

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED
31 DECEMBER 2010
(Un-Audited)**

VISION

First Capital Securities Corporation Limited aspires to become a well-diversified and successful conglomerate and develop its image as a premier media, real estate and financial services group.

MISSION

At First Capital Securities Corporation Limited we are committed to provide high quality services in a positive environment that encourages innovation, creativity and teamwork, promotes ethical and efficient behavior and enables shareholders to maximize the returns on their investments.

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FIRST CAPITAL SECURITIES CORPORATION LIMITED

COMPANY INFORMATION

Board of Directors	Aamna Taseer (Chairman and Chief Executive Officer) Shahbaz Ali Taseer Shehryar Ali Taseer Shehribano Taseer Omer Subhan Salamat Sulieaman Ahmed Said Al-Hoqani Jamal Said Al-Ojaili
Chief Financial Officer	Saeed Iqbal
Audit Committee	Shahbaz Ali Taseer (Chairman) Shehryar Ali Taseer Omer Subhan Salamat
Company Secretary	Shahzad Jawahar
Auditors	KPMG Taseer Hadi and Co. Chartered Accountants
Legal Advisers	Mazhar Law Associates Advocates and Solicitors
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi. ☎ (021) 111 000 322
Registered / Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 35757591-4 Fax: (042) 35757590, 35877920

FIRST CAPITAL SECURITIES CORPORATION LIMITED

DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited (the "Company" or "FCSC") are pleased to present the auditors' reviewed financial statements of the Company for the six months ended 31 December 2010.

Operational Results

The operating results of the Company are summarized as follows:

Financial overview	31 December 2010	31 December 2009
	Rupees	Rupees
Revenue	16,196,972	41,679,470
Unrealized (loss)/gain on short term investments	(16,973,256)	(162,559,932)
Operating Expenses	27,114,612	36,201,970
Operating (loss)/profit	(27,890,896)	(157,082,432)
Finance and other costs	5,575,461	6,084,637
Profit/(loss) before Taxation	2,418,468	(132,209,103)
Loss after Taxation	(286,490)	(133,401,823)
Loss per Share (basic and diluted)	(0.001)	(0.421)

The Company posted an after tax loss of Rs. 0.286 million as compared to a loss of Rs. 133.40 million in the corresponding period last year. The Company's operating expenses are reduced by 25% which are reported at Rs.27.11 million as compared to 36.20 million in the same period last year.

The subsidiaries of FCSC have showed a mixed performance during the last six months under review. First Capital Equities Limited (FCEL) reported revenue of Rs. 128.23 million, though it incurred an after tax loss of Rs.261.54 as compared to the loss of Rs.123.49 million in the same period of the last year. Loss per share stood at Rs. 2.42 as compared to Rs. 1.14 in the corresponding period last year. Lanka Securities (Pvt.) Limited ("LSL") generated a gross revenue of Rs. 146.25 million and net profit of Rs. 82.36 million during the period while EPS stood at Rs. 7.74. First Capital Investments Limited (FCIL) has reported profit after tax of Rs.4.56 million as compared to profit of Rs.13.42 million last year. Trident Construct (Pvt.) Limited (TCL) reported revenue of Rs.79.60 million, and reported after tax profit of Rs.49.28 million as compared to a loss of Rs.22.98 million for the corresponding period last year. Another subsidiary of the Company namely World Press (Pvt.) Limited also earned revenues of Rs. 80.90 million while showing an after tax profit of Rs.6.38 million as compared to a loss of Rs. 16.17 million for the same period last year.

Future Outlook

Rising inflation and mounting fiscal deficit will keep the economy under tighter monetary regime while a further 50bps increase in discount rate is eminent during the 2HFY11. However, the current account position and balance of payment are expected to remain stable with record upsurge in remittances. Interest rates are expected to increase further during the next quarter amid high inflation numbers, heavy government borrowing and fiscal imbalances. At present local equities are trading at an average PE of 9.8x, lower than the

emerging market PE that is in the range of 14.2x - 23.8x. Therefore, foreign liquidity driven rally may continue in the near future given the relatively lower valuations of Pakistani stocks in general. However, there are lingering serious macroeconomic concerns most particularly rising budget deficit, higher inflation/interest rates, electricity shortages and slow manufacturing sector growth. As a result, equity risk premium for Pakistani equities is expected to remain high compared to other emerging markets.

Your Company has diversified investments in media, property and financial services businesses and is equipped with the required strategic resources to capitalize on growth opportunities as they become available. We expect that the business models of our companies will perform in tandem with the market triggers & generate the maximum wealth for our valued shareholders.

Board of Directors

The Board of Directors expresses their heartfelt condolences over the tragic assassination of Mr. Salmaan Taseer; Chairman/Chief Executive Officer of the Company. The Board of Directors also wish to place on record their acknowledgment for the unprecedented stewardship and business acumen of the late Chairman/CEO and admired his work both for raising the businesses and also his social services for the people at large.

The unfortunate demise of Mr. Salmaan Taseer has also lead to a change in the composition of the Board of Directors since last reported. Miss. Shehribano Taseer has been appointed as a director in place of Mr. Salmaan Taseer whereas Mrs. Aamna Taseer has been appointed as Chairman/CEO of the Company, on the similar terms and conditions as applicable to the previous Chairman/CEO.

Acknowledgement

The directors place on record their sincere appreciation for the assistance and co-operation provided by financial institutions, government authorities and other stake holders in attaining such commendable performance. The directors also appreciate the committed services of the employees of the Company.

For and on behalf of the Board of Directors

Lahore
26 February 2011

Aamna Taseer
Chairman and Chief Executive Officer

Shehryar Ali Taseer
Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED

Independent Report on Review of Condensed Interim Financial Information to the members

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **First Capital Securities Corporation Limited** ("the Company") as at 31 December 2010 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months ended 31 December 2010 and 31 December 2009 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on it.

Lahore
26 February 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

FIRST CAPITAL SECURITIES CORPORATION LIMITED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2010

	(UN-AUDITED) 31 December 2010 Rupees	(AUDITED) 30 June 2010 Rupees
Note		
NON CURRENT ASSETS		
Property, plant and equipment	184,380,921	183,273,208
Long term loans	418,654,539	398,129,002
Investment property	372,516,500	486,292,500
Long term investments	5 12,275,761,030	12,038,134,186
Long term deposits	37,500	37,500
	<u>13,251,350,490</u>	<u>13,105,866,396</u>
Current assets		
Trade debts	2,501,112	1,685,036
Loans and advances	2,131,547	2,280,781
Short term prepayments	107,165	109,796
Taxation recoverable	20,497,570	20,089,212
Other receivables	23,514,884	8,536,201
Investments at fair value through profit and loss	6 99,123,680	128,325,627
Cash and bank balances	29,801,097	6,892,246
	<u>177,677,055</u>	<u>167,918,899</u>
Current liabilities		
Current portion of liabilities against assets subject to finance lease	619,416	983,715
Mark up accrued	2,843,682	2,689,748
Short term borrowings - secured	70,205,335	70,329,587
Trade and other payables	172,886,319	240,579,228
	<u>246,554,752</u>	<u>314,582,278</u>
Working capital	<u>(68,877,697)</u>	<u>(146,663,379)</u>
Net assets	<u>13,182,472,793</u>	<u>12,959,203,017</u>
Non current liabilities		
Staff retirement benefits	9,783,282	12,553,457
Contingencies and commitments		
Net capital employed	<u>13,172,689,511</u>	<u>12,946,649,560</u>
Represented by:		
Share capital and reserves		
Issued, subscribed and paid-up capital	3,166,101,120	2,878,273,750
Reserves	5,033,820,559	4,807,494,118
Unappropriated profit	4,972,767,832	5,260,881,692
	<u>13,172,689,511</u>	<u>12,946,649,560</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Six months ended		Three months ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Operating revenue				
Unrealized (loss)/gain on remeasurement of short term investments	(16,973,256)	(162,559,932)	6,459,143	(614,788,521)
Financial consultancy services	-	5,000,000	-	5,000,000
Money market services	5,644,976	7,371,762	3,072,898	3,359,447
(Loss)/gain on sale of investments	(672,980)	10,367,177	(455,217)	790,251
(Loss)/gain on sale of investment property	(20,405,511)	676,360	(20,405,511)	676,360
Rental income from investment property	6,235,473	10,212,406	3,081,368	5,785,865
Dividend income	25,395,014	8,051,765	13,857,338	8,051,765
	(776,284)	(120,880,462)	5,610,019	(591,124,833)
Operating expenses	27,114,612	36,201,970	15,182,642	20,239,949
Operating loss	(27,890,896)	(157,082,432)	(9,572,623)	(611,364,782)
Finance and other costs	5,575,461	6,084,637	2,847,752	2,810,353
	(33,466,357)	(163,167,069)	(12,420,375)	(614,175,135)
Other operating income	35,884,825	30,957,966	18,529,764	15,903,712
Profit/(loss) before taxation	2,418,468	(132,209,103)	6,109,389	(598,271,423)
Taxation	(2,704,958)	(1,192,720)	(1,452,204)	(761,642)
(Loss)/profit after taxation	(286,490)	(133,401,823)	4,657,185	(599,033,065)
(Loss)/earnings per share-basic and diluted (2010 : restated)	(0.001)	(0.421)	0.015	(1.892)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE: CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	31 December	31 December
	2010	2009
	Rupees	Rupees
Loss after taxation	(286,490)	(133,401,823)
Other comprehensive income for the period		
Unrealized gain / (loss) on remeasurement of available for sale of financial assets	226,326,441	(398,477,810)
Total comprehensive income/(loss) for the period	<u>226,039,951</u>	<u>(531,879,633)</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

	31 December 2010	31 December 2009
	Rupees	Rupees
Cash flow from operating activities		
Profit/(loss) before taxation	2,418,468	(132,209,103)
Adjustments for:		
Finance and other costs	5,575,461	6,084,637
Unrealized loss on remeasurement of investments at fair value through profit and loss	16,973,256	162,559,932
Dividend income	(25,395,014)	(8,051,765)
Depreciation	393,145	446,251
Gain on disposal of property and equipment	(63,500)	-
Loss/ (gain) on disposal of investment property	20,405,511	(676,360)
Gain on currency translation	(205,223)	(81,126)
Mark up income	(34,504,698)	(30,876,840)
Provision for staff retirement benefits	1,827,954	2,171,380
	(14,993,108)	131,576,109
Loss before working capital changes (Increase)/decrease in working capital :	(12,574,640)	(632,994)
Trade debts	(816,076)	(188,545)
Loans and advances	149,234	(20,477)
Short term prepayments	2,631	(48,089)
Other receivables	1,163,275	4,205,655
Short term investments-net	12,228,691	53,827,743
Trade and other payables	20,084,853	(52,482,124)
	32,812,608	5,294,163
Cash used in operations	20,237,968	4,661,169
Staff retirement benefits	4,427,651	(36,500)
Finance and other costs paid	(5,421,527)	(6,074,506)
Taxes paid	(3,113,316)	(1,864,603)
	(4,107,192)	(7,975,609)
Net cash generated from operating activities	16,130,776	(3,314,440)
Cash flows from investing activities		
Capital expenditure incurred	(100,858)	-
Dividend received	25,408,514	8,063,565
Proceeds from disposal of property, plant and equipment	63,500	-
Proceeds from disposal of investment property	-	323,115,360
Payment against liability for purchase of investment property	(3,433,053)	-
Long term loans	(4,731,622)	(27,900,000)
Long term investment	(11,300,403)	(327,073,250)
Long term deposits	-	109,338
Mark up received	1,155,325	30,876,840
Net cash generated from investing activities	7,061,403	7,191,853
Cash flows from financing activities		
Repayment of liabilities against assets subject to finance lease	(364,299)	(322,207)
Short term borrowings	(124,252)	4,000
Net cash used in financing activities	(488,551)	(318,207)
Net increase in cash and cash equivalents	22,703,628	3,559,206
Cash and cash equivalents at the beginning of the period	6,892,246	17,279,396
Unrealised exchange gain on translation of deposit account	205,223	81,126
Cash and cash equivalents at the end of the period	29,801,097	20,919,728

The annexed notes 1 to 10 form an integral part of this condensed interim financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Share capital	Fair value reserve	Revenue reserve	Total
	Rupees	Rupees	Unappropriated profit Rupees	Rupees
Balance as at 01 July 2009	2,502,846,740	2,321,471,026	4,937,087,615	9,761,405,381
Total comprehensive loss for the period				
Loss for the period after tax	-	-	(133,401,823)	(133,401,823)
Other comprehensive loss for the period				
Fair value loss during the period	-	(398,477,810)	-	(398,477,810)
Total comprehensive loss for the period	-	(398,477,810)	(133,401,823)	(531,879,633)
issuance of bonus shares	375,427,010	-	(375,427,010)	-
Balance as at 31 December 2009	2,878,273,750	1,922,993,216	4,428,258,782	9,229,525,748
Balance as at 01 July 2010	2,878,273,750	4,807,494,118	5,260,881,692	12,946,649,560
Total comprehensive loss for the period				
Loss for the period after tax	-	-	(286,490)	(286,490)
Other comprehensive income for the period				
Fair value gain during the period	-	226,326,441	-	226,326,441
Total comprehensive gain for the period	-	226,326,441	(286,490)	226,039,951
issuance of bonus shares	287,827,370	-	(287,827,370)	-
Balance as at 31 December 2010	3,166,101,120	5,033,820,559	4,972,767,832	13,172,689,511

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

1 Status and nature of business

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated at 103 C/II, Gulberg-III, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

The condensed interim financial information comprise of condensed interim balance sheet as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes thereto, for the six months period ended 31 December 2010.

2.2 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupees.

3 Accounting policies

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2010.

4 Estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimating uncertainty were the same as those that were applied to in the financial statements for the year ended 30 June 2010.

5 Long term investments

Available for sale

	31 December 2010 Rupees	30 June 2010 Rupees
Subsidiary companies - at cost	155,774,496	154,470,093
Impairment loss	(1,709,893)	(1,709,893)
	154,064,603	152,760,200

Subsidiary company - at fair value	9,340,690,700	7,285,124,924
Unrealized gain on revaluation of available for sale	485,570,536	2,055,565,776
	9,826,261,236	9,340,690,700

Associated companies - at cost	526,340,000	526,340,000
Associated company - at fair value	2,028,339,286	1,587,885,970
Unrealized (loss)/gain on revaluation of available for sale	(259,244,095)	430,457,316
	2,295,435,191	2,544,683,286

	12,275,761,030	12,038,134,186
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6 Investment at fair value through profit and loss

Held for trading

Related parties	100,262,128	167,980,535
Others	15,834,808	12,762,189
	116,096,936	180,742,724

Unrealized loss on account of remeasurement to fair value during the period	(16,973,256)	(52,417,097)
	99,123,680	128,325,627

7 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in contingencies from those disclosed in the published financial statements of the Company for the year ended 30 June 2010.

	31 December 2010 Rupees	31 December 2009 Rupees
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Commitments

Commitments in respect of capital expenditure	239,830,434	239,830,434
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8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, subsidiary undertakings, associated companies, directors and key management personnel. The significant transactions with related parties are as follows:

	31 December 2010 Rupees	31 December 2009 Rupees
8.1 Transaction during the year		
<i>Subsidiary companies</i>		
First Capital Equities Limited		
Long term loan given	5,031,622	-
Long term loan matured	6,500,000	-
Mark up income	636,848	-
Brokerage / Commission	17,500	735,106
Sale of Investment Property	-	323,115,360
World Press (Private) Limited		
Purchase of goods/services	622,995	541,440
Lanka Securities (Private) Limited		
Dividend Income	24,984,014	7,809,065
Ozer Investment Limited		
Long term investments made	1,304,403	-
<i>Associated companies</i>		
Media Times Limited		
Long term investments made	9,996,000	45,778,250
Long term loan given	21,993,915	27,900,000
Purchase of assets	1,400,000	-
Mark up Income	32,165,158	30,667,639
Pace Barka properties limited		
Long term investments made	-	281,295,000
Shaheen Insurance Company Limited		
Insurance premium paid	211,427	265,987
Insurance claim received	48,312	12,000
8.2 Amount Outstanding as at period end		
<i>Subsidiary companies</i>		
First Capital Equities Limited		
Long term loan receivable	5,031,622	-
<i>Associated companies</i>		
Media Times Limited		
Long term loan receivable	413,622,917	391,629,002

	31 December 2010 Rupees	31 December 2009 Rupees
Shaheen Insurance Company Limited		
Insurance premium Payable	317,421	126,510
Pace Pakistan Limited		
Payable against purchase of property	118,880,420	299,332,681

9 Date of authorization for issue

These un-audited condensed interim financial information for the half year ended 31 December 2010 were authorized for issue on 26 February 2011 by the Board of Directors of the Company.

10 GENERAL

Figures have been rounded off to the nearest rupee.

FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED
31 DECEMBER 2010
(Un-Audited)**

FIRST CAPITAL SECURITIES CORPORATION LIMITED

DIRECTORS' REVIEW ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Directors of First Capital Securities Corporation Limited ("the Group") are pleased to present un-audited consolidated financial statements of the Group for the six months ended 31 December 2010. The Group's performance during the period is summarized as below:

Financial overview	31 December 2010	31 December 2009
	(Rupees in million)	
Revenue	514	421
Direct costs	158	95
Operating expenses	271	204
Operating profit	84	121
Share of loss of associated companies	(44)	(2)
Unrealized (loss)/gain on re measurement of investment	(41)	22
Loss after taxation	(193)	(89)
Non-controlling interest	(18)	(38)
Loss per share	(0.55)	(0.16)

First Capital Equities Limited (FCEL) reported revenue of Rs. 128.23 million, though it incurred an after tax loss of Rs.261.54 million as compared to the loss of Rs.123.49 million in the same period of the last year. Loss per share stood at Rs. 2.42 as compared to Rs. 1.14 in the corresponding period last year.

First Capital Investments Limited reported profit after tax of Rs. 4.56 million as compared to the profit of Rs. 13.42 million in the corresponding period last year.

Trident Construct (Pvt.) Limited reported revenue of Rs. 170.82 million, and reported a profit after tax of Rs. 49.28 million as compared to the loss of Rs. 22.98 million for the same period last year.

Sri Lankan based brokerage subsidiary Lanka Securities (Pvt.) Limited generated gross revenue of Rs. 146.25 million and net profit of Rs. 82.36 million during the period while EPS stood at Rs. 7.74.

World Press (Pvt.) Limited earned revenues of Rs. 80.90 million while showing an after tax profit of Rs. 6.38 million as compared to the profit of Rs. 1.01 million for the corresponding period last year.

The Board of Directors wishes to express its appreciation and gratitude to the shareholders for their continued support and to the employees for their ongoing dedication and commitment to the Group.

For and on behalf of the Board of Directors

Lahore
26 February 2011

Aamna Taseer
Chairman and Chief Executive Officer

Shehryar Ali Taseer
Director

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
NON CURRENT ASSETS			
Property, plant and equipment		529,145,951	555,848,422
Intangible assets		41,400,000	41,540,000
Long term loans		413,622,917	391,629,002
Investment property		372,516,500	486,292,500
Investment in associates	6	1,301,004,908	1,333,667,651
Long term deposits and advances		13,033,072	14,486,301
Deferred tax assets		149,507	8,296,944
		2,670,872,855	2,831,760,820
Current assets			
Inventories		18,608,439	20,997,607
Trade debts		3,435,237,795	3,372,441,599
Loans and advances		163,914,944	115,992,025
Short term prepayments		3,779,742	5,207,135
Taxation recoverable		6,041,060	16,047,856
Deposits and other receivables		98,077,547	112,749,308
Placements	7	540,974,000	782,093,163
Interest receivable		1,498,511	4,621,218
Short term investments	8	355,290,451	423,810,838
Cash and bank balances		778,470,180	590,197,011
		5,401,892,669	5,444,157,760
Non current assets held for sale			
Investment property		892,418,149	892,418,149
Current liabilities			
Trade and other payables		1,335,490,403	1,505,102,690
Mark up accrued		411,273,370	234,196,161
Liability against repurchase agreement		199,400,000	189,400,000
Short term borrowings	9	1,414,754,188	1,398,112,284
Current portion of liabilities against assets subject to finance lease		11,519,244	17,327,878
Current portion of long term finance		902,482,108	642,400,255
		4,274,919,313	3,986,539,268
Net current assets			
		2,019,391,505	2,350,036,641
Net assets			
		4,690,264,360	5,181,797,461
Non current liabilities			
Liabilities against assets subject to finance lease		9,117,516	15,028,615
Long term finance	10	1,029,735,242	1,304,817,094
Staff retirement benefits		71,695,685	72,341,571
		1,110,548,443	1,392,187,280
Contingencies and commitments			
Net capital employed	11	3,579,715,917	3,789,610,181
Represented by:			
Share capital and reserves			
Issued, subscribed and paid up capital		3,166,101,120	2,878,273,750
Exchange translation reserve		32,706,072	28,931,874
Reserves capitalised		564,735,308	564,735,308
Unappropriated profit		(846,716,619)	(383,343,079)
Capital and reserves attributable to equity holders of the parent company			
		2,916,825,881	3,088,597,853
Non-controlling interest		662,890,036	701,012,328
		3,579,715,917	3,789,610,181

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Six months ended		Three months ended	
	31 December 2010 Rupees	31 December 2009 Rupees	31 December 2010 Rupees	31 December 2009 Rupees
Revenue	514,242,701	420,621,883	269,140,366	244,898,723
Direct costs	158,652,356	94,816,676	106,298,931	70,352,135
Gross profit	355,590,345	325,805,207	162,841,435	174,546,588
Operating expenses	271,135,658	204,452,398	149,020,413	110,512,919
Operating profit	84,454,687	121,352,809	13,821,022	64,033,669
Other income	98,311,255	60,881,736	67,239,888	38,844,515
	182,765,942	182,234,545	81,060,910	102,878,184
Finance costs	239,317,361	261,636,632	117,536,115	133,335,248
	(56,551,419)	(79,402,087)	(36,475,205)	(30,457,064)
Share of loss of associated companies	(43,963,146)	(1,634,807)	(31,763,793)	(9,183,080)
Unrealized (loss)/gain on remeasurement of short term investments	(40,797,718)	22,227,452	(244,775)	(121,375,485)
Loss before taxation	(141,312,283)	(58,809,442)	(68,483,773)	(161,015,629)
Taxation	51,978,114	30,481,169	19,001,962	22,375,022
Loss after taxation	(193,290,397)	(89,290,611)	(87,485,735)	(183,390,651)
Loss per share - basic and diluted (2009 : restated)	(0.55)	(0.16)	(0.28)	(0.48)
Loss attributable to:				
-Parent company	(175,546,170)	(51,584,422)	(88,711,330)	(152,556,875)
-Non-controlling interest	(17,744,227)	(37,706,189)	1,225,595	(30,833,776)
	(193,290,397)	(89,290,611)	(87,485,735)	(183,390,651)

Appropriations have been reflected in the statement of changes in equity.

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

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

	31 December 2010 Rupees	31 December 2009 Rupees
Loss after taxation	(193,290,397)	(89,290,611)
Other comprehensive income for the period		
Exchange translation difference recognized as :		
- Currency translation reserve	3,626,189	4,645,225
- Non controlling interest	3,774,198	4,834,828
Total comprehensive loss for the period	<u>(185,890,010)</u>	<u>(79,810,558)</u>
Loss attributable to:		
-Parent company	(168,145,783)	(42,104,369)
-Non-controlling interest	(17,744,227)	(37,706,189)
	<u>(185,890,010)</u>	<u>(79,810,558)</u>

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

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (UN-AUDITED)**

	31 December 2010 Rupees	31 December 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(141,312,283)	(58,809,442)
Adjustments for:		
Depreciation	36,085,514	34,013,059
Finance cost	236,805,517	272,277,718
Loss/(gain) on remeasurement of short term investments	40,797,718	(22,227,452)
Dividend income	(411,000)	(1,469,034)
Amortization of intangible assets	140,000	140,000
Gain on disposal of property, plant and equipment	(1,783,272)	(1,088,000)
Exchange translation difference	6,715,836	9,108,638
Retirement benefits	8,360,325	14,264,173
Share of loss of associated companies	43,963,146	1,634,807
Mark up income	(61,656,480)	(171,763,890)
	<u>309,017,304</u>	<u>134,890,019</u>
Profit before working capital changes	<u>167,705,021</u>	<u>76,080,577</u>
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	2,389,168	(12,137,501)
Trade debts	(62,796,196)	542,302,399
Loans and advances	(47,922,919)	(18,529,953)
Short term prepayments	1,427,393	687,064
Deposits and other receivables	14,671,761	22,274,452
Short term investments - net	27,722,669	68,801,413
Placements	241,119,163	224,425,564
Interest receivable	-	185,709
Increase/(decrease) in:		
Trade and other payables	(168,933,568)	321,116,793
Liability against repurchase agreement	10,000,000	(48,000,430)
Short term borrowings	16,641,904	(1,737,285,872)
	<u>34,319,375</u>	<u>(636,160,362)</u>
Cash generated from operations	<u>202,024,396</u>	<u>(560,079,785)</u>
Long term deposits and advances	1,453,229	(8,470,862)
Retirement benefits paid	(9,006,211)	(3,007,174)
Finance costs paid	(59,722,461)	(314,331,756)
Taxes paid	(33,823,881)	(24,917,567)
Net cash used in operating activities	<u>100,925,072</u>	<u>(910,807,144)</u>
Cash flows from investing activities		
Fixed capital expenditure	(10,598,286)	(8,440,774)
Sale proceeds of property, plant and equipment	2,998,500	4,098,852
Dividend received	411,000	1,480,834
Investment in associates	(11,300,403)	(425,875,250)
Investment property	113,776,000	(551,789,769)
Long term Loans	(21,993,915)	(27,900,000)
Mark up received	64,779,187	184,664,017
Net cash generated/(used in) from investing activities	<u>138,072,083</u>	<u>(823,762,090)</u>
Cash flows from financing activities		
Repayment of liabilities against assets subject to finance lease	(11,719,733)	(9,103,457)
Long term finance	(14,999,999)	1,683,187,599
Dividend paid to minority	(24,004,254)	(7,189,626)
Net cash (used in)/generated from financing activities	<u>(50,723,986)</u>	<u>1,666,894,516</u>
Net decrease in cash and cash equivalents	<u>188,273,169</u>	<u>(67,674,718)</u>
Cash and cash equivalents in the beginning of the period	<u>590,197,011</u>	<u>240,064,605</u>
Cash and cash equivalents at the end of the period	<u>778,470,180</u>	<u>172,389,887</u>

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

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

	Attributable to equity holders of the Parent company					Total Equity Rupees
	Share capital Rupees	Reserves accumulated Rupees	Currency translation Rupees	Unappropriated Profit/(Loss) Rupees	Total Rupees	
Balance as at 01 July 2009	2,502,846,740	638,690,000	20,446,588	203,729,987	3,285,722,643	4,044,268,837
Total comprehensive income for the period (Loss)/profit for the period after tax	-	-	-	(61,894,422)	(61,894,422)	(66,290,611)
Other comprehensive income for the period	-	-	4,894,828	-	4,894,828	9,490,693
Exchange translation difference recognized directly in equity	-	-	4,894,828	-	4,894,828	9,490,693
Total comprehensive income/(loss) for the period	-	-	4,894,828	(61,894,422)	(56,999,594)	(76,801,918)
Distribution to owners						
Issuance of bonus shares	375,427,010	-	-	(375,427,010)	-	-
Dividend paid	-	-	-	-	-	(7,189,629)
Total transaction with owners	375,427,010	-	-	(375,427,010)	-	(7,189,629)
Balance as at 31 December 2009	2,878,273,750	638,690,000	25,341,416	(22,261,496)	3,219,077,049	3,997,289,683
Total comprehensive income for the period (Loss) for the period after tax	-	-	-	(134,025,308)	(134,025,308)	(146,661,895)
Other comprehensive income for the period	-	-	3,650,110	-	3,650,110	7,157,890
Exchange translation difference recognized directly in equity	-	-	3,650,110	-	3,650,110	7,157,890
Total comprehensive income/(loss) for the period	-	-	3,650,110	(134,025,308)	(130,375,198)	(139,504,005)
Distribution to owners						
Dividend paid	-	-	-	-	-	(26,144,487)
Issue of bonus shares by subsidiary	-	26,036,308	-	(26,036,308)	-	-
Total transaction with owners	-	26,036,308	-	(26,036,308)	-	(26,144,487)
Balance as at 30 June 2010	2,878,273,750	664,726,308	28,991,524	(383,343,079)	3,088,697,893	3,769,610,181
Total comprehensive income for the period (Loss) for the period after tax	-	-	-	(176,546,170)	(176,546,170)	(183,290,397)
Other comprehensive income for the period	-	-	3,774,188	-	3,774,188	7,400,387
Exchange translation difference recognized directly in equity	-	-	3,774,188	-	3,774,188	7,400,387
Total comprehensive income/(loss) for the period	-	-	3,774,188	(176,546,170)	(172,771,972)	(185,890,010)
Distribution to owners						
Issuance of bonus shares	287,827,370	-	-	(287,827,370)	-	-
Dividend paid	-	-	-	-	-	(24,004,256)
Total transaction with owners	287,827,370	-	-	(287,827,370)	-	(24,004,256)
Balance as at 31 December 2010	3,166,101,120	664,726,308	32,765,712	(648,716,519)	2,915,025,981	3,979,715,917

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED-GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

1. Status and nature of business

First Capital Securities Corporation Limited (FCSC) ("the Parent Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Parent Company is situated at 103 C/II, Gulberg-III, Lahore. The Parent Company is involved in making long and short term investments, money market operations and financial consultancy services.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim balance sheet as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes thereto, for the six months period ended 31 December 2010.

2.2 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupees.

3. Accounting policies

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2010.

4. Estimates

The preparation of condensed interim financial statements require management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimating uncertainty were the same as those that were applied to in the financial statements for the year ended 30 June 2010.

5. Subsidiary companies

Following subsidiary companies have been consolidated in the financial statements of the Parent Company:

	Percentage of Holding	
	31 December 2010	30 June 2010
First Capital Investments Limited (FCIL)	76.56	76.56
Lanka Securities (Pvt.) Limited, Sri Lanka	51	51
World Press (Pvt.) Limited	65	65
First Capital Equities Limited (FCEL)	67.29	67.29
Trident Construct (Pvt.) Limited	51	51
Ever Green Water Valley (Pvt.) Limited	51	51

	31 December 2010 Rupees	30 June 2010 Rupees
Opening balance	1,333,667,651	856,991,798
Add: Acquisition of additional shares	11,300,403	466,274,645
Share of (loss)/profit	(43,963,146)	10,401,208
Closing balance	<u>1,301,004,908</u>	<u>1,333,667,651</u>

6. Investment in associates

Securities purchased under the resale agreements of quoted shares - Others	540,974,000	782,093,163
	<u>540,974,000</u>	<u>782,093,163</u>

7. Placements

Investments measured at fair value through profit and loss account		
Carrying amount of investments	396,088,169	500,777,210
Un-realised loss on remeasurement of investments	(40,797,718)	(76,966,372)
	<u>355,290,451</u>	<u>423,810,838</u>

8. Short term investments

Carrying amount of investments	396,088,169	500,777,210
Un-realised loss on remeasurement of investments	(40,797,718)	(76,966,372)
	<u>355,290,451</u>	<u>423,810,838</u>

9. Short term borrowings

These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 1,625 million (June 2010: Rs 1,625 million). These facilities carry mark up at rate ranging from 3 to 6 months KIBOR plus 3% to 5 % per annum payable quarterly (June 2010: 3 % to 5 % per annum) with no floor and cap limits (June 2010: with no floor and cap limits). These are secured against pledge of quoted equity securities.

	31 December 2010 Rupees	30 June 2010 Rupees
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10 Long term finance

Term finance facility	1,932,217,350	1,947,217,349
Less: Current portion shown under current liability	902,482,108	642,400,255
Long term portion	<u>1,029,735,242</u>	<u>1,304,817,094</u>

These facilities have been obtained from various commercial banks and carries mark up at 8% and 6 months Kibor plus 2.5% (June 2010 : 8% and 6 months Kibor plus 2.5%) payable bi-annually. These facilities are secured against the pledge of shares, charge over trade receivables and equitable mortgage of certain properties.

11 Contingencies and commitments

There is no significant change in contingencies and commitments disclosed in the annual audited consolidated financial statements for the year ended June 30, 2010 except for the following:

First Capital Equities Limited (FCEL)

Subsequent to the period, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the FCEL and a Notice u/s 176 of the "Contract Act 1872" was served to the FCEL by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The FCEL has filed a suit before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192/- on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The FCEL has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby the JS Bank Limited has been restrained from selling the securities pledged by the FCEL. The FCEL is very much confident of success of the case in its favour.

	31 December 2010 Rupees	30 June 2010 Rupees
Commitments		
Capital Expenditure	239,830,434	239,830,434
Sale of Shares	127,876,922	96,730,665
Purchase of shares	80,276,224	96,344,449
Performance Guarantees	-	17,685,635
	<u>447,983,580</u>	<u>450,591,183</u>

12 Transactions with related parties

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, associated companies, directors and key management personnel. The significant transactions with related parties are as follows:

	31 December 2010 Rupees	31 December 2009 Rupees
Associated companies		
First Capital Mutual Fund Limited		
Income from financial consultancy services	2,441,083	3,597,001
Media Times Ltd		
Mark up income	32,165,158	30,667,639
Long term loan given	21,993,915	27,900,000
Purchase of assets	4,700,000	-
Long term investments made	9,996,000	-
Pace Pakistan Limited		
Income from financial consultancy services	-	5,000,000
Contract services	59,469,537	52,007,261
Purchase of assets	2,824,303	-
Shaheen Insurance Company Limited		
Insurance premium paid	211,427	265,987
Insurance claim received	48,312	12,000

13 Date of authorization for issue

These un-audited condensed interim consolidated financial information for the half year ended 31 December 2010 were authorized for issue on 26 February 2011 by the Board of Directors of the Parent Company.

14 General

Figures have been rounded off to the nearest rupee.