



**FIRST CAPITAL EQUITIES LIMITED**

**CONDENSED QUARTERLY  
FINANCIAL STATEMENTS  
(UN-AUDITED)**

**MARCH 31, 2007**

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## FIRST CAPITAL EQUITIES LIMITED

### COMPANY INFORMATION

<b>Board of Directors</b>	Mian Ehsan ul Haq (Chairman & Chief Executive Officer) Farooq Bin Habib Ashraf Liaqat Ali Khan Suhail Ahmed Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
<b>Chief Financial Officer</b>	Mazhar Abbas
<b>Audit Committee</b>	Muhammad Zubair Khalid (Chairman) Suhail Ahmed Ahsan Zia
<b>Company Secretary</b>	Syed Akbar Naqi
<b>Auditors</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
<b>Legal Adviser</b>	Tasawur Ali Hashmi Advocates, Karachi.
<b>Bankers</b>	Askari Commercial Bank Limited Bank Alfalah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited Metropolitan Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab Union Bank Limited
<b>Registered Office</b>	103-C/II, Gulberg-III Lahore, Pakistan. Tel. # (042) 5757591 - 4 Fax. # (042) 5757590, 5877920
<b>Corporate Office</b>	4th Floor, Block B, C & D, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi. Tel: (021) 111 226 226 Fax: (021) 5656710
<b>Registrar and Shares Transfer Office</b>	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839182

## DIRECTORS' REVIEW

The directors of First Capital Equities Limited ("FCEL" or "the Company") are pleased to present the condensed financial statements for the nine months ended March 31, 2007.

### Market Review

After posting a flat trend in 1HFY07 (4.7% increase), Pakistan market started off the calendar year 2007 on a bright note and posted a cumulative gain of 17.4% (1,668 points) from the level of 9,603 points at the beginning of FY07 to close at 11,271 points at the end of March 2007. The market capitalization ended the period at Rs 3,065bn up by 14%. Average daily volume of ready and future market was recorded at 181mn (Rs. 20.5bn) and 57mn shares (Rs8.7bn) respectively.

Major interest was observed in the banking sector in the wake of ongoing mergers and acquisitions coupled with the rising spreads of the banking sector. Cement sector after showing depressed performance in 1HFY07 came into the limelight on record local dispatches and unexpected higher exports. The local equity market continues to attract sizeable foreign funds as depicted by the rising portfolio investment numbers. As per SBP, total portfolio investment during the 9 months of FY07 (Jul-Mar 2007) stood at US\$675mn. On the back of this robust stock market performance, your company was able to maintain its market share as well as profitability growth during the period.

### Financial Performance

	Nine Months ended		Increase / (Decrease)	Increase / (Decrease) %
	March 31,2007	March 31, 2006		
	(Rupees in millions)			
Brokerage Income	239.97	206.18	33.79	16.39 %
Profit after Taxation	108.06	123.81	(15.75)	(12.72 %)
Earnings per share (Rupees per share)	2.22	2.63	(0.41)	(15.59 %)

The brokerage income increased by 16.39% to 239.97 million which can be attributed to better marketing activity, continued geographical diversification and expansion and increase in business volumes from the Auerbach Grayson (AGA), an international brokerage house, for which your company is the local affiliate. The high quality research and publication by the company has also contributed significantly in increasing the volume from foreign clients.

Your company was able to earn profit after taxation of Rs. 108.06 million. This translates to an earning per share of Rs. 2.22 on its increased share capital of Rs. 540.157 million after issue of bonus shares during the period in the ratio of 50 shares for each 100 shares held and 50% right issue offered at a premium of Rs. 5 per share as approved by shareholders in their Annual General Meeting on October 31, 2006.

During the period the Arbitration Committee of KSE gave the decision in respect of the claims of M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan and asked the Company to pay Rs. 28,701,533/-. They also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Company. The Company has filed an appeal against this decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with deposit of Rs 28,701,533 to KSE and is confident that the appeal would be decided in the company's favour.

### Future Outlook

In the future ahead, your company will keep striving for increase in the revenue and profitability of the company not only through opening of new branches but also by increasing customer base. Your company is also making progress on obtaining corporate and regulatory approvals for Investment Finance Services and Real Estate Investment Trust to ensure diversification of its revenue streams.

### Acknowledgement

We would like to thank the Securities and Exchange Commission of Pakistan, Karachi Stock Exchange and Lahore Stock Exchange, the financial institutions along with our valued clients and shareholders for the trust and confidence reposed in the company. The Board also wishes to place on record appreciation to all the staff members for their hard work in achieving brilliant performance.

For and on behalf of the Board

Lahore  
April 27, 2007

Mian Ehsan Ul Haq  
Chairman & Chief Executive

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED BALANCE SHEET  
AS AT MARCH 31, 2007**

	Note	(Un-Audited) March 31, 2007 (Rupees)	(Audited) June 30, 2006 (Rupees)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	168,855,950	58,038,663
Membership card and licenses		40,700,000	40,700,000
Investments - available for sale		6,865,076	6,865,076
Long term loan - Unsecured		10,190,000	10,190,000
Long term deposits and advances		17,632,996	7,136,996
		<u>244,244,022</u>	<u>122,930,735</u>
<b>CURRENT ASSETS</b>			
Trade debts- Unsecured		675,210,748	572,754,806
Investments at fair value through profit and loss	5	414,441,651	231,372,769
Advances, deposits, prepayments and other receivables	6	250,524,389	134,053,865
Advance income tax		37,579,077	35,634,236
Placements	7	873,000,000	677,641,520
Interest accrued		6,932,394	9,352,433
Cash and bank balances		287,149,687	240,366,410
		<u>2,544,837,946</u>	<u>1,901,176,039</u>
		<u>2,789,081,968</u>	<u>2,024,106,774</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised capital</b>			
65,000,000 (June 30, 2006: 30,000,000) ordinary shares of Rs.10/- each	8	<u>650,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid up share capital</b>	9	<u>540,157,500</u>	<u>240,070,000</u>
<b>Capital reserves - Share premium</b>	10	<u>90,026,250</u>	<u>-</u>
<b>Unappropriated Profits</b>		<u>422,509,007</u>	<u>434,486,555</u>
		<u>1,052,692,757</u>	<u>674,556,555</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		4,500,000	8,280,000
Liabilities against assets subject to finance lease		-	110,072
Deferred liabilities		11,431,266	8,965,811
		<u>15,931,266</u>	<u>17,355,883</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		524,923,863	582,416,135
Liabilities against repurchase agreements		698,000,000	515,000,000
Short term borrowings	11	460,816,780	206,039,823
Current portion of long term financing		5,040,000	5,040,000
Interest accrued on short term borrowings		8,675,198	4,283,739
Interest accrued on repurchase agreements		4,846,917	3,630,513
Current maturity of liabilities against assets subject to finance lease		504,740	678,729
Provision for taxation		17,650,447	15,105,397
		<u>1,720,457,945</u>	<u>1,332,194,336</u>
		<u>2,789,081,968</u>	<u>2,024,106,774</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2007**

Note	NINE MONTHS ENDED		THREE MONTHS ENDED	
	July - Mar 2007 (Rupees)	July - Mar 2006 (Rupees)	July - Mar 2007 (Rupees)	July - Mar 2006 (Rupees)
<b>INCOME</b>				
Brokerage income	239,967,182	206,184,449	100,474,442	93,542,280
Capital gain	(9,677,167)	838,731	(9,627,567)	249,500
Income on continuous funding system transactions	6,694,600	-	-	-
Other operating income	104,848,432	51,882,307	34,280,379	20,037,947
	<u>341,833,047</u>	<u>258,905,487</u>	<u>125,127,254</u>	<u>113,829,727</u>
Unrealized gain on re-measurement of investments at fair value through profit and loss	5	38,791,354	56,285,887	9,582,231
	<u>380,624,401</u>	<u>315,191,374</u>	<u>134,709,485</u>	<u>130,828,525</u>
<b>EXPENDITURE</b>				
Operating expenses	138,820,554	120,814,799	51,044,880	46,258,402
Finance costs	93,595,730	46,650,497	34,600,243	19,472,549
	<u>232,416,284</u>	<u>167,465,296</u>	<u>85,645,123</u>	<u>65,730,951</u>
<b>PROFIT BEFORE TAXATION</b>	<u>148,208,117</u>	<u>147,726,078</u>	<u>49,064,362</u>	<u>65,097,574</u>
Taxation	40,150,665	23,914,344	14,084,075	10,995,443
<b>PROFIT AFTER TAXATION</b>	<u>108,057,452</u>	<u>123,811,734</u>	<u>34,980,287</u>	<u>54,102,131</u>
<b>EARNINGS PER SHARE</b>				
- BASIC	13	<u>2.22</u>	<u>2.63</u>	<u>0.67</u>
		<u>1.13</u>		

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED CASH FLOW STATEMENT (Un-Audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

	NINE MONTHS ENDED	
	Jul - Mar 2007	Jul - Mar 2006
	(Rupees)	(Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Funds generated from operations</b>		
Profit before taxation	148,208,117	147,726,078
<b>Add: Items not involved in movement of funds</b>		
Depreciation	8,685,791	4,708,330
Unrealised gain on re-measurement of investments at fair value through profit and loss	(38,791,354)	(56,285,887)
Provision for doubtful debts written back	(8,395,387)	(2,009,758)
Bad debts written off	-	187,489
Dividend Income	(5,639,579)	(352,568)
Interest accrued	(85,078,354)	(44,049,090)
Interest expense	93,595,730	45,252,241
(Gain) on sale of property and equipment	(538,278)	(792,501)
Provision for gratuity	2,776,615	1,735,088
	<b>(33,384,816)</b>	<b>(51,606,656)</b>
	<b>114,823,301</b>	<b>96,119,422</b>
<b>(Increase) / decrease in current assets</b>		
Investments at fair value through profit and loss	(144,277,528)	9,185,618
Trade debts- Unsecured	(94,060,555)	(24,764,387)
Advances, deposits, prepayments and other receivables	(116,445,523)	(138,698,082)
	<b>(354,783,606)</b>	<b>(154,276,851)</b>
<b>Increase / (decrease) in current liabilities in trade and other payable</b>	<b>(57,492,272)</b>	<b>230,583,269</b>
<b>Cash (used in) / generated from operations</b>	<b>(297,452,578)</b>	<b>172,425,840</b>
Dividend received	5,614,579	352,568
Interest received	87,498,393	42,804,147
Finance cost paid	(87,987,867)	(43,151,976)
Gratuity Paid	(311,160)	(250,500)
Taxes Paid	(39,550,456)	(23,562,710)
<b>Net cash (used in) / generated from operating activities</b>	<b>(332,189,089)</b>	<b>148,617,369</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(120,849,801)	(12,656,895)
Proceeds from sale of property and equipment	1,885,000	1,282,700
Placements	(195,358,480)	(442,210,605)
Long term deposits and advances	(10,496,000)	(54,796)
<b>Net cash used in investing activities</b>	<b>(324,819,281)</b>	<b>(453,639,596)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	(284,061)	(273,860)
Long term finance obtained	(3,780,000)	14,580,000
Right shares issued	180,052,500	-
Share premium on right shares	90,026,250	-
Liabilities against repurchase agreements	183,000,000	305,000,000
Short term borrowings	254,776,957	78,123,208
<b>Net cash generated from financing activities</b>	<b>703,791,646</b>	<b>397,429,348</b>
<b>Net increase in cash and cash equivalents</b>	<b>46,783,277</b>	<b>92,407,121</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>240,366,410</b>	<b>91,717,213</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>287,149,687</b>	<b>184,124,334</b>

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-Audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

	Issued, subscribed and paidup capital (Rupees)	Capital reserves		Revenue reserve		
		Share premium (Rupees)	Reserve for issue of bonus share (Rupees)	Share deposit money (Rupees)	Unappropri- ated profit (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2005</b>	240,070,000	-	-	-	201,827,949	441,897,949
Profit for the period from July 2005 to March 2006	-	-	-	-	123,811,734	123,811,734
<b>Balance as at March 31, 2006</b>	<b>240,070,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,639,683</b>	<b>565,709,683</b>
Profit for the period from April 2006 to June 2006	-	-	-	-	108,846,872	108,846,872
<b>Balance as at June 30, 2006</b>	<b>240,070,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,486,555</b>	<b>674,556,555</b>
Transfer to reserve for issue of bonus share	-	-	120,035,000	-	(120,035,000)	-
50 % bonus shares issued	120,035,000	-	(120,035,000)	-	-	-
Share deposit money received against right issue at a premium of Rs. 5/-	-	-	-	270,078,750	-	270,078,750
Issuance of 50 % right shares	180,052,500	90,026,250	-	(270,078,750)	-	-
Profit for the period ended March 31, 2007	-	-	-	-	108,057,452	108,057,452
<b>Balance as at March 31, 2007</b>	<b>540,157,500</b>	<b>90,026,250</b>	<b>-</b>	<b>-</b>	<b>422,509,007</b>	<b>1,052,692,757</b>

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**(Un-Audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

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 Lahore Stock Exchange. The principal activities of the Company include share brokerage and conducting / publishing business research.

2 These condensed financial statements are un-audited and are being presented to shareholders under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 'Interim Financial Reporting'.

3 The accounting policies adopted for the preparation of these condensed financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2006.

**4 PROPERTY AND EQUIPEMNT**

The following additions have been made in Property and Equipment for the period ended March 31, 2007.

	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
Free Hold Land	53,580,979	-
Office Floor & Building	46,871,096	-
Leasehold Improvements	363,522	-
Computers	5,413,296	4,074,750
Office Equipments	1,825,685	4,014,984
Furniture & Fixture	1,494,412	591,082
Vehicles	11,300,811	15,431,154
	<u>120,849,801</u>	<u>24,111,970</u>

**5 SHORT TERM INVESTMENTS**

Investments measured through profit and loss account

	March 31, 2007	June 30, 2006
Cost of investments	375,650,307	87,127,150
Add: Unrealised gain on remeasurement of investments	38,791,344	144,245,619
	<u>414,441,651</u>	<u>231,372,769</u>

**6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

This includes an amount of Rs. 187,776,556/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Exchange Guarantee Limited under the exposure rules, Rs. 28,701,533/- (June 2006 : NIL) with Karachi Stock Exchange Guarantee Limited against disputed claim of Mr. Aslam Motiwala.

**7 PLACEMENTS**

Secured - Considered good

	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
Placement on account of continuous funding system	-	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	210,000,000	210,000,000
Securities purchased under the resale agreements of quoted shares - Others	263,000,000	110,000,000
Securities purchased under the resale agreement of quoted shares - Mr. Sulaiman Ahmed Said Al-Houqani, related party	400,000,000	350,000,000
	<u>873,000,000</u>	<u>677,641,520</u>

**8 AUTHORISED SHARE CAPITAL**

65,000,000 ordinary shares of Rs 10/- each	<u>650,000,000</u>	<u>300,000,000</u>
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The authorised share capital of the Company has been increased to Rs. 650,000,000/- divided into 65,000,000 ordinary shares of Rs. 10/- each from Rs. 300,000,000/- divided into 30,000,000 ordinary shares of Rs. 10/- each as approved by the shareholders in their Annual General Meeting dated October 31, 2006.

**9 ISSUED SUBSCRIBED AND PAID UP CAPITAL**

	March 31, 2007 Number of shares	June 30, 2006 Number of shares	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
<b>Shares issued against cash consideration</b>				
Ordinary shares of Rs. 10/- each fully paid	22,007,000	22,007,000	220,070,000	220,070,000
Ordinary shares of Rs. 10/- each fully paid	18,005,250	-	180,052,500	-
<b>Shares issued against consideration other than cash</b>				
Issued bonus shares of Rs. 10/- each fully paid	14,003,500	2,000,000	140,035,000	20,000,000
	<u>54,015,750</u>	<u>24,007,000</u>	<u>540,157,500</u>	<u>240,070,000</u>

The Board of Directors in their meeting held on October 09, 2006 declared a bonus share issue in the proportion of fifty (50) bonus shares for every hundred (100) shares held i.e. 50 %, for the year ended June 30, 2006 and such bonus shares qualified for the right shares in the proportion of fifty (50) right shares for every hundred (100) shares held i.e. 50 % at Rs. 15/- per share including shares premium of Rs. 5/- per share, held by the members. The last date of exercising the Right was January 21, 2007, on which 100 % shareholders have exercised this opportunity.

## 10 CAPITAL RESERVE

This amount represent share premium received of Rs. 5/- per share on issuance of 18,005,250 right shares as approved by the shareholders in their Annual General Meeting dated October 31, 2006.

## 11 SHORT TERM BORROWINGS - SECURED

	<b>March 31, 2007 (Rupees)</b>	<b>June 30, 2006 (Rupees)</b>
Short term borrowings - secured	<b>460,816,780</b>	206,039,823

The facilities are obtained from various commercial banks under mark up arrangements amounting to Rs. 1,150 million (June 30, 2006: Rs. 1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2 % to 4.25 % (June 30, 2006: 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16 % (June 30, 2006: 16 %) per annum payable quarterly and are secured against pledge of shares of listed companies.

## 12 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2006 except for the following:

The Honourable Sindh High Court, while deciding on different applications filed by the Company, directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against the Company.

The Arbitration Committee of KSE has given the decision and has asked the Company to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Company.

The Company has filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28,701,533 to KSE. The Management is confident that appeal would be decided in the Company's favour.

## 13 EARNING PER SHARE - BASIC

Earnings per share of Rs 5.16 for nine months ended March 31, 2006 and Rs 2.25 for three months ended March 31, 2006 have been restated after taking into account the issue of 12,003,500 bonus shares and 18,005,250 right shares at a rate of Rs. 15/- per share issued by the Company during the period.

## 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:

Nine Months Ended March 31, 2007				
Associated	Parent	Fellow	Key management	Related
Company	Company	Subsidiary	personnel of the	Party
(Rupees)	(Rupees)	(Rupees)	entity, its parents	(Rupees)
			and their close	
			family members	
			(Rupees)	(Rupees)

Brokerage Income	-	4,925,364	17,100	24,958	22,142,709
Repurchase agreement arrangement fee	-	706,250	-	-	516,667
Placements entered	-	1,882,000,000	-	-	1,590,000,000
Income earned on placement	-	20,242,353	-	-	34,564,513
Long term loans	10,190,000	-	-	-	-
Interest on long term loans	1,630,400	-	-	-	-

Nine Months Ended March 31, 2006				
Associated	Parent	Fellow	Key management	Related
Company	Company	Subsidiary	personnel of the	Party
(Rupees)	(Rupees)	(Rupees)	entity, its parents	(Rupees)
			and their close	
			family members	
			(Rupees)	(Rupees)

Brokerage Income	51,975	596,751	-	4,935,003	20,935,965
Repurchase agreement arrangement fee	-	137,500	-	-	312,500
Placements entered	-	105,000,000	-	-	350,000,000
Income earned on placement	-	1,253,425	-	-	8,904,109
Long term loans	-	-	-	-	-
Interest on long term loans	-	-	-	-	-

## 15 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on April 27, 2007.

## 16 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director



**FIRST CAPITAL EQUITIES LIMITED  
AND ITS SUBSIDIARY**

**CONSOLIDATED CONDENSED  
QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)**

**MARCH 31, 2007**



**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY  
CONSOLIDATED CONDENSED BALANCE SHEET  
AS AT MARCH 31, 2007**

	Note	(Un-Audited) March 31, 2007 (Rupees)	(Audited) June 30, 2006 (Rupees)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	169,548,757	58,818,296
Membership card and licenses		51,023,266	51,023,266
Goodwill		358,749	358,749
Long term loan - unsecured		10,190,000	10,190,000
Long term deposits and advances		17,632,996	7,136,996
		<u>248,753,768</u>	<u>127,527,307</u>
<b>CURRENT ASSETS</b>			
Trade debts- unsecured		713,024,222	572,754,806
Investments at fair value through profit and loss	5	414,441,651	231,372,769
Advances, deposits, prepayments and other receivables	6	250,686,890	135,060,632
Advance income tax		37,579,077	35,634,236
Placements	7	873,000,000	677,641,520
Interest accrued		6,932,394	9,352,433
Cash and bank balances		298,375,640	245,893,456
		<u>2,594,039,874</u>	<u>1,907,709,852</u>
		<u>2,842,793,642</u>	<u>2,035,237,159</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised capital</b>			
65,000,000 (June 2006: 30,000,000) ordinary shares of Rs.10/- each	8	650,000,000	300,000,000
<b>Issued, subscribed and paid up share capital</b>			
	9	540,157,500	240,070,000
<b>Capital reserves - Share premium</b>			
	10	90,026,250	-
<b>Unappropriated Profits</b>			
		422,222,563	433,803,792
		1,052,406,313	673,873,792
<b>Minority interest</b>			
		5,948,168	5,567,389
		<u>1,058,354,481</u>	<u>679,441,181</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		4,500,000	8,280,000
Liabilities against assets subject to finance lease		-	110,072
Deferred liabilities		11,431,266	8,965,811
		<u>15,931,266</u>	<u>17,355,883</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		563,914,791	588,446,428
Liabilities against repurchase agreements		698,000,000	515,000,000
Short term borrowings	11	469,780,892	206,162,344
Current portion of long term financing		5,040,000	5,040,000
Interest accrued on short term borrowings		8,675,198	4,283,739
Interest accrued on repurchase agreements		4,846,917	3,630,513
Current maturity of liabilities against assets subject to finance lease		504,740	678,729
Provision for taxation		17,745,357	15,198,342
		<u>1,768,507,895</u>	<u>1,338,440,095</u>
		<u>2,842,793,642</u>	<u>2,035,237,159</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY  
CONSOLIDATED CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2007**

Note	NINE MONTHS ENDED		THREE MONTHS ENDED	
	Jul - Mar 2007 (Rupees)	Jul - Mar 2006 (Rupees)	Jan - Mar 2007 (Rupees)	Jan - Mar 2006 (Rupees)
<b>INCOME</b>				
Brokerage income	250,148,892	208,918,856	103,391,646	93,862,429
Capital gain	(9,677,167)	838,731	(9,627,567)	249,500
Income on continuous funding system transactions	6,694,600	-	-	-
Other operating income	104,910,578	51,882,890	34,296,542	20,038,530
	<u>352,076,903</u>	<u>261,640,477</u>	<u>128,060,621</u>	<u>114,150,459</u>
Unrealized gain / (loss) on re-measurement of investments at fair value through profit and loss	5	38,791,354	56,285,887	16,998,798
	<u>390,868,257</u>	<u>317,926,364</u>	<u>137,642,851</u>	<u>131,149,257</u>
<b>EXPENDITURE</b>				
Operating expenses	146,843,597	123,460,243	53,406,283	46,752,005
Finance costs	94,597,058	46,680,785	34,934,767	19,475,356
	<u>241,440,655</u>	<u>170,141,028</u>	<u>88,341,050</u>	<u>66,227,361</u>
<b>PROFIT BEFORE TAXATION</b>				
	<u>149,427,602</u>	<u>147,785,336</u>	<u>49,301,801</u>	<u>64,921,896</u>
Taxation	40,602,016	24,018,047	14,220,493	10,993,252
<b>PROFIT AFTER TAXATION</b>				
	<u>108,825,586</u>	<u>123,767,289</u>	<u>35,081,308</u>	<u>53,928,644</u>
Minority Interest	376,387	(21,778)	49,501	(85,075)
	<u>108,449,199</u>	<u>123,789,067</u>	<u>35,031,807</u>	<u>54,013,719</u>
<b>EARNINGS PER SHARE</b>				
- BASIC	13	2.23	2.64	0.67
		<u>2.23</u>	<u>2.64</u>	<u>0.67</u>

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY  
CONSOLIDATED CONDENSED CASH FLOW STATEMENT (Un-Audited)  
FOR THE PERIOD ENDED MARCH 31, 2007**

	NINE MONTHS ENDED	
	March 31, 2007 (Rupees)	March 31, 2006 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Fund generated from operations</b>		
Profit before taxation	149,427,602	147,785,336
<b>Add: Items not involved in movement of funds</b>		
Depreciation	8,772,618	4,842,264
Unrealised loss on re-measurement of investments at fair value through profit and loss	(38,791,354)	(56,285,887)
Provision for doubtful debts written back	(8,395,387)	(2,009,758)
Provision for doubtful debts	-	187,489
Dividend Income	(5,639,579)	(353,151)
Interest accrued	(85,078,354)	(44,049,090)
Interest expense	94,597,058	45,252,241
Gain on sale of property and equipment	(538,278)	(792,501)
Provision for gratuity	2,776,615	1,735,088
	(32,296,661)	(51,473,305)
	117,130,941	96,312,031
<b>(Increase) / decrease in current assets</b>		
Investments at fair value through profit and loss	(144,277,528)	9,185,618
Trade debts- Unsecured	(131,874,029)	(24,764,387)
Advances, deposits, prepayments and other receivables	(116,049,094)	(137,694,552)
	(392,200,650)	(153,273,321)
<b>Increase / (decrease) in current liabilities in</b>		
Trade and other payable	(24,531,637)	224,774,539
<b>Cash (used in) / generated from operations</b>	(299,601,347)	167,813,249
Dividend received	6,071,379	353,151
Interest received	87,498,393	42,804,147
Finance cost paid	(88,989,195)	(43,151,976)
Gratuity Paid	(311,160)	(250,500)
Taxes Paid	(39,999,842)	(23,576,245)
<b>Net cash (used in) / generated from operating activities</b>	(335,331,772)	143,991,826
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(120,849,801)	(13,195,350)
Proceeds from sale of property and equipment	1,885,000	1,282,700
Placements	(195,358,480)	(442,210,605)
Long term deposits and advances	(10,496,000)	(54,796)
<b>Net cash used in investing activities</b>	(324,819,281)	(454,178,051)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	(284,061)	(273,860)
Long term finance obtained	(3,780,000)	14,580,000
Right shares issued	180,052,500	-
Share premium on right shares	90,026,250	-
Liabilities against repurchase agreements	183,000,000	305,000,000
Short term borrowings	263,618,548	78,109,566
<b>Net cash generated from financing activities</b>	712,633,237	397,415,706
<b>Net increase in cash and cash equivalents</b>	52,482,184	87,229,481
<b>Cash and cash equivalents at the beginning of the period</b>	245,893,456	105,397,432
<b>Cash and cash equivalents at the end of the period</b>	298,375,640	192,626,913

The annexed notes form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY  
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN  
EQUITY (Un-Audited)  
FOR THE PERIOD ENDED MARCH 31, 2007**

	Issued, subscribed and paidup capital (Rupees)	Share premium (Rupees)	Capital reserves		Revenue reserve	
			Reserve for issue of bonus share (Rupees)	Share deposit money (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2005</b>	240,070,000	-	-	-	201,490,885	441,560,885
Profit for the period	-	-	-	-	123,789,067	123,789,067
Adjustment of exchange difference on consolidation	-	-	-	-	(558,892)	(558,892)
<b>Balance as at March 31, 2006</b>	240,070,000	-	-	-	324,721,060	564,791,060
Profit for the period from April 2006 to June 2006	-	-	-	-	108,543,967	108,543,967
Adjustment of exchange difference on consolidation	-	-	-	-	538,765	538,765
<b>Balance as at June 30, 2006</b>	240,070,000	-	-	-	433,803,792	673,873,792
Transfer to reserve for issue of bonus share	-	-	120,035,000	-	(120,035,000)	-
50 % bonus shares issued	120,035,000	-	(120,035,000)	-	-	-
Right share deposit money received against right issue at a premium of Rs. 5/-	-	-	-	270,078,750	-	270,078,750
Issuance of 50 % right shares	180,052,500	90,026,250	-	(270,078,750)	-	-
Profit for the period ended March 31, 2007	-	-	-	-	108,449,199	108,449,199
Adjustment of exchange difference on consolidation	-	-	-	-	4,572	4,572
<b>Balance as at March 31, 2007</b>	540,157,500	90,026,250	-	-	422,222,563	1,052,406,313

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

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**(Un-Audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

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 Lahore Stock Exchange. The principal activities of the Company include share brokerage and conducting / publishing business research.

2 These condensed financial statements are un-audited and are being presented to shareholders under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 'Interim Financial Reporting'.

3 The accounting policies adopted for the preparation of these condensed financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2006.

**4 PROPERTY AND EQUIPEMNT**

The following additions have been made in Property and Equipment for the period ended March 31, 2007.

	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
Free Hold Land	53,580,979	-
Office Floor & Building	46,871,096	-
Leasehold Improvements	363,522	-
Computers	5,413,296	4,425,979
Office Equipments	1,825,685	4,020,415
Furniture & Fixture	1,494,412	769,162
Vehicles	11,300,811	15,431,154
	<u>120,849,801</u>	<u>24,646,710</u>

**5 SHORT TERM INVESTMENTS**

Investments measured through profit and loss account

	March 31, 2007	June 30, 2006
Cost of investments	375,650,307	87,127,150
Add: Unrealised gain on remeasurement of investments	38,791,344	144,245,619
	<u>414,441,651</u>	<u>231,372,769</u>

**6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

This includes an amount of Rs. 187,776,556/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Exchange Guarantee Limited under the exposure rules, Rs. 28,701,533/- (June 2006 : NIL) with Karachi Stock Exchange Guarantee Limited against disputed claim of Mr. Aslam Motiwala.

**7 PLACEMENTS**

Secured - Considered good

	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
Placement on account of continuous funding system	-	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	210,000,000	210,000,000
Securities purchased under the resale agreements of quoted shares - Others	263,000,000	110,000,000
Securities purchased under the resale agreement of quoted shares - Mr. Sulaiman Ahmed Said Al-Houqani, related party	400,000,000	350,000,000
	<u>873,000,000</u>	<u>677,641,520</u>

**8 AUTHORISED SHARE CAPITAL**

65,000,000 ordinary shares of Rs 10/- each

	March 31, 2007	June 30, 2006
	<u>650,000,000</u>	<u>300,000,000</u>

The authorised share capital of the Company has been increased to Rs. 650,000,000/- divided into 65,000,000 ordinary shares of Rs. 10/- each from Rs. 300,000,000/- divided into 30,000,000 ordinary shares of Rs. 10/- each as approved by the shareholders in their Annual General Meeting dated October 31, 2006.

**9 ISSUED SUBSCRIBED AND PAID UP CAPITAL**

	March 31, 2007 Number of shares	June 30, 2006 Number of shares	March 31, 2007 (Rupees)	June 30, 2006 (Rupees)
<b>Shares issued against cash consideration</b>				
Ordinary shares of Rs. 10/- each fully paid	22,007,000	22,007,000	220,070,000	220,070,000
Ordinary shares of Rs. 10/- each fully paid	18,005,250	-	180,052,500	-
<b>Shares issued against consideration other than cash</b>				
Issued bonus shares of Rs. 10/- each fully paid	14,003,500	2,000,000	140,035,000	20,000,000
	<u>54,015,750</u>	<u>24,007,000</u>	<u>540,157,500</u>	<u>240,070,000</u>

The Board of Directors in their meeting held on October 09, 2006 declared a bonus share issue in the proportion of fifty (50) bonus shares for every hundred (100) shares held i.e. 50 %, for the year ended June 30, 2006 and such bonus shares qualified for the right shares in the proportion of fifty (50) right shares for every hundred (100) shares held i.e. 50 % at Rs. 15/- per share including shares premium of Rs. 5/- per share, held by the members. The last date of exercising the Right was January 21, 2007, on which 100 % shareholders have exercised this opportunity.

## 10 CAPITAL RESERVE

This amount represent share premium received of Rs. 5/- per share on issuance of 18,005,250 right shares as approved by the shareholders in their Annual General Meeting dated October 31, 2006.

## 11 SHORT TERM BORROWINGS - SECURED

	<u>March 31,</u> <u>2007</u> <u>(Rupees)</u>	<u>June 30,</u> <u>2006</u> <u>(Rupees)</u>
Short term borrowings - secured	<u>469,780,089</u>	<u>206,162,344</u>

The facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 1,160 million (June 30, 2006: Rupees 1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2 % to 4.25 % (June 30, 2006: 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16 % (June 30, 2006: 16 % ) per annum payable quarterly and are secured against pledge of shares of listed companies.

## 12 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2006 except for the following:

The Honourable Sindh High Court, while deciding on different applications filed by the Company, directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against the Company.

The Arbitration Committee of KSE has given the decision and has asked the Company to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Company.

The Company has filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28,701,533 to KSE. The Management is confident that appeal would be decided in the Company's favour.

## 13 EARNING PER SHARE - BASIC

Earnings per share of Rs 5.16 for nine months ended March 31, 2006 and Rs 2.25 for three months ended March 31, 2006 have been restated after taking into account the issue of 12,003,500 bonus shares and 18,005,250 right shares at a rate of Rs. 15/- per share issued by the Company during the period.

## 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:

Nine Months Ended March 31, 2007				
Associated	Parent	Fellow	Key management	Related
Company	Company	Subsidiary	personnel of the	Party
(Rupees)	(Rupees)	(Rupees)	entity, its parents	(Rupees)
			and their close	
			family members	
			(Rupees)	(Rupees)

Brokerage Income	-	4,925,364	17,100	24,958	22,142,709
Repurchase agreement					
arrangement fee	-	706,250	-	-	516,667
Placements entered	-	1,882,000,000	-	-	1,590,000,000
Income earned on placement	-	20,242,353	-	-	34,564,513
Long term loans	10,190,000	-	-	-	-
Interest on long term loans	1,630,400	-	-	-	-

Nine Months Ended March 31, 2006				
Associated	Parent	Fellow	Key management	Related
Company	Company	Subsidiary	personnel of the	Party
(Rupees)	(Rupees)	(Rupees)	entity, its parents	(Rupees)
			and their close	
			family members	
			(Rupees)	(Rupees)

Brokerage Income	51,975	596,751	-	4,935,003	20,935,965
Repurchase agreement					
arrangement fee	-	137,500	-	-	312,500
Placements entered	-	105,000,000	-	-	350,000,000
Income earned on placement	-	1,253,425	-	-	8,904,109
Long term loans	-	-	-	-	-
Interest on long term loans	-	-	-	-	-

## 15 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on April 27, 2007.

## 16 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director