



FIRST CAPITAL EQUITIES LIMITED

**HALF YEARLY ACCOUNTS
(UN-AUDITED)**

DECEMBER 31, 2005

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FIRST CAPITAL EQUITIES LIMITED

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq <i>Chairman & Chief Executive Officer</i> Farooq Bin Habib Ashraf Liaqat Ali Khan Shahbaz Ali Taseer Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid Shahbaz Ali Taseer Ahsan Zia
Company Secretary	Syed Akbar Naqi
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Adviser	Tasawur Ali Hashmi Advocates, Karachi.
Bankers	Askari Commercial Bank Limited Bank Alfalah Limited Crescent Commercial Bank Limited Faysal Bank Limited KASB Bank Limited Metropolitan Bank Limited MCB Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank The Bank of Punjab Union Bank Limited
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 Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839182

DIRECTORS' REVIEW

The Directors of the **First Capital Equities Limited** ("FCEL" or "the Company") are pleased to present the half yearly accounts for the period ended 31 December 2005.

FINANCIAL PERFORMANCE

	(Rupees in millions)			
	2005	2004	Increase	Increase %
Brokerage Income	112.64	91.33	21.31	23.33
Profit after Taxation	69.71	19.36	50.35	260.07
Earning per share	2.90	0.81	2.09	258.02

The Karachi Stock Exchange 100 Index showed remarkable gains through this period attributing to a substantial increase in market volumes. Your company taking advantage of its well placed relationships on both retail and institutional levels, maintained a market share of just over 2.9% of total market volumes, resulting in a strengthened bottom line, which is reflected in the earning per share for the period. The profit before tax for the period stood at Rs. 82.63 million against Rs. 25.93 million in the same period during the last year.

Market Review

The Karachi Stock Exchange exhibited a tremendous performance during the period July 2005 to December 2005. The benchmark KSE-100 index posted an impressive rise of 28% from an index level of 7465 points at the end of June 2005 to an index level of 9557 points at the end of December 2005 and has surpassed 11,000 point mark on 10th February 2006. The brilliant performance of the market was due to improving economic indicators of the country, translating into record corporate earnings growth. Foreign interest in the market has served to only accentuate this trend. Commercial banks and the oil sector were major beneficiaries in this Bull Run and continue to perform even now. Your company, taking advantage of its well-placed relationships on both retail and institutional levels, was able to maintain its market share in times of rising competition resulting in improved profitability.

Future outlook

With an eye to the future, your company continues to strive towards product innovation and expanding its branch as well as regional network. "Broker net" has been implemented and would be an engine for future growth providing clients unparalleled access to the market with marginal incremental costs. Your company continues to grow its branch network country wide and plans to have 16 branches across the country by the end of this fiscal year. On the regional front, your company is in the advanced stages of setting up a brokerage firm in Dubai, in line with Dubai's rise as a hub in the region.

We are pleased to state that recently, your company has tied up with Auerbach Grayson & Company, a broker dealer based in New York with affiliate relationships in countries. We hope to get improved access to American institutional clients thereby improving our international sales efforts at a time when there is immense interest in the country's stock market.

I would like to thank the Securities and Exchange Commission of Pakistan, Karachi and Lahore Stock Exchange, the financial institutions, along with our valued clients and shareholders for the trust and confidence reposed in your company.

For and on behalf of the Board

Lahore
February 27, 2006

Mian Ehsan Ul Haq
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed Balance Sheet of **First Capital Equities Limited** as at **December 31, 2005** 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 2400. The 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 annexed financial statements are not presented fairly, in all material respect in accordance with approved accounting standards as applicable in Pakistan.

FIRST CAPITAL EQUITIES LIMITED BALANCE SHEET (Un-Audited) AS AT DECEMBER 31, 2005

	Notes	(Un-Audited) December 31, 2005 (Rupees)	(Audited) June 30, 2005 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		46,007,407	41,656,880
Membership cards and licenses		42,060,870	57,560,870
Long-term investments		6,865,076	6,865,076
Long-term deposits		<u>2,169,300</u>	<u>2,171,200</u>
		97,102,653	108,254,026
CURRENT ASSETS			
Trade debts- unsecured		316,737,395	294,318,824
Investments- held for trading	4	119,111,043	88,396,669
Advances, deposits, prepayments and other receivables	5	128,458,685	49,230,324
Membership cards and licenses - held for sale	6	15,500,000	-
Advance income tax		34,347,946	33,557,972
Placements	7	634,917,665	225,000,000
Interest accrued		1,951,681	3,075,315
Cash and bank balances		<u>99,315,651</u>	<u>91,717,213</u>
		1,350,340,066	785,296,317
		<u>1,447,442,719</u>	<u>893,550,343</u>
EQUITY AND LIABILITIES			
Authorized capital			
30,000,000 (June 30, 2005: 30,000,000) ordinary shares of Rs.10/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital		240,070,000	240,070,000
Unappropriated profits		<u>271,537,552</u>	<u>201,827,949</u>
		511,607,552	441,897,949
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		601,424	788,802
Deferred liabilities		<u>7,906,501</u>	<u>6,524,447</u>
		8,507,925	7,313,249
CURRENT LIABILITIES			
Trade and other payables	8	670,544,197	237,334,870
Short-term borrowings		236,403,776	188,783,416
Interest accrued on short-term borrowings		5,091,241	5,539,955
Interest accrued on repurchase agreements		1,977,235	657,534
Current maturity of liabilities against assets subject to finance lease		366,721	364,471
Provision for taxation		<u>12,944,072</u>	<u>11,658,899</u>
		927,327,242	444,339,145
		<u>1,447,442,719</u>	<u>893,550,343</u>
CONTINGENCIES			
	10	-	-

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

Lahore

Chief Executive

Director

Place : Lahore
Date : February 27, 2006

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

FIRST CAPITAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	SIX MONTH ENDED		THREE MONTHS ENDED	
	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
INCOME				
Brokerage income	112,642,169	91,328,497	65,802,717	52,079,009
Capital gain	589,231	7,234,559	446,207	3,788,422
Other operating income	31,844,360	4,426,404	22,092,647	3,065,471
	<u>145,075,760</u>	<u>102,989,460</u>	<u>88,341,571</u>	<u>58,932,902</u>
Unrealized gain/(loss) on remeasurement of investments held for trading	39,287,089	(10,334,189)	46,360,605	2,604,404
	<u>184,362,849</u>	<u>92,655,271</u>	<u>134,702,176</u>	<u>61,537,306</u>
EXPENDITURES				
Operating expenses	74,556,397	60,553,563	43,348,249	35,907,702
Finance costs	27,177,948	6,171,283	16,977,525	4,378,283
	<u>101,734,345</u>	<u>66,724,846</u>	<u>60,325,774</u>	<u>40,285,985</u>
PROFIT BEFORE TAXATION	<u>82,628,504</u>	<u>25,930,425</u>	<u>74,376,402</u>	<u>21,251,321</u>
Taxation	12,918,901	6,569,681	7,702,032	3,035,589
PROFIT FOR THE PERIOD	<u><u>69,709,603</u></u>	<u><u>19,360,744</u></u>	<u><u>66,674,370</u></u>	<u><u>18,215,732</u></u>
EARNINGS PER SHARE - BASIC	<u><u>2.90</u></u>	<u><u>0.81</u></u>	<u><u>2.78</u></u>	<u><u>0.76</u></u>

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
CASH FLOW STATEMENT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	SIX MONTHS ENDED	
	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	82,628,504	25,930,425
Add: Items not involved in movement of funds		
Depreciation	3,161,792	2,264,922
(Gain) / loss on remeasurement of investments	(39,287,089)	10,334,189
Provision for doubtful debts written back	(2,009,758)	-
Bad debts written off	3,734	-
Dividend income	(352,263)	(3,866,590)
Interest accrued	(24,977,233)	(280,166)
Interest expense	26,329,953	5,845,517
(Gain) / loss on sale of property and equipment	(792,501)	(122,715)
Provision for gratuity	1,562,354	765,536
	<u>(36,361,011)</u>	<u>14,940,693</u>
	<u>46,267,493</u>	<u>40,871,118</u>
(Increase) / decrease in current assets		
Investments held for trading	8,572,715	(57,761,711)
Trade debts	(20,412,547)	(64,372,970)
Advances, deposits, prepayments and other receivables	(79,228,362)	2,881,739
	<u>(91,068,194)</u>	<u>(119,252,942)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	433,209,327	(107,018,536)
	<u>388,408,626</u>	<u>(185,400,360)</u>
Cash generated from / (used in) operations	<u>388,408,626</u>	<u>(185,400,360)</u>
Dividend received	352,263	1,389,215
Interest received	26,100,867	813,589
Finance cost paid	(25,458,966)	(2,951,499)
Gratuity paid	(180,300)	(815,045)
Taxes paid	(12,423,702)	(6,569,681)
Net cash generated from / (used in) operating activities	<u>376,798,788</u>	<u>(193,533,781)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(8,002,517)	(21,372,358)
Proceeds from sale of property and equipment	1,282,700	185,000
Placements	(409,917,665)	(125,000)
Long-term deposits	1,900	(245,172)
Net cash used in investing activities	<u>(416,635,582)</u>	<u>(21,557,530)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	(185,128)	(144,156)
Proceeds from lease finance	-	714,000
Short-term running finance	47,620,360	188,754,744
Net cash generated from financing activities	<u>47,435,232</u>	<u>189,324,588</u>
Net increase / (decrease) in cash and cash equivalents	<u>7,598,438</u>	<u>(25,766,723)</u>
Cash and cash equivalents at the beginning of the period	<u>91,717,213</u>	<u>111,622,525</u>
Cash and cash equivalents at the end of the period	<u><u>99,315,651</u></u>	<u><u>85,855,802</u></u>

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	<u>Share Capital</u>	<u>Revenue Reserve</u> <u>Unappropriated Profit</u>	<u>Total</u>
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2004 as previously reported	240,070,000	121,573,383	361,643,383
Effect of change in accounting policy as explained in Note - 3	-	(72,180)	(72,180)
Balance as at June 30, 2004 - Restated	<u>240,070,000</u>	<u>121,501,203</u>	<u>361,571,203</u>
Profit for the half year ended December 31, 2004	-	19,360,744	19,360,744
Balance as at December 31, 2004	<u>240,070,000</u>	<u>140,861,947</u>	<u>380,931,947</u>
Profit for the half year ended June 30, 2005	-	60,966,002	60,966,002
Balance as at June 30, 2005 - Restated	<u>240,070,000</u>	<u>201,827,949</u>	<u>441,897,949</u>
Balance as at June 30, 2005 as previously reported	240,070,000	202,027,780	442,097,780
Effect of change in accounting policy as explained in Note - 3	-	(199,831)	(199,831)
Balance as at June 30, 2005 - Restated	<u>240,070,000</u>	<u>201,827,949</u>	<u>441,897,949</u>
Profit for the half year ended December 31, 2005	-	69,709,603	69,709,603
Balance as at December 31, 2005	<u>240,070,000</u>	<u>271,537,552</u>	<u>511,607,552</u>

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

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

- 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 is listed on Lahore Stock Exchange. The principal activities of the Company include share brokerage and conducting / publishing business research.
- 2 These financial statements are un-audited 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 financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2005, except for the following:

The Company has changed its accounting policy with respect to investment in subsidiary company. Previously, the Company recognized investment in subsidiary company at cost, and the carrying amount of this investment was increased or decreased to recognize the Company's share of the profit or loss of the subsidiary company in accordance with superseded IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

Now investment in subsidiary company is classified as "Available for Sale" under Revised International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement". Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value, unless fair value cannot be reliably measured. The investment for which a quoted market is not available, is measured at cost. Gains and losses on remeasurement to fair value are recognized directly in equity, through the statement of changes in equity. Such a change in accounting policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with requirements of revised International Accounting Standards IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors".

Had there been no change in the accounting policy, profit for the period would have been higher by Rs. 65,880 and long-term investment would have been higher by Rs. 65,880.

- The Company has changed its estimate in relation to the depreciation on property and equipment. The depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously full year depreciation was charged in the year of addition and no depreciation in the year of disposal. Had this change not been made, the profit during the period would have decreased by Rs. 113,900 and property and equipment at the period end would have decreased by Rs.113,900.

	<u>December 31, 2005</u>	<u>June 30, 2005</u>
	(Rupees)	(Rupees)

4 INVESTMENTS - HELD FOR TRADING

Investments measured through profit and loss account:

Cost of investments	79,823,954	110,351,039
Unrealized gain/(loss) on remeasurement of investments	39,287,089	(21,954,370)
	<u>119,111,043</u>	<u>88,396,669</u>

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 117,992,131/- (June 30, 2005: Rs. 38,192,486/-) as exposure deposited with the Karachi and Lahore Stock Exchange Guarantee Limited under the exposure rules.

6 MEMBERSHIP CARDS AND LICENSES - HELD FOR SALE

This represents the cost of the membership card and license - room of Lahore Stock Exchange (Guarantee) Limited held for sale as the members of the Company have approved their sale subsequent to period end through special resolution passed in Extraordinary General Meeting held on January 24, 2006.

	December 31, 2005	June 30, 2005
	(Rupees)	(Rupees)

7 PLACEMENTS

Secured - considered good

Securities purchased under the resale agreements of quoted shares - parent company

	70,000,000	25,000,000
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Securities purchased under the resale agreements of quoted shares

	564,917,665	200,000,000
	634,917,665	225,000,000

8 TRADE AND OTHER PAYABLES

This includes an amount of Rs. 370,000,000/- (June 30, 2005: Rs. 100,000,000/-) due to financial institutions.

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

Six Months Ended December 31, 2005			
PACE Pakistan Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	1,025,502	770,714,332	1,734,575,864	37,571,099,153
Sale of shares	-	767,856,365	1,738,826,297	37,481,437,995
Brokerage	5,200	580,817	2,102,672	14,048,790
Placements entered	-	70,000,000	-	350,000,000
Income earned on placements	-	1,253,425	-	6,695,891

Six Months Ended December 31, 2004			
First Capital Mutual Fund Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	32,614,219	377,375,655	4,577,185,218	12,211,866,775
Sale of shares	53,035,791	329,834,732	4,564,679,336	12,031,416,447
Brokerage	78,114	209,939	921,418	4,298,080
Placements entered	-	-	-	398,000,000
Income earned on placements	-	-	-	5,076,474

9.1 First Capital Mutual Fund Limited (FCMFL) ceased to be an associated company from January 01, 2005, due to the resignation of Chief Executive of the FCMFL, who was also a director in Company.

9.2 Pace Pakistan Limited became associated company during the period due to the appointment of Chief Executive of the Company as director of Pace Pakistan Limited.

10 CONTINGENCIES

There are no significant changes in contingencies from the last annual audited financial statements for the year ended June 30, 2005.

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2006, by the Board of Directors of the company.

12 GENERAL

12.1 Figures have been rounded off to the nearest rupee.

12.2 Certain figures have been restated due to change in accounting policy as explained in note 3 to the financial statements.

Lahore

Chief Executive

Director



FIRST CAPITAL EQUITIES LIMITED

CONSOLIDATED HALF YEARLY ACCOUNTS (UN-AUDITED)

DECEMBER 31, 2005

FIRST CAPITAL EQUITIES LIMITED CONSOLIDATED BALANCE SHEET (Un-Audited) AS AT DECEMBER 31, 2005

	Notes	(Un-Audited) December 31, 2005 (Rupees)	(Audited) June 30, 2005 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		47,249,704	42,453,237
Membership cards and licences		52,009,330	67,884,136
Goodwill		538,084	538,084
Long term deposits		2,169,300	2,171,200
		<u>101,966,418</u>	<u>113,046,657</u>
CURRENT ASSETS			
Trade debts- Unsecured		316,761,240	294,318,824
Short term investments	4	119,111,043	88,396,669
Advances, deposits, prepayments and other receivables	5	128,725,671	50,741,880
Membership cards and licences - held for sale	6	15,500,000	-
Advance income tax		34,347,946	33,557,972
Placements	7	634,917,665	225,000,000
Interest accrued		1,951,681	3,075,315
Cash and bank balances		104,530,806	105,397,432
		<u>1,355,846,052</u>	<u>800,488,092</u>
		<u>1,457,812,470</u>	<u>913,534,749</u>
EQUITY AND LIABILITIES			
Authorised capital			
30,000,000 (June 30, 2005: 30,000,000) ordinary shares of Rs.10/- each		300,000,000	300,000,000
Issued, subscribed and paid up share capital			
		240,070,000	240,070,000
Unappropriated Profits			
		271,066,514	201,490,885
		<u>511,136,514</u>	<u>441,560,885</u>
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		601,424	788,802
Deferred liabilities		7,906,502	6,524,447
		<u>8,507,926</u>	<u>7,313,249</u>
CURRENT LIABILITIES			
Trade and other payables	8	675,561,899	251,796,595
Short term borrowings		236,531,468	188,915,919
Interest accrued on short term borrowings		5,091,241	5,539,955
Interest accrued on repurchase agreements		1,977,235	657,534
Current maturity of liabilities against assets subject to finance lease		366,721	364,471
Provision for taxation		13,040,939	11,658,899
		<u>932,569,503</u>	<u>458,933,373</u>
MINORITY INTEREST			
		5,598,527	5,727,242
		<u>1,457,812,470</u>	<u>913,534,749</u>
CONTINGENCIES			
	10	-	-

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

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
INCOME				
Brokerage income	115,056,427	91,905,611	68,161,048	51,351,519
Capital gain	589,231	7,234,559	446,207	3,788,422
Other operating income	31,844,360	4,426,404	22,092,784	3,065,471
	<u>147,490,155</u>	<u>103,566,574</u>	<u>90,700,039</u>	<u>58,205,412</u>
Unrealised gain/(loss) on remeasurment of investments	39,287,089	(10,334,189)	46,360,605	2,604,404
	<u>186,777,244</u>	<u>93,232,385</u>	<u>137,060,644</u>	<u>60,809,816</u>
EXPENDITURE				
Operating expenses	76,708,238	61,355,086	45,432,889	36,038,938
Finance costs	27,205,429	6,172,455	17,000,403	4,379,455
	<u>103,913,667</u>	<u>67,527,541</u>	<u>62,433,292</u>	<u>40,418,393</u>
PROFIT BEFORE TAXATION	<u>82,863,577</u>	<u>25,704,844</u>	<u>74,627,352</u>	<u>20,391,423</u>
Taxation	13,024,795	6,485,630	7,807,926	2,951,538
PROFIT AFTER TAXATION	<u>69,838,782</u>	<u>19,219,214</u>	<u>66,819,426</u>	<u>17,439,885</u>
Minority Interest	63,297	(69,350)	71,076	(380,166)
	<u>69,775,485</u>	<u>19,288,564</u>	<u>66,748,350</u>	<u>17,820,051</u>
Earning per share - Basic	<u>2.91</u>	<u>0.80</u>	<u>2.78</u>	<u>0.74</u>

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	SIX MONTHS ENDED	
	Jul - Dec 2005 (Rupees)	Jul - Dec 2004 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	82,863,577	25,704,844
Add: Items not involved in movement of funds		
Depreciation	3,265,687	2,346,860
(Gain)/loss on remeasurement of investments	(39,287,089)	10,334,189
Provision for doubtful debts written back	(2,009,758)	-
Bad debts written off	3,734	-
Dividend Income	(352,400)	(3,866,590)
Interest accrued	(24,977,233)	(280,166)
Interest expense	26,329,953	5,845,517
(Gain)/loss on sale of property and equipment	(792,501)	(122,715)
Provision for gratuity	1,562,355	765,536
	<u>(36,257,252)</u>	<u>15,022,631</u>
	<u>46,606,325</u>	<u>40,727,475</u>
(Increase) / decrease in current assets		
Short term investments	8,572,715	(57,761,711)
Trade debts	(20,828,259)	(63,030,329)
Advances, deposits, prepayments and other receivables	(77,608,985)	2,748,801
	<u>(89,864,529)</u>	<u>(118,043,239)</u>
Increase / (decrease) in current liabilities in		
Trade and other payables	423,765,304	(97,318,949)
	<u>423,765,304</u>	<u>(97,318,949)</u>
Cash Generated from/(used in) Operations	<u>380,507,100</u>	<u>(174,634,713)</u>
Dividend received	352,400	1,389,215
Interest received	26,100,867	813,589
Finance cost paid	(25,458,966)	(2,951,499)
Gratuity paid	(180,300)	(815,045)
Taxes paid	(12,432,729)	(6,689,923)
	<u>(12,432,729)</u>	<u>(6,689,923)</u>
Net Cash generated from/(used in) operating activities	<u>368,888,372</u>	<u>(182,888,376)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(8,552,353)	(21,372,358)
Proceeds from sale of property and equipment	1,282,700	185,000
Placements	(409,917,665)	-
Long term deposits	1,900	(245,172)
	<u>1,900</u>	<u>(245,172)</u>
Net Cash used in investing activities	<u>(417,185,418)</u>	<u>(21,432,530)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	(185,129)	(144,156)
Proceeds from finance lease	-	714,000
Short term running finance	47,615,549	188,761,326
	<u>47,615,549</u>	<u>188,761,326</u>
Net Cash generated from financing activities	<u>47,430,420</u>	<u>189,331,170</u>
Net (decrease) / increase in cash and cash equivalents	<u>(866,626)</u>	<u>(14,989,735)</u>
Cash and cash equivalents - Opening	<u>105,397,432</u>	<u>116,335,775</u>
Cash and cash equivalents - Closing	<u>104,530,806</u>	<u>101,346,040</u>

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATE STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	<u>Revenue Reserve</u>		
	<u>Share Capital</u>	<u>Unappropriated Profit</u>	<u>Total</u>
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2004	240,070,000	121,231,205	361,301,205
Profit for the period	-	19,288,564	19,288,564
Adjustment for exchange difference on consolidation	-	239,694	239,694
Balance as at December 31, 2004	240,070,000	140,759,463	380,829,463
Profit for the period	-	60,986,478	60,986,478
Adjustment for exchange difference on consolidation	-	(255,056)	(255,056)
Balance as at June 30, 2005	240,070,000	201,490,885	441,560,885
Profit for the period	-	69,775,485	69,775,485
Adjustment for exchange difference on consolidation	-	(199,856)	(199,856)
Balance as at December 31, 2005	240,070,000	271,066,514	511,136,514

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

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

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 is listed on Lahore Stock Exchange. The principal activities of the Company include share brokerage and conducting / publishing business research.

The financial statements of Equity Partners Security Limited have been consolidated in the financial statements of the parent company. The parent company holds 51% (June 2005: 51%) in the share capital of its subsidiary.

2 These financial statements are un-audited 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 financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2005, except for the following:

The Company has changed its estimate in relation to the depreciation on property and equipment. The depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously full year depreciation was charged in the year of addition and no depreciation in the year of disposal. Had this change not been made, the profit during the period would have decreased by Rs. 113,900 and property and equipment at the period end would have decreased by Rs.113,900.

<u>December 31,</u>	<u>June 30,</u>
<u>2005</u>	<u>2005</u>
(Rupees)	(Rupees)

4 INVESTMENTS - HELD FOR TRADING

Investments measured through profit and loss account:

Cost of investments	79,823,954	110,351,039
Unrealized gain/(loss) on remeasurement of investments	39,287,089	(21,954,370)
	119,111,043	88,396,669

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 117,992,131/- (June 30, 2005: Rs. 38,192,486/-) as exposure deposited with the Karachi and Lahore Stock Exchange Guarantee Limited under the exposure rules.

6 MEMBERSHIP CARDS AND LICENSES - HELD FOR SALE

This represents the cost of the membership card and license - room of Lahore Stock Exchange (Guarantee) Limited held for sale as the members of the Company have approved their sale subsequent to period end through special resolution passed in Extraordinary General Meeting held on January 24, 2006.

	December 31, 2005 (Rupees)	June 30, 2005 (Rupees)
7 PLACEMENTS		
Secured - considered good		
Securities purchased under the resale agreements of quoted shares - parent company	70,000,000	25,000,000
Securities purchased under the resale agreements of quoted shares	<u>564,917,665</u>	<u>200,000,000</u>
	<u>634,917,665</u>	<u>225,000,000</u>

8 TRADE AND OTHER PAYABLES

This includes an amount of Rs. 370,000,000/- (June 30, 2005: Rs. 100,000,000/-) due to financial institutions.

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

Six Months Ended December 31, 2005			
PACE Pakistan Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	1,025,502	770,714,332	1,734,575,864	37,571,099,153
Sale of shares	-	767,856,365	1,738,826,297	37,481,437,995
Brokerage	5,200	580,817	2,102,672	14,048,790
Placements entered	-	70,000,000	-	350,000,000
Income earned on placements	-	1,253,425	-	6,695,891

Six Months Ended December 31, 2004			
First Capital Mutual Fund Limited	First Capital Securities Corporation Limited	Mrs. Uzma Farooq	Mr. Suleiman Ahmad Said Al-Houqani
(Associated Company)	(Parent Company)	(Related Party)	(Related Party)
(Rupees)	(Rupees)	(Rupees)	(Rupees)

Purchase of shares	32,614,219	377,375,655	4,577,185,218	12,211,866,775
Sale of shares	53,035,791	329,834,732	4,564,679,336	12,031,416,447
Brokerage	78,114	209,939	921,418	4,298,080
Placements entered	-	-	-	398,000,000
Income earned on placements	-	-	-	5,076,474

- 9.1 First Capital Mutual Fund Limited (FCMFL) ceased to be an associated company from January 01, 2005, due to the resignation of Chief Executive of the FCMFL, who was also a director in Company.
- 9.2 Pace Pakistan Limited became associated company during the period due to the appointment of Chief Executive of the Company as director of Pace Pakistan Limited.

10 CONTINGENCIES

There are no significant changes in contingencies from the last annual audited financial statements for the year ended June 30, 2005.

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2006, by the Board of Directors of the company.

12 GENERAL

- 12.1 Figures have been rounded off to the nearest rupee.
- 12.2 Certain figures have been restated due to change in accounting policy as explained in note 3 to the financial statements.

Lahore

Chief Executive

Director