



FIRST CAPITAL EQUITIES LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED

SEPTEMBER 30, 2015
(UN-AUDITED)

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*

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COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq <i>Chairman & Chief Executive Officer</i> Farooq Bin Habib Muhammad Junaid Ahsan Zia Mazhar Abbas Waseem ul Hassan Muhammad Asjad Afzal	Executive Executive Non-Executive Executive Executive Executive Independent
Chief Financial Officer	Mazhar Abbas	
Audit Committee	Muhammad Asjad Afzal (Chairman) Farooq Bin Habib Ahsan Zia	
Human Resource and Remuneration (HR&R) Committee	Waseem ul Hasan (Chairman) Mian Ehsan Ul Haq Muhammad Asjad Afzal	
Company Secretary	Tariq Majeed	
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants	
Legal Advisers	Muhammad Aamir Advocates, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Bank Islami Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited NIB Bank Limited Silk Bank Limited Summit Bank Limited Soneri Bank Limited United Bank Limited	
Registered Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan. Tel: (042) 36623005/6/8 Fax: (042) 36623121-36623122	
Corporate Office	4 th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tel: (021) 111 226 226 Fax: (021) 35656710, 35656725	
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel: (042) 35839182	

DIRECTORS' REVIEW

The Directors of First Capital Equities Limited are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2015.

CAPITAL MARKET REVIEW

In its opening quarter of the fiscal FY16, Pakistan stock market witnessed a somewhat bumpy ride and concluded the quarter with a negative return of 6% by losing 2,111 points on net basis. Pakistan's key index closed at the period at 32,287 points as against 34,399 on end-Jun 2015. Market capitalization ended the period at PRs6.95tn.

The 1QFY16 remained a negative quarter for the Pakistan stock market where the benchmark KSE-100 index encountered a number of unfavorable developments that led to the loss of 2k points. During the initial half, the sentiments at KSE remained quite upbeat which helped the benchmark index to mark the all times high level at 36,228 points. Strong macros, positive inflation readings, favorable reviews & optimistic outlook from the international agencies & DR cut helped building the investor's confidence. Later on, the index remained under the heavy influence of regional markets turmoil & plummeting oil prices. While continual foreign selling alongwith rising political noise (MQM resignation in the back drop of Rangers stern action), rumors regarding regulator's action against non-compliant equity brokers, and slipping of regional currencies that may cause Pak Rupee to depreciate reinforced the bearish momentum & wiped of the early gains. That said, the index lost around 3,941 points from its all times high and low level marked during the quarter. This quarter also witnessed record fall of 1,419 points in a single trading session.

The turnover remained significantly higher and on average 312mn shares (PRs12.01bn or US\$117mn) was traded in the ready market. During the same period of last year, the average daily volume in the ready counter was recorded at 133mn shares (PRs6.92bn or US\$69mn).

FINANCIAL HIGHLIGHTS

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

Particulars	July to Sept. 2015	July to Sept. 2014
	Rupees	
Brokerage income	16,174,453	8,299,080
Capital loss - net	(34,420)	(7,839)
Other operating income	1,207,940	748,645
Unrealized loss on re-measurement of investments at fair value through profit or loss	(17,751,620)	(204,920)
Operating expenses	25,060,541	24,377,237
Finance costs	20,432,274	70,105,652
Loss before taxation	(45,896,462)	(85,647,923)
Loss after taxation	(46,058,207)	(85,730,914)
Loss per share	(0.33)	(0.61)

Your Company successfully reduced the losses to Rs 46 million in 1QFY16 from Rs 86 mn incurred in 1QFY15. The brokerage income of your Company registered a healthy gain of 95% YoY at Rs 16 million during the quarter. Other income also grew by notable 61% to Rs 1.2 million during the quarter. The un-realized loss on re-measurement of investments was recorded at Rs 17.75 millions. The Company booked Capital loss of Rs 34 thousand only. On overall basis, the income segment depicted bleak performance and ended the quarter with a loss of Rs 404 thousands. Operating expenses registered a meager rise of 3% at Rs 25 million whereas the financial expenses fell by 17% to Rs 20 million. That said, the company ended the year with net loss of Rs 46 million, as against previous loss of Rs 86 million in the same quarter of last year.

FUTURE OUTLOOK

Going forward, your Company's focused strategy would be based on providing quality service, broadening client base and controlling cost. With the improved regulatory environment and revival in the stock market, the management of your Company is committed to improve the revenue base and recover the losses.

CHANGE IN BOARD OF DIRECTORS

Subsequent to the period ended September 30, 2015, Mr. Muhammad Asjad Afzal was appointed as director by the Board of Directors in place of Mr. Malik Fawad Tasawar.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record, their thanks and appreciation to all the shareholders and the banks for their continued valuable support. 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 Lahore Stock Exchange Limited and Karachi Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their continued hard work.

For and on behalf of the Board

Lahore
October 27, 2015


Mian Ehsan Ul Haq
Chairman & Chief Executive Officer

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015**

		Un-Audited SEPTEMBER 2015	Audited JUNE 2015
	Note	Rupees	Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		52,215,936	53,626,132
Intangible assets		16,543,680	16,543,680
Investments - available for sale	5	37,443,843	39,021,357
Long term deposits and advances		2,929,000	2,829,000
		109,132,459	112,020,170
CURRENT ASSETS			
Trade debts - Unsecured	6	2,044,032,074	2,214,359,129
Investments	7	91,706,828	299,524
Investments property		1,617,417,600	1,617,417,600
Advances, deposits, prepayments and other receivables		13,174,132	17,423,047
Advance income tax		67,900,665	66,417,611
Interest accrued		26,463	438,230
Cash and bank balances		32,624,760	10,077,092
		3,866,882,522	3,926,432,233
TOTAL ASSETS		3,976,014,981	4,038,452,402
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		1,520,000,000	1,520,000,000
Issued, subscribed and paid up share capital		1,413,355,000	1,413,355,000
Reserves		(45,137,410)	(43,559,896)
Unappropriated loss		(1,366,285,229)	(1,320,227,022)
TOTAL EQUITY		1,932,361	49,568,082
NON CURRENT LIABILITIES			
Long term financing	8	1,556,376,726	1,585,896,098
Interest accrued on long term financing		359,034,275	355,212,432
Staff retirement benefits		48,092,971	46,756,971
		1,963,503,972	1,987,865,501
CURRENT LIABILITIES			
Trade and other payables- Unsecured	9	184,346,521	181,114,954
Short term borrowing - Secured		634,157,148	634,157,148
Current portion of long term financing		526,875,926	526,875,926
Interest accrued		643,843,879	637,677,363
Provision for taxation		21,355,173	21,193,428
		2,010,578,647	2,001,018,820
CONTINGENCIES AND COMMITMENTS			
	10	-	-
TOTAL EQUITY AND LIABILITIES		3,976,014,981	4,038,452,402

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statement.

Lahore:


Chief Executive


Director

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**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM INCOME STATEMENT - (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

		July - Sep 2015	July - Sep 2014
	Note	Rupees	Rupees
INCOME			
Brokerage income		16,174,453	8,299,080
Capital loss - net		(34,420)	(7,839)
Other operating income		1,207,940	748,645
		17,347,973	9,039,886
Unrealized loss on re-measurement of investments at fair value through profit or loss		(17,751,620)	(204,920)
		(403,647)	8,834,966
EXPENDITURE			
Operating expenses		25,060,541	24,377,237
Finance costs		20,432,274	70,105,652
		45,492,815	94,482,889
LOSS BEFORE TAXATION		(45,896,462)	(85,647,923)
Taxation		(161,745)	(82,991)
LOSS AFTER TAXATION		(46,058,207)	(85,730,914)
LOSS PER SHARE - BASIC AND DILUTED	12	(0.33)	(0.61)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statement.

Lahore:


Chief Executive


Director

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**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME - (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	July - Sep 2015	July - Sep 2014
	Rupees	Rupees (Restated)
Loss after taxation	(46,058,207)	(124,932,585)
Other comprehensive (loss) / income for the period		
<u>Items that are or may be reclassified to profit or loss:</u>		
Unrealised loss on remeasurement of investment available for sale	(1,577,514)	(1,334,820)
Total comprehensive loss for the period	<u>(47,635,722)</u>	<u>(126,267,405)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statement.

Lahore:


Chief Executive


Director

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT -(Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Jul - Sep 2015	Jul - Sep 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(45,896,462)	(85,647,923)
Add: Items not involved in movement of funds		
Depreciation	1,410,198	1,529,625
Loss on re-measurement of investments at fair value through profit or loss - net	17,751,620	204,920
Interest accrued	(348,440)	(225,020)
Interest expense	20,432,274	70,105,652
Gain on sale of property and equipment	(450,000)	-
Gain on foreign currency translation	-	(250)
Provision for gratuity	2,150,000	2,000,000
	40,945,651	73,614,927
	(4,950,812)	(12,032,996)
(Increase) / decrease in current assets		
Investments at fair value through profit or loss	(109,158,923)	(5,533,053)
Trade debts - unsecured	170,327,056	(996,806)
Advances, deposits, prepayments and other receivables	4,248,915	(2,210,233)
	65,417,047	(8,740,092)
Increase in current liabilities in trade and other payables	3,231,567	27,807,929
Cash generated in operations	63,697,802	7,034,841
Interest received	760,208	1,357,358
Finance cost paid	(38,947)	(41,065)
Gratuity paid	(814,000)	(35,000)
Taxes paid	(1,483,055)	(1,101,613)
Net cash generated from operating activities	62,122,008	7,214,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	-
Proceeds from sale of property and equipment	450,000	-
Investments available for sale	-	-
Long term deposits and advances	(100,000)	-
Net cash generated from investing activities	350,000	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance paid	(39,924,340)	(129,000)
Short term borrowings	-	-
Net cash used in financing activities	(39,924,340)	(129,000)
Effects of exchange rate changes in cash and cash equivalents	-	250
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,547,668	7,085,521
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,077,092	13,109,857
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>32,624,760</u>	<u>20,195,628</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statement.

Lahore:


Chief Executive


Director

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserve	Total	
		Share Premium	Reserve for issue of bonus shares	Unappropriated Profit		
Rupees						
Balance as at June 30, 2014	1,413,355,000	-	-	(42,710,465)	(1,090,095,763)	280,548,773
Loss for the period after taxation	-	-	-	-	(85,730,914)	(85,730,914)
Other comprehensive income for the period						
Fair value reserve realised	-	-	-	-	-	-
Surplus on remeasurement of investment available for sale to fair value	-	-	-	(1,334,820)	-	(1,334,820)
Total other comprehensive loss for the period - net of tax	-	-	-	(1,334,820)	-	(1,334,820)
Total comprehensive loss for the period	-	-	-	(1,334,820)	(85,730,914)	(87,065,734)
Balance as at September 30, 2014	1,413,355,000	-	-	(44,045,285)	(1,175,826,677)	193,483,039
Total comprehensive income for the period						
Loss for the period after taxation	-	-	-	-	(148,502,472)	(148,502,472)
Other comprehensive income for the period						
Remeasurement of defined benefit plan	-	-	-	-	4,102,127	4,102,127
Surplus on remeasurement of investment available for sale to fair value	-	-	-	485,389	-	485,389
Total other comprehensive income for the period - net of tax	-	-	-	485,389	4,102,127	4,587,516
Total comprehensive loss for the period	-	-	-	485,389	(144,400,345)	(143,914,956)
Balance as at June 30, 2015	1,413,355,000	-	-	(43,559,896)	(1,320,227,022)	49,568,083
Loss for the period after taxation	-	-	-	-	(46,058,207)	(46,058,207)
Other comprehensive income for the period						
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(1,577,514)	-	(1,577,514)
Total other comprehensive loss for the period - net of tax	-	-	-	(1,577,514)	-	(1,577,514)
Total comprehensive loss for the period	-	-	-	(1,577,514)	(46,058,207)	(47,635,722)
Balance as at September 30, 2015	1,413,355,000	-	-	(45,137,410)	(1,366,285,229)	1,932,361

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statement.

Lahore:


Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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 Lahore 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%) 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 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, 2015.

This condensed interim financial information comprises of condensed interim balance sheet as at September 30, 2015 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 quarter ended September 30, 2015.

3 ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2015.

4 ESTIMATES

The preparation of the condensed interim financial statements requires management to make adjustments, 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, 2015.

5 INVESTMENTS - AVAILABLE FOR SALE

	Note	September 30, 2015 Rupees	June 30, 2015 Rupees
Quoted Shares			
Media Times Limited	5.1	13,287,523	14,865,037
Unquoted Shares			
Karachi Stock Exchange Limited 4,007,383 shares of KSE (June 2015 : 4,007,383 shares)		24,156,320	24,156,320
		37,443,843	39,021,357

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	<u>Note</u>	September 30, 2015	June 30, 2015
		Rupees	Rupees
5.1	6,067,362 (June 2015 : 6,067,362) Fully paid ordinary shares of Rs. 10 each Equity Held 3.56% (June 2015 : 3.56%)	14,865,037	15,714,468
	Loss on remeasurement of investment available for sale for the period / year	(1,577,514)	(849,431)
		13,287,523	14,865,037
6	TRADE DEBTS - UNSECURED		
	Trade debts against purchase of shares:		
	Clients	3,136,311,891	3,306,638,946
	Members	4,533,388	4,533,388
		3,140,845,279	3,311,172,334
	Less : Provision provided for bad debts		
	Clients	1,092,901,226	1,092,901,226
	Members	3,911,979	3,911,979
6.1		1,096,813,205	1,096,813,205
		2,044,032,074	2,214,359,129
6.1	Provision for doubtful debts		
	Opening balance	1,096,813,205	1,096,813,205
	Provision for doubtful debts written back for the period / year	-	-
	Charge for the period / year	-	-
	Closing Balance	1,096,813,205	1,096,813,205
7	INVESTMENTS		
	At fair value through profit or loss		
	Quoted equity securities		
	Carrying value / cost of investments	109,458,447	325,983
	Unrealised loss on remeasurement of investments for the period / year	(17,751,620)	(26,459)
		91,706,828	299,524
8	LONG TERM FINANCING		
	Secured	8.1 2,255,183,841	2,295,108,182
	Deferred notional income	8.2 (171,931,189)	(182,336,158)
		2,083,252,652	2,112,772,024
	Less: Current portion shown under current liability	526,875,926	526,875,926
		1,556,376,726	1,585,896,098
8.1	This includes agreements with different commercial banks with a mark up rate of 8.13% and 3 months kibar plus 3% to 4 % p.a (June 2015 : 8.13% and 3 months kibar plus 3% to 4%). These facilities are secured against the pledge of shares, charge over trade receivable and equitable		

mortgage of certain properties. The shares having market value of Rs 295,095,532 (June 2015 : 375,932,545) have been pledged by the Company.

8.2 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 9.13% to 12.06% (June 2015 : 9.13% to 12.06%) per annum being the 6 month KIBOR rate. Movement is as follows:

	September 30, 2015	June 30, 2015
	Rupees	Rupees
Deferred notional income		
As at beginning of the period / year	182,336,158	334,230,306
Occurred during the period / year	-	-
Amortized during the period / year	(10,404,969)	(151,894,148)
As at end of the period / year	171,931,189	182,336,158

9 TRADE AND OTHER PAYABLES - UNSECURED

184,346,521	181,114,954
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This includes balance payable to associated company i.e Falcon Commodities (Pvt) Limited Rs. 4,056,000/- (June 2015 : Rs. 4,500,000/-)

10 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2015 except for the following:

	September 30, 2015	June 30, 2015
	Rupees	Rupees
10.1 COMMITMENTS		
Sale of Shares	109,598,469	147,761,015
Purchase of shares	118,060,975	120,156,393

11 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, 2015			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Party
Rupees			

Brokerage Income	-	-	-	-
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Three Months Ended September 30, 2014			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Party
Rupees			

Brokerage Income	-	-	-	-
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11.1 The amount due to / due from related parties are disclosed in respective notes to the financial statements.

12 LOSS PER SHARE - BASIC AND DILUTED

	July 01, 2015 to September 30, 2015	July 01, 2014 to September 30, 2014
Loss after taxation attributable to ordinary share holders - Rupees	<u>(46,058,207)</u>	<u>(85,730,914)</u>
Weighted average number of ordinary shares	<u>141,335,500</u>	<u>141,335,500</u>
Loss per share - Basic and Diluted (Rupees per share)	<u>(0.33)</u>	<u>(0.61)</u>

11.1 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.

13 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on October 27, 2015.

14 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore:


Chief Executive


Director