

FIRST CAPITAL EQUITIES LIMITED
QUARTERLY ACCOUNTS
(UN-AUDITED)
FOR THE PERIOD ENDED
SEPTEMBER 30, 2018

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INERIM BALANCE SHEET - (UN-AUDITED)
AS AT SEPTEMBER 30, 2018

	Note	Un-Audited SEPTEMBER 2018 Rupees	Audited June 2018 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property plant and equipment	5	2,916,027	3,071,069
Intangible assets		2,500,000	2,500,000
Investment property	6	1,223,825,000	1,269,445,782
Long term investments	7	28,128,367	33,662,358
Long term deposits, receivables and prepayments		1,520,000	1,524,000
		1,258,889,394	1,310,203,209
CURRENT ASSETS			
Trade debts	8	326,562,841	275,614,836
Short term investments	9	43,114,801	46,381,295
Advances, deposits, prepayments and other receivables		13,313,027	13,349,617
Advance income tax		6,941,425	5,308,401
Interest accrued		-	75,648
Cash and bank balances		83,300,817	106,623,484
		473,232,911	447,353,281
TOTAL ASSETS		1,732,122,305	1,757,556,490
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital		1,413,355,000	1,413,355,000
Other reserves		10,561,325	16,095,315
Unappropriated loss		(1,034,541,560)	(1,017,378,270)
TOTAL EQUITY		389,374,765	412,072,045
NON - CURRENT LIABILITIES			
Long term financing	10	1,063,644,307	1,059,531,400
Interest Accrued		144,800,249	144,800,249
Deferred liabilities		39,268,962	38,506,461
		1,247,713,518	1,242,838,110
CURRENT LIABILITIES			
Trade and other payables	11	94,933,671	97,187,053
Current portion of long term financing		-	5,459,282
Provision for taxation		100,351	-
		95,034,022	102,646,335
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		1,732,122,305	1,757,556,490

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Note	Jul - Sep	Jul - Sep
		2018	2017
		Rupees	Rupees
INCOME			
Brokerage income		8,028,054	12,745,403
Capital (loss) / gain - net		(18,424)	(49,624)
Dividend income		-	68,216
(Loss) / gain on re-measurement of investments at fair value through profit and loss - net		(3,309,794)	(2,668,392)
		<u>4,699,836</u>	<u>10,095,603</u>
EXPENDITURE			
Operating and administrative expenses		17,666,925	29,618,077
Finance cost		4,134,354	6,947,716
		<u>21,801,279</u>	<u>36,565,793</u>
OPERATING (LOSS) / PROFIT		<u>(17,101,443)</u>	<u>(26,470,190)</u>
OTHER INCOME		<u>38,504</u>	<u>173,225</u>
PROFIT / (LOSS) BEFORE TAXATION		<u>(17,062,939)</u>	<u>(26,296,965)</u>
Taxation	12	100,351	2,657,636
PROFIT / (LOSS) AFTER TAXATION		<u>(17,163,290)</u>	<u>(28,954,601)</u>
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	16	<u>(0.12)</u>	<u>(0.20)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Jul - Sep	Jul - Sep
	2018	2017
	Rupees	Rupees
Profit / (loss) after taxation for the period	(17,163,290)	(28,954,601)
Other comprehensive (loss) / income for the period		
<u>Items that will never be reclassified to profit and loss:</u>		
Remeasurement of defined benefit plan	-	-
<u>Items that are may be reclassified to profit and loss:</u>		
Unrealized (loss) / gain on remeasurement of investment available for sale	(5,533,990)	(4,511,186)
Other comprehensive (loss) / income for the period	(5,533,990)	(4,511,186)
Total comprehensive income / (loss) for the period	<u>(22,697,280)</u>	<u>(33,465,787)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Un-audited	Un-audited
	Jul - Sep	Jul - Sep
	2018	2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(17,062,939)	(26,296,965)
Adjustments for:		
Depreciation	394,550	1,258,379
Loss / (gain) on re-measurement of investments at fair value through profit and loss - net	3,309,794	2,668,392
Dividend income	-	(68,216)
Interest accrued	(37,504)	(173,155)
Interest expense	4,112,908	6,947,716
Provision for gratuity	762,500	1,839,096
	8,542,247	12,472,212
	(8,520,692)	(13,824,753)
Decrease / (Increase) in current assets		
Investments at fair value through profit or loss	(43,300)	(8,475,000)
Trade debts - unsecured	(50,948,005)	836,490
Advances, deposits, prepayments and other receivables	36,590	13,769,557
	(50,954,715)	6,131,047
(Increase) / decrease in trade and other payables	(2,253,382)	(3,924,078)
Cash generated in operations	(61,728,789)	(11,617,784)
Interest received	113,152	254,953
Dividend received	-	68,216
Finance cost paid	-	(22,454)
Gratuity paid	-	(89,096)
(Taxes paid) / Refund received	(1,633,024)	(2,963,640)
Net cash generated in operating activities	(63,248,661)	(14,369,805)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property plant and equipment	(239,507)	(139,550)
Proceeds from sale of investment property	45,620,782	-
Long term deposits and advances	4,000	-
Net cash generated in investing activities	45,385,275	(139,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans paid	-	(967,298)
Short term borrowings	(5,459,282)	-
Net cash (used in) financing activities	(5,459,282)	(967,298)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(23,322,667)	(15,476,654)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	106,623,484	78,991,261
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	83,300,817	63,514,607

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up capital	Capital Reserve			Revenue Reserve	Total
		Share Premium	Reserve for issue of bonus shares	Fair value reserve	Unappropriated Profit	
Rupees						
Balance as at July 01, 2017 (Audited)	1,413,355,000	-	-	(8,236,149)	(1,026,758,252)	378,360,599
Loss for the period after taxation	-	-	-	-	(28,954,601)	(28,954,601)
Other comprehensive income for the period						
Deficit on remeasurement of investment available for sale to fair value				(4,511,186)		(4,511,186)
Total other comprehensive income for the period - net of tax	-	-	-	(4,511,186)	-	(4,511,186)
Total comprehensive income for the period	-	-	-	(4,511,186)	(28,954,601)	(33,465,787)
Balance as at September 30, 2017 (Un - audited)	1,413,355,000	-	-	(12,747,335)	(1,055,712,853)	344,894,812
Profit for the period after taxation	-	-	-	-	34,070,298	34,070,298
Other comprehensive income for the period						
Remeasurement of defined benefit plan					4,264,285	4,264,285
Gain on Available for sale financial assets - reclassified to profit or loss				(5,876,625)		(5,876,625)
Net unrealized gain/ (loss) on re-measurement & impairment of available for sale investments	-	-	-	34,719,275		34,719,275
Total other comprehensive income for the period - net of tax	-	-	-	28,842,650	4,264,285	33,106,935
Total comprehensive income for the period	-	-	-	28,842,650	38,334,583	67,177,233
Balance as at June 30, 2018 (Audited)	1,413,355,000	-	-	16,095,315	(1,017,378,270)	412,072,045
Loss for the period after taxation	-	-	-	-	(17,163,290)	(17,163,290)
Other comprehensive income for the period						
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(5,533,990)	-	(5,533,990)
Total other comprehensive income for the period - net of tax	-	-	-	(5,533,990)	-	(5,533,990)
Total comprehensive profit for the period	-	-	-	(5,533,990)	(17,163,290)	(22,697,280)
Balance as at September 30, 2018 (un - audited)	1,413,355,000	-	-	10,561,325	(1,034,541,560)	389,374,765

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

1 THE COMPANY AND ITS OPERATION

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

The Company is subsidiary of First Capital Securities Corporation Limited - a listed company which holds 103,494,200, 73.23% (June 2017: 73.23%) ordinary shares of the Company. The registered office of the Company is located at 2nd floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore.

- 1.2 The Company has earned loss after tax of Rs. 17.43 Million with is an operating loss of Rs. 17.10 Million (2017: 26.47 Million), moreover the accumulated losses of the company stand at Rs. 1,034.52 Million as at September 30, 2018 (June 2018: 1,017.38).

The Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. For this purpose the management of the Company took various initiatives which resulted in following:

- a) Hiring of renowned traders from the market
- b) Change in top operations management to improve the operations of the company.
- c) The Company is also relying on continued support from its sponsors.

Owing to these factors, these financial statements are prepared on going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared these financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

This condensed interim financial information comprises of condensed interim balance sheet as at September 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes thereto, for the period ended ended September 30, 2018.

3 ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2018.

4 JUDGMENTS AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 30 June 2018.

5 PROPERTY PLANT AND EQUIPMENT

	Un-audited	Audited
	SEPTEMBER	JUNE
	2018	2018
	Rupees	Rupees
Opening	3,071,069	43,952,022
Additions	239,507	1,980,550
Disposals	-	(39,100,922)
Depreciation	(394,548)	(3,760,581)
	2,916,028	3,071,069

6 INVESTMENT PROPERTY	Note	Un-audited	Audited
		MARCH 2018 Rupees	JUNE 2017 Rupees
Balance as on July 01,		1,269,445,782	1,602,449,600
Acquisition during the period/year		-	1,223,960,706
		1,269,445,782	2,826,410,306
Disposal during the period/year		(45,620,782)	(1,408,463,338)
		1,223,825,000	1,417,946,968
(Decrease) / Increase in fair value		-	(148,501,186)
Balance as at March 31,		1,223,825,000	1,269,445,782

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 June 30, 2018. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.

6.2 Investment Property comprises various shops / counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings.

6.3 The fair value of subject investment property is based on valuation that was carried out by M/s. Negotiator, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2018. There is no change in value determined by the valuer during the period. The table below analyses the non-financial assets carried at fair value, by valuation method.

6.4 Recurring fair value measurements

Fair value measurements at September 30, 2018 using significant other observable inputs (Level 2) Rupees

Investment property 1,223,825,000

Fair value measurements at June 30, 2018 using significant other observable inputs (Level 2) Rupees

Investment property 1,269,445,782

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

Valuation techniques used to derive level 2 fair values:

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

7 LONG TERM INVESTMENT

Investment in related parties	Note	Un-audited	Audited
		SEPTEMBER 2018 Rupees	JUNE 2018 Rupees
Available for sale			
Media Times Limited - quoted shares 6,067,362 shares of MDTL (June 2018 : 6,067,362 shares)	7.1	9,161,716	10,496,536
Other Investments			
Available for sale			
Pakistan Stock Exchange Limited - quoted shares 1,172,953 shares of PSX (June 2018 : 1,172,953 shares)	7.2	18,966,651	23,165,822
		28,128,367	33,662,358
7.1 6,067,362 (June 2017 : 6,067,362) Fully paid ordinary shares of Rs. 10 each Equity Held 3.39% (June 2018 : 3.39%)		10,496,536	18,687,475
Loss on measurement of investment available for sale for the period / year		(1,334,819)	(8,190,939)
		9,161,716	10,496,536

		Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
7.2	1,172,953 shares of PSX (June 2018 : 1,172,953 shares)	23,165,822	30,121,433
	Loss on remeasurement of investment available for sale for the period / year	(4,199,171)	(6,955,611)
		<u>18,966,651</u>	<u>23,165,822</u>
8 TRADE DEBTS - UNSECURED			
		Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
	Trade debts against purchase of shares: Considered good - unsecured	326,562,841	275,614,836
	Considered doubtful:		
	Clients	169,000,000	169,000,000
	Members	169,000,000	169,000,000
	Less: Balance off set against provision for doubtful debts	(169,000,000)	(169,000,000)
		<u>326,562,841</u>	<u>275,614,836</u>
9 SHORT TERM INVESTMENTS			
		Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
	Note		
At fair value through profit and loss			
9.1	Quoted equity securities		
	Opening balance	46,381,295	86,805,188
	Additions	43,300	413,638
	Disposals	-	-
	Unrealised loss on remeasurement of investments for the period / year	(3,309,794)	(40,837,531)
	9.2	<u>43,114,801</u>	<u>46,381,295</u>
9.2	This includes shares having a fair value of Rs. 36.46 Million (June 2018: 39.32 Million) relating to investments in related parties.		
10 LONG TERM FINANCING			
		Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
	Note		
	Secured	1,102,226,730	1,107,686,013
	Deferred notional income	(38,582,423)	(42,695,331)
		<u>1,063,644,307</u>	<u>1,064,990,682</u>
	Less: Current portion shown under current liability	-	(5,459,282)
		<u>1,063,644,307</u>	<u>1,059,531,400</u>
10.1	This includes agreements with different commercial banks with a mark up rate of 8% and 3 months kibar plus 1.5% to 4% p.a (June 2018 : 8% and 3 months kibar plus 1.5% to 4% p.a). But owing to the negotiations with the banks the mark up on these loans was either waived or frozen. These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties.		

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

	Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
Deferred notional income		
As at beginning of the period / year	42,695,331	26,011,163
Occurred during the period / year	-	27,399,232
Amortized during the period / year	(4,112,908)	(10,715,064)
As at end of the period / year	<u>38,582,423</u>	<u>42,695,331</u>
	Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
11 TRADE AND OTHER PAYABLES - UNSECURED	<u>94,933,671</u>	<u>97,187,053</u>

This includes balance payable to associated company i.e Falcon Commodities (Pvt) Limited Rs. 3,316,132/- (June 2018 : Rs. 3,316,132/-)

	Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
12 TAXATION		
Current period		
Minimum Tax	100,351	-
Final tax	-	2,657,636
	100,351	2,657,636
	<u>100,351</u>	<u>2,657,636</u>

13 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2018 except for the following:

13.1 COMMITMENTS

	Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
Sale of Shares	479,737,634	517,215,269
Purchase of shares	481,996,272	513,507,359
Sale of property to Soneri Bank Limited	-	5,459,282

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated undertakings, directors, key management personnel and their close family members. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	Three Months Ended September 30, 2018			
	Associated Company	Parent Company	Key management personnel of the entity, its parent and their close family members	Other Related Parties
	Rupees			
Brokerage Income	2,500	11,715	-	-
Salary and other employee benefits	-	-	2,655,000	-

Three Months Ended September 30, 2017			
Associated Company	Parent Company	Key management personnel of the entity, its parent and their close family members	Other Related Parties
Rupees			

Brokerage Income	6,600	-	-	-
Salary and other employee benefits	-	-	6,566,765	-

14.1 The amount due to / due from related parties are disclosed in respective notes to the financial information.

15 Financial risk management

15.1 Financial risk factors

The Company's activities expose it to a variety of financial risks (including currency risk, market risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2018.

There have been no changes in the risk management department since year end or in any risk management policies and no material increase in financial risk.

15.2 Liquidity risk

Compared to year end June 30, 2018, there is no material change.

15.3 Fair value estimation for financial assets and liabilities

The following table presents the Company's financial assets and liabilities that are measured at fair value on recurring basis:

15.3.1 Financial assets

	Un-audited SEPTEMBER 2018 Rupees	Audited JUNE 2018 Rupees
Level 1		
- Non-current assets		
Long term investments (available for sale)	28,128,367	33,662,358
- Current assets		
Short term investments (fair value through profit and loss)	43,114,801	46,381,295
Level 2	-	-
Level 3	-	-
Total	71,243,168	80,043,653
15.3.2 Liabilities	-	-

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

Valuation techniques used to derive level 1 fair values:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

16 EARNING PER SHARE - BASIC AND DILUTED

	Note	Un-audited SEPTEMBER 2018 Rupees	Audited SEPTEMBER 2017 Rupees
Earning after taxation attributable to ordinary share holders - Rupees		<u>(17,163,290)</u>	<u>(28,954,601)</u>
Number of ordinary shares		<u>141,335,500</u>	<u>141,335,500</u>
Earning per share - Basic and Diluted (Rupees per share)	16.1	<u>(0.12)</u>	<u>(0.20)</u>

16.1 Since the Company has not issued any instrument which would have a dilutive impact on earnings per share, when exercised. Consequently, basic and diluted earning per share is same.

17 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on October 30, 2018.

18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the propose for comparison. There have been no significant rearrangement and reclassification in these financial statements.

19 GENERAL

19.1 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer