

FIRST CAPITAL EQUITIES LIMITED

**QUARTERLY ACCOUNTS
(UN-AUDITED)**

SEPTEMBER 30, 2006

FIRST CAPITAL EQUITIES LIMITED

COMPANY INFORMATION

Board of Directors	Mian Ehsan ul Haq Chairman & Chief Executive Officer Farooq Bin Habib Ashraf Liaquat Ali Khan Suhail Ahmed Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid (Chairman) Suhail Ahmed Ahsan Zia
Company Secretary	Syed Akbar Naqi Zaidi
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Adviser	Tassawur Ali Hashmi Advocates, Karachi
Bankers	Askari Commercial Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Crescent Commercial Bank Limited Faysal Bank Limited Habib Bank A.G Zurich 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 ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920
Corporate Office	4 th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi ☎ (021) 111 226 226 Fax: (021) 5656710, 5656725
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore ☎ (042) 5839182

DIRECTORS' REVIEW

The Director of the company are pleased to present the accounts of the company for the first quarter ended September 30, 2006, alongwith the un-audited accounts.

FINANCIAL PERFORMANCE

Following is a brief summary of financial performance of the company for the quarter;

2006	2005	Increase	Increase
(Rupees in million)			% age

Brokerage Income	73.74	46.84	26.90	57.43
Profit after Taxation	49.53	3.03	46.50	1,534

Growth in brokerage revenue could be attributed to the aggressive and extensive marketing activity, offering of better services and foreign sales. Income from Continuous Finance System (CFS) and other operating income have also contributed substantially towards the top line. Unrealized gain on strategic investments has also increased although the operating expenses have been kept in control. Gross and net profit margins have improved as a result of increased efficiencies and better allocation of resources.

MARKET REVIEW

KSE-100 index escalated by around 9% during the first quarter of FY07, as compared to 10% during the same period of last fiscal year. The index moved up from 9,603 points at the start to 10,512 points at the end of the period under review. Volumes of around 175 million shares on average have been witnessed during the period, which are comparatively low but the company managed to maintain its market share with increased profitability. The market capitalization has shown an increase of around 8% from Rs 2,701 billion on the starting day to Rs 2,912 billion on the closing day of the period under review.

FUTURE OUTLOOK

Company plans to pursue its strategy of increasing its retail, institutional and foreign sales and at the same time maintaining its risk exposure to established tolerable levels. Market share of the company has been increasing in line with the company's medium term targets and the same pattern is expected to prevail.

Increase in CFS cap, allowance of short selling on future contracts and Value at Risk (VAR) regime are all expected to result in increased activity in the market and resultantly in increased earnings for your company. Corporate earnings have improved and all macro economic

indicators propose growth in the market place. Your company is fully geared to reap all the associated benefits from such developments.

Your company will continue to try its utmost for optimum performance and maximizing returns to its shareholders mitigating the effects of any negative event.

For and on behalf of the Board

Lahore
October 30, 2006

Mian Ehsan ul Haq
Chairman & Chief Executive

FIRST CAPITAL EQUITIES LIMITED
BALANCE SHEET (Un-Audited)
AS AT SEPTEMBER 30, 2006

	Note	Un-Audited September 30, 2006 (Rupees)	Audited June 30, 2006 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		61,053,483	58,038,663
Membership card and licenses		40,700,000	40,700,000
Investments - available for sale		6,865,076	6,865,076
Long term loan - Unsecured		10,190,000	10,190,000
Long term deposits and advances		7,136,996	7,136,996
		<u>125,945,555</u>	<u>122,930,735</u>
CURRENT ASSETS			
Trade debts- Unsecured		673,156,432	572,754,806
Investments at fair value through profit and loss	4	314,140,560	231,372,769
Advances, deposits, prepayments and other receivables	5	276,886,262	134,053,865
Advance income tax		36,167,799	35,634,236
Placements	6	748,630,926	677,641,520
Interest accrued		14,848,856	9,352,433
Cash and bank balances		206,730,405	240,366,410
		<u>2,270,561,240</u>	<u>1,901,176,039</u>
		<u>2,396,506,795</u>	<u>2,024,106,774</u>
EQUITY AND LIABILITIES			
Authorised capital			
30,000,000 (June 2006: 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		484,016,735	434,486,555
		<u>724,086,735</u>	<u>674,556,555</u>
NON - CURRENT LIABILITIES			
Long term financing		7,020,000	8,280,000
Liabilities against assets subject to finance lease		110,072	110,072
Deferred liability for staff gratuity		9,900,251	8,965,811
		<u>17,030,323</u>	<u>17,355,883</u>
CURRENT LIABILITIES			
Trade and other payables		614,143,896	582,416,135
Liabilities against repurchase agreements		500,000,000	515,000,000
Short term borrowings	7	505,356,796	206,039,823
Current portion of long term financing		5,040,000	5,040,000
Interest accrued on short term borrowings		10,326,446	4,283,739
Interest accrued on repurchase agreements		4,063,012	3,630,513
Current maturity of liabilities against assets subject to finance lease		586,081	678,729
Provision for taxation		15,873,506	15,105,397
		<u>1,655,389,737</u>	<u>1,332,194,336</u>
		<u>2,396,506,795</u>	<u>2,024,106,774</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes form an integral part of these financial statements.

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	Jul - Sep 2006 (Rupees)	Jul - Sep 2005 (Rupees)
INCOME		
Brokerage income	73,742,244	46,839,452
Capital gain	(5,991)	143,024
Income on continuous funding system transactions	1,423,624	-
Other operating income	26,185,818	9,751,713
	<u>101,345,695</u>	<u>56,734,189</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit and loss	29,588,809	(7,073,516)
	<u>130,934,504</u>	<u>49,660,673</u>
EXPENDITURE		
Operating expenses	40,090,902	31,208,148
Finance costs	28,910,003	10,200,423
	<u>69,000,905</u>	<u>41,408,571</u>
PROFIT BEFORE TAXATION	<u>61,933,599</u>	<u>8,252,102</u>
Taxation	12,403,419	5,216,869
PROFIT AFTER TAXATION	<u>49,530,180</u>	<u>3,035,233</u>
EARNINGS PER SHARE - BASIC	<u>2.06</u>	<u>0.13</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 QUARTER ENDED SEPTEMBER 30, 2006

	<u>Jul - Sep 2006</u> (Rupees)	<u>Jul - Sep 2005</u> (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	61,933,599	8,252,102
Add: Items not involved in movement of funds		
Depreciation	2,539,963	1,530,162
Unrealised (gain)/loss on re-measurement of investments at fair value through profit and loss	(29,588,809)	7,073,516
Provision for doubtful debts written back	-	(27,017)
Bad debts written off	-	3,734
Dividend Income	-	(92,663)
Interest accrued	(24,188,577)	(6,261,300)
Interest expense	28,910,003	10,056,129
(Gain) on sale of property and equipment	(474,078)	(792,501)
Provision for gratuity	1,046,000	600,905
	<u>(21,755,498)</u>	<u>12,090,965</u>
	<u>40,178,101</u>	<u>20,343,067</u>
(Increase) / decrease in current assets		
Investments at fair value through profit and loss	(53,178,982)	(82,258,000)
Trade debts- Unsecured	(100,401,626)	5,957,266
Advances, deposits, prepayments and other receivables	(143,274,188)	(173,084,404)
	<u>(296,854,796)</u>	<u>(249,385,138)</u>
Increase / (decrease) in current liabilities in trade and other payables	<u>31,727,761</u>	<u>328,150,708</u>
Cash generated from operations	<u>(224,948,934)</u>	<u>99,108,637</u>
Dividend received	441,800	92,663
Interest received	18,692,154	(1,528,622)
Finance cost paid	(22,434,797)	(5,539,955)
Gratuity Paid	(111,560)	(18,300)
Taxes Paid	(12,168,873)	(5,650,420)
Net cash generated from operating activities	<u>(240,530,210)</u>	<u>86,464,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,360,714)	(6,861,637)
Proceeds from sale of property and equipment	1,280,000	1,282,700
Placements	(70,989,406)	(142,300,000)
Long term deposits and advances	-	6,900
Net cash used in investing activities	<u>(76,070,120)</u>	<u>(147,872,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(92,648)	(98,241)
Long term finance obtained	(1,260,000)	-
Liabilities against repurchase agreements	(15,000,000)	-
Short term borrowings	299,316,973	16,853,551
Net cash generated from financing activities	<u>282,964,325</u>	<u>16,755,310</u>
Net increase / (decrease) in cash and cash equivalents	<u>(33,636,005)</u>	<u>(44,652,724)</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>206,730,405</u>	<u>47,064,489</u>

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

Lahore

Chief Executive

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Director

FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	<u>Revenue Reserves</u>		
	<u>Share Capital</u> (Rupees)	<u>Unappropriated Profit</u> (Rupees)	<u>Total</u> (Rupees)
Balance as at June 30, 2005	240,070,000	201,827,949	441,897,949
Profit for the period	-	3,035,233	3,035,233
Balance as at September 30, 2005	<u>240,070,000</u>	<u>204,863,182</u>	<u>444,933,182</u>
Profit for the period October 2005 to June 2006	-	229,623,373	229,623,373
Balance as at June 30, 2006	<u>240,070,000</u>	<u>434,486,555</u>	<u>674,556,555</u>
Profit for the period	-	49,530,180	49,530,180
Balance as at September 30, 2006	<u>240,070,000</u>	<u>484,016,735</u>	<u>724,086,735</u>

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

Lahore

Chief Executive

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Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE ACCOUNTS (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

- 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 accounts are un-audited and are being presented to shareholders under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standards (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, 2006.

4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
Investments measured through profit and loss account		
Cost of investments	284,551,751	87,127,150
Gain on remeasurment of fair value	29,588,809	144,245,619
	<u>314,140,560</u>	<u>231,372,769</u>

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 253,281,068/- (June 2006: Rs. 121,418,678/-) as exposure deposited with the Karachi Stock Exchange Guarantee Limited under the exposure rules.

	<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
6 PLACEMENTS		
Secured - Considered good		
Placement on account of continuous funding system	118,630,926	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	170,000,000	210,000,000
Securities purchased under the resale agreements of quoted shares - Related Party	350,000,000	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	110,000,000	110,000,000
	<u>748,630,926</u>	<u>677,641,520</u>

<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
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7 SHORT TERM BORROWING

<u>505,356,796</u>	<u>206,039,823</u>
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The facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 1,005 million (June 2006 : Rs.1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2 % to 4.25 % (June 2006: 2 % 4.25 %) per annum with floor limits ranging from 10% to 13% per annum. (June 2006: 10 % to 13 %) except for a facility which carries mark up at the rate of 16 % (June 2006: 16 %) per annum payable quarterly and are secured against pledge of shares of listed companies.

8 TRANSACTIONS WITH RELATED PARTIES

July to September 2006				
Associated Company (Rupees)	Parent Company (Rupees)	Fellow Subsidiary (Rupees)	Close Family member of Key management personnel (Rupees)	Related Party (Rupees)

Brokerage Income	-	1,679,319	1,100	29,884	11,266,130
Repurchase agreement arrangement fee	-	235,417	-	-	145,833
Placement entered	-	665,000,000	-	-	450,000,000
Income earned on placement	-	7,346,988	-	-	13,314,161
Interest on long term loans	410,950	-	-	-	-

July to September 2005				
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)

Brokerage Income	-	67,500	10,675	1,869,877	5,772,600
Repurchase agreement arrangement fee	-	-	-	-	62,500
Placement entered	-	50,000,000	-	-	300,000,000
Income earned on placement	-	184,931	-	-	3,754,809
Interest on long term loans	-	-	-	-	-

9 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There was no change in contingencies as disclosed in the annual accounts for the year ended June 30, 2006.

COMMITMENTS

- a) The Company has agreed to pay a further sum of Rs. 42,804,000/- on account of property to be acquired at Islamabad Stock Exchange (Guarantee) Limited which possession will be transferred to the Company in the year 2008.
- b) Commitment includes giving delivery of shares of various listed companies having fair value of Rs. 118,630,926/- against placements under Continuous Funding System as disclosed in note 6 to the financial statements.

	<u>Jul - Sep 2006</u> (Rupees)	<u>Jul - Sep 2005</u> (Rupees)
10 EARNINGS PER SHARE - BASIC		
Profit after taxation attributable to ordinary share holders	<u>49,530,180</u>	<u>3,035,233</u>
Weighted average number of ordinary shares	<u>24,007,000</u>	<u>24,007,000</u>
Earnings per share - Basic Rupees per share	<u>2.06</u>	<u>0.13</u>

11 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on October 30, 2006.

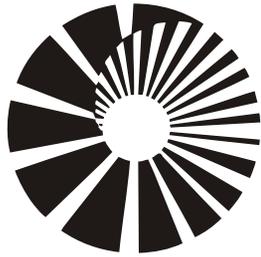
12 The Board of directors have proposed 50 % bonus issue and 50 % right issue at a premium of Rs. 5/- per share for the year ended June 30, 2006 at their meeting held on October 09, 2006 for approval of the members at the Annual General Meeting to be held on October 31, 2006. These financial statements do not reflect the appropriations in this regard.

13 Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director



FIRST CAPITAL EQUITIES LIMITED

**CONSOLIDATED QUARTERLY
ACCOUNTS (UN-AUDITED)**

SEPTEMBER 30, 2006

FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED BALANCE SHEET (Un-Audited)
AS AT SEPTEMBER 30, 2006

	Note	Un-Audited September 30, 2006 (Rupees)	Audited June 30, 2006 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property and equipment		61,804,209	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		7,136,996	7,136,996
		<u>130,513,220</u>	<u>127,527,307</u>
CURRENT ASSETS			
Trade debts- unsecured		673,156,432	572,754,806
Investments at fair value through profit and loss	4	314,140,560	231,372,769
Advances, deposits, prepayments and other receivables	5	277,411,720	135,060,632
Advance income tax		36,167,799	35,634,236
Placements	6	748,630,926	677,641,520
Interest accrued		14,848,856	9,352,433
Cash and bank balances		214,537,267	245,893,456
		<u>2,278,893,560</u>	<u>1,907,709,852</u>
		<u>2,409,406,780</u>	<u>2,035,237,159</u>
EQUITY AND LIABILITIES			
Authorised capital			
30,000,000 (June 2006: 30,000,000) ordinary shares of Rs.10/- each		300,000,000	300,000,000
		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital			
		240,070,000	240,070,000
		<u>240,070,000</u>	<u>240,070,000</u>
Unappropriated Profits			
		483,280,561	433,803,792
		723,350,561	673,873,792
Minority interest			
		5,461,088	5,567,389
		<u>728,811,649</u>	<u>679,441,181</u>
NON - CURRENT LIABILITIES			
Long term financing		7,020,000	8,280,000
Liabilities against assets subject to finance lease		110,072	110,072
Deferred liability for staff gratuity		9,900,251	8,965,811
		<u>17,030,323</u>	<u>17,355,883</u>
CURRENT LIABILITIES			
Trade and other payables		622,103,501	588,446,428
Liabilities against repurchase agreements		500,000,000	515,000,000
Short term borrowings	7	505,479,317	206,162,344
Current portion of long term financing		5,040,000	5,040,000
Interest accrued on short term borrowings		10,326,446	4,283,739
Interest accrued on repurchase agreements		4,063,012	3,630,513
Current maturity of liabilities against assets subject to finance lease		586,081	678,729
Provision for taxation		15,966,451	15,198,342
		<u>1,663,564,808</u>	<u>1,338,440,095</u>
		<u>2,409,406,780</u>	<u>2,035,237,159</u>

CONTINGENCIES AND COMMITMENTS 9

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

Lahore

Chief Executive

Director

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FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	Jul - Sep 2006 (Rupees)	Jul - Sep 2005 (Rupees)
INCOME		
Brokerage income	74,111,678	46,895,379
Capital gain	(5,991)	143,024
Income on continuous funding system transactions	1,423,624	-
Other operating income	26,185,818	9,751,713
	<u>101,715,129</u>	<u>56,790,116</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit and loss	29,588,809	(7,073,516)
	<u>131,303,938</u>	<u>49,716,600</u>
EXPENDITURE		
Operating expenses	40,631,369	31,275,349
Finance costs	28,913,204	10,205,026
	<u>69,544,573</u>	<u>41,480,375</u>
PROFIT BEFORE TAXATION	<u>61,759,365</u>	<u>8,236,225</u>
Taxation	12,403,419	5,216,869
PROFIT AFTER TAXATION	<u>49,355,946</u>	<u>3,019,356</u>
MINORITY INTEREST	(85,376)	(7,779)
PROFIT ATTRIBUTABLE TO PARENT COMPANY	<u>49,441,322</u>	<u>3,027,135</u>
EARNINGS PER SHARE - BASIC	<u>2.06</u>	<u>0.13</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 QUARTER ENDED SEPTEMBER 30, 2006**

	<u>Jul - Sep 2006</u> (Rupees)	<u>Jul - Sep 2005</u> (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	61,759,365	8,236,225
Add: Items not involved in movement of funds		
Depreciation	2,568,879	1,548,214
Unrealised (gain) / loss on re measurement of investments at fair value through profit and loss	(29,588,809)	7,073,516
Provision for doubtful debts written back	-	(27,017)
Bad debts written off	-	3,734
Dividend Income	-	(92,663)
Interest accrued	(24,188,577)	(6,261,300)
Interest expense	28,913,204	10,056,129
(Gain) on sale of property and equipment	(474,078)	(792,501)
Provision for gratuity	1,046,000	600,905
	<u>(21,723,381)</u>	<u>12,109,017</u>
	<u>40,035,984</u>	<u>20,345,242</u>
(Increase) / decrease in current assets		
Investments at fair value through profit and loss	(53,178,982)	(82,258,000)
Trade debts- unsecured	(100,401,626)	5,957,266
Advances, deposits, prepayments and other receivables	(142,778,366)	(173,184,742)
	<u>(296,358,974)</u>	<u>(249,485,476)</u>
Increase / (decrease) in current liabilities in trade and other payables	<u>33,657,073</u>	<u>322,753,291</u>
Cash generated from operations	<u>(222,665,917)</u>	<u>93,613,057</u>
Dividend received	441,800	92,663
Interest received	18,692,154	(1,528,622)
Finance cost paid	(22,437,998)	(5,539,955)
Gratuity Paid	(111,560)	(18,300)
Taxes Paid	(12,168,873)	(5,650,420)
Net cash generated from operating activities	<u>(238,250,394)</u>	<u>80,968,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,360,714)	(7,006,060)
Proceeds from sale of property and equipment	1,280,000	1,282,700
Membership cards and licences	-	306,114
Placements	(70,989,406)	(142,300,000)
Long term deposits and advances	-	6,900
Net cash used in investing activities	<u>(76,070,120)</u>	<u>(147,710,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(92,648)	(98,241)
Long term finance obtained	(1,260,000)	-
Liabilities against repurchase agreements	(15,000,000)	-
Short term borrowings	299,316,973	16,797,202
Net cash generated from financing activities	<u>282,964,325</u>	<u>16,698,961</u>
Net increase / (decrease) in cash and cash equivalents	<u>(31,356,189)</u>	<u>(50,042,962)</u>
Cash and cash equivalents at the beginning of the period	<u>245,893,456</u>	<u>106,397,432</u>
Cash and cash equivalents at the end of the period	<u>214,537,267</u>	<u>56,354,470</u>

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

Lahore Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

	<u>Revenue Reserve</u>		
	Share Capital	Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2005	240,070,000	201,490,885	441,560,885
Profit for the period	-	3,027,135	3,027,135
Adjustment of exchange difference on consolidation	-	(151,980)	(151,980)
Balance as at September 30, 2005	<u>240,070,000</u>	<u>204,366,040</u>	<u>444,436,040</u>
Profit for the period October 2005 to June 2006	-	229,305,899	229,305,899
Adjustment of exchange difference on consolidation	-	131,853	131,853
Balance as at June 30, 2006	<u>240,070,000</u>	<u>433,803,792</u>	<u>673,873,792</u>
Profit for the period	-	49,441,322	49,441,322
Adjustment of exchange difference on consolidation	-	35,447	35,447
Balance as at September 30, 2006	<u>240,070,000</u>	<u>483,280,561</u>	<u>723,350,561</u>

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

Lahore

Chief Executive

20

Director

FIRST CAPITAL EQUITIES LIMITED
CONSOLIDATED NOTES TO THE ACCOUNTS (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

- 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 accounts are un-audited and are being presented to shareholders under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standards (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, 2006.

4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
Investments measured through profit and loss account		
Cost of investments	284,551,751	87,127,150
Gain on remeasurment of fair value	29,588,809	144,245,619
	<u>314,140,560</u>	<u>231,372,769</u>

5 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 253,281,068/- (June 2006: Rs. 121,418,678/-) as exposure deposited with the Karachi Stock Exchange Guarantee Limited under the exposure rules.

	<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
6 PLACEMENTS		
Secured - Considered good		
Placement on account of continuous funding system	118,630,926	7,641,520
Securities purchased under the resale agreements of quoted shares - Parent Company	170,000,000	210,000,000
Securities purchased under the resale agreements of quoted shares - Related Party	350,000,000	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	110,000,000	110,000,000
	<u>748,630,926</u>	<u>677,641,520</u>

<u>September 2006</u> (Rupees)	<u>June 2006</u> (Rupees)
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7 SHORT TERM BORROWING	<u>505,356,796</u>	<u>206,039,823</u>
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The facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 1,005 million (June 2006 : Rs.1,005 million). These facilities carry mark up at the rate ranging from 6 months KIBOR plus 2% to 4.25 % (June 2006: 2% 4.25 %) per annum with floor limits ranging from 10% to 13% per annum. (June 2006: 10 % to 13 %) except for a facility which carries mark up at the rate of 16 % (June 2006: 16 %) per annum payable quarterly and are secured against pledge of shares of listed companies.

8 TRANSACTIONS WITH RELATED PARTIES

July to September 2006				
Associated Company (Rupees)	Parent Company (Rupees)	Fellow Subsidiary (Rupees)	Close Family member of Key management personnel (Rupees)	Related Party (Rupees)

Brokerage Income	-	1,679,319	1,100	29,884	11,266,130
Repurchase agreement arrangement fee	-	235,417	-	-	145,833
Placement entered	-	665,000,000	-	-	450,000,000
Income earned on placement	-	7,346,988	-	-	13,314,161
Interest on long term loans	410,950	-	-	-	-

July to September 2005				
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)

Brokerage Income	-	67,500	10,675	1,869,877	5,772,600
Repurchase agreement arrangement fee	-	-	-	-	62,500
Placement entered	-	50,000,000	-	-	300,000,000
Income earned on placement	-	184,931	-	-	3,754,809
Interest on long term loans	-	-	-	-	-

9 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There was no change in contingencies as disclosed in the annual accounts for the year ended June 30, 2006.

COMMITMENTS

- a) The Company has agreed to pay a further sum of Rs. 42,804,000/- on account of property to be acquired at Islamabad Stock Exchange (Guarantee) Limited which possession will be transferred to the Company in the year 2008.
- b) Commitment includes giving delivery of shares of various listed companies having fair value of Rs. 118,630,926/- against placements under Continuous Funding System as disclosed in note 6 to the financial statements.

	<u>Jul - Sep 2006</u> (Rupees)	<u>Jul - Sep 2005</u> (Rupees)
10 EARNINGS PER SHARE - BASIC		
Profit after taxation attributable to ordinary share holders	<u>49,441,322</u>	<u>3,027,135</u>
Weighted average number of ordinary shares	<u>24,007,000</u>	<u>24,007,000</u>
Earnings per share - Basic Rupees per share	<u>2.06</u>	<u>0.13</u>

11 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on October 30, 2006.

12 The Board of directors have proposed 50 % bonus issue and 50 % right issue at a premium of Rs. 5/- per share for the year ended June 30, 2006 at their meeting held on October 09, 2006 for approval of the members at the Annual General Meeting to be held on October 31, 2006. These financial statements do not reflect the appropriations in this regard.

13 Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director