

FIRST CAPITAL EQUITIES LIMITED

FINANCIAL STATEMENTS AS AT MARCH 31,2021

- ✓ *STATEMENT OF FINANCIAL POSITION*
- ✓ *STATEMENT OF PROFIT OR LOSS*
- ✓ *STATEMENT OF COMPREHENSIVE INCOME*
- ✓ *STATEMENT OF CASH FLOWS*
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FIRST CAPITAL EQUITIES LIMITED

DIRECTOR'S REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Director's report along with financial statements of the Company for the period ended March 31, 2021.

During the preceding year, the Board of the Directors decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and to change the Principal line of Business of the Company from stock broker to real estate Company. An application for surrender was submitted to PSX and surrendering process is in progress.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of the Company for the nine months period ended March 31, 2021.

Particulars	July - March 2021	July - March 2020
	Rupees	
Brokerage income	-	-
Capital gain - net	-	-
Other operating income	-	95,556,549
Unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss	40,640,519	(8,099,084)
Profit /(Loss) after taxation from continuing operations	35,511,189	64,002,034
(Loss) after taxation from discontinued operations	(201,335)	(672,934)
Earnings / (loss) Per Share (EPS) Rs		
- continuing operations	0.2513	0.4528
- discontinued operations	(0.0014)	(0.0050)
	0.2498	0.4481

The Company reported a profit of Rs 35.31 million in 3QFY21 as compare to Rs. 63.33 million in 3QFY20. During the period due to discontinuation of operations, the brokerage income of your Company is NIL in both periods. Further, the company recorded capital gain / (loss) of Rs NIL against Rs. NIL last year. The Un-realized gain on re-measurement of investment is recorded at Rs. 40.64 million. Operating expenses decreased 22%, while financial expenses registered a decline of 100% during the period under review.

During the preceding year, Company has settled its total liability with JS Bank Limited through debts to assets swap arrangements against its investment property. The Company has also offered similar debts to assets swap arrangements against its investment property to other financial institutions, which is currently under review of competent authorities of respective financial institutions and management is confident of respective financial institution agreeing to stated arrangements offered by the Company.

FUTURE OUTLOOK

In order to change the principal line of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.

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 Pakistan Stock Exchange 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

Dated: April 26, 2021

Director

CEO/Director

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

		Un-Audited	Audited
	Note	Dec. 31, 2020	June 30, 2020
-----Rupees-----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	976,156	1,332,569
Investments property	6	824,712,000	824,712,000
Long term investments	7	32,088,646	18,715,303
		857,776,802	844,759,872
CURRENT ASSETS			
Trade debts	8	175,619,165	175,619,165
Short term investments	9	58,644,360	31,377,184
Advances, deposits, prepayments and other receivables		295,171,747	295,631,747
Advance income tax		6,287,178	6,287,178
Cash and bank balances		294,522	330,221
		536,016,972	509,245,495
TOTAL ASSETS		1,393,793,774	1,354,005,367
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital 152,000,000 shares (June 2020: 152,000,000 shares) of Rs. 10 each		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital 141,335,500 shares (June 2020: 141,335,500 shares) of Rs. 10 each		1,413,355,000	1,413,355,000
Other reserves		-	-
Unappropriated loss		(1,035,729,699)	(1,071,039,553)
TOTAL EQUITY		377,625,301	342,315,447
NON - CURRENT LIABILITIES			
Long term financing	10	-	-
Interest Accrued		-	-
Deferred liabilities		4,194,000	3,675,000
		4,194,000	3,675,000
CURRENT LIABILITIES			
Trade and other payables	11	186,198,387	182,238,834
Short term financing	10	825,776,086	825,776,086
		1,011,974,473	1,008,014,920
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		1,393,793,774	1,354,005,367

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERM STATEMENT OF PROFIT OR LOSS (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2021

	9 MONTHS ENDED		QUARTER ENDED	
	MAR. 31, 2021	MAR. 31, 2020	MAR. 31, 2021	MAR. 31, 2020
	-----Rupees-----			
CONTINUING OPERATION				
INCOME				
Unrealized gain on remeasurement of investments at fair value through profit or loss	40,640,519	(8,099,084)	17,580,491	(18,180,866)
	40,640,519	(8,099,084)	17,580,491	(18,180,866)
EXPENDITURE				
Operating and administrative expenses	5,128,867	6,124,672	1,150,935	950,801
Finance cost	463	2,076,724	-	2,024
	5,129,330	8,201,396	1,150,935	952,825
OPERATING PROFIT	35,511,189	(16,300,480)	16,429,556	(19,133,691)
OTHER INCOME	-	95,556,549	-	-
NET PROFIT BEFORE TAXATION	35,511,189	79,256,069	16,429,556	(19,133,691)
Taxation	-	15,254,035	-	(215,081)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS	35,511,189	64,002,034	16,429,556	(18,918,610)
DISCONTINUED OPERATIONS				
PROFIT/(LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS	(201,335)	(672,934)	(29,487)	(56,113)
PROFIT AFTER TAXATION FOR THE PERIOD	35,309,854	63,329,100	16,400,069	(18,974,723)
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED				
- continuing operations	0.2513	0.4528	0.1162	(0.1339)
- discontinued operations	(0.0014)	(0.005)	(0.00021)	(0.0004)
	0.2498	0.4481	0.12	(0.1343)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2021

	9 MONTHS ENDED		QUARTER ENDED	
	MAR. 31, 2021	MAR. 31, 2020	MAR. 31, 2021	MAR. 31, 2020
	-----Rupees-----			
Profit after taxation for the period	35,309,854	63,329,100	16,400,069	(18,974,723)
Other comprehensive (loss) / income for the period				
Items that will never be reclassified to profit and loss:	-	-	-	-
Items that are may be reclassified to profit and loss:	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	35,309,854	63,329,100	16,400,069	(18,974,723)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
FOR THE PERIOD ENDED MARCH 31, 2021

	Nine months period ended March 31, 2021	Nine months period ended March 31, 2020
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,309,854	78,583,135
Adjustments for:		
Depreciation	356,413	532,799
Gain on re-measurement of investments at fair value through profit and loss - net	(40,640,519)	8,099,084
Accrued interest written back	-	(78,510,295)
Interest accrued	-	(5,594)
Interest expense	-	2,067,417
Gain on sale of investment property	-	(17,020,660)
Gain on sale of property plant and equipment	-	(20,000)
Provision for gratuity	519,000	131,250
	(39,765,106)	(84,725,999)
	(4,455,252)	(6,142,864)
Decrease / (Increase) in current assets		
Trade debts - unsecured	-	(2,055,810)
Advances, deposits, prepayments and other receivables	460,000	27,885,222
	460,000	25,829,412
(Increase) / decrease in trade and other payables	3,959,553	117,404,127
Cash generated in operations	(35,699)	137,090,675
Interest received	-	37,890
Finance cost paid	-	(3,782,580)
(Taxes paid) / Refund received	-	(3,789)
Net cash generated/(used) from/in operating activities	(35,699)	133,342,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment property	-	(139,822,340)
Proceeds from sale of property plant and equipment	-	20,000
Proceeds from sale of investment property	-	156,843,000
Net cash generated from investing activities	-	17,040,660
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans paid	-	(153,018,252)
Net cash (used in) financing activities	-	(153,018,252)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,699)	(2,635,396)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	330,221	3,442,943
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	294,522	807,547

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021

	Issued, subscribed and paid up capital	Unappropriated Loss	Total
	-----Rupees-----		
Balance as at June 30, 2019	1,413,355,000	(1,067,556,674)	345,798,326
Profit for the period after taxation	-	63,329,100	63,329,100
Balance as at March 31, 2020 (Un-Audited)	<u>1,413,355,000</u>	<u>(1,004,227,574)</u>	<u>409,127,426</u>
Loss for the period after taxation	-	(66,811,979)	(66,811,979)
Balance as at June 30, 2020 (Audited)	<u><u>1,413,355,000</u></u>	<u><u>(1,071,039,553)</u></u>	<u><u>342,315,447</u></u>
Profit for the period after taxation	-	35,309,854	35,309,854
Balance as at March 31, 2021 (Un-Audited)	<u><u>1,413,355,000</u></u>	<u><u>(1,035,729,699)</u></u>	<u><u>377,625,301</u></u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Director

Chief Executive

Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2020

1 THE COMPANY AND ITS OPERATION

- 1.1** First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was converted into a public limited company on June 18, 1997 and is listed on Pakistan Stock Exchange Limited formerly Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (June 2020: 73.23%) of the share capital of the Company. In the year 2018-19, the Company has changed its principal activity from share brokerage to development and marketing of all type of real estate. Legal formalities in this regard are under process with Securities and Exchange Commission of Pakistan.

Geographical locations and addresses of all business units are as under:

Lahore - Head Office

2nd Floor, Pace Shopping Mall, Fortress Stadium,
Lahore Cantt, Lahore.

Karachi - Corporate Office

4th Floor, Block B,C & D Lakson Square
Building No. 01, Sarwar Shaheed Road,
Karachi.

- 1.2** Although during the period company earned profit amounting Rs. 35.31 Million , but still the accumulated losses of the company stand at Rs. 1,035.73 Million as at March 31, 2021 (June 2020: 1,071.04 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 475.9 Million (June 2020: 498.7 Million). Board of the Directors of the Company owing to the continuous loss and adverse market conditions, in their meeting held on June 28, 2019 decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and seize brokerage operation of the Company and to change the Principal objective of the Company from stock broker to real estate Company. Application for surrender of TREC was submitted to PSX and surrendering process was initiated.

Owing to the factors mentioned above and those mentioned in note 12, the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause significant doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows.

The management of the Company is confident that with change in Principal activity and overall expertise of group in real estate sector will have positive impact on the financial performance of the company. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017 shall prevail.
- 2.2** These condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

3.2 New standards, amendments to approved accounting standards and new interpretations

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

3.2.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2020.

5 PROPERTY PLANT AND EQUIPMENT	Un-Audited	Audited
	Mar. 31, 2021	June 30, 2020
	-----Rupees-----	
Opening --Net Book Value	1,332,569	1,980,530
Disposal during the period/year	-	-
Additions during the period/year	-	-
Depreciation during the period/year	(356,413)	(647,961)
	976,156	1,332,569

6 INVESTMENT PROPERTY		
Opening balance	824,712,000	824,712,000
Acquisition during the period/year	-	291,822,340
	824,712,000	1,116,534,340
Disposal during the period/year	-	(291,822,340)
	824,712,000	824,712,000
(Decrease) / Increase in fair value	-	-
Closing balance	824,712,000	824,712,000

6.1 The carrying amount of investment property is the fair value of property as determined by approved independent valuer M/s Negotiators as at June 30, 2020. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.

6.2 Investment Property comprises various shops / counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this properties to pay off the bank borrowings.

7 LONG TERM INVESTMENT	Note	Un-Audited	Audited
		Mar. 31, 2021	June 30, 2020
		-----Rupees-----	
Investment in related parties			
At fair value through profit or loss			
Media Times Limited - quoted shares	7.1	17,413,329	8,008,918
6,067,362 shares of MDTL (June 2020 : 6,067,362 shares)			
Other Investments			
At fair value through profit or loss			
Pakistan Stock Exchange Limited - quoted shares	7.2	14,675,317	10,706,385
1,081,453 shares of PSX (June 2020 : 1,081,453 shares)			
		32,088,646	18,715,303

7.1	6,067,362 (June 2020 : 6,067,362) Fully paid ordinary shares of Rs. 10 each Equity Held 3.39% (June 2020 : 3.39%)	8,008,918	5,096,582
	Unrealized gain remeasurement of investment at fair value through profit or loss	9,404,411	2,912,336
		17,413,329	8,008,918

7.2	1,081,453 shares of PSX (June 2020 : 1,081,453 shares)	10,706,385	14,058,889
	Unrealized gain remeasurement of investment at fair value through profit or loss	3,968,932	(3,352,504)
		14,675,317	10,706,385

7.3 Shares having value of Rs. 17,413,329/- (June 2020: Rs. 8,008,918/-) have been pledged with various commercial banks against loan.

8	TRADE DEBTS - UNSECURED	Note	Un-Audited	Audited
			Mar. 31, 2021	June 30, 2020
			-----Rupees-----	
	Trade debts against purchase of shares:			
	Considered good - unsecured			
	Clients		175,619,165	175,619,165
	Considered doubtful:			
	Clients	8.1	271,851,411	271,851,411
	Less: Provision for doubtful debts		(271,851,411)	(271,851,411)
			<u>(271,851,411)</u>	<u>(271,851,411)</u>
			<u>175,619,165</u>	<u>175,619,165</u>
8.1	Provision for doubtful debts			
	Opening balance		271,851,411	194,991,316
	Charge for the period / year		-	76,860,095
	Closing balance		<u>271,851,411</u>	<u>271,851,411</u>
9	SHORT TERM INVESTMENTS			
	At fair value through profit or loss			
	Quoted equity securities			
	Opening balance		31,377,184	22,578,257
	Additions		-	-
	Disposals		-	-
	Unrealized gain remeasurement of investment at fair value through profit or loss		27,267,176	8,798,927
		9.1	<u>58,644,360</u>	<u>31,377,184</u>
9.1	This includes Rs. 51,826,596 (June 2020: Rs. 26,950,755/-) investments in related parties. Shares having market value of Rs. 51,141,361 (June 2020: 26,624,222/-) are pledged as security with commercial banks against loan.			
10	LONG TERM FINANCING			
		Note	Un-Audited	Audited
			Mar. 31, 2021	June 30, 2020
			-----Rupees-----	
	Secured		825,776,086	825,776,086
	Less: Current portion shown under current liability		<u>(825,776,086)</u>	<u>(825,776,086)</u>
			-	-
10.1	Deferred notional income			
	As at beginning of the period / year		-	2,067,417
	Occurred during the period / year		-	-
	Amortized during the period / year		-	(2,067,417)
	As at end of the period / year		<u>-</u>	<u>-</u>
11	TRADE AND OTHER PAYABLES - UNSECURED			
		11.1	<u>186,198,387</u>	<u>182,238,834</u>
11.1	This includes following balances payable to related parties:			
	Falcon Commodities (Pvt.) Ltd		3,255,332	3,255,332
	Media Times Limited		949,424	949,424
	Pace Pakistan Limited		114,822,340	114,822,340

12 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies disclosed in note 27 to the Company's financial statements for the year ended June 30, 2020.

13 OTHER INCOME

	9 MONTHS ENDED		QUARTER ENDED	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
	-----Rupees-----			
Income from financial assets				
Return on deposit accounts	-	5,594		5,594
Income from assets other than financial assets				
Gain on sale of property and equipment	-	20,000		20,000
Gain on Sale of Investment Property	-	17,020,660		17,020,660
Accrued interest written back	-	78,510,295		78,510,295
	-	95,556,549	-	95,556,549

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated undertakings, directors, key management personnel and their close family members. The Company in the normal course of business carries out transactions with various related parties. Closing balances of related parties are disclosed in respective notes of these financial statements. Significant transactions with related parties other than those disclosed elsewhere in the condensed interim financial statements are as follows:

	HALF YEAR ENDED		QUARTER ENDED	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
	-----Rupees-----			
Parent company				
Brokerage Income	-	11,715	-	-
Associated companies				
Purchase of investment property/ services	-	140,279,940	-	140,058,296
Payment against purchase of property	-	25,000,000	-	-
Key management personnel				
Salaries and other employee benefits	3,096,000	1,050,000	1,035,000	481,250

15 FAIR VALUE MEASUREMENT

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs

The Company held the following financial assets and liabilities at fair value;

	Un-Audited	Audited
	Mar. 31, 2021	June 30, 2020
	-----Rupees-----	
Financial Assets		
Level 1:		
Long term investments	32,088,646	18,715,303
Short term investments	58,644,360	31,377,184
Level 2:		
Investment properties	824,712,000	824,712,000
Level 3:		
	-	-
	915,445,006	874,804,487
Financial Liabilities		
	-	-

There is no movement between level 1, 2 and 3 during the period.

16 DATE OF AUTHORIZATION

This condensed interim financial statements were authorized for issue by the Board of Directors on April 26, 2021.

17 CORRESPONDING FIGURES

Corresponding Figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no significant re-classification have been made.

18 GENERAL

Figures have been rounded off to the nearest rupee.

Director

Chief Executive

Chief Financial Officer