

# FIRST CAPITAL EQUITIES LIMITED

## COMPANY INFORMATION

|  |   |
|--|---|
| <b>Board of Directors</b>                  | Mian Ehsan ul Haq<br><i>Chairman &amp; Chief Executive Officer</i>  |
|  | Khurram Hanif<br>Ali Nayyar<br>Farooq Bin Habib<br>Ahsan Zia<br>Mazhar Abbas<br>Muhammad Zubair Khalid  |
| <b>Chief Financial Officer</b>             | Mazhar Abbas  |
| <b>Audit Committee</b>                     | Ali Nayyar (Chairman)<br>Mian Ehsan ul Haq<br>Muhammad Zubair Khalid  |
| <b>Company Secretary</b>                   | Akbar Naqi  |
| <b>Auditors</b>                            | Nasir Javaid Maqsood<br>Chartered Accountants   |
| <b>Legal Adviser</b>                       | Tasawar Ali Hashmi<br>Advocates, Karachi.   |
| <b>Registered Office</b>                   | 103-C/II, Gulberg-III<br>Lahore, Pakistan.<br>Tel. # (042) 5757591 - 4<br>Fax. # (042) 5757590, 5877920   |
| <b>Corporate Office</b>                    | 4th Floor, Block B, C & D,<br>Lakson Square Building No. 1,<br>Sarwar Shaheed Road, Karachi.<br>Tel: (021) 111 226 226<br>Fax: (021) 5656710, 5656725   |
| <b>Registrar and Share Transfer Office</b> | CORPLINK (PVT.) LIMITED<br>Wings Arcade, 1-K,<br>Commercial Model Town, Lahore.<br>Tel. # (042) 5839183   |
| <b>Bankers</b>                             | Muslim Commercial Bank Limited<br>Standard Chartered Bank<br>Prime Commercial Bank Limited<br>PICIC Commercial Bank Limited<br>Faysal Bank Limited<br>Union Bank Limited<br>Askari Commercial Bank Limited<br>KASB Bank Limited |

## **DIRECTORS' REPORT**

On behalf of the board of directors, I am pleased to present the third quarterly results of First Capital Equities Limited for the nine months ended March 31, 2004.

### **Operating Performance**

During the period under review, your company managed to earn revenues of Rs.119 million as compared to Rs.65 million during the same period last year. After tax profits of the company registered a handsome 42 % growth to Rs.34 million as compared to Rs.24 million in the previous period. The growth is mainly driven by stock market strength on the back of economic growth of the country, good corporate earnings and handsome dividends to shareholders. Political stability and improved image of the country in the world in general and financial markets in particular are reaping dividend. The Government's efforts to expand the capital market base by introducing capital market reforms and listing of new companies have provided impetus for growth. Increasing the float of already listed companies, fetched more than desired positive results as the interest of general public have greatly increased in the equity markets.

During the third quarter of FY04, the Karachi Stock Market appreciated by 14 % and the growth goes on, resulting in a phenomenal growth of 90 % each in core revenues and after tax profits to Rs.47 million and Rs.19 million respectively. This unprecedented growth of the equity markets has resulted in the surplus on revaluation of investments to climb up by 186%.

### **Future Prospects**

Continuous economic progress, IPOs of state-owned companies, strengthening Pakistan-India relationship and improving image of Pakistan in the world are likely to make the market more strong at current levels and is likely to result in sustainable future growth. We continue to be bullish on the Stock Market for the long term with short-term corrections along the way actually a healthy sign.

The directors will strive hard to maintain and improve the performance and profitability of the company.

For and on behalf of the Board

Lahore  
April 29, 2004

Mian Ehsan ul Haq  
**Chairman & Chief Executive**

**FIRST CAPITAL EQUITIES LIMITED**  
**BALANCE SHEET (un-audited)**  
**AS AT MARCH 31, 2004**

|  | <u>Note</u> | <u>March 31,</u><br><u>2004</u><br><u>(Rupees)</u> | <u>June 30,</u><br><u>2003</u><br><u>(Rupees)</u> |
|--|-------------|--|---|
| <b>TANGIBLE FIXED ASSETS</b>                               |             |  |   |
| At cost less accumulated depreciation                      |             | 21,784,754   | 23,259,782  |
| COST OF CARDS AND ROOMS                                    |             | 56,200,000   | 56,200,000  |
| LONG TERM DEPOSITS AND ADVANCES                            |             | 1,891,900  | 1,458,936   |
|  |             | <u>79,876,654</u>                                  | <u>80,918,718</u>                                 |
| <b>CURRENT ASSETS</b>                                      |             |  |   |
| Accounts receivable  |             | 264,004,318  | 129,852,698                                       |
| Investments  |             | 125,939,152  | 23,101,031  |
| Advances, deposits, prepayments and other receivables      |             | 45,006,054   | 37,201,845  |
| Cash and bank balances                                     |             | 77,196,025   | 27,732,581  |
|  |             | <u>512,145,549</u>                                 | <u>217,888,155</u>                                |
| <b>CURRENT LIABILITIES</b>                                 |             |  |   |
| Current maturity of liabilities against finance lease      |             | 13,098   | 61,293  |
| Accounts payable   |             | 177,414,044  | 95,339,911  |
| Short term running finance                                 |             | 47,563,128   | -   |
| Creditors, accrued and other liabilities                   |             | 9,901,493  | 7,224,989   |
| Provision for taxation                                     |             | 11,604,657   | 5,254,657   |
|  |             | <u>246,496,420</u>                                 | <u>107,880,850</u>                                |
| WORKING CAPITAL  |             | <u>265,649,129</u>                                 | <u>110,007,305</u>                                |
| <b>CAPITAL EMPLOYED</b>                                    |             |  |   |
|  |             | <u>345,525,783</u>                                 | <u>190,926,023</u>                                |
| <b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b> |             |  |   |
|  |             | 28,510   | 36,151  |
| <b>DEFERRED LIABILITIES</b>                                |             |  |   |
|  |             | 5,290,506  | 4,988,481   |
| <b>NET CAPITAL EMPLOYED</b>                                |             |  |   |
|  |             | <u><u>340,206,767</u></u>                          | <u><u>185,901,391</u></u>                         |
| <b>REPRESENTED BY:</b>                                     |             |  |   |
| <b>SHARE CAPITAL &amp; RESERVES</b>                        |             |  |   |
| Share capital  |             | 240,070,000  | 120,035,000                                       |
| Unappropriated profit                                      |             | 100,136,767  | 65,866,391  |
|  |             | <u>340,206,767</u>                                 | <u>185,901,391</u>                                |
| <b>CONTINGENCIES AND COMMITMENTS</b>                       |             |  |   |
|  | 5           | -  | -   |
|  |             | <u><u>340,206,767</u></u>                          | <u><u>185,901,391</u></u>                         |

The annexed notes form an integral part of these accounts.

These financial statements were authorized for issue by the Board of Directors on April 29, 2004.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**PROFIT AND LOSS ACCOUNT (un-audited)**  
**FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2004**

|  | 2004                                  |                                      | 2003                                  |                                      |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|  | Three months ended March 31, (Rupees) | Nine months ended March 31, (Rupees) | Three months ended March 31, (Rupees) | Nine months ended March 31, (Rupees) |
| <b>OPERATING REVENUE</b>                         |                                       |                                      |                                       |                                      |
| BROKERAGE INCOME                                 | 36,663,900                            | 95,021,850                           | 26,041,376                            | 66,780,320                           |
| CAPITAL GAIN / (LOSS)                            | 10,619,661                            | 24,443,961                           | (1,150,666)                           | (1,788,370)                          |
|  | <u>47,283,561</u>                     | <u>119,465,811</u>                   | <u>24,890,710</u>                     | <u>64,991,950</u>                    |
| OPERATING EXPENSES                               | <u>24,973,376</u>                     | <u>78,965,514</u>                    | <u>18,043,179</u>                     | <u>50,811,024</u>                    |
| <b>OPERATING PROFIT</b>                          | <u>22,310,185</u>                     | <u>40,500,297</u>                    | <u>6,847,531</u>                      | <u>14,180,926</u>                    |
| FINANCIAL EXPENSES                               | <u>469,610</u>                        | <u>788,778</u>                       | <u>201,491</u>                        | <u>723,335</u>                       |
| <b>NET OPERATING PROFIT</b>                      | <u>21,840,575</u>                     | <u>39,711,519</u>                    | <u>6,646,040</u>                      | <u>13,457,591</u>                    |
| OTHER INCOME                                     | <u>691,000</u>                        | <u>2,573,509</u>                     | <u>3,444,632</u>                      | <u>8,361,831</u>                     |
|  | <u>22,531,575</u>                     | <u>42,285,028</u>                    | <u>10,090,672</u>                     | <u>21,819,422</u>                    |
| SURPLUS/ (DEFICIT) ON REVALUATION OF INVESTMENTS | <u>651,987</u>                        | <u>(2,104,025)</u>                   | <u>228,148</u>                        | <u>2,849,911</u>                     |
|  | <u>23,183,562</u>                     | <u>40,181,003</u>                    | <u>10,318,820</u>                     | <u>24,669,333</u>                    |
| OTHER EXPENSES                                   | <u>50,768</u>                         | <u>55,009</u>                        | <u>10,637</u>                         | <u>75,030</u>                        |
| <b>PROFIT BEFORE TAXATION</b>                    | <u>23,132,794</u>                     | <u>40,125,994</u>                    | <u>10,308,183</u>                     | <u>24,594,303</u>                    |
| <b>TAXATION</b>                                  |                                       |                                      |                                       |                                      |
| Current  | 3,750,000                             | 6,350,000                            | 129,000                               | 334,000                              |
| Deferred   | 30,695                                | (494,382)                            | -                                     | -                                    |
| <b>PROFIT AFTER TAXATION</b>                     | <u>19,352,099</u>                     | <u>34,270,376</u>                    | <u>10,179,183</u>                     | <u>24,260,303</u>                    |
| ACCUMULATED PROFIT BROUGHT FORWARD               | <u>80,784,668</u>                     | <u>65,866,391</u>                    | <u>34,570,293</u>                     | <u>20,489,173</u>                    |
| <b>ACCUMULATED PROFIT CARRIED FORWARD</b>        | <u><b>100,136,767</b></u>             | <u><b>100,136,767</b></u>            | <u><b>44,749,476</b></u>              | <u><b>44,749,476</b></u>             |
| <b>Earning per share - Basic</b>                 | <u><b>0.81</b></u>                    | <u><b>1.43</b></u>                   | <u><b>0.42</b></u>                    | <u><b>1.01</b></u>                   |

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director