



FIRST CAPITAL EQUITIES LIMITED

**QUARTERLY ACCOUNTS
(UN-AUDITED)**

MARCH 31, 2006

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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 Liaqat Ali Khan Shahbaz Ali Taseer Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid Shahbaz Ali Taseer Ahsan Zia
Company Secretary	Syed Akbar Naqi
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Adviser	Tasawur Ali Hashmi Advocates, Karachi.
Bankers	Askari Commercial Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Crescent Commercial Bank Limited Faysal Bank Limited Habib Bank AG Zurich KASB Bank Limited Metropolitan Bank Limited MCB Bank Limited My Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank The Bank of Punjab Union Bank Limited
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan. Tel. # (042) 5757591 - 4 Fax. # (042) 5757590, 5877920
Corporate Office	4th Floor, Block B, C & D, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi. Tel: (021) 111 226 226 Fax: (021) 5656710, 5656725
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839182

DIRECTORS' REVIEW

The Directors of the **First Capital Equities Limited** ("FCEL" or "the Company") are pleased to present the nine months accounts for the period ended March 31, 2006.

FINANCIAL PERFORMANCE

		(Rupees in millions)		
	2006	2005	Increase	Increase %
Brokerage Income	206.18	205.68	00.50	00.25
Profit after Taxation	123.81	73.98	49.83	67.36
Earning per share	5.16	3.08	2.08	67.54

Market and Company Review

The third quarter witnessed a buoyant market with the KSE 100 index scaling new heights and achieving record market capitalization. The KSE-100 index recorded a high of 11,796 points during the third quarter propelled by massive corporate earnings growth coupled with interest of foreign investors in the market.

You would be pleased to note that in the nine months of FY06 your company managed to maintain the record brokerage income achieved during the nine months of FY05. At the same time, the bottom line depicted decent growth with profit after tax rising to Rs. 123.81 million and EPS recording 67.54 % growth to Rs 5.16 due to prudent management.

Business Growth

The expansion of the business is under way with an emphasis on diversifying the company's revenue basis particularly through a meaningful contribution from foreign institutional clients. As such, it is worth noting that the Company did make some important strides forward in receiving the first orders from the Auerbach Grayson relationship however, the potential upside of this relationship as well as other global alliance opportunities have hardly been exhausted.

Future Outlook

The Company will invest energy and resources to ensure that growth is achieved through a balance of local and overseas revenues. The research group is already being revamped with a centralized management structure to better serve each market we operate in. Improved, quality, quantity and overall market image are critically important to address as we strive to provide world class service across all chosen market segments. We will ramp up staff as needed to create better and more deployable teams.

Challenges ON the horizon

Markets in Pakistan are particularly sensitive to the short term rate environment. While the yield curve has been flat, (in fact slightly inverted), in recent quarters, we can expect to see a tightening long end to create the necessary spread for the PIB market. This may create vulnerability for banks as well as debt servicing from the private sector micro credit expansion.

Neither outcome bodes well for the KSE Index.

The challenge over upcoming quarters is to protect and grow the Company's market share irrespective of economic direction. This will be achieved maintaining focus on core activities that generate income from the transaction oriented brokerage business rather than a business oriented around investments in securities.

The Board wishes to thank our clients, employees and shareholders for continued confidence and support for the company. We also wish to thank Securities and Exchange Commission of Pakistan, Karachi, Lahore Stock Exchange (G) Ltd, the financial institutions and regulatory bodies in Pakistan that are working hard for a more prosperous investment climate in Pakistan.

For and on behalf of the Board

Lahore
April 28, 2006

Mian Ehsan Ul Haq
Chairman & Chief Executive

FIRST CAPITAL EQUITIES LIMITED
BALANCE SHEET (Un-Audited)
AS AT MARCH 31, 2006

	Notes	(Un-Audited) March 31, 2006 (Rupees)	(Audited) June 30, 2005 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		49,115,247	41,656,880
Membership cards and licenses		42,060,870	57,560,870
Long-term investments		6,865,076	6,865,076
Long-term deposits		2,225,996	2,171,200
		<u>100,267,189</u>	<u>108,254,026</u>
CURRENT ASSETS			
Trade debts- unsecured		320,905,481	294,318,824
Investments- held for trading	4	135,496,938	88,396,669
Advances, deposits, prepayments and other receivables	5	187,928,460	49,230,324
Membership cards and licenses - held for sale	6	15,500,000	-
Advance income tax		34,784,290	33,557,972
Placements	7	667,210,605	225,000,000
Interest accrued		4,320,258	3,075,315
Cash and bank balances		184,124,334	91,717,213
		<u>1,550,270,366</u>	<u>785,296,317</u>
		<u>1,650,537,555</u>	<u>893,550,343</u>
EQUITY AND LIABILITIES			
Authorized capital			
30,000,000 (June 30, 2005: 30,000,000) ordinary shares of Rs.10/- each		300,000,000	300,000,000
Issued, subscribed and paid up share capital		240,070,000	240,070,000
Unappropriated profits		325,639,683	201,827,949
		<u>565,709,683</u>	<u>441,897,949</u>
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		779,689	788,802
Long term finance		9,540,000	-
Deferred liabilities		8,009,035	6,524,447
		<u>18,328,724</u>	<u>7,313,249</u>
CURRENT LIABILITIES			
Trade and other payables	8	772,918,139	237,334,870
Short-term borrowings		266,906,624	188,783,416
Interest accrued on short-term borrowings		4,131,151	5,539,955
Interest accrued on repurchase agreements		4,166,603	657,534
Current maturity of long term financing		5,134,780	364,471
Provision for taxation		13,236,851	11,658,899
		<u>1,066,499,148</u>	<u>444,339,145</u>
		<u>1,650,537,555</u>	<u>893,550,343</u>
CONTINGENCIES	10	-	-

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2006

	NINE MONTH ENDED		THREE MONTHS ENDED	
	March 31, 2006 (Rupees)	March 31, 2005 (Rupees)	March 31, 2006 (Rupees)	March 31, 2005 (Rupees)
INCOME				
Brokerage income	206,184,449	205,684,674	93,542,280	114,356,177
Capital gain	838,731	32,312,134	249,500	25,077,575
Other operating income	51,882,307	5,985,721	20,037,947	1,559,317
	<u>258,905,487</u>	<u>243,982,529</u>	<u>113,829,727</u>	<u>140,993,069</u>
Unrealized gain/(loss) on remeasurement of investments held for trading	56,285,887	(10,454,368)	16,998,798	(120,179)
	<u>315,191,374</u>	<u>233,528,161</u>	<u>130,828,525</u>	<u>140,872,890</u>
EXPENDITURES				
Operating expenses	120,814,799	122,293,068	46,258,402	61,739,505
Finance costs	46,650,497	14,855,850	19,472,549	8,684,567
	<u>167,465,296</u>	<u>137,148,918</u>	<u>65,730,951</u>	<u>70,424,072</u>
PROFIT BEFORE TAXATION	<u>147,726,078</u>	<u>96,379,243</u>	<u>65,097,574</u>	<u>70,448,818</u>
Taxation	23,914,344	22,395,233	10,995,443	15,825,552
PROFIT FOR THE PERIOD	<u>123,811,734</u>	<u>73,984,010</u>	<u>54,102,131</u>	<u>54,623,266</u>
EARNINGS PER SHARE-BASIC	<u>5.16</u>	<u>3.08</u>	<u>2.25</u>	<u>2.28</u>

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

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED
CASH FLOW STATEMENT (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006**

	NINE MONTHS ENDED	
	March 31, 2006	March 31, 2005
	(Rupees)	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	147,726,078	96,379,243
Add: Items not involved in movement of funds		
Depreciation	4,708,330	4,106,870
(Gain) / loss on remeasurement of investments	(56,285,887)	10,454,368
Provision for doubtful debts written back	(2,009,758)	-
Bad debts written off	187,489	-
Dividend income	(352,568)	(3,866,590)
Interest accrued	(44,049,090)	(783,288)
Interest expense	45,252,241	14,336,313
(Gain) / loss on sale of property and equipment	(792,501)	(122,715)
Provision for gratuity	1,735,088	1,148,304
	<u>(51,606,656)</u>	<u>25,273,262</u>
	96,119,422	121,652,505
(Increase) / decrease in current assets		
Investments held for trading	9,185,618	(8,347,159)
Trade debts	(24,764,387)	(676,002,644)
Advances, deposits, prepayments and other receivables	(138,698,082)	(43,274,036)
	<u>(154,276,851)</u>	<u>(727,623,839)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	535,583,269	375,694,935
Cash generated from / (used in) operations	477,425,840	(230,276,398)
Dividend received	352,568	3,866,590
Interest received	42,804,147	1,316,712
Finance cost paid	(43,151,976)	(8,337,608)
Gratuity paid	(250,500)	(834,865)
Taxes paid	(23,562,710)	(22,395,233)
Net cash generated from / (used in) operating activities	453,617,369	(256,660,802)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(12,656,895)	(26,290,449)
Proceeds from sale of property and equipment	1,282,700	185,000
Membership cards and licences	-	(1,025,000)
Placements	(442,210,605)	-
Long-term deposits	(54,796)	4,828
Net cash used in investing activities	(453,639,596)	(27,125,621)
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	(273,860)	(228,814)
Proceeds from lease finance	-	714,000
Long term finance obtained	14,580,000	-
Short-term running finance	78,123,208	200,483,073
Net cash generated from financing activities	92,429,348	200,968,259
Net increase / (decrease) in cash and cash equivalents	92,407,121	(82,818,164)
Cash and cash equivalents at the beginning of the period	91,717,213	111,622,525
Cash and cash equivalents at the end of the period	<u>184,124,334</u>	<u>28,804,361</u>

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

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006**

	Revenue Reserve		
	Share Capital	Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2004 as previously reported	240,070,000	121,573,383	361,643,383
Effect of change in accounting policy as fully explained in Note - 3	-	(233,093)	(233,093)
Balance as at June 30, 2004 - Restated	240,070,000	121,340,290	361,410,290
Profit for the period	-	73,984,010	73,984,010
Balance as at March 31, 2005	240,070,000	195,324,300	435,394,300
Profit for the period from April 2005 to June 2005	-	6,503,649	6,503,649
Balance as at June 30, 2005 - Restated	240,070,000	201,827,949	441,897,949
Balance as at June 30, 2005 as previously reported	240,070,000	202,027,780	442,097,780
Effect of change in accounting policy as fully explained in Note - 3	-	(199,831)	(199,831)
Balance as at June 30, 2005 - Restated	240,070,000	201,827,949	441,897,949
Profit for the period	-	123,811,734	123,811,734
Balance as at March 31, 2006	240,070,000	325,639,683	565,709,683

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006

- 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 financial statements are un-audited and are being presented to shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- 3 The accounting policies adopted for the preparation of these financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2005, except for the following:

Change in Accounting Policy

The Company has changed its accounting policy with respect to investment in subsidiary company. Previously, the Company recognized investment in subsidiary company at cost, and the carrying amount of this investment was increased or decreased to recognize the Company's share of the profit or loss of the subsidiary company in accordance with superseded IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

Now investment in subsidiary company is classified as "Available for Sale" under Revised International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement". Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value, unless fair value cannot be reliably measured. The investment for which a quoted market is not available, is measured at cost. Gains and losses on remeasurement to fair value are recognized directly in equity, through the statement of changes in equity. Such a change in accounting policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with requirements of revised International Accounting Standards IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors".

Had there been no change in the accounting policy, profit for the period would have been less by Rs. 22,667 and long-term investment would have been higher by Rs. 177,164.

Change in Accounting Estimate

The Company has changed its estimate in relation to the depreciation on property and equipment. The depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously full year depreciation was charged in the year of addition and no depreciation in the year of disposal. Had this change not been made, the profit during the period would have decreased by Rs. 661,553 and property and equipment at the period end would have decreased by Rs. 661,553.

4 INVESTMENTS - HELD FOR TRADING

Investments measured through profit and loss account:

	March 31, 2006	June 30, 2005
	(Rupees)	(Rupees)
Cost of investments	79,211,051	110,351,039
Unrealized gain/(loss) on remeasurement of investments	56,285,887	(21,954,370)
	<u>135,496,938</u>	<u>88,396,669</u>

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 166,651,266/- (June 30, 2005: Rs. 38,192,486/-) as exposure deposited with the Karachi and Lahore Stock Exchange (Guarantee) Limited under the exposure rules.

6 MEMBERSHIP CARDS AND LICENSES - HELD FOR SALE

This represents the cost of the membership card and license - room of Lahore Stock Exchange (Guarantee) Limited held for sale as the members of the Company have approved their sale subsequent to period end through special resolution passed in Extraordinary General Meeting held on January 24, 2006.

March 31, 2006	June 30, 2005
(Rupees)	(Rupees)

7 PLACEMENTS

Secured - considered good

Securities purchased under the resale agreements of quoted shares - parent company	105,000,000	25,000,000
Securities purchased under the resale agreements of quoted shares	562,210,605	200,000,000
	<u>667,210,605</u>	<u>225,000,000</u>

8 TRADE AND OTHER PAYABLES

This includes an amount of Rs. 405,000,000/- (June 30, 2005: Rs. 100,000,000/-) due to financial institutions.

9 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, 2006			
PACE Pakistan Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	15,601,530	781,432,105	1,929,645,540	68,390,342,177
Sale of shares	-	767,916,737	1,935,561,102	68,373,815,817
Brokerage	51,975	596,751	4,935,003	20,935,965
Placements entered	-	105,000,000	-	350,000,000
Income earned on placements	-	1,253,425	-	8,904,109

Nine Months Ended March 31, 2005			
First Capital Mutual Fund Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	32,614,219	592,284,962	12,613,262,200	49,486,424,127
Sale of shares	53,035,791	652,905,375	12,618,003,161	48,410,153,432
Brokerage	78,114	297,159	4,387,139	11,454,341
Placements entered	-	-	-	398,000,000
Income earned on placements	-	-	-	5,994,521

9.1 First Capital Mutual Fund Limited (FCMFL) ceased to be an associated company from January 01, 2005, due to the resignation of Chief Executive of the FCMFL, who was also a director in Company.

9.2 Pace Pakistan Limited became associated company during the period due to the appointment of Chief Executive of the Company as director of Pace Pakistan Limited.

10 CONTINGENCIES

There are no significant changes in contingencies from the last annual audited financial statements for the year ended June 30, 2005.

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2006, by the Board of Directors of the company.

12 GENERAL

12.1 Figures have been rounded off to the nearest rupee.

12.2 Certain figures have been restated due to change in accounting policy as explained in note 3 to the financial statements.

Lahore

Chief Executive

Director



FIRST CAPITAL EQUITIES LIMITED

CONSOLIDATED QUARTERLY ACCOUNTS (UN-AUDITED)

MARCH 31, 2006

FIRST CAPITAL EQUITIES LIMITED CONSOLIDATED BALANCE SHEET (Un-Audited) AS AT MARCH 31, 2006

	Notes	(Un-Audited) March 31, 2006 (Rupees)	(Audited) June 30, 2005 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		50,316,124	42,453,237
Membership cards and licences		51,321,333	67,884,136
Goodwill		538,084	538,084
Long term deposits		2,225,996	2,171,200
		<u>104,401,537</u>	<u>113,046,657</u>
CURRENT ASSETS			
Trade debts- Unsecured		320,905,480	294,318,824
Short term investments	4	135,496,938	88,396,669
Advances, deposits, prepayments and other receivables	5	188,403,430	50,741,880
Membership cards and licences - held for sale	6	15,500,000	-
Advance income tax		34,784,290	33,557,972
Placements	7	667,210,605	225,000,000
Interest accrued		4,320,258	3,075,315
Cash and bank balances		192,626,913	105,397,432
		<u>1,559,247,914</u>	<u>800,488,092</u>
		<u>1,663,649,451</u>	<u>913,534,749</u>
EQUITY AND LIABILITIES			
Authorised capital			
30,000,000 (June 30, 2005: 30,000,000) ordinary shares of Rs.10/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital		<u>240,070,000</u>	<u>240,070,000</u>
Unappropriated Profits		<u>324,721,060</u>	<u>201,490,885</u>
		<u>564,791,060</u>	<u>441,560,885</u>
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		779,689	788,802
Long term finance		9,540,000	-
Deferred liabilities		8,009,035	6,524,447
		<u>18,328,724</u>	<u>7,313,249</u>
CURRENT LIABILITIES			
Trade and other payables	8	781,571,134	251,796,595
Short term borrowings		267,025,485	188,915,919
Interest accrued on short term borrowings		4,131,151	5,539,955
Interest accrued on repurchase agreements		4,166,603	657,534
Current maturity of long term financing		5,139,780	364,471
Provision for taxation		13,327,019	11,658,899
		<u>1,075,361,172</u>	<u>458,933,373</u>
MINORITY INTEREST		<u>5,168,495</u>	<u>5,727,242</u>
		<u>1,663,649,451</u>	<u>913,534,749</u>
CONTINGENCIES	10	-	-

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

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2006

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	March 31, 2006 (Rupees)	March 31, 2005 (Rupees)	March 31, 2006 (Rupees)	March 31, 2005 (Rupees)
INCOME				
Brokerage income	208,918,856	207,684,135	93,862,429	115,778,524
Capital gain	838,731	32,312,134	249,500	25,077,575
Other operating income	51,882,890	6,027,095	20,038,530	1,600,691
	<u>261,640,477</u>	<u>246,023,364</u>	<u>114,150,459</u>	<u>142,456,790</u>
Unrealised gain/(loss) on remeasurement of investments held for trading	56,285,887	(10,454,368)	16,998,798	(120,179)
	<u>317,926,364</u>	<u>235,568,996</u>	<u>131,149,257</u>	<u>142,336,611</u>
EXPENDITURE				
Operating expenses	123,460,243	123,769,705	46,752,005	62,414,619
Finance costs	46,680,785	14,866,540	19,475,356	8,694,085
	<u>170,141,028</u>	<u>138,636,245</u>	<u>66,227,361</u>	<u>71,108,704</u>
PROFIT BEFORE TAXATION	<u>147,785,336</u>	<u>96,932,751</u>	<u>64,921,896</u>	<u>71,227,907</u>
Taxation	24,018,047	22,323,646	10,993,252	15,838,016
PROFIT AFTER TAXATION	<u>123,767,289</u>	<u>74,609,105</u>	<u>53,928,644</u>	<u>55,389,891</u>
Minority Interest	(21,778)	291,094	(85,075)	360,444
	<u>123,789,067</u>	<u>74,318,011</u>	<u>54,013,719</u>	<u>55,029,447</u>
Earning per share - Basic	<u>5.16</u>	<u>3.10</u>	<u>2.25</u>	<u>2.29</u>

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006

	NINE MONTHS ENDED	
	Jul - Mar 2006 (Rupees)	Jul - Mar 2005 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	147,785,336	96,932,751
Add: Items not involved in movement of funds		
Depreciation	4,842,264	4,219,933
Loss on remeasurement of investments	(56,285,887)	10,454,368
Provision for doubtful debts written back	(2,009,758)	-
Bad debts written off	187,489	-
Dividend Income	(353,151)	(3,866,781)
Interest accrued	(44,049,090)	(783,288)
Interest expense	45,252,241	14,336,313
(Gain) / Loss on sale of property and equipment	(792,501)	(122,715)
Provision for gratuity	1,735,088	1,148,304
	<u>(51,473,305)</u>	<u>25,386,134</u>
	96,312,031	122,318,885
(Increase) / decrease in current assets		
Investments held for trading	9,185,618	(8,347,159)
Trade debts	(24,764,387)	(679,201,303)
Advances, deposits, prepayments and other receivables	(137,694,552)	(43,321,203)
	<u>(153,273,321)</u>	<u>(730,869,665)</u>
Increase / (decrease) in current liabilities in trade and other payables	529,774,539	388,990,854
Cash generated from/(used in) operations	<u>472,813,249</u>	<u>(219,559,926)</u>
Dividend received	353,151	3,866,781
Interest received	42,804,147	1,316,712
Finance cost paid	(43,151,976)	(8,337,608)
Gratuity paid	(250,500)	(834,865)
Taxes paid	(23,576,245)	(22,621,502)
Net cash from/(used in) in operating activities	<u>448,991,826</u>	<u>(246,170,408)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(13,195,350)	(26,290,449)
Proceeds from sale of property and equipment	1,282,700	185,000
Membership cards & licences	-	(1,025,000)
Placements	(442,210,605)	-
Long term deposits	(54,796)	4,828
Net Cash used in investing activities	<u>(454,178,051)</u>	<u>(27,125,621)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	(273,860)	(228,814)
Proceeds from finance lease	-	714,000
Long term financing obtaining	14,580,000	-
Short term running finance	78,109,566	200,482,470
Net Cash generated from financing activities	<u>92,415,706</u>	<u>200,967,656</u>
Net increase/(decrease) in cash and cash equivalents	<u>87,229,481</u>	<u>(72,328,373)</u>
Cash and cash equivalents at the beginning of the period	<u>105,397,432</u>	<u>116,335,775</u>
Cash and cash equivalents at the end of the period	<u>192,626,913</u>	<u>44,007,402</u>

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

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATE STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006**

	<u>Revenue Reserve</u>		<u>Total</u>
	<u>Share Capital</u>	<u>Unappropriated Profit</u>	
	<u>(Rupees)</u>	<u>(Rupees)</u>	<u>(Rupees)</u>
Balance as at June 30, 2004	240,070,000	121,231,205	361,301,205
Profit for the period	-	74,318,011	74,318,011
Adjustment for exchange difference on consolidation	-	(67,521)	(67,521)
Balance as at March 31, 2005	240,070,000	195,481,695	435,551,695
Profit for the period from April 2005 to June 2006	-	5,957,031	5,957,031
Adjustment for exchange difference on consolidation	-	52,159	52,159
Balance as at June 30, 2005	240,070,000	201,490,885	441,560,885
Profit for the period	-	123,789,067	123,789,067
Adjustment for exchange difference on consolidation	-	(558,892)	(558,892)
Balance as at March 31, 2006	240,070,000	324,721,060	564,791,060

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

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2006**

- 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 financial statements are un-audited and are being presented to shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 3 The accounting policies adopted for the preparation of these financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2005, except for the following change in Accounting Estimate.

The Company has changed its estimate in relation to the depreciation on property and equipment. The depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously full year depreciation was charged in the year of addition and no depreciation in the year of disposal. Had this change not been made, the profit during the period would have decreased by Rs. 661,553 and property and equipment at the period end would have decreased by Rs. 661,553.

<u>March 31,</u>	<u>June 30,</u>
<u>2006</u>	<u>2005</u>
<u>(Rupees)</u>	<u>(Rupees)</u>

4 INVESTMENTS - HELD FOR TRADING

Investments measured through profit and loss account:

Cost of investments	79,211,051	110,351,039
Unrealized gain/(loss) on remeasurement of investments	56,285,887	(21,954,370)

135,496,938	88,396,669
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5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 166,651,226/- (June 30, 2005: Rs. 38,192,486/-) as exposure deposited with the Karachi and Lahore Stock Exchange (Guarantee) Limited under the exposure rules.

6 MEMBERSHIP CARDS AND LICENSES - HELD FOR SALE

This represents the cost of the membership card and license - room of Lahore Stock Exchange (Guarantee) Limited held for sale as the members of the Company have approved their sale subsequent to period end through special resolution passed in Extraordinary General Meeting held on January 24, 2006.

	March 31, 2006 (Rupees)	June 30, 2005 (Rupees)
7 PLACEMENTS		
Secured - considered good		
Securities purchased under the resale agreements of quoted shares - parent company	105,000,000	25,000,000
Securities purchased under the resale agreements of quoted shares	<u>562,210,605</u>	<u>200,000,000</u>
	<u>667,210,605</u>	<u>225,000,000</u>

8 TRADE AND OTHER PAYABLES

This includes an amount of Rs. 405,000,000/- (June 30, 2005: Rs. 100,000,000/-) due to financial institutions.

9 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, 2006			
PACE Pakistan Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	15,601,530	781,432,105	1,929,645,540	68,390,342,177
Sale of shares	-	767,916,737	1,935,561,102	68,373,815,817
Brokerage	51,975	596,751	4,935,003	20,935,965
Placements entered	-	105,000,000	-	350,000,000
Income earned on placements	-	1,253,425	-	8,904,109

Nine Months Ended March 31, 2005			
First Capital Mutual Fund Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	32,614,219	592,284,962	12,613,262,200	49,486,424,127
Sale of shares	53,035,791	652,905,375	12,618,003,161	48,410,153,432
Brokerage	78,114	297,159	4,387,139	11,454,341
Placements entered	-	-	-	398,000,000
Income earned on placements	-	-	-	5,994,521

9.1 First Capital Mutual Fund Limited (FCMFL) ceased to be an associated company from January 01, 2005, due to the resignation of Chief Executive of the FCMFL, who was also a director in Company.

9.2 Pace Pakistan Limited became associated company during the period due to the appointment of Chief Executive of the Company as director of Pace Pakistan Limited.

10 CONTINGENCIES

There are no significant changes in contingencies from the last annual audited financial statements for the year ended June 30, 2005.

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2006, by the Board of Directors of the company.

12 GENERAL

12.1 Figures have been rounded off to the nearest rupee.

12.2 Certain figures have been restated due to change in accounting policy as explained in note 3 to the financial statements.

Lahore

Chief Executive

Director