

FIRST CAPITAL EQUITIES LIMITED

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq <i>Chief Executive</i> Mr. Khurram Hanif Mr. Ali Nayyar Mr. Akbar Naqi Mr. Ahsan Zia Mr. Mazhar Abbas Mr. Muhammad Zubair Khalid
Chief Financial Officer	Mr. Mazhar Abbas
Audit Committee	Mr. Ali Nayyar (Chairman) Mian Ehsan ul Haq Mr. Akbar Naqi
Company Secretary	Mr. Akbar Naqi
Auditors	M/s. Nasir Javaid Maqsood Chartered Accountants
Legal Adviser	Tasawar Ali Hashmi Advocates, Karachi.
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 Share Transfer Office	CORPLINK (PVT.) LIMITED Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839183
Bankers	Muslim Commercial Bank Limited Standard Chartered Bank Prime Commercial Bank Limited PICIC Commercial Bank Limited Faysal Bank Limited Union Bank Limited Askari Commercial Bank Limited

DIRECTORS' REVIEW

On behalf of the board of directors of the Company, I am pleased to present the financial results of our company for the half year July-December 2003 along with a limited review by the Auditors.

Market outlook

The Stock market continued unabated in the first half with a much-needed technical correction in the month of September. The bench mark KSE – 100 index closed by 10 % in the 2nd quarter (30% since July 1st, 2003) from 4068 points to 4471 points. Market capitalization increase from Rs. 895 bin to Rs. 951 bin recording an improvement of 6.3 % and breaching the much awaited US \$ 20 bin through OGDCL listing. Trading volume dropped in the second quarter and decrease to 210mn shares in the first quarter.

Operating Performance

By the Grace of Allah, your company continued its good performance and recorded profit after Tax of Rs.14.918mn (EPS Rs.1.24) against Rs.14.9081mn (EPS Rs.1.17) in the corresponding period last year. However, the second quarter proved tough as brokerage commission declined hitting gross margin as the trading volume dropped by 57 % in second quarter.

Future Prospects

With the resolution of LFO issue, political stability has been attained being the key cause of concerns to foreign investors. Political stability needs to be sustained along with impressive economic performance for future foreign investment. The government has offloaded 10 % of its stake in OGDCL, generating unprecedented retail interest in the stock market. This was amply demonstrated in the 15 times over subscription of SSGC, unparallel in recent past. The country's economic performance is stable to rising and it is hoped that all the macro budgetary targets will be achieved, supporting the sustained bull-run at the bourses.

Feeling the need to benefit from rising market and to support the respective margin requirements of regulators, your company opted for 100 % right issue. With greeter muscle and better political and economic out look, management hopes the financial performance would witness further boost.

For and on behalf of the Board

Lahore
February 26, 2004

Mian Ehsan ul Haq
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **First Capital Equities Limited** as at December 31, 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”) for the six month then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Date : February 26, 2004
Place: Lahore
ACCOUNTANTS

NASIR JAVAID MAQSOOD
CHARTERED