ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

CONTENTS

COMPANY INFORMATION

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

MISSION

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

Dedicated to Make it Happen

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

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

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

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

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

VISION

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

We Believe In

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of First Capital Equities Limited ("the Company") will be held on Saturday October 30, 2010 at 4:00 p.m. at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, to transact the following business:

Ordinary business

1. To confirm the minutes of last Annual General Meeting held on October 31, 2009;

2. To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2010 together with the Directors' and Auditors' reports thereon;

3. To appoint Auditors of the Company for the year ending June 30, 2011 and to fix their remuneration;

Special business

4. **To consider and if deemed fit, pass the following "Special Resolutions" with or with out modifications regarding deletions/additions in the object clause III of Memorandum of Association of the Company:**

"RESOLVED THAT the existing sub clause 1 and sub clause 23 of object clause III of Memorandum of Association, regarding the business of Investment Advisors, be deleted and the remaining sub clauses from 2 to 22 shall be renumbered as 1 to 21 accordingly.

RESOLVED FURTHER THAT following sub clauses shall be added after the sub clause 21 of the Memorandum of Association of the Company subject to the completion of all the necessary corporate and regulatory formalities:

22. "To become and act as member of commodity exchange(s), including National Commodity Exchange Limited (NCEL) and other recognized exchanges, associations and corporate bodies dealing in commodities and commodity contracts and commodity backed securities in Pakistan and to obtain registration as broker with the Securities & Exchange Commission of Pakistan and other regulatory agencies."

23. "To engage in ready and futures trading and contracts in relation to commodities such as gold, cotton, cotton yarn, wheat, rice, sugar and other commodities as permissible by the commodity exchanges and in particular, the NCEL."

24. "To engage in the futures or derivatives business of any commodity, including but not limited to cotton, cotton yarn, precious metals, base metals, agricultural products and derivatives of any kind subject to license/permission/consent/NOC, if any, required under any law for the time being in force and as allowed by commodity exchanges, including the NCEL."

"RESOLVED FURTHER THAT an application for deletions/additions as referred above in the Memorandum of Association of the Company shall be filed with the Securities and Exchange Commission of Pakistan ("SECP") for obtaining approval."

"RESOLVED FURTHER THAT the Chief Executive or any one of the Directors and /or the Company Secretary of the Company be and are hereby authorized to complete the necessary corporate and legal formalities in connection with the above."

By order of the Board

Lahore
October 08, 2010

Syed Akbar Naqi Zaidi
Company Secretary

Notes:

1) The register of members will remain closed from October 23, 2010 to October 30, 2010 (both days inclusive). Transfers 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 22, 2010 will be treated in time for the purpose of Annual General Meeting.

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

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

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

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

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

STATEMENT 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 30, 2010.

Deletion/Addition in Memorandum of Association of the Company

First Capital Equities Limited ("FCEL") was incorporated on January 26, 1995 as a private limited company under the provisions of the Companies Ordinance, 1984 ("the Ordinance"). Later, on June 18, 1997 status of FCEL was changed to a public limited company. FCEL is listed on Lahore Stock Exchange (Guarantee) Limited since October 01, 2001 and its principal activities include share brokerage, conducting and publishing business research. Currently, FCEL is subsidiary of First Capital Securities Corporation Limited. The Company is member of Karachi Stock Exchange (Guarantee) Limited.

Authorised share capital of FCEL is Rs. 1,100,000,000 divided into 110,000,000 ordinary shares of Rs. 10/- each. The issued, subscribed and paid up capital is Rs. 1,080,315,000 divided into 108,031,500 ordinary shares of Rs. 10/- each out of which First Capital Securities Corporation Limited holds 72,690,200 ordinary shares (67.29%), rest of the shareholding is with other resident and non residents shareholders.

As per restrictions provided in sub rule 5 (6) (b) of The Non Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Company can not undertake Investment Advisory business because the Company is a part of a group of Companies which is already holding for the same form of services. Therefore, clauses related to Investment Advisory business are not required in the object clause III of the Memorandum of Association of the Company.

As a part of strategic business expansion plan the Company intends to start commodity business, currently the Company is in process of obtaining the membership of National Commodity Exchange Limited, therefore, the necessary additions are required to be done in the object clause III of the Memorandum of Association of the Company.

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under section 160(1)(b) of the Companies Ordinance, 1984, annual and quarterly accounts along with all published or otherwise required accounts of all prior periods of the Company and other related information of the Company, may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings which may also be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

FINANCIAL HIGHLIGHTS

(Rupees in million)

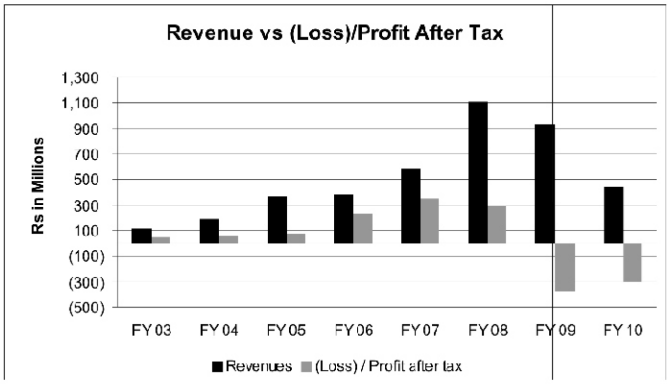
PARTICULARS	FY 10	FY 09	FY 08	FY 07	FY 06	FY 05	FY 04	FY 03
Profit and Loss Account								
Revenues	439.44	935.50	1,107.89	586.93	379.55	367.90	189.73	118.88
Expenses	716.09	1,176.68	741.41	398.64	259.15	235.49	132.56	70.56
(Loss) / Profit before tax	(301.16)	(371.44)	357.37	408.02	264.65	110.45	57.17	48.32
(Loss) / Profit after tax	(305.66)	(380.18)	293.09	354.18	232.66	80.49	55.71	45.38
Balance Sheet								
Paid up capital	1,080.32	1,080.32	864.25	540.16	240.07	240.07	240.07	120.04
Shareholder's equity	2,084.34	1,710.98	1,591.90	1,298.82	674.56	441.90	361.65	185.90
Liabilities	4,038.57	4,422.78	4,992.87	2,157.80	1,349.55	451.69	398.82	112.91
Total assets	6,122.91	6,133.76	6,584.78	3,456.61	2,024.11	893.55	760.48	298.81
Investment value at cost	539.58	639.44	337.84	359.64	87.13	110.35	244.72	16.19
Investment value at mkt price	1,693.34	509.18	328.73	579.38	231.37	88.39	238.88	23.10
Ratios								
(Loss) /Earning per share (Rs.)	(2.83)	(3.52)	2.71	4.30	4.94	3.35	3.06	3.78
Break up value (Rs.)	19.29	15.84	18.42	24.05	28.10	18.41	15.06	15.48
Return on Equity (%)	(14.66)	(22.22)	18.41	29.48	34.50	18.20	15.40	24.41
Payout (%)								
Cash	-	-	-	-	-	-	-	-
Bonus	-	-	25	60	50	-	-	-
Right	-	-	-	-	50	-	-	-

* EPS for year 2008 of Rs 3.39 per share has been restated due to the issue of bonus shares during the year.

* EPS for year 2007 of Rs 7.09 per share has been restated due to the issue of bonus shares during the year.

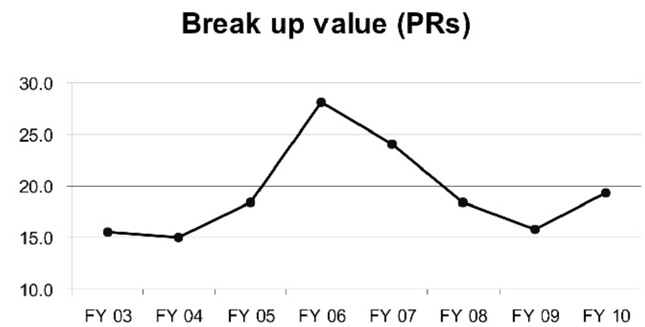
* EPS for year 2006 of Rs 9.69 per share has been restated due to the issue of bonus shares and right shares.

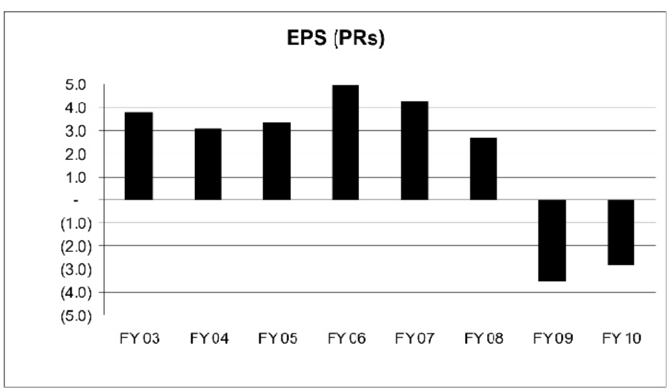
GRAPHICAL PRESENTATION



Revenue vs (Loss)/Profit After Tax

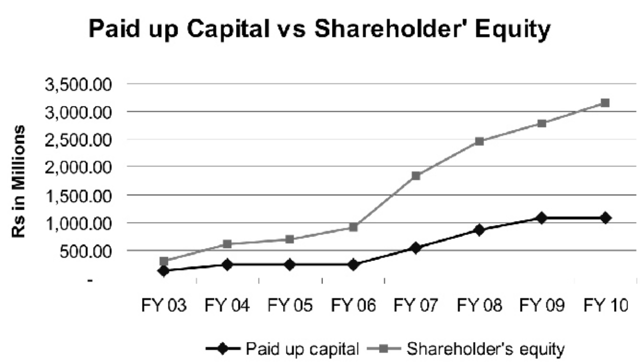
Break up Value





Earnings Per Share

Paid up Capital Vs Shareholder's Equity



DIRECTORS' REPORT

The Board of Directors of First Capital Equities Limited (“the Company” or “FCEL”) is pleased to present the Annual Report along with the audited financial statements of the Company for the financial year (FY) ended June 30, 2010. FCEL is a leading brokerage house of Pakistan that provides a complete range of stock brokerage nationwide to a substantial and diversified clientele that includes corporations, financial institutions, retail clients, foreign investors and high net worth individuals.

ECONOMIC & MARKET REVIEW

In FY10, Pakistan's economy started a gradual progression towards recovery and macro situation ameliorated. Manufacturing activities grew, inflationary pressure receded and external account improved. GDP increased 4.1%, up from 1.2% in 2008-09, with rebound in manufacturing activities. Real industrial production picked-up 4.9% this year against a negative growth of 1.9% in the last year while average inflation of 11.7% in FY10 remained relatively lower than 20.8% recorded in FY09. The SBP's foreign exchange reserves increased to US$13bn, supporting circa 4.5 months of imports. Interest rates dropped from the peak of 15.0% to 12.5% while system's liquidity also improved. All these factors boosted investor's confidence considerably for a while.

However, right from the beginning of FY11, the pace of economic recovery has just arrested due to recent floods that impacted around 2.0mn population and 20% land of the country and have left devastating footmarks behind. Though, full impact of floods is yet to come, undoubtedly, would affect the whole economy of the country. Initial aftermaths of floods have started to become visible on prices of food items. As a result, inflation once again is rising to alarming levels. In August, inflation surged to 13.23% YoY while full year inflation may range between 13.5-14.5%. The GDP growth is projected to slowdown at 2.5-2.8%, down from 4.1% in FY10. Fiscal side again will be under stress, fiscal deficit is projected to remain above 6.0%, far above 4.0% budgeted. Interest rates are trending upward. In last three months, the SBP has raised discount rate by 100bps to 13.5% to counter expected risk of inflation.

That said, economic environment has once again become challenging. Calibrated policy response from the government is eminent to tackle economic challenges ahead and to carry rehabilitation & reconstruction work.

CAPITAL MARKET

Pakistan equity market stands amongst the best performing markets in the region by providing an impressive 36% return during FY10. The benchmark KSE-100 index gained handsome 2,560 points in FY10. The market capitalization of KSE ended at Rs2.73tn (US$32bn), up by 29% or Rs612bn. The market throughout the year remained upbeat, however, last quarter's performance was marred by the concerns over replacement of GST with VAT, imposition of CGT and advance tax issue along with the mounting fear of foreign investment outflows from the equity market. That said, the index lost nearly 1,000 points (down 9%) from the year's peak of 10,677 (registered in April 2010) to close the fiscal at 9,722 point level. The factors attributable to the overall improvement in the market performance were improving macro indicators, fulfillment of conditions set by the IMF, resolution of significant political issues that had the potential to undermine the democratic system of the country. Consequently, these factors restored the confidence of not only the local investors but also of the offshore fund managers where we saw a sharp downward adjustment in the risk perception of Pakistan. That said, Pakistan's CDS spread recorded a notable reduction of approx 1000bps to 664bps at end-June 2010 from May 2009. The CDS spread is also 198bps down from FY10 high of 862bps and only 79bps above the low of 585bps. In addition, Pakistan's average Eurobond yield also fallen to 9.6% in FY10 as against 19.6% of FY09. Moreover, Pakistan stock market witnessed strong foreign investment inflows during FY10 where the country recorded US$569mn of foreign inflows on net basis.

During FY10, trading activity at local bourses did not portray a sanguine picture in a sense that low base of FY09 was due to the four month period of floor- imposition by the KSE. Though, the trading volumes at KSE remained higher versus previous year, however, on average basis, it still arrived lower compared to the preceding years. In FY10, average daily volume in the ready market recorded at only 162mn shares (PRs6.97bn or US$83mn) versus that of 106mn shares (PRs4.43bn or US$56mn) during FY09. In futures market, average daily volume surged to 5.7mn shares (PRs445mn or US$5.3mn) versus 2.6mn shares (PRs334mn or US$4.2mn), a year earlier.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2010.

All Figures are in Million except EPS

	FY 10	FY 09
Brokerage and operating income	170.46	470.85
Capital gain / (loss)	29.29	(10.91)
Income on placement	229.91	399.39
Other income	9.79	75.73
Loss on re-measurement of investments at fair value through profit or loss - net	(24.51)	(130.26)
Loss after tax	(305.66)	(380.18)
Earnings / (loss) per share (EPS) Rs*	(2.83)	(3.52)

FY10 was a tough year for equity brokerage industry due to highly squeezed trading activities as discussed earlier. However, despite lower operating revenues, timely and effective measures taken by your Company enabled it to reduce the overall losses by approx 20% to Rs 306mn as against loss of Rs 380mn incurred during FY09. Cut in operating expenses along with lower financial charges supported the bottom-line during the year. The trading activity at KSE is still inadequate for the brokerage industry to return to previous level of profitability - though improved on YoY basis. The brokerage revenue of your Company registered a decline of 64% to Rs170mn as against Rs471mn earned in FY09. However, the capital gain of Rs 29mn on stock market investments booked by your Company somehow helped in mitigating lower revenues impact. Income from private placements remained 42% lower at Rs 230mn during the year. Moreover, other operating income also registered a fall of 87% at Rs 9.7mn during the year under review. Consequently, the aggregate revenues of your Company were recorded at Rs 439mn - 53% lower versus FY09.

Your Company remains committed to maximize the shareholder's wealth while keeping in view the interest of all stakeholders and took some prudent and effective measures during the year. This resulted in reduced operating and financial expenses at Rs 220mn and Rs 496mn depicting 44% and 36% respective declines during FY10. The Company during the year underwent major debt re-structuring process which resulted in lower financial cost for the fiscal.

Going forward, your company's focused strategy would be based on providing quality service, broadening clientele and controlling cost. However, due to the recent floods the macro indicators of the country have once again come under pressure and have tighten the business environment of the country notably. Your Company is striving hard to cope with these challenges head-on. Importantly, the long awaited leverage product duly approved by the apex regulator is also likely to be implemented soon which would improve the trading activity at Pakistan stock market and hence bode well for your Company's future performance.

During the year the Company has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonored cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by the Company and for recovery of Rs. 25.20 million till February 2010. The Universal Equities (Pvt) Limited has filed a suit for permanent injunction alleging therein that the Company be directed not to initiate criminal proceedings against the dishonored cheque. The Learned Trail Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed in favour of the Company.

The assessment U/s 161/205 of Income Tax Ordinance 2001 by the Deputy Commissioner of Income Tax for the years 2005, 2006, 2007, 2008 and 2009 were finalized. The assessing officer has imposed a tax of Rs. 287,292 on the Company due to default in with-holding of tax.

FUTURE OUTLOOK

Your Company continued the process of obtaining membership of Commodity Brokerage and necessary regulatory and corporate formalities are being completed in this regard. Due to current capital market conditions your Company has also put on hold the options of raising funds through issue of securities by way of listing on KSE and/or Dubai Stock Exchange and plans of expansion in areas of Real Estate Investment Trust and Investment Finance Services. Once the market conditions improve, the said options will be re-evaluated.

With the improved conditions in the economy and capital markets the management of your Company is committed to substantiate revenues and bring down the losses.

PAYOUT FOR THE SHAREHOLDERS

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

RISK MANAGEMENT

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

COMPANY PERFORMANCE IN PAST YEARS

Past eight years Company performance chart is attached.

EARNINGS PER SHARE

Loss per share for the year ended June 30, 2010 was Rs. (2.83) as compared to loss per share Rs. (3.52) in the last year.

CHANGES IN THE BOARD OF DIRECTORS

Since the last AGM, there has been no change in the Board of Directors during the year of the Company.

BOARD MEETINGS DURING THE YEAR

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

Directors	Meetings Attended
Mian Ehsan ul Haq	4
Mr. Ashraf Liaquat Ali Khan	1
Mr. Farooq Bin Habib	4
Mr. Mazhar Abbas	4
Mr. Ahsan Zia	4
Mr. Muhammad Zubair Khalid	4
Ms. Samira Ahmed Zia	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:

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

There is no change in audit committee members during the year.

AUDITORS

The present Auditors, Messrs Nasir Javaid Maqsood Imran Chartered Accountants, shall retire and being eligible to offer themselves for re-appointment. The Board of Directors endorse the recommendation of the Audit Committee for the re-appointment of Messrs Nasir Javaid Maqsood Imran Chartered Accountants as the Auditors of the Company for the financial year ending June 30, 2011.

PATTERN OF SHAREHOLDINGS

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

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

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment except for the changes as explained in note 2.2 of the financial statements.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been implemented and effectively monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.
- The key financial data of last eight years is summarized in the report.
- There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Directors

Lahore:
September 25, 2010

Mian Ehsan ul Haq
Chairman & Chief Executive Officer

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2010

INCORPORATION NUMBER: 0034157 OF 26-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
4	1	-	500	583
1	501	-	1000	864
134	1001	-	5000	524,989
7	5001	-	10000	41,300
1	20001	-	25000	22,960
1	250001	-	30000	26,136
1	120001	-	125000	124,000
1	490001	-	495000	492,500
1	995001	-	1000000	1,000,000
1	1710001	-	1715000	1,710,250
1	4495001	-	4500000	4,500,000
1	10795001	-	10800000	10,797,718
1	106095001	-	16100000	16,100,000
1	18420001	-	18425000	18,425,000
1	54265001	-	54270000	54,265,200
157				**108,031,500**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer,	36,720	0.03
Associated Companies, undertakings and related parties.	88,790,200	82.19
NIT and ICP	-	-
Modaraba and Mutual Fund	124,000	0.115
Banks, Development Financial Institutions, Non Banking Financial Institutions	-	-
Share holders holding 10% or more	88,790,200	82.189
Others:		
- Joint Stock Companies	15,850,549	14.672
General Public		
a) Local	3,230,031	2.99
b) Foreign	-	-

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

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT JUNE 30, 2010

Shareholders' Categories	Number of Shares held
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	72,690,200
Sulieman Ahmad Said Al-Hoqani	16,100,000
NIT and ICP	-
Directors, CEO & their Spouse and Minor Children	
Mian Ehsan ul Haq (CEO/Director)	5,400
Farooq Bin Habib (Director)	5,400
Mazhar Abbas (Director)	5,400
Muhammad Zubair Khalid (Director)	5,400
Ashraf Liaquat Ali Khan (Director)	5,400
Ahsan Zia (Director)	5,400
Samira Ahmed Zia (Director)	4,320
Executives	-
Public Sector Companies and Corporations	15,850,549
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds etc.	124,000
Shareholders holding 10% or more voting interest in the Company	
First Capital Securities Corporation Limited	72,690,200
Sulieman Ahmad Said Al-Hoqani	16,100,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

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 any other listed company other than this Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of Board

Mian Ehsan ul Haq
Chief Executive Officer

Lahore
Dated: September 25, 2010

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the year ended June 30, 2010.

LAHORE
September 25, 2010

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Equities Limited ("the Company")** as at **June 30, 2010** and the related profit and loss account, statement of comprehensive income, 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; except for the changes as explained in note 2.2 of the financial statement with which we concur;

   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 the 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, 2010 and of the loss, its cash flows and changes in equity for the year then ended; and

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

LAHORE
September 25, 2010

Nasir Javaid Maqsood Imran
Chartered Accountants
Muhammad Maqsood

BALANCE SHEET

AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	6	**89,342,531**	111,306,191
Stock exchange membership card and room	7	**40,700,000**	40,700,000
Investments - available for sale	8	**1,398,850,917**	621,022,032
Long term deposits and advances	9	**2,986,800**	2,791,831
		1,531,880,248	775,820,054
CURRENT ASSETS			
Trade debts - Unsecured	10	**2,530,561,419**	3,097,150,519
Investments	11	**294,494,187**	509,178,747
Advances, deposits, prepayments and other receivables	12	**33,131,149**	41,547,026
Advance income tax		**46,596,037**	44,799,096
Placements	13	**782,093,163**	1,640,821,717
Interest accrued	14	**4,621,217**	17,071,085
Cash and bank balances	15	**6,436,391**	7,374,395
		3,697,933,563	5,357,942,585
NON - CURRENT ASSETS - HELD FOR SALE			
Investments property	16	**893,094,509**	-
TOTAL ASSETS		**6,122,908,320**	**6,133,762,639**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share Capital	17	**1,100,000,000**	1,100,000,000
Issued, subscribed and paid up share capital	18	**1,080,315,000**	1,080,315,000
Reserves	19	**1,178,281,767**	499,254,882
Unappropriated (loss) / profit		**(174,255,708)**	131,408,664
TOTAL EQUITY		**2,084,341,059**	1,710,978,546
NON - CURRENT LIABILITIES			
Long term financing	20	**1,311,317,094**	7,000,000
Staff retirement benefits	21	**35,744,285**	26,770,463
		1,347,061,379	33,770,463
CURRENT LIABILITIES			
Trade and other payables- Unsecured	22	**285,259,856**	339,308,293
Liabilities against repurchase agreements - Secured	23	**189,400,000**	681,400,430
Short term borrowings - Secured	24	**1,321,948,788**	3,140,936,523
Current portion of long term financing	20	**642,400,255**	40,000,000
Interest accrued	25	**231,506,413**	166,864,292
Provision for taxation		**20,990,570**	20,504,092
		2,691,505,882	4,389,013,630
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		**6,122,908,320**	6,133,762,639

The annexed notes from 1 to 36 form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
INCOME			
Brokerage and operating income		**170,459,128**	470,854,046
Capital gain / (loss) - net		**29,291,095**	(10,908,856)
Income on placements		**229,907,143**	399,388,361
Income on continuous funding system placements		**-**	440,069
Other operating income	**27**	**9,781,460**	75,730,216
		439,438,826	935,503,836
Loss on re-measurement of investments at fair value through profit or loss - net	**11.2**	**(24,514,805)**	(130,258,735)
		414,924,021	805,245,101
EXPENDITURE			
Operating expenses	**28**	**220,220,172**	396,491,778
Finance cost	**29**	**495,865,640**	780,192,686
		716,085,812	1,176,684,464
LOSS BEFORE TAXATION		**(301,161,791)**	(371,439,363)
TAXATION	**30**	**4,502,581**	8,739,655
LOSS AFTER TAXATION		**(305,664,372)**	(380,179,018)
EARNINGS PER SHARE - BASIC AND DILUTED	**31**	**(2.83)**	(3.52)

The annexed notes from 1 to 36 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
Loss after taxation for the year	(305,664,372)	(380,179,018)
Other comprehensive income		
Surplus on remeasurement of investment available for sale - net of tax	679,026,885	499,254,882
Total comprehensive income for the year	**373,362,513**	**119,075,864**

The annexed notes from 1 to 36 form an integral part of these financial statements.

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(301,161,791)**	(371,439,363)
Add: Items not involved in movement of funds			
Depreciation		**13,265,640**	18,539,748
Loss on re-measurement of investments at fair value through profit or loss - net		**24,514,805**	130,258,735
Provision for doubtful debts written back	11.2 &13.5.1	**-**	(15,331)
Provision for bonus written back		**-**	(40,519,983)
Provision for doubtful debts	10.2	**50,000,000**	-
Bad debts written off		**-**	184,514,452
Dividend income		**(2,712,920)**	(233,334)
Interest accrued		**(231,164,977)**	(405,962,581)
Interest expense		**495,865,640**	780,192,686
CWIP transferred		**1,000,000**	-
(Gain) / loss on sale of property and equipment	6.3	**(928,072)**	(18,562,240)
Gain on foreign currency translation		**(347,768)**	(1,430,145)
Provision for gratuity		**9,820,822**	10,328,119
		359,313,170	657,110,126
		58,151,379	285,670,763
(Increase) / decrease in current assets			
Investments at fair value through profit or loss		**190,169,755**	(310,705,964)
Trade debts - unsecured		**516,589,100**	(1,037,238,414)
Advances, deposits, prepayments and other receivables		**14,479,875**	961,997,411
		721,238,730	(385,946,967)
Increase in current liabilities in trade and other payables		**(54,023,437)**	(46,293,756)
Cash used in operations		**725,366,672**	(146,569,960)
Dividend received		**2,712,920**	233,334
Interest received		**243,614,845**	407,169,896
Finance cost paid		**(431,223,519)**	(705,759,108)
Gratuity paid		**(872,000)**	(5,501,437)
Taxes paid		**(5,813,044)**	(10,186,643)
Net cash used in operating activities		**533,785,874**	(460,613,918)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(1,396,906)**	(82,529,662)
Proceeds from sale of property and equipment		**3,959,000**	420,122,815
Investment properties		**(893,094,509)**	-
Investments available for sale		**(98,802,000)**	-
Placements		**858,728,554**	356,603,283
Long term deposits and advances		**(194,969)**	644,165
Net cash used / (generated) in investing activities		**(130,800,830)**	694,840,601
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		**1,906,717,349**	47,000,000
Liabilities against repurchase agreements		**(492,000,430)**	172,975,430
Short term borrowings		**(1,818,987,735)**	(783,214,632)
Net cash used from financing activities		**(404,270,816)**	(563,239,202)
Effects of exchange rate changes in cash and cash equivalents		**347,768**	1,430,145
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(1,285,772)**	(329,012,519)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**7,374,395**	334,956,769
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**15**	**6,436,391**	7,374,395

The annexed notes from 1 to 36 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

		Capital Reserve			Revenue Reserve	
	Issued, Subscribed and paid up capital	Share Premium	Reserve for issue of bonus shares	Fair Value reserve	Unappropri-ated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2008	**864,252,000**	**90,026,250**	**-**	**-**	**637,624,432**	**1,591,902,682**
Transfer to reserve for issue of bonus shares	-	(90,026,250)	216,063,000	-	(126,036,750)	-
Loss for the year after taxation	-	-	-	-	(380,179,018)	(380,179,018)
Other comprehensive income for the year						
Surplus on remeausurement of investment available for sale to fair value	-	-	-	499,254,882	-	499,254,882
Total other comprehensive income for the year - net of tax	-	-	-	499,254,882	-	499,254,882
Total comprehensive income for the year	-	-	-	499,254,882	(380,179,018)	119,075,864
Distribution to owners						
Bonus shares issued - 25% during the year	216,063,000	-	(216,063,000)	-	-	-
Total transaction with owners	216,063,000	-	(216,063,000)	-	-	-
Balance as at June 30, 2009	**1,080,315,000**	**-**	**-**	**499,254,882**	**131,408,664**	**1,710,978,546**
Total comprehensive income for the year						
Loss for the year after taxation	-	-	-	-	(305,664,372)	(305,664,372)
Other comprehensive income for the year						
Surplus on remeausurement of investment available for sale to fair value	-	-	-	679,026,885	-	679,026,885
Total other comprehensive income for the year - net of tax	-	-	-	679,026,885	-	679,026,885
Total comprehensive income for the year	-	-	-	679,026,885	(305,664,372)	373,362,513
Balance as at June 30, 2010	**1,080,315,000**	**-**	**-**	**1,178,281,767**	**(174,255,708)**	**2,084,341,059**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore | Chief Executive | Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 principal activities of the Company include share brokerage and conducting / publishing business research.

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

2. BASIS OF PREPARATION

2.1 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.

2.2 Change in accounting policy

The Company has changed its accounting policies in the following areas:

Presentation of financial statements ; and
Disclosure of financial instruments

2.2.1 The Company applies revised IAS 1 “Presentation of Financial Statements”, which became effective from January 01, 2009. The Company has accordingly presented all changes in owners' equity in the statement of changes of equity, whereas all non owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented in conformity with the revised standard. The change in accounting policy impacts presentation only without any impact on earnings per share.

2.2.2 The Company applies IFRS 7 “Financial Instruments: Disclosures”, which become effective from annual periods beginning on or after July 01, 2008. As a result, The Company has disclosed all the requirements of this standard with respect to financial instruments risk exposure, risk management policies and other related disclosures.

Comparative information has been disclosed in conformity with this standard. Since the change in accounting policy results in increased disclosures on financial instruments, there is no impact on earnings per share.

2.3 Standards, interpretations and amendments to international accounting standards

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after January 01, 2010.

Improvements to IFRSs 2009 - Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after January 01, 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after January 01, 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 - Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after January 01, 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after January 01, 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 17 Leases (effective for annual periods beginning on or after January 01, 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7-13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 - Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after January 01, 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2009 - Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after January 01, 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquire that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after January 01, 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.

Amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 01, 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. These amendments are unlikely to have an impact on the Company's financial statements.

Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after January 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

3. STATEMENT OF COMPLIANCE

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

4.1. Staff retirement benefits

Defined benefit plan

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

4.2. Provision for taxation

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

4.3. Provision for doubtful receivables

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

4.4. Useful lives and residual values of property and equipment

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1. Fixed capital expenditure and depreciation

Property and equipment

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

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

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

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

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

Capital work-in-progress

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

Assets subject to finance lease

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

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

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

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

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

5.2. Stock Exchange membership card and room

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

5.3. Impairment of non-financial assets

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

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

5.4. Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

Fair value

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

5.5. Trade and other receivables

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

5.6. Impairment of financial assets

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

Assets carried at amortized cost

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

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

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

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

Available-for-sale financial instruments/ assets

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

5.7. Taxation

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

Current

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

Deferred

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

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

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

5.8. Securities sold under repurchase / purchased under resale agreements

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

Repurchase agreement borrowings

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

Repurchase agreement lending

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

5.9. Deferred liability

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

Obligation of the scheme and profit and loss charge are made in accordance with the actuary's recommendation based on the actuarial valuation of the scheme as on June 30, 2010 using projected unit credit method.

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

5.10. Trade and other payables

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

5.11. Interest bearing borrowings

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

5.12. Foreign currency translation

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

5.13. Revenue recognition

Brokerage income

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

Capital gains / losses

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

Dividend income

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

Interest income

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

Income on Continuous Funding System placements

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

Underwriting commission

Underwriting commission is recognized when the agreement is executed.

5.14. Finance costs

All finance costs are charged to profit and loss account.

5.15. Financial instruments

Financial assets

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

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

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

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

Financial liabilities

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

5.16. Offsetting of financial assets and financial liabilities

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

5.17. Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are stated at cost.

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 Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

5.18. Settlement date accounting

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

5.19. Proposed dividend and appropriations to reserves

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

5.20. Provisions

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

5.21. Cash and cash equivalents

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

5.22. Transactions with related parties and associated undertakings

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

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

5.23. Fiduciary assets

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

	Note	2010 Rupees	2009 Rupees
6 PROPERTY AND EQUIPMENT			
Operating fixed assets	**6.1**	**89,342,531**	67,502,191
Capital work in progress	**6.2**	**-**	43,804,000
		89,342,531	111,306,191

6.1 Operating fixed assets

Particulars	2010								
	Cost			Depreciation				Written down value as at June 30, 2010	Depreciation Rate
	As at July 01, 2009	Additions/ (disposals)/ transfers	As at June 30, 2010	Accumulated as at July 01, 2009	Charge for the period	Adjustments/ (disposals)	Accumulated as at June 30, 2010		
	Rupees			Rupees				Rupees	%
OWNED ASSETS									
Land - Leasehold	-	- -	-	-	-	-	-	-	-
Building on leasehold land	-	- -	-	-	-	-	-	-	5
Office premises	30,715,800	36,740,000 -	67,455,800	712,666	2,163,901	-	2,876,567	64,579,233	5
Leasehold improvements	-	- -	-	-	-	-	-	-	5
Transfer		-							
Computers	19,675,989	170,360 (1,022,177)	18,824,172	15,468,805	2,627,321	(950,118)	17,146,008	1,678,164	33.33
Office equipments Transfer	16,566,939	247,305 - (341,000)	16,473,244	6,416,107	1,658,983	(198,618)	7,876,472	8,596,772	10
Furniture and fittings	13,407,724	979,241 (61,383)	14,325,582	4,109,643	1,402,389	(44,898)	5,467,134	8,858,448	10
Motor vehicles	50,400,533	- (4,000,000)	46,400,533	36,557,573	5,413,046	- (1,200,000)	40,770,619	5,629,914	20
Total **Transfer**	**130,766,985**	**1,396,906** **36,740,000** **(5,424,560)**	**163,479,331**	**63,264,794**	**13,265,640**	**(2,393,634)**	**74,136,800**	**89,342,531**	

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

6.2 Capital work in progress

	2010			
	Opening balance Rupees	Additions Rupees	Transfers/ (disposals) Rupees	Closing balance Rupees
Advances paid for:				
Office space - Islamabad	42,804,000	-	(42,804,000)	-
Office space - Karachi	1,000,000	-	(1,000,000)	-
	43,804,000	-	(43,804,000)	-

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
Vehicle	4,000,000	1,200,000	2,800,000	3,800,000	1,000,000	Negotiation	Muhammad Jamshed
Office Equipment	144,110	57,444	86,666	79,000	(7,666)	Negotiation	Mumtaz Ahmad
Office Equipment	84,240	84,236	4	19,000	18,996	Negotiation	Khurram Pervaiz
Office Equipment	22,890	19,424	3,466	6,610	3,144	Negotiation	Shahid Irfan Abbasi
Computers	14,276	14,276	-	1,700	1,700	Negotiation	Shahid Irfan Abbasi
Furniture & Fixture	61,383	44,898	16,485	19,690	3,205	Negotiation	Shahid Irfan Abbasi
Office Equipment	89,760	37,512	52,248				
Computers	279,350	211,062	68,288	33,000	(87,536)	Negotiation	Muhammad Ehsan
Computers	728,551	724,780	3,771	-	(3,771)		written off
Total	**5,424,560**	**2,393,632**	**3,030,928**	**3,959,000**	**928,072**		

7 STOCK EXCHANGE MEMBERSHIP CARD AND ROOM

	2010 Cost			2009 Cost		
	As at July 01, 2009 Rupees	Additions/ (disposals) Rupees	As at June 30, 2010 Rupees	As at July 01, 2008 Rupees	Additions/ (disposals) Rupees	As at June 30, 2009 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

	2010 Rupees	2009 Rupees

8 INVESTMENTS - AVAILABLE FOR SALE

	2010 Rupees	2009 Rupees
Media Times Limited		
22,905,697 (2009: 13,005,697) Fully paid ordinary shares of Rs. 10 each		
Equity Held 17.08% (2009 : 9.70%)	**621,022,032**	121,767,150
Purchase of 9,900,000 Shares	**98,802,000**	-
Surplus on remeasurement of investment availabale for sale	**679,026,885**	499,254,882
	1,398,850,917	621,022,032

9 LONG TERM DEPOSITS AND ADVANCES

	Note	2010 Rupees	2009 Rupees
Deposits with:			
Karachi Stock Exchange (Guarantee) Limited		**1,860,000**	1,710,000
Central Depository Company of Pakistan Limited		**100,000**	100,000
National Clearing Company of Pakistan Limited		**450,000**	400,000
Other lease deposits		**576,800**	581,831
		2,986,800	2,791,831

10 TRADE DEBTS - UNSECURED

	Note	2010 Rupees	2009 Rupees
Trade debts against purchase of shares:			
Considered good:			
Clients	10.1	**2,530,282,127**	3,097,107,830
Members		**279,292**	42,689
		2,530,561,419	**3,097,150,519**
Considered doubtful:			
Clients		**131,235,840**	81,235,840
Members		**3,911,979**	3,911,979
		135,147,819	85,147,819
Less: Provision for doubtful debts	10.2	**(135,147,819)**	(85,147,819)
		-	-
		2,530,561,419	3,097,150,519

10.1 This includes an amount of Rs. 167,944,259/- (June 2009 Rs. 167,944,259/-) receivable from related party, Mr. Sulieman Ahmad Said Al-Houqani.

	Note	2010 Rupees	2009 Rupees
10.2 Provision for doubtful debts			
Opening balance		**85,147,819**	85,163,149
Provision written back	**27**	**-**	(15,330)
Charge for the year	**28**	**50,000,000**	-
Closing balance		**135,147,819**	85,147,819

11 INVESTMENTS

	Note	2010 Rupees	2009 Rupees
At fair value through profit or loss			
Quoted equity securities			
Others	**11.1**	**294,494,187**	363,059,797
Unquoted securities			
Others	**11.2**	**-**	146,118,950
		294,494,187	**509,178,747**

11.1 Quoted equity securities

	2010 Number of Shares/ Units	2010 Carrying Amount Rupees	2010 Market Value Rupees	2009 Number of Shares/ Units	2009 Carrying Amount Rupees	2009 Market Value Rupees
MUTUAL FUNDS						
PICIC Growth Fund	3,200	26,880	29,632	218,200	5,186,614	1,832,880
First Capital Mutual Fund Limited	3,735,330	8,890,085	8,591,259	3,735,330	30,816,473	8,890,085
NAMCO Balance Fund	1,472,467	6,950,044	5,124,185	1,472,467	7,362,335	6,950,044
COMMERCIAL BANK						
Bankislami Pakistan	2,026,055	12,905,970	6,503,637	2,930,343	17,594,558	18,666,285
INVESTMENT BANK						
Arif Habib Ltd.	9,200	492,383	404,800	47,100	1,648,500	3,150,519
TECHNOLOGY AND COMMUNICATION						
Worldcall Telecom Limited	2,348,978	5,873,384	6,835,526	25,217,978	80,072,970	63,044,945
Media Times Limited	3,087,734	147,439,312	188,567,915	3,087,731	108,629,373	147,439,155
SUGUR						
Haseeb Waqas Sugur Mills Ltd.	529,000	24,058,920	11,532,200	529,000	5,290,000	24,058,920
CEMENT						
Pioneer Cement Ltd.	11,031	149,801	70,267	11,031	66,588	149,801
Javedan Cement Limited	300,000	35,850,000	19,170,000	-	-	-
INSURANCE						
Shaheen Insurance Company Limited	2,354,070	55,191,403	34,134,015	2,116,425	186,478,206	56,931,833
PICIC Incurance Ltd.	32,739	196,107	101,491	32,739	229,173	196,107
MISCELLANEOUS						
Pace (Pakistan) Limited	3,620,108	20,248,203	12,923,786	4,364,108	43,571,595	24,351,723
D.S.Ind.Ltd.	150,000	463,500	327,000	150,000	1,200,000	463,500
Orix Leasing Pakistan Ltd.	34,125	273,000	178,474	34,125	426,563	273,000
Nimir Resins Ltd.	-	-	-	938,500	3,284,750	2,899,965
Pak Elektron Ltd.	-	-	-	153,449	1,460,834	3,761,035
Total		319,008,992	294,494,187		493,318,532	363,059,797

11.2 Unquoted securities

	2010 Number of Shares/ Units	2010 Carrying Amount Rupees	2010 Market Value Rupees	2009 Number of Shares/ Units	2009 Carrying Amount Rupees	2009 Market Value Rupees
Pace Barka Properties Limited	-	-	-	29,223,790	146,118,950	146,118,950
Sub Total		-	-		146,118,950	146,118,950
Total investment		319,008,992	294,494,187		639,437,482	509,178,747
Loss on remeasurement		(24,514,805)			(130,258,735)	
Total Investment as at June 30		294,494,187			509,178,747	

Shares having carrying amount of Rs. 273,796,177 (2009: Rs. 481,152,750) and market value of Rs. 267,609,913 (2009: Rs. 355,331,973) have been given as collateral against short term borrowings from various commercial banks and exposure to Karachi Stock Exchange (Guarantee) Limited.

	Note	2010 Rupees	2009 Rupees
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Advances - Unsecured - Considered good			
Executives	**12.1**	**7,331,324**	7,590,655
Employees	**12.1**	**2,939,510**	3,600,360
Deposits with			
Central Depository Company of Pakistan Limited		**25,000**	25,000
Others		**956,986**	826,786
Prepayments		**461,268**	1,047,829
Exposure with Karachi Stock Exchange (Guarantee) Limited		**10,536,381**	14,107,309
Accrued brokerage commission		**257,693**	318,115
Accrued rental income		**115,500**	-
Equity Partners Securities Limited - Foreign Subsidiary		**-**	8,901,200
Advance for National Commodity Exchange Limited Membership		**2,500,000**	2,500,000
Other receivables	**12.2**	**8,007,487**	2,629,772
		33,131,149	41,547,026

12.1 Advances given to Executives / staff are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary / expenses claims. These advances are secured against gratuity. Advances to executives / staff does not include any amount due from chief executive and directors (2009 : NIL).

	Note	2010 Rupees	2009 Rupees
12.2 Other receivables considered good		**8,007,487**	2,629,772
Other receivables considered doubtful		**500,000**	500,000
Less: Provision for doubtful other receivables	**12.2.1**	**(500,000)**	(500,000)
		-	-
		8,007,487	2,629,772
12.2.1 Provision for doubtful other receivables			
Opening balance		**500,000**	500,000
Provision written back		**-**	-
Charge for the year		**-**	-
Closing balance		**500,000**	500,000

13 PLACEMENTS

Secured - Considered good

	2010	2009
Securities purchased under the resale agreement of quoted shares:	**782,093,163**	1,640,821,717
	782,093,163	1,640,821,717

13.1 These have been placed for a period ranging from twenty six days to one hundred twenty two days (2009: Three to ninety two days) and carry mark up at rates ranging from 16.5 % to 20 % per annum (2009: 16.5% to 20% per annum). Market value of quoted equity securities held as collateral is Rs.828,771,846 (2009: Rs. 1,677,179,803) out of which quoted equity securities having market value of Rs. 13,999,999 (2009: Rs. 478,036,967) were further placed as collateral with financial institutions by the Company under repurchase transactions (refer to Note 23.1).

		Note	2010 Rupees	2009 Rupees
14	**INTEREST ACCRUED**			
	Interest accrued on:			
	Other placements		**4,246,490**	16,542,698
	Bank deposits		**374,727**	528,387
			4,621,217	17,071,085
15	**CASH AND BANK BALANCES**			
	Cash at bank			
	Local currency			
	Current accounts		**2,433,350**	4,076,476
	Deposit accounts	**15.1**	**3,695,186**	3,023,458
			6,128,536	7,099,934
	Foreign currency			
	Current accounts		**262,119**	217,691
			6,390,655	7,317,625
	Cash in hand		**45,736**	56,770
			6,436,391	7,374,395

15.1 These carry profit at rates ranging from 2 % to 6 % per annum (2009: 2% to 6% per annum).

16 INVESTMENT PROPERTY - AVAILABLE FOR SALE

	2010 Rupees	2009 Rupees
Investment Property	**893,094,509**	-
	893,094,509	-

Investment Property acquired during the year comprises various shops / counter acquired from various parties including First Capital Securities Corporation Limited (Parent Company) in various shopping malls situated at Gujranwala and Gujrat. The transaction with parent company has been made on arm's length basis.These properties are under mortgage by banks against the borrowings by the Company. The Company has the intention to sell off this property to pay off the bank borrowings.

17 AUTHORIZED SHARE CAPITAL

	2010 Rupees	2009 Rupees
110,000,000 (June 2009: 110,000,000) ordinary shares of Rs. 10/- each.	**1,100,000,000**	1,100,000,000

18 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2010	2009		2010 Rupees	2009 Rupees
Number of shares				
		Shares issued against cash consideration		
40,012,250	40,012,250	Ordinary shares of Rs. 10/- each fully paid	**400,122,500**	400,122,500
		Shares issued against consideration other than cash		
68,019,250	68,019,250	Bonus shares of Rs. 10/-each fully paid	**680,192,500**	680,192,500
108,031,500	108,031,500		**1,080,315,000**	1,080,315,000

18.1 The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 72,690,200 (67.28 %) ordinary shares (2009: 72,690,200 (67.28 %)) of the Company.

	Note	2010 Rupees	2009 Rupees
19 RESERVES			
Fair value reserve			
Un-realized Gain - Charged to equity		**1,178,281,767**	499,254,882
20 LONG TERM FINANCING - SECURED			
Term finance facility	20.1	**1,953,717,349**	47,000,000
Less: Current portion shown under current liability		**642,400,255**	40,000,000
Long term portion		**1,311,317,094**	7,000,000

20.1 During the year the Company has entered into an agreement with United Bank Limited to restructure the NICF facility into NIDF facility with a flat mark up rate of 8 % p.a and with Askari Commercial Bank Limited to convert the liability of Rs. 430 million against Repurchase agreement into Term Finance Facility with a mark up rate of 6 months kibor plus 2.5 % p.a payable bi-annually. These facilities are secured against the pledge of shares, charge over trade receivable and equitable mortgage of certain properties. This also includes an amount of Rs. 6,500,000 as unsecured long term loan from parent company carrying mark-up at the rate of 3 months Kibor plus 3 % per annum.

	2010 Rupees	2009 Rupees
21 STAFF RETIREMENT BENEFITS		
Provision for Gratuity	**35,744,285**	26,770,463

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, 2010.

	Note	2010	2009
Discount Rate		**12 %**	12 %
Expected rate of salary increase in future years		**11 %**	11 %
Average expected remaining employment period of employees		**14 Years**	12 Years

a) The amount to be recognized in the balance sheet is as follows:

		2010	2009
Present value of obligation		**34,105,335**	29,142,701
Unrecognized actuarial gain/(loss)		**1,086,450**	(2,629,738)
Benefits due but not paid		**552,500**	257,500
Liability recognized in the balance sheet		**35,744,285**	26,770,463

b) Movement of liability to be recognized in the balance sheet is as follows:

		2010	2009
Present value of obligation at beginning of the year		**26,770,463**	21,943,781
Amount recognized during the year		**9,820,822**	10,328,119
Liability transfer from other group company		**25,000**	-
Benefit payment made by the Company during the year		**(872,000)**	(5,501,437)
Net liability at the end of the year		**35,744,285**	26,770,463

c) The amount recognized in the profit and loss account is as follows:

	Note	2010	2009
Current service cost		**6,323,698**	6,818,573
Interest cost		**3,497,124**	3,285,043
Actuarial loss charged to profit and loss account during the year		**-**	224,503
Total amount charged to income statement	**28**	**9,820,822**	10,328,119

21.2 Year

Year	Present value of obligation Rupees	Actuarial gain/(loss) Rupees
2010	**34,105,335**	1,086,450
2009	**29,142,701**	(2,629,738)
2008	**27,375,357**	(5,431,576)
2007	**18,363,885**	(4,438,877)
2006	**10,397,353**	(1,553,942)
2005	**6,524,447**	(783,502)

22 TRADE AND OTHER PAYABLES- UNSECURED

	2010 Rupees	2009 Rupees
Payable against sale of shares		
Clients	**193,710,355**	**272,545,620**
Members	**58,617,099**	**22,837,952**
National Clearing Company of Pakistan	**-**	**-**
Accrued and other liabilities	**30,922,261**	**43,092,587**
With holding tax payable	**2,010,141**	**832,134**
	285,259,856	339,308,293

		Note	2010 Rupees	2009 Rupees
23	**LIABILITIES AGAINST REPURCHASE AGREEMENTS - SECURED**			
	Payable to financial institutions	**23.1**	**189,400,000**	681,400,430

23.1 This represents the amount payable to financial institutions etc. under repurchase agreements against the securities under the arrangement as explained in note 14. The effective interest rate is 17.03% to 19% per annum (2009: Rs. 16.5% to 18% per annum) and is for a period of thirty days to ninety two days (2009: twenty one days to ninety two days).

		Note	2010 Rupees	2009 Rupees
24	**SHORT TERM BORROWINGS- SECURED**	**24.1**	**1,321,948,788**	**3,140,936,523**

24.1 These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 1,554 million (2009: Rs 4,365 million). These facilities carry mark up at rate ranging from 3 to 6 months KIBOR plus 3 % to 5 % per annum payable quarterly (2009: 1 to 6 month KIBOR plus 2.5 % to 5 % per annum) with no floor and cap limits (2009: 14.49 % to 19.52 % per annum). These are secured against pledge of quoted equity securities having market value of Rs.3,347,921,198 (2009: Rs. 5,788,211,874) and certain investment properties.

		2010 Rupees	2009 Rupees
25	**INTEREST ACCRUED**		
	Interest accrued on:		
	Long term financing	**125,095,388**	-
	Short term borrowings	**81,839,144**	165,932,832
	Repurchase agreements	**24,571,881**	931,460
		231,506,413	166,864,292

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

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

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

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

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

g) During the year 2008-09, M/s Savari (Pvt) Limited, Muhammad Rafi Khan, Muhammad Shafi Khan and Aura (Pvt) Limited, the clients of the Company have defaulted to pay their debts amounting to Rs. 239,900,022. The Company has filed a suit for recovery from these clients. The Management is confident that company would be able to recover the above stated debt.

h) During the year the Company has lodged a complaint to Securities and Exchange Commission of Pakistan for taking appropriate action against the Universal Equities (Pvt) Limited for dishonoured cheque of Rs. 1,000,000/- tendered as part payment towards its outstanding liability by Universal Equities (Pvt) Limited by the Company and for recovery of Rs. 25.20 million till February 2010. The Universal Equities (Pvt) Limited has filed a suit for permanent injunction alleging therein that the Company be directed not to initiate criminal proceedings against the dishonoured cheque. The Learned Trail Court has declined to issue injunctive order in this regard against the Company. The Learned Appellate Court has also turned downed the request of the Universal Equities (Pvt) Limited to interfere in the order of the Learned Trail Court passed 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:		
Sale of shares	**96,730,665**	-
Purchase of shares	**96,344,449**	-

	Note	2010 Rupees	2009 Rupees
27 OTHER OPERATING INCOME			
Return on deposit accounts		**1,257,834**	6,574,220
Dividend income		**2,712,920**	233,334
Gain on sale of property and equipment		**928,072**	18,562,240
Provision for bad debts written back	**10.2**	**-**	15,331
Provision for Bonus written back		**-**	40,519,983
Gain on foreign currency translation		**347,768**	1,430,145
Under Writing Commission		**-**	3,500,000
Take up commission		**-**	3,119,351
Rental Income		**1,386,000**	693,000
Others		**3,148,866**	1,082,612
		9,781,460	75,730,216
28 OPERATING EXPENSES			
Salaries and benefits		**74,832,601**	78,806,839
Provision for gratuity	**21.1**	**9,820,822**	10,328,119
Stock Exchange and settlement charges		**2,517,777**	9,059,277
Rent, rates and taxes		**6,542,511**	10,911,589
Communication		**7,266,476**	10,222,468
Utilities		**3,568,185**	4,521,584
Insurance		**2,667,637**	2,733,222
Printing and stationery		**1,941,331**	1,630,527
Traveling and conveyance		**10,402,831**	8,160,132
Repair and maintenance		**7,355,180**	7,501,152
Postage and courier		**1,308,232**	1,766,010
Newspaper and periodicals		**281,148**	317,215
Entertainment		**2,305,905**	2,790,454
Legal and professional		**6,661,899**	7,445,505
Provision for doubtful debts	**10.2**	**50,000,000**	-
Bad debts written off directly		**-**	184,514,452
Advertisement		**75,290**	1,489,812
Auditors' remuneration	**28.1**	**939,000**	1,070,000
Depreciation	**6.1**	**13,265,640**	18,539,748
Fee and subscription		**6,002,707**	5,175,981
CDC and stamps charges		**5,296,390**	6,753,912
Donation	**28.2**	**-**	47,080
Capital value tax		**-**	226,873
Penalty		**-**	635,000
Other expenses		**7,168,610**	21,844,827
		220,220,172	396,491,778
28.1 Auditors' remuneration			
Statutory audit		**600,000**	600,000
Half year review		**200,000**	200,000
Certifications		**139,000**	270,000
		939,000	1,070,000

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

	2010 Rupees	2009 Rupees
29 FINANCE COSTS		
Mark-up on short term borrowings	**266,145,808**	608,216,558
Mark-up on repurchase agreements	**100,846,961**	171,237,864
Mark-up on long term financing	**127,945,415**	-
Bank charges and commission	**927,456**	738,264
	495,865,640	780,192,686

		Note	2010 Rupees	2009 Rupees
30	**TAXATION**			
	Current		**4,215,289**	8,739,655
	Prior Year	**30.4**	**287,292**	-
	Deferred		**-**	-
			4,502,581	8,739,655

30.1 Relationship between income tax expense and accounting profit:

	2010 Rupees	2009 Rupees
Loss before taxation	**(301,161,791)**	(371,439,363)
Tax at the applicable tax rate of 35 % (2009 : 35%)	**-**	-
Tax effect of expenses that are inadmissible in determining tax profits	**-**	-
Tax effect of net income chargeable under final tax regime	**4,215,259**	8,739,655
Tax effect of items that are not included in determining taxable profits	**-**	-
	4,215,259	8,739,655

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, 2007, 2008 and 2009 were filed by the Company under self assessment scheme and are deemed to be assessed except for returns for Tax years 2003 and 2004. Refer to note 25.1 for tax related contingencies.

30.4 The assessment U/s 161/205 of Income Tax Ordinance 2001 by the Deputy Commissioner of Income Tax for the years 2005, 2006, 2007, 2008 and 2009 were finalised. The assessing officer has imposed a tax of Rs. 287,292 on the Company due to default in with-holding of tax.

		2010 Rupees	2009 Rupees
31	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Loss after taxation attributable to ordinary share holders - Rupees	**(305,664,372)**	(380,179,018)
	Number of ordinary shares	**108,031,500**	108,031,500
	Earnings per share - Basic - Rupees per share	**(2.83)**	(3.52)

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.

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:

	2010			
	Associated Company	Parent Company	Key management personnel of the entity, its parent and their closed family members	Other Related Parties
	Rupees	Rupees	Rupees	Rupees
Brokerage income	-	708,934	-	-
Investment property	-	323,115,360	-	-
Long term loan	-	6,500,000	-	-
Interest on long term loan	-	242,904	-	-

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

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

33 FINANCIAL INSTRUMENTS

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

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

- Credit risk
- Liquidity risk
- Market risk

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

33.1 Credit risk

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

- Monitoring of debts on continuous basis

- Deposit of margins before execution of orders for all retail clientele.

- Obtaining adequate securities for all receivables / placements.

33.1.1 Exposure to credit risk

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

	2010 Rupees	2009 Rupees
Investments - available for sale	**1,398,850,917**	621,022,032
Long term deposits and advances	**2,986,800**	2,791,831
Trade debts - unsecured	**2,530,561,419**	3,097,150,519
Investments	**294,494,187**	509,178,747
Advances, deposits and other receivables	**30,806,982**	39,479,691
Placements	**782,093,163**	1,640,821,717
Interest accrued	**4,621,217**	17,071,085
Cash and bank balance	**6,436,391**	7,374,395
	5,050,851,076	5,934,890,017

The credit quality of financial assets can be assessed by reference to external credit rating as follows: defaults.

	Rating Short Term	Rating Long Term	Rating Agency	2010 Rupees	2009 Rupees
Habib Metropolitian Bank Limited	A 1 +	AA +	PACRA	44,468	34,663
Bank Alfalah Limited	A 1 +	AA	PACRA	1,081,954	424,196
Bank Al Habib Limited	A 1 +	AA +	PACRA	10,245	12,250
Faysal Bank Limited	A 1 +	AA	PACRA	235,514	73,922
KASB Bank Limited	A 2	A	PACRA	90,809	317,986
MCB Bank Limited	A 1 +	AA +	PACRA	3,876,730	4,083,607
Mybank Limited	A 2	A -	PACRA	3,100	3,100
Saudi Pak Commercial Bank Limited	A -2	A -	JCR - VIS	10,819	13,545
Standard Chartered Bank Pakistan Limited	A 1 +	AAA	PACRA	881,420	2,147,854
United Bank Limited	A 1 +	AA +	JCR - VIS	70,532	6,520
NIB Bank Limited	A 1 +	AA	PACRA	9,012	39,244
Askari Bank Limited	A 1 +	AA	PACRA	13,689	151,513
Arif Habib Bank Limited	A 2	A	JCR - VIS	57,338	-
Habib Bank Limited	A 1 +	AA +	JCR - VIS	5,025	9,225
				6,390,655	**7,317,625**

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

	2010 Rupees	2009 Rupees
Past due but not impaired		
Past due 0 - 30 days	**1,571,476,490**	1,720,796,674
Past due 30 - 90 days	**46,427,797**	250,798,479
Past due 90 - 180 days	**210,699,003**	355,242,506
Past due 180 - 365 days	**209,224,644**	624,236,442
More then 1 year	**492,733,485**	146,076,418
	2,530,561,419	3,097,150,519

During the year, trade debts of Rs. 50,000,000 (June 2009 : Rs. 184,514,452) were provided for / written off.

33.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities as on June 30, 2010.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	**1,953,717,349**	279,175,750	363,224,505	1,311,317,094	-
Trade & other payables	**285,259,856**	285,259,856	-	-	-
Liability against repurchase	**189,400,000**	189,400,000	-	-	-
Short term borrowing	**1,321,948,788**	-	1,321,948,788	-	-
Interest accrued	**231,506,413**	231,506,413	-	-	-
	3,981,832,406	**985,342,019**	**1,685,173,293**	**1,311,317,094**	**-**

The following are the contractual maturities of financial liabilities as on June 30, 2009.

	Carrying Amount	One month to three months	Three months to one year	One year to five year	More than five years
Long term financing	**47,000,000**	8,000,000	32,000,000	7,000,000	-
Trade & other payables	**339,308,293**	339,308,293	-	-	-
Liability against repurchase	**681,400,430**	681,400,430	-	-	-
Short term borrowing	**3,140,936,523**	-	3,140,936,523	-	-
Interest accrued	**166,864,292**	166,864,292	-	-	-
	4,375,509,538	**1,195,573,015**	**3,172,936,523**	**7,000,000**	**-**

33.3 Market risk

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

33.3.1 Currency risk

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

	2010		2009	
	Rupees	US Dollar	Rupees	US Dollar
Receivable on account of sale of foreign subsidiary	-	-	8,901,200	110,000
Foreign Currency Bank Account	262,119	3,069	217,691	2,690
	262,119	3,069	9,118,891	112,690

The following significant exchange rates applied during the year

	Average Rates		Reporting date rate	
	2010 Rupees	2009 US Dollar	2010 Rupees	2009 US Dollar
US Dollars	84.15	78.89	85.40	80.92

Sensitivity analysis

A 5 % strengthening of Pak Rupees against the above currency would have decreased equity and decrease in Profit & Loss Account by Rs. 13,105 (June 2009 ; Rs. 455,945). This analysis assumes that all other variables were held constant.

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

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

33.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.. The Company's exposure to interest rate risk and the effective interest rates of its financial assets and financial liabilities are summarised as follows:

	Interest bearing				Non interest bearing				
	One month to three months	Three months to one year	One year to five years	More than five year	One month to three months	Three months to one year	One year to five years	More than five year	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets 2010									
Investments - available for sale	-	-	-	-	-	-	1,398,850,917	-	1,398,850,917
Long term deposits and advances	-	-	-	-	-	-	2,986,800	-	2,986,800
Trade debts - unsecured	-	-	-	-	2,530,561,419	-	-	-	2,530,561,419
Investments	-	-	-	-	294,494,187	-	-	-	294,494,187
Advances, deposits and other receivables	-	-	-	-	30,806,982	-	-	-	30,806,982
Placements	782,093,163	-	-	-	-	-	-	-	782,093,163
Interest accrued	-	-	-	-	4,621,217	-	-	-	4,621,217
Cash and bank balance	3,695,186	-	-	-	2,741,205	-	-	-	6,436,391
	785,788,349	-	-	-	2,863,225,010	-	1,401,837,717	-	5,050,851,076
Effective interest rates	2 % to 20 %								
Financial liabilities 2010									
Long term financing	279,175,750	363,224,505	1,311,317,094	-	-	-	-	-	1,953,717,349
Trade & other payables - Unsecured	-	-	-	-	285,259,856	-	-	-	285,259,856
Liability against repurchase agreement - secured	189,400,000	-	-	-	-	-	-	-	189,400,000
Short term borrowing - secured	-	1,321,948,788	-	-	-	-	-	-	1,321,948,788
Interest accrued	-	-	-	-	231,506,413	-	-	-	231,506,413
	468,575,750	1,685,173,293	1,311,317,094	-	516,766,269	-	-	-	3,981,832,406
On balance sheet gap	**317,212,599**	**(1,685,173,293)**	**(1,311,317,094)**	**-**	**2,346,458,742**	**-**	**1,401,837,717**	**-**	**1,069,018,670**
Off balance sheet gap	-	-	-	-	-	-	-	-	-
Financial assets 2009									
Investments - available for sale	-	-	-	-	-	-	621,022,032	-	621,022,032
Long term deposits and advances	-	-	-	-	-	-	2,791,831	-	2,791,831
Trade debts - unsecured	-	-	-	-	3,097,150,519	-	-	-	3,097,150,519
Investments	-	-	-	-	509,178,747	-	-	-	509,178,747
Advances, deposits and other receivables	-	-	-	-	39,479,691	-	-	-	39,479,691
Placements	1,640,821,717		-	-	-	-	-	-	1,640,821,717
Interest accrued	-	-	-	-	17,071,085	-	-	-	17,071,085
Cash and bank balance	3,023,458	-	-	-	4,350,937	-	-	-	7,374,395
	1,643,845,175	-	-	-	3,667,230,979	-	622,813,863	-	5,934,890,017
Effective interest rates	2 % to 16.5 %	-							
Financial liabilities 2009									
Long term financing	8,000,000	32,000,000	7,000,000	-	-	-	-	-	47,000,000
Trade & other payables - Unsecured	-	-	-	-	339,308,293	-	-	-	339,308,293
Liability against repurchase agreement - secured	681,400,430	-	-	-	-	-	-	-	681,400,430
Short term borrowing - secured	-	3,140,936,523	-	-	-	-	-	-	3,140,936,523
Interest accrued	-	-	-	-	166,864,292	-	-	-	166,864,292
	689,400,430	3,172,936,523	7,000,000	-	506,172,585	-	-	-	4,375,509,538
On balance sheet gap	**954,444,745**	**(3,172,936,523)**	**(7,000,000)**	**-**	**(3,161,058,394)**	**-**	622,813,863	**-**	**(1,559,380,479)**
Off balance sheet gap	-	-	-	-	-	-	-	-	-

33.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 1,693,345,104 (June 2009 : Rs. 1,130,200,779) at the balance sheet date.

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

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

Sensitivity analysis

For price sensitivity analysis it is observed that KSE 100 index has increased by 35.74% during the year but subsequent to the year end and till the authorization of these financial statements an increase of 1.92 % in KSE 100 index has been recorded.

33.3.4 Fair value of financial instruments

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

33.4 Capital risk management

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

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

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

During the year the Company has no significant gearing.

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

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
Total Number	1	1	4	4	23	11
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	**1,580,000**	2,060,000	**5,238,667**	5,363,333	**18,195,482**	11,698,272
House Rent	**632,000**	824,000	**2,095,467**	2,145,334	**7,278,193**	4,679,309
Commission	**-**	-	**-**	821,693	**-**	821,693
Medical Expenses Reimbursed	**69,819**	60,666	**296,987**	325,039	**882,265**	352,413
Utilities	**158,000**	206,000	**523,867**	536,333	**1,819,548**	1,169,827
	2,439,819	3,150,666	**8,154,988**	9,191,732	**28,175,488**	18,721,514

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 (2009: Nil).

35 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 25, 2010.

36 GENERAL

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
92 21 111 226 226

FCEL Business & Finance Centre Branch
Suit # 107, 1st Floor, BFC
I.I Chundrigar Road, Karachi
92 21 32427427

FCEL Stock Exchange Branch
Room # 610 & 611, 6th Floor, Stock
Exchange Building, Karachi.
92 21 32443442

Central Region

Lahore

FCEL Gulberg Branch
103 C/II, Gulberg III,
Lahore.
92 42 111 226 226

Faisalabad

FCEL State Life Building Branch
7th Floor State Life Buidling # 2,
Liaqat Road, Faisal-a-bad.
92 41 2604245

Sargodha

FCEL Azhan Plaza Branch
Near Moti Masjid Main Road,
15/16, Sargodha.
92 48 3720588

North Region

Islamabad

FCEL Islamabad Branch
Office No.221, 2nd Floor,
ISE Tower, Jinnah Avenue,
Islamabad.
92 51 8356031-3

Rawalpindi

FCEL Rawalpindi Branch
39, 1st Floor Commercial Market,
Chaklala Scheme III, Rawalpindi.
92 51 35766278

D.I.Khan

FCEL State Life Building Branch
3rd Floor, State Life Building,
Dera Ismail Khan, NWFP.
92 966 730906

Peshawar

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

Wah Cantt

FCEL Wah Cantt Branch
11/251, Anwar Chowk, Wah Cantt.
92 51 4537291-2

Mir Pur Azad Kashmir

FCEL Mir Pur Branch
Office No.57-58, Quaid-e-Azam
Stadium, Mir Pur Azad Kashmir.
92 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 30, 2010 at 4:00 p.m. and at any adjournment thereof.

Signature this ____________________ Day of __________________ 2010

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.