

**FIRST CAPITAL EQUITIES LIMITED**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2017**

# FIRST CAPITAL EQUITIES LIMITED

## MISSION

Our mission is to strive to become the *Leading Brokerage and its Related Business Company and Best 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

Our Vision is linked with our Mission to be the *Leading Brokerage and its Related Business 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

# FIRST CAPITAL EQUITIES LIMITED

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# FIRST CAPITAL EQUITIES LIMITED

# FIRST CAPITAL EQUITIES LIMITED

## COMPANY INFORMATION

Board of Directors	Mian Ehsan Ul Haq Malik Saifeer Raza Awan Ahsan Zia Waseem Ul Hassan Abdul Samad Zuhaib Khan Raja Suhail Qurban	(Chief Executive) (Chairman)	Executive Non Executive Executive Executive Executive Independent Independent
Chief Financial Officer	Waseem Ul Hassan		
Audit Committee	Raja Suhail Qurban (Chairman) Zuhaib Khan Malik Saifeer Raza Awan		
Human Resource and Remuneration (HR&R) Committee	Waseem Ul Hasan (Chairman) Mian Ehsan Ul Haq Abdul Samad		
Company Secretary	Shahzad Jawahar		
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants		
Legal Advisers	Muhammad Amir Advocates, Karachi		
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Bank Islami Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Soneri Bank Limited Summit Bank Limited United Bank Limited		
Registered Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan Tele: + 92-42-36623005/6/8 Fax: + 92-42-36623121, 36623122		
Main Corporate Office	4th Floor, Block B,C & D Lakson Square Building No. 1 Sarwar Shaheen Road, Karachi Tele: + 92-21-111 226 226 Fax: +92-21-5656710		
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K Commercial Model Town, Lahore Tele: + 92-42-5839182		

# FIRST CAPITAL EQUITIES LIMITED

# FIRST CAPITAL EQUITIES LIMITED

## DIRECTORS' REVIEW

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Director's report along with financial statements of the Company for the first quarter ended September 30, 2017.

## CAPITAL MARKET REVIEW

Pakistan Stock Exchange's (PSX) KSE-100 index lost 8.9%QoQ amidst intense political uncertainty and lower than expected inflows from inclusion of PSX in MSCI-EM. Further, dawn of regulatory windfall on the banking sector (-13%QoQ) and uncertainty regarding the direction of future demand playing havoc on cements (-33%QoQ), dented the investor sentiments. However, recovery in oil stocks in the latter part of the quarter on the back of 3%QoQ increment in oil prices and improved sector pricing, supported the market. Other sectors that performed well on a relative basis were textiles and power on the back of increasing expectations of currency depreciation due to expanding current account deficit. However, the Government categorically denied any possibility of depreciation in the short term. Market capitalization stands at USD83.9bn as against USD90.7bn in FY17. Resultantly average volumes stood at 178.1mn shares as against 337.8mn shares in the corresponding period last year. Foreigners were the net sellers during the quarter with an outflow of USD90.1mn which were largely taken up by Banks (USD33.6mn), Mutual Funds (USD37.6mn) and Insurance (USD49.4mn).

## FINANCIAL HIGHLIGHTS

Following is the key financial highlights of your Company for the period;

Particulars	July to Sep 2017 Rupees	July to Sep 2016 Rupees
Brokerage income	12,745,403	15,730,059
Capital gain - net	(49,624)	(44,249)
Other operating income	173,225	531,920
Unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss	(2,668,392)	83,999,931
Operating expenses	29,618,077	22,834,367
Finance costs	6,947,716	18,890,334
(Loss) / Profit after taxation	(28,954,601)	58,336,784
(Loss) / Earnings per share	(0.20)	0.41

Despite volumes turning out to be halved, brokerage income incurred a downfall of 19%YoY to PkR12.7mn. The weak performance of the bourse also impacted income from held-for-trading investments that posted a loss of PkR2.6mn as against PkR84mn gain in the same period last year. Resultantly, on overall basis, the income segment moved south by 90% in 1QFY18 compared same period last year and settled at PkR10mn. On the other hand, operating expenses surged by 29.7% in comparison to previous year on account of revamping expenses incurred by the company.

## FUTURE OUTLOOK

The outlook for Pakistan Stock Exchange looks promising as Pakistan's GDP is expected to remain above 5% mark in the coming years, a view shared by well reputed international institutions such as the World Bank, IMF and ADB. Volumes are expected to return as political noise settles down and investors focus on the economic growth ahead. FCEL has been on the path of turnaround and is poised to capture this growth in volumes owing to its presence all across the country and an established brand name. The management is also taking steps to provide high quality research and value-added services to the company's clients in order to improve the company's business standards and offerings.

## ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts and dedicated services, teamwork, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited.

For and on behalf of the Board

Lahore  
October 25, 2017

Director

Chief Executive Officer

# FIRST CAPITAL EQUITIES LIMITED

## ڈائریکٹرز کا جائزہ

فرنٹ کپٹل ایکویٹی لینڈ ("کپٹنی" یا "FECL") کے ڈائریکٹرز 30 ستمبر 2017ء کو اختتام پذیر سرمایہ کے لئے کپٹنی مالیاتی سٹیبلٹنس کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرنے پر فخر محسوس کرتے ہیں۔

## کپٹنی مارکیٹ کا جائزہ

پاکستان سٹاک ایکسچینج کے (KSE-100 (PSX) انڈیکس شدید سیاسی غیر یقینی کی صورت حال اور PSX کی MSCI-EM میں شمولیت سے توقع ہے کہ کم ان فلوڈز کی وجہ سے سرمایہ یقینوں میں 8.9 فی صد تک کم ہوا۔ بنکنگ کے شعبے پر ریگولیٹری وینڈ فال (-13 فی صد سرمایہ یقینوں میں) اور سٹیبل کی طلب کی سمت میں غیر یقینی نے استحکام (33 فی صد سرمایہ یقینوں میں) پر اثر ڈالا جس سے سرمایہ داروں کے اعتماد میں کمی آئی۔ تاہم، سرمایہ کے آخری حصہ میں تیل کے سٹاک میں بہتری جو تیل کی قیمتوں میں سرمایہ یقینوں میں 3 فی صد کے اضافے نے اس شعبے کی قدر میں اضافہ کیا جس سے منڈی کو بھی استحکام ملا۔ بجز کارکردگی والے دیگر شعبہ جات میں نیک سائل اور توانائی شامل ہیں جو کرنٹ اکاؤنٹ خسارہ میں اضافہ کی وجہ سے کٹری کی قدر میں کمی کی توقعات بڑھنے کی وجہ سے ہوا۔ مارکیٹ کی سرمایہ داری 83.9 بلین ڈالر پر مستحکم رہی جو مالی سال 2017ء میں 90.7 بلین روپے تھی۔ نتیجتاً اوسط حجم 178.1 بلین حصص رہا جو گذشتہ سال کی اسی مدت میں 337.8 بلین حصص تھا۔ سرمایہ کے دوران 90.1 بلین ڈالر کے آؤٹ فلو پر زیادہ تر فروخت کار غیر ملکی تھے جس کا زیادہ تر حصہ (33.6 بلین ڈالر) بنکوں، میوچل فنڈز (37.6 بلین ڈالر) اور انشورنس (49.4 بلین ڈالر) کے پاس رہا۔

## مالی خلاصہ

تفصیلات	جولائی تا ستمبر 2017ء	جولائی تا ستمبر 2016ء
بروز بچہ رقم	12,745,403	15,730,059
کپٹنی آمدنی - خالص	(49,624)	(44,249)
دیگرا پر بینک آمدنی	173,225	531,920
بذریعہ فی (انقصان) فیروزہ ویلے پر سرمایہ داری کی تجدید پر غیر موصول شدہ آمدنی	(2,668,392)	83,999,931
آپریٹنگ اخراجات	26,618,077	22,834,367
قرضوں پر لاگت	6,947,716	18,890,334
(انقصان) / (نفع) مساوائے نیکس	(28,954,801)	58,336,784
(انقصان) / آمدنی فی حصص	(0.20)	0.41

جیم کو نصف کرنے کے باوجود، بروز بچہ آمدنی میں سال 19 فیصد کمی کی آئی۔ جو کاس دوران میں 12.75 بلین روپے رہی۔ حصص مارکیٹ کی بری کارکردگی نے تقابلی سرمایہ داری سے آمدنی پر اثر ڈالا جس کی وجہ سے گذشتہ سال کی اسی مدت میں 84 بلین روپے آمدنی کے مقابلہ میں 2.6 بلین روپے کا خسارہ سامنے آیا۔ نتیجتاً، 1QFY18 کی آمدنی کا طے پانچھ سال کے مقابلے میں 90 فیصد کم ہو کر 10 بلین روپے پر مستحکم رہا۔ دوسری جانب کپٹنی کی جانب سے اخراجات برداشت کرنے کی بنا پر گذشتہ سال کے مقابلہ میں 29.7 فی صد پر بینک اخراجات میں اضافہ ہوا۔

## مستقبل کا منظر نامہ

معرّف بین الاقوامی اداروں جیہا کہ ورلڈ بینک، IMF اور ADB کی رپورٹ کے مطابق آئندہ سالوں میں پاکستان کی مجموعی بلکی پیداوار 5 فی صد کی شرح سے زیادہ ہونے کی توقع ہے اس وجہ سے پاکستان سٹاک ایکسچینج بہتری کی جانب رواں دواں رہے گی۔ جو بنی سیاسی صورت حال بہتر ہوگی جیم بہتر ہونے کی توقع ہے اور سرمایہ داری و معاشی نمو کی جانب متوجہ ہوں گے۔ FCEL بہتری کی جانب گامزن ہے اور ملک بھر میں اپنی بہتر سماج کی وجہ سے جیم بہتری کے لئے کوشاں ہے۔ انتظامیہ اعلیٰ معیار کی تحقیق اور اپنے صارفین کو بہتر میں خدمات فراہم کرنے کے لئے اقدامات اٹھارے ہے تاکہ کپٹنی کے کاروباری معیار اور پیشکشوں کو بہتر کیا جاسکے۔

## اعتراف

ڈائریکٹرز کپٹنی کے حصص داران، مالیاتی اداروں اور صارفین کے مسلسل تعاون، مدد اور سرپرستی کے شکر گزار ہیں۔ ڈائریکٹرز کپٹنی کے تمام ملازمین کی انتھک محنت اور وفا شعار مدد، اجتماعی محنت، وفاداری اور سخت محنت کا اعتراف کرتے ہیں اور امید رکھتے ہیں کہ ان کی مسلسل خدمت کپٹنی کو مزید شکم کرے گی تاکہ مستقبل میں چیلنجز سے نبرد آزما ہوا جاسکے۔ بورڈ سیکریٹریز اور ایگزیکٹو کمیشن آف پاکستان (SECP) اور پاکستان سٹاک ایکسچینج لینڈ کی وسیع رہنمائی اور مدد کو بھی قدر کی نگاہ سے دیکھتا ہے۔

بورڈ (کے لئے) کی جانب سے

لاہور

ڈائریکٹر

جیٹا ایگزیکٹو

25 اکتوبر، 2017



# FIRST CAPITAL EQUITIES LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

		(Un-Audited) September 2017	(Audited) June 2017
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>		----- Rupees -----	
Property plant and equipment	5	42,833,196	43,952,022
Intangible assets		12,500,000	12,500,000
Investments property		1,602,449,600	1,602,449,600
Long term investments	6	55,340,121	59,851,308
Long term deposits, receivables and prepayments	7	9,487,966	9,487,966
		<b>1,722,610,883</b>	<b>1,728,240,896</b>
<b>CURRENT ASSETS</b>			
Trade debts	8	1,512,751,621	1,513,588,111
Short term investments	9	92,611,796	86,805,188
Advances, deposits, prepayments and other receivables		13,206,842	26,976,399
Advance income tax		22,334,950	22,020,420
Interest accrued		-	81,798
Cash and bank balances		63,514,607	78,991,261
		<b>1,704,419,816</b>	<b>1,728,463,177</b>
<b>TOTAL ASSETS</b>		<b><u>3,427,030,699</u></b>	<b><u>3,456,704,073</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Share Capital		<b><u>1,520,000,000</u></b>	<b><u>1,520,000,000</u></b>
Issued, subscribed and paid up capital		<b>1,413,355,000</b>	1,413,355,000
Other reserves		<b>(12,747,335)</b>	<b>(8,236,149)</b>
Unappropriated loss		<b>(1,055,712,853)</b>	<b>(1,026,758,252)</b>
<b>TOTAL EQUITY</b>		<b><u>344,894,812</u></b>	<b><u>378,360,599</u></b>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing	10	2,337,164,346	2,334,515,382
Interest Accrued		568,065,170	568,065,170
Deferred liabilities		37,958,177	36,208,177
		<b>2,943,187,693</b>	<b>2,938,788,729</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	102,672,949	106,597,027
Short term borrowings		-	-
Current portion of long term financing		5,515,000	2,206,000
Interest accrued		-	-
Provision for taxation		30,760,245	30,751,718
		<b>138,948,194</b>	<b>139,554,745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,427,030,699</u></b>	<b><u>3,456,704,073</u></b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

# FIRST CAPITAL EQUITIES LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT-(Un-Audited) FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	<i>Note</i>	Jul - Sep 2017	Jul - Sep 2016
		----- Rupees -----	
<b>INCOME</b>			
Brokerage income		12,745,403	15,730,059
Capital loss - net		(49,624)	(44,249)
Dividend income		68,216	1,125
Gain / (loss) on re-measurement of investments at fair value through profit or loss - net	9	(2,668,392)	83,999,931
		10,095,603	99,686,866
<b>EXPENDITURE</b>			
Operating and administrative expenses		29,618,077	22,834,367
Finance cost		6,947,716	18,890,334
		36,565,793	41,724,701
<b>OPERATING (LOSS) / INCOME</b>		(26,470,190)	57,962,165
<b>OTHER INCOME</b>		173,225	531,920
<b>NET (LOSS) / PROFIT BEFORE TAXATION</b>		(26,296,965)	58,494,085
Taxation		2,657,636	157,301
<b>(LOSS) / PROFIT AFTER TAXATION</b>		(28,954,601)	58,336,784
<b>(LOSS) / EARNING PER SHARE - BASIC AND DILUTED</b>	15	(0.20)	0.41

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

# FIRST CAPITAL EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME - (Un-Audited)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

	Jul - Sep 2017	Jul - Sep 2016
	Rupees	
<b>(Loss) / profit after taxation for the period</b>	<b>(28,954,601)</b>	58,336,784
<b>Other comprehensive (loss) / income for the period</b>		
<b><u>Items that will never be reclassified to profit or loss:</u></b>		
Remeasurement of defined benefit plan	-	-
<b><u>Items that are or may be reclassified to profit or loss:</u></b>		
Unrealised (loss) / gain on remeasurement of investment available for sale	<b>(4,511,186)</b>	20,082,968
<b>Total other comprehensive (loss) / income</b>	<b>(4,511,186)</b>	20,082,968
<b>Total comprehensive (loss) / income</b>	<b>(33,465,787)</b>	78,419,752

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

# FIRST CAPITAL EQUITIES LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT - (Un-Audited) FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Jul - Sep 2017	Jul - Sep 2016
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(26,296,965)	58,494,085
<b>Add: Items not involved in movement of funds</b>		
Depreciation	1,258,379	1,401,309
(Gain) / loss on re-measurement of investments at fair value through profit or loss - net	2,668,392	(83,999,931)
Dividend income	(68,216)	(1,125)
Interest accrued	(173,155)	(122,420)
Interest expense	6,947,716	18,890,334
Provision for gratuity	1,839,096	1,100,000
	<u>12,472,211</u>	<u>(62,731,834)</u>
	(13,824,754)	(4,237,749)
<b>Decrease / (Increase) in current assets</b>		
Investments at fair value through profit or loss	(8,475,000)	-
Trade debts - unsecured	836,490	20,442,448
Advances, deposits, prepayments and other receivables	13,769,557	(569,280)
	<u>6,131,047</u>	<u>19,873,168</u>
<b>(Increase) / decrease in current liabilities in trade and other payables</b>	<u>(3,924,078)</u>	<u>34,742,629</u>
<b>Cash (utilized) / generated in operations</b>	<b>(11,617,785)</b>	<b>50,378,048</b>
Interest received	254,953	442,392
Dividend received	68,216	1,125
Finance cost paid	(22,454)	(11,028)
Gratuity paid	(89,096)	(187,000)
Taxes paid	(2,963,640)	(98,084)
<b>Net cash (utilized) / generated in operating activities</b>	<b>(14,369,806)</b>	<b>50,525,453</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(139,550)	(32,000)
Proceeds from sale of property and equipment	-	-
Long term deposits and advances	-	-
<b>Net cash (used in) / generated in investing activities</b>	<b>(139,550)</b>	<b>(32,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance paid	(967,298)	(129,000)
Short term borrowings	-	-
<b>Net cash (used in) financing activities</b>	<b>(967,298)</b>	<b>(129,000)</b>
<b>Effects of exchange rate changes in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(15,476,654)</b>	<b>50,364,453</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>78,991,261</b>	<b>52,114,391</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>63,514,607</u></b>	<b><u>102,478,844</u></b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Lahore

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, 2017

	Capital Reserve			Revenue Reserve		Total
	Issued, subscribed and paid up capital	Share Premium	Reserve for issue of bonus shares	Other Reserve	Unappropriated Loss	
			Rupees			
<b>Balance as at June 30, 2016</b>	<b>1,413,355,000</b>	-	-	<b>(48,292,434)</b>	<b>(1,289,518,215)</b>	<b>75,544,351</b>
Profit for the period after taxation	-	-	-	-	58,336,784	58,336,784
<b>Other comprehensive income for the period</b>						
Fair value reserve realised	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	-	-
Surplus on remeasurement of investment available for sale to fair value	-	-	-	20,082,968	-	20,082,968
Total other comprehensive income for the period - net of tax	-	-	-	20,082,968	-	20,082,968
Total comprehensive income for the period	-	-	-	20,082,968	58,336,784	78,419,752
<b>Balance as at September 30, 2016</b>	<b>1,413,355,000</b>	-	-	<b>(28,209,466)</b>	<b>(1,231,181,431)</b>	<b>153,964,103</b>
Profit for the period after taxation	-	-	-	-	205,666,473	205,666,473
<b>Other comprehensive income for the period</b>						
Fair value reserve realised	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	(1,243,294)	(1,243,294)
Surplus on remeasurement of investment available for sale to fair value	-	-	-	19,973,317	-	19,973,317
Total other comprehensive income / (loss) for the period - net of tax	-	-	-	19,973,317	(1,243,294)	18,730,023
Total comprehensive income for the period	-	-	-	19,973,317	204,423,179	224,396,496
<b>Balance as at June 30, 2017</b>	<b>1,413,355,000</b>	-	-	<b>(8,236,149)</b>	<b>(1,026,758,252)</b>	<b>378,360,599</b>
Loss for period after taxation	-	-	-	-	(28,954,601)	(28,954,601)
<b>Other comprehensive income for the period</b>						
Fair value reserve realised	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	-	-
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(4,511,186)	-	(4,511,186)
Total other comprehensive loss for the year - net of tax	-	-	-	(4,511,186)	-	(4,511,186)
Total comprehensive loss for the period	-	-	-	(4,511,186)	(28,954,601)	(33,465,787)
<b>Balance as at September 30, 2017</b>	<b>1,413,355,000</b>	-	-	<b>(12,747,335)</b>	<b>(1,055,712,853)</b>	<b>344,894,812</b>

Lahore

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, 2017

### 1 THE COMPANY AND ITS OPERATION

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.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information is un-audited and are prepared in accordance with the requirements of International Accounting Standards (IAS) 34 "Interim Financial Reporting" and the provision of and directives issued under the Companies Ordinance 1984, where the requirements differ the directives/provision of the Companies Ordinance 1984 take precedence. These financial statements are being presented to share holders under section 245 of Companies Ordinance, 1984. The disclosures in the condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2017. This also do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding in the changes of the balance sheet and profit and loss since the last financial statements.

This condensed interim financial information comprises of condensed interim balance sheet as at September 30, 2017 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 September 30, 2017.

### 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, 2017.

### 4 JUDGMENTS AND ESTIMATES

#### 4.1

The preparation of the condensed interim financial information requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017.

#### 4.2 Measurement of fair values

"The Company has an established a control framework for measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Finance Officer. The team regularly reviews significant unobservable inputs and valuation adjustments (If required). If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are also reported to the Audit Committee.

# FIRST CAPITAL EQUITIES LIMITED

When measuring the fair value of an asset or a liability, the Company uses market observable data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.–

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.–

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred."

<b>5 PROPERTY PLANT AND EQUIPMENT</b>		<b>September 2017</b>	<b>June 2017</b>
		<b>Rupees</b>	
Opening		43,952,022	49,085,034
Additions		139,550	1,177,475
Disposals		-	(738,299)
Depreciation		(1,258,376)	(5,572,188)
		<u>42,833,196</u>	<u>43,952,022</u>
<b>6 LONG TERM INVESTMENT</b>		<b>September 2017</b>	<b>June 2017</b>
		<b>Rupees</b>	
Investment in related parties	<b>Note</b>		
Available for sale			
Media Times Limited - quoted shares 6,067,362 shares of MDTL (June 2017 : 6,067,362 shares)	<b>6.1</b>	<b>18,808,822</b>	18,687,475
Other Investments			
Available for sale			
Pakistan Stock Exchange Limited - quoted shares 2,404,430 shares of PSX (June 2017 : 2,404,430 shares)	<b>6.2</b>	<b>36,531,299</b>	41,163,833
		<u>55,340,121</u>	<u>59,851,308</u>
<b>6.1</b>	6,067,362 (June 2016 : 6,067,362) Fully paid ordinary shares of Rs. 10 each Equity Held 3.56% (June 2017 : 3.56%)	<b>18,687,475</b>	10,132,495
	Gain / (loss) on measurement of investment available for sale for the period / year	<b>121,347</b>	8,554,980
		<u>18,808,822</u>	<u>18,687,475</u>
<b>6.2</b>	2,404,430 shares of PSX (June 2017 : 2,404,430 shares)	<b>41,163,833</b>	9,662,528
	(Loss) / Gain on remeasurement of investment available for sale for the period / year	<b>(4,632,534)</b>	31,501,305
		<u>36,531,299</u>	<u>41,163,833</u>

# FIRST CAPITAL EQUITIES LIMITED

		September 2017	June 2017
<b>7</b>	<b>LONG TERM DEPOSITS, RECEIVABLES AND PREPAYMENTS</b>	-----	-----
		<b>Rupees</b>	
	Pakistan Stock Exchange Limited	2,397,442	2,397,442
	Central Depository Company of Pakistan Limited	100,000	100,000
	National Clearing Company of Pakistan Limited	1,400,000	1,400,000
	Other deposits and receivables	5,590,524	5,590,524
7.1		<u>9,487,966</u>	<u>9,487,966</u>

7.1 This includes balance receivable from First Capital Securities Corporation Limited (Parent Company) Rs. 890,400/- (June 2017 : Rs 890,400/-).

		September 2017	June 2017
<b>8</b>	<b>TRADE DEBTS - UNSECURED</b>	-----	-----
		<b>Rupees</b>	
	Trade debts against purchase of shares:		
	Considered good - unsecured		
	Clients	-	-
	Related parties	-	-
	Others	1,512,751,621	1,513,588,111
	Members	-	-
		<u>1,512,751,621</u>	<u>1,513,588,111</u>
	Considered doubtful:		
	Clients	-	1,092,901,226
	Members	-	3,911,979
		-	1,096,813,205
	Less: Balance off set against provision for doubtful debts	-	(1,096,813,205)
		<u>1,512,751,621</u>	<u>1,513,588,111</u>

		September 2017	June 2017
<b>9</b>	<b>SHORT TERM INVESTMENTS</b>	-----	-----
		<b>Rupees</b>	
	At fair value through profit or loss		
	Quoted equity securities		
	Opening balance	86,805,188	84,440,219
	Additions	8,475,000	-
	Disposals	-	(16,242,544)
	Unrealised gain on remeasurement of investments for the period / year	(2,668,392)	18,607,513
		<u>92,611,796</u>	<u>86,805,188</u>

		September 2017	June 2017
<b>10</b>	<b>LONG TERM FINANCING</b>	-----	-----
	Secured	2,361,765,247	2,362,732,545
	Deferred notional income	(19,085,901)	(26,011,163)
		<u>2,342,679,346</u>	<u>2,336,721,382</u>
	Less: Current portion shown under current liability	(5,515,000)	(2,206,000)
		<u>2,337,164,346</u>	<u>2,334,515,382</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 2017 : 8% and 3 months kibar plus 1.5% to 4% p.a ). But oing to the



# FIRST CAPITAL EQUITIES LIMITED

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 amortized cost and carrying value of restructuring of long term loan. Amortized cost has been determined using effective interest rate of 6.05% to 9.05% (June 2017 : 6.05% to 9.05%). Movement is as follows:

	September 2017	June 2017
	Rupees	
<b>Deferred notional income</b>		
As at beginning of the period / year	26,011,163	59,732,842
Occurred during the period / year	-	-
Amortized during the period / year	<u>(6,925,262)</u>	<u>(33,721,679)</u>
As at end of the period / year	<u>19,085,901</u>	<u>26,011,163</u>

<b>11 TRADE AND OTHER PAYABLES - UNSECURED</b>	<u>102,672,949</u>	<u>106,597,027</u>
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This includes balance payable to associated company i.e Falcon Commodities (Pvt) Limited Rs. 3,284,427/- (June 2017 : Rs. 3,336,132/-)

## 12 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2017 except for the following:

	September 2017	June 2017
	Rupees	
<b>12.1 COMMITMENTS</b>		
Sale of Shares	1,275,240,936	900,562,615
Purchase of shares	1,281,757,464	836,092,776

## 13 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, 2017

	Associated Company	Parent Company	Key management personnel of the entity, its parent and their close family members	Other Related Parties
	Rupees			
Brokerage Income	-	-	-	-
Salary and other employee benefits	-	-	8,516,976	-

### Three Months Ended September 30, 2016

	Associated Company	Parent Company	Key management personnel of the entity, its parent and their close family members	Other Related Parties
	Rupees			
Brokerage Income	-	-	-	23,200
Salary and other employee benefits	-	-	7,242,827	-

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

# FIRST CAPITAL EQUITIES LIMITED

## 14 Financial risk management

### 14.1 Financial risk factors

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

This condensed 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 2017.

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

### 14.2 Liquidity risk

Compared to year end, there was no material change.

### 14.3 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.

#### 14.3.1 Assets

	September 2017	June 2017
	----- Rupees -----	
<b>Level 1</b>		
- <b>Non-current assets</b>		
Long term investments (Available for sale)	55,340,121	59,851,308
- <b>Current assets</b>		
Short term investments (Fair value through profit and loss)	92,611,796	86,805,188
<b>Level 2</b>	-	-
<b>Level 3</b>	-	-
<b>Total</b>	<u><u>147,951,917</u></u>	<u><u>146,656,496</u></u>
<b>14.3.2 Liabilities</b>	<u><u>-</u></u>	<u><u>-</u></u>

## 15 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

	September 2017	September 2016
	----- Rupees -----	
Earning / (loss) after taxation attributable to ordinary share holders - Rupees	<u><u>(28,954,601)</u></u>	<u><u>58,336,784</u></u>
Number of ordinary shares	<u><u>141,335,500</u></u>	<u><u>141,335,500</u></u>
(Loss) / Earning per share - Basic and Diluted (Rupees per share)	<u><u>(0.20)</u></u>	<u><u>0.41</u></u>

# FIRST CAPITAL EQUITIES LIMITED

15.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

## 16 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on October 25, 2017.

## 17 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.

## 18 GENERAL

18.1 Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director

Chief Financial Officer