

FIRST CAPITAL EQUITIES LIMITED
FINANCIAL STATEMENTS AS AT SEPTEMBER 30,2022

- ✓ *CONDENSED INERIM STATEMENT OF FINANCIAL POSITION*
- ✓ *CONDENSED INERIM STATEMENT OF PROFIT OR LOSS*
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**FIRST CAPITAL EQUITIES LIMITED
COMPANY INFORMATION**

Board of Directors	Mian Ehsan Ul Haq, (Chief Executive) Waseem ul Hasan Azhar Ahmad Batla Malik Safeer Raza Awan (Chairman) Muhammad Ahmad Saroya Shabana Atta Asad Yar Khan	Executive Non-Executive Non-Executive Non-Executive Independent Independent
Chief Financial Officer	Waseem Ul Hassan	
Audit Committee	Asad Yar Khan (Chairman) Muhammad Ahmad Saroya Malik Safeer Raza Awan	
Human Resource and Remuneration (HR&R) Committee	Asad Yar Khan (Chairman) Mian Ehsan Ul Haq Muhammad Ahmad Saroya	
Company Secretary	Shahzad Jawahar	
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants	
Legal Advisers	M/s. Ibrahim and Ibrahim Barristers and Corporate Consultants Lahore	
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 MIB Bank Limited Soneri Bank Limited Silk Bank Limited United Bank Limited	
Registered Office	First Capital House 96-B/1, Lower Ground Floor M.M. Alam Road, Gulberg-III Lahore, Pakistan Tele: + 92-42-35778217-18	
Main Corporate Office	4 th 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

DIRECTOR'S REPORT

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 period ended September 30, 2022

During the preceding year, the Board of the Directors decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and to change the Principal line of Business of the Company from stock broker to real estate Company. An application for surrender was submitted to PSX and surrendering process is in progress.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of the Company for the period ended September 30, 2022

Particulars	July to Sep 2022	July to Sep 2021
	Rupees	
Unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss	(910,222)	(44,961,661)
Profit / (Loss) after taxation from continuing operations	(12,264,852)	(45,705,421)
(Loss) after taxation from discontinued operations	(872,560)	(756,955)
Earnings / (loss) Per Share (EPS) Rs		
- continuing operations	(0.01)	(0.32)
- discontinued operations	(0.01)	(0.01)
	(0.02)	(0.33)

The Company reported a loss of Rs 2.14 million in 1QFY23 vs. a loss of Rs. 46.46 million in 1QFY22. During the period due to discontinuation of operations, the brokerage income of your Company is NIL in both periods. Further, the company recorded capital gain / (loss) of Rs NIL against Rs. NIL last year. The Unrealized loss on re-measurement of investment is recorded at Rs. 0.91 million. Operating expenses decreased 17% during the period under review.

During the preceding year, Company has settled its total liability with JS Bank Limited through debts to assets swap arrangements against its investment property. The Company has also offered similar debts to assets swap arrangements against its investment property to other financial institutions, which is currently under review of competent authorities of respective financial institutions and management is confident of respective financial institution agreeing to stated arrangements offered by the Company.

FUTURE OUTLOOK

In order to change the principal line of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued 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 Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore

Dated: October 25, 2022

Director

CEO/Director

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	Un-Audited	Audited
		SEPTEMBER	JUNE
		2022	2022
		Rupees	Rupees
NON - CURRENT ASSETS			
Property plant and equipment	4	386,622	483,032
Investment property	5	824,712,000	824,712,000
Long term investments	6	23,090,404	23,137,314
		848,189,026	848,332,346
CURRENT ASSETS			
Stock in trade		290,053,500	290,053,500
Trade debts	7	175,037,011	175,037,011
Short term investments	8	43,649,562	44,512,874
Advances, deposits, prepayments and other receivables		4,571,849	4,571,849
Advance tax		6,287,364	6,287,364
Cash and bank balances		252,121	252,121
		519,851,407	520,714,719
ASSETS HELD FOR SALE			
		-	-
TOTAL ASSETS		1,368,040,433	1,369,047,065
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital		1,413,355,000	1,413,355,000
Unappropriated loss		(1,062,648,691)	(1,060,511,279)
TOTAL EQUITY		350,706,309	352,843,721
NON - CURRENT LIABILITIES			
Long term financing		-	-
Deferred liabilities		-	-
		-	-
CURRENT LIABILITIES			
Trade and other payables	10	191,558,038	190,427,258
Current portion of long term financing	9	825,776,086	825,776,086
		1,017,334,124	1,016,203,344
CONTINGENCIES AND COMMITMENTS			
	11	-	-
TOTAL EQUITY AND LIABILITIES		1,368,040,433	1,369,047,065

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	JUL - SEP	JUL - SEP
	2022	2021
	Rupees	Rupees
CONTINUING OPERATION		
INCOME		
Unrealized gain/(loss) on remeasurement of investments at fair value through profit or loss	(910,222)	(44,991,661)
	<u>(910,222)</u>	<u>(44,991,661)</u>
EXPENDITURE		
Operating and administrative expenses	354,630	713,654
Finance cost	-	106
	<u>354,630</u>	<u>713,760</u>
OPERATING LOSS	<u>(1,264,852)</u>	<u>(45,705,421)</u>
OTHER INCOME	-	-
NET PROFIT BEFORE TAXATION	<u>(1,264,852)</u>	<u>(45,705,421)</u>
Taxation	-	-
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS	<u>(1,264,852)</u>	<u>(45,705,421)</u>
DISCONTINUED OPERATIONS		
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	(872,560)	(756,955)
LOSS AFTER TAXATION FOR THE YEAR	<u>(2,137,412)</u>	<u>(46,462,376)</u>
LOSS PER SHARE - BASIC AND DILUTED		
- continuing operations	(0.01)	(0.32)
- discontinued operations	(0.01)	(0.01)
	<u>(0.02)</u>	<u>(0.33)</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	JUL - SEP	JUL - SEP
	2022	2021
	Rupees	Rupees
Loss after taxation for the period	(2,137,412)	(46,462,376)
Other comprehensive income / (loss) for the period		
<u>Items that will never be reclassified to profit or loss:</u>	-	-
<u>Items that are or may be reclassified to profit or loss:</u>	-	-
Total other comprehensive income - net of tax	-	-
Total comprehensive loss	<u>(2,137,412)</u>	<u>(46,462,376)</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	JUL - SEP 2022	JUL - SEP 2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(2,137,412)	(46,462,376)
Add: Items not involved in movement of funds and others		
Depreciation	96,410	98,136
Gain on re-measurement of investments at fair value through profit or loss - net	910,222	44,991,661
Provision for gratuity	-	-
	<u>1,006,632</u>	<u>45,089,797</u>
	(1,130,780)	(1,372,579)
Decrease / (Increase) in current assets		
Trade debts - unsecured	-	-
Advances, deposits, prepayments and other receivables	-	-
	-	-
Decrease in current liabilities in trade and other payables	1,130,780	1,383,918
Cash generated in operations	-	11,339
Interest received	-	-
Taxes paid	-	-
Net cash (used) / generated in operating activities	-	11,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	-
Acquisition of investments property	-	-
Proceeds from sale of investments property	-	-
Net cash generated in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans paid	-	-
Net cash used in financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	11,339
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	252,121	302,160
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>252,121</u>	<u>313,499</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Issued, subscribed and paid up capital	Unappropriated Loss	Total
	Rupees		
Balance as at July 01, 2020	1,413,355,000	(980,909,325)	432,445,675
Loss for the period after taxation	-	(46,462,376)	(46,462,376)
Balance as at September 30, 2021	1,413,355,000	(1,027,371,701)	385,983,299
Loss for the period after taxation	-	(33,139,578)	(33,139,578)
Balance as at June 30, 2022	1,413,355,000	(1,060,511,279)	352,843,721
Loss for the period after taxation	-	(2,137,412)	(2,137,412)
Balance as at September 30, 2022	1,413,355,000	(1,062,648,691)	350,706,309

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

1 THE COMPANY AND ITS OPERATION

- 1.1** First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was converted into a public limited company on June 18, 1997 and is listed on Pakistan Stock Exchange Limited formerly Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (June 2022: 73.23%) of the share capital of the Company. The principal activity of the Company is to acquire, construct, develop, sell, rent out and manage shops, apartments, villas and commercial buildings.

Geographical locations and addresses of all business units are as under:

Lahore - Head Office

First Capital House, 96-B/1 Lower Ground Floor, M.M.
Alam Road Gulberg-III, Lahore, Pakistan.

Karachi - Corporate Office

4th Floor, Block B,C & D Lakson Square
Building No. 01, Sarwar Shaheed Road,
Karachi.

- 1.2** The Board of the Directors of the Company in their meeting held on June 28, 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinue its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company.

During the period company incurred loss amounting Rs. 2.14 Million and accumulated losses of the company stand at Rs. 1062.6 Million as at September 30, 2022 (June 2022: 1,060.5 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 497.4 Million (June 2021: 495.4 Million).

Owing to the factors mentioned above the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause significant doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows.

The management of the Company is confident that with change in principal activity and overall expertise of group in real estate sector will have positive impact on the financial performance of the company. Moreover, management is confident that the remaining loan payable to UBL will be settled by sale of properties. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017 shall prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2022.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2022.

4 PROPERTY PLANT AND EQUIPMENT	Un-Audited	Audited
	September 30, 2022	June 30, 2022
	-----Rupees-----	
Opening --Net Book Value	483,032	874,395
Depreciation during the period/year	(96,410)	(391,363)
	<u>386,622</u>	<u>483,032</u>

5 INVESTMENT PROPERTY	Un-Audited	Audited
	September 30, 2022	June 30, 2022
	-----Rupees-----	
Opening balance	824,712,000	824,712,000
Acquisition during the period/year	-	-
	<u>824,712,000</u>	<u>824,712,000</u>
Disposal during the period/year	-	-
	<u>824,712,000</u>	<u>824,712,000</u>
(Decrease) / Increase in fair value	-	-
Closing balance	<u>824,712,000</u>	<u>824,712,000</u>

5.1 The carrying amount of investment property is the fair value of property as determined by approved independent valuer M/s Negotiators as at June 30, 2022. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.

5.2 Investment Property comprises various shops / counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this properties to pay off the bank borrowings.

6 LONG TERM INVESTMENT	Note	Un-Audited	Audited
		September 30, 2022	June 30, 2022
		-----Rupees-----	
Investment in related parties			
At fair value through profit or loss			
Media Times Limited - quoted shares 6,067,362 shares of MDTL (June 2022 : 6,067,362 shares)	6.1	12,438,092	12,074,050
Other Investments			
At fair value through profit or loss			
Pakistan Stock Exchange Limited - quoted shares 1,081,453 shares of PSX (June 2022 : 1,081,453 shares)	6.2	10,652,312	11,063,264
		<u>23,090,404</u>	<u>23,137,314</u>
6.1 6,067,362 (June 2022 : 6,067,362) Fully paid ordinary shares of Rs. 10 each Equity Held 3.39% (June 2022: 3.39%) Unrealized gain remeasurement of investment at fair value through profit or loss		12,074,050	23,905,406
		364,042	(11,831,356)
		<u>12,438,092</u>	<u>12,074,050</u>
6.2 1,081,453 shares of PSX (June 2022 : 1,081,453 shares) Unrealized gain remeasurement of investment at fair value through profit or loss		11,063,264	24,127,216
		(410,952)	(13,063,952)
		<u>10,652,312</u>	<u>11,063,264</u>
6.3 Shares having carrying value of Rs. 10,652,312/- (June 2022: Rs.12,074,050/-) have been pledged with various commercial banks against loan and shares having carrying value Rs. 10,649,761 (June 2022: Rs. 11,060,615/-) are freezed against Base Minimum Capital with Pakistan Stock Exchange.			

7 TRADE DEBTS - UNSECURED	Note	Un-Audited	Audited
		September 30, 2022	June 30, 2022
		-----Rupees-----	
Trade debts against purchase of shares:			
Considered good - unsecured			
Clients		175,037,011	175,037,011
Considered doubtful:			
Clients		271,851,411	271,851,411
Less: Provision for doubtful debts	7.1	(271,851,411)	(271,851,411)
		<u>(271,851,411)</u>	<u>(271,851,411)</u>
		<u>175,037,011</u>	<u>175,037,011</u>
7.1 Provision for doubtful debts			
Opening balance		271,851,411	271,851,411
Charge for the period / year		-	-
Closing balance		<u>271,851,411</u>	<u>271,851,411</u>

		Un-Audited September 30, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
8 SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Quoted equity securities			
Opening balance		44,512,874	96,628,964
Unrealized gain/(loss) remeasurement of investment at fair value through profit or loss		(863,312)	(52,116,090)
	8.1	43,649,562	44,512,874

8.1 This includes Rs.37,354,890 (June 2022: Rs. 82,483,544/-) investments in related parties. Shares having market value of Rs.36,347,878 (June 2022:37,354,890 /-) are pledged as security with commercial banks against loan.

		Un-Audited September 30, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
9 LONG TERM FINANCING			
Loan from financial institute -- Secured		825,776,086	825,776,086
Less: Current portion shown under current liability		(825,776,086)	(825,776,086)
		-	-
10 TRADE AND OTHER PAYABLES - UNSECURED	10.1	191,558,038	190,427,258
10.1 This includes following balances payable to related parties:			
Falcon Commodities (Pvt.) Ltd		3,255,332	3,255,332
Media Times Limited		1,702,548	1,702,548
Pace Pakistan Limited		114,822,340	114,822,340

11 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies disclosed in Company's financial statements for the year ended June 30, 2022.

12 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. The Company in the normal course of business carries out transactions with various related parties. Closing balances of related parties are disclosed in respective notes of these financial statements. Significant transactions with related parties other than those disclosed elsewhere in the condensed interim financial statements are as follows:

QUARTER ENDED	
September 30, 2022	September 30, 2021
-----Rupees-----	

Key management personnel

Salaries and other employee benefits

-	-
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13 FAIR VALUE MEASUREMENT

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs

The Company held the following financial assets and liabilities at fair value;

	Un-Audited September 30, 2022	Audited June 30, 2022
	-----Rupees-----	
Financial Assets		
Level 1:		
Long term investments	23,090,404	23,137,314
Short term investments	43,649,562	44,512,874
Level 2:		
Investment properties	824,712,000	824,712,000
Level 3:	-	-
	891,451,966	892,362,188
Financial Liabilities	-	-

There is no movement between level 1, 2 and 3 during the period.

14 DATE OF AUTHORIZATION

This condensed interim financial statements were authorized for issue by the Board of Directors on October 25, 2022.

15 CORRESPONDING FIGURES

Corresponding Figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no significant re-classification have been made.

16 GENERAL

Figures have been rounded off to the nearest rupee.

Director

Chief Executive Officer

Chief Financial Officer