



**FIRST CAPITAL EQUITIES LIMITED**

**QUARTERLY ACCOUNTS  
(UN-AUDITED)**

**SEPTEMBER 30, 2004**

## FIRST CAPITAL EQUITIES LIMITED

### COMPANY INFORMATION

<b>Board of Directors</b>	Mian Ehsan ul Haq <i>Chairman &amp; Chief Executive Officer</i>  Muhammad Faisal Potrick Ali Nayyar Farooq Bin Habib Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
<b>Chief Financial Officer</b>	Mazhar Abbas
<b>Audit Committee</b>	Ali Nayyar (Chairman) Mian Ehsan ul Haq Muhammad Zubair Khalid
<b>Company Secretary</b>	Akbar Naqi
<b>Auditors</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
<b>Legal Adviser</b>	Tasawur Ali Hashmi Advocates, Karachi.
<b>Registered Office</b>	103-C/II, Gulberg-III Lahore, Pakistan. Tel. # (042) 5757591 - 4 Fax. # (042) 5757590, 5877920
<b>Corporate Office</b>	4th Floor, Block B, C & D, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi. Tel: (021) 111 226 226 Fax: (021) 5656710, 5656725
<b>Registrar and Share Transfer Office</b>	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839182
<b>Bankers</b>	Askari Commercial Bank Limited Bank Alfalah Limited Faysal Bank Limited KASB Bank Limited Muslim Commercial Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank Union Bank Limited

## DIRECTORS' REVIEW

It is with great pleasure that we present before you the un-audited accounts of First Capital Equities Limited for the quarter ended September 30, 2004.

### Operating Results

This quarter proved unhealthy for the stock market and the Karachi Stock Exchange remained volatile crossing the psychological barrier of 5400 on a few occasions either way. Overall, the index declined by 1.2 % from July 01, 2004 to September 30, 2004.

The market remained under pressure as the government imposed Capital Value Tax on stock market investors in the FY05 budget sparking fears that stock market investors would be included in the tax net. As a result, average volume at the stock market plummeted from 494 million shares to 218 million shares in the first quarter. Furthermore, the correction in the market was seen as a healthy development by market participants although the rally saw the index rise to 5486 and a low of 4890 points and 5218 points closing at the quarter end.

In spite of this volatility, your company earned an after-Tax Profit of Rs 1.47 million implying an EPS of Rs 0.06 in the period under review as compared to an after tax profit of Rs 9.30 million with an EPS of Rs 0.39 in the same period last year. The lower profit was due to loss on the down ward on remeasurement of investment held for trading. Your company continued to convert this skewed market behavior into opportunities and was able to increase its brokerage income to Rs. 39.25 million as compared to Rs. 35.83 million, an increase of 9.54 %. This is success of our sales teams, which has not only maintained the brokerage income but has also successfully tapped new clients.

Your company's stock broking subsidiary in Bangladesh, Equity Partners Securities Limited (EPSL), has been capitalizing on the stock market boom in that country. Bangladesh stock index at an all time high with at 1513 points with increase in business volume. The EPSL subsidiary is well positioned to capitalize this Bull run.

### Future Outlook

Your company is mindful of the technological progress taking place at the stock exchanges and had thus, wisely invested in an online trading system. The online trading system is expected to come online before the end of the current calendar year, which would not only increase the client network but also provide further revenue streams for your company.

The Government has also been active in its privatization endeavors with the IPO of KAPCO expected in November 2004 followed by the IPO of United Bank Limited. Strategic sale of NRL, KESC and PTCL is also on the cards soon. Coupled with the private sector IPOs, these stocks would further enhance market depth and capitalization, which would provide more opportunities to your company.

The stock market is expected to stabilize with an upward trend since the macroeconomic indicators depict stability while the State Bank of Pakistan is following a measured monetary tightening policy by raising interest rates slowly in response to rising inflation. SBP has recently restricted land speculation by not allowing financing of land holdings through banks, which would also divert funds into the stock market. In such a scenario, your company is expected to improve its revenues as well as profits in the next quarter and the full year.

The shareholders of the Company in the Annual General Meeting held on 30 October 2004 have approved long term investments in the share capital of WorldCALL Telecom Limited ("WTL") and WorldCALL Telephony Limited ("WTPL") upto Rs. 120 million and Rs. 100 million respectively. The shareholders of the Company have also approved that, this investment of Rs. 100 million, shall be transferred to WTL subject to necessary regulatory and lenders/creditors approvals and consents. However, in case the required approvals and consents of the regulators, and or lenders/creditors are not available or cannot be obtained with in the time-frame as may be allowed by the strategic investors and major lenders, for any reason whatsoever, the above mentioned investments of upto Rs. 100 million shall be made in the share capital of WTPL and no transfer to WTL will be effected.

In addition to the above the shareholders have also approved long term investment of upto Rs. 10 million in the share capital of First Capital Investments Limited subject to necessary regulatory approval where required. Moreover, it has also been approved to place quarterly accounts of the Company on its website instead of circulating the same by post to the shareholders, subject to compliance of the Securities and Exchange Commission of Pakistan's circular no. 19 of 2004 dated 14 April 2004.

For and on behalf of the Board

Lahore  
October 30, 2004

Mian Ehsan ul Haq  
Chairman & Chief Executive

## FIRST CAPITAL EQUITIES LIMITED BALANCE SHEET (Un-audited) AS AT SEPTEMBER 30, 2004

Note	September 30, 2004 (Rupees)	June 30, 2004 (Rupees)
<b>NON-CURRENT ASSETS</b>		
Tangible Fixed Assets		
At cost less accumulated depreciation	35,322,321	18,044,366
Cost of Cards and Rooms	56,507,500	56,507,500
Long Term Investments	7,421,671	7,098,169
Long Term Deposits	2,487,022	2,241,850
	<b>101,738,514</b>	<b>83,891,885</b>
<b>CURRENT ASSETS</b>		
Accounts receivable	449,050,248	278,184,970
Investments held for trading	195,436,109	238,877,712
Advances, deposits, prepayments and other receivables	55,262,879	47,894,253
Cash and bank balances	148,494,991	111,622,525
	<b>848,244,227</b>	<b>676,579,460</b>
<b>CURRENT LIABILITIES</b>		
Current maturity of liabilities against assets subject to finance lease	265,216	195,134
Accounts payable	302,031,528	307,343,350
Short term running finance	259,249,455	66,973,597
Creditors, accrued and other liabilities	10,741,457	10,936,969
Provision for taxation	7,658,899	7,658,899
	<b>579,946,555</b>	<b>393,107,949</b>
<b>WORKING CAPITAL</b>	<b>268,297,672</b>	<b>283,471,512</b>
<b>CAPITAL EMPLOYED</b>	<b>370,036,186</b>	<b>367,363,397</b>
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	<b>1,163,487</b>	<b>574,324</b>
<b>DEFERRED LIABILITIES</b>	<b>5,760,802</b>	<b>5,145,690</b>
<b>NET CAPITAL EMPLOYED</b>	<b>363,111,897</b>	<b>361,643,383</b>
<b>REPRESENTED BY:</b>		
<b>SHARE CAPITAL &amp; RESERVES</b>		
Share capital	240,070,000	240,070,000
Unappropriated profit	123,041,897	121,573,383
	<b>363,111,897</b>	<b>361,643,383</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-
	<b>363,111,897</b>	<b>361,643,383</b>

The annexed notes form an integral part of these accounts.

These financial statements were authorised for issue by the Board of Directors on October 30, 2004.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**PROFIT AND LOSS ACCOUNT (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

	Jul - Sep 2004	Jul - Sep 2003
	(Rupees)	(Rupees)
<b>OPERATING REVENUE</b>		
Brokerage Income	39,249,488	35,830,584
Capital Gains	3,446,137	7,171,974
(Loss) / Gain on remeasurment of Investments held for trading as on 30 September	<u>(12,938,593)</u>	<u>(2,593,558)</u>
	<b>29,757,032</b>	<b>40,409,000</b>
<b>OPERATING EXPENSES</b>	<b>24,645,861</b>	29,477,092
<b>OPERATING PROFIT</b>	<b>5,111,171</b>	<b>10,931,908</b>
<b>FINANCIAL EXPENSES</b>	<b>1,793,000</b>	207,073
<b>NET OPERATING PROFIT</b>	<b>3,318,171</b>	<b>10,724,835</b>
<b>OTHER INCOME</b>	<b>1,360,933</b>	986,367
	<b>4,679,104</b>	<b>11,711,202</b>
<b>SHARE IN PROFIT OF SUBSIDIARY COMPANY</b>	<b>323,502</b>	-
<b>PROFIT BEFORE TAXATION</b>	<b>5,002,606</b>	<b>11,711,202</b>
<b>TAXATION</b>		
Current	2,504,903	2,479,150
Deferred	1,029,189	(66,415)
<b>PROFIT AFTER TAXATION</b>	<b>1,468,514</b>	<b>9,298,467</b>
<b>ACCUMULATED PROFIT BROUGHT FORWARD</b>	<b>121,573,383</b>	65,866,391
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>	<b>123,041,897</b>	<b>75,164,858</b>
<b>Earning per share - Basic</b>	<b>0.06</b>	<b>0.39</b>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED**  
**CASH FLOW STATEMENT (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

	Jul - Sep 2004	Jul - Sep 2003
	(Rupees)	(Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Funds generated from operations</b>		
Profit before taxation	5,002,606	11,711,202
<b>Add: Items not involved in movement of funds</b>		
Depreciation	986,537	818,399
Share in profit from subsidiary company	(323,502)	-
Loss on remeasurement of investments	12,938,593	2,593,558
Dividend Income	(1,025,228)	-
Interest / Mark-up income	(113,945)	(364,627)
Interest / Mark-up expense	1,673,584	-
(Gain) / Loss on sale of fixed assets	(122,715)	83,979
Provision for gratuity	382,768	362,269
	<u>14,396,092</u>	<u>3,493,578</u>
	<b>19,398,698</b>	<b>15,204,780</b>
<b>(Increase) / decrease in current assets</b>		
Investments held for trading	30,503,010	2,783,310
Accounts receivable	(170,865,278)	(94,998,051)
Advances, deposits, prepayments and other receivables	(8,131,262)	(4,883,986)
	<u>(148,493,530)</u>	<u>(97,098,727)</u>
<b>Increase / (decrease) in current liabilities</b>		
Accounts payable	(5,311,822)	127,320,991
Creditors, accrued and other liabilities	(195,512)	2,982,297
	<u>(5,507,334)</u>	<u>130,303,288</u>
<b>Cash Generated from Operations</b>	<b>(134,602,166)</b>	48,409,341
Dividend received	1,025,228	-
Interest / Mark-up received	553,298	516,091
Interest / Mark-up paid	(1,307,117)	-
Gratuity Paid	(796,845)	(158,000)
Taxes Paid	(2,504,903)	-
<b>Net Cash Flow from Operating Activities</b>	<b>(137,632,505)</b>	48,767,432
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(18,326,776)	(1,125,386)
Proceeds from sale of fixed asset	185,000	33,500
Long term deposits	(245,172)	(425,010)
<b>Net Cash Flow From Investing Activities</b>	<b>(18,386,948)</b>	(1,516,896)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment against lease finance	(97,939)	(48,834)
Proceeds from finance lease	714,000	-
Short term running finance	192,275,858	-
<b>Net Cash Flow From Financing Activities</b>	<b>192,891,919</b>	(48,834)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>36,872,466</b>	47,201,702
<b>CASH AND CASH EQUIVALENTS - OPENING</b>	<b>111,622,525</b>	27,732,581
<b>CASH AND CASH EQUIVALENTS - CLOSING</b>	<b>148,494,991</b>	<b>74,934,283</b>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

PARTICULARS	Share Capital (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2003</b>	<b>120,035,000</b>	<b>65,866,391</b>	<b>185,901,391</b>
Profit for the period	-	9,298,467	9,298,467
<b>Balance as at September 30, 2003</b>	<b>120,035,000</b>	<b>75,164,858</b>	<b>195,199,858</b>
Issuance of Share Capital	120,035,000	-	120,035,000
Profit for the period	-	46,408,525	46,408,525
<b>Balance as at June 30, 2004</b>	<b>240,070,000</b>	<b>121,573,383</b>	<b>361,643,383</b>
Profit for the period	-	3,420,467	3,420,467
<b>Balance as at September 30, 2004</b>	<b><u>240,070,000</u></b>	<b><u>124,993,850</u></b>	<b><u>365,063,850</u></b>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED**  
**NOTES TO THE ACCOUNTS (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

- 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 accounts 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 Standards (IAS) 34 'Interim Financial Reporting'.
- 3 The accounting policies adopted for the preparation of these accounts are consistent with those applied in preparing the annual audited accounts of the company for the year ended June 30, 2004.

**4 TRANSACTIONS WITH ASSOCIATED COMPANIES**

	<b>Jul - Sep 2004 (Rupees)</b>	<b>Jul - Sep 2003 (Rupees)</b>
Brokerage Income	<b>186,400</b>	325,833
Payment for / against current accounts	<b>2,584,500</b>	6,829,395
Group pool expenses paid	<b>1,998,346</b>	649,421

The company continuous to have a policy where by all transaction with related parties are entered into at arm's length determined in accordance with "Comparable Uncontrolled Price Method".

**5 CONTINGENCIES AND COMMITMENTS**

There was no change in contingencies and commitments disclosed in the annual accounts for the year ended June 30, 2004.

- 6 Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director

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## FIRST CAPITAL EQUITIES LIMITED

### CONSOLIDATED QUARTERLY ACCOUNTS (UN-AUDITED)

**SEPTEMBER 30, 2004**

### FIRST CAPITAL EQUITIES LIMITED CONSOLIDATED BALANCE SHEET (Un-audited) AS AT SEPTEMBER 30, 2004

	Note	September 30, 2004 (Rupees)	June 30, 2004 (Rupees)
<b>NON-CURRENT ASSETS</b>			
Tangible Fixed Assets			
At cost less accumulated depreciation		36,196,986	18,987,819
Cost of Cards and Rooms		66,883,935	66,883,935
Good Will		717,419	717,419
Long Term Deposits		2,487,022	2,241,850
		<u>106,285,362</u>	<u>88,831,023</u>
<b>CURRENT ASSETS</b>			
Accounts receivable		451,042,495	280,619,421
Investments held for trading		195,436,109	238,877,712
Advances, deposits, prepayments and other receivables		55,466,821	48,085,456
Cash and bank balances		155,999,583	116,335,775
		<u>857,945,008</u>	<u>683,918,364</u>
<b>CURRENT LIABILITIES</b>			
Current maturity of liabilities against assets subject to finance lease		265,216	195,134
Accounts payable		309,931,490	313,775,767
Short term running finance		259,249,455	67,106,782
Creditors, accrued and other liabilities		11,096,230	10,963,551
Provision for taxation		7,852,976	7,885,168
		<u>588,395,367</u>	<u>399,926,402</u>
WORKING CAPITAL		269,549,641	283,991,963
<b>CAPITAL EMPLOYED</b>		<u>375,835,003</u>	<u>372,822,986</u>
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		1,163,487	574,324
<b>DEFERRED LIABILITIES</b>		5,760,802	5,145,690
<b>NET CAPITAL EMPLOYED</b>		<u>368,910,714</u>	<u>367,102,972</u>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Share capital		240,070,000	240,070,000
Unappropriated profit		122,679,713	121,231,205
		<u>362,749,713</u>	<u>361,301,205</u>
<b>MINORITY INTEREST</b>		6,161,001	5,801,767
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
		<u>368,910,714</u>	<u>367,102,972</u>

The annexed notes form an integral part of these accounts.

These financial statements were authorised for issue by the Board of Directors on October 30, 2004.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

	Jul - Sep 2004 (Rupees)	Jul - Sep 2003 (Rupees)
<b>OPERATING REVENUE</b>		
Brokerage Income	40,554,092	35,830,584
Capital Gains	3,446,137	7,171,974
(Loss) / Gain on remeasurement of Investments held for trading as on 30 September	<u>(12,938,593)</u>	<u>(2,593,558)</u>
	<b>31,061,636</b>	<b>40,409,000</b>
<b>OPERATING EXPENSES</b>	<b>25,316,148</b>	29,477,092
<b>OPERATING PROFIT</b>	<b>5,745,488</b>	<b>10,931,908</b>
<b>FINANCIAL EXPENSES</b>	<b>1,793,000</b>	207,073
<b>NET OPERATING PROFIT</b>	<b>3,952,488</b>	<b>10,724,835</b>
<b>OTHER INCOME</b>	<b>1,360,933</b>	986,367
<b>PROFIT BEFORE TAXATION</b>	<b>5,313,421</b>	<b>11,711,202</b>
<b>TAXATION</b>		
Current	2,504,903	2,479,150
Deferred	<u>1,029,189</u>	<u>(66,415)</u>
<b>PROFIT AFTER TAXATION</b>	<b>1,779,329</b>	<b>9,298,467</b>
<b>MINORITY INTEREST</b>	<b>310,816</b>	-
<b>PROFIT ATTRIBUTABLE TO HOLDING COMPANY</b>	<b>1,468,513</b>	<b>9,298,467</b>
<b>Earning per share - Basic</b>	<b>0.06</b>	<b>0.39</b>

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

	Jul - Sep 2004 (Rupees)	Jul - Sep 2003 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Funds generated from operations</b>		
Profit before taxation	5,313,421	11,711,202
<b>Add: Items not involved in movement of funds</b>		
Depreciation	1,027,294	818,399
Loss on remeasurement of investments	12,938,593	2,593,558
Dividend Income	(1,025,228)	-
Interest / Mark-up income	(113,945)	(364,627)
Interest / Mark-up expense	1,673,584	-
(Gain) / Loss on sale of fixed assets	(122,715)	83,979
Provision for gratuity	382,768	362,269
	<u>14,760,351</u>	<u>3,493,578</u>
	<b>20,073,772</b>	<b>15,204,780</b>
<b>(Increase) / decrease in current assets</b>		
Investments held for trading	30,503,010	2,783,310
Accounts receivable	(170,423,074)	(94,998,051)
Advances, deposits, prepayments and other receivables	(7,822,200)	(4,883,986)
	<u>(147,742,264)</u>	<u>(97,098,727)</u>
<b>Increase / (decrease) in current liabilities</b>		
Accounts payable	(3,844,277)	127,320,991
Creditors, accrued and other liabilities	(132,679)	2,982,297
	<u>(3,976,956)</u>	<u>130,303,288</u>
<b>Cash Generated from Operations</b>	<b>(131,645,448)</b>	<b>48,409,341</b>
Dividend received	1,025,228	-
Interest / Mark-up received	553,298	516,091
Interest / Mark-up paid	(1,307,117)	-
Gratuity Paid	(796,845)	(158,000)
Taxes Paid	(2,537,095)	-
<b>Net Cash Flow from Operating Activities</b>	<b>(134,707,978)</b>	<b>48,767,432</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(18,326,776)	(1,125,386)
Proceeds from sale of fixed asset	185,000	33,500
Long term deposits	(245,172)	(425,010)
<b>Net Cash Flow From Investing Activities</b>	<b>(18,386,948)</b>	<b>(1,516,896)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment against lease finance	(97,939)	(48,834)
Proceeds from finance lease	714,000	-
Short term running finance	192,142,673	-
<b>Net Cash Flow From Financing Activities</b>	<b>192,758,734</b>	<b>(48,834)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>39,663,808</b>	47,201,702
<b>CASH AND CASH EQUIVALENTS - OPENING</b>	<b>116,335,775</b>	27,732,581
<b>CASH AND CASH EQUIVALENTS - CLOSING</b>	<b>155,999,583</b>	<b>74,934,283</b>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

PARTICULARS	Share Capital (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2003</b>	<b>120,035,000</b>	<b>65,866,391</b>	<b>185,901,391</b>
Profit for the period	-	9,298,467	9,298,467
			-
<b>Balance as at September 30, 2003</b>	<b>120,035,000</b>	<b>75,164,858</b>	<b>195,199,858</b>
Issuance of Share Capital	120,035,000	-	120,035,000
Profit for the period	-	46,229,169	46,229,169
Adjustment for exchange difference	-	(162,822)	(162,822)
<b>Balance as at June 30, 2004</b>	<b>240,070,000</b>	<b>121,231,205</b>	<b>361,301,205</b>
Profit for the period	-	1,468,513	1,468,513
Adjustment for exchange difference	-	(20,005)	(20,005)
<b>Balance as at September 30, 2004</b>	<b>240,070,000</b>	<b>122,679,713</b>	<b>362,749,713</b>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONSOLIDATED NOTES TO THE ACCOUNTS (Un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

- 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 accounts 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 Standards (IAS) 34 'Interim Financial Reporting'.
- 3 The accounting policies adopted for the preparation of these accounts are consistent with those applied in preparing the annual audited accounts of the company for the year ended June 30, 2004.

**4 TRANSACTIONS WITH ASSOCIATED COMPANIES**

	<u>Jul - Sep</u> <u>2004</u> (Rupees)	<u>Jul - Sep</u> <u>2003</u> (Rupees)
Brokerage Income	<b>186,400</b>	325,833
Payment for / against current accounts	<b>2,584,500</b>	6,829,395
Group pool expenses paid	<b>1,998,346</b>	649,421

The company continuous to have a policy where by all transaction with related parties are entered into at arm's length determined in accordance with "Comparable Uncontrolled Price Method".

**5 CONTINGENCIES AND COMMITMENTS**

There was no change in contingencies and commitments disclosed in the annual accounts for the year ended June 30, 2004.

- 6 Figures have been rounded off to the nearest rupee.
- 7 The Company has made investment in its subsidiary during the year therefore corresponding figure, of the holding company have been taken.

Lahore

Chief Executive

Director