ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

CONTENTS

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq *Chairman & Chief Executive Officer* Farooq Bin Habib Ashraf Liaquat Ali Khan Suhail Ahmed Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Suhail Ahmed *(Chairman)* Muhammad Zubair Khalid Ahsan Zia
Company Secretary	Syed Akbar Naqi
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan Tele: +92-42-5757591-4 Fax: +92-42-5757590, 5877920
Corporate Office	4th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tele: +92-21-111 226 226 Fax: +92-21-5656710, 5656725
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade,1-K, Commercial Model Town, Lahore Tele: +92-42-5839182
Bankers	Arif Habib Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Faysal Bank Limited Habib Metorpolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited My Bank Limited NIB Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab The Royal Bank of Scotland 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 & Trainin*g
- 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 13th Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company") will be held on October 31, 2008 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 Extraordinary General Meeting held on December 29, 2007;

2. To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2008 together with the Directors' and Auditors' reports thereon;

3. To approve the bonus shares @ 25% i.e. 25 bonus shares for every 100 shares held, for the year ended June 30, 2008;

4. To appoint Auditors of the Company for the year ending June 30, 2009 and to fix their remuneration;

Special business

5. **To consider and if thought fit, pass the following "Special Resolutions" with or without modifications**:

   "**RESOLVED THAT** the Chief Executive Officer of the Company be and is hereby authorized to take all necessary steps to make additional long term investment in the share capital of the Media Times Limited ("MTL") up to Rs.300 million (Rupees Three Hundred Million Only) and to disinvest such investment from time to time as and when considered appropriate".

   "RESOLVED FURTHER THAT Chief Executive Officer of the Company and/or the Company Secretary of the Company be and is hereby authorized to complete any or all necessary required corporate and legal formalities for the purpose of the completion of subject transactions."

   "RESOLVED FURTHER THAT the above authority shall remain in-force until revoked by the shareholders of the Company."

6. **To consider and if thought fit, pass the following "Special Resolutions" with or without modifications**:

   "RESOLVED THAT the Authorized Share Capital of the Company be and is hereby increased from Rs.900,000,000/- divided into 90,000,000 ordinary shares of Rs.10/- each to Rs.1,100,000,000/- divided into 110,000,000 ordinary shares of Rs.10/- each and the words and figures in Clause-V of Memorandum of Association and Clause-4 of the Article of Association of the Company be and are hereby amended accordingly."

"**RESOLVED FURTHER THAT** the Chief Executive Officer and/or the Company Secretary be and is hereby authorized to complete all the necessary corporate and regulatory formalities where required in connection with the above including filing of the necessary documents with the Company Registration Office, Lahore (Securities and Exchange Commission of Pakistan) accordingly."

By order of the Board

Lahore
October10, 2008

Syed Akbar Naqi Zaidi
Company Secretary

Notes:

1) The register of members will remain closed from October 24, 2008 to October 31, 2008 (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, 2008 will be treated in time for the purpose of determining the entitlement of Bonus Issue and 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.

EXPLANATORY STATEMENT ACCOMPANYING NOTICE TO THE MEMBERS/ SHAREHOLDERS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2008. The following are material facts about the proposed special resolution**:**

Media Times Limited ("MTL") was incorporated in Pakistan on June 26, 2001 as a private limited company, under the provisions of the Companies Ordinance. MTL was converted into public limited company on March 06, 2007. MTL is currently running businesses in Print and Electronic Media Segments.

The print media segment comprises of leading English newspaper "**Daily Times**" and a daily Urdu newspaper "**Aaj Kal**". The electronic media segment comprises of a business satellite channel "**Business Plus**" and a kids/ family satellite channel "**Wikkid Plus**". Additionally, MTL is also expanding its existing operations and intends to undertake an Entertainment TV channel.

Recently, Total Media Limited ("TML") has been merged into MTL vide order passed by the honorable Lahore High Court Lahore upon a joint application for merger/amalgamation of Total Media Limited ("TML") into MTL under Section 284 to 288 of the Companies Ordinance, 1984. TML was incorporated in Pakistan on September 23, 2003 as a public company limited, under the provisions of the Companies Ordinance, 1984. It was principally engaged in production, promotion, advertisement, distribution and broadcasting of television programs through satellite channels "Business Plus" and "Wikkid Plus" under the authority of Pakistan Electronic Media Regulatory Authority ("PEMRA"). This Electronic media segment of business is now undertaken through MTL after merger.

Current, authorized share capital of MTL is Rupees 1,010,000,000 divided into 101,000,000 ordinary shares of Rupees 10 each and its paid up capital is Rupees 1,004,782,580 divided into 100,478,258 ordinary shares of Rupees 10 each. The Registered Office of MTL is located at 41-N, Industrial Area, Gulberg-II, Lahore. The Company earlier invested around Rs. 121.76 million 12.94% in the share capital of TML, which was later merged into MTL The other shareholders of MTL consists of First Capital Securities Corporation Limited, Salmaan Taseer, Strategic Foreign Investor, WTL Services (Pvt.) Limited, Worldcall Telecom Limited and other individuals shareholders. The merger/amalgamation of TML with MTL was envisaged with a view to rationalize business structure, bring economies and significantly improve the flexibility, efficiency and financial strength and will result in reducing expenses, cut down reporting requirements, savings in tax which will result in enhancing the earnings of the merged entity. Additionally, the pooling of assets and resources will enhance security available to creditors. MTL is currently in the process of taking all necessary steps for listing of its shares on Karachi and Lahore Stock Exchange.

The "Business Plus", Pakistan's premier business channel, launched its formal operations in 2004. The channel provides business information 24-hrs a day with live share prices & volumes from stock exchanges in Pakistan with more than 14 hours of fresh and live daily programming. The targeted content has captured significant interest from the corporate sector and the channel enjoys extensive viewership all over Pakistan. Its satellite footprint spans South Asia, Middle East, Southern Europe and Africa as well. Other features of the channel include programs featuring leading journalists, politicians, analysts, corporate leaders, icons & opinion makers; dedicated and professionally qualified teams for operations & programming; and insight into markets through financial sector sister concerns in Pakistan and the region. Business Plus has recently completed its expansion/modification of the channel in order to expand viewer base and build upon existing marketing potential of the project. The increased investment in technical infrastructure development, human resource & content cost which will result in better transmission quality. Infotainment content has been added in non-business hours, research cell has been expanded to cover stock & commodity markets as well as increased focus on improving news content. Content is being produced keeping in mind diversified audiences and all sectors of the advertising industry. Special transmissions and electronic supplements have been introduced to open up new avenues for advertisement. All programming will have a progressive and liberal tilt with an aim to not just attract viewers but also educate the masses. The content being produced by Business Plus can be categorized among News, Business, Current Affairs, Opinions, Talk shows etc.

The “Wikkid Plus” began its regular transmission in 2007 after a test run of only 15 days. The project was launched within 12 months of its initiation. Brand recognition built up was conducted very fast and its programming content is being acknowledged by all market players with quality associated with the brand. Wikkid Plus has received positive response & appreciation not only from children and household audiences but also from advertising agencies/corporate entities which include major multi-national companies in respect of the advertising. The channel has large viewer ship and is visible in major metro cities as well as small towns of Pakistan.

Wikkid Plus aims to enrich children through valuable entertainment and quality programming. All the programs have been designed and chosen with this specific purpose in mind, so they turn out to be not only enjoyable and engaging for the kids, but also develop their intellect and knowledge. As such, our programs can be categorized among Story reading, Puppet shows, Travelogues, Quiz shows, Adventure shows, Music shows, Discussion shows, Interactive call-in-shows, Kids news and documentaries etc. Majority of the programs are locally produced, however, certain programs especially animations owe to names like Warner Bros, Sony, HIT Entertainment, ABC etc.

Research shows that children are becoming more and more active social change agents. Even though they remain a hidden audience, the money they spend, or influence their families to spend, is enormous. They are big business a powerful entertainment audience and a huge market in their own right. With the tremendous growth in the electronic media industry of Pakistan, children's programming was a niche that had been more or less abandoned by the major broadcast networks. Considered in the social category of the “not-yets”, the kid's audience had been totally neglected by other channels. A few local channels do an hour or so of programming for kids while other channels like Cartoon Network, Nickelodeon etc. are all in English and do not have any local programming. Media Times Limited took it upon itself to bridge this gap by launching Pakistan's first children's entertainment channel.

Wikkid Plus has tried to take an active approach in understanding children's play patterns and providing entertainment that responds to appropriate age levels. The target audience for Wikkid is primarily the “teens' (ages 8 -14) along with specific time bands for younger children ages 4 to 7, however content relating to children of age more than 14 years and mothers of the children has also been introduced to make it a family entertainment channel with primary focus on kids. Wikkid Plus has a good mix of experienced and young professionals working in the team, who are intend to take challenge themselves in order to produce better programs. There has been a tremendous response from parents and teachers who have encouraged the Wikkid team and their children. Wikkid Plus was invited to Munich, Germany to attend Prix Jeunesse International Munich conference (otherwise known as the Oscars of kids' programming). One of our programs “Khawab Humaray” was also nominated for an award among many other internationally programs. Business Plus and Wikkid Plus both have separate marketing offices in Lahore, Karachi and Islamabad. Each office is working to get advertisement revenue for the channels. MTL endeavours all its efforts to be in close contact and coordination with all major clients and advertising agencies with full efforts to be a part of all major campaigns.

The "Daily Times" was launched in 2002 and is nationwide English daily printed from Lahore, Karachi and Islamabad with coverage of more than 80 cities in Pakistan. Daily Times is considered to be among one of the three leading English newspapers in Pakistan in terms of circulation with higher credibility.

Daily Times is focusing on upper and upper middle segments of the population but is also enjoying increasingly readership among educated middle class population. The reason for this growth includes but not limited to respected professional editorial team, attractive layout, detailed coverage of national and international news/issues with lively entertainment section and devoted team of editorial, research, operations, circulation, sales & marketing people. Daily Times is being distributed in leading airlines, hotels, banks, hospitals, libraries, public sitting and waiting areas along with its regular subscribers.

The paper's allied weekly magazines like Sunday, Boss and Wikkid provide material for entertainment and fashion industry, business & corporate sector and children/teenagers. The popularity of Sunday magazine has hosted annual fashion events for the last two years which is becoming quite popular in the Country. Daily Times is a member of All Pakistan Newspaper Society ("APNS") and its Audit Bureau of Circulation ("ABC") is being done with regular intervals to for information to its clients and advertising agencies.

After Daily Times, the Company launched national language daily "Aaj Kal" in early 2008. AajKal was launched simultaneously from three stations i.e. Lahore, Karachi and Islamabad with coverage of more than 300 cities in Pakistan. The launch was complimented by a thorough media and advertising campaign that helped invigorate the circulation, along with the efforts of the sales promotion staff.

Following its launch, AajKal circulation has seen a great response in its start of operations. Aaj Kal has bureau offices in major cities of the Country and news correspondents in the smaller cities, all working in coordination to manage timely delivery of news from across the Country. AajKal is distributed across Pakistan through distributors to each and every part of the Country, including terrains of the northern areas of Pakistan. Aaj Kal also publishes "Itwar" magazine on Sunday covering fashion/entertainment news and social gatherings. Aaj Kal is in the process of its ABC as well as APNS certification and will be registered at both forums within a short span of time.

The right to be entertained has grown stronger lately and some label these times as the "Age of Entertainment". Consumers in Pakistan looking to fill their leisure time have a limited range of venues to choose from. Television Entertainment is currently one of the fastest growing sectors of the global economy. There has been considerable growth in the consumer spending on media, such as interactive television and the internet, which is forecast to grow steadily over the next few years. This implies that, going forward, an increased percentage of annual household expenditures will be spent on entertainment through electronic media. Keeping these factors in mind, MTL is in the process of undertaking an Entertainment TV channel. The addition of an interactive entertainment channel to the MTL's media bouquet will enhance its TV offering and grab audience interest/appeal, resultantly translating into increased revenues & profits.

MTL has applied to PEMRA for the license to broadcast the forthcoming entertainment channel from Pakistan which is expected to be issued in due course. Entertainment Plus is planned to be launched in 2009. Entertainment Plus is committed to enter the industry in the scope and quality of programming with a major focus on locally produced content. All major content are intended to be originally produced in-house to ensure the highest level of creative quality, as well as the ability to distribute their content locally and globally on all relevant platforms for which state of the art equipment is in the process of procurement. In respect of expansion in its existing projects, MTL intends to set up new studio facilities and equipment, live streaming on internet, transmission and broadcasting equipment, additional printing lines, additional bureau offices etc.

In order to finance its expansion plans including undertaking of new Entertainment TV, MTL intends to list its shares by listing on Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company intends to make additional long-term investment in the share capital of MTL up to Rs. 300.00 million.

The media friendly policies of the Government over the past few years has resulted in high growth and increased activity in Pakistan's media sector and the viewer-ship/readership is increasing. In the recent years Advertisement (“AD”) spending has increased tremendously. Huge growth was seen in the year 2005-06 when AD spend increased by over Rs. 6 billion (62%) over the previous fiscal year. This increase was propagated by sustained telecom, and increased real estate, banking and automobile spending. There have been considerable inroads made by satellite TV, especially with the launch of private TV channels, in Pakistan. Satellite channels have gained popularity and viewer-ship due to better more focused content and mainly due to rapidly expanding cable networks, particularly in the urban areas. Cable TV networks have also shown huge growth over the last years and have become the fastest growing medium of communication in Pakistan's electronic media. Advertisement spending in print media in addition to electronic media has witnessed significant growth over last few years mainly due to telecom, financial and real estate sectors becoming more active in this medium.

The break-up value of shares of MTL on the basis of last audited financial statements is Rs. 11.20/- per share for the year ended June 30, 2008. Earning per share (EPS) of MTL on the basis of last audited financial statements is Rs. 1.40 (Rs. 1.59 for June 30, 2007). The purpose of this investment is to Utilization of the Company's available cash resources for better future returns to shareholders. The Company shall invest in MTL at par or at such price available in the market price at the time of making investment. The sources of funds for purchase of shares would be available cash resources and/or future internal cash generation from the operations of Company. The Directors of the Company and their relatives have no interest in the above investee company except that what has been disclosed under the section “Interest of Directors and their Relatives”. None of the directors of the Company and MTL are common.

All the benefits accrued to the investee company will become part of the returns of the Company and its shareholders from the proposed investment. The management expects to earn dividends and capital gains through investment in MTL.

Increase in the Authorized Share Capital

The Board of Directors' in their meeting held on September 27, 2008 have declared a bonus shares issue in the proportion of twenty five (25) bonus shares for every one hundred (100) shares held i.e. 25%, for the year ended June 30, 2008 on the entitlement day i.e. October 23, 2008.

At present the Company has an Authorized shares capital of Rs.900,000,000/- divided into 90,000,000 ordinary shares of Rs.10/- each out of which 86,425,200 ordinary shares are issued and fully paid-up. In order to facilitate the allotment of 25% bonus, the Board of Directors' have recommended that the Authorized share capital of the Company be increased to Rs. 1,100,000,000/- divided into 110,000,000 ordinary share of Rs.10/- each from Rs.900,000,000/- divided into 90,000,000 ordinary shares of Rs.10/- each. This increase in capital will also necessitate amendments in Clause-V of the Memorandum of Association and Clause-4 of the Articles of Association of the Company accordingly and will be read as under:

Clause-V of the Memorandum of Association

The Authorized Capital of the Company is Rs. 1,100,000,000/- (Rupees one billion one Hundred Million only) divided into 110,000,000 (One hundred ten million only) ordinary shares of Rs.10/- (Rupees Ten only) each. The Company shall have the power to increase, reduce, consolidate or re-organize the said capital and to divide the share in the capital into several clauses in accordance with the provisions of the Companies Ordinance, 1984.

Clause-4 of the Article of Association

The Authorized Capital of the Company is 1,100,000,000/- (Rupees one billion one Hundred Million only) divided into 110,000,000 (One hundred ten million only) ordinary shares of Rs.10/- (Rupees Ten only) each.

Inspection of Documents

Statement under section 160(1)(b) of the Companies Ordinance, 1984, Memorandum and Articles of Association, Annual and Quarterly financial statements, projected financial statements, of the Company and/or the investee company as the case may be and other related information/documents of the Company which may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of this notice till the conclusion of the Annual General Meeting.

Interest of Directors and their relatives (if any)

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings as hereunder:

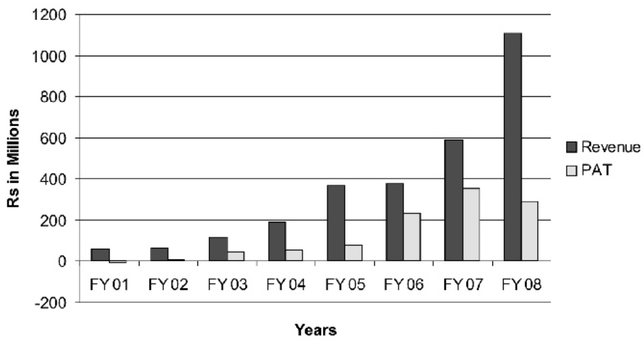
		As at 30-06-2008		As at 30-06-2008	
		Status In the Company	Shares In the Company	Status In the MTL	Shares In the MTL
1	Mian Ehsan ul Haq	CEO/Director	4,320	--	--
2	Farooq Bin Habib	Director	4,320	--	--
3	Mazhar Abbas	Director	4,320	--	--
4	Ahsan Zia	Director	4,320	--	--
5	Ashraf Liaqat Ali Khan	Director	4,320	--	--
6	Suhail Ahmed	Director	4,320	–	--
7	Muhammad Zubair Khalid	Director	4,320	--	--

FINANCIAL HIGHLIGHTS

PARTICULARS	FY 08	FY 07	FY 06	FY 05	FY 04	FY 03	FY 02	FY 01
(Rupees in million)								
Profit and Loss Account								
Revenues	1,107.89	586.93	379.55	367.90	189.73	118.88	62.29	58.58
Expenses	741.41	398.64	259.15	235.49	132.56	70.56	56.81	61.91
Profit before tax	357.37	408.02	264.65	110.45	57.17	48.32	5.48	(3.33)
Profit after tax	293.09	354.18	232.66	80.49	55.71	45.38	5.25	(5.63)
Balance Sheet								
Paid up capital	864.25	540.16	240.07	240.07	240.07	120.04	120.04	120.04
Shareholder's equity	1,591.90	1,298.82	674.56	441.90	361.65	185.90	140.52	135.27
Liabilities	4,992.87	2,157.80	1,349.55	451.69	398.82	112.91	73.30	28.78
Total assets	6,584.78	3,456.61	2,024.11	893.55	760.48	298.81	213.83	164.05
Investment value at cost	337.84	359.64	87.13	110.35	244.72	16.19	11.35	4.57
Investment value at mkt price	328.73	579.38	231.37	88.39	238.88	23.10	11.41	4.51
Ratios								
Earning per share (Rs.)	3.39	4.30	4.94	3.35	3.06	3.78	0.44	(0.47)
Break up value (Rs.)	18.42	24.05	28.10	18.41	15.06	15.48	11.71	11.27
Return on Equity (%)	18.41	29.48	34.50	18.20	15.40	24.41	3.74	(4.16)
Payout (%)								
Cash	-	-	-	-	-	-	-	-
Bonus	25	60	50	-	-	-	-	-
Right	-	-	50	-	-	-	-	-

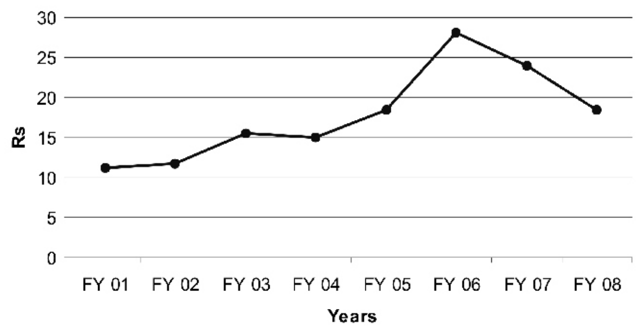
* EPS for year 2007 of Rs 7.09 per share has been restated due to the issue of bonus shares during the year.
* EPS for year 2006 of Rs 9.69 per share has been restated due to the issue of bonus shares and right shares.
* Break up value of 2008 has been calculated on increased share capital.

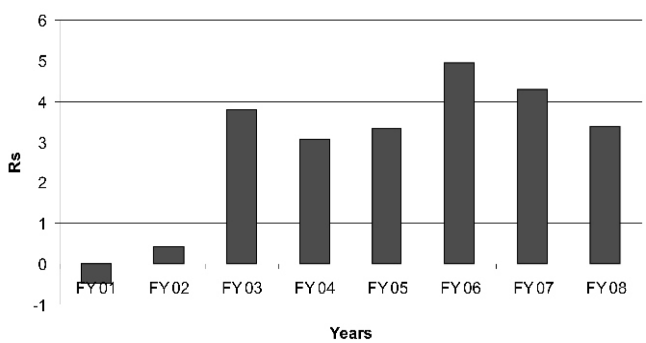
GRAPHICAL PRESENTATION



Revenue vs Profit After Tax (PAT)

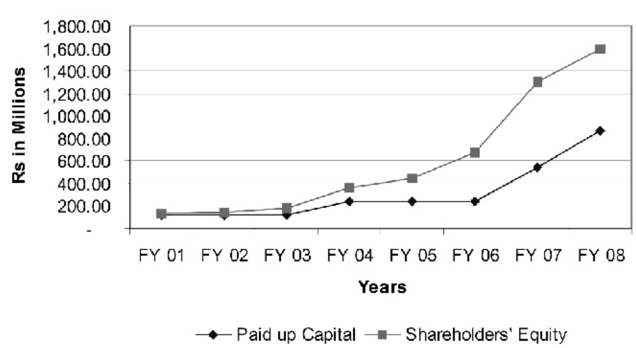
Break up Value





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 2008 along with the audited financial statements of the Company for the year ended June 30, 2008. FCEL is a leading brokerage house of Pakistan that provides a complete range of stock brokerage nationwide to a substantial and diversified client base that includes corporations, financial institutions, retail clients, foreign investors and high net worth individuals.

GLOBAL ECONOMY

The global expansion has been losing speed in the face of a major financial crisis. The slowdown has been greatest in the advanced economies, particularly in the United States, where the housing market correction continues to exacerbate financial stress. Among the other advanced economies, growth in Western Europe has also decelerated, although activity in Japan has been more resilient. The emerging and developing economies have so far been less affected by financial market developments and have continued to grow at a rapid pace, led by China and India, although activity is beginning to slow in some countries.

During the year, supply adjustments to higher prices have lagged, notably for oil, and inventory levels in many markets have declined to medium- to long-term lows. The recent run-up in commodity prices also seems to have been at least partly due to financial factors, as commodities have increasingly emerged as an alternative asset class.

The financial shock that erupted in August 2007, as the U.S. subprime mortgage market was derailed by the reversal of the housing boom, has spread quickly and unpredictably to inflict extensive damage on markets and institutions at the core of the financial system. The fallout has curtailed liquidity in the interbank market, weakened capital adequacy at major banks, and prompted the repricing of risk across a broad range of instruments, as discussed in more detail in the April 2008 Global Financial Stability Report. Liquidity remains seriously impaired despite aggressive responses by major central banks, while concern about credit risks has intensified and extended far beyond the subprime mortgage sector. Equity prices have also retreated as signs of economic weakness have intensified, and equity and currency markets have remained volatile.

These financial dislocations and associated deleveraging are affecting both bank and nonbank channels of credit in the advanced economies, and evidence is gathering of a broad credit squeezeal – though not yet a full-blown credit crunch. Recent financial market stress has also had an impact on foreign exchange markets.

Underpinning the resilience of the emerging and developing economies are their increasing integration into the global economy and the broad-based nature of the current commodity price boom, which have boosted exports, foreign direct investment, and domestic investment in commodity-exporting countries to a greater degree than during earlier booms. Though the growth performance of emerging and developing economies have become less dependent on the advanced economy business cycle but these spillovers have clearly not been eliminated and are posing a great challenge for emerging economies to overcome in an integrated global financial system. Emerging and developing economies face the challenges of controlling inflation while being alert to downside risks from the slowdown in the advanced economies and the increased stress in financial markets. In some countries, further monetary policy tightening may be needed to keep inflation under control.

PAKISTAN'S ECONOMY - GLIMPSE

Real GDP grew by 5.8 percent in 2007-08 as against 6.8 percent last year and growth target of 7.2%. The economy has shown great resilience against internal and external shocks of extraordinary nature during the out going fiscal year. Pakistan's economy has grown at an average rate of almost 6.6 percent per annum during the last five years.

Agriculture sector showed dismal performance and grew by 1.5 percent as against 3.7 percent last year and target of 4.8 percent. The poor show was mainly because of growth performance of major crops which registered negative growth of 3.0 percent as against an impressive positive growth of 8.3 percent last year and target for the year at 4.5 percent. Livestock a major component of agriculture exhibited some improvement in growth from 2.8 percent last year to 3.8 percent in 2007-08.

Overall manufacturing, accounting for 18.9 percent of GDP registered a modest growth of 5.4 percent against 8.2 percent last year. This is really disappointing performance because the manufacturing sector was growing on average by 9.7 percent since 2002-03. Large-scale manufacturing registered a growth of 4.8 percent in 2007-08 against the target of 10.9% and last year's achievement of 8.6%, exhibiting signs of moderation on account of saturation in capacity utilization on the one hand and power shortages along with several other factors on the other hand.

Pakistan's per capita real GDP has risen at a faster pace in real terms during the last six years (4.5% per annum on average in rupee terms) leading to a rise in average income of the people. Such increases in real per capita income have led to a sharp increase in consumer spending during the last three years. The per capita income in dollar term has grown at an average rate of 13.5 percent per annum during the last six years rising from $ 586 in 2002-03 to $ 1085 in 2007-08. The main factor responsible for the sharp rise in per capita income include acceleration in real GDP growth, stable exchange rate and four fold increase in the inflows of workers' remittances.

However, the loss of momentum during 2007-08 was visible from the real growth of just 3.4 percent and nominal growth of 12.5 percent. Private investment grew by 16.3 percent per annum in real terms and 30.7 percent per annum in nominal terms during the period (2004-07). However, it declined substantially to marginal 0.9 percent in real terms and 9.7 percent in nominal terms in 2007-08.

PAKISTAN'S CAPITAL MARKET REVIEW

During the outgoing fiscal year 2007-08, the benchmarked stock exchange KSE-100 index demonstrated acute volatility owing to fluctuating outlook on political, macroeconomic and global grounds. The index closed at 12,289 points on June 30, 2008, down by 1,483 points (or 11 percent) from the end June position of the last year.

Nevertheless, the year 2007-2008 can be fairly termed as a record breaking epoch for the local equity market as the index managed to broke the psychological barrier of 15,500 points for the first time in the history of Pakistan. The premier index reached its all-time high of 15,676 points on April 18, 2008 while punctuating to a low of 11,955 points on August 27, 2008. Aggregate Market Capitalization declined abruptly by Rs 242 billion, from Rs 4,019 billion in June 2007 to Rs 3,777 billion in June 2008.

Key takeovers in banking, financial and telecommunication sectors together with a successful GDR offering by Lucky Cement, assisted in retaining the ongoing growth momentum for the past few years in the local bourses. Satisfactory performance by some major sectors of the economy (fuel & energy, banks and other financial institutions, chemicals and pharmaceuticals, and engineering) during 2007-08 kept the positive sentiments of investors alive in the stock market. The government carried out six government securities auction in the outgoing fiscal year and managed to issue Rs. 68.8 billion of PIBs with 3&5 years due maturities amounting to Rs. 14.5 billion, resulting in a surplus issuance of Rs. 54.3 billion. The cut-off yields on all tenors exhibited a rise in the range of 90-128 bps over July yields. The deposit rates on all schemes offered under the NSS umbrella were revised in view of the rising interest rate scenario of the country. Five new floatation (corporate TFCs), all linked to 6-months KIBOR, were listed on KSE during the period under review. The Non Banking Finance Companies (NBFCs) sector has revealed striking growth in recent years especially the boom in mutual funds industry with net assets at Rs. 389 billion.

In FY08, average daily volume in the ready market stood at 242mn (PRs26bn or US$408mn) versus that of 212mn (PRs22bn or US$367mn) during FY07. In futures market, average daily volume was 53mn (PRs8.9bn or US$143mn) compared to 59mn (PRs8.6bn or US$142mn) in FY07. Average CFS or badla investment at KSE was PRs52bn versus that of PRs38bn, previously. Average CFS rates in FY08 at 12% were lower to that of 14% in FY07. Leverage via futures was also on the higher side with average open interest of PRs13bn in FY08 than that of PRs9bn, previously. However, cost of carry (that is ready-future spreads) remained flat with average spreads arrived at 6.0% in FY08. During the year CFS MK II was also launched to improve the liquidity situation of the market. SECP has also issued draft Stock Exchanges (Corporatization, Demutualization and Integration) Rules, 2008 for discussion purposes.

As discussed earlier, despite of exuberant performance of KSE in the early three quarters of the year, Pakistan's capital markets suffered severe mutilation on the back of international financial crunch, deteriorated law and order situation, political instability, inflationary pressures, tightening monetary policy, capital flight, deteriorating rupee-dollar parity, foreign divestments in the last quarter of the year. Steep decline of capital markets pushed regulators and other key stake holders to take unconventional measures for damage-control. The upper and lower circuit breakers were changed to 10% and 1% from 5% (for both upper and lower) respectively. The snowball of losses couldn't be controlled through these measures and market continued to show a declining trend. Volumes shriveled drastically. Subsequent to the year end, Board of Directors of KSE decided to place a floor based on the closing prices of securities of Wednesday August 27, 2008 across the board. This floor is still in place.

YOUR COMPANY'S PERFORMANCE

Following is the financial highlights of your Company for the year ended June 30, 2008.

Profit and Loss Synopsis

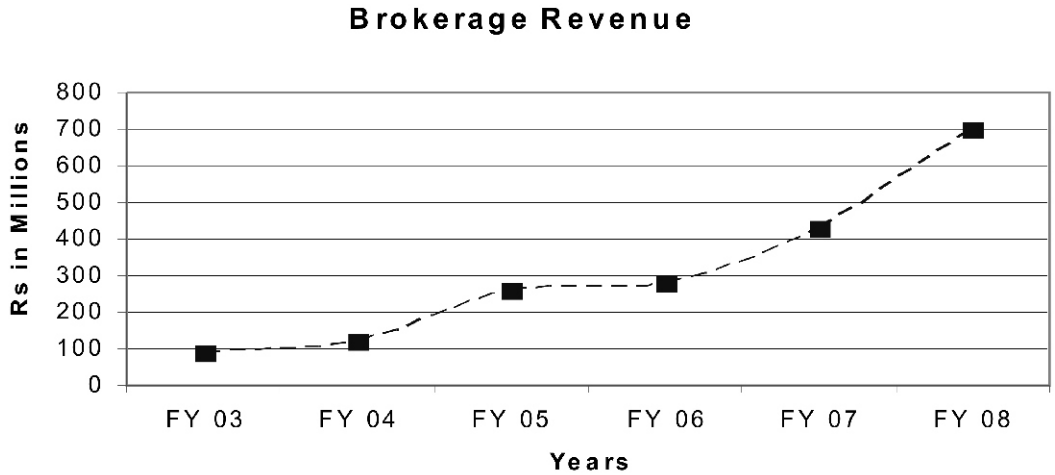
All Figures are in Million except EPS

	FY 08	FY 07
Brokerage revenue	701	431
Capital gain/(loss)	100	(5)
Income on placement	263	118
Other income	44	36
Loss)/gain on re-measurement of investments at fair value through profit or loss - net	(9)	220
Profit after tax	293	354
Earnings Per Share (EPS) Rs *	3.39	4.30

* Adjusted EPS for FY 07 on account of 60% bonus issue during the year.

Our earnings per share were Rs 3.39 for FY08 compared with 4.30 (restated) for FY07. Despite of FY08 a turbulent year and stock market kept on experiencing the nudges of various events (both local and international) adversely, your Company still managed to post a brokerage income in excess of Rs 700 million mark as compared to Rs 431 million of the corresponding year reflecting an escalating increase of Rs 269 (i.e., 62%). Significant rise in brokerage income is the result of Company's strategy of infrastructure development and widespread geographical presence. Your company's philosophy of quality services, broadening client base and provision of customized solutions has been helping the management to provide health returns to the shareholders. Your Company has added six new branches during the year.

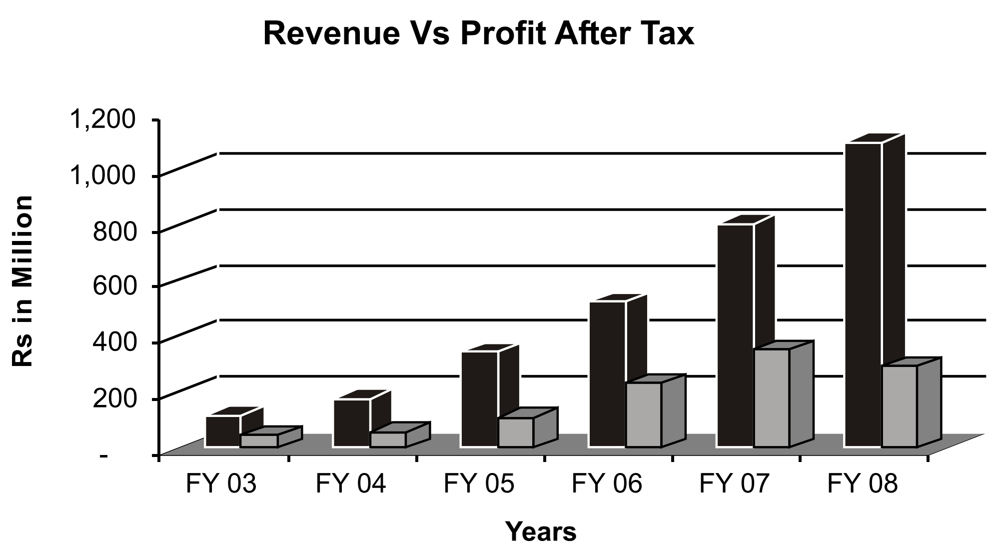
FCEL also has the local affiliate status of Auerbach Grayson (AGA), an international brokerage house based in the USA with presence in about 100 different markets. This has also contributed significantly in increase in brokerage income.



Placement income also has increased from Rs 118 million to Rs 263 million showing an increase of Rs 145 million. The increase in placement income is primarily attributable to additional investments in placements and rise in KIBOR rates.

Company's capital gains have also increased significantly from a net loss of Rs 5 million to a gain of Rs 100 million in FY 08 mainly attributable to sale of Worldcall Telecom Limited shares to Oman Telecommunication Company (S.A.O.G). Though by the end of FY 08 subdues performance of Pakistan's Capital Market resulted in an unrealized loss of Rs 9 million as compared to an unrealized gain of Rs 220 million in the corresponding period.

Operating expenses of the Company have been increased by Rs 124 million (i.e., 47%). Expanding operations, inflationary pressures and rise in cost of doing business has been main contributors for such a steep rise. Due to increased working capital requirements, mainly attributable to increase in placements and trade receivables, your Company has also increased its financial leverage resulting in a rise of Rs 217 million in finance cost (i.e., 62%). Prevailing stock market situation has resulted in increased trade receivables. The increase in operating expense and finance cost has posted an adverse impact on your Company's Profit After Tax (PAT). PAT of your Company has decreased from Rs 354 million to Rs 293 million demonstrating a decline of 17%. In view of increase in finance cost your Company has also started practice of levying late payment charges.



During the year 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 initial reply to the show cause notice to the SECP and no further proceeding has been held till date. Based on the legal counsel's opinion, management is confident that the matter will be decided in the Company's favour. The financial impact of the outcome, if any, can not be ascertained at this stage.

SALE OF SUBSIDIARY

Equity Partners Securities Limited (“EPSL”) was the subsidiary company of FCEL. EPSL is incorporated in Dhaka, Bangladesh and is the member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. FCEL held 61,200 shares (51 %) of EPSL. During the year, your Company has sold this investment at an amount of US dollars 110,000. This is because of the deteriorating investment climate resulting from the unstable political environment which has resulted in under performance of EPSL and other better investment opportunities available for the Company. If the investment climate improves in future years, the Company may again evaluate investment opportunities in Bangladesh.

CREDIT RATING

During the year Pakistan Credit Rating Agency Limited (PACRA) assigned “A” (single A) for Long Term and “A1” (Single A 1) for Short Term with positive Outlook, in view of its consistent good performance over the years.

FUTURE OUTLOOK

In the future ahead, as the world economy fears recession your Company is determined to pursue a consolidation phase by stabilizing its revenues and controlling its costs.

Your Company is completing and reviewing its options to expand in the areas of Real Estate Investment Trust, Investment Finance Services. Your Company has also obtained membership of commodity exchange and required legal formalities are being completed. Amendments in the Memorandum and Articles of Association have been made and the required approvals have been obtained from SECP.

Due to deteriorated 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. However management is continuously monitoring the stock market indicators and as soon as situation improves your Company shall re-evaluate these options.

The Company has also initiated making investments in real estate properties to earn rentals and capital appreciation. These investment properties are still in the construction phase and shall start yielding returns in near future. This diversification will not only provide high returns but shall also sponsor sustainability in Company earnings.

PAYOUT FOR THE SHAREHOLDERS

It has been recommended by the Board of Directors to issue Bonus shares in proportion of 25 Bonus Shares for every One Hundred (100) shares held i.e. 25 %.

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

Earnings per share for the year ended June 30, 2008 was Rs. 3.39 as compared to Rs. 4.30 in the last year.

CHANGES IN THE BOARD OF DIRECTORS

During the year, election of directors was held and all the directors were elected for a period of three years.

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
Ashraf Liaquat Ali Khan	1
Farooq Bin Habib	4
Mazhar Abbas	4
Ahsan Zia	4
Muhammad Zubair Khalid	4
Suhail Ahmed	4

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:

Suhail Ahmed	Chairman
Muhammad Zubair Khalid	Member
Ahsan Zia	Member

Subsequent to the year end Suhail Ahmed has been appointed as Chairman of Audit Committee in place of Muhammad Zubair Khalid.

AUDITORS

The present Auditors, Messrs Ford Rhodes Sidat Hyder & Co. 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 Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the Auditors of the Company for the financial year ending June 30, 2009.

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.

1. 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.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal controls is sound in design and has been implemented and effectively monitored.

6. There are no significant doubts upon the Company's ability to continue as going concern.

7. There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.

8. The key financial data of last eight years is summarized in the report.

9. 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 in producing such brilliant results.

For and on behalf of the Board of Directors

Lahore:
September 27, 2008

Mian Ehsan ul Haq
Chairman & Chief Executive Officer

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2008

INCORPORATION NUMBER: 0034157 OF 26-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1	1	-	100	100
1	501	-	1000	800
137	1001	-	5000	441,740
1	5001	-	10000	10,000
1	25001	-	30000	29,600
1	35001	-	40000	40,000
1	50001	-	55000	53,400
1	95001	-	100000	96,400
1	195001	-	200000	200,000
1	470001	-	475000	473,000
2	895001	-	900000	1,800,000
1	1005001	-	1010000	1,008,000
1	6835001	-	6840000	6,840,000
1	14735001	-	14740000	14,740,000
1	17275001	-	17280000	17,280,000
1	43410001	-	43415000	43,412,160
153				**86,425,200**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer,	30,240	0.035
Associated Companies, undertakings		
and related parties.	75,432,160	87.280
NIT and ICP	-	-
Modaraba and Mutual Fund	96,400	0.112
Banks, Development Financial Institutions,		
Non Banking Financial Institutions	-	-
Share holders holding 10% or more	75,432,160	87.280
Others:		
- Joint Stock Companies	723,000	0.837
General Public		
a) Local	8,343,400	9.654
b) Foreign	19,080,000	22.077

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

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT JUNE 30, 2008

Shareholders' Categories	Number of Shares held
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	58,152,160
Sulieman Ahmad Said Al-Hoqani	17,280,000
NIT and ICP	-
Directors, CEO & their Spouse and Minor Children	
Mian Ehsan ul Haq (CEO/Director)	4,320
Farooq Ben Habib (Director)	4,320
Mazhar Abbas (Director)	4,320
Muhammad Zubair Khalid (Director)	4,320
Ashraf Liaqat Ali Khan (Director)	4,320
Ahsan Zia (Director)	4,320
Suhail Ahmed (Director)	4,320
Executives	-
Public Sector Companies and Corporations	723,000
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds etc.	96,400
Shareholders holding 10% or more voting interest in the Company	
First Capital Securities Corporation Limited	58,152,160
Sulieman Ahmad Said Al-Hoqani	17,280,000

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2008

The Company has fully complied with the best practices on Transfer Pricing as contained in the listing regulations of Lahore Stock Exchange.

For and on behalf of the Board

Lahore
September 27, 2008

Mian Ehsan ul Haq
Chairman & Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

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) No casual vacancy of director occurred during the year.

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, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken 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 has approved appointment of Company Secretary 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.

For and on behalf of Board

Lahore
Dated: September 27, 2008

Mian Ehsan ul Haq
Chairman & 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. 43 of Chapter XIII 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, 2008.

LAHORE
September 27, 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Equities Limited (the Company)** as at **June 30, 2008** 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, 2008 and of the profit, 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).

LAHORE
September 27, 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

BALANCE SHEET

AS AT JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	6	**448,876,851**	241,924,655
Stock exchange membership card and room	7	**40,700,000**	40,700,000
Investments - available for sale	8	**121,767,150**	33,159,280
Long term loan - Unsecured, considered good	9	**-**	10,190,000
Long term deposits and advances	10	**3,435,996**	2,862,496
		614,779,997	328,836,431
CURRENT ASSETS			
Trade debts - Unsecured	11	**2,244,411,228**	219,273,835
Investments	12	**328,731,518**	586,020,087
Advances, deposits, prepayments and other receivables	13	**1,003,544,435**	967,247,994
Advance income tax		**42,648,198**	37,895,807
Placements	14	**1,997,425,000**	1,158,750,000
Interest accrued	15	**18,278,400**	13,322,216
Cash and bank balances	16	**334,956,769**	145,267,054
		5,969,995,548	3,127,776,993
TOTAL ASSETS		**6,584,775,545**	3,456,613,424
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	17	**900,000,000**	650,000,000
Issued, subscribed and paid up share capital	18	**864,252,000**	540,157,500
Reserves	19	**90,026,250**	90,026,250
Unappropriated profit		**637,624,432**	668,631,335
TOTAL EQUITY		**1,591,902,682**	1,298,815,085
NON - CURRENT LIABILITIES			
Long term financing	20	**-**	3,240,000
Staff retirement benefits	21	**21,943,781**	14,047,408
		21,943,781	17,287,408
CURRENT LIABILITIES			
Trade and other payables- Unsecured	22	**426,122,032**	421,952,126
Liabilities against repurchase agreements - Secured	23	**508,425,000**	923,750,000
Short term borrowings - Secured	24	**3,924,151,155**	752,325,328
Current portion of long term financing	20	**-**	5,040,000
Interest accrued	25	**92,430,713**	19,798,677
Current maturity of liabilities against assets subject to finance lease		**-**	110,072
Provision for taxation		**19,800,182**	17,534,728
		4,970,929,082	2,140,510,931
CONTINGENCIES AND COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,584,775,545**	3,456,613,424

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
INCOME			
Brokerage income		**700,624,075**	430,562,392
Capital gain / (loss) - net		**100,316,916**	(4,787,263)
Income on placements		**262,667,926**	118,423,345
Income on continuous funding system placements		**143,681**	6,697,058
Other operating income	27	**44,142,636**	36,033,750
		1,107,895,234	586,929,282
(Loss) / gain on re-measurement of investments at fair value through profit or loss - net	12.2	**(9,112,136)**	219,730,138
		1,098,783,098	806,659,420
EXPENDITURE			
Operating expenses	28	**387,644,517**	262,834,273
Finance cost	29	**353,763,850**	135,801,615
		741,408,367	398,635,888
PROFIT BEFORE TAXATION		**357,374,731**	408,023,532
Taxation	30	**64,287,134**	53,843,752
PROFIT AFTER TAXATION		**293,087,597**	354,179,780
EARNINGS PER SHARE - BASIC AND DILUTED (2007: Restated)	31	**3.39**	4.30

The annexed notes from 1 to 37 form an integral part of these financial statements.

Lahore

Chief Executive

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**357,374,731**	408,023,532
Add: Items not involved in movement of funds			
Depreciation		**18,523,672**	18,241,165
Loss / (gain) on re-measurement of investments at fair value through profit or loss - net		**9,112,136**	(219,730,138)
Provision for doubtful debts written back	11.2 &13.5.1	**(3,867,036)**	(11,842,199)
Provision for doubtful debts	11.2	**19,016,859**	15,057,505
Bad debts written off		**-**	10,844
Dividend income		**(1,222,039)**	(11,410,096)
Provision for impairment		**-**	221,076
Interest accrued		**(281,893,998)**	(125,187,302)
Interest expense		**353,763,850**	135,801,615
Loss / (gain) on sale of property and equipment	6.3	**421,196**	(785,385)
Gain on foreign currency translation		**(875,956)**	(13,499)
Provision for gratuity		**9,706,293**	5,445,957
		122,684,977	(194,190,457)
		480,059,708	213,833,075
(Increase) / decrease in current assets			
Investments at fair value through profit or loss		**241,532,434**	(128,273,180)
Trade debts - unsecured		**(2,040,287,216)**	349,254,821
Advances, deposits, prepayments and other receivables		**(34,059,891)**	(826,949,799)
		(1,832,814,673)	(605,968,158)
(Increase) / decrease in current liabilities in trade and other payables		**4,169,906**	(160,464,009)
Cash used in operations		**(1,348,585,059)**	(552,599,092)
Dividend received		**6,466,369**	6,165,766
Interest received		**276,937,814**	121,217,519
Finance cost paid		**(281,131,813)**	(123,917,189)
Gratuity paid		**(1,809,920)**	(364,360)
Taxes paid		**(66,774,071)**	(53,675,992)
Net cash used in operating activities		**(1,414,896,680)**	(603,173,348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(227,022,064)**	(126,107,780)
Proceeds from sale of property and equipment		**1,125,000**	2,540,000
Long term loan - unsecured, considered good		**10,190,000**	-
Investments available for sale		**(88,607,870)**	(33,159,280)
Placements		**(838,675,000)**	(481,108,480)
Long term deposits and advances		**(573,500)**	(73,499,493)
Net cash used in investing activities		**(1,143,563,434)**	(711,335,033)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**(110,072)**	(678,729)
Long term finance obtained		**(8,280,000)**	(5,040,000)
Right shares issued		**-**	180,052,500
Share premium on right shares		**-**	90,026,250
Liabilities against repurchase agreements		**(415,325,000)**	408,750,000
Short term borrowings		**3,171,825,827**	546,285,505
Net cash generated from financing activities		**2,748,110,755**	1,219,395,526
Effects of exchange rate changes in cash and cash equivalents		**39,074**	13,499
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**189,650,641**	(95,112,855)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**145,267,054**	240,366,410
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**334,956,769**	145,267,054

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2008

		Capital Reserve		Revenue Reserve	
	Issued, subscribed and paid up capital Rupees	Share Premium Rupees	Reserve for issue of bonus shares Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at June 30, 2006	**240,070,000**	**-**	**-**	**434,486,555**	**674,556,555**
Transfer to reserve for issuance of bonus shares	-	-	120,035,000	(120,035,000)	-
Bonus shares issued - 50% during the year	120,035,000	-	(120,035,000)	-	-
Right shares issued - 50% at a premium of Rs. 5/- per share during the year	180,052,500	90,026,250	-	-	270,078,750
Profit for the year	-	-	-	354,179,780	354,179,780
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**

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore | Chief Executive | Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

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% (2007: 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 of the Company 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 (IFRS) 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 significant uncertainty. Further details are given in Note 21.

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 life 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 assets 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 the asset is derecognised.

Change 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 costs 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 of leased assets is charged to income.

Depreciation on additions is charged in 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 life 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 recognised 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 June 30, 2008, the Company had no held-to-maturity investments (2007: 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 organised 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, 2008 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 derecognition 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 recognised 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 7	Financial Instruments: Disclosures	July 01, 2008
IFRS 8	Operating Segments	January 01, 2009
IFRIC 12	Service Concession Arrangements	January 01, 2009
IFRIC 13	Customer Loyalty Programs	July 01, 2008
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

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	2008 Rupees	2007 Rupees
6 PROPERTY AND EQUIPMENT			
Operating fixed assets	**6.1**	**239,117,065**	164,150,662
Capital work in progress	**6.2**	**209,759,786**	77,773,993
		448,876,851	241,924,655

6.1 Operating fixed assets

2008

Particulars	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 (1,164,277)	14,026,252	713,555	183,670	- (245,955)	651,270	13,374,982	5
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 (245,163)	19,384,321	4,882,753	1,882,931	- (116,084)	6,649,600	12,734,721	10
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 (1,396,000)	51,804,313	18,016,980	10,228,802	232,493 (897,205)	27,581,070	24,223,243	20
					-				-
	201,401,106	95,407,271 (2,805,440)	294,002,937	37,388,951	18,523,672	232,493 (1,259,244)	54,885,872	239,117,065	
LEASED ASSETS									
Motor vehicles	371,000	(371,000)	-	232,493		(232,493)	-	-	20
Total	**201,772,106**	**95,407,271 (3,176,440)**	**294,002,937**	**37,621,444**	**18,523,672**	**232,493 (1,491,737)**	**54,885,872**	**239,117,065**	

2007

Particulars	Cost: As at July 01, 2006	Cost: Additions/ (Disposals)/ Transfers	Cost: As at June 30, 2007	Depreciation: Accumulated as at July 01, 2006	Depreciation: Charge for the year	Depreciation: Adjustments/ (Disposals)	Depreciation: Accumulated as at June 30, 2007	Written down value as at June 30, 2007	Depre-ciation Rate
	Rupees			Rupees				Rupees	%
OWNED ASSETS									
Land - freehold	-	97,912,075	97,912,075	-	-	-	-	97,912,075	-
Building on leasehold land	-	2,540,000	2,540,000	-	42,333	-	42,333	2,497,667	5
Office primses	17,000,000	-	17,000,000	1,657,500	902,500	-	2,560,000	14,440,000	5
Leasehold improvements	2,512,653	363,522	2,876,175	573,426	140,129	-	713,555	2,162,620	5
Computers	8,751,567	5,758,618	14,510,185	3,569,659	5,111,173	-	8,680,832	5,829,353	33.33
Office equipments	11,874,075	2,430,661	14,304,736	3,169,026	1,713,727	-	4,882,753	9,421,983	10
Furniture and fittings	4,174,239	2,252,512	6,426,751	1,797,161	695,337	-	2,492,498	3,934,253	10
Motor vehicles	34,241,792	16,009,392 (4,420,000)	45,831,184	10,616,578	9,537,033	528,754 (2,665,385)	18,016,980	27,814,204	20
	78,554,326	127,266,780 (4,420,000)	201,401,106	21,383,350	18,142,232	528,754 (2,665,385)	37,388,951	164,012,155	
LASED ASSETS									
Motor vehicles	1,530,000	- (1,159,000)	371,000	662,314	98,933	- (528,754)	232,493	138,507	20
Total	**80,084,326**	**127,266,780 (5,579,000)**	**201,772,106**	**22,045,664**	**18,241,165**	**528,754 (3,194,139)**	**37,621,444**	**164,150,662**	

6.1.1 Addition in owned motor vehicles include transfer of leased assets to owned asset, amounting to Rs. 371,000 (2007: Rs. 1,159,000) during the year having accumulated depreciation of Rs. 232,493 (2007: Rs. 528,754) and book value of Rs. 138,507 (2007: Rs. 630,246).

6.2 Capital work in progress

	Note	2008 Opening balance Rupees	Additions Rupees	Transfers/ (disposals) Rupees	Closing balance Rupees
Advances paid for:					
Office space - Islamabad		14,268,000	19,024,000	-	**33,292,000**
Office space - Lahore		23,922,000	20,467,400	-	**44,389,400**
Office space - Karachi		-	1,000,000	-	**1,000,000**
Shops in commercial plaza	6.2.1	39,583,993	93,557,452	(2,063,059)	**131,078,386**
		77,773,993	134,048,852	(2,063,059)	**209,759,786**

6.2.1 This represents advances paid for acquisition / construction of shops and shall be transferred to investment properties on completion of construction.

6.3 Disposal of property and equipment

Particulars	Cost (Rupees)	Accumulated Depreciation (Rupees)	Book value (Rupees)	Sale proceeds (Rupees)	Gain/ (loss) (Rupees)	Mode of Sale	Particulars of Buyers
Leashehold improvements							
Islamabad Branch	1,035,202	234,661	800,541	35,000	(765,541)	Negotiation	Bright Aluminium
Multan Branch	129,075	11,294	117,781	-	(117,781)	Write off	
Motor Vehicles							
Suzuki Mehran	317,000	317,000	-	170,000	170,000	Negotiation	Jawad Tanveer Siddiqui
Suzuki APV	1,079,000	580,205	498,795	900,000	401,205	Negotiation	Total Media Limited
Office Equipment							
Photocopier	245,163	116,084	129,079	20,000	(109,079)	Negotiation	Khan Office Equipment
Total	**2,805,440**	**1,259,244**	**1,546,196**	**1,125,000**	**(421,196)**		

7 STOCK EXCHANGE MEMBERSHIP CARD AND ROOM

	2008 Cost As at July 01, 2007 Rupees	2008 Cost Additions/ (disposals) Rupees	2008 Cost As at June 30, 2008 Rupees	2007 Cost As at July 01, 2006 Rupees	2007 Cost Additions/ (disposals) Rupees	2007 Cost As at June 30, 2007 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

8 INVESTMENTS - AVAILABLE FOR SALE

	Note	2008 Rupees	2007 Rupees
Media Times Limited - equity securities - unquoted (at cost)	**8.1**	**121,767,150**	-
Total Media Limited - equity securities - unquoted (at cost)		**-**	33,159,280
		121,767,150	33,159,280

8.1 This represents 13,005,697 ordinary shares of Rs. 10/- each in Media Times Limited (MTL) representing 12.9% of the issued capital of MTL. The company is an unlisted public company incorporated in Pakistan. During the year Total Media Limited (TML) merged with Media Times Limited through a scheme of amalgamation approved by Honourable Lahore High Court vide order number 08-2008 dated April 14, 2008. As per the approved scheme, the Company was entitled to one share of Media Times Limited for one share of Total Media Limited held as at 15 May 2008. As a result of this 13,005,697 shares of TML have been converted into equivalent shares of MTL. This includes 8,860,787 shares of TML purchased during the year of which 1,350,000 shares were purchased from Mr. Suleiman Ahmed Said Al-Houqani, a related party for Rs.10/- each.

	Note	2008 Rupees	2007 Rupees
9 LONG TERM LOAN - UNSECURED, CONSIDERED GOOD			
Due from associated company	**9.1**	**-**	10,190,000

9.1 The long term loan disbursed to Pace Gujrat (Private) Limited (originally repayable in 2010) has been fully repaid. Maximum amount due from the associated company during the year amounted to Rs. 10,190,000 (2007: Rs. 10,190,000).

	Note	2008 Rupees	2007 Rupees
10 LONG TERM DEPOSITS AND ADVANCES			
Deposits with:			
Karachi Stock Exchange (Guarantee) Limited		**1,710,000**	1,460,000
Central Depository Company of Pakistan Limited		**100,000**	100,000
National Clearing Company of Pakistan Limited		**400,000**	400,000
Other lease deposits		**1,225,996**	902,496
		3,435,996	2,862,496
11 TRADE DEBTS - UNSECURED			
Trade debts against purchase of shares:			
Considered good:			
Clients	**11.1**	**2,244,176,423**	218,276,787
Members		**234,805**	997,048
		2,244,411,228	219,273,835
Considered doubtful:			
Clients		**81,251,172**	66,101,349
Members		**3,911,977**	3,911,977
		85,163,149	70,013,326
Less: Provision for doubtful debts	**11.2**	**(85,163,149)**	(70,013,326)
		-	-
		2,244,411,228	219,273,835

11.1 This includes an amount of Rs. 324,209,037 (2007: Rs.Nil) receivable from related party, Mr. Sulieman Ahmad Said Al-Houqani.

	Note	2008 Rupees	2007 Rupees
11.2 Provision for doubtful debts			
Opening balance		**70,013,326**	65,798,020
Provision written back	**27**	**(3,867,036)**	(10,842,199)
Charge for the year	**28**	**19,016,859**	15,057,505
Closing balance		**85,163,149**	70,013,326

	Note	2008 Rupees	2007 Rupees
12 INVESTMENTS			
At fair value through profit or loss			
Quoted equity securities			
Others	12.1	318,102,844	573,941,716
Unquoted securities			
Others	12.2	10,628,674	5,434,371
		328,731,518	579,376,087
Available for sale			
Unquoted equity securities			
Related party	12.3	-	6,644,000
		328,731,518	586,020,087

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

	2008			2007		
	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	7,375,160	5,186,614	218,200	6,895,120	7,375,160
First Capital Mutual Fund Limited	3,735,330	37,722,791	30,816,473	5,244,330	52,443,300	52,967,733
COMMERCIAL BANK						
National Bank of Pakistan	50,000	11,750,875	7,375,000	-	-	-
INVESTMENT BANK						
Islamic Investment Bank Limited	8,900	8,902	-	-	-	-
TECHNOLOGY AND COMMUNICATION						
Pakistan Telecommunication Company Limited-A	500	22,761	19,320	-	-	-
Worldcall Telecom Limited	467,987	8,572,966	6,795,171	13,724,562	122,211,263	251,845,713
CEMENT						
Al-Abbas Cement Industries Limited	-	-	-	127	1,270	1,861
REFINERY						
Bosicor Pakistan Limited	500	8,875	6,670	500	7,150	8,875
INSURANCE						
Shaheen Insurance Company Limited	2,787,425	239,517,634	245,600,016	2,782,625	150,269,930	239,305,750
MISCELLANEOUS						
Pace (Pakistan) Limited	787,000	22,429,319	22,303,580	787,250	23,067,151	22,436,624
Sub Total		327,409,283	318,102,844		354,895,184	573,941,716
12.2 Unquoted equity securities - Other						
MUTUAL FUNDS						
JS Fund of funds (Formerly UTP Fund of Funds)	37,161	3,803,883	4,215,063	64,769	3,241,800	3,803,883
Unit Trust of Pakistan	13,127	1,630,488	1,999,924	206	1,508,965	1,630,488
NAFA Stock Fund	384,994	5,000,000	4,413,687	-	-	-
Sub Total		10,434,371	10,628,674		4,750,765	5,434,371
Total investment		337,843,654	328,731,518		359,645,949	579,376,087
(Loss)/ gain on remeasurement		(9,112,136)			219,730,138	
Total Investment as at June 30		328,731,518			579,376,087	

12.2.1 All shares/ certificates/ units have a face value of Rs. 10/- each except for JS Fund of Funds and Unit Trust of Pakistan which have face value of Rs. 100/- each.

12.2.2 All shares have been valued at the closing market price except the units of JS Fund of Funds, Unit Trust of Pakistan and NAFA Stock Fund. These have been valued at redemption prices announced by the respective funds.

12.2.3 Shares/ units having carrying amount of Rs. 290,406,606 (2007: Rs.136,134,556) and market value of Rs. 287,051,690 (2007: Rs. 259,803,056) have been given as collateral against short term borrowings from various commercial banks and exposure to Karachi Stock Exchange (Guarantee) Limited.

12.2.4 During the year UTP - Fund of Funds was renamed as JS Fund of Funds and as per consolidation scheme of units, existing two units of par value of Rs. 50/- each have been consolidated in one unit of par value of Rs. 100/- each.

12.2.5 During the year, par value of units of Unit Trust of Pakistan held by existing unit holders have been changed from Rs. 5,000/- to Rs. 100/-. Accordingly existing units of par value of Rs. 5,000/- each have been sub-divided into 50 units of par value of Rs. 100/- each.

	Note	2008 Rupees	2007 Rupees
12.3 Available for sale			
Equity Partners Securities Limited - Foreign Subsidiary	**12.3.1**	-	6,865,076
Provision for impairment		-	(221,076)
		-	6,644,000

12.3.1 During the year, the Company sold its investment in subsidiary named Equity Partners Securities Limited, a private limited company incorporated in Bangladesh for US$ 110,000 at its carrying value as at June 30, 2007.

	Note	2008 Rupees	2007 Rupees
13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - Unsecured - Considered good			
Executives	**13.1**	**16,693,949**	2,389,108
Employees		**4,012,272**	3,137,144
Deposits with			
Central Depository Company of Pakistan Limited		**25,000**	25,000
Karachi Stock Exchange (Guarantee) Limited	**13.2**	**28,701,533**	28,701,533
Leasing companies		**-**	92,750
Others		**2,066,441**	1,307,391
Prepayments		**6,432,891**	2,947,368
Exposure with Karachi Stock Exchange (Guarantee) Limited	**13.3**	**930,110,948**	909,146,666
Accrued brokerage commission		**3,937,591**	10,784,311
Receivable on account of sale of Equity Partners Securities Limited - Foreign Subsidiary		**7,480,880**	-
Advance for National Commodity Exchange Limited Membership		**2,500,000**	-
Dividend receivable		**-**	5,244,330
Other receivables	**13.4**	**1,582,930**	3,472,393
		1,003,544,435	967,247,994

13.1 The Chief Executive and Directors have not taken any loan and advance from the Company during the year (2007: Rs. Nil).

13.2 This represents the deposited amount with the Karachi Stock Exchange (Guarantee) Limited against disputed claim of Aslam Motiwala as disclosed in Note 26.

13.3 This represents exposure deposit with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules which carries mark up at rates ranging from 0.10% to 9.2% per annum (2007: 2.5% to 9.5% per annum).

		Note	2008 Rupees	2007 Rupees
13.4	Other receivables considered good		**1,582,930**	3,472,393
	Other receivables considered doubtful		**500,000**	500,000
	Less: Provision for doubtful other receivables	**13.5.1**	**(500,000)**	(500,000)
			-	-
			1,582,930	3,472,393
13.5.1	Provision for doubtful other receivables			
	Opening balance		**500,000**	1,500,000
	Provision written back		**-**	(1,000,000)
	Charge for the year		**-**	-
	Closing balance		**500,000**	500,000

14. PLACEMENTS

	Note	2008 Rupees	2007 Rupees
Secured - Considered good			
Securities purchased under the resale agreement of quoted shares:			
- Parent company		**-**	170,000,000
- Mr. Suleiman Ahmed Said Al-Houqani - related party		**1,030,000,000**	350,000,000
- Others		**967,425,000**	638,750,000
		1,997,425,000	1,158,750,000

14.1 These have been placed for a period ranging from twenty to ninety two days (2007: thirty to one twenty days) and carry mark up at rates ranging from 12.5% to 20% per annum (2007: 12.75% to 15% per annum). Fair value of quoted equity securities held as collateral is Rs. 4,271,439,470 (2007: Rs. 1,347,038,399) out of which quoted equity securities having market value of Rs. 532,689,486 (2007: Rs. 911,037,662) were further placed as collateral with financial institutions by the Company under repurchase transactions (refer to Note 23.1).

15. INTEREST ACCRUED

	Note	2008 Rupees	2007 Rupees
Interest accrued on:			
Placements with parent company		**-**	1,594,658
Placements with Mr. Sulieman Ahmad Said Al-Houqani - related party		**4,523,421**	1,277,260
Other placements		**8,424,701**	8,350,857
Bank deposits		**5,330,278**	2,099,441
		18,278,400	13,322,216

16. CASH AND BANK BALANCES

	Note	2008 Rupees	2007 Rupees
Cash at bank			
Local currency			
Current accounts		**48,731,831**	45,138,559
Deposit accounts	16.1	**286,047,415**	99,941,760
		334,779,246	145,080,319
Foreign currency			
Current accounts		**83,340**	111,408
		334,862,586	145,191,727
Cash in hand		**94,183**	75,327
		334,956,769	145,267,054

16.1 These carry profit at rates ranging from 0.5 % to 10 % per annum (2007: 0.5 % to 4.5 % per annum).

17. AUTHORIZED SHARE CAPITAL

	2008 Rupees	2007 Rupees
90,000,000 (2007: 65,000,000) ordinary shares of Rs. 10/- each.	**900,000,000**	650,000,000

17.1 The authorized share capital of the Company has been increased to Rs. 900,000,000/- divided into 90,000,000 ordinary shares of Rs. 10/- each in accordance with the resolution approved by the shareholders in their Annual General Meeting held on October 30, 2007.

18 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2008	2007		2008 Rupees	2007 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		
46,412,950	14,003,500	Bonus shares of Rs. 10/-each fully paid	**464,129,500**	140,035,000
86,425,200	54,015,750		**864,252,000**	540,157,500

18.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 58,152,160 (67.28 %) ordinary shares (June 2007:36,345,100 (67.28 %)).

18.2 During the year, the company has issued 60% bonus shares of Rs 10/- each fully paid as approved by the shareholders in their Annual General Meeting held on October 30, 2007.

19 RESERVES

	Note	2008 Rupees	2007 Rupees
Capital reserve			
Share premium	**19.1**	**90,026,250**	90,026,250

19.1 This can only be utilized by the Company for the purpose specified in Section 83 (2) of the Companies Ordinance, 1984.

20 LONG TERM FINANCING - SECURED

	2008 Rupees	2007 Rupees
Term finance facility	-	8,280,000
Less: Current portion shown under current liabilities	-	5,040,000
Long term portion	-	3,240,000

20.1 During the year, the company has made early repayment of the term finance facility.

21 STAFF RETIREMENT BENEFITS

	Note	2008 Rupees	2007 Rupees
Provision for Gratuity	**21.1**	**21,943,781**	14,047,408

21.1 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, 2008.

	2008 Rupees	2007 Rupees
Discount Rate	**12 %**	10%
Expected rate of salary increase in future years	**11 %**	9 %
Average expected remaining employment period of employees	**12 Years**	11 Years

		Note	2008 Rupees	2007 Rupees
a)	**The amount to be recognized in the balance sheet is as follows:**			
	Present value of obligation		**27,375,357**	18,363,885
	Unrecognized actuarial gain		**(5,431,576)**	(4,438,877)
	Benefits due but not paid		**-**	122,400
	Liability recognized in the balance sheet		**21,943,781**	14,047,408
b)	**Movement of liability to be recognized in the balance sheet is as follows:**			
	Present value of obligation at beginning of the year		**14,047,408**	8,965,811
	Amount recognized during the year		**9,706,293**	5,445,957
	Contributions made by the Company during the year		**(1,809,920)**	(364,360)
	Net liability at the end of the year		**21,943,781**	14,047,408
c)	**The amount recognized in the profit and loss account is as follows:**			
	Current service cost		**7,633,314**	4,467,344
	Interest cost		**1,836,389**	935,762
	Actuarial loss charged to profit and loss account during the year		**236,590**	42,851
	Total amount charged to income statement	**28**	**9,706,293**	5,445,957

21.2	**Year**	Present value of obligation, Rupees	Actuarial gain Rupees
	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
	2004	**5,145,690**	323,204

		Note	2008 Rupees	2007 Rupees
22	**TRADE AND OTHER PAYABLES- UNSECURED**			
	Payable against sale of shares			
	Clients	**22.1**	**301,371,634**	356,458,896
	Members		**1,555,118**	1,938,309
	Accrued and other liabilities		**121,652,599**	60,777,741
	With holding tax payable		**1,542,681**	2,777,180
			426,122,032	421,952,126

22.1 It includes an amount of Rs. Nil (2007: Rs.77,154,872) payable to Mr. Sulieman Ahmed Said Al-Houqani - related party.

		Note	2008 Rupees	2007 Rupees
23	**LIABILITIES AGAINST REPURCHASE AGREEMENTS - SECURED**			
	Payable to financial institutions	**23.1**	**508,425,000**	923,750,000

23.1 This represents the amount payable to financial institutions under repurchase agreements against the securities under the arrangement as explained in note 14. The effective interest rate is 12.5 % to 20% per annum (2007: Rs. 12.75% to 15% per annum) and is for a period of twenty days to ninety two days (2007: one to three months).

		Note	2008 Rupees	2007 Rupees
24	**SHORT TERM BORROWINGS- SECURED**	**24.1**	**3,924,151,155**	752,325,328

24.1 These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 4,450 million (2007: Rs 1,350 million). These facilities carry mark up at rate ranging from one to 6 months KIBOR plus 1.8 % to 4.25 % per annum payable quarterly (2007: 2 % to 4.25 % per annum) with floor limits ranging from 10% to 13.5% per annum (2007: 10% to 13.5% per annum) These are secured against pledge of quoted equity securities having market value of Rs. 5,847,382,001 (2007: Rs. 1,565,368,023).

		Note	2008 Rupees	2007 Rupees
25	**INTEREST ACCRUED**			
	Interest accrued on:			
	Long term financing		**-**	308,053
	Short term borrowings		**81,912,484**	12,013,985
	Repurchase agreements		**10,518,229**	7,476,639
			92,430,713	19,798,677

26 CONTINGENCIES AND COMMITMENTS

26.1 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) 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. The Management is confident that the application would be decided in the Company's favour.

A claim of Rs. 176.594 million by the above mentioned members of the KSE was also filed with the KSE Advisory and Arbitration Committee and the same was not entertained by the Committee as it was not in their legal jurisdiction. The claimant then filed a civil suit before the Honourable Sindh High Court in the year 2000, which is pending. The management is of the opinion that the likelihood of an unfavourable decision is remote.

c) Mr. Assad ullah Sajid has 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.

d) During the year 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 initial reply to the show cause notice to the SECP and no further proceeding has been held till date. Based on the legal counsel's opinion, management is confident that the matter will be decided in the Company's favour. The financial impact of the outcome, if any, can not be ascertained at this stage.

e) During the year a claim of Rs. 12,540,356 has been filed by a client, Mr. Hasan yusuf, which is not acknowledged as debt by the Company.

f) 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 Honourable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of the Company.

g) 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 upto Rs.1.4 million on account of apportionment of expenses to capital gain. The Company has filed 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.

26.2 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:		
Capital expenditure	**173,780,516**	**134,492,188**
Sale of shares	**1,782,101,966**	**-**
Purchase of shares	**2,338,809,506**	**-**

	Note	2008 Rupees	2007 Rupees
27 OTHER OPERATING INCOME			
Return on deposit accounts		**17,622,473**	5,133,558
Interest on long term loan to associated company		**1,603,599**	1,630,399
Dividend income		**1,222,039**	11,410,096
Gain on sale of property and equipment		**-**	785,385
Provision for bad debts written back	**11.2**	**3,867,036**	11,842,199
Gain on foreign currency translation		**875,956**	13,499
Underwriting commission		**-**	2,218,700
Takeup commission		**-**	524,733
Late payment charges		**18,101,847**	-
Others		**849,686**	2,475,181
		44,142,636	36,033,750
28 OPERATING EXPENSES			
Salaries and benefits		**172,842,249**	131,638,907
Provision for gratuity	**21.1**	**9,706,293**	5,445,957
Stock Exchange and settlement charges		**36,908,980**	27,355,335
Rent, rates and taxes		**10,313,947**	6,813,030
Communication		**12,897,800**	9,937,689
Utilities		**4,758,225**	4,236,990
Insurance		**2,930,226**	1,656,723
Printing and stationery		**2,796,312**	2,623,120
Traveling and conveyance		**13,363,860**	6,571,916
Repair and maintenance		**12,144,233**	6,727,488
Postage and courier		**3,034,621**	1,962,587
Vehicle running expenses		**10,346**	104,989
Newspaper and periodicals		**248,887**	199,456
Entertainment		**5,642,612**	4,472,967
Legal and professional		**2,992,556**	3,410,532
Provision for doubtful debts	**11.2**	**19,016,859**	15,057,505
Bad debts written off directly		**-**	10,844
Financial consultancy		**32,337,111**	-
Advertisement		**4,143,436**	2,191,808
Auditors' remuneration	**28.1**	**1,077,730**	860,724
Depreciation	**6.1**	**18,523,672**	18,241,166
Fee and subscription		**7,271,917**	3,526,550
CDC and stamps charges		**6,193,553**	5,334,904
Donation	**28.2**	**264,960**	446,660
Impairment		**-**	221,076
Capital value tax		**3,068,616**	139,073
Loss on sale of property and equipment	**6.3**	**421,196**	-
Other expenses		**4,734,320**	3,646,277
		387,644,517	262,834,273

	2008 Rupees	2007 Rupees
28.1 Auditors' remuneration		
Statutory audit	**600,000**	450,000
Half year review	**200,000**	240,000
Certifications	**277,730**	170,724
	1,077,730	860,724

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

	2008 Rupees	2007 Rupees
29 FINANCE COSTS		
Mark-up on short term borrowings	**219,874,605**	43,004,074
Mark-up on repurchase agreements	**131,901,902**	90,483,239
Mark-up on long term financing	**366,194**	1,392,771
Finance lease charges	**63**	18,519
Bank charges and commission	**1,621,086**	903,012
	353,763,850	135,801,615
30 TAXATION		
Current	**64,287,134**	53,843,752
Deferred	**-**	-
	64,287,134	53,843,752
30.1 Relationship between income tax expense and accounting profit:		
Profit before taxation	**357,374,731**	408,023,532
Tax at the applicable tax rate of 35 % (2007 : 35%)	**125,081,156**	142,808,236
Tax effect of expenses that are inadmissible in determining tax profits	**154,304,056**	93,801,595
Tax effect of net income chargeable under final tax regime	**(181,822,942)**	(103,391,303)
Tax effect of items that are not included in determining taxable profits	**(33,275,136)**	(79,374,776)
	64,287,134	53,843,752

30.2 Considering the unavailability of taxable profits in foreseeable future due to the fact that most of the Company's taxable income is being assessed under final taxation and capital gains being exempt, the Company has not incorporated deferred tax asset in these financial statements.

30.3 The returns of total income for the Tax Years 2003, 2004, 2005, 2006 and 2007 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 26.1 for tax related contingencies.

	Note	2008 Rupees	2007 Rupees

31 EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2008 Rupees	2007 Rupees
Profit after taxation attributable to ordinary share holders - Rupees		**293,087,597**	354,179,780
Weighted average number of ordinary shares - Number		**86,425,200**	82,392,024
Earnings per share - Basic - Rupees per share	**31.2**	**3.39**	4.30

31.1 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.

31.2 Earnings per share of Rs 7.09 for the year ended June 30, 2007 has been restated after taking into account issuance of 32,409,450 bonus shares by the Company during the year.

32. 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, 2008				
	Associated Company	Parent Company	Fellow Subsidiary	Key management personnel of the entity, its parent and their close family members	Other Related Parties
	Rupees	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 agreements	**-**	**6,135,616**	**-**	**-**	**1,760,548**

	June 30, 2007				
	Associated Company	Parent Company	Fellow Subsidiary	Key management Personnel of the entity its parent and their close family members	Other Related Parties
	Rupees	Rupees	Rupees	Rupees	Rupees
Brokerage income	1,174,390	6,514,079	56,850	89,504	26,913,142
Repurchase agreement arrangement fee	-	975,833	-	-	641,667
Placements entered and rolled over	-	667,000,000	-	-	990,000,000
Placements matured	-	707,000,000	-	-	990,000,000
Repurchase agreements entered and rolled over	-	-	-	-	-
Repurchase agreements matured	-	-	-	-	-
Income earned on placements	-	28,506,410	-	-	58,430,122
Long term loan	-	-	-	-	-
Interest on long term loan	1,630,399	-	-	-	-

32.1 The amounts due to / due from related parties are disclosed in respective notes to the financial statements.
32.2 Other related parties include Mr. Sulieman Ahmad Said Al-Houqani.

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Interest rate risk exposure

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 and maturity dates, which ever is earlier, is as follows:

	June 30, 2008				
	Interest/MarkupBearing		Non Interest Bearing		Total
	Less than one year	One year and above	Less than one year	One year and above	
	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets					
Investments - available for sale	-	-	-	121,767,150	121,767,150
Long term deposits and advances	-	-	-	3,435,996	3,435,996
Trade debts - Unsecured	-	-	2,244,411,228	-	2,244,411,228
Investments	-	-	328,731,518	-	328,731,518
Advances, deposits and other receivables	930,110,948	-	58,794,375	-	988,905,323
Placements	1,997,425,000	-	-	-	1,997,425,000
Interest accrued	-	-	18,278,400	-	18,278,400
Cash and bank balances	286,047,415	-	48,909,354	-	334,956,769
	3,213,583,363	-	2,699,124,875	125,203,146	6,037,911,384
Financial Liabilities					
Trade and other payables- Unsecured	-	-	424,579,351	-	424,579,351
Liabilities against repurchase agreements - Secured	508,425,000	-	-	-	508,425,000
Short term borrowings - Secured	3,924,151,155	-	-	-	3,924,151,155
Interest accrued	-	-	92,430,713	-	92,430,713
	4,432,576,155	-	517,010,064	-	4,949,586,219
On balance sheet gap	(1,218,992,792)	-	2,182,114,811	125,203,146	1,088,325,165
Commitments					
Leasehold properties	-	-	34,734,600	39,490,600	74,225,200
Investment properties	-	-	92,525,916	95,001,588	187,527,504
Capital work in progress	-	-	46,520,000	-	46,520,000
Sale of shares	-	-	1,782,101,966	-	1,782,101,966
Purchase of shares	-	-	2,338,809,506	-	2,338,809,506

	June 30, 2007				
	Interest/Markup Bearing		Non Interest Bearing		Total
	Less than one year	One year and above	Less than one year	One year and above	
	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets					
Investments - available for sale	-	-	-	33,159,280	33,159,280
Long term loan - Unsecured	-	10,190,000	-	-	10,190,000
Long term deposits and advances	-	-	-	2,862,496	2,862,496
Trade debts - Unsecured	-	-	219,273,835	-	289,287,161
Investments	-	-	586,020,087	-	586,020,087
Advances, deposits and other receivables	909,146,666	-	49,534,958	-	958,681,624
Placements	1,158,750,000	-	-	-	1,158,750,000
Interest accrued	-	-	13,322,216	-	13,322,216
Cash and bank balances	99,941,760	-	45,325,294	-	145,267,054
	2,167,838,426	10,190,000	913,476,390	36,021,776	3,127,526,592
Financial Liabilities					
Long term financing	5,040,000	3,240,000	-	-	8,280,000
Liabilities against assets subject to finance lease	110,072	-	-	-	110,072
Trade and other payables- Unsecured	-	-	419,174,946	-	419,174,946
Liabilities against repurchase agreements - Secured	923,750,000	-	-	-	923,750,000
Short term borrowings - Secured	752,325,328	-	-	-	752,325,328
Interest accrued	-	-	19,798,677	-	19,798,677
	1,681,225,400	3,240,000	438,973,623	-	2,123,439,023
On balance sheet gap	486,613,026	6,950,000	474,502,767	36,021,776	1,004,087,596
Commitments					
Leasehold properties	-	-	41,351,200	47,758,800	89,110,000
Investment properties	-	-	95,001,588	182,086,377	277,087,965
Sale of shares	-	-	9,481,605,810	-	9,481,605,810
Purchase of shares	-	-	8,950,561,369	-	8,950,561,369

33.1.1 There are no financial assets and financial liabilities maturing after five years except for investments available for sale amounting to Rs 121,767,150 (2007: Rs. 33,159,280).

33.1.2 The Company has financial instruments with both fixed and floating interest rates which are disclosed in the respective notes to the financial statements.

33.2 Concentration of credit risk and credit exposure of the financial instruments

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.

Out of total financial assets of Rs. 6,043,617,605 (2007: Rs. 3,206,106,288), Rs. 2,244,411,228 (2007: Rs. 219,273,835) are exposed to credit risk.

33.3 Foreign exchange risk management

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. Out of total financial assets of Rs. 6,167,389,382 (2007: Rs. 3,197,539,919), Rs. 7,564,220 (2007: Rs. 111,408) are exposed to foreign currency risk.

33.4 Liquidity risk management

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.

33.5 Capital 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.

33.6 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
Total Number	1	1	4	4	21	11
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	**3,400,000**	2,138,424	**7,504,000**	5,320,000	**17,841,591**	8,925,333
House Rent	**1,360,000**	855,370	**3,001,600**	2,128,000	**7,136,637**	3,570,133
Commission	**-**	-	**7,040,858**	2,797,726	**7,930,639**	2,797,726
Bonus	**2,500,000**	1,000,000	**2,280,000**	2,428,000	**10,612,500**	3,584,000
Medical Expenses Reimbursed	**1,337,500**	350,214	**367,703**	396,337	**521,313**	250,391
Utilities	**340,000**	213,842	**750,400**	532,000	**1,784,159**	892,533
	8,937,500	4,557,850	**20,944,561**	13,602,063	**45,826,839**	20,020,116

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

34.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2007: Nil).

35 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 27, 2008, has recommended the issue of bonus shares @25% i.e. in the proportion of 25 new shares for every 100 ordinary shares held, for the approval of members at the Annual General meeting. These financial statements do not reflect the appropriations in this regard.

36 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 27, 2008.

37 GENERAL

37.1 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
Income from placement	Other operating income	Profit and loss account	118,423,345
Advance for leasehold properties	Long term deposits and advances	Capital work in progress	38,190,000
Advance for investment properties	Long term deposits and advances	Capital work in progress	39,583,993

37.2 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 2427427

FCEL Stock Exchange Branch
Room # 610 & 611, 6th Floor, Stock
Exchange Building, Karachi.
0092 21 2443442

FCEL P.E.C.H.S Branch
M-2, Mezzanine Floor, Block 2, Avanti
Terrace,Al Road, PECHS, Karachi.
0092 21 4545551-2

FCEL Gulshan Branch
Plot # SB-14, 2nd Floor, Block 13-C,
Gulshan-e-Iqbal, Karachi
0092 21 4830503

FCEL DHA Branch
3rd Floor, OTC Tower, 20-C, 6th Street,
Touheed Commercail, Area, Phase V,
DHA, Karachi.
0092 21 5876621

Hyderabad

FCEL Hyderabad Branch
523/3, Baloch Center,
Cantt Saddar, Hydrabad
0092 22 2784870

Sukkur

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

Central Region

Lahore

FCEL Gulberg Branch
64-C, Block E-1, Gulberg III,
Lahore
0092 42 111 226 226

FCEL National Tower Branch
National Tower Building, Room ,#
209 2nd Floor, Egerton Road, Lahore.
0092 42 6302628

Faisalabad

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

Gujrat

FCEL Hasan Arcade Branch
Hasan Arcade, 1st floor,
G.T Road Gujrat
0092 53 3537872

Gujranwala

FCEL Gujranwala Branch
Office No. 12, 1st Floor,
Main Block, Trust Plaza,
Gujranwala.
0092 55 3822431

Sargodha

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

North Region

Islamabad

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

Rawalpindi

FCEL School Road Branch
16-A, School Road, Chaklala
Scheme III, Rawalpindi.
0092 51 5766278

Multan

FCEL Dubai Plaza Branch
12-Dubai Plaza Quaid-e-Azam
Road, Cantt - Multan.
0092 61 4504201-5

Abbotabad

FCEL Usman Plaza Branch
1st Floor, Usman Plaza, Near Sethi
Masjid, Manshera Road, Abbotabad
0092 992 338003

D.I.Khan

FCEL State Life Building Branch
3rd Floor, State Life Building,
Dera Ismail Khan, NWFP.
0092 966 730907

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, 2008 at 4:30 p.m. and at any adjournment thereof.

Signature this ____________________ Day of __________________ 2008

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.