



FIRST CAPITAL EQUITIES LIMITED

**CONDENSED INTERIM
FINANCIAL REPORT
FOR PERIOD AND QUARTER ENDED**

**MARCH 31, 2009
(UN-AUDITED)**

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FIRST CAPITAL EQUITIES LIMITED

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq <i>Chairman & Chief Executive Officer</i> Farooq Bin Habib Ashraf Liaquat Ali Khan Samira Ahmad Zia Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid (Chairman) Samira Ahmad Zia Ahsan Zia
Company Secretary	Syed Akbar Naqi Zaidi
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi
Bankers	Arif Habib Bank Limited Askari Commercial Bank Limited Bank Alfalah Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited Mybank Limited NIB Bank Limited Saudi Pak Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan Tele: +92-42-5757591-4 Fax: +92-42-5757590, 5877920
Corporate Office	4 th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed 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

DIRECTORS' REVIEW

The Directors of the Company are pleased to present the condensed interim financial report of the First Capital Equities Limited (the "Company") for the nine months period ended March 31, 2009.

CAPITAL MARKET REVIEW

Pakistan equity market remained in doldrums during the initial nine months of FY09. Equity values as measured by KSE-100 Index witnessed 44% plunge to end the period at 6,860 level. Global economic meltdown, worsening political situation, critical law & order and depressed domestic economic conditions were responsible to the meltdown at KSE. Market capitalization reduced by 46% to Rs2.06tn from that of Rs3.78tn as on June 30, 2008. In order to protect the investors from further erosion in investment, the Board of Karachi Stock Exchange placed a floor on shares prices at August 27, 2008 level of 9,144 points. The floor, then, remained in place for a period of 3 months and was subsequently removed on December 15, 2008 on the directive of the apex regulator, SECP.

Nonetheless, during the third quarter of FY09, the market registered major recovery after touching the low of 4,815 points to conclude the quarter at 6,860 points level. This represents an improvement of approx 17% as against the opening level of 5,865 level as on December 31, 2008. The positive momentum at the local bourses triggered solely due to political reconciliation and conclusion of lawyers' agitation in Pakistan. Furthermore, on the economic side, the figures released by the SBP revealed the sign of recovery as well as achievement of targets set by the International Monetary Fund. The re-inclusion of KSE-100 index in MSCI Bara index also helped regaining investors' confidence. This also led to the mark improvement in the trading activity at KSE with the average volumes in ready market was recorded at 160million shares versus just 13million shares in the preceding quarter i.e. 2QFY09.

During the nine months period, turnover remained significantly lower and on average only 80million shares (PRs3.3billion or US\$43million) were traded in the ready market. Likewise, the average daily volume on futures counter was only 3.5million shares (Rs.452million or US\$5.8million), respectively. During the same period of last year, the average daily volumes in the ready counter was recorded at 256million (Rs.26 billion or US\$432million) and 52million shares (Rs.8.5billion or US\$139million) in the futures market.

FINANCIAL HIGHLIGHTS

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

Particulars	July to March 2009	July to March 2008
	Rupees	
Brokerage and operating income	428,672,289	499,336,273
Capital gain / (loss) - net	10,883,952	(149,822)
Income from placements	316,632,722	198,704,744
Other operating income	74,122,013	14,552,390
Unrealized (loss)/ gain on re-measurement of investments at fair value through profit or loss net	(129,189,830)	19,470,111
(Loss) / Profit after taxation	(212,819,109)	274,831,532
Earnings Per Share	(1.97)	2.54

Your Company has been showing an outstanding performance for more than a decade (since the Company's conversion in public entity). However, the year 2009 continued to be an exception owing to current status of global economy turnaround and capital market recession. Your Company has been able to earn brokerage and operating income of Rs. 429 million as compared to Rs. 499 million in the corresponding period representing 14 % decline . Due to sharp decline in stock market, the Company has incurred last year a realized and unrealized loss of Rs. 118 million on its stock market investments.

However, Placement income has increased considerably from Rs. 199 million to Rs. 317 million showing an increase of Rs.118 million. However, funds employed for additional investments in placements have their corresponding effect in the finance costs of the Company. The management of your Company continued to take cost cutting measures to keep the operational cost at the minimum level. Resultantly, your Company has incurred loss after taxation of Rs. 213 million as compared to profit after taxation of Rs. 275 million in the corresponding period.

FUTURE OUTLOOK

Your Company continued the process of obtaining membership of Commodity Brokerage and necessary regulatory and corporate formalities are being completed in this regard. Due to current capital market conditions your Company has also put on hold the options of raising funds through issue of securities by way of listing on KSE and/or Dubai Stock Exchange and plans of expansion in areas of Real Estate Investment Trust and Investment Finance Services. Once the market conditions improve, the said option will be re-evaluated.

With the improved conditions in the economy and capital markets the management of your Company is committed to substantiate revenues and bring down the losses.

ACKNOWLEDGEMENT

The Board of Directors wish 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 (Guarantee) Limited and Karachi Stock Exchange (Guarantee) 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
April 25, 2009

Mian Ehsan Ul Haq
Chairman & Chief Executive Officer

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2009**

	Note	Un-Audited March 31, 2009 Rupees	Audited June 30, 2008 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	5	73,633,183	448,876,851
Stock exchange membership card and room		40,700,000	40,700,000
Investments - available for sale		629,475,735	121,767,150
Long term deposits and advances		3,071,831	3,435,996
		<u>746,880,749</u>	<u>614,779,997</u>
CURRENT ASSETS			
Trade debts - Unsecured	6	4,168,258,916	2,244,411,228
Investments	7	484,075,512	328,731,518
Advances, deposits, prepayments and other receivables	8	89,608,061	1,003,544,435
Advance income tax		44,407,323	42,648,198
Placements	9	1,166,297,339	1,997,425,000
Interest accrued		34,226,653	18,278,400
Cash and bank balances		35,540,216	334,956,769
		<u>6,022,414,019</u>	<u>5,969,995,548</u>
TOTAL ASSETS		<u>6,769,294,768</u>	<u>6,584,775,545</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	10	<u>1,100,000,000</u>	<u>900,000,000</u>
Issued, subscribed and paid up share capital	11	1,080,315,000	864,252,000
Reserves		507,708,585	90,026,250
Unappropriated profit		298,768,573	637,624,432
TOTAL EQUITY		<u>1,886,792,158</u>	<u>1,591,902,682</u>
NON - CURRENT LIABILITIES			
Staff retirement benefits		<u>23,274,655</u>	<u>21,943,781</u>
		<u>23,274,655</u>	<u>21,943,781</u>
CURRENT LIABILITIES			
Trade and other payables- Unsecured		241,676,182	426,122,032
Liabilities against repurchase agreements - Secured	12	1,141,801,827	508,425,000
Short term borrowings - Secured	13	3,302,762,800	3,924,151,155
Interest accrued		141,785,281	92,430,713
Provision for taxation		31,201,865	19,800,182
		<u>4,859,227,955</u>	<u>4,970,929,082</u>
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,769,294,768</u>	<u>6,584,775,545</u>

The annexed notes from 1 to 18 form an integral part of these financial information.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2009**

Note	NINE MONTHS ENDED		THREE MONTHS ENDED	
	Jul - Mar 2009 Rupees	Jul - Mar 2008 Rupees	Jan - Mar 2009 Rupees	Jan - Mar 2008 Rupees
INCOME				
Brokerage and operating income	428,672,289	499,336,273	105,648,507	145,620,725
Capital gain / (loss) - net	10,883,952	(149,822)	18,192,780	-
Income from Placement	316,632,722	198,704,744	62,587,061	101,507,538
Income on continuous funding system placements	437,979	31,558	98,561	-
Other operating income	74,122,013	14,552,390	5,224,636	4,987,961
	<u>830,748,956</u>	<u>712,475,143</u>	<u>191,751,546</u>	<u>252,116,224</u>
Unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss	(129,189,830)	19,470,111	(24,582,491)	(53,676,030)
	<u>701,559,126</u>	<u>731,945,254</u>	<u>167,169,055</u>	<u>198,440,194</u>
EXPENDITURE				
Operating expenses	347,488,298	187,692,918	246,974,051	52,602,637
Finance costs	548,836,235	226,464,532	151,649,689	110,910,986
	<u>896,324,533</u>	<u>414,157,450</u>	<u>398,623,740</u>	<u>163,513,623</u>
(LOSS) / PROFIT BEFORE TAXATION	<u>(194,765,407)</u>	<u>317,787,804</u>	<u>(231,454,685)</u>	<u>34,926,571</u>
Taxation	18,053,702	42,956,272	(10,436,668)	14,144,147
(LOSS) / PROFIT AFTER TAXATION	<u>(212,819,109)</u>	<u>274,831,532</u>	<u>(221,018,017)</u>	<u>20,782,424</u>
EARNINGS PER SHARE - BASIC				
16	(1.97)	2.54	(2.05)	0.19

The annexed notes from 1 to 18 form an integral part of these financial information.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2009**

	NINE MONTHS ENDED	
	Jul - Mar 2009	Jul - Mar 2008
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(194,765,407)	317,787,804
Add: Items not involved in movement of funds		
Depreciation	13,201,983	12,852,865
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss - net	129,189,830	(19,470,111)
Provision for bonus written back	(40,519,983)	-
Provision for doubtful debts	188,308,539	-
Bad debts written off	6,529	-
Dividend income	(224,169)	(927,469)
Interest earned	(323,928,272)	(208,425,843)
Interest expense	548,836,235	226,464,532
Gain on sale of property and equipment	(17,147,769)	(170,000)
Gain on foreign currency translation	(1,239,920)	(22,000)
Provision for staff retirement benefits	5,201,659	4,084,500
	501,684,663	14,386,474
	306,919,256	332,174,278
(Increase) in current assets		
Investments at fair value through profit or loss	(284,533,824)	(12,284,917)
Trade debts - Unsecured	(2,112,162,757)	(1,193,682,215)
Advances, deposits, prepayments and other receivables	913,936,374	177,343,268
	(1,482,760,207)	(1,028,623,864)
(Decrease) in current liabilities in trade and other payables	(143,925,867)	(27,320,262)
Cash (used in) from operations	(1,319,766,818)	(723,769,848)
Dividend received	224,169	6,171,799
Interest received	307,980,019	172,352,344
Finance cost paid	(499,481,667)	(165,589,403)
staff retirement benefits paid	(3,870,785)	(1,154,524)
Taxes paid	(8,411,144)	(42,200,654)
Net cash (used in) from operating activities	(1,523,326,226)	(754,190,286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(81,646,663)	(68,505,677)
Proceeds from sale of property and equipment	460,836,118	170,000
Investment available for sale	-	(88,607,870)
Placements	831,127,661	(1,666,525,000)
Long term deposits and advances	364,165	(102,536,514)
Net cash generated from/(used in) investing activities	1,210,681,281	(1,926,005,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	-	(110,072)
Long term finance obtained	-	(8,280,000)
Liabilities against repurchase agreements	633,376,827	285,525,000
Short term borrowings	(621,388,355)	2,603,993,087
Net cash generated from financing activities	11,988,472	2,881,128,015
Effects of exchange rate changes in cash and cash equivalents	1,239,920	33,000
Net (decrease) / increase in cash and cash equivalents	(300,656,473)	200,932,668
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	334,956,769	145,267,054
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	35,540,216	346,199,722

The annexed notes from 1 to 18 form an integral part of these financial information.

Lahore

Chief Executive

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**FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2009**

	Issued, sub- scribed and paid up capital	Capital reserves			Revenue reserve	Total
		Share premium	Reserve for issue of bonus shares	Fair value reserve	Un-appro- priated profit	
Rupees						
Balance as at June 30, 2007	540,157,500	90,026,250	-	-	668,631,335	1,298,815,085
Transfer to reserve for issue of bonus shares	-	-	324,094,500	-	(324,094,500)	-
Bonus shares issued - 60% during the period	324,094,500	-	(324,094,500)	-	-	-
Profit for the period from July 2007 to March 2008	-	-	-	-	274,831,533	274,831,533
Balance as at March 31, 2008	864,252,000	90,026,250	-	-	619,368,368	1,573,646,618
Profit for the period from April 2008 to June 2008	-	-	-	-	18,256,064	18,256,064
Balance as at June 30, 2008	864,252,000	90,026,250	-	-	637,624,432	1,591,902,682
Transfer to reserve for issue of bonus shares	-	(90,026,250)	216,063,000	-	(126,036,750)	-
Bonus shares issued - 25% during the period	216,063,000	-	(216,063,000)	-	-	-
Fair value gain during the period	-	-	-	507,708,585	-	507,708,585
Loss for the period from July 2008 to March 2009	-	-	-	-	(212,819,109)	(212,819,109)
Balance as at March 31, 2009	1,080,315,000	-	-	507,708,585	298,768,573	1,886,792,158

The annexed notes from 1 to 18 form an integral part of these financial information.

Lahore

Chief Executive

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Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS - (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2009

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 registered office of the Company is located at 103 C-II, Gulberg III, Lahore.

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2008.

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 30 June 2008.

5 PROPERTY AND EQUIPMENT

	Note	March 31, 2009 Rupees	June 30, 2008 Rupees
Operating fixed assets	5.1	72,633,183	239,117,065
Capital work in progress	5.2	1,000,000	209,759,786
		<u>73,633,183</u>	<u>448,876,851</u>

	July 01, 2008 to March 31, 2009 Rupees	July 01, 2007 to June 30, 2008 Rupees
5.1 Written down value at the beginning of the period / year	239,117,065	164,150,662
Add : Additions during the period / year	33,850,291	95,036,271
Less : Disposals during the period / year	(194,741,581)	(2,805,440)
Less : Depreciation charged / adjusted during the period / year	(5,592,592)	(17,264,428)
Written down value at the end of the period / year	<u>72,633,183</u>	<u>239,117,065</u>

July 01, 2008 to March 31, 2009 Rupees	July 01, 2007 to June 30, 2008 Rupees
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5.1.1 Additions during the period / year

Land - Leasehold	-	36,087,800
Office premises	29,832,800	23,879,000
Leasehold improvement	-	12,314,354
Computers	3,434,955	2,415,859
Office equipment	431,536	5,324,748
Furniture & fixture	151,000	8,016,381
Motor vehicles	-	6,998,129
	<u>33,850,291</u>	<u>95,036,271</u>

5.1.2 Disposals during the period / year

Land - Leasehold	133,999,875	-
Building on leasehold land	2,540,000	-
Office premises	40,879,000	-
Leasehold improvement	13,791,805	1,164,277
Computers	262,220	-
Office equipment	1,331,715	245,163
Furniture & fixture	946,166	-
Motor vehicles	990,800	1,396,000
	<u>194,741,581</u>	<u>2,805,440</u>

5.2 Capital work in progress

	June 30, 2008 Rupees	Additions Rupees	(Disposals)/ (Transfer) Rupees	March 31, 2009 Rupees
Advances paid for:				
Office space - Islamabad	33,292,000	9,512,000	(42,804,000)	-
Office space - Lahore	44,389,400	7,442,400	(51,831,800)	-
Office space - Karachi	1,000,000	14,832,800	(14,832,800)	1,000,000
Shops in commercial plaza	131,078,386	30,841,972	(161,920,358)	-
	<u>209,759,786</u>	<u>62,629,172</u>	<u>(271,388,958)</u>	<u>1,000,000</u>

6 TRADE DEBTS - UNSECURED

	Note	March 31, 2009 Rupees	June 30, 2008 Rupees
Trade debts against purchase of shares:			
Considered good:			
Clients		4,155,447,222	2,244,176,423
Members		12,811,693	234,805
		<u>4,168,258,915</u>	<u>2,244,411,228</u>
Considered doubtful:			
Clients		269,559,709	81,251,172
Members		3,911,979	3,911,977
		<u>273,471,688</u>	<u>85,163,149</u>
Less: Provision for doubtful debts	6.1	(273,471,688)	(85,163,149)
		<u>4,168,258,915</u>	<u>2,244,411,228</u>

	March 31, 2009	June 30, 2008
	Rupees	Rupees
6.1 Provision for doubtful debts		
Opening balance	85,163,149	70,013,326
Provision for doubtful debts written back	-	(3,867,036)
Charge for the period / year	188,308,539	19,016,859
Closing Balance	<u>273,471,688</u>	<u>85,163,149</u>

This includes an amount of Rs. 125,569,239/- (June 2008 Rs. NIL) receivable from parent company First Capital Securities Corporation Limited and Rs. 167,944,259/- (June 2008 Rs. 324,209,037/-) receivable from related party, Mr. Sulieman Ahmad Said Al-Houqani.

7 INVESTMENTS

	Note	March 31, 2009	June 30, 2008
		Rupees	Rupees
At fair value through profit or loss	7.1	337,956,562	328,731,518
Available for sale		146,118,950	-
		<u>484,075,512</u>	<u>328,731,518</u>

7.1 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Carrying value / cost of investments	467,146,392	337,843,654
Less: Unrealised loss on remeasurement of investments	(129,189,830)	(9,112,136)
	<u>337,956,562</u>	<u>328,731,518</u>

8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 44,386,850/- (June 2008: Rs. 930,110,948) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the Exposure Rules.

9 PLACEMENTS

	March 31, 2009	June 30, 2008
	Rupees	Rupees
Secured - Considered good		
Securities purchased under the resale agreements of quoted shares - Parent Company	129,000,000	-
Securities purchased under the resale agreements of quoted shares - Related Party	-	1,030,000,000
Securities purchased under the resale agreements of quoted shares - Others	1,037,297,339	967,425,000
	<u>1,166,297,339</u>	<u>1,997,425,000</u>

These have been placed for a period ranging from twenty nine to ninety two days (June 2008: twenty to ninety two days) and carry mark up at rates ranging from 18 % to 20 % per annum (June 2008: 12.5 % to 20 % per annum). Fair value of quoted equity securities held as collateral is Rs. 1,248,129,435 (June 2008: Rs. 4,271,439,470) out of which quoted equity securities having market value of Rs. 1,248,129,435 (June 2008: Rs. 532,689,486) were further placed as collateral with financial institutions by the Company under repurchase transactions.

10 AUTHORISED SHARE CAPITAL

The authorized share capital of the Company has been increased to Rs. 1,100,000,000/- divided into 110,000,000 ordinary shares of Rs. 10/- each in accordance with the resolution approved by the shareholders in their Annual General Meeting held on October 31, 2008.

11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	March 31, 2009	June 30, 2008	March 31, 2009	June 30, 2008
	Number of shares		Rupees	Rupees
Shares issued against cash consideration				
Ordinary shares of Rs. 10/- each fully paid	40,012,250	40,012,250	400,122,500	400,122,500
Shares issued against consideration other than cash				
Issued bonus shares of Rs. 10/- each fully paid	68,019,250	46,412,950	680,192,500	464,129,500
	<u>108,031,500</u>	<u>86,425,200</u>	<u>1,080,315,000</u>	<u>864,252,000</u>

The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 72,690,200 (67.28 %) ordinary shares (June 2008: 58,152,160 (67.28 %)) of the Company.

During the period, the Company has issued 25% bonus shares of Rs. 10/- each fully paid as approved by the shareholders in their Annual General Meeting held on October 31, 2008.

12 LIABILITIES AGAINST REPURCHASE AGREEMENT - SECURED

	March 31, 2009	June 30, 2008
	Rupees	Rupees
Payable to financial institution	<u>1,141,801,827</u>	<u>508,425,000</u>

This represents the amount payable to financial institutions under repurchase agreements against the securities under the arrangement as explained in note 9. The effective interest rate is 16.50 % to 18 % per annum (June 2008: Rs. 12.5 % to 18 % per annum) and is for a period of eight days to sixty two days (June 2008: twenty days to ninety two days).

	March 31, 2009	June 30, 2008
	Rupees	Rupees
13 SHORT TERM BORROWING - SECURED	<u>3,302,762,800</u>	<u>3,924,151,155</u>

These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 4,800 million (June 30, 2008: Rs 4,450 million). These facilities carry mark up at rate ranging from 1 to 6 months KIBOR plus 3.00 % to 4.00 % per annum payable quarterly (June 30, 2008: 1.8 % to 4.25 % per annum) with floor limits ranging from 12% to 13.5% per annum (June 30, 2008: 10% to 13.5% per annum). These are secured against pledge of quoted equity securities having market value of Rs. 4,590,482,942 (June 30, 2008: Rs. 5,847,382,001).

14 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2008 except for the following:

CONTINGENCIES

- (i) During the period, the Company entered into a contract for usual future transaction with Meezan Bank Limited on behalf of its clients in certain scrips for an amount of Rs 200,121,653. However, due to extra ordinary circumstances in stock market which led to placing of floor on value of securities for almost four months and finally declaration of force majeure by Karachi Stock Exchange on December 04, 2008, the said contracts were cancelled. Resultantly the bank filed a suit in the Honourable Sind High Court for recovery of above stated amount. The Company is contesting the case in the Honourable Sind High Court, however the management is simultaneously trying to settle the matter with the bank in an amicable manner before the forthcoming year end.
- (ii) During the year 2007-08, Securities and Exchange Commission of Pakistan (the "SECP") served a show cause notice to the Company, certain other individuals and investors under Section 4 and 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance, 2002 alleging therein that the Company contravened the same while providing brokerage services vis-a-vis acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited ("the HWSM"). During the month of March 2009 SECP revised the stated show cause notice dropping certain persons thereof and initiated fresh show cause proceedings. Subsequent to the balance sheet date, SECP has passed an Order on 17 April 2009 and has directed acquirers to offload their holding in the HWSM not later than 30 November 2009 so that none of the them shall be holding more than 10% as individually or collectively in HWSM. SECP has also imposed fine of Rs. 500,000/- each on acquirers including the Company and its two employees. The Company is considering to prefer an appeal before the Appellate Forum of SECP against the order passed by Executive Director (Enforcement).
- (iii) 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 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 gave its decision and asked the Company to pay Rs. 28.701 million being the claim of the aforementioned claimants relating to the alleged trades. Further, Arbitration Committee of KSE also directed the aforementioned claimants to make payment of Rs. 6.143 million to the Company.
- The Company 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 28.702 million to KSE. The Appellate Bench of KSE upheld the order of the Arbitration Committee of KSE. The Company filed an application against the aforesaid order of the Appellate Bench of KSE in the Honourable Sindh High Court and has been granted stay against the aforesaid order. During the period the Honourable Sindh High Court has ordered the KSE to pay Rs. 16,918,522/- to M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan and refund the balance amount out of Rs. 28.701 million to the company based on the settlement mutually agreed by all parties .
- (iv) During the period M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of the Company has defaulted to pay their debts Rs. 239,900,022/-. The Company has filed a suit for recovery from these clients. The Management is confident that Company would be able to recover the above stated debt.

	March 31, 2009	June 30, 2008
Commitments:	Rupees	Rupees
Capital Expenditure	-	308,272,704
Sale of Shares	236,020,928	1,782,101,966
Purchase of shares	220,887,550	2,338,809,506

15 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, 2009			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Party
Rupees			
Brokerage Income	1,718,643	102,046	20,630,729
Repurchase agreement arrangement fee	13,417	-	2,929,167
Placements entered and rolled over	189,000,000	-	1,140,000,000
Placements matured	60,000,000	-	2,170,000,000
Income earned on placements	6,261,534	-	162,851,439
Repurchase agreement entered and rolled over	32,200,000	-	-
Repurchase agreement matured	32,200,000	-	-
Mark up on repurchase agreement	1,336,425	-	-
Interest on long term loan	-	-	-

Nine Months Ended March 31, 2008			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Party
Rupees			
Brokerage Income	435,393	880,038	27,917,880
Repurchase agreement arrangement fee	839,583	-	500,223
Placements entered and rolled over	650,000,000	-	1,147,500,000
Placements matured	370,000,000	-	468,000,000
Income earned on placements	26,835,103	-	86,754,514
Repurchase agreement entered and rolled over	-	-	-
Repurchase agreement matured	-	-	-
Interest on long term loan	1,222,880	-	-

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

15.2 Other related parties include Mr. Sulieman Ahmad Said Al-Houqani

16 EARNINGS PER SHARE - BASIC AND DILUTED

	July 01, 2008 to March 31, 2009	July 01, 2007 to March 31, 2008 (Restated)
Profit after taxation attributable to ordinary share holders - Rupees	<u>(212,819,109)</u>	<u>274,831,532</u>
Weighted average number of ordinary shares - Number	<u>108,031,500</u>	<u>108,031,500</u>
Earnings per share - Basic (Rupees per share)	<u>(1.97)</u>	<u>2.54</u>

16.1 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.

16.2 Earnings per share of Rs 3.18 for nine months ended March 31, 2008 and Rs. 0.24 for three months ended March 31, 2008 has been restated after taking into account 21,606,300 bonus shares issued during the period by the Company.

17 DATE OF AUTHORIZATION

This condensed interim financial statements was authorized for issue by the Board of Directors on April 25, 2009.

18 Figures have been rounded off to the nearest rupee.

Lahore


Chief Executive


Director