

## FIRST CAPITAL EQUITIES LIMITED

### COMPANY INFORMATION

<b>Board of Directors</b>	Mian Ehsan ul Haq <i>Chairman &amp; Chief Executive Officer</i>
	Khurram Hanif Ali Nayyar Akbar Naqi Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
<b>Chief Financial Officer</b>	Mazhar Abbas
<b>Audit Committee</b>	Ali Nayyar (Chairman) Mian Ehsan ul Haq Akbar Naqi
<b>Company Secretary</b>	Akbar Naqi
<b>Auditors</b>	Nasir Javaid Maqsood Chartered Accountants
<b>Legal Advisers</b>	Tasawar Ali Hashmi Advocates, Karachi.
<b>Registered Office</b>	103-C/II, Gulberg-III Lahore, Pakistan. Tel. # (042) 5757591 - 4 Fax. # (042) 5757590, 5877920
<b>Corporate Office</b>	4th Floor, Block B, C & D, Lakson Square Building No. 1 Sarwar Shaheed Road, Karachi. Tel: (021) 111 226 226 Fax: (021) 5656710, 5656725
<b>Registrar and Shares Transfer Office</b>	CORPLINK (PVT.) LIMITED Wings Arcade, 1-K, Commercial Model Town, Lahore Tel. # (042) 5839182
<b>Bankers</b>	Muslim Commercial Bank Limited Standard Chartered Bank Prime Commercial Bank Limited PICIC Commercial Bank Limited Union Bank Limited Askari Commercial Bank Limited

## **DIRECTORS' REPORT**

It is a matter of great pleasure to present before you the unaudited accounts of First Capital Equities Limited ("the Company") for the quarter ended September 30, 2003

### **Operating Results**

This quarter proved unhealthy for the stock markets and the Karachi Stock Exchange witnessed a decline of 13%, as it dropped from its highest ever level of 4604 points to 4027 points by September 30, 2003. This correction came after the market has soared, without any let up, post September 11, 2001.

The company managed to earn a profit after tax of Rs 9.29 million (EPS Rs. 0.77) in the period under review as compared to an after-tax profit of Rs 3.35 million (EPS Rs 0.28) in the corresponding period last year. This 177% increase in bottom line, after an impressive performance last year, came when market was witnessing a bearish spell. However the Company was not completely cushioned and had to record a deficit on revaluation of marketable securities of Rs 2.59 million against a surplus of Rs 0.38 million last year. Operating expenses in relation to brokerage income have reduced, though in absolute terms the operating expenses have recorded an increase of Rs 14.58 million.

### **Future Outlook**

The stock market is likely to recover from its present depression, as the macroeconomic indicators are still promising. The State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP's) joined action against unregistered brokerage houses is very healthy for the long-term stability of the market. Furthermore, the SBP is likely to pursue a stable interest rate policy, which will prevent diversion of funds from equities market to other investment alternatives.

On the privatization front, the government intends to offload upto 5% of its stake in Oil and Gas Development Company and offer more shares of SSGC and PIA to the public. The long-awaited privatization of PSO is now firmly set for the second quarter of the current financial year, which will result in further liquidity flows to the stock market.

For and on behalf of the Board

Lahore  
October 29, 2003

Mian Ehsan ul Haq  
**Chairman & Chief Executive**