411,285</u>			<u>4,509,872</u>		<u>4,509,872</u>
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	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		(Rupees)	(Rupees)
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured Considered Good			
Advances			
Executives	8.1	2,348,111	375,310
Employees		111,811	84,991
Advance Income tax		11,431,488	9,119,156
Advance for purchase of shares		-	10,000,000
Deposits		64,000	215,500
Prepayments		1,249,353	1,491,086
Other receivables			
- Mark up		601,458	513,244
- Others		2,930,375	1,680,083
		<u>18,736,596</u>	<u>23,479,370</u>

8.1 These represent interest free, unsecured advances to executives. The maximum aggregate balance due from executives at the end of any month during the year was Rs 2,348,111/- (2001: Rs. 3,362,337/-)

9. CASH AND BANK BALANCES

At banks -

Local currency			
- Current account		3,822	4,703
- PLS accounts		55,972,599	27,915,049
		55,976,421	27,919,752
Foreign Currency accounts			
- PLS accounts		2,214,016	4,858,404
		58,190,437	32,778,156
Cash in hand		31,078	62,146
		<u>58,221,515</u>	<u>32,840,302</u>

10. ACCOUNTS PAYABLE

Payable against sale of shares			
Clients		10,650,286	8,418,467
Members		16,165	448,916
Associated Companies	10.1	20,379,678	410,689
		<u>31,046,129</u>	<u>9,278,072</u>

10.1 Detail of these are as under :

Shaheen Insurance Company Ltd.		49,286	2,374
WorldCALL Communications Ltd. (Formerly WorldCALL Payphones Ltd.)		7,935,590	301,815
First Capital Securities Corporation Ltd.		12,394,802	106,500
		<u>20,379,678</u>	<u>410,689</u>

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		(Rupees)	(Rupees)
11. SHORT TERM RUNNING FINANCE			
Standard Chartered Bank		-	161,244
PICIC Commercial Bank Ltd.	11.1	<u>14,247,836</u>	<u>-</u>

11.1 The Company has a running finance facility of Rs. 18.00 million secured against shares of listed companies under mark up arrangement. The mark up rate is 17.5 % (2001: 15%) per annum and is payable quarterly.

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Due to Associated Companies - Unsecured	12.1	12,318,571	547,840
Creditors		3,908,365	3,185,744
Accrued & Other Liabilities		2,353,981	1,523,684
Mark-up on short term running finance - secured	11.1	324,975	37,795
Tax Deducted at Source		<u>751,236</u>	<u>652,489</u>
		<u>19,657,128</u>	<u>5,947,552</u>

12.1 Detail of these are as under :

Pace (Pakistan) Ltd.	12.2	9,664,500	-
WorldCALL Phonecards Ltd.	12.2	654,071	547,840
WorldCALL Multivision Ltd.		<u>2,000,000</u>	<u>-</u>
		<u>12,318,571</u>	<u>547,840</u>

12.2 These are unsecured and carry interest ranging from 18% to 18.5% per annum.

13 SHARE CAPITAL

Authorized

15,000,000 (2001:15,000,000) ordinary shares of Rs.10/- each	<u>150,000,000</u>	<u>150,000,000</u>
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Issued, subscribed and paid-up

10,003,500 (2001:10,003,500) ordinary shares of Rs.10/- each fully paid in cash	100,035,000	100,035,000
2,000,000 (2001: 2,000,000) ordinary shares of Rs.10/- each issued as bonus shares	<u>20,000,000</u>	<u>20,000,000</u>
	<u>120,035,000</u>	<u>120,035,000</u>

The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company holding 9,289,800/- ordinary shares (2001: 11,999,300/-) as at June 30, 2002.

	<u>2002</u>	<u>2001</u>
	(Rupees)	(Rupees)
14. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
The rate of interest used as the discounting factor is between 18 % to 23.5% per annum. The amount of future payments and the period in which they will become due are:		
Period ended June 30,		
2002	-	3,666,667
2003	1,584,429	1,584,429
2004	42,285	42,285
	<u>1,626,714</u>	<u>5,293,381</u>
Less: Unallocated financial charges	<u>(75,648)</u>	<u>(498,443)</u>
	1,551,066	4,794,938
Less: Current maturity	(1,509,221)	(3,243,871)
	<u><u>41,845</u></u>	<u><u>1,551,067</u></u>

The lease rentals are payable in monthly installments. The company has the right to exercise purchase option at the end of the lease term. There are no financial restrictions in the lease

14.1 The reconciliation between gross minimum lease payment, future financial charges and present value of minimum lease payments is as follows:

Gross Minimum Lesae Payments		
Not later than one year	1,584,429	3,666,733
Later than one year but not later than five years	42,285	1,626,714
Later than five years	-	-
	<u>1,626,714</u>	<u>5,293,447</u>
Present value of minimum lease payments		
Not later than one year	1,509,221	3,243,871
Later than one year but not later than five years	41,845	1,551,067
Later than five years	-	-
	<u>1,551,066</u>	<u>4,794,938</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 During the year 2000 certain clients of the company defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of the company 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 the company and ABN AMRO. Accordingly the company had set off these loans and such recoverable amounts. The Company had initiated cases against the defaulting clients for recovery of the amounts due from them. 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.

15.2 The company has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalised against the company except for those mentioned in note 15.1. The existence and the magnitude of any such claims, other than mentioned in these accounts, are not presently known.

15.3 Members of Karachi Stock Exchange, Mr. Aslam Motiwala and Mr. Sultan Ahmed Zakaria have lodged claim of Rs.187.530 million in arbitration proceedings before the Karachi Stock Exchange and a similar claim before the High Court of Sind relating to the same causes of actions. The company has denied the claims on factual and legal grounds. The final outcome of the matter remains uncertain at this point of time. However, the Company is confident of an eventual outcome in its favour.

15.4 The Income Tax Authorities has re-opened the assessments for the assessment years 1998-1999 & 1999-2000 under section 66-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 10.08 million by allocating expenditure against the Capital Gains. The Company has filed appeals in the Income Tax Appellate Tribunal ("ITAT"). The Income Tax Authorities have also finalized the assessment for the assessment year 2000-2001 after June 30, 2002 by allocating expenditure against capital gains and raised an additional tax demand of Rs. 9.64 million. The Company has also filed appeal before the Commissioner of Income Tax (CIT). The management is hopeful of a favourable outcome in the appeals.

15.5 Mr. Assad ullah Sajid has filed petition with the Securities & Exchange Commission of Pakistan against FCEL for refund of deposit worth of Rs. 590,740/- deposited for purchase of shares on his behalf.

	<u>Notes</u>	<u>2002</u> (Rupees)	<u>2001</u> (Rupees)
16. OPERATING EXPENSES			
Salaries and Benefits		23,556,475	25,012,883
Provision for gratuity		1,549,199	854,826
Rent, Rates & Taxes		4,076,458	4,337,344
Communication		5,833,164	7,249,199
Utilities		2,164,439	2,777,054
Insurance		447,480	838,689
Printing and stationery		771,878	985,526
Traveling and conveyance		985,217	3,078,863
Repair and maintenance		1,318,219	1,044,726
Postage and courier etc.		435,934	159,021
Vehicle running expenses		68,229	76,030
News paper and periodicals		86,645	112,537
Entertainment		717,051	856,814
Legal and professional		2,927,159	5,298,818
Bad Debts		134,663	-
Advertisement		69,582	105,225
Auditors' remuneration	16.1	100,000	180,500
Depreciation	3.1	4,447,293	4,523,337
Other expenses		614,602	699,135
Fee & Subscription		209,246	354,143
Stock Exchange charges		2,587,970	1,369,868
Donation	16.2	2,000	2,100
Zakat		8,674	2,546
		<u>53,111,577</u>	<u>59,919,184</u>
16.1 Auditors' remuneration			
Audit Fee		85,000	75,000
Assistance for Public issue		-	90,000
Out of Pocket Expenses		15,000	15,500
		<u>100,000</u>	<u>180,500</u>

16.2 None of the directors or their spouse had any interest in any of the donee.

	Notes	<u>2002</u>	<u>2001</u>
		(Rupees)	(Rupees)
17. FINANCIAL EXPENSES			
Mark-up on short term running finance		1,931,991	67,090
Mark-up charged by associated companies		270,731	-
Lease finance charges		422,862	1,722,809
Bank charges and commission		<u>227,372</u>	<u>143,658</u>
		<u>2,852,956</u>	<u>1,933,557</u>
18. OTHER INCOME			
Mark-up on bank deposits		1,578,740	3,066,762
Dividend Income		2,773,600	10,015,420
Provision for doubtful debts - written back		5,599,145	6,552,835
Services Charges		1,200,000	-
Gain on sale of fixed assets		351,182	437,590
Others		<u>487,722</u>	<u>512,935</u>
		<u>11,990,389</u>	<u>20,585,542</u>
19. OTHER EXPENSES			
Provision for diminution in the value of investments		-	61,658
Loss/ (Gain) on foreign currency translation		846,842	(3,043,789)
		<u>846,842</u>	<u>(2,982,131)</u>
20. EARNING PER SHARE - Basic			
Profit/ (Loss) attributable to ordinary share holders		<u>5,252,565</u>	<u>(5,633,920)</u>
Number of ordinary shares		<u>12,003,500</u>	<u>12,003,500</u>
Earning per share - Rupees		<u>0.44</u>	<u>(0.47)</u>

	<u>2002</u> (Rupees)	<u>2001</u> (Rupees)
21. NUMBER OF EMPLOYEES		
Total number of employees at the year end.	<u>85</u>	<u>98</u>

22. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Brokerage Income	2,162,667	1,682,865
Payment for/ against Current accounts	3,326,939	12,632,225
Mark-up charged on borrowings	270,731	-
Advance for issue of shares	-	10,000,000
Group pool expenses paid	2,872,450	1,959,264

These transactions were carried out at an arm's length basis.

23. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Directors		Executives	
	2002	2001	2002	2001
Total Number	<u>3</u>	<u>6</u>	<u>35</u>	<u>56</u>
Managerial Remuneration	1,752,000	3,392,333	5,281,755	8,071,818
House Rent	700,800	1,356,933	2,112,702	3,228,727
Gratuity	234,558	600,000	932,114	1,991,350
Medical Expenses Reimbursed	178,839	138,448	447,892	469,226
Utilities	175,200	339,233	528,176	807,182
	<u>3,041,397</u>	<u>5,826,947</u>	<u>9,302,639</u>	<u>14,568,303</u>

In addition, Directors and some of the executives have been provided with free use of company maintained cars. No meeting fees were paid to the directors. (2001:NIL)

No remuneration was paid to the Chief Executive during the current year. (2001:NIL)

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 INTEREST RATE RISK EXPOSURE

Information about the company's exposure to interest rate risk based on contractual refinancing and maturity dates, which ever is earlier, is as follows:

	2002						Total (Rupees)
	Interest/ Mark up Bearing			Non Interest Bearing			
	Less than one year (Rupees)	One year and above (Rupees)	Sub Total (Rupees)	Less than one year (Rupees)	One year and above (Rupees)	Sub Total (Rupees)	
Financial assets							
Long term deposits	-	-	-		2,147,590	2,147,590	2,147,590
Investments	-	-	-	11,411,285	-	11,411,285	11,411,285
Advances, deposits and other receivables	-	-	-	6,055,755	-	6,055,755	6,055,755
Accounts receivables	-	-	-	31,094,241	-	31,094,241	31,094,241
Cash and bank balances	58,186,615	-	58,186,615	34,900	-	34,900	58,221,515
	58,186,615	-	58,186,615	48,596,181	2,147,590	50,743,771	108,930,386
Financial Liabilities							
Obligations under finance leases	1,509,221	41,845	1,551,066	-	-	-	1,551,066
Short term running finances	14,247,836	-	14,247,836	-	-	-	14,247,836
Creditors, accrued and other liabilities	10,318,571	-	10,318,571	8,587,321	-	8,587,321	18,905,892
Accounts Payable	-	-	-	31,046,129	-	31,046,129	31,046,129
	26,075,628	41,845	26,117,473	39,633,450	-	39,633,450	65,750,923
	32,110,987	(41,845)	32,069,142	8,962,731	2,147,590	11,110,321	43,179,463

	2002						Total (Rupees)
	Interest/ Mark up Bearing			Non Interest Bearing			
	Less than one year (Rupees)	One year and above (Rupees)	Sub Total (Rupees)	Less than one year (Rupees)	One year and above (Rupees)	Sub Total (Rupees)	
Financial assets							
Long term deposits	-	-	-		2,532,848	2,532,848	2,532,848
Investments	-	-	-	4,509,872	-	4,509,872	4,509,872
Advances, deposits and other receivables	-	-	-	12,869,128	-	12,869,128	12,869,128
Accounts receivables	-	-	-	16,397,798	-	16,397,798	16,397,798
Cash and bank balances	32,773,453	-	32,773,453	66,849	-	66,849	32,840,302
	32,773,453	-	32,773,453	33,843,647	2,532,848	36,376,495	69,149,948
Financial Liabilities							
Obligations under finance leases	3,243,871	1,551,067	4,794,938	-	-	-	4,794,938
Short term running finances	161,244	-	161,244	-	-	-	161,244
Creditors, accrued and other liabilities	547,840	-	547,840	4,747,223	-	4,747,223	5,295,063
Accounts Payable	-	-	-	9,278,072	-	9,278,072	9,278,072
	3,952,955	1,551,067	5,504,022	14,025,295	-	14,025,295	19,529,317
	28,820,498	(1,551,067)	27,269,431	19,818,352	2,532,848	22,351,200	49,620,631

	<u>2002</u>	<u>2001</u>
	%	%
Effective interest rate:		
Bank Deposits	3.5 - 12	6 - 12
Obligation under Lease Finance	18 - 23.50	18 - 23.50
Short Term Running Finance	17.50	15
Advances from Associated Companies	18-18.50	-

24.2 Concentration of credit risk and credit exposure of the financial instruments

Credit risk represents the loss that would result if counter parties failed to perform as contracted. The company manages its credit risk by the following method:

- Applying credit limit to its customers
- Monitoring of debts on continuous basis
- Legal notice and follow up.
- Deposit of margins before execution of orders for all retail clientele.

The company believes that it is not exposed to major concentration of credit risk.

24.3 Foreign Exchange Risk Management

Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. Payable exposed to foreign currency risks are identified as "Accounts Payable". The company does not view hedging as being financially feasible owing to the excessive cost involved in relation to the amount at risk.

24.4 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

25 AUTHORIZATION

These financial statements have been authorised for issue by the Board of Directors of the company on September 25, 2002.

26. GENERAL

- Figures have been rounded off to the nearest rupee.
- Figures of corresponding year have been rearranged, wherever necessary, for the purpose of comparison.

Chief Executive

Director

**Pattern of Shareholding
as at June 30, 2002**

No. of Shareholders	Share holding		Total Shares Held
	From	To	
619	101	500	309,500
7	501	1,000	4,200
1	545,001	550,000	550,000
1	1,170,001	1,175,000	1,171,770
1	3,410,001	3,415,000	3,410,500
1	6,554,001	6,559,000	6,557,530
<u>630</u>		Total	<u>12,003,500</u>

**CATEGORIES OF SHAREHOLDERS
as at June 30, 2002**

Categories of shareholders	No. of Shareholders	Shares Held	% Held
Individuals	626	313,700	2.61
Financial Institutions	2	3,960,500	32.99
Joint Stock Companies	1	6,557,530	54.63
Non- Resident	1	1,171,770	9.76
	<u>630</u>	<u>12,003,500</u>	<u>100.00</u>

Pattern of shareholding as per listing regulations

Associated companies, Undertaking & Related parties

First Capital Securities Corporation Limited (FCSC)

Number of
share-held

6,557,530

NIT & ICP

-

Directors, CEO & their spouses and minor children

Mr. Salmaan Taseer, CEO/Director

600

Mian Ehsan ul Haq, Director

600

Mr. Mumtaz H Syed, Director

600

Mr. Sardar Ali Wattoo, Director

600

Mr. Aamer Naseem Chishti, Director

600

Mr. Khurram Hanif, Director

600

Mr. Akbar Naqi, Director & Company Secretary

600

Executives

-

Public Sector Companies & Corporations

-

Banks, Development Finance Institutions, Non Banking Finance Institutions,

Insurance Companies, Modarabas & Mutual Funds etc.

3,960,500

Individuals

309,500

Others

1,171,770

Total

12,003,500

Shareholders holding 10% or more voting interest in the company

First Capital Securities Corporation Ltd.

6,557,530

Prime commercial Bank Ltd. (Custodian of FCSC)

3,410,500