



FIRST CAPITAL EQUITIES LIMITED

**INTERIM CONDENSED
HALF YEARLY FINANCIAL STATEMENTS
(UN-AUDITED)**

DECEMBER 31, 2006

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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 Suhail Ahmad Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid (<i>Chairman</i>) Suhail Ahmad 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 MCB Bank Limited Metropolitan Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank The Bank of Punjab
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
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore. Tel. # (042) 5839182

DIRECTORS' REVIEW

The directors of First Capital Equities Limited ("FCEL" or "the Company") are pleased to present the interim condensed financial statements for the half year ended December 31, 2006.

Market Review

The Karachi Stock Exchange exhibited an insipid performance with the KSE-100 index posting a rise of 4.5% from the level of 9603 points at the beginning of July 2006 to the level of 10040 points at the end of December 2006. The primary reason behind this dreary performance was the uncertainties regarding the regulatory frame work as well as emerging perplex political scenario. Furthermore, the dwindling corporate profitability of cement and oil sector companies in the wake of substantial declines in the cement prices and international crude oil prices also restricted the market to ignite any notable upward rally. However, foreign interest in the market remained noticeable during the period thus to some extent served the index to sustain the positive territory on half-yearly basis. Despite this ordinary stock market performance, your company was able to maintain its market share as well as profitability growth during the period.

Financial Performance

	(Rupees in millions)			
	Half year ended		Increase	Increase %
	December 31,2006	December 31, 2005		
Brokerage Income	139.49	112.64	26.85	23.83
Profit after Taxation	73.08	69.71	3.37	4.83
Earnings per share (Rupees per share)	2.03	1.94	0.09	4.64

The brokerage income increased by 26.85% to 139.49 million due to two main factors; firstly due to continued geographical diversification and expansion which increased the retail and institutional clients and secondly due to increase in business volumes from the Auerbach Grayson (AGA), an international brokerage house, for which your company is the local affiliate.

Your company was able to post robust profitability during the period under review. It earned profit after taxation of Rs. 73.08 million. This translates to an earning per share of Rs. 2.03 on its increased share capital of Rs. 360.105 million after issue of bonus shares during the period in the ratio of 50 shares for each 100 shares held as approved by shareholders in their Annual General Meeting on October 31, 2006. The last date for subscription of right issue offered at a premium of Rs. 5 per share was January 21, 2007 and we are pleased to inform you that they have been fully subscribed. The increase in capital by this right issue will help increase investment portfolio and expand and diversify operations and business.

During the period the Arbitration Committee of KSE gave the decision in respect of the claims of M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan and asked the Company to pay Rs. 28,701,533/-. They also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Company. The Company has filed an appeal against this decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the

General Rules & Regulations of KSE along with deposit of Rs. 28,701,533/- to KSE and is confident that the appeal would be decided in the company's favour.

Future Outlook

In the future ahead, your company is striving for consistent growth in the revenue and profitability of the company by expanding brokerage operations through opening of new branches and controlling operating costs. Your company is also making progress on obtaining corporate and regulatory approvals for Investment Finance Services and Real Estate Investment Trust to ensure diversification of its revenue streams.

Acknowledgement

We would like to thank the Securities and Exchange Commission of Pakistan, Karachi Stock Exchange and Lahore Stock Exchange, the financial institutions along with our valued clients and shareholders for the trust and confidence reposed in the company. The Board also wishes to place on record appreciation to all the staff members for their hard work in achieving brilliant performance.

For and on behalf of the Board

Lahore
February 26, 2007

Mian Ehsan Ul Haq
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed Interim Condensed Balance Sheet of **First Capital Equities Limited**, as at **December 31, 2006**, and the related Interim Condensed Profit and Loss Account, Interim Condensed Cash Flow Statement and Interim Condensed Statement of Changes in Equity together with the Notes forming part thereof (here-in-after referred to as the "interim condensed financial statements") for the half-year then ended. These interim condensed financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed 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 provide 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.

Place : Lahore
Date : February 26, 2007

FORD RHODES SIDATHYDER & CO.
CHARTERED ACCOUNTANTS

FIRST CAPITAL EQUITIES LIMITED INTERIM CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2006

	Notes	(Un-Audited) December 31, 2006 (Rupees)	(Audited) June 30, 2006 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
		65,565,585	58,038,663
		40,700,000	40,700,000
		6,865,076	6,865,076
		10,190,000	10,190,000
		7,620,996	7,136,996
		130,941,657	122,930,735
CURRENT ASSETS			
		743,423,559	572,754,806
	4	314,947,181	231,372,769
		177,948,464	134,053,865
		37,238,773	35,634,236
	6	810,000,000	677,641,520
		9,135,403	9,352,433
		226,034,633	240,366,410
		2,318,728,013	1,901,176,039
		2,449,669,670	2,024,106,774
EQUITY AND LIABILITIES			
Authorised capital			
		65,000,000 (June 30, 2006: 30,000,000)	
	7	650,000,000	300,000,000
		ordinary shares of Rs.10/- each	
	8	360,105,000	240,070,000
Unappropriated Profits			
		387,528,720	434,486,555
		747,633,720	674,556,555
NON - CURRENT LIABILITIES			
		5,760,000	8,280,000
		-	110,072
		10,510,328	8,965,811
		16,270,328	17,355,883
CURRENT LIABILITIES			
		582,881,442	582,416,135
		610,000,000	515,000,000
	9	457,682,672	206,039,823
		5,040,000	5,040,000
		9,732,911	4,283,739
		2,435,342	3,630,513
		601,479	678,729
		17,391,776	15,105,397
		1,685,765,622	1,332,194,336
		2,449,669,670	2,024,106,774
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31,	December 31,	December 31,	December 31,
	2006	2005	2006	2005
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
INCOME				
Brokerage income	139,492,740	112,642,169	65,750,496	65,802,717
Capital gain	(49,600)	589,231	(43,609)	446,207
Income on continuous funding system transactions	6,694,600	295,245	5,270,976	295,245
Other operating income	70,568,053	31,549,115	44,382,235	21,797,402
	<u>216,705,793</u>	<u>145,075,760</u>	<u>115,360,098</u>	<u>88,341,571</u>
Unrealized gain / (loss) on re-measurement of investments at fair value through profit and loss	4 29,209,123	39,287,089	(379,686)	46,360,605
	<u>245,914,916</u>	<u>184,362,849</u>	<u>114,980,412</u>	<u>134,702,176</u>
EXPENDITURE				
Operating expenses	87,775,674	74,556,397	47,684,772	43,348,249
Finance costs	58,995,487	27,177,948	30,085,484	16,977,525
	<u>146,771,161</u>	<u>101,734,345</u>	<u>77,770,256</u>	<u>60,325,774</u>
PROFIT BEFORE TAXATION	<u>99,143,755</u>	<u>82,628,504</u>	<u>37,210,156</u>	<u>74,376,402</u>
Taxation	26,066,590	12,918,901	13,663,171	7,702,032
PROFIT AFTER TAXATION	<u>73,077,165</u>	<u>69,709,603</u>	<u>23,546,985</u>	<u>66,674,370</u>
EARNINGS PER SHARE				
- BASIC	11 2.03	1.94	0.66	1.85

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	SIX MONTHS ENDED	
	December 31,	December 31,
	2006	2005
	(Rupees)	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	99,143,755	82,628,504
Add: Items not involved in movement of funds		
Depreciation	5,023,398	3,161,792
Unrealised loss on re-measurement of investments at fair value through profit and loss	(29,209,123)	(39,287,089)
Provision for doubtful debts written back	(8,104,202)	(2,009,758)
Bad debts written off	-	3,734
Dividend Income	(5,639,145)	(352,263)
Interest accrued	(52,780,061)	(24,977,233)
Interest expense	58,995,487	26,329,953
(Gain)/loss on sale of property and equipment	(474,078)	(792,501)
Provision for gratuity	1,851,077	1,562,354
	<u>(30,336,647)</u>	<u>(36,361,011)</u>
	<u>68,807,108</u>	<u>46,267,493</u>
(Increase) / decrease in current assets		
Investments at fair value through profit and loss	(54,365,289)	8,572,715
Trade debts - Unsecured	(162,564,551)	(20,412,547)
Advances, deposits, prepayments and other receivables	(43,854,599)	(79,228,362)
	<u>(260,784,439)</u>	<u>(91,068,194)</u>
Increase / (decrease) in current liabilities in		
Trade and other payable	465,307	163,209,327
Cash (used in) / generated from operations	<u>(191,512,024)</u>	<u>118,408,626</u>
Dividend received	5,599,145	352,263
Interest received	52,997,091	26,100,867
Finance cost paid	(54,741,486)	(25,458,966)
Gratuity paid	(306,560)	(180,300)
Taxes paid	(25,384,748)	(12,423,702)
Net cash (used in) / generated from operating activities	<u>(213,348,582)</u>	<u>106,798,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(13,356,242)	(8,002,517)
Proceeds from sale of property and equipment	1,280,000	1,282,700
Placements	(132,358,480)	(409,917,665)
Long term deposits and advances	(484,000)	1,900
Net cash used in investing activities	<u>(144,918,722)</u>	<u>(416,635,582)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(187,322)	(185,128)
Long term finance obtained	(2,520,000)	-
Liabilities against repurchase agreements	95,000,000	270,000,000
Short term borrowings	251,642,849	47,620,360
Net cash generated from financing activities	<u>343,935,527</u>	<u>317,435,232</u>
Net (decrease) / increase in cash and cash equivalents	<u>(14,331,777)</u>	<u>7,598,438</u>
Cash and cash equivalents at the beginning of the period	<u>240,366,410</u>	<u>91,717,213</u>
Cash and cash equivalents at the end of the period	<u>226,034,633</u>	<u>99,315,651</u>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Capital Reserve		Revenue Reserve	Total
	Issued, subscribed and paidup capital	Reserve for issue of bonus share	Unappropriated Profit	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2005	240,070,000	-	201,827,949	441,897,949
Profit for the half year ended December 31, 2005	-	-	69,709,603	69,709,603
Balance as at December 31, 2005	240,070,000	-	271,537,552	511,607,552
Profit for the half year ended June 30, 2006	-	-	162,949,003	162,949,003
Balance as at June 30, 2006	240,070,000	-	434,486,555	674,556,555
Transfer to reserve for issue of bonus share	-	120,035,000	(120,035,000)	-
50 % bonus shares issued	120,035,000	(120,035,000)	-	-
Profit for the half year ended December 31, 2006	-	-	73,077,165	73,077,165
Balance as at December 31, 2006	360,105,000	-	387,528,720	747,633,720

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

1 THE COMPANY AND ITS OPERATIONS

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 BASIS OF PREPARATION

These interim condensed financial statements are unaudited but subject to limited scope review by the auditors and being presented to the shareholders as required under section 245 of the Companies Ordinance 1984 and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2006.

4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	December 31, 2006	June 30, 2006
	(Rupees)	(Rupees)
Investments measured through profit and loss account		
Carrying value / cost of investments	285,738,058	87,127,150
Add: Unrealised gain on remeasurement of investments	29,209,123	144,245,619
	314,947,181	231,372,769

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 120,659,281/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules and Rs. 28,701,533/- (June 2006 : NIL) deposited against the disputed claim of Mr. Aslam Motiwala.

6 PLACEMENTS

	December 31, 2006	June 30, 2006
	(Rupees)	(Rupees)
Secured - Considered good		
Placement on account of continuous funding system	-	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	170,000,000	210,000,000

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Securities purchased under the resale agreements of quoted shares	150,000,000	110,000,000
Securities purchased under the resale agreement of quoted shares - Mr. Sulaiman Ahmed Said Al-Houqani, related party	490,000,000	350,000,000
	810,000,000	677,641,520

7 AUTHORISED SHARE CAPITAL

The authorised share capital of the Company has been increased to Rs. 650,000,000/- divided into 65,000,000 ordinary shares of Rs. 10/- each from Rs. 300,000,000/- divided into 30,000,000 ordinary shares of Rs. 10/- each as approved by shareholders in Annual General Meeting held on October 31, 2006.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

December 31, 2006	June 30, 2006		December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Number of shares				
		Shares issued against cash consideration		
22,007,000	22,007,000	Ordinary shares of Rs. 10/- each fully paid	220,070,000	220,070,000
		Shares issued against consideration other than cash		
14,003,500	2,000,000	Issued bonus shares of Rs. 10/- each fully paid	140,035,000	20,000,000
36,010,500	24,007,000		360,105,000	240,070,000

The shareholders in their meeting held on October 31, 2006 approved bonus share issue in the proportion of fifty (50) shares for every hundred (100) shares held i.e. 50 %, for the year ended June 30, 2006. The shareholders also approved issue of Right Shares and the above mentioned bonus shares also qualified for the right shares in the same proportion. The right issue has been offered at a premium of Rs. 5/- per share. The last date for exercising the rights was January 21, 2007.

9 SHORT TERM BORROWINGS - SECURED

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
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Short term borrowings - secured **9.1** 457,682,672 206,039,823

9.1 The facilities are obtained from various commercial banks under mark up arrangements amounting to Rs. 1,150 million (June 30, 2006: Rs. 1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2% to 4.25% (June 30, 2006: 2% to 4.25%) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16% (June 30, 2006: 16

%) per annum payable quarterly and are secured against pledge of shares of listed companies.

10 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2006 except for the following:

The Honourable Sindh High Court, while deciding on different applications filed by the Company, directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against the Company.

The Arbitration Committee of KSE has given the decision and has asked the Company to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Company.

The Company has filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28,701,533 to KSE. The Management is confident that appeal would be decided in the Company's favour.

11 EARNING PER SHARE - BASIC

Earnings per share of Rs 2.90 for six months ended December 31, 2005 and Rs 2.78 for three months ended Decemebr 31, 2005 have been restated after taking into account the issue of 12,003,500 bonus shares issued by the company during the period.

12 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, 2006				
Associated Company (Rupees)	Parent Company (Rupees)	Fellow Subsidiary (Rupees)	Key management personnel of the entity, its parents and their close family members (Rupees)	Related Party (Rupees)

Brokerage Income	-	1,999,464	16,000	137,650	16,092,888
Repurchase agreement arrangement fee	-	564,584	-	-	375,000
Placements entered	-	1,455,000,000	-	-	1,290,000,000
Income earned on placement	-	13,216,573	-	-	29,910,646
Long term loans	10,190,000	-	-	-	-
Interest on long term loans	1,086,933	-	-	-	-

Six Months Ended December 31, 2005				
Associated Company (Rupees)	Parent Company (Rupees)	Fellow Subsidiary (Rupees)	Key management personnel of the entity, its parents and their close family members (Rupees)	Related Party (Rupees)

Brokerage Income	5,200	501,650	-	2,102,672	13,819,623
Repurchase agreement arrangement fee	-	79,167	-	-	229,167
Placements entered	-	70,000,000	-	-	350,000,000
Income earned on placement	-	1,253,425	-	-	6,695,891
Long term loans	-	-	-	-	-
Interest on long term loans	-	-	-	-	-

13 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on February 26, 2007.

14 GENERAL

Figures have been rounded off to the nearest rupee.



**FIRST CAPITAL EQUITIES LIMITED
AND ITS SUBSIDIARY**

**CONSOLIDATED INTERIM CONDENSED
HALF YEARLY FINANCIAL STATEMENTS
(UN-AUDITED)**

DECEMBER 31, 2006

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (Un-Audited)
AS AT DECEMBER 31, 2006**

	Notes	(Un-Audited) December 31, 2006 (Rupees)	(Audited) June 30, 2006 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		66,281,540	58,818,296
Membership card and licenses		51,023,266	51,023,266
Goodwill		358,749	358,749
Long term loan - unsecured		10,190,000	10,190,000
Long term deposits and advances		7,620,996	7,136,996
		<u>135,474,551</u>	<u>127,527,307</u>
CURRENT ASSETS			
Trade debts - unsecured		785,233,661	572,754,806
Investments at fair value through profit and loss	4	314,947,181	231,372,769
Advances, deposits, prepayments and other receivables	5	178,083,222	135,060,632
Advance income tax		37,238,773	35,634,236
Placements	6	810,000,000	677,641,520
Interest accrued		9,135,403	9,352,433
Cash and bank balances		239,189,537	245,893,456
		<u>2,373,827,777</u>	<u>1,907,709,852</u>
Total Assets		<u>2,509,302,328</u>	<u>2,035,237,159</u>
EQUITY AND LIABILITIES			
Authorised capital			
65,000,000 (June 2006: 30,000,000) ordinary shares of Rs.10/- each	7	<u>650,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital	8	<u>360,105,000</u>	<u>240,070,000</u>
Unappropriated Profits		<u>387,216,443</u>	<u>433,803,792</u>
		747,321,443	673,873,792
Minority interest		5,868,370	5,567,389
		753,189,813	679,441,181
NON - CURRENT LIABILITIES			
Long term financing		5,760,000	8,280,000
Liabilities against assets subject to finance lease		-	110,072
Deferred liabilities		10,510,328	8,965,811
		<u>16,270,328</u>	<u>17,355,883</u>
CURRENT LIABILITIES			
Trade and other payables		627,943,158	588,446,428
Liabilities against repurchase agreements		610,000,000	515,000,000
Short term borrowings	9	466,603,074	206,162,344
Current portion of long term financing		5,040,000	5,040,000
Interest accrued on short term borrowings		9,732,911	4,283,739
Interest accrued on repurchase agreements		2,435,342	3,630,513
Current maturity of liabilities against assets subject to finance lease		601,479	678,729
Provision for taxation		17,486,223	15,198,342
		<u>1,739,842,187</u>	<u>1,338,440,095</u>
Total Equity and Liabilities		<u>2,509,302,328</u>	<u>2,035,237,159</u>
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

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**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31, 2006 (Rupees)	December 31, 2005 (Rupees)	December 31, 2006 (Rupees)	December 31, 2005 (Rupees)
INCOME				
Brokerage income	146,757,246	115,056,427	72,645,568	68,161,048
Capital gain	(49,600)	589,231	(43,609)	446,207
Income on continuous funding system transactions	6,694,600	-	5,270,976	-
Other operating income	70,614,036	31,844,497	44,428,218	22,092,784
	<u>224,016,282</u>	<u>147,490,155</u>	<u>122,301,153</u>	<u>90,700,039</u>
Unrealized gain / (loss) on re-measurement of investments at fair value through profit and loss	4	29,209,124	(379,685)	46,360,605
	<u>253,225,406</u>	<u>186,777,244</u>	<u>121,921,468</u>	<u>137,060,644</u>
EXPENDITURE				
Operating expenses	93,437,314	76,708,238	52,805,945	45,432,889
Finance costs	59,662,291	27,205,429	30,749,087	17,000,403
	<u>153,099,605</u>	<u>103,913,667</u>	<u>83,555,032</u>	<u>62,433,292</u>
PROFIT BEFORE TAXATION	<u>100,125,801</u>	<u>82,863,577</u>	<u>38,366,436</u>	<u>74,627,352</u>
Taxation	26,381,523	13,024,795	13,978,104	7,807,926
PROFIT AFTER TAXATION	<u>73,744,278</u>	<u>69,838,782</u>	<u>24,388,332</u>	<u>66,819,426</u>
Minority Interest	326,886	63,297	412,262	71,076
	<u>73,417,392</u>	<u>69,775,485</u>	<u>23,976,070</u>	<u>66,748,350</u>
EARNINGS PER SHARE				
- BASIC	11	<u>2.04</u>	<u>1.94</u>	<u>0.67</u>
				<u>1.85</u>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

22

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT
(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	SIX MONTHS ENDED	
	December 31, 2006 (Rupees)	December 31, 2005 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	100,125,801	82,863,577
Add: Items not involved in movement of funds		
Depreciation	5,087,076	3,265,687
Unrealised loss on re-measurement of investments at fair value through profit and loss	(29,209,124)	(39,287,089)
Provision for doubtful debts written back	(8,104,202)	(2,009,758)
Provision for doubtful debts	-	3,734
Dividend Income	(5,639,145)	(352,400)
Interest accrued	(52,780,061)	(24,977,233)
Interest expense	59,662,291	26,329,953
Gain on sale of property and equipment	(474,078)	(792,501)
Provision for gratuity	1,851,077	1,562,355
	(29,606,166)	(36,257,252)
	70,519,635	46,606,325
(Increase) / decrease in current assets		
Investments at fair value through profit and loss	(54,365,289)	8,572,715
Trade debts- Unsecured	(204,374,653)	(20,828,259)
Advances, deposits, prepayments and other receivables	(43,798,557)	(77,608,985)
	(302,538,498)	(89,864,529)
Increase / (decrease) in current liabilities in		
Trade and other payable	39,496,730	153,765,304
Cash (used in) / generated from operations	(192,522,134)	110,507,100
Dividend received	6,055,945	352,400
Interest received	52,997,091	26,100,867
Finance cost paid	(55,408,290)	(25,458,966)
Gratuity paid	(306,560)	(180,300)
Taxes paid	(25,698,179)	(12,432,729)
Net cash (used in) / generated from operating activities	(214,882,127)	98,888,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(12,992,720)	(8,552,353)
Proceeds from sale of property and equipment	1,280,000	1,282,700
Placements	(132,358,480)	(409,917,665)
Long term deposits and advances	(484,000)	1,900
Net cash used in investing activities	(144,555,200)	(417,185,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(187,322)	(185,129)
Long term finance obtained	(2,520,000)	-
Liabilities against repurchase agreements	95,000,000	270,000,000
Short term borrowings	260,440,730	47,615,549
Net cash generated from financing activities	352,733,408	317,430,420
Net decrease in cash and cash equivalents	(6,703,919)	(866,626)
Cash and cash equivalents at the beginning of the period	245,893,456	105,397,432
Cash and cash equivalents at the end of the period	239,189,537	104,530,806

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN
EQUITY (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	Capital Reserve		Revenue Reserve	
	Issued, subscribed and paid up capital (Rupees)	Reserve for issue of bonus share (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
Balance as at June 30, 2005	240,070,000	-	201,490,885	441,560,885
Profit for the half year ended December 31, 2005	-	-	69,775,485	69,775,485
Adjustments of exchange difference on consolidation	-	-	(199,856)	(199,856)
Balance as at December 31, 2005	240,070,000	-	271,066,514	511,136,514
Profit for the half year ended June 30, 2006	-	-	162,557,549	162,557,549
Adjustments of exchange difference on consolidation	-	-	179,729	179,729
Balance as at June 30, 2006	240,070,000	-	433,803,792	673,873,792
Transfer to reserve for issue of bonus share	-	120,035,000	(120,035,000)	-
50 % bonus shares issued	120,035,000	(120,035,000)	-	-
Profit for the half year ended December 31, 2006	-	-	73,417,392	73,417,392
Adjustments of exchange difference on consolidation	-	-	30,259	30,259
Balance as at December 31, 2006	360,105,000	-	387,216,443	747,321,443

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

Lahore

Chief Executive

Director

FIRST CAPITAL EQUITIES LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL
STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

1 THE COMPANY AND ITS OPERATIONS

First Capital Equities Limited, (the "Parent") 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 (the "Subsidiary") have been consolidated in the financial statements of the parent Company. The parent Company holds 51 % (June 2006 : 51 %) in the share capital of its subsidiary.

2 BASIS OF PREPARATION

These interim condensed financial statements are unaudited and being transmitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual published consolidated financial statements for the year ended June 30, 2006.

4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Investments measured through profit and loss account		
Carrying value / cost of investments	285,738,058	87,127,150
Add: Unrealised gain on remeasurement of investments	29,209,123	144,245,619
	<u>314,947,181</u>	<u>231,372,769</u>

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 120,659,281/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules and Rs. 28,701,533/- (June 2006 : NIL) deposited against the disputed claim of Mr. Aslam Motiwala.

6 PLACEMENTS

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Secured - Considered good		
Placement on account of continuous funding system	-	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	170,000,000	210,000,000

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Securities purchased under the resale agreements of quoted shares	150,000,000	110,000,000
Securities purchased under the resale agreement of quoted shares - Mr. Sulaiman Ahmed Said Al-Houqani, related party	490,000,000	350,000,000
	<u>810,000,000</u>	<u>677,641,520</u>

7 AUTHORISED SHARE CAPITAL

The authorised share capital of the Parent Company has been increased to Rs. 650,000,000/- divided into 65,000,000 ordinary shares of Rs. 10/- each from Rs. 300,000,000/- divided into 30,000,000 ordinary shares of Rs. 10/- each as approved by its shareholders in Annual General Meeting held on October 31, 2006.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

December 31, 2006	June 30, 2006		December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Number of shares				
		Shares issued against cash consideration		
22,007,000	22,007,000	Ordinary shares of Rs. 10/- each fully paid	220,070,000	220,070,000
		Shares issued against consideration other than cash		
14,003,500	2,000,000	Issued bonus shares of Rs. 10/- each fully paid	140,035,000	20,000,000
<u>36,010,500</u>	<u>24,007,000</u>		<u>360,105,000</u>	<u>240,070,000</u>

The shareholders of the Parent Company in their meeting held on October 31, 2006 approved bonus share issue in the proportion of fifty (50) shares for every hundred (100) shares held i.e. 50 %, for the year ended June 30, 2006. The shareholders of the Parent Company also approved issue of Right Shares and the above mentioned bonus shares also qualified for the right shares in the same proportion. The right issue has been offered at a premium of Rs. 5/- per share. The last date for exercising the rights was January 21, 2007.

9 SHORT TERM BORROWINGS - SECURED

	December 31, 2006 (Rupees)	June 30, 2006 (Rupees)
Short term borrowings - secured	9.1 466,603,074	206,162,344

9.1 The facilities are obtained from various commercial banks under mark up arrangements amounting to Rs. 1,150 million (June 30, 2006: Rs. 1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2% to 4.25% (June 30, 2006: 2% to 4.25%) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16% (June 30, 2006: 16

%) per annum payable quarterly and are secured against pledge of shares of listed companies.

10 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual audited consolidated financial statements for the year ended June 30, 2006 except for the following:

The Honorable Sindh High Court, while deciding on different applications filed by the Parent Company, directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against the Parent Company.

The Arbitration Committee of KSE has given the decision and has asked the Parent Company to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to the Parent Company.

Parent Company has filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28,701,533 to KSE. The Management is confident that appeal would be decided in the Parent Company's favour.

11 EARNING PER SHARE - BASIC

Earnings per share of Rs 2.91 for six months ended December 31, 2005 and Rs 2.78 for three months ended December 31, 2005 have been restated after taking into account the issue of 12,003,500 bonus shares issued by the parent company during the period.

12 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, 2006				
Associated Company	Parent Company	Fellow Subsidiary	Key management personnel of the entity, its parents and their close family members	Related Party
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)

Brokerage Income	-	1,999,464	16,000	137,650	16,092,888
Repurchase agreement arrangement fee	-	564,584	-	-	375,000
Placements entered	-	1,455,000,000	-	-	1,290,000,000
Income earned on placement	-	13,216,573	-	-	29,910,646
Long term loans	10,190,000	-	-	-	-
Interest on long term loans	1,086,933	-	-	-	-

Six Months Ended December 31, 2005				
Associated Company	Parent Company	Fellow Subsidiary	Key management personnel of the entity, its parents and their close family members	Related Party
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)

Brokerage Income	5,200	501,650	-	2,102,672	13,819,623
Repurchase agreement arrangement fee	-	79,167	-	-	229,167
Placements entered	-	70,000,000	-	-	350,000,000
Income earned on placement	-	1,253,425	-	-	6,695,891
Long term loans	-	-	-	-	-
Interest on long term loans	-	-	-	-	-

13 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on February 26, 2007.

14 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director