



First Capital Equities Limited
Quarterly Accounts
September 30, 2002 (Un-audited)

Company Information

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

Directors' Review

It gives us great pleasure to present you the unaudited accounts of First Capital Equities Limited for the quarter ended September 30, 2002.

Since the beginning of this quarter, the Karachi Stock Exchange has performed well on the back of fresh domestic and foreign institutional investments. The KSE – 100 index reached 2018.75 points at the end of September, an impressive 14% increase over the quarter.

During the quarter under review, the stock market has performed well due to privatization of various companies, announcement of healthy corporate results and the continuous increase in foreign exchange reserves. The release of India, Pakistan border tension has also helped market to grow up.

OPERATING RESULTS

The company has reported a pre-tax profit of Rs.3.5 million as compare to a pre- tax loss of Rs.6.8 million for the same quarter last year. The operating revenue during the period under review was Rs.17 million as against Rs.6.2 million for the corresponding period last year- a 174% increase. The operating expenses were Rs.14.8 million as compare to As.12.2 million for the same quarter last year.

FUTURE OUTLOOK

We remain optimistic about the performance of the capital markets for the next quarter as well as the expected inflow of fresh institutional investment into Pakistan. The Government of Pakistan is proceeding going ahead with the privatization of major state owned enterprises and we expect this work to be completed in the course of the next few quarters thus giving further boast to the Pakistani Capital Markets.

Finally, the Directors wish to express their gratitude for the support extended by our clients and the efforts put in by the dedicated, committed and loyal members of our staff.

For and on behalf of the Board

October 26, 2002
Lahore

SALMAN TASEER
Chairman & Chief Executive

BALANCE SHEET (Un-audited)

as at September 30, 2002

	<u>Note</u>	<u>September 30, 2002</u> (Rupees)	<u>June 30, 2002</u> (Rupees)
TANGIBLE FIXED ASSETS			
At cost less accumulated depreciation		35,328,716	36,016,147
COST OF CARDS AND ROOMS		56,200,000	56,200,000
LONG TERM DEPOSITS AND ADVANCES		1,989,936	2,147,590
		<u>93,518,652</u>	<u>94,363,737</u>
CURRENT ASSETS			
Accounts receivable		45,433,869	31,094,241
Investments		17,737,564	11,411,285
Advances, deposits, prepayments and other receivables		20,746,042	18,736,596
Cash and bank balances		21,303,446	58,221,515
		<u>105,220,921</u>	<u>119,463,637</u>
CURRENT LIABILITIES			
Current maturity of liability against finance lease		1,100,148	1,509,221
Accounts payable		38,818,486	31,046,129
Short term running finance		-	14,247,836
Creditors, accrued and other liabilities		9,184,316	19,657,128
Provision for taxation		1,987,312	3,252,002
		<u>51,090,262</u>	<u>69,712,316</u>
WORKING CAPITAL		<u>54,130,659</u>	<u>49,751,321</u>
CAPITAL EMPLOYED		<u>147,649,311</u>	<u>144,115,058</u>
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		41,845	41,845
DEFFERED LIABILITY - GRATUITY		3,730,340	3,549,040
NET CAPITAL EMPLOYED		<u>143,877,126</u>	<u>140,524,173</u>
REPRESENTED BY:			
SHARE CAPITAL & RESERVES			
Share capital		120,035,000	120,035,000
Unappropriated profit		23,842,126	20,489,173
		<u>143,877,126</u>	<u>140,524,173</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>143,877,126</u>	<u>140,524,173</u>

The annexed notes form an integral part of these accounts.

These financial statements were authorised for issue by the Board of Directors on October 26, 2002.

Lahore

Chief Executive

Director

PROFIT AND LOSS ACCOUNT (Un-audited)

for the quarter ended September 30, 2002

	Jul - Sep 2002	Jul - Sep 2001
	(Rupees)	(Rupees)
OPERATING REVENUE		
BROKERAGE INCOME	17,044,476	6,218,815
CAPITAL GAINS	33,853	1,323,956
	<u>17,078,329</u>	<u>7,542,771</u>
OPERATING EXPENSES	14,893,174	12,240,838
OPERATING PROFIT / (LOSS)	<u>2,185,155</u>	<u>(4,698,067)</u>
FINANCIAL EXPENSES	364,067	625,904
NET OPERATING PROFIT / (LOSS)	<u>1,821,088</u>	<u>(5,323,971)</u>
OTHER INCOME	1,338,522	83,062
	<u>3,159,610</u>	<u>(5,240,909)</u>
SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS	383,298	(1,567,587)
	<u>3,542,908</u>	<u>(6,808,496)</u>
OTHER EXPENSES	34,955	32,306
PROFIT / (LOSS) BEFORE TAXATION	<u>3,507,953</u>	<u>(6,840,802)</u>
TAXATION	155,000	35,000
PROFIT / (LOSS) AFTER TAXATION	<u>3,352,953</u>	<u>(6,875,802)</u>
ACCUMULATED PROFIT BROUGHT FORWARD	<u>20,489,173</u>	<u>15,236,608</u>
ACCUMULATED PROFIT CARRIED FORWARD	<u>23,842,126</u>	<u>8,360,806</u>
Earning per share - Basic	<u>0.28</u>	<u>(0.57)</u>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

CASH FLOW STATEMENT (Un-audited)
for the quarter ended September 30, 2002

	Jul - Sep 2002	Jul - Sep 2001
	(Rupees)	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit/(loss) before taxation	3,507,953	(6,840,802)
Add: Items not involved in movement of funds		
Depreciation	957,849	947,168
(Surplus)/ Deficit on revaluation of investments	(383,298)	1,567,587
Dividend Income	(28,920)	(1,400)
Interest/ Mark up Income	(432,393)	(81,662)
Interest/ Mark up Expense	257,447	435,000
Gain on sale of fixed assets	(189,829)	-
Provision for gratuity	387,300	245,762
	<u>568,156</u>	<u>3,112,455</u>
	4,076,109	(3,728,347)
(Increase) / decrease in current assets		
Investments	(5,942,981)	(11,576,350)
Accounts receivable	(14,339,628)	(24,226,562)
Advances, deposits, prepayments and other receivables	(2,195,033)	(1,291,566)
	<u>(22,477,642)</u>	<u>(37,094,478)</u>
Increase / (decrease) in current liabilities		
Accounts payable	7,772,357	18,511,905
Creditors, accrued and other liabilities	(10,177,512)	972,072
	<u>(2,405,155)</u>	<u>19,483,977</u>
Cash Generated from Operations	(20,806,688)	(21,338,848)
Dividend received	28,920	1,400
Interest/ Mark up received	617,979	620,555
Interest/ Mark up paid	(552,747)	(37,795)
Gratuity Paid	(206,000)	(596,383)
Tax Paid	(1,419,690)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(22,338,226)	(21,351,071)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(1,050,593)	(30,550)
Proceeds from sale of fixed asset	970,002	29,700
Long term deposits	157,654	124,500
NET CASH FLOW FROM INVESTING ACTIVITIES	77,063	123,650
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment against lease finance	(409,070)	(1,019,564)
Short term running finance	(14,247,836)	18,787,274
NET CASH FLOW FROM FINANCING ACTIVITIES	(14,656,906)	17,767,710
NET DECREASE IN CASH AND BANK BALANCES	(36,918,069)	(3,459,711)
CASH AND BANK BALANCES - OPENING	58,221,515	32,840,302
CASH AND BANK BALANCES - CLOSING	21,303,446	29,380,591

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY (Un-audited)

for the quarter ended September 30, 2002

PARTICULARS	Share Capital	Un appropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2001	120,035,000	15,236,608	135,271,608
Loss for the period	-	(6,875,802)	(6,875,802)
			-
Balance as at September 30, 2001	120,035,000	8,360,806	128,395,806
Profit for the period	-	12,128,367	12,128,367
Balance as at June 30, 2002	120,035,000	20,489,173	140,524,173
Profit for the period	-	3,352,953	3,352,953
Balance as at September 30, 2002	120,035,000	23,842,126	143,877,126

The annexed notes form an integral part of these accounts.

Lahore**Chief Executive****Director**

NOTES TO THE ACCOUNTS (Un-audited)

for the quarter ended September 30, 2002

- 1 First Capital Equities Limited, (the "Company") was incorporated on January 26, 1995 as private limited company, under the Companies Ordinance, 1984. The Company was converted into Public Limited Company on June 18, 1997 and was listed on Lahore Stock Exchange on October 01, 2001. The principal activities of the Company include share brokerage, conducting and publishing business research.
- 2 These un-audited accounts are being submitted to the shareholders as per SRP No. 764(I)/2001 dated November 05, 2001 of Securities & Exchange Commission of Pakistan.
- 3 These accounts have been prepared in accordance with the requirements of Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.
- 4 The accounting policies adopted for the preparation of these accounts are consistent with those applied in preparing the annual accounts for the year ended June 30, 2002.

5 TRANSACTIONS WITH ASSOCIATED COMPANIES

	Jul - Sep 2002	Jul - Sep 2001
	(Rupees)	(Rupees)
Brokerage Income	127,637	170,770
Payment for / against current accounts	10,040,288	2,285,827
Mark up charged on borrowing	29,675	-
Group pool expenses paid	598,055	485,804

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

6 CONTINGENCIES AND COMMITMENTS

There were no change in contingencies and commitments disclose in the annual accounts for the year ended June 30, 2002 except the following

The Income Tax Authorities has imposed additional tax & penalty of Rs. 681,945/- on outstanding demands for the assessment years 1999-2000 & 2000-2001. The company has already filed appeals to the Commissioner of Income Tax (CIT) and is confident of a favourable outcome.

- 7 Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive

Director