



FIRST CAPITAL EQUITIES LIMITED

**CONDENSED QUARTERLY
FINANCIAL STATEMENTS
(UN-AUDITED)**

SEPTEMBER 30, 2007

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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 Liaquat Ali Khan Suhail Ahmed Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
Chief Financial Officer	Mazhar Abbas
Audit Committee	Muhammad Zubair Khalid Suhail Ahmed Ahsan Zia
Company Secretary	Syed Akbar Naqi
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Legal Advisers	Tassawur Ali Hashmi Advocates, Karachi
Bankers	ABN AMRO Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Faysal Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited PICIC Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
Registered Office	103-C/II, Gulberg-III Lahore, Pakistan Tele: +92-42-5757591-4 Fax: +92-42-5757590, 5877920
Corporate Office	4 th Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tele: +92-21-111 226 226 Fax: +92-21-5656710
Registrar and Shares Transfer Office	Corplink (Pvt.) Limited Wings Arcade,1-K, Commercial Model Town, Lahore Tele: +92-42-5839182

DIRECTORS' REVIEW

The directors of Company are pleased to present the financial statements of the Company for the first quarter ended September 30, 2007.

Market Review

Pakistan market remained volatile in the opening quarter of FY08 with equity values as measured by KSE-100 Index closing 3% lower at the end of 1QFY08. On end-September 2007, KSE 100 Index closed at 13,352 level compared to 13,772 mark at the end of FY07. Market capitalization ended the quarter at Rs 4.1tn (USD 67.6bn). Market saw a peak of 14,131 points and made a low of 11,955 points in the period under review a broader band of 2,176 points. This high volatility was the consequence of uncertainty on the political front of the country. That said, during the period under review, the political scene of the country was largely tagged with uncertainties regarding many important political issues.

During Jul-Sep 2007, average daily volume of both ready and future market was recorded on the higher side at 251mn (Rs 22bn or USD 354mn) shares and 55mn shares (Rs 7.4bn or USD 121mn), respectively. Last year during Jul-Sep 2006, the average volumes in ready market were recorded at 175mn (Rs 21bn or USD 343mn) and 44mn shares (Rs 6.4bn or USD 106mn) in futures market.

Financial Performance

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

Particulars	September 2007	September 2006	(Increase)	(Increase)
	Rupees in millions*			% Age
Brokerage Income	142,843,674	73,742,244	69,101,430	94
Profit after Taxation	68,356,086	49,530,180	18,825,906	38
Earnings per Share	1.27	1.05	0.22	21

* All figures are Rupees in Millions except Earnings per Share

Your Company has continued its unfinished run of exhilarating growth and success during the 1stQY of FY 2007/08. Earnings per share (calculated on increased capital has shown an increase of 21% as compared to last year's corresponding period. Company's core activity i.e., share brokerage has grown by 94% as compared to the corresponding period. Ascend in the brokerage income has been augmented principally by FCEL's upbeat client management, widespread geographical presence, improved average daily turnover and swelled activity by the foreign client.

However it is worthwhile to note here that the relative increase in Profit after Taxation is 38% as compared to same period in last year, not in line with the growth in brokerage

revenue. Principal reason is the unrealized loss on remeasurement of listed investments, residing in subdued performance of stock market on account of prevailing political uncertainty in the country. However, stock market's performance has improved subsequent to the quarter.

FUTURE OUTLOOK

Your Company is well equipped and geared up to capitalize on future opportunities presented in the ordinary course of business; pursue, identify and exploit profitable ventures; and providing a pro-active management for fueling sustainability in growth.


Your Company is in the process of completing necessary formalities for the process of obtaining corporate and regulatory approvals for Real Estate Investment Trust, Commodity Brokerage and Investment Finance Services.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work in producing such brilliant results.

For and on behalf of the Board

Lahore
October 27, 2007


Mian Ehsan UI Haq
Chief Executive Officer

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED BALANCE SHEET (Un-Audited)
AS AT SEPTEMBER 30, 2007**

	Note	(Un-Audited) September 30, 2007 Rupees	(Audited) June 30, 2007 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	160,999,878	164,150,662
Stock exchange membership card and room		40,700,000	40,700,000
Investment - available for sale		121,762,150	33,159,280
Long term loan - Unsecured, considered good		10,190,000	10,190,000
Long term deposits and advances	5	117,620,087	80,636,489
		<u>451,272,115</u>	<u>328,836,431</u>
CURRENT ASSETS			
Trade debts - Unsecured		676,783,981	219,273,835
Investments	6	562,686,434	586,020,087
Advances, deposits, prepayments and other receivables	7	230,467,963	967,247,994
Advance income tax		38,805,068	37,895,807
Placements	8	1,289,750,000	1,158,750,000
Interest accrued		22,947,273	13,322,216
Cash and bank balances		169,845,776	145,267,054
		<u>2,991,286,495</u>	<u>3,127,776,993</u>
TOTAL ASSETS		<u>3,442,558,610</u>	<u>3,456,613,424</u>
EQUITY AND LIABILITIES			
Authorised share capital		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid up share capital		540,157,500	540,157,500
Share Premium		90,026,250	90,026,250
Unappropriated Profit		736,987,421	668,631,335
TOTAL EQUITY		<u>1,367,171,171</u>	<u>1,298,815,085</u>
NON - CURRENT LIABILITIES			
Long term financing - Secured		1,980,000	3,240,000
Staff retirement benefits		15,408,898	14,047,408
		<u>17,388,898</u>	<u>17,287,408</u>
CURRENT LIABILITIES			
Trade and other payables		379,920,739	421,952,126
Liabilities against repurchase agreements - Secured	9	634,750,000	923,750,000
Short term borrowings - Secured	10	996,148,946	752,325,328
Current portion of long term financing		5,040,000	5,040,000
Interest accrued		24,177,283	19,798,677
Current maturity of liabilities against assets subject to finance lease		-	110,072
Provision for taxation		17,961,573	17,534,728
		<u>2,057,998,541</u>	<u>2,140,510,931</u>
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,442,558,610</u>	<u>3,456,613,424</u>

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.

Lahore


Chief Executive


Director

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**FIRST CAPITAL EQUITIES LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	Note	Jul - Sep 2007 Rupees	Jul - Sep 2006 Rupees
INCOME			
Brokerage income		142,843,674	73,742,244
Capital loss		(149,822)	(5,991)
Income on continuous funding system placements		31,558	1,423,624
Other operating income		43,755,189	26,185,818
		<u>186,480,599</u>	<u>101,345,695</u>
Unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss		(1,445,013)	29,588,809
		<u>185,035,586</u>	<u>130,934,504</u>
EXPENDITURE			
Operating expenses		60,087,870	40,090,902
Finance costs		44,048,576	28,910,003
		<u>104,136,446</u>	<u>69,000,905</u>
PROFIT BEFORE TAXATION		<u>80,899,140</u>	<u>61,933,599</u>
Taxation		12,543,054	12,403,419
PROFIT AFTER TAXATION		<u>68,356,086</u>	<u>49,530,180</u>
EARNINGS PER SHARE - BASIC AND DILUTED	13	<u>1.27</u>	<u>1.05</u>

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.

Lahore


Chief Executive


Director

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**FIRST CAPITAL EQUITIES LIMITED
CONDENSED CASH FLOW STATEMENT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	Jul - Sep 2007 Rupees	Jul - Sep 2006 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Funds generated from operations		
Profit before taxation	80,899,140	61,933,599
Add: Items not involved in movement of funds		
Depreciation	4,108,657	2,539,963
Unrealised loss/(gain) on re-measurement of investments at fair value through profit or loss	1,445,013	(29,588,809)
Dividend income	(927,469)	-
Loss on sale of investment available for sale	11,000	-
Interest earned	(42,711,197)	(24,188,577)
Interest expense	44,048,576	28,910,003
Gain on sale of property and equipment	-	(474,078)
Gain on foreign currency translation	(33,000)	-
Provision for gratuity	1,361,490	1,046,000
	<u>7,303,070</u>	<u>(21,755,498)</u>
	<u>88,202,209</u>	<u>40,178,101</u>
(Increase) / decrease in current assets		
Investments at fair value through profit or loss	15,244,642	(53,178,982)
Trade debts - Unsecured	(457,510,146)	(100,401,626)
Advances, deposits, prepayments and other receivables	743,446,030	(143,274,188)
	<u>301,180,525</u>	<u>(296,854,796)</u>
(Decrease) / increase in current liabilities in trade and other payables	<u>(42,031,387)</u>	<u>31,727,761</u>
Cash generated / (used in) from operations	<u>347,351,347</u>	<u>(224,948,934)</u>
Dividend received	927,469	441,800
Interest received	33,086,140	18,692,154
Finance cost paid	(39,669,970)	(22,434,797)
Gratuity paid	-	(111,560)
Taxes paid	(13,025,470)	(12,168,873)
Net cash generated / (used in) from operating activities	<u>328,669,516</u>	<u>(240,530,210)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(957,873)	(6,360,714)
Proceeds from sale of property and equipment	-	1,280,000
Investment available for sale	(88,802,870)	-
Placements	(131,000,000)	(70,989,406)
Long term deposits and advances	(36,983,597)	-
Net cash used in investing activities	<u>(257,544,340)</u>	<u>(76,070,120)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(110,072)	(92,648)
Long term finance obtained	(1,260,000)	(1,260,000)
Liabilities against repurchase agreements	(289,000,000)	(15,000,000)
Short term borrowings	243,823,618	299,316,973
Net cash (used in) / generated from financing activities	<u>(46,546,454)</u>	<u>282,964,325</u>
Net increase / (decrease) in cash and cash equivalents	<u>24,578,722</u>	<u>(33,636,005)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>145,267,054</u>	<u>240,366,410</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>169,845,776</u></u>	<u><u>206,730,405</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	Issued, subscribed and paidup capital	Capital reserves		Revenue reserve	Total
		Share premium	Reserve for issue of bonus share	Unappropri- ated profit	
Balance as at June 30, 2006	240,070,000	-	-	434,486,555	674,556,555
Profit for the period July 2006 to September 2006	-	-	-	49,530,180	49,530,180
Balance as at September 30, 2006	<u>240,070,000</u>	<u>-</u>	<u>-</u>	<u>484,016,735</u>	<u>724,086,735</u>
Transfer to reserve for issue of bonus shares	-	-	120,035,000	(120,035,000)	-
Bonus shares issued - 50% during the period	120,035,000	-	(120,035,000)	-	-
Right shares issued - 50% at a premium of Rs. 5/- during the period	180,052,500	90,026,250	-	-	270,078,750
Profit for the period October 2006 to June 2007	-	-	-	304,649,600	304,649,600
Balance as at June 30, 2007	<u>540,157,500</u>	<u>90,026,250</u>	<u>-</u>	<u>668,631,335</u>	<u>1,298,815,085</u>
Profit for the period July 2007 to September 2007	-	-	-	68,356,086	68,356,086
Balance as at September 30, 2007	<u><u>540,157,500</u></u>	<u><u>90,026,250</u></u>	<u><u>-</u></u>	<u><u>736,987,421</u></u>	<u><u>1,367,171,171</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.

Lahore

Chief Executive

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Director

FIRST CAPITAL EQUITIES LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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 registered office of the Company is located at 103 C-II, Gulberg III, Lahore.

2 These condensed financial statements 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 condensed financial statements are consistent with those applied in preparing the annual audited financial statements for the year ended June 30, 2007.

4 PROPERTY AND EQUIPEMNT

	July 2007 to September 2007 Rupees	July 2006 to June 2007 Rupees
Written down value at the beginning of the period / year	164,150,662	58,038,663
Add: Additions during the period / year	4.1 957,873	126,107,780
Less: Disposals during the period / year	-	(1,754,615)
Less: Depreciation charge during the period/ year	(4,108,657)	(18,241,166)
Written down value at the end of the period / year	<u>160,999,878</u>	<u>164,150,662</u>

4.1 The following additions have been made in Property and Equipment during the period/year:

	July 2007 to September 2007 Rupees	July 2006 to June 2007 Rupees
Land - Freehold	-	97,912,075
Building on freehold land	-	2,540,000
Leasehold improvement	-	363,522
Copmuters	433,798	5,758,618
Office equipment	481,875	2,430,661
Furniture & fixture	42,200	2,252,512
Motor vehicles	-	14,850,392
	<u>957,873</u>	<u>126,107,780</u>

5 LONG TERM DEPOSITS AND ADVANCES

It includes an amount of Rs. 51,423,200/- (June 2007:Rs 38,190,000/-) paid as advance for leasehold properties and Rs. 63,334,390/- (June 2007: Rs. 39,583,993/-) paid as advance for investment properties.

6 INVESTMENTS

	September 2007 Rupees	June 2007 Rupees
Available for sale	6.1 -	6,644,000
At fair value through profit or loss	<u>562,686,433</u>	<u>579,376,088</u>
	<u>562,686,433</u>	<u>586,020,088</u>

6.1 The Company has entered into an agreement on July 31, 2007 to sell its investment in EPSL at a price of USD 110,000 equivalent to Rs. 6,633,000/-.

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. 144,606,071 (June 2007: Rs. 909,146,666) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the Exposure Rules and Rs. 28,701,533 (June 2007: Rs. 28,701,533) with Karachi Stock Exchange (Guarantee) Limited against disputed claim of Mr. Aslam Motiwala.

8 PLACEMENTS

	September 2007 Rupees	June 2007 Rupees
Secured - Considered good		
Securities purchased under the resale agreements of quoted shares - Parent Company	185,000,000	170,000,000
Securities purchased under the resale agreements of quoted shares - Related Party	500,000,000	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	<u>604,750,000</u>	<u>638,750,000</u>
	<u>1,289,750,000</u>	<u>1,158,750,000</u>

9 LIABILITIES AGAINST REPURCHASE AGREEMENT - SECURED

Payable to financial institution	<u>634,750,000</u>	<u>923,750,000</u>
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This represent the amount payable to financial institution under the repurchase agreement against the securities given under the arrangement. The effective interest rate is 12.75 % to 15 % per annum (June 2007: 12.75% to 15%) and is for a period of one to three months.

10 SHORT TERM BORROWING

**September
2007
Rupees** **June
2007
Rupees**

996,148,946 752,325,328

The facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 2,300 million (June 2007 : Rs.1,350 million). These facilities carry mark up at the rate ranging from 1 - 6 months KIBOR plus 2 % to 3 % (June 2007: 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13% per annum. (June 2007: 10 % to 13 %) payable quarterly and are secured against pledge of shares of listed companies.

11 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:

July to September 2007				
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	-	187,548	-	81,691	6,392,740
Repurchase agreement arrangement fee	-	304,167	-	-	62,500
Placements entered	-	835,000,000	-	-	607,000,000
Income earned on placements	-	6,084,179	-	-	15,946,379
Interest on long term loan	407,600	-	-	-	-

July to September 2006				
Rupees	Rupees	Rupees	Rupees	Rupees

Brokerage Income	-	1,679,319	1,100	29,884	11,226,130
Repurchase agreement arrangement fee	-	235,417	-	-	145,833
Placements entered	-	665,000,000	-	-	450,000,000
Income earned on placements	-	7,346,988	-	-	13,314,161
Interest on long term loan	410,950	-	-	-	-

12 CONTINGENCIES AND COMMITMENTS

These are same as reported in the annual financial statements of the Company for the year ended June 30, 2007.

13 EARNINGS PER SHARE - BASIC AND DILUTED

	Jul - Sep 2007	Jul - Sep 2006 (Restated)
Profit after taxation attributable to ordinary share holders - Rupees	<u>68,356,086</u>	<u>49,530,180</u>
Weighted average number of ordinary shares - Number	<u>54,015,750</u>	<u>47,090,654</u>
Earnings per share - Basic Rupees per share	<u>1.27</u>	<u>1.05</u>

13.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

13.2 Earnings per share of Rs 2.06 for period ended September 30, 2006 has been restated after taking into account the issue of 12,003,500 bonus shares and 18,005,250 right shares at a rate of Rs 15/- per share issued by the Company during the period.

14 DATE OF AUTHORIZATION

These condensed financial statements were authorized for issue by the Board of Directors on October 27, 2007.

15 The Board of directors have proposed 60 % bonus issue i.e 60 bonus shares for every 100 shares held, for the year ended June 30, 2007 at their meeting held on October 05, 2007 for approval of the members at the Annual General Meeting to be held on October 30, 2007. These financial statements do not reflect the appropriations in this regard.

16 Figures have been rounded off to the nearest rupee.

Lahore


Chief Executive


Director