ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

CONTENTS

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq *Chairman & Chief Executive Officer* Farooq Bin Habib Ashraf Liaquat Ali Khan Samira Ahmed Zia Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Samira Ahmed Zia (Chairperson) Muhammad Zubair Khalid Ahsan Zia
Company Secretary	Syed Akbar Naqi
Auditors	Nasir Javaid Maqsood Imran Chartered Accountants
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan Tel: (042) 35757591-4 Fax: (042) 35757590, 35877920
Corporate Office	4th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tel: (021) 111 226 226 Fax: (021) 35656710, 35656725
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade,1-K, Commercial Model Town, Lahore Tel: (042) 35839182
Bankers	Arif Habib Bank Limited Askari 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 My Bank Limited NIB Bank Limited Saudi Pak Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Ltd United Bank Limited

MISSION

Our mission is to strive to become the ***Leading Brokerage and its Related Business Company*** **and** ***Best Employer*** in each market that we operate. We will adhere to the following principles and provide execution to direct our future. We shall experience growth through building quality relationships, knowledge, service and innovation.

Dedicated to Make it Happen

CLIENTS: We will offer every Client: Fast & Friendly Service, Commitment, Cleanliness, Dedication, Excellence, & Trust.

ASSOCIATES: We will offer every associate: Development, Loyalty, Opportunities, Open-Door, Teamwork, Training, & Benefits.

IMAGE: We will operate every facility: Professionally, Helpful, Positive, Bright, Clean, & Consistent.

COMMUNITY: We will offer every community: Involvement, Support, Stability, Respect, Assistance & Environmental Awareness.

STANDARDS: We will operate our business: Ethically, Competitively, Safely, Innovative, with High Expectations, & Quality Products.

VISION

Our Vision is linked with our Mission to be the ***Leading Brokerage and its Related Business Company*** **and** ***Best Employer*** in each market we operate. Our Vision will guide and direct us towards our mission, and communicates what we believe in as an operations group.

We Believe In

- Obligation to serve the *Shareholders' Interest*
- Providing Clients with *Consistent Outstanding Services*
- Showing and encouraging *Teamwork*
- Maintaining and developing high standards of *Image*
- Treating people with *Respect*
- Creating and developing a *Positive Environment*
- Building a *Reputation For Success*
- Providing services with the *Highest Quality*
- Operating with the highest *Integrity & Honesty*
- Exploring and encouraging *New & Innovative Ideas*
- Providing positive *Recognition & Reinforcement*
- Becoming a dependant fiber in every *Community*
- Continue to focus our associates with *Development & Training*
- Building and consistently growing overall *Revenues*
- Provide every Client with a *Pleasant Experience*
- Stay focused on our business by *Listening Intently*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company") will be held on Saturday October 31, 2009 at 4:30 p.m. at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, to transact the following business:

Ordinary business

1. To confirm the minutes of last Annual General Meeting held on October 31, 2008;

2. To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' reports thereon;

3. To appoint Auditors of the Company for the year ending June 30, 2010 and to fix their remuneration;

By order of the Board

Lahore
October 09, 2009

Syed Akbar Naqi
Company Secretary

Notes:

1) The register of members will remain closed from October 24, 2009 to October 31, 2009 (both days inclusive). Transfer received at Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on October 23, 2009 will be treated in time for the purpose of Annual General Meeting.

2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. In order to be effective, proxies must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting.

3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 103-C/II, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.

4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original NIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.

b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) Members are requested to notify any change, if any, in their registered address immediately.

INFORMATION BEING DISSEMINATED TO THE SHAREHOLDERS FOR CHANGE IN COMPANY'S WEBSITE FOR PLACEMENT OF QUARTERLY ACCOUNTS

The shareholders of the Company had already granted its approval in its annual general meeting held on October 30, 2004 to place Company's quarterly accounts on website, i.e. www.worldcall.com.pk under the requirements of Circular 19 of 2004 dated April 14, 2004 issued by Securities and Exchange Commission of Pakistan (the “Commission”). Subsequent to the shareholders' approval, the Company sought approval from the Commission for placement of its quarterly accounts after complying with all the conditions/provisions of the said Circular.

Pursuant to the change in management control of Worldcall Telecom Limited in 2008, the Board of Directors of the Company decided to change the website for placement of quarterly accounts of the Company to http://www.pacepakistan.com (as a part of First Capital/Pace Group) for future reference for the shareholders/stakeholders.

The Commission vide its letter No. EMD/233/641/2002-2253 dated February 27, 2009 has communicated its formal approval for the change of website for placement of quarterly accounts of the Company on http:/www.pacepakistan.com (as a part of First Capital/Pace Group), instead of http:/www.worldcall.com.pk, subject to disseminating the same to the shareholders of the Company in the forthcoming general meeting. In pursuance to the Commission's letter, the shareholders/stakeholders are being disseminated with the information that quarterly financial statements of the Company will be placed at www.pacepakistan.com. The quarterly/annual audited financial statements of the Company for the prior periods have also been shifted at the aforesaid

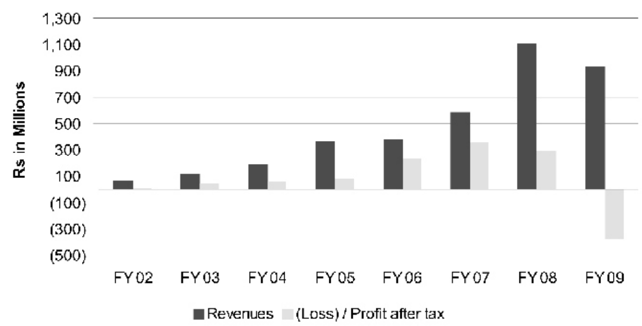
FINANCIAL HIGHLIGHTS

(Rupees in million)

PARTICULARS	FY 09	FY 08	FY 07	FY 06	FY 05	FY 04	FY 03	FY 02
Profit and Loss Account								
Revenues	935.50	1,107.89	586.93	379.55	367.90	189.73	118.88	62.29
Expenses	1,176.68	741.41	398.64	259.15	235.49	132.56	70.56	56.81
(Loss) / Profit before tax	(371.44)	357.37	408.02	264.65	110.45	57.17	48.32	5.48
(Loss) / Profit after tax	(380.18)	293.09	354.18	232.66	80.49	55.71	45.38	5.25
Balance Sheet								
Paid up capital	1,080.32	864.25	540.16	240.07	240.07	240.07	120.04	120.04
Shareholder's equity	1,710.98	1,591.90	1,298.82	674.56	441.90	361.65	185.90	140.52
Liabilities	4,422.78	4,992.87	2,157.80	1,349.55	451.69	398.82	112.91	73.30
Total assets	6,133.76	6,584.78	3,456.61	2,024.11	893.55	760.48	298.81	213.83
Investment value at cost	639.44	337.84	359.64	87.13	110.35	244.72	16.19	11.35
Investment value at mkt price	509.18	328.73	579.38	231.37	88.39	238.88	23.10	11.41
Ratios								
(Loss) /Earning per share (Rs.)	(3.52)	2.71	4.30	4.94	3.35	3.06	3.78	0.44
Break up value (Rs.)	15.84	18.42	24.05	28.10	18.41	15.06	15.48	11.71
Return on Equity (%)	(22.22)	18.41	29.48	34.50	18.20	15.40	24.41	3.74
Payout (%)								
Cash	-	-	-	-	-	-	-	-
Bonus	-	25	60	50	-	-	-	-
Right	-	-	-	50	-	-	-	-

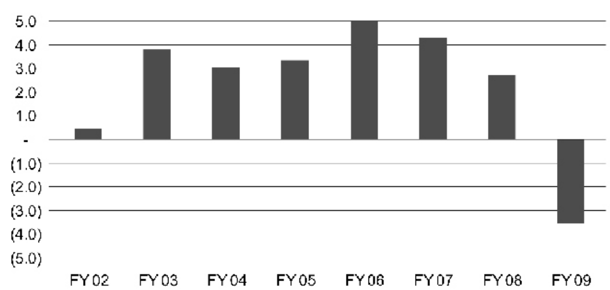
* EPS for year 2008 of Rs 3.39 per share has been restated due to the issue of bonus shares during the year.
* EPS for year 2007 of Rs 7.09 per share has been restated due to the issue of bonus shares during the year.
* EPS for year 2006 of Rs 9.69 per share has been restated due to the issue of bonus shares and right shares.
* Break up value of 2009 has been calculated on increased share capital.

GRAPHICAL PRESENTATION



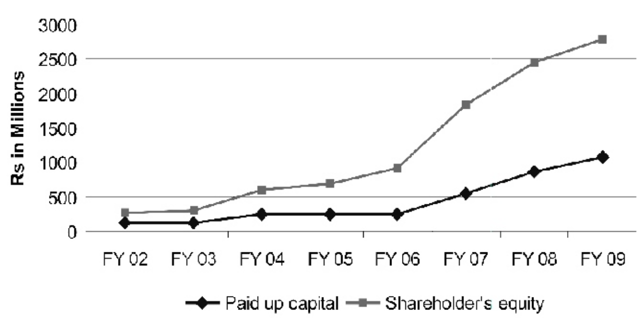
Revenue vs (Loss)/Profit After Tax

Break up Value



Earnings Per Share

Paid up Capital Vs Shareholder's Equity



DIRECTORS' REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") is pleased to present the Annual Report of 2009 along with the audited financial statements of the Company for the year ended June 30, 2009. FCEL is a leading brokerage house of Pakistan that provides a complete range of stock brokerage nationwide to a substantial and diversified clientele that includes corporations, financial institutions, retail clients, foreign investors and high net worth individuals.

ECONOMIC & MARKET REVIEW

Pakistan's economic performance remained muted during the fiscal year 2008-09. The GDP grew by only 2.0% in FY09. Negative growth in the industrial sector restricted the GDP growth: higher interest rates and, more importantly, the power shortage caused this damage. Pakistan has now been under an International Monetary Fund (IMF) stabilization-and-sustainable-development program. The need for this program arose because of perpetual deterioration in external accounts and mounting internal imbalances. The deterioration on the external side was mainly a function of sharp surge in commodity prices, which led to the highest-ever trade deficit of US$21 billion in FY08. The situation worsened further amid the international financial crisis, which choked off the flow of funds into Pakistan from the developed nations. The ensuing inflow of foreign exchange provided a cushion for the vulnerable foreign exchange reserves in terms of currency. The fiscal deficit-which was 7.4% in FY08 - has reduced to 4.2% in FY09: thanks to declining commodity prices and an import rationing decision by the government. The inflation rate - after peaking at 25.3 % in August 2008 - came down to 11.2% in July 2009. Apart from higher base effect, a tight monetary policy was another reason for the reduction in the inflation.

During the fiscal under review, Pakistan equity market witnessed one of its worst performances in the history. The reverse rally at KSE started from 2HFY08 which continued in FY09 with the market concluding the year on a negative note. Benchmark KSE-100 Index lost massive 5,127 points or 42% average decline in equity values in FY09 to close at the level of 7,162. The market capitalization ended the period at PRs2.12tn (US$26bn), down by 44% or PRs1.66tn. The global economic meltdown, worsening domestic political situation, critical law & order and depressed domestic economic performance were mainly responsible for this heavy meltdown at KSE. Having said that, Pakistan was not the exception as major developing and emerging markets across the world came under heavy battering mainly on concerns of economic woes and financial crisis in the US.

With a view to safeguard the investors from the free fall in share prices, KSE Board decided to place a floor on shares prices on Aug 27, 2008 at the level of 9,144 points. The floor remained in place for about 4 months and was subsequently removed on Dec 15, 2008 on the directive of the apex regulator, SECP. Due to this floor, trading activities had witnessed a massive shrinkage at local bourses. In FY09, average daily volume in the ready market arrived at only 106mn shares (PRs4.4bn or US$56mn) versus that of 242mn shares (PRs26bn or US$408mn) during FY08. In futures market, average daily volume reduced to 2.6mn shares (PRs334mn or US$4.2mn) compared to 53mn shares (PRs8.9bn or US$143mn) a year earlier.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2009.

All Figures are in Million except EPS

	FY 09	FY 08
Brokerage and operating income	470.85	718.73
Capital (loss) / gain	(10.91)	100.32
Income on placement	399.39	262.67
Other income	75.73	26.04
(Loss) on re-measurement of investments at fair value through profit or loss - net	(130.26)	(9.11)
(Loss) / Profit after tax	(380.18)	293.09
(Loss) / Earnings Per Share (EPS) Rs*	(3.52)	2.71

**Adjusted for FY08 on account of 25% bonus issue during the year.*

After seven consecutive years of perpetual growth in the profitability, your Company ended FY09 with an underlying loss of Rs 380.18 million versus net profit of Rs 293.09 million during the preceding year FY08. The sole reason for the negative bottom-line in FY09 is the massive jump in financial charges which increased by 2.2x to reach Rs780.19 million. The market conditions remained quite challenging during the year under review in the sense that a floor was placed on the value of securities for almost four months. This led to nearly zero volumes at the official trading terminal of KSE during the freeze period. Consequently, your Company also suffered from the reduced trading activities at the local bourses. Nonetheless, due to our widespread geographical presence and major clientele of offshore funds, the brokerage revenue of your company fell by 34% vis-à-vis 56% decline in average turnover and 83% reduction in average daily trading value at the premier bourse, KSE.

Your Company's focused strategy of providing quality service, broadening client base, controlling cost and providing customized solutions has helped it to cope with the depressed business environment during FY09. FCEL also has the local affiliate status of Auerbach Garyson (AGA), an international brokerage house based in the USA with presence in about 100 different markets. This has somehow helped the Company to mitigate the impact of stock market meltdown amid domestic liquidity constraints.

Placement income during FY09 registered an increase of 52% at Rs399.39 million which is attributable to the sharp increase in the KIBOR rates.

Against a net capital gain of Rs100.32 million in FY08, your company incurred a net capital loss of Rs10.91 million in FY09. This is mainly ensued from the absence of capital gain on sale of Worldcall Telecom shares to Oman Telecom booked during FY08. Moreover, due to a steep decline in equity values, the Company also incurred a mark-to-market loss of Rs130.26 million on its equity portfolio.

The company is pursing a two prong strategy of not only stabilizing revenue stream but also controlling its cost. That said, the operating expenses of the Company remained almost flat during FY09 at Rs396.49 million. A more than 2-fold increase in the finance cost was the main culprit behind the subdued bottom-line during FY09. This massive jump in the finance cost mainly arrived from the increased working capital requirements amid higher receivables. Trade debts soared by 38% during FY09 at Rs3.1 billion on the back of depressed market conditions during the year under review. Due to the resultant cash flow constraints, the Company had to rely on short term borrowings. This caused the company to bear heavy financial charges which ultimately affected the bottom-line performance during the year.

During the year 2007-08, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to the Company under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the Company has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. The Company has submitted its reply to the show cause notice to the SECP. During the year the SECP has decided the case and has imposed a fine of Rs. 500,000/- on the Company. The Company has filled an appeal before Applete Tribunal SECP against the aforesaid order.

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 year 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.

During the year, 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 had contesting the case in the Honourable Sind High Court, however the management is simultaneously settle the matter with the bank in an amicable manner by entering into an Murabaha Transaction.

During the year M/s Savari (Pvt.) Ltd., Muhammad Shafi Khan. Muhammad Rafi Khan and Aura (Pvt.) Ltd., the client of the Company has defaulted to pay their det, Rs. 239,900,022. The Company has filled a suit for recovery from these client. The management is confident that Company would be able to recover the above stated debt.

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 options 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.

PAYOUT FOR THE SHAREHOLDERS

Keeping in view the deteriorated capital market position which also effected the Company, the Board of Directors does not recommend any payout this year.

RISK MANAGEMENT

The Company's principal business activities by their nature engender significant market and credit risks. In addition, the Company is also subject to various other risks including operating risk, legal risk and funding risk. Effective identification, assessment and management of these risks are critical to the success and stability of the Company. As a result comprehensive risk management policies and procedure have been established to identify, control and monitor each of these major risks.

COMPANY PERFORMANCE IN PAST YEARS

Past eight years Company performance chart is attached.

EARNINGS PER SHARE

Loss per share for the year ended June 30, 2009 was Rs. (3.52) as compared to earnings per share Rs. 2.71 (Restated) in the last year.

CHANGES IN THE BOARD OF DIRECTORS

During the year Mr. Suhail Ahmed has resigned and Ms Samira Ahmad Zia has been appointed in his place.

BOARD MEETINGS DURING THE YEAR

Four meetings of the Board of Directors were held during the year Attendance by each director is as under:

Directors	Meetings Attended
Mian Ehsan ul Haq	4
Mr. Ashraf Liquat Ali Khan	1
Mr. Farooq Bin Habib	4
Mr. Mazhar Abbas	4
Mr. Ahsan Zia	4
Mr. Muhammad Zubair Khalid	4
Mr. Suhail Ahmed (Resigned)	1
Ms. Samira Ahmed Zia	3

The Directors who could not attend the meeting were duly granted leave by the Board.

TRADING OF DIRECTORS

During the year under review no trading in the Company shares were carried out by the Directors, CEO, CFO, Company Secretary and their spouses including any minor children.

AUDIT COMMITTEE

The Board of Directors in the compliance with the Code of Corporate Governance has established an Audit Committee consisting of following directors:

Ms. Samira Ahmad Zia	Chairperson
Mr. Muhammad Zubair Khalid	Member
Mr. Ahsan Zia	Member

During the year Mr. Suhail Ahmad has been resigned and Ms. Samira Ahmad Zia has appointed in his place and appointed Chairperson of Audit Committee.

AUDITORS

The present Auditors, Messrs Nasir Javaid Maqsood Imran Chartered Accountants, shall retire and being eligible to offer themselves for re-appointment. The Board of Directors endorse the recommendation of the Audit Committee for the re-appointment of Messrs Nasir Javaid Maqsood Imran Chartered Accountants as the Auditors of the Company for the financial year ending June 30, 2010.

M/s. Nasir Javaid Maqsood Imran Chartered Accountants were appointed as auditors of the Company by the board in place of M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountant who resigned during the year.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as required under section 236 of the Companies Ordinance, 1984 and listing regulations are enclosed.

STATEMENT OF COMPLIANCE IN ACCORDANCE WITH THE CODE OF CORPORATE GOVERNANCE (“CCG”).

This statement is being presented to comply with the “Code of Corporate Governance” (Code) contained in the Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of Code. The directors hereby confirm the following as required by clause (xix) of the Code.

The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been implemented and effectively monitored.

- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.
- The key financial data of last eight years is summarized in the report.
- There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

ACKNOWLEDGMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued 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 hard work.

For and on behalf of the Board of Directors

Lahore:
September 12, 2009

Mian Ehsan ul Haq
Chairman & Chief Executive Officer

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

INCORPORATION NUMBER: 0034157 OF 26-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1	101	-	500	125
1	501	-	1000	700
135	1001	-	5000	528057
7	5001	-	10000	41300
1	35001	-	40000	37000
1	45001	-	50000	50000
1	65001	-	70000	66750
1	120001	-	125000	120500
1	245001	-	250000	250000
1	585001	-	590000	589150
1	1255001	-	1260000	1260000
1	10795001	-	10800000	10797718
1	18420001	-	18425000	18425000
1	21595001	-	21600000	21600000
1	54265001	-	54270000	54265200
155				**108031500**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer,	36,720	0.03
Associated Companies, undertakings and related parties.	94,290,200	87.28
NIT and ICP	-	-
Modaraba and Mutual Fund	120,500	0.11
Banks, Development Financial Institutions, Non Banking Financial Institutions	-	-
Share holders holding 10% or more	94,290,200	87.28
Others:		
- Joint Stock Companies	11,699,518	10.83
General Public		
a) Local	1,884,562	1.74
b) Foreign	21,600,000	19.99

Note: Some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT JUNE 30, 2009

Shareholders' Categories	Number of Shares held
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	72,690,200
Sulieman Ahmad Said Al-Hoqani	21,600,000
NIT and ICP	-
Directors, CEO & their Spouse and Minor Children	
Mian Ehsan ul Haq (CEO/Director)	5,400
Farooq Ben Habib (Director)	5,400
Mazhar Abbas (Director)	5,400
Muhammad Zubair Khalid (Director)	5,400
Ashraf Liaqat Ali Khan (Director)	5,400
Ahsan Zia (Director)	5,400
Samira Ahmed Zia (Director)	4,320
Executives	-
Public Sector Companies and Corporations	11,699,518
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds etc.	120,500
Shareholders holding 10% or more voting interest in the Company	
First Capital Securities Corporation Limited	72,690,200
Sulieman Ahmad Said Al-Hoqani	21,600,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1) The board of directors comprise of seven directors. The Company encourages representation of independent non-executive directors on its board. At present the board includes at least 2 independent non-executive directors.

2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3) All the resident directors of the Company are registered as taxpayers and none of them has convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a DFI or an NBFI. No one is a member of Stock Exchange.

4) All casual vacancies occurring in the Board were filled up by the directors within 30 days thereof.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7) All the powers of the board have been duly exercised and decisions on material transactions have been taken by the board. Appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors is also approved by the Board,

8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10) The Board approved appointment of Company Secretary, Chief Financial Officer and Internal Auditors including remuneration and terms and conditions of employment, as determined by the CEO.

11) The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board

13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding

14) The Company has complied with all the corporate and financial reporting requirements of the Code

15) The Board has formed an audit committee. At present the committee includes one non-executive director including the chairman of the committee and two executive directors.

16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The Board has set-up an effective internal audit function having suitable qualified and experienced personal who are conversant with the policies and procedures of the Company.

18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20) We confirm that all other material principles contained in the Code have been complied with.

21) The Company has fully complied with the requirements on related party transaction to the extent as contained in the listing regulations of Stock Exchanges(s).

For and on behalf of Board

Lahore
Dated: September 12, 2009

Mian Ehsan ul Haq
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Capital Equities Limited (the Company) to comply with the Listing Regulation No. 35 of Chapter XI of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the year ended June 30, 2009.

LAHORE
September 12, 2009

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Equities Limited (the Company)** as at **June 30, 2009** and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements for the year ended June 30, 2008 were audited by M/s. Ford Rodes Sidat Hyder & Co. Chartered Accountants who had expressed in their audit report unqualified opinion vide their report dated September 27, 2008.

LAHORE
September 12, 2009

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

BALANCE SHEET

AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	6	**111,306,191**	448,876,851
Stock exchange membership card and room	7	**40,700,000**	40,700,000
Investments - available for sale	8	**621,022,032**	121,767,150
Long term deposits and advances	9	**2,791,831**	3,435,996
		775,820,054	614,779,997
CURRENT ASSETS			
Trade debts - Unsecured	10	**3,097,150,519**	2,244,411,228
Investments	11	**509,178,747**	328,731,518
Advances, deposits, prepayments and other receivables	12	**41,547,026**	1,003,544,435
Advance income tax		**44,799,096**	42,648,198
Placements	13	**1,640,821,717**	1,997,425,000
Interest accrued	14	**17,071,085**	18,278,400
Cash and bank balances	15	**7,374,395**	334,956,769
		5,357,942,585	5,969,995,548
TOTAL ASSETS		**6,133,762,639**	6,584,775,545
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	16	**1,100,000,000**	900,000,000
Issued, subscribed and paid up share capital	17	**1,080,315,000**	864,252,000
Reserves	18	**499,254,882**	90,026,250
Unappropriated profit		**131,408,664**	637,624,432
TOTAL EQUITY		**1,710,978,546**	1,591,902,682
NON - CURRENT LIABILITIES			
Long term financing	19	**7,000,000**	-
Staff retirement benefits	20	**26,770,463**	21,943,781
		33,770,463	21,943,781
CURRENT LIABILITIES			
Trade and other payables- Unsecured	21	**339,308,293**	426,122,032
Liabilities against repurchase agreements - Secured	22	**681,400,430**	508,425,000
Short term borrowings - Secured	23	**3,140,936,523**	3,924,151,155
Current portion of long term financing	19	**40,000,000**	-
Interest accrued	24	**166,864,292**	92,430,713
Provision for taxation		**20,504,092**	19,800,182
		4,389,013,630	4,970,929,082
CONTINGENCIES AND COMMITMENTS	25	-	-
TOTAL EQUITY AND LIABILITIES		**6,133,762,639**	6,584,775,545

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
INCOME			
Brokerage and operating income		**470,854,046**	718,725,922
Capital (loss) / gain net		**(10,908,856)**	100,316,916
Income on placements		**399,388,361**	262,667,926
Income on continuous funding system placements		**440,069**	143,681
Other operating income	**26**	**75,730,216**	26,040,789
		935,503,836	1,107,895,234
(Loss) / gain on re-measurement of investments at fair value through profit or loss - net	**11.2**	**(130,258,735)**	(9,112,136)
		805,245,101	1,098,783,098
EXPENDITURE			
Operating expenses	**27**	**396,491,778**	387,644,517
Finance cost	**28**	**780,192,686**	353,763,850
		1,176,684,464	741,408,367
(LOSS) / PROFIT BEFORE TAXATION		**(371,439,363)**	357,374,731
Taxation	**29**	**8,739,655**	64,287,134
(LOSS) / PROFIT AFTER TAXATION		**(380,179,018)**	293,087,597
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (2008: Restated)	**30**	**(3.52)**	2.71

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore	**Chief Executive**	**Director**

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(371,439,363)**	357,374,731
Add: Items not involved in movement of funds			
Depreciation		**18,539,748**	18,523,672
Loss on re-measurement of investments at fair value through profit or loss - net		**130,258,735**	9,112,136
Provision for doubtful debts written back	10.2	**(15,331)**	(3,867,036)
Provision for bonus written back		**(40,519,983)**	-
Provision for doubtful debts	10.2	**-**	19,016,859
Bad debts written off		**184,514,452**	-
Dividend income		**(233,334)**	(1,222,039)
Interest accrued		**(405,962,581)**	(281,893,998)
Interest expense		**780,192,686**	353,763,850
(Gain) / loss on sale of property and equipment	6.3	**(18,562,240)**	421,196
Gain on foreign currency translation		**(1,430,145)**	(875,956)
Provision for gratuity		**10,328,119**	9,706,293
		657,110,126	122,684,977
		285,670,763	480,059,708
(Increase) / decrease in current assets			
Investments at fair value through profit or loss		**(310,705,964)**	241,532,434
Trade debts - unsecured		**(1,037,238,414)**	(2,040,287,216)
Advances, deposits, prepayments and other receivables		**961,997,411**	(34,059,891)
		(385,946,967)	(1,832,814,673)
(Increase) / decrease in current liabilities in trade and other payables		**(46,293,756)**	4,169,906
Cash used in operations		**(146,569,960)**	(1,348,585,059)
Dividend received		**233,334**	6,466,369
Interest received		**407,169,896**	276,937,814
Finance cost paid		**(705,759,107)**	(281,131,813)
Gratuity paid		**(5,501,437)**	(1,809,920)
Taxes paid		**(10,186,643)**	(66,774,071)
Net cash (used) in operating activities		**(460,613,921)**	(1,414,896,679)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(82,529,662)**	(227,022,064)
Proceeds from sale of property and equipment		**420,122,815**	1,125,000
Long term loan - unsecured, considered good		**-**	10,190,000
Investments available for sale		**-**	(88,607,870)
Placements		**356,603,283**	(838,675,000)
Long term deposits and advances		**644,165**	(573,500)
Net cash (used) / generated in investing activities		**694,840,601**	(1,143,563,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**-**	(110,072)
Long term finance obtained		**47,000,000**	(8,280,000)
Liabilities against repurchase agreements		**172,975,430**	(415,325,000)
Short term borrowings		**(783,214,632)**	3,171,825,827
Net cash (used) / generated from financing activities		**(563,239,202)**	2,748,110,755
Effects of exchange rate changes in cash and cash equivalents		**1,430,145**	39,074
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(329,012,520)**	**189,650,641**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**334,956,769**	145,267,054
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	**7,374,395**	334,956,769

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

		Capital Reserve			Revenue Reserve	
	Issued, Subscribed and paid up capital	Share Premium	Reserve for issue of bonus shares	Fair Value reserve	Unappropri-ated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2007	**540,157,500**	**90,026,250**	**-**	**-**	**668,631,335**	**1,298,815,085**
Transfer to reserve for issuance of bonus shares	-	-	324,094,500	-	(324,094,500)	-
Bonus shares issued - 60% during the year	324,094,500	-	(324,094,500)	-	-	-
Profit for the year	-	-	-	-	293,087,597	293,087,597
Balance as at June 30, 2008	**864,252,000**	**90,026,250**	**-**	**-**	**637,624,432**	**1,591,902,682**
Transfer to reserve for issuance of bonus shares	-	(90,026,250)	216,063,000	-	(126,036,750)	-
Bonus shares issued - 25% during the year	216,063,000	-	(216,063,000)	-	-	-
Fair value gain during the year	-	-	-	499,254,882	-	499,254,882
Loss for the year	-	-	-	-	(380,179,018)	(380,179,018)
Balance as at June 30, 2009	**1,080,315,000**	**-**	**-**	**499,254,882**	**131,408,664**	**1,710,978,546**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Lahore | Chief Executive | Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

1. STATUS AND NATURE OF BUSINESS

First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984. The Company was converted into a public limited company on June 18, 1997 and is listed on Lahore Stock Exchange (Guarantee) Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 67.28% (2008: 67.28%) of the share capital of the Company. The principal activities of the Company include share brokerage and conducting / publishing business research.

The registered office is located at 103 C-II, Gulberg III, Lahore.

2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for investments at fair value through profit or loss which are stated at their fair value and staff retirement benefits which are stated at their present value.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

4.1. Staff retirement benefits

Defined benefit plan

Liability under defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to uncertainty. Further details are given in Note. 20.

4.2. Provision for taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

4.3. Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.4. Useful lives and residual values of property and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with corresponding effects on the depreciation charge and impairment.

Other areas where estimates and judgments are involved are disclosed in respective notes to the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1. Fixed capital expenditure and depreciation

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except for leasehold land which is stated at cost. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 6 to the financial statements.

Depreciation on additions is charged from the month in which the asset is put to use, while no depreciation is charged in the month of disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Residual value, depreciation method and the useful life of an asset are reviewed at least at each financial year-end.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of their fair value and present value of minimum lease payments at the date of commencement of lease, less accumulated depreciation and accumulated impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term liabilities depending upon the timing of the payment. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is calculated at the rate implicit in the lease and charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 6. Depreciation on leased assets is charged to income.

Depreciation on additions is charged from the month in which the asset is put to use, while no depreciation is charged in the month of disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the revised carrying amount of the assets over its estimated useful life.

Residual value, depreciation method and the useful lives of the leased asset are reviewed at least at each financial year-end.

5.2. Stock Exchange membership card and room

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

5.3. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, market price is used. Impairment losses of continuing operations are recognized in the profit and loss account in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

5.4. Investments and other financial assets

Investments within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading and investments designated upon initial recognition as at fair value through profit or loss are recognized in the profit and loss account.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has the positive intention and ability to hold to maturity. After initial measurement, held to maturity investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process. As at 30 June 2009, the Company had no held-to-maturity investments (2008: Nil).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available for sale financial assets are measured at fair value (except for unquoted investments where active market does not exist which are carried at cost) with unrealized gains or losses being recognized directly in equity in the net unrealized gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account. The investment, for which a quoted market is not available, is measured at cost. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the profit and loss account as 'dividend income' when the right of receipt has been established.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date except for the units of open end funds which are valued at the closing redemption price. For investments where there is no active market and fair value can not be reasonably calculated are carried at cost.

5.5. Trade and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any. Late payment charges, at the Company's borrowing cost, are charged to customers, on balances that remain overdue for a certain period of time, with mutual agreement.

5.6. Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Available-for-sale financial instruments/ assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit and loss account, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available for sale are not recognized in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the profit and loss account.

5.7. Taxation

Tax charged to profit or loss account comprises of current and deferred tax.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.8. **Securities sold under repurchase / purchased under resale agreements**

The Company enters into transactions of repos and reverse repos at contracted rates for a specified period of time as under:

Repurchase agreement borrowings

Securities sold subject to a repurchase agreement at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investment securities. Amounts received under these agreements are recorded as liabilities against repurchase agreements. The difference between sale and repurchase price is treated mark-up/return/interest expense and accrued over the period of repo agreement using the effective yield method.

Repurchase agreement lending

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the balance sheet. Amounts paid under these agreements are included in placements. The difference between purchase and resale price is treated as markup/return/interest income and accrued over the period of reverse repo agreement using the effective yield method.

5.9. **Deferred liability**

The Company operates an un-funded gratuity scheme for its permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service.

Obligation of the scheme and profit and loss charge are made in accordance with the actuary's recommendation based on the actuarial valuation of the scheme as on June 30, 2009 using projected unit credit method.

Actuarial gains and losses that are in excess of the corridor limits as prescribed in IAS-19 (revised) “Employee Benefits” are amortized over the average remaining working lives of the employees participating in the plan.

5.10. **Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

5.11. **Interest bearing borrowings**

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit and loss account when the liabilities are derecognized as well as through the amortization process.

5.12. **Foreign currency translation**

All assets and liabilities in foreign currency are translated at exchange rates prevailing at the year-end. Foreign currency transactions during the year are recorded at the rate of exchange prevailing at the time of transaction. Gain or loss on translation is included in or charged to income currently.

5.13. **Revenue recognition**

Brokerage income

Brokerage income is recognized on accrual basis as and when services are provided.

Capital gains / losses

Capital gains or losses on sale of investments are recognized in the period in which they arise.

Dividend income

Dividend income on equity investments is recognized when the right to receive the same is established.

Interest income

Interest income is recognized as and when it is due on accrual basis.

Income on Continuous Funding System placements

Income on placements on account of Continuous Funding System is recognized on accrual basis.

Underwriting commission

Underwriting commission is recognized when the agreement is executed.

5.14. Finance costs

All finance costs are charged to profit and loss account.

5.15. Financial instruments

Financial assets

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit and loss account.

5.16. Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

5.17. Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Property that is being constructed or developed for future use as investment property is classified as capital work in progress until construction or development is complete at which time the property is transferred to investment property.

No assets held under operating lease have been classified as investment properties.

5.18. Settlement date accounting

All “regular way” purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by the regulation or convention in the market.

5.19. Proposed dividend and appropriations to reserves

Dividends declared and appropriations to reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared/appropriations are made.

5.20. Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

5.21. Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand and bank balances.

5.22. Transactions with related parties and associated undertakings

The related parties comprise parent company, related group companies, local associated undertakings, directors of the Company, key management personnel and their close family members. Transactions with related parties are at arm's length prices. Prices for transactions with related parties are determined using admissible valuation methods controlled by the same party or parties both before and after the business combination, and the control is not transitory.

In the absence of more specified guidance, the Company consistently applies the fair value measurement method to all common control transactions.

5.23. Fiduciary assets

Assets are held in trust or in fiduciary capacity are not treated as assets of the Company and accordingly are not disclosed in these financial statements.

5.24. Accounting Standards and Interpretations not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation		Effective Date (periods beginning on or after)
IAS 1	Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23	Borrowing Costs (Revised)	January 01, 2009
IAS 27	Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3	Business Combinations	January 01, 2009
IFRS 8	Operating Segments	January 01, 2009
IFRIC 12	Service Concession Arrangements	January 01, 2009
IFRIC 14	The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2009
IFRIC 15	Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16	Hedges of Net Investment in a Foreign Operation	October 01, 2008
IFRS 2	Share Based Payments	January 01, 2010
IFRS 7	Financial Instruments: Disclosure (Amendments)	July 01, 2009
IFRIC 17	Distribution of Non Cash Assets	July 01, 2009
IAS 36	Impairment of Assets (Amendments)	January 01, 2009
IAS 38	Intangible Assets (Revised)	January 01, 2009
IAS 39	Financial Instruments: Recognition and Measurement	July 01, 2009
IAS 32	Financial Instruments: Presentation (Revised)	January 01, 2009
IAS 37	Provisions, Contingent Assets (Revised)	January 01, 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes on enhancement in the presentation and disclosure in the financial statements.

	Note	2009 Rupees	2008 Rupees
6 PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	**67,502,191**	239,117,065
Capital work in progress	6.2	**43,804,000**	209,759,786
		111,306,191	448,876,851

6.1 Operating fixed assets

Particulars	2009 Cost: As at July 01, 2008	Cost: Additions/ (Disposals)/ Transfers	Cost: As at June 30, 2009	Depreciation: Accumulated as at July 01, 2008	Depreciation: Charge for the year	Depreciation: Adjustments/ (Disposals)	Depreciation: Accumulated as at June 30, 2009	Written down value as at June 30, 2009	Depre-ciation Rate
	Rupees			Rupees				Rupees	%
OWNED ASSETS									
Land - Leasehold	133,999,875	-	-	-	-	-	-	-	-
		(133,999,875)							
Building on leasehold land	2,540,000	-	-	169,333	31,750	-	-	-	5
		(2,540,000)				(201,083)			
Office premises	40,879,000	30,715,800	30,715,800	4,258,467	1,236,779	-	712,666	30,003,134	5
		(40,879,000)				(4,782,580)			
Leasehold improvements	14,026,252	-	-	651,270	216,463	-	-	-	5
		(13,925,901)				(834,283)			
Transfer		(100,351)				(33,450)			
Computers	16,926,044	3,434,955	19,675,989	12,118,120	3,883,801	-	15,468,805	4,207,184	33.33
		(685,010)				(533,116)			
Office equipments	19,384,321	431,535	16,566,939	6,649,600	2,077,139	-	6,416,107	10,150,832	10
		(3,349,268)				(2,344,082)			
Transfer		100,351				33,450			
Furniture and fittings	14,443,132	151,000	13,407,724	3,458,012	1,450,837	-	4,109,643	9,298,081	10
		(1,186,408)				(799,206)			
Motor vehicles	51,804,313	-	50,400,533	27,581,070	9,642,979	-	36,557,573	13,842,960	20
		(1,403,780)				(666,476)			
Total	**294,002,937**	**34,833,641**	**130,766,985**	**54,885,872**	**18,539,748**	**33,450**	**63,264,794**	**67,502,191**	
		(198,069,593)				**(10,194,276)**			

Particulars	2008 Cost: As at July 01, 2007	Cost: Additions/ (Disposals)/ Transfers	Cost: As at June 30, 2008	Depreciation: Accumulated as at July 01, 2007	Depreciation: Charge for the year	Depreciation: Adjustments/ (Disposals)	Depreciation: Accumulated as at June 30, 2008	Written down value as at June 30, 2008	Depre-ciation Rate
	Rupees			Rupees				Rupees	%
OWNED ASSETS									
Land - Leasehold	97,912,075	36,087,800	133,999,875	-	-	-	-	133,999,875	-
Building on leasehold land	2,540,000	-	2,540,000	42,333	127,000	-	169,333	2,370,667	5
Office premises	17,000,000	23,879,000	40,879,000	2,560,000	1,698,467	-	4,258,467	36,620,533	5
Leasehold improvements	2,876,175	12,314,354	14,026,252	713,555	183,670	-	651,270	13,374,982	5
		(1,164,277)				(245,955)			
Computers	14,510,185	2,415,859	16,926,044	8,680,832	3,437,288	-	12,118,120	4,807,924	33.33
Office equipments	14,304,736	5,324,748	19,384,321	4,882,753	1,882,931	-	6,649,600	12,734,721	10
		(245,163)				(116,084)			
Furniture and fittings	6,426,751	8,016,381	14,443,132	2,492,498	965,514	-	3,458,012	10,985,120	10
Motor vehicles	45,831,184	7,369,129	51,804,313	18,016,980	10,228,802	232,493	27,581,070	24,223,243	20
		(1,396,000)				(897,205)			
	201,401,106	95,407,271	294,002,937	37,388,951	18,523,672	232,493	54,885,872	239,117,065	
		(2,805,440)				(1,259,244)			
LEASED ASSETS									
Motor vehicles	371,000	(371,000)	-	232,493	-	(232,493)	-	-	20
Total	**201,772,106**	**95,407,271**	**294,002,937**	**37,621,444**	**18,523,672**	**232,493**	**54,885,872**	**239,117,065**	
		(3,176,440)				**(1,491,737)**			

6.2 Capital work in progress

	2009			
	Opening balance	Additions	Transfers/ (disposals)	Closing balance
	Rupees	Rupees	Rupees	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)	**-**
	209,759,786	62,629,172	(228,584,958)	**43,804,000**

6.3 Disposal of property and equipment

Particulars	Cost	Accumulated Depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of Sale	Particulars of Buyers
	Rupees			Rupees			
Owned Assets							
Office Floor Lakson Square	17,000,000	3,688,125	13,311,875	42,635,057	29,323,182	Negotiation	Pace Barka Properties Limited
Office Floor BFC Building	23,879,000	1,094,455	22,784,545	14,769,600	(8,014,945)	Negotiation	Pace Barka Properties Limited
Bungalow Zamzama	58,806,454	405,524	58,400,930	30,701,150	(27,699,780)	Negotiation	Pace Barka Properties Limited
land D 115 Clifton Karachi	53,912,075	-	53,912,075	34,000,000	(19,912,075)	Negotiation	Pace Barka Properties Limited
Plot F/49 Clifton Karachi	36,087,800	-	36,087,800	94,775,000	58,687,200	Negotiation	Pace Barka Properties Limited
Lease Hold improvements	1,136,115	544,804	591,311	327,411	(263,900)	Negotiation	Mrs. Ishrat Saleem - Lahore
Computers	82,800	62,100	20,700	18,400	(2,300)	Negotiation	Syed Muqeel Hasnain Haider - Lahore
Furniture & Fixture	813,751	595,497	218,254	76,900	(141,354)	Negotiation	Friends House Old Furniture - Lahore
Office Equipment	823,036	559,267	263,769	110,000	(153,769)	Negotiation	Shahbaz Cooling
Office Equipment	114,399	103,264	11,135	20,600	9,465	Negotiation	Shahbaz Cooling
Office Equipment	234,250	93,406	140,844	14,100	(126,744)	Negotiation	Mr. Munir
Office Equipment	49,660	9,087	40,573	18,300	(22,273)	Negotiation	Multimedia Business Machines
Office Equipment	1,100,000	957,508	142,492	787,797	645,305	Negotiation	Media Times Limited
Motor Vehicles	424,300	113,146	311,154	365,000	53,846	Negotiation	Abdul Qayum - Faisalabad
Motor Vehicles	403,000	60,450	342,550	405,000	62,450	Negotiation	Muhammad Shafique - Lahore
Motor Vehicles	55,500	25,900	29,600	32,500	2,900	Negotiation	Waris Ali - Lahore
Lease Hold improvements	181,997	25,333	156,664	-	(156,664)	Written off	-
Lease Hold improvements	341,336	93,155	248,181	200,000	(48,181)	Negotiation	Sarteef Khan
Computers	339,990	336,989	3,001	-	(3,001)	Written off	-
Computers	120,320	61,365	58,955	65,000	6,045	Negotiation	Sarteef Khan
Computers	141,900	72,664	69,236	75,000	5,764	Negotiation	Syed Ali Raza
Office Equipment	75,513	43,649	31,864	31,000	(864)	Negotiation	Mumtaz Ahmad - Rawalpindi
Office Equipment	64,800	64,800	-	12,500	12,500	Negotiation	Mr. Raheem - Rawalpindi
Office Equipment	378,931	277,397	101,534	-	(101,534)	Written off	-
Office Equipment	313,039	153,634	159,405	165,000	5,595	Negotiation	Sarteef Khan
Office Equipment	195,640	48,620	147,020	145,000	(2,020)	Negotiation	Syed Ali Raza
Furniture & Fixture	74,781	59,622	15,159	-	(15,159)	Written off	-
Furniture & Fixture	115,501	89,483	26,018	23,500	(2,518)	Negotiation	Mumtaz Ahmad - Rawalpindi
Furniture & Fixture	49,960	12,489	37,471	30,000	(7,471)	Negotiation	Safety Securities (Pvt) Ltd.
Furniture & Fixture	26,590	17,232	9,358	20,000	10,642	Negotiation	Sarteef Khan
Furniture & Fixture	105,825	24,881	80,944	35,000	(45,944)	Negotiation	Syed Ali Raza
Motor Vehicles	412,980	412,980	-	200,000	200,000	Negotiation	Syed Iftikhar Gillani
Motor Vehicles	54,000	27,900	26,100	32,000	5,900	Negotiation	Muhammad Ali Azhar
Motor Vehicles	54,000	26,100	27,900	32,000	4,100	Negotiation	Masoor Muhammad
Capital work in progress							
Office space - Lahore	51,831,800	-	51,831,800	51,831,800	-	-	Agreement Cancelled
Shops in commercial plaza	161,920,358	-	161,920,358	148,168,200	(13,752,158)	Negotiation	Pace Pakistan Limited
Total	**411,721,401**	**10,160,826**	**401,560,575**	**420,122,815**	**18,562,240**		

7 STOCK EXCHANGE MEMBERSHIP CARD AND ROOM

	2009			2008		
	Cost			Cost		
	As at July 01, 2008	Additions/ (disposals)	As at June 30, 2009	As at July 01, 2007	Additions/ (disposals)	As at June 30, 2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Membership card						
Karachi Stock Exchange (Guarantee) Limited	**33,200,000**	**-**	**33,200,000**	33,200,000	-	33,200,000
Room						
Karachi Stock Exchange (Guarantee) Limited	**7,500,000**	**-**	**7,500,000**	7,500,000	-	7,500,000
	40,700,000	**-**	**40,700,000**	40,700,000	-	40,700,000

	Note	2009 Rupees	2008 Rupees
8 INVESTMENTS - AVAILABLE FOR SALE			
Media Times Limited	8.1	**121,767,150**	121,767,150
Un- realized Gain - Charged to equity		**499,254,882**	-
		621,022,032	121,767,150

8.1 This represents 13,005,697 ordinary shares of Rs. 10/- each in Media Times Limited (MDTL) representing 9.70% of the issued capital of Media Times Limited. The Company is a public limited company incorporated in Pakistan and was also listed on Karachi and Lahore Stock Exchange during the year.

	2009 Rupees	2008 Rupees
9 LONG TERM DEPOSITS AND ADVANCES		
Deposits with:		
Karachi Stock Exchange (Guarantee) Limited	**1,710,000**	1,710,000
Central Depository Company of Pakistan Limited	**100,000**	100,000
National Clearing Company of Pakistan Limited	**400,000**	400,000
Other lease deposits	**581,831**	1,225,996
	2,791,831	3,435,996

	Note	2009 Rupees	2008 Rupees
10 TRADE DEBTS - UNSECURED			
Trade debts against purchase of shares:			
Considered good:			
Clients	10.1	**3,097,107,830**	2,244,176,423
Members		**42,689**	234,805
		3,097,150,519	2,244,411,228
Considered doubtful:			
Clients		**81,235,840**	81,251,172
Members		**3,911,979**	3,911,977
		85,147,819	85,163,149
Less: Provision for doubtful debts	10.2	**(85,147,819)**	(85,163,149)
		-	-
		3,097,150,519	2,244,411,228

10.1 This includes an amount of Rs. 167,944,259/- (2008:Rs. 324,209,037/-) receivable from related party, Mr. Suleiman Ahmad Said Al-Houqani.

	Note	2009 Rupees	2008 Rupees
10.2 Provision for doubtful debts			
Opening balance		**85,163,149**	70,013,326
Provision written back	26	**(15,330)**	(3,867,036)
Charge for the year	27	**-**	19,016,859
Closing balance		**85,147,819**	85,163,149

	Note	2008 Rupees	2007 Rupees
11 INVESTMENTS			
At fair value through profit or loss			
Quoted equity securities			
Others	11.1	363,059,797	318,102,844
Unquoted securities			
Others	11.2	146,118,950	10,628,674
		509,178,747	328,731,518

11.1. Financial assets at fair value through profit or loss
Quoted equity securities - Others

	2009			2008		
	NUMBER OF SHARES/ UNITS	CARRYING AMOUNT	MARKET VALUE	NUMBER OF SHARES/ UNITS	CARRYING AMOUNT	MARKET VALUE
		Rupees			Rupees	
MUTUAL FUNDS						
PICIC Growth Fund	218,200	5,186,614	1,832,880	218,200	7,375,160	5,186,614
First Capital Mutual Fund Limited	3,735,330	30,816,473	8,890,085	3,735,330	37,722,791	30,816,473
NAMCO Balance Fund	1,472,467	7,362,335	6,950,044	-	-	-
COMMERCIAL BANK						
Bank Islami Pakistan Limited	2,930,343	17,594,558	18,666,285	-	-	-
National Bank Limited	-	-	-	50,000	11,750,875	7,375,000
INVESTMENT BANK & CO.						
Arif Habib Limited	47,100	1,648,500	3,150,519	-	-	-
Islamic Investment Bank Limited	-	-	-	8,900	8,902	-
TECHNOLOGY AND COMMUNICATION						
Pakistan Telecommunication Company Limited	-	-	-	500	22,761	19,320
Worldcall Telecom Limited	25,217,978	80,072,970	63,044,945	467,987	8,572,966	6,795,171
Media Times Limited	3,087,731	108,629,373	147,439,155	-	-	-
SUGAR						
Haseeb Waqas Sugar Mills Ltd.	529,000	5,290,000	24,058,920	-	-	-
CEMENT						
Pioneer Cement Ltd.	11,031	66,588	149,801	-	-	-
REFINERY						
Bosicor Pakistan Limited	-	-	-	500	8,875	6,670
INSURANCE						
Shaheen Insurance Company Limited	2,116,425	186,478,206	56,931,833	2,787,425	239,517,634	245,600,016
PICIC Insurance Ltd.	32,739	229,173	196,107	-	-	-
MISCELLANEOUS						
Pace (Pakistan) Limited	4,364,108	43,571,595	24,351,723	787,000	22,429,319	22,303,580
D.S.Ind.Ltd.	150,000	1,200,000	463,500	-	-	-
Orix Leasing Pakistan Ltd.	34,125	426,563	273,000	-	-	-
Nimir Resins Ltd.	938,500	3,284,750	2,899,965	-	-	-
Pak Elektron Ltd.	153,449	1,460,834	3,761,035	-	-	-
Total		493,318,532	363,059,797		327,409,283	318,102,844

11.2 Unquoted equity securities - Other

JS Fund of funds	-	-	-	37,161	3,803,883	4,215,063
Pace Barka Properties Limited	29,223,790	146,118,950	146,118,950	-	-	-
Unit Trust of Pakistan	-	-	-	13,127	1,630,488	1,999,924
NAFA Stock Fund	-	-	-	384,994	5,000,000	4,413,687
Sub Total		146,118,950	146,118,950		10,434,371	10,628,674
Total investment		639,437,482	509,178,747		337,843,654	328,731,518
Loss on remeasurement		(130,258,735)			(9,112,136)	
Total Investment as at June 30		509,178,747			328,731,518	

11.2.1 All shares have been valued at the closing market price except Pace Barka Properties Limited which is not listed on stock exchange and have been valued at cost.

11.2.2 Shares having carrying amount of Rs. 481,152,750 (2008: Rs.290,406,606) and market value of Rs. 355,331,973 (2008: Rs. 287,051,690) have been given as collateral against short term borrowings from various commercial banks and exposure to Karachi Stock Exchange (Guarantee) Limited.

12 INVESTMENTS

	Note	2009 Rupees	2008 Rupees
Advances - Unsecured - Considered good			
- Executives	12.1	**7,590,655**	16,693,949
- Employees		**3,600,360**	4,012,272
Deposits with			
- Central Depository Company of Pakistan Limited		**25,000**	25,000
- Karachi Stock Exchange (Guarantee) Limited		**-**	28,701,533
- Others		**826,786**	2,066,441
Prepayments		**1,047,829**	6,432,891
Exposure with Karachi Stock Exchange (Guarantee) Limited	12.2	**14,107,309**	930,110,948
Accrued brokerage commission		**318,115**	3,937,591
Receivable on account of sale of			
- Equity Partners Securities Limited - Foreign Subsidiary		**8,901,200**	7,480,880
Advance for National Commodity Exchange Limited Membership		**2,500,000**	2,500,000
Other receivables	12.3	**2,629,772**	1,582,930
		41,547,026	1,003,544,435

12.1 The Chief Executive and Directors have not taken any loan and advance from the Company during the year (2008: Rs. Nil).

12.2 This represents exposure deposit with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules which carries mark up at rates Nil (2008: 0.10% to 9.2% per annum).

	2009 Rupees	2008 Rupees
12.3 Other receivables considered good	**2,629,772**	1,589,290
Other receivables considered doubtful	**500,000**	500,000
Less: Provision for doubtful other receivables	**(500,000)**	(500,000)
	-	-
	2,629,772	1,589,290

13 PLACEMENTS

	2009 Rupees	2008 Rupees
Secured - Considered good		
Securities purchased under the resale agreement of quoted shares:		
- Mr. Suleiman Ahmed Said Al-Houqani - related party	**-**	1,030,000,000
- Others	**1,640,821,717**	967,425,000
	1,640,821,717	1,997,425,000

13.1 These have been placed for a period ranging from three to ninety two days (2008: twenty to ninety two days) and carry mark up at rates ranging from 16.5% to 20 % per annum (2008: 12.5% to 20% per annum). Fair value of quoted equity securities held as collateral is Rs. 1,677,179,803 (2008: Rs. 4,271,439,470) out of which quoted equity securities having market value of Rs. 478,036,967 (2008: Rs. 532,689,486) were further placed as collateral with financial institutions by the Company under repurchase transactions (refer to Note 22.1).

	Note	2009 Rupees	2008 Rupees
14 INTEREST ACCRUED			
Interest accrued on:			
Placements with Mr.Sulieman Ahmad Said Al-Houqani - related party		**-**	4,523,421
Other placements		**16,542,698**	8,424,701
Bank deposits		**528,387**	5,330,278
		17,071,085	18,278,400
15 CASH AND BANK BALANCES			
Cash at bank			
Local currency			
Current accounts		**4,076,476**	48,731,831
Deposit accounts	**15.1**	**3,023,458**	286,047,415
		7,099,934	334,779,246
Foreign currency			
Current accounts		**217,691**	83,340
		7,317,625	334,862,586
Cash in hand		**56,770**	94,183
		7,374,395	334,956,769

15.1 These carry profit at rates ranging from 2% to 6% per annum (2008: 0.5% to 10% per annum).

	2009 Rupees	2008 Rupees
16 AUTHORIZED SHARE CAPITAL		
110,000,000 (2008: 90,000,000) ordinary shares of Rs. 10/- each.	**1,100,000,000**	900,000,000

16.1 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.

17 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

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

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

17.2 During the year, 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.

		Note	2009 Rupees	2008 Rupees
18	**RESERVES**			
	Capital reserve			
	Share premium	**18.1**	**-**	90,026,250
	Fair value reserve			
	Un-realized Gain - Charged to equity		**499,254,882**	-

18.1 These have been utilized by the Company for issue of bonus shares as specified in Section 83 (2) d of the Companies Ordinance, 1984.

		Note	2009 Rupees	2008 Rupees
19	**LONG TERM FINANCING - SECURED**			
	Term finance facility	**19.1**	**47,000,000**	-
	Less: Current portion shown under current liability		**40,000,000**	-
	Long term portion		**7,000,000**	**-**

19.1 Term finance facility has been availed from a commercial bank at mark-up rate 13% and is repayable over a period of 18 months from the date of disbursement in six equal quarterly installments. The arrangement is secured by the legal mortgage of Rs. 55,250,000 on property of parent company.

		2009 Rupees	2008 Rupees
20	**STAFF RETIREMENT BENEFITS**		
	Provision for Gratuity	**26,770,463**	21,943,781

20.1 The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out as on June 30, 2009.

	2009	2008
Discount Rate	**12 %**	12 %
Expected rate of salary increase in future years	**11 %**	11 %
Average expected remaining employment period of employees	**12 Years**	12 Years

	Note	2009 Rupees	2008 Rupees
a) The amount to be recognized in the balance sheet is as follows:			
Present value of obligation		**29,142,701**	27,375,357
Unrecognized actuarial loss		**(2,629,738)**	(5,431,576)
Benefits due but not paid		**257,500**	-
Liability recognized in the balance sheet		**26,770,463**	21,943,781
b) Movement of liability to be recognized in the balance sheet is as follows:			
Present value of obligation at beginning of the year		**21,943,781**	14,047,408
Amount recognized during the year		**10,328,119**	9,706,293
Contributions made by the Company during the year		**(5,501,437)**	(1,809,920)
Net liability at the end of the year		**26,770,463**	21,943,781
c) The amount recognized in the profit and loss account is as follows:			
Current service cost		**6,818,573**	7,633,314
Interest cost		**3,285,043**	1,836,389
Actuarial loss charged to profit and loss account during the year		**224,503**	236,590
Total amount charged to income statement	**27**	**10,328,119**	9,706,293

20.2 Year	Present value of obligation Rupees	Actuarial Loss Rupees
2009	**29,142,701**	2,629,738
2008	**27,375,357**	5,431,576
2007	**18,363,885**	4,438,877
2006	**10,397,353**	1,553,942
2005	**6,524,447**	783,502

	Note	2009 Rupees	2008 Rupees
21 TRADE AND OTHER PAYABLES- UNSECURED			
Payable against sale of shares			
- Clients		**272,545,620**	**301,371,634**
- Members		**22,837,952**	**1,555,118**
Accrued and other liabilities		**43,092,587**	**121,652,599**
With holding tax payable		**832,134**	**1,542,681**
		339,308,293	426,122,032
22 LIABILITIES AGAINST REPURCHASE AGREEMENTS - SECURED			
Payable to financial institutions	**22.1**	**681,400,430**	508,425,000

22.1 This represents the amount payable to financial institutions under repurchase agreements against the securities under the arrangement as explained in note 13. The effective interest rate is 16.50% to 18% per annum (2008: Rs. 12.5% to 20% per annum) and is for a period of twenty one days to ninety two days (2008: twenty days to ninety two days).

		Note	2009 Rupees	2008 Rupees
23	**SHORT TERM BORROWINGS- SECURED**	**23.1**	**3,140,936,523**	3,924,151,155

23.1 These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 4,365 million (2008: Rs 4,450 million). These facilities carry mark up at rate ranging from 1 to 6 months KIBOR plus 2.5% to 5% per annum payable quarterly (2008: 1.8 % to 4.25 % per annum) with floor limits ranging from 14.49% to 19.52% per annum (2008: 10% to 13.5% per annum). These are secured against pledge of quoted equity securities having market value of Rs. 5,788,211,874 (2008: Rs. 5,847,382,001).

		2009 Rupees	2008 Rupees
24	**INTEREST ACCRUED**		
	Interest accrued on:		
	Short term borrowings	**165,932,833**	81,912,484
	Repurchase agreements	**931,460**	10,518,229
		166,864,293	92,430,713

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) During the year 2000 certain clients of the Company defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of the Company at that time, arranged for the requisite financing and assumed the open positions and obligations of the defaulting clients. The loans so arranged by ABN AMRO were secured specifically against the amounts recoverable from these defaulting clients and were repayable only through amounts recovered from such defaulting clients. These loans were interest free and exchange risk had been assumed by ABN AMRO pursuant to the loan agreements signed between the Company and ABN AMRO. Accordingly the Company had set off these loans and such recoverable amounts.

The Company had initiated cases against the defaulting clients for recovery of the amounts due from them. Based on the legal opinion, the management considers that if the recovery suits succeed entirely or partially and result in recovery of an amount from clients, the only obligation of the Company is to remit the same to ABN AMRO. Whereas in case the recovery suits are unsuccessful, the aforesaid loan will lapse for all purposes and it will extinguish the recovery of loans from clients and this will not affect, in any manner, the financial position of the Company, as it does not have any obligation to pay any amounts to ABN AMRO from its own sources. The defaulting clients had made a counter claim in the said proceedings. The eventual outcome of these cases or counter claims is uncertain at this stage.

The Company has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalized against the Company except for those mentioned above. The existence and the magnitude of any such claims, other than mentioned in these financial statements, are not presently known.

b) Mr. Assad ullah Sajid had filed a petition with Securities and Exchange Commission of Pakistan against the Company for refund of deposit of Rs. 590,740 deposited for purchase of shares on his behalf. The management is confident that the matter will be decided in the Company's favour.

c) During the year 2007-08, Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to the Company under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the Company has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar

Mills Limited. The Company has submitted its reply to the show cause notice to the SECP. During the year, SECP has decided the case and has imposed a fine of Rs. 500,000/- on the Company. The Company has filed an appeal in Appellate Tribunal SECP against the aforesaid order, which is in process.

d) During the year 2007-2008, a claim of Rs. 12,540,356 against loss on trading of shares has been filed by a client, Mr. Hassan Yusuf, which is not acknowledged as debt by the Company.

e) The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs.5.4 million. The Company filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). The Company has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honorable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of the Company.

f) The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability up to Rs.1.4 million on account of apportionment of expenses to capital gain. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the said order. The management is confident that the appeal will be decided in favour of the Company.

g) During the year M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of the Company have defaulted to pay their debts amounting to 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.

25.2 Commitments

Company has agreed to pay further sums, with respect to binding legal agreements for items stated below:

	Less than one year	One year and above
Commitments in respect of:		
Sale of shares	**213,360,116**	-
Purchase of shares	**224,806,739**	-

26 OTHER OPERATING INCOME

	Note	2009 Rupees	2008 Rupees
Return on deposit accounts		**6,574,220**	17,622,473
Interest on long term loan to associated company		**-**	1,603,599
Dividend income		**233,334**	1,222,039
Gain on sale of property and equipment		**18,562,240**	-
Provision for bad debts written back	**10.2**	**15,331**	3,867,036
Provision for Bonus written back		**40,519,983**	-
Gain on foreign currency translation		**1,430,145**	875,956
Under Writing Commission		**3,500,000**	-
Take up commission		**3,119,351**	-
Rental income		**693,000**	-
Others		**1,082,612**	849,686
		75,730,216	26,040,789

27 OPERATING EXPENSES

	Note	2009 Rupees	2008 Rupees
Salaries and benefits		**78,806,839**	172,842,249
Provision for gratuity	**20.1**	**10,328,119**	9,706,293
Stock Exchange and settlement charges		**9,059,277**	36,908,980
Rent, rates and taxes		**10,911,589**	10,313,947
Communication		**10,222,468**	12,897,800
Utilities		**4,521,584**	4,758,225
Insurance		**2,733,222**	2,930,226
Printing and stationery		**1,630,527**	2,796,312
Traveling and conveyance		**8,160,132**	13,363,860
Repair and maintenance		**7,501,152**	12,154,579
Postage and courier		**1,766,010**	3,034,621
Newspaper and periodicals		**317,215**	248,887
Entertainment		**2,790,454**	5,642,612
Legal and professional		**7,445,505**	2,992,556
Provision for doubtful debts	**10.2**	**-**	19,016,859
Bad debts written off directly	**27.1**	**184,514,452**	-
Financial consultancy		**-**	32,337,111
Advertisement		**1,489,812**	4,143,436
Auditors' remuneration	**27.2**	**1,070,000**	1,077,730
Depreciation	**6.1**	**18,539,748**	18,523,672
Fee and subscription		**5,175,981**	7,271,917
CDC and stamps charges		**6,753,912**	6,193,553
Donation	**27.3**	**47,080**	264,960
Capital value tax		**226,873**	3,068,616
Loss on Sale of Property and equipment		**-**	421,196
Penalty	**27.5**	**635,000**	-
Others	**27.4**	**21,844,827**	4,734,320
		396,491,778	387,644,517

27.1 This consist of Trade Debts that resulted into irrecoverable on account of sudden downfall in the share market.

	2009 Rupees	2008 Rupees
27.2 Auditors' remuneration		
Statutory audit	**600,000**	600,000
Half year review	**200,000**	200,000
Certifications	**270,000**	277,730
	1,070,000	1,077,730

27.3 None of the directors or their spouses had any interest in any of the donee.

27.4 It includes Rs. 16,918,522/- paid to M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan as per decision of Honorable Sindh High Court.

27.5 This includes the penalty imposed by Security and Exchange Commission of Pakistan (SECP) for violation of Substantial Acquisition of Voting shares and Takeovers Ordinance 2002 as stated in note 25.1 (c).

	2009 Rupees	2008 Rupees
28 FINANCE COST		
Mark-up on short term borrowings	**608,216,558**	219,874,605
Mark-up on repurchase agreements	**171,237,864**	131,901,902
Mark-up on long term financing	**-**	366,194
Finance lease charges	**-**	63
Bank charges and commission	**738,264**	1,621,086
	780,192,686	353,763,850
29 TAXATION		
Current	**8,739,655**	64,287,134
	8,739,655	64,287,134

29.1 Relationship between income tax expense and accounting profit/(loss):

	2009 Rupees	2008 Rupees
(Loss)/profit before taxation	**(371,439,363)**	357,374,731
Tax at the applicable tax rate of 35 % (2008 : 35%)	**-**	125,081,156
Tax effect of expenses that are inadmissible in determining tax profits	**-**	154,304,056
Tax effect of net income chargeable under final tax regime	**8,739,655**	(181,822,942)
Tax effect of items that are not included in determining taxable profits	**-**	(33,275,136)
	8,739,655	64,287,134

29.2 The returns of total income for the Tax Years 2003, 2004, 2005, 2006, 2007 and 2008 were filed by the Company under self assessment scheme and are deemed to be assessed except for returns for Tax years 2003 and 2004. Refer to note 25.1 for tax related contingencies.

	Note	2009 Rupees	2008 Rupees
30 EARNINGS PER SHARE - BASIC AND DILUTED			
(Loss)/profit after taxation attributable to ordinary share holders - Rupees		**(380,179,018)**	293,087,597
Weighted average number of ordinary shares - Number		**108,031,500**	108,031,500
(Loss)/earnings per share - Basic - Rupees per share	**30.2**	**(3.52)**	2.71

30.1 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.

30.2 Earning per share of Rs. 3.39 for the year ended June 30, 2008 has been restated after taking into account issuance of 21,606,300 bonus shares by the Company during the year.

31. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment disclosed in note 34 are as follows:

	June 30, 2009			
	Associated Company Company	Parent and their close	Key management personnel of the entity, its parent Parties family members	Other Related
	Rupees	Rupees	Rupees	Rupees
Brokerage income	-	2,578,443	7,144,989	13,607,367
Repurchase agreement arrangement fee	-	13,417	-	2,929,167
Placements entered and rolled over	-	276,000,000	-	1,140,000,000
Placements matured	-	276,000,000	-	2,170,000,000
Income earned on placements	-	9,769,314	-	162,851,439
Repurchase agreements entered and rolled over	-	32,200,000	-	-
Repurchase agreements matured	-	32,200,000	-	-
Mark up on repurchase agreements	-	1,336,425	-	-

	June 30, 2008			
	Associated Company Company	Parent and their close	Key management personnel of the entity, its parent Parties family members	Other Related
	Rupees	Rupees	Rupees	Rupees
Brokerage income	-	4,368,490	890,625	40,654,510
Repurchase agreement arrangement fee	-	1,041,667	-	1,210,432
Placements entered and rolled over	-	720,000,000	-	3,652,536,000
Placements matured	-	890,000,000	-	2,972,536,000
Income earned on placements	-	33,428,460	-	125,592,127
Long term loan-settled	10,190,000	-	-	-
Interest on long term loan	1,603,599	-	-	-
Repurchase agreements entered and rolled over	-	675,000,000	-	85,000,000
Repurchase agreements matured	-	675,000,000	-	85,000,000
Mark up on repurchase agreement	-	6,135,616	-	1,760,548

31.1 The amounts due to / due from related parties are disclosed in respective notes to the financial statements.

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

32 FINANCIAL INSTRUMENTS

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables / placements.

32.1.1 Exposure to credit risk

The carrying values of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009 Rupees	2008 Rupees
Investments - available for sale	**621,022,032**	121,767,150
Long term deposits and advances	**2,791,831**	3,435,996
Trade debts - unsecured	**3,097,150,519**	2,244,411,228
Investments	**509,178,747**	328,731,518
Advances, deposits and other receivables	**39,479,691**	988,905,323
Placements	**1,640,821,717**	1,997,425,000
Interest accrued	**17,071,085**	18,278,400
Cash and bank	**7,374,395**	334,956,769
	5,934,890,017	6,037,911,384

The credit quality of financial assets can be assessed by reference to external credit rating or the historical information about counter party defaults.

32.1.2 The age of trade debts at the reporting date was:

	2009 Rupees	2008 Rupees
Past due but not impaired		
Past due 0 - 30 days	**1,720,796,674**	850,235,325
Past due 30 - 90 days	**250,798,479**	953,170,471
Past due 90 - 180 days	**355,242,506**	80,286,421
Past due 180 - 365 days	**624,236,442**	307,410,090
More then 1 year	**146,076,418**	53,308,921
	3,097,150,519	2,244,411,228

As at June 30, 2009 trade debts of Rs. 184,514,452 (June 2008 : Rs. 19,016,859) were written off / provided for.

32.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

The following are the contractual maturities of financial liabilities.

	2009		
	Maturity upto one year	Maturity after one year	Total
Long term financing	40,000,000	7,000,000	47,000,000
Trade & other payables - Unsecured	338,476,159	-	338,476,159
Liability against repurchase agreement - secured	681,400,430	-	681,400,430
Short term borrowing - secured	3,140,936,523	-	3,140,936,523
Interest accrued	166,864,292	-	166,864,292
	4,367,677,404	7,000,000	4,374,677,404

	2008		
	Maturity upto one year	Maturity after one year	Total
Long term financing	-	-	-
Trade & other payables - Unsecured	424,579,351	-	424,579,351
Liability against repurchase agreement - secured	508,425,000	-	508,425,000
Short term borrowing - secured	3,924,151,155	-	3,924,151,155
Interest accrued	92,430,713	-	92,430,713
	4,949,586,219	-	4,949,586,219

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

32.3.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. The company does not view hedging as being financially feasible owing to the excessive cost involved in relation to the amount at risk.

	2009		2008	
	Rupees	US Dollar	Rupees	US Dollar
Receivable on account of sale of foreign subsidiary	8,901,200	110,000	7,480,880	110,000
Foreign Currency Bank Account	217,691	2,690	83,340	1,225
	9,118,891	112,690	7,564,220	111,225

The following significant exchange rates applied during the year

	Average Rates		Reporting date rate	
	2009 Rupees	2008 US Dollar	2009 Rupees	2008 US Dollar
US Dollars	78.89	62.77	80.92	68.01

Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and (Increase) / Decrease in Profit & Loss Account by Rs. 455,945 (2008 ; Rs. (378,199). This analysis assumes that all other variables were held constant.

A 5 % weakening of Rupee would have an equal but opposite effect.

The sensitivity analysis prepared is not necessarily indicative of the effect on loss for the year and assets / liabilities of the Company.

32.3.2 Interest rate risk

Interest rate risk is the risk of decline in earnings due to adverse movement of the interest rate curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. Information about the Company's exposure to interest rate risk based on contractual refinancing, is as follows:

	2009	2008
	Carrying amount (Rs.)	
Fixed rate instruments:		
Financial Assets	**1,640,821,717**	**1,997,425,000**
Financial liabilities	**47,000,000**	**-**
Variable rate instruments:		
Financial liabilities	**3,822,336,953**	**4,432,576,155**

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

<u>Cash value sensitivity analysis for variable rate instruments</u>

An increase of 1 % in interest rate at the reporting date would have increased mark up by Rs. 44,938,723 (2008: Rs. 35,410,798). Similarly a decrease of 1 % in interest rate would have decrease mark up by a similar amount. This analysis assumes that all other variable remain constant.

32.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 1,130,200,779 (2008: Rs. 450,498,668) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For price sensitivity analysis it is observed that KSE 100 index has decreased by 42 % during the year but subsequent to the year end and till the authorization of these financial statements an increase of 26.48 % in KSE 100 index has been recorded.

32.3.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

32.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

During the year the Company has no significant gearing.

Neither there were any change in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
Total Number	1	1	4	4	11	21
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	**2,060,000**	3,400,000	**5,363,333**	7,504,000	**11,698,272**	17,841,591
House Rent	**824,000**	1,360,000	**2,145,334**	3,001,600	**4,679,309**	7,136,637
Commission	**-**	-	**821,693**	7,040,858	**821,693**	7,930,639
Bonus	**-**	2,500,000	**-**	2,280,000	**-**	10,612,500
Medical Expenses Reimbursed	**60,666**	1,337,500	**325,039**	367,703	**352,413**	521,313
Utilities	**206,000**	340,000	**536,333**	750,400	**1,169,827**	1,784,159
	3,150,666	8,937,500	**9,191,732**	20,944,561	**18,721,514**	45,826,839

33.1 In addition, Chief Executive, Directors and some executives have been provided with Company maintained cars.

33.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2008: Nil).

34 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 12, 2009.

35 GENERAL

35.1 Comparative figures

Comparative figures have been reclassified, wherever necessary for better presentation. However, no significant reclassification has been made during the year except for the following.

Account head	From	To	Amount Rupees
Late payment charges	Other operating income	Brokerage & operating income	18,101,847
Vehicle running expenses	Vehicle running expenses	Repair and maintenance	11,346

35.2 Figures have been rounded off to the nearest rupee.

Lahore	**Chief Executive**	**Director**

OUR BRANCH NETWORK

South Region

Karachi

FCEL Lakson Square Branch
4th Floor, Lakson Square Building # 1,
Sarwar Shaheed Road, Karachi
0092 21 111 226 226

FCEL Business & Finance Centre Branch
Suit # 107, 1st Floor, BFC
I.I Chundrigar Road, Karachi
0092 21 32427427

FCEL Stock Exchange Branch
Room # 610 & 611, 6th Floor, Stock
Exchange Building, Karachi.
0092 21 32443442

Sukkur

FCEL Sukkur Branch
House No. 700/01, Hussani Raod,
Upper Storey HBL, Sukkur.
0092 71 5618304

Hyderabad

FCEL Hyderabad Branch
Chandni Shopping Mall
1st Floor (Parking Area)
Hydrabad Cantt.
0092 22 2720623

Central Region

Lahore

FCEL Gulberg Branch
103 C/II, Gulberg III,
Lahore.
0092 42 111 226 226

Faisalabad

FCEL State Life Building Branch
7th Floor State Life Buidling # 2,
Liaqat Road, Faisal-a-bad.
0092 41 2604245

Sargodha

FCEL Azhan Plaza Branch
Near Moti Masjid Main Road,
15/16, Sargodha.
0092 48 3720588

North Region

Islamabad

FCEL Islamabad Branch
4-C, Street 31, Sector F-7/1,
Islamabad.
0092 51 111 226 226

Rawalpindi

FCEL Rawalpindi Branch
39, 1st Floor Commercial Market,
Chaklala Scheme III, Rawalpindi.
0092 51 35766278

Multan

FCEL Multan Branch
Office No. 54, 1st Floor,
Shah Shams Commercial
Center, Vehari Raod, Multan.
0092 61 6525702

D.I.Khan

FCEL State Life Building Branch
3rd Floor, State Life Building,
Dera Ismail Khan, NWFP.
0092 966 730906

Peshawar

FCEL State Life Building Branch
First Floor, (Life Side) State Life
Building, M 34, The Mall Peshawar.
0092 915262681

Wah Cantt

FCEL Wah Cantt Branch
11/251, Anwar Chowk, Wah Cantt.
0092 51 4537291-2

Mir Pur Azad Kashmir

FCEL Mir Pur Branch
Office No.57-58, Quaid-e-Azam
Stadium, Mir Pur Azad Kashmir.
0092 58 610 80933

FORM OF PROXY

The Company Secretary
First Capital Equities Limited
103-C/II, Gulberg-III,
Lahore.

Folio No./CDC A/c. No. ______________

Shares Held: ______________

I / We ____ of ____
(Name) (Address)

being the member (s) of **First Capital Equities Limited** hereby appoint Mr. / Mrs./

Miss ____ of ____
(Name) (Address)

or failing him / her / Mr. / Mrs. / Miss. ______________________________ of __________________________
(Name) (Address)

[who is also member of the Company vide Registered Folio No. ______________ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, on October 31, 2009 at 4:30 p.m. and at any adjournment thereof.

Signature this ____________________ Day of __________________ 2009

Affix Revenue Stamp of Rupees Five

(Witnesses)

1. _____________
2. _____________

Signature ________________________________

(signature appended should agree with the specimen signature registered with the Company)

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Officer of the Company not later then 48 hours before the time of holding the meeting.
2. No person shall act as a proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. CDC account holder, will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.