



Half Yearly Accounts
(Un-Audited)
December 31,2002

Company Information

Board of Directors	Mian Ehsan ul Haq Chief Executive Mr. Aamer Naseem Chishti Mr. khurram Hanif Mr. Ali Nayyar Mr. Akbar Naqi Mr. Mazhar Abbas Mr. Muhammad Zubair Khalid
Chief Financial Officer	Mr. Mazhar Abbas
Audit Committee	Mr. Aamir Naseem Chishti (Chairman) Mian Ehsan ul Haq Mr. Ali Nayyar
Company Secretary	Mr. Akbar Naqi
Auditors	M/s. Nasir Javaid Maqsood Chartered Accountants
Legal Adviser	Tasawar Ali Hashmi Advocates, Katachi.
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan. Tel. # (042) 5757591 - 4 Fax. # (042) 5757590, 5877920
Corporate Office	4th Floor, Block 'B', 'C', 'D', Lakson Square Building No. 1 Sarwar Shaheed Road, Karachi. Tel: (021) 111 226 226 Fax: (021) 5656710, 5656725
Registrar and Share Transfer Office	CORPLINK (PVT.) LIMITED Wings Arcade, 1-K, Commercial Model Town, Lahore Tel. # (042) 5839183
Bankers	Muslim Commercial Bank Limited Standard Chartered Bank Prime Commercial Bank Limited PICIC Commercial Bank Limited ABN AMRO Bank N.V Askari Commercial Bank Limited

Directors' Review

We are pleased to present the unaudited accounts of **First Capital Equities Limited** for the six months ended **December 31, 2002**.

Operating environment

During the period under review the operating environment of the Company remained conducive, with the KSE-100 index recording a substantial 52.6% increase. During the early part of the Jul-Dec period, the stock market was driven by expectations of healthy corporate results and dividend announcements. Later on, the revival of democracy and continuation of reforms agenda of the Musharraf government, provided the impetus to the market. On the economic front, (1) continuous inflow of foreign remittances resulting in the appreciation of the rupee, (2) declining interest rates and (3) improvement in economic activity, further strengthened the case for the equities market. Towards the end of the half year, an across the board rally at the KSE resulted in healthy performance of the Company.

Operating results

The Company reported a pre-tax profit of Rs.14.286 million during the period Jul-Dec 2002, a remarkable improvement from the previous year when the company reported a pre-tax loss of Rs.7.971 million. Operating revenues depicted a marked improvement of 108.4% to Rs.40.101 million. On the net profit side, the Company earned Rs.14.081 million during the period under review as compared to a loss of Rs.8.046 million during the corresponding period. The improvement in performance of the company has been possible through hard work and aggressive marketing of the management.

Future outlook

We remain optimistic for the future of the capital markets of the country. With the progressive policy making of SECP, we expect the Pakistani capital markets to come up to the standard of international capital markets in terms of efficiency and transparency. Though, in the immediate term we expect the tension in the Middle East to keep the market depressed, we remain hopeful for the longer term. Our positive outlook stems from the improving fundamentals of the economy, continuations of the reform process by the government and constantly improving regulatory environment of the capital markets.

In the end we would like to express our gratitude to our clients, shareholders and regulators for their continued support in our endeavors.

For and on behalf of the Board

Lahore
February 26, 2003

Mian Ehsan ul Haq
Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **First Capital Equities Limited** as at **December 31, 2002** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Date: February 26,2003
Place: Lahore

NASIR JAVAID MAQSOOD
CHARTERED ACCOUNTANTS

**FIRST CAPITAL EQUITIES LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2002**

	December 31, 2002	June 30, 2002
Note	(Rupees)	(Rupees)
TANGIBLE FIXED ASSETS		
At cost less accumulated depreciation	4 35,885,504	36,016,147
COST OF CARDS AND ROOMS	56,200,000	56,200,000
LONG TERM DEPOSITS AND ADVANCES	<u>1,886,836</u>	<u>2,147,590</u>
	93,972,340	94,363,737
CURRENT ASSETS		
Accounts receivable	84,576,270	31,094,241
Investments	16,642,511	11,411,285
Advances, deposits, prepayments and other receivables	22,751,137	18,736,596
Cash and bank balances	69,744,064	58,221,515
	193,713,982	119,463,637
CURRENT LIABILITIES		
Current maturity of liabilities against finance lease	592,982	1,509,221
Accounts payable	120,727,571	31,046,129
Short term running finance	-	14,247,836
Creditors, accrued and other liabilities	5,944,745	19,657,128
Provision for taxation	1,984,544	3,252,002
	<u>129,249,842</u>	<u>69,712,316</u>
WORKING CAPITAL	64,464,140	49,751,321
CAPITAL EMPLOYED	<u>158,436,480</u>	<u>144,115,058</u>
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	110,844	41,845
DEFERRED LIABILITY - GRATUITY	3,720,343	3,549,040
NET CAPITAL EMPLOYED	<u>154,605,293</u>	<u>140,524,173</u>
REPRESENTED BY:		
SHARE CAPITAL & RESERVES		
Share capital	120,035,000	120,035,000
Unappropriated profit	34,570,293	20,489,173
	<u>154,605,293</u>	<u>140,524,173</u>
CONTINGENCIES AND COMMITMENTS	6 -	-
	<u>154,605,293</u>	<u>140,524,173</u>

The annexed notes form an integral part of these accounts.

These financial statements were authorized for issue by the Board of Directors on February 26, 2003.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2002**

	2002		2001	
	Three months ended December 31, Rupees	Six months ended December 31, Rupees	Three months ended December 31, Rupees	Six months ended December 31, Rupees
OPERATING REVENUE				
BROKERAGE INCOME	23,694,468	40,738,944	8,623,541	14,842,356
CAPITAL GAINS	(671,557)	(637,704)	3,075,729	4,399,685
	<u>23,022,911</u>	<u>40,101,240</u>	<u>11,699,270</u>	<u>19,242,041</u>
OPERATING EXPENSES	<u>17,874,671</u>	<u>32,767,845</u>	<u>13,362,743</u>	<u>25,603,581</u>
OPERATING PROFIT / (LOSS)	<u>5,148,240</u>	<u>7,333,395</u>	<u>(1,663,473)</u>	<u>(6,361,540)</u>
FINANCIAL EXPENSES	<u>157,777</u>	<u>521,844</u>	<u>850,478</u>	<u>1,476,382</u>
NET OPERATING PROFIT / (LOSS)	<u>4,990,463</u>	<u>6,811,551</u>	<u>(2,513,951)</u>	<u>(7,837,922)</u>
OTHER INCOME	<u>3,578,677</u>	<u>4,917,199</u>	<u>1,053,842</u>	<u>1,136,904</u>
	<u>8,569,140</u>	<u>11,728,750</u>	<u>(1,460,109)</u>	<u>(6,701,018)</u>
SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS	<u>2,238,465</u>	<u>2,621,763</u>	<u>1,151,639</u>	<u>(415,948)</u>
	<u>10,807,605</u>	<u>14,350,513</u>	<u>(308,470)</u>	<u>(7,116,966)</u>
OTHER EXPENSES	<u>29,438</u>	<u>64,393</u>	<u>821,319</u>	<u>853,625</u>
PROFIT / (LOSS) BEFORE TAXATION	<u>10,778,167</u>	<u>14,286,120</u>	<u>(1,129,789)</u>	<u>(7,970,591)</u>
TAXATION	<u>50,000</u>	<u>205,000</u>	<u>40,000</u>	<u>75,000</u>
PROFIT / (LOSS) AFTER TAXATION	<u>10,728,167</u>	<u>14,081,120</u>	<u>(1,169,789)</u>	<u>(8,045,591)</u>
ACCUMULATED PROFIT BROUGHT FORWARD	<u>23,842,126</u>	<u>20,489,173</u>	<u>8,360,806</u>	<u>15,236,608</u>
ACCUMULATED PROFIT CARRIED FORWARD	<u><u>34,570,293</u></u>	<u><u>34,570,293</u></u>	<u><u>7,191,017</u></u>	<u><u>7,191,017</u></u>
Earning per share - Basic	<u><u>0.89</u></u>	<u><u>1.17</u></u>	<u><u>(0.10)</u></u>	<u><u>(0.67)</u></u>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2002

	December 31, 2002	December 31, 2001
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	14,286,120	(7,970,591)
Add: Items not involved in movement of funds		
Depreciation	2,063,268	1,873,490
Surplus on revaluation of investments	(2,621,763)	415,948
Dividend Income	(2,394,543)	(94,900)
Interest/ Mark up Income	(568,987)	(92,321)
Interest/ Mark up Expense	283,298	1,092,446
Gain on sale of fixed assets	(179,736)	(253,852)
Provision for gratuity	537,503	1,182,676
	(2,880,960)	4,123,487
	11,405,160	(3,847,104)
(Increase) / decrease in current assets		
Investments	(2,609,463)	(6,842,296)
Accounts receivable	(53,482,029)	(25,012,367)
Advances, deposits, prepayments and other receivables	(4,129,620)	8,216,465
	(60,221,112)	(23,638,198)
Increase / (decrease) in current liabilities		
Accounts payable	89,681,442	15,033,315
Creditors, accrued and other liabilities	(11,365,911)	1,467,346
	78,315,531	16,500,661
Cash Generated from Operations	29,499,579	(10,984,641)
Dividend received	317,520	94,900
Interest/ Mark up received	684,066	197,890
Interest/ Mark up paid	(552,747)	(473,000)
Gratuity Paid	(366,200)	(1,113,851)
Tax Paid	(1,472,458)	(175,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	28,109,760	(12,453,702)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(2,723,393)	(73,150)
Proceeds from sale of fixed asset	970,500	529,524
Long term deposits	260,754	126,748
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,492,139)	583,122
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment against lease finance	(916,236)	(1,872,429)
Proceeds from Lease Finance	69,000	-
Short Term Running Finance	(14,247,836)	8,613,171
NET CASH FLOW FROM FINANCING ACTIVITIES	(15,095,072)	6,740,742
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	11,522,549	(5,129,838)
CASH AND CASH EQUIVALENTS - OPENING	58,221,515	32,840,302
CASH AND CASH EQUIVALENTS - CLOSING	69,744,064	27,710,464

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2002

PARTICULARS	Share Capital	Un appropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2001	120,035,000	15,236,608	135,271,608
Loss for the half year ended December 31, 2001	-	(8,045,591)	(8,045,591)
Balance as at December 31, 2001	120,035,000	7,191,017	127,226,017
Profit for the half year ended June 30, 2002	-	13,298,156	13,298,156
Balance as at June 30, 2002	120,035,000	20,489,173	140,524,173
Profit for the half year ended December 31, 2002	-	14,081,120	14,081,120
Balance as at December 31, 2002	120,035,000	34,570,293	154,605,293

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2002

- 1 First Capital Equities Limited, (the "Company") was incorporated on January 26, 1995 as private limited company, under the Companies Ordinance, 1984. The Company was converted into Public Limited Company on June 18, 1997 and was listed on Lahore Stock Exchange on October 01, 2001. The principal activities of the Company include share brokerage, conducting and publishing business research etc.
- 2 These accounts are un-audited but subject to limited review by auditors as required by clause (xxi) of Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and are being presented to shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 3 The accounting policies adopted for the preparation of these accounts are consistent with those applied in preparing the annual audited accounts for the year ended June 30, 2002.

4 OPERATING FIXED ASSETS

The following additions to operating fixed assets have been made during the period of six months ended December 31, 2002.

	<u>Amount</u>
	<u>(Rupees)</u>
Owned:	
Leasehold Improvemnts	150,730
Computers	328,300
Office Equipments	832,696
Furniture & Fixtures	76,767
Vehicles	1,265,900
	<u>2,654,393</u>
Leased:	
Vehicles	69,000
	<u>2,723,393</u>

The following Computer accessories costing Rs. 20,690/- having book value of Rs. 10,593/- were sold to Multimedia Business Machines for Rs. 500/-. Office equipments costing Rs. 618,500/- having book value of Rs. 450,955/- were sold to different parties for Rs. 418,000/-. Vehicle costing Rs. 643,000/- having book value of Rs. 329,216/- sold to Mr. Syed Riaz Ahmad for Rs. 552,000/-. All sales were made through negotiations.

5 TRANSACTIONS WITH ASSOCIATED COMPANIES

	<u>Six months ended December 31, 2002</u>	<u>Six months ended December 31, 2001</u>
	Rupees	Rupees
Brokerage Income	389,975	961,283
Payment for / against current accounts	517,508	4,377,444
Mark up charged on borrowing	55,526	-
Group pool expenses paid	1,125,879	799,213

All transactions were carried out at arm's length basis.

6 CONTINGENCIES AND COMMITMENTS

There were no change in contingencies and commitments disclosed in the annual accounts for the year ended June 30, 2002 & quarterly accounts for the period ended September 30, 2002.

7 GENERAL

- Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director