

FIRST CAPITAL SECURITIES CORPORATION LIMITED

CONDENSED QUARTERLY ACCOUNTS
(Un-Audited)

31 MARCH 2007

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FIRST CAPITAL SECURITIES CORPORATION LIMITED

COMPANY INFORMATION

| | |
|---|--|
| Board of Directors | Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Suliman Ahmed Said Al-Hoqani Sardar Ali Wattoo Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi |
| Chief Financial Officer | Syed Kashan Kazmi |
| Audit Committee | Sardar Ali Wattoo (Chairman) Aamna Taseer Khawaja Khalil Shah |
| Company Secretary | Mohammad Naeem Sheikh |
| Auditors | KPMG Taseer Hadi & Co. Chartered Accountants |
| Legal Adviser | Rehman Saleem & Tarar Advocates |
| Bankers | Allied Bank Limited Bank Alfalah Limited Citi Bank N.A. Faysal Bank Limited PICIC Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited |
| Registrar and Shares Transfer Office | THK Associates (Pvt.) Limited Ground Floor, State Life Building-3, Dr. Zia-ud-Din Ahmed Road, Karachi. ☎ (021) 5689021, 111-000-322 |
| Registered Office/Head Office | 103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920 |

FIRST CAPITAL SECURITIES CORPORATION LIMITED

DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC") are pleased to present the un-audited interim financial statements of the Company for the 3rd quarter ended on 31 March 2007.

Operating Results

The Company has performed well in the nine months period under review; key financial results are summarized below:

| | 31 March 2007 Rupees | 31 March 2006 Rupees |
|-----------------------|-------------------------------------|-------------------------------------|
| Revenue | 695,481,074 | 319,747,882 |
| Operating Expenses | 32,563,865 | 24,834,581 |
| Operating Profit | 662,917,209 | 249,913,301 |
| Finance Cost | 29,282,251 | 16,254,383 |
| Profit after Taxation | 636,191,582 | 286,316,434 |
| Earnings per Share | 4.70 | 2.11 |

During the period Earning per Share increased to Rs. 4.70 as compared to Rs. 2.11 for corresponding period last year. Dividend income contributed Rs. 4.4 million toward the revenue. Hence the company's return on capital employed jumped to 15.59 % as opposed to 6.94 % in the corresponding period last year. Operating expenses for the nine months period were Rs.32 million as compared to Rs.24 million for the corresponding period last year. This increase is mainly due to the rise in brokerage commission & CVT because of high volume of trading transactions.

Future Outlook

FCSC is moving confidently ahead to earn sustainable income and improve prosperity in future, in the same way as it is swiftly progressing at present. First Capital Equities Limited, a subsidiary, is performing very well and moving ahead towards new targets including start of Investment Finance Service, Real Estate activities and strategic interest in Micro Finance Banking.

The overall improvement in the capital market depends greatly upon the economic and political stability in the country. As the economic and political situation improves, we expect increase in local and foreign investor's confidence in the equity markets and hence the management looks forward to improved brokerage activities. Lanka Securities (Private) Limited ("LSL") has shown significant growth with its EPS increasing by over 3 times from LKR

0.48 per share to LKR 2.15 per share for three months period ended 31 March 2006 and 31 March 2007 respectively. The Company intends to invest a further Rs.40 million in LSL to exercise right share at a price of LKR.20 per share including premium of LKR.10 per share.

The Board of Directors is looking forward considerable growth and improved performance throughout the Group, which is due to the valuable and commendable services rendered by the employees of the Company, for which we express our appreciation and gratitude.

For and on behalf of the Board of Directors

Lahore
28 April 2007

Salmaan Taseer
Chairman & Chief Executive Officer

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2007

| | Note | Un-audited 31 March 2007 Rupees | Audited 30 June 2006 Rupees Restated |
|---|------|--|--|
| NON CURRENT ASSETS | | | |
| Property and equipment | | 2,443,963 | 2,965,831 |
| Long term loans | | 16,176,501 | 14,395,000 |
| Long term investments | 5 | 1,943,892,021 | 832,322,101 |
| Long term deposits | | 37,500 | 122,000 |
| | | <u>1,962,549,985</u> | <u>849,804,932</u> |
| Current assets | | | |
| Trade debts | | 6,811,501 | 7,995,559 |
| Current portion of long term loans | | 6,864,500 | 6,864,500 |
| Loans and advances | | 128,460 | 205,535 |
| Short term prepayments | | 208,880 | 150,580 |
| Taxation recoverable | | 16,505,360 | 15,412,502 |
| Other receivables | | 4,955,481 | 986,944 |
| Short term investments at fair value through profit or loss | 6 | 2,275,071,773 | 1,681,354,352 |
| Cash and bank balances | | 2,892,784 | 8,978,128 |
| | | <u>2,313,438,739</u> | <u>1,721,948,100</u> |
| Current liabilities | | | |
| Trade and other payables | | 7,976,181 | 4,749,448 |
| Mark up accrued | | 3,138,051 | 2,672,329 |
| Short term borrowings - secured | | 365,070,612 | 210,000,000 |
| Current portion of liabilities against assets subject to finance lease | | 222,368 | 1,275,728 |
| | | <u>376,407,212</u> | <u>218,697,505</u> |
| Working Capital | | <u>1,937,031,527</u> | <u>1,503,250,595</u> |
| Net Assets | | <u>3,899,581,512</u> | <u>2,353,055,527</u> |
| Non current liabilities | | | |
| Liabilities against assets subject to finance lease | | - | 154,068 |
| Staff retirement benefits | | 5,196,848 | 4,257,797 |
| | | <u>5,196,848</u> | <u>4,411,865</u> |
| Contingencies and commitments | 8 | | |
| Net capital employed | | <u>3,894,384,664</u> | <u>2,348,643,662</u> |
| Represented by: | | | |
| Share capital and reserves | | | |
| Issued, subscribed and paid-up capital | 7 | 1,354,354,300 | 1,003,225,410 |
| Capital reserves | | 1,522,546,314 | 612,996,894 |
| Unappropriated profit | | 1,017,484,050 | 732,421,358 |
| | | <u>3,894,384,664</u> | <u>2,348,643,662</u> |

The annexed notes 1 to 13 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007

| | | Nine months ended | | Three months ended | |
|---|----|----------------------------|--|----------------------------|--|
| | | 31 March 2007 Rupees | 31 March 2006 Rupees Restated | 31 March 2007 Rupees | 31 March 2006 Rupees Restated |
| Operating revenue | | | | | |
| Financial consultancy services | | 6,027,768 | 18,250,000 | - | 15,750,000 |
| Money market brokerage | | 8,610,358 | 8,658,205 | 3,304,392 | 3,297,529 |
| (Loss)/gain on sale of investments | | (4,652,630) | 79,252,055 | 18,741,234 | 6,770,952 |
| Unrealized gain on remeasurement of short term investments | 6 | 681,065,565 | 207,302,347 | 372,728,548 | 103,832,337 |
| Dividend income | | 4,430,013 | 6,285,275 | 3,375,938 | 6,285,275 |
| | | <u>695,481,074</u> | <u>319,747,882</u> | <u>398,150,112</u> | <u>135,936,093</u> |
| Operating expenses | | 32,563,865 | 24,834,581 | 12,224,120 | 7,818,953 |
| Operating profit | | <u>662,917,209</u> | <u>294,913,301</u> | <u>385,925,992</u> | <u>128,117,140</u> |
| Finance costs | | 29,282,251 | 16,254,383 | 13,891,412 | 5,386,639 |
| | | <u>633,634,958</u> | <u>278,658,918</u> | <u>372,034,580</u> | <u>122,730,501</u> |
| Other operating income | | 2,682,519 | 7,971,780 | 927,783 | 426,318 |
| Profit before taxation | | <u>636,317,477</u> | <u>286,630,698</u> | <u>372,962,363</u> | <u>123,156,819</u> |
| Taxation | 9 | 125,895 | 314,264 | 24,298 | 314,264 |
| Profit after taxation | | <u>636,191,582</u> | <u>286,316,434</u> | <u>372,938,065</u> | <u>122,842,555</u> |
| Earnings per share- basic and diluted | 11 | <u>4.70</u> | <u>2.11</u> | <u>2.75</u> | <u>0.91</u> |

The annexed notes 1 to 13 form an integral part of these accounts.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007

| | 31 March 2007 Rupees | 31 March 2006 Rupees Restated |
|--|-------------------------------------|--|
| Cash flow from operating activities | | |
| Profit before taxation | 636,317,477 | 286,630,698 |
| Adjustments for: | | |
| Finance cost | 29,282,251 | 16,254,383 |
| Unrealized gain on remeasurement of short term investments | (681,065,565) | (207,302,347) |
| Dividend Income | (4,430,013) | (6,285,275) |
| Depreciation | 882,568 | 1,026,709 |
| Gain on disposal of property and equipment | - | (634,000) |
| Mark up income | (2,682,519) | (2,817,678) |
| Provision for gratuity | 954,051 | 741,465 |
| | (657,059,227) | (199,016,743) |
| Profit before working capital changes | (20,741,750) | 87,613,955 |
| Effect on cash flow due to working capital changes: | | |
| Trade debts | 1,184,058 | (4,024,242) |
| Loans and advances | 77,075 | 2,762,665 |
| Short term prepayments | (58,300) | (135,273) |
| Other receivables | (589,877) | (762,836) |
| Short term investments-net | 87,348,144 | (62,617,392) |
| Trade and other payables | 3,226,733 | (1,441,603) |
| | 91,187,833 | (66,218,681) |
| Cash generated from operations | 70,446,083 | 21,395,274 |
| Staff retirement benefits paid | (15,000) | (408,544) |
| Finance cost paid | (28,816,529) | (17,439,981) |
| Long term deposits | 84,500 | 725,000 |
| Taxes paid | (1,218,753) | (1,257,376) |
| | (29,965,782) | (18,380,901) |
| Net cash generated from operating activities | 40,480,301 | 3,014,373 |
| Cash flows from investing activities | | |
| Capital expenditure | (360,700) | (923,500) |
| Dividend received | 898,560 | - |
| Proceeds from disposal of property and equipment | - | 900,000 |
| Long term investments | (202,020,500) | (10,000,000) |
| Payment of long term loan | (1,781,501) | (770,686) |
| Mark up received | 2,835,312 | 2,817,678 |
| Net cash used in investing activities | (200,428,829) | (7,976,508) |
| Cash flows from financing activities | | |
| Repayment of liabilities against assets subject to finance lease | (1,207,428) | (823,931) |
| Short term borrowings-net | 155,070,612 | 4,928,583 |
| Net cash generated from financing activities | 153,863,184 | 4,104,652 |
| Net decrease in cash and cash equivalents | (6,085,344) | (857,483) |
| Cash and cash equivalents at the beginning of the period | 8,978,128 | 5,137,377 |
| Cash and cash equivalents at the end of the period | 2,892,784 | 4,279,894 |

The annexed notes 1 to 13 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007

| | Share capital Rupees | Fair value reserve Rupees | Unappropriated profit Rupees | Total Rupees |
|---|-------------------------------------|--|---|-------------------------|
| Balance as at 30 June 2005-restated | 853,808,870 | 529,508,584 | 505,473,303 | 1,888,790,757 |
| Profit for the period | - | - | 286,316,434 | 286,316,434 |
| Issuance of share capital against bonus shares | 149,416,540 | - | (149,416,540) | - |
| Balance as at 31 March 2006-restated | 1,003,225,410 | 529,508,584 | 642,373,197 | 2,175,107,191 |
| Fair value gain during the period | - | 83,488,310 | - | 83,488,310 |
| Profit for the period | - | - | 90,048,161 | 90,048,161 |
| Total recognized income and expense for the period | - | 83,488,310 | 90,048,161 | 173,536,471 |
| Balance as at 30 June 2006 | 1,003,225,410 | 612,996,894 | 732,421,358 | 2,348,643,662 |
| Fair value gain during the period | - | 909,549,420 | - | 909,549,420 |
| Profit for the period | - | - | 636,191,582 | 636,191,582 |
| Total recognized income and expense for the period | - | 909,549,420 | 636,191,582 | 1,545,741,002 |
| Issuance of share capital against bonus shares | 351,128,890 | - | (351,128,890) | - |
| Balance as at 31 March 2007 | 1,354,354,300 | 1,522,546,314 | 1,017,484,050 | 3,894,384,664 |

The annexed notes 1 to 13 form an integral part of these accounts.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007

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

These condensed interim financial statements have been prepared in accordance with the requirements of directives of Securities and Exchange Commission of Pakistan and International Accounting Standard-34 "Interim Financial Statements" and are being submitted to the shareholders under section 245 of the Companies Ordinance 1984.

3 Accounting policies

Accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2006.

4 Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions 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 the financial statements for the year ended 30 June 2006.

5 Long term investments

Available for sale

| | Note | 31 March 2007 Rupees | 30 June 2006 Rupees |
|--|-------------|-------------------------------------|------------------------------------|
| Subsidiary companies | 5.1 | 894,097,601 | 628,588,791 |
| Associated companies | | 130,045,000 | 110,045,000 |
| Others | | 10,200,000 | 10,200,000 |
| Unrealized gain on revaluation of available for sale investments recognized directly in equity | | 909,549,420 | 83,488,310 |
| | | <u>1,943,892,021</u> | <u>832,322,101</u> |

5.1 During this period, First Capital Equities Limited issued bonus shares @ 50%, and a right issue @ 50% after bonus..

| | 31 March 2007 Rupees | 30 June 2006 Rupees |
|--|-------------------------------------|------------------------------------|
| 6 Short term investments | | |
| at fair value through profit or loss | | |
| Held for trading | | |
| Related parties | 3,008,975 | 522,196 |
| Others | 130,950,047 | 55,224,891 |
| Others | <u>1,460,047,186</u> | <u>1,327,845,313</u> |
| | <u>1,594,006,208</u> | <u>1,383,592,400</u> |
| Unrealized gain/ on account of remeasurement to fair value | 681,065,565 | 297,761,952 |
| | <u>2,275,071,773</u> | <u>1,681,354,352</u> |

| 31 March 2007 | 30 June 2006 |
|--------------------------|-------------------------|
| Number of shares | |

7 Share capital

Authorized

| | | | |
|---|-----------------------------|-----------------------------|--|
| 160,000,000 ordinary shares of Rs 10 each | 245,645,700 | | |
| | <u>1,600,000,000</u> | <u>1,300,000,000</u> | |

Issued, subscribed and and paid-up capital

| | | | | |
|--|---------------------------|---------------------------|-----------------------------|-----------------------------|
| Ordinary shares of Rs 10 each fully paid in cash | 38,165,030 | 38,165,030 | 381,650,300 | 381,650,300 |
| Ordinary shares of Rs 10 each issued as bonus shares | 97,270,400 | 62,157,511 | 972,704,000 | 621,575,110 |
| | <u>135,435,430</u> | <u>100,322,541</u> | <u>1,354,354,300</u> | <u>1,003,225,410</u> |

7.1 Pursuant to the approval of the shareholders in the 13th Annual General Meeting held on 31 October 2006, the authorized capital of the Company has been increased from Rs.1,300 million to Rs.1,600 million and its issued, subscribed & paid-up capital has increased to Rs. 1,354.354 million after taking effect of 35.113 million bonus shares issued during the period. Accordingly, Earning Per Share (EPS) of all periods presented have been adjusted retrospectively.

7.2 Worldcall Telecom Limited held 1,707,543 shares (30 June 2006: 1,264,847 shares) with a percentage holding of 1.26%. (30 June 2006: 1.26%)

| Number of shares | |
|--------------------------|-------------------------|
| 31 March 2007 | 30 June 2006 |

7.3 Movement of number of shares

| | | |
|--|---------------------------|---------------------------|
| Shares outstanding as on 01 July 2006 | 100,322,541 | 85,380,887 |
| Bonus issue @ 35% | 35,112,889 | 14,941,654 |
| Shares out standing as on 31 March 2007 | <u>135,435,430</u> | <u>100,322,541</u> |

8 Contingencies and commitments

There is no change in contingencies and commitments from those disclosed in the financial statements for the year ended 30 June 2006.

9 Taxation

In view of the available tax losses, provision for taxation represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 and tax deducted at source on dividend income.

10 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 March 2007 Rupees | 31 March 2006 Rupees |
|--|-------------------------------------|-------------------------------------|
| Subsidiary companies | | |
| Finance cost charged | 20,242,353 | 1,253,425 |
| Brokerage commission paid | 5,631,614 | 596,751 |
| Mark up income | - | 83,668 |
| Printing | 398,239 | 321,856 |
| Short term investments sold | 2,965,766 | - |
| Associated companies | | |
| Finance cost charged | 1,313,644 | 922,870 |
| Mark up income | 2,640,991 | 1,248,920 |
| Income from financial consultancy services | 5,937,768 | 18,250,000 |
| Insurance premium | 217,948 | 378,637 |
| Insurance claim | 69,686 | 32,000 |
| Short term investments sold | 174,981,600 | 73,239,708 |

11 Earnings per share-basic and diluted

| | | | |
|--|---------------|--------------------|-------------|
| Net profit for the period | Rupees | 636,191,582 | 286,316,434 |
| Weighted average number of ordinary shares as at 31 March | Shares | 135,435,430 | 135,435,430 |
| Earnings per share | Rupees | 4.70 | 2.11 |

For the purpose of computing earnings per share, the number of shares of the previous period have been adjusted for the effect of bonus shares issued during the period.

12 Date of authorization for issue

These financial statements were authorized for issue on 28 April 2007 by the Board of Directors of the Company.

13 General

There was a change in accounting policy in the financial statements for the year ended 30 June 2006 with respect to classification of investments. Consequently, corresponding figures of unrealized gain on remeasurement of short term investments in the profit and loss account and fair value reserve in statement of changes in equity have been restated. Furthermore, the corresponding figures of brokerage commission and capital value tax have been shown separately in operating expenses, previously these were netted off against capital gains.

Figures have been rounded off to the nearest rupee.

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**CONDENSED CONSOLIDATED
QUARTERLY ACCOUNTS
(Un-Audited)**

31 MARCH 2007

FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP

DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited are pleased to present the condensed consolidated financial statements of the Group for the nine months ended 31 March 2007

| | Rupees in million | |
|---|-------------------|------------------|
| | 31 March 2007 | 31 March 2006 |
| Revenues | 345 | 400 |
| Direct Costs | 24 | 27 |
| Operating Expenses | 213 | 174 |
| Operating profit | 108 | 199 |
| Shares of profit of associated companies | 71 | 46 |
| UN realized gain on re measurement of investments | 39 | 59 |
| Profit after tax | 161 | 273 |
| Minority Interest | (46) | (51) |
| Earnings per share - Basic (Rupees) | 0.85 | 1.64 |

FCSC Group:

First Capital Group has performed satisfactorily during the period under review. Salient features of the nine month period are as follows:

First Capital Equities Limited ("FCEL")

First Capital Equities Limited (FCEL) has shown stable growth with profit after tax of Rs. 109 million which was Rs. 70 million for the corresponding period last year. This translates into an increase in EPS from Rs. 1.94 per share to Rs 2.23 per share.

Lanka Securities (Pvt.) Limited ("LSL")

Sri Lanka based brokerage subsidiary; Lanka Securities (Pvt.) Limited (member Colombo Stock Exchange, Sri Lanka) reported after tax profit of LKR.15 million for the three months ended 31 March 2007. Lanka Securities (Private) Limited ("LSL") has shown significant growth with its EPS increasing by over 3 times from LKR 0.48 per share to LKR 2.15 per share for three months period ended 31 March 2006 and 31 March 2007 respectively. The Parent Company intends to invest a further Rs.40 (LKR.71) million in LSL to exercise right share at a price of LKR.20 per share including premium of LKR.10 per share.

First Capital Investments Limited ("FCIL")

First Capital Equities Limited ("FCEL") has reported revenue of Rs.9.2 million as compared to Rs.6.4 million for the same period last year, translating into an EPS 0.28 per share for the period under review.

World Press (Pvt.) Limited ("World Press")

The results of World Press are encouraging where posted after tax profit is Rs.0.14 million as compared to a loss of Rs.1.9 million translating into an EPS of Rs.0.21 per share as opposed to the loss of Rs.2.77 per share in the corresponding period last year.

I have complete confidence in the competence and commitment of the professional management of subsidiary companies. They have all the abilities as they take the further on its path of development and growth in the future.

For and on behalf of the Board of Directors

Lahore

28 April 2007

Salmaan Taseer

Chairman & Chief Executive Officer

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP
CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2007**

| | Note | Un-audited 31 March 2007 Rupees | Audited 30 June 2006 Rupees |
|--|------|--|--------------------------------------|
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | 201,693,264 | 86,326,300 |
| Intangible assets | | (29,619,238) | (30,193,675) |
| Long term loans | | 26,366,501 | 22,156,905 |
| Investment in associates | 5 | 1,357,259,979 | 1,378,216,591 |
| Long term deposits and advances | | 34,151,883 | 11,513,521 |
| Deferred cost | | 1,034,531 | 6,028 |
| | | <u>1,590,886,920</u> | <u>1,468,025,670</u> |
| Current assets | | | |
| Inventories | | 10,516,993 | 1,595,700 |
| Trade debts | | 855,786,872 | 751,846,531 |
| Current portion of long term loans | | 6,864,500 | 9,292,595 |
| Loans and advances | 6 | 255,002,882 | 129,318,059 |
| Short term prepayments | | 4,157,227 | 2,053,015 |
| Taxation recoverable | | 33,526,141 | 35,779,159 |
| Other receivables | | 230,359 | 13,367,210 |
| Placements | 7 | 663,000,000 | 467,641,520 |
| Interest receivable | | 6,932,394 | 6,832,897 |
| Short term investments | 8 | 560,560,343 | 303,258,296 |
| Cash and bank balances | | 222,090,363 | 308,453,860 |
| | | <u>2,618,668,074</u> | <u>2,029,438,842</u> |
| Current liabilities | | | |
| Trade and other payables | | 658,959,269 | 748,278,732 |
| Mark up accrued | | 16,660,166 | 7,914,252 |
| Liability against repurchase agreement | | 698,000,000 | 515,000,000 |
| Short term borrowings | 9 | 624,851,504 | 206,939,829 |
| Current portion of liabilities against assets subject to finance lease | | 2,929,601 | 6,975,990 |
| Current portion of long term finance | | 15,803,636 | 5,040,000 |
| | | <u>2,017,204,176</u> | <u>1,490,148,803</u> |
| Net current assets | | <u>601,463,898</u> | <u>539,290,039</u> |
| Net assets | | <u>2,192,350,818</u> | <u>2,007,315,709</u> |
| Non current liabilities | | | |
| Liabilities against assets subject to finance lease | | 6,362,575 | 3,678,196 |
| Long term finance | | 4,500,000 | 8,280,000 |
| Deferred tax liability | | 870,346 | 1,815,240 |
| Staff retirement benefits | | 21,747,394 | 17,467,854 |
| | | <u>33,480,315</u> | <u>31,241,290</u> |
| Contingencies and commitments | 10 | | |
| Net capital employed | | <u>2,158,870,503</u> | <u>1,976,074,419</u> |
| Represented by: | | | |
| Share capital and reserves | | | |
| Issued, subscribed and paid up capital | | 1,354,354,300 | 1,003,225,410 |
| Exchange translation reserve | | (2,778,439) | (173,170) |
| Reserve arising on issue of shares by subsidiary | | 82,455,043 | - |
| Revaluation reserve of an associated company | | 25,313,943 | 32,557,138 |
| Unappropriated profit | | 441,846,138 | 670,009,966 |
| Capital and reserves attributable to equity holders of the parent | | <u>1,901,190,985</u> | <u>1,705,619,344</u> |
| Minority interest | | 257,679,518 | 270,455,075 |
| | | <u>2,158,870,503</u> | <u>1,976,074,419</u> |

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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

FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007

| | | Nine months ended | | Three months ended | |
|---|----|--------------------|--------------------|--------------------|--------------------|
| | | 31 March | 31 March | 31 March | 31 March |
| Note | | 2007 | 2006 | 2007 | 2006 |
| | | Rupees | Rupees | Rupees | Rupees |
| Revenue | | 344,905,284 | 400,145,770 | 144,550,722 | 145,583,228 |
| Direct costs | | 23,861,323 | 27,141,141 | 5,621,216 | 10,069,084 |
| Gross profit | | <u>321,043,961</u> | <u>373,004,629</u> | <u>138,929,506</u> | <u>135,514,144</u> |
| Operating expenses | | 213,237,508 | 173,521,273 | 77,711,792 | 64,050,074 |
| Operating profit | | <u>107,806,453</u> | <u>199,483,356</u> | <u>61,217,714</u> | <u>71,464,070</u> |
| Other income | | 119,903,297 | 70,129,647 | 36,834,098 | 24,153,946 |
| | | <u>227,709,750</u> | <u>269,613,003</u> | <u>98,051,812</u> | <u>95,618,016</u> |
| Finance costs | | 124,353,866 | 63,387,717 | 48,951,919 | 25,008,767 |
| | | <u>103,355,884</u> | <u>206,225,286</u> | <u>49,099,893</u> | <u>70,609,249</u> |
| Share of profit of associated companies | | 70,848,248 | 45,600,628 | (6,291,558) | 6,868,525 |
| Unrealized gain/(loss) on remeasurement of short term investments | | 38,872,446 | 58,814,087 | 21,857,775 | 18,518,397 |
| | | <u>213,076,578</u> | <u>310,640,001</u> | <u>64,666,110</u> | <u>95,996,171</u> |
| Profit before taxation | | <u>213,076,578</u> | <u>310,640,001</u> | <u>64,666,110</u> | <u>95,996,171</u> |
| Taxation | | (51,722,474) | (37,218,280) | (17,250,133) | (11,360,213) |
| Profit after taxation | | <u>161,354,104</u> | <u>273,421,721</u> | <u>47,415,977</u> | <u>84,635,958</u> |
| Minority interest | | (45,632,237) | (50,806,576) | (15,280,416) | (18,936,699) |
| Profit attributable to holding company | | <u>115,721,867</u> | <u>222,615,145</u> | <u>32,135,561</u> | <u>65,699,259</u> |
| Earnings per share - basic | 12 | <u>0.85</u> | <u>1.64</u> | <u>0.24</u> | <u>0.49</u> |

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

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007**

| | 31 March 2007 Rupees | 31 March 2006 Rupees |
|---|----------------------------|----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 213,076,578 | 310,640,001 |
| Adjustments for: | | |
| Depreciation | 15,950,874 | 9,404,918 |
| Finance cost | 124,353,866 | 63,387,717 |
| Provision for bad debts written back | - | (2,009,758) |
| Bad debts written off | - | 187,489 |
| (Gain)/ loss on remeasurement of short term investments | (38,872,446) | (58,814,087) |
| Deferred cost | (1,028,503) | 2,259 |
| Goodwill | (574,437) | - |
| Gain on disposal of property, plant and equipment | 928,659 | (1,426,501) |
| Profit on sale of long term investments | - | (303,846) |
| Dividend income | (9,895,394) | (353,151) |
| Retirement benefits | 5,612,200 | 2,567,659 |
| Profit from associated companies | (70,848,248) | (45,600,628) |
| | 25,626,571 | (32,957,929) |
| Profit before working capital changes | 238,703,149 | 277,682,072 |
| Effect on cash flow due to working capital changes: | | |
| (Increase)/decrease in: | | |
| Inventories | (8,921,293) | (3,513,189) |
| Trade debts | (103,940,341) | (8,929,047) |
| Loans and advances | (125,684,823) | (152,877,004) |
| Short term prepayments | (2,104,212) | (1,182,160) |
| Other receivables | 13,136,851 | 209,227 |
| Short term investments - net | (218,429,601) | 10,428,382 |
| Placements | (195,358,480) | (362,210,605) |
| Interest receivable | (99,497) | (2,179,875) |
| Increase/(decrease) in: | | |
| Trade and other payables | (89,319,463) | 518,579,434 |
| Liability against repurchase agreement | 183,000,000 | - |
| Short term borrowings | 417,911,675 | 7,250,531 |
| | (129,809,184) | 5,575,694 |
| Cash generated from operations | 108,893,965 | 283,257,766 |
| Retirement benefits paid | (1,332,660) | (659,044) |
| Finance cost paid | (115,607,952) | (61,538,118) |
| Taxes paid | (48,524,562) | (27,740,781) |
| Net cash generated from/(used in) operating activities | (56,571,209) | 193,319,823 |
| Cash flows from investing activities | | |
| Fixed capital expenditure | (137,058,211) | (19,815,714) |
| Sale proceeds of property, plant and equipment | 4,811,714 | 2,182,700 |
| Investment in associates | 91,804,860 | (91,097,956) |
| Long term Loans | (1,781,501) | (770,686) |
| Long term deposit and advances | (22,638,362) | 2,812,710 |
| Net cash generated from/(used) in investing activities | (64,861,500) | (106,688,946) |
| Cash flows from financing activities | | |
| Repayment of finance lease liabilities | (1,362,010) | (2,288,636) |
| Long term finance | 6,983,636 | 14,580,000 |
| Share premium | 29,447,586 | - |
| Net cash generated used in financing activities | 35,069,212 | 12,291,364 |
| Net increase/(decrease) in cash and cash equivalents | (86,363,497) | 98,922,241 |
| Cash and cash equivalents in the beginning of the period | 308,453,860 | 163,281,840 |
| Cash and cash equivalents at the end of the period | 222,090,363 | 262,204,081 |

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2007**

| | Attributable to equity holders of the Parent | | | | Minority interest | Total Equity |
|---|--|--|-------------------------------|------------------------------|-----------------------|----------------------|
| | Share capital | Revaluation reserve of an associated company | Issue of shares by subsidiary | Currency translation reserve | Unappropriated profit | Total |
| | | | | | | |
| Balance as at 01 July 2005 | 853,808,870 | 32,557,138 | - | 688,290 | 339,825,833 | 1,226,880,131 |
| Exchange translation difference recognized directly in equity Profit for the year | - | - | - | 210,609 | 222,615,145 | 210,609 |
| Total recognized income and expense for the period | - | - | - | 210,609 | 222,615,145 | 222,825,754 |
| Issuance of bonus shares | 149,416,540 | - | - | - | (149,416,540) | - |
| Balance as at 31 March 2006 | 1,003,225,410 | 32,557,138 | - | 898,899 | 413,024,438 | 1,449,705,885 |
| Balance as at 01 July 2006 | 1,003,225,410 | 32,557,138 | - | (173,170) | 670,009,966 | 1,705,619,344 |
| Exchange translation difference recognized directly in equity Profit for the year | - | - | - | (2,605,269) | 115,721,867 | (2,605,269) |
| Total recognized income and expenses for the period | - | - | - | (2,605,269) | 115,721,867 | 113,116,598 |
| Issuance of share capital against bonus shares | 351,128,890 | - | - | - | (351,128,890) | - |
| Share premium | - | - | - | - | - | - |
| Issuance of right shares | - | - | 1,755,512 | - | - | 1,755,512 |
| Issuance of bonus shares | - | - | 80,699,531 | - | - | 80,699,531 |
| Sale of investment | - | (7,243,195) | - | - | 7,243,195 | - |
| Balance as at 31 March 2007 | 1,354,354,300 | 25,313,943 | 82,455,043 | (2,778,439) | 441,846,138 | 2,158,870,503 |

The annexed notes 1 to 15 form an integral part of these accounts.

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 QUARTER AND PERIOD ENDED 31 MARCH 2007

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

These condensed interim financial statements are un-audited. These condensed interim financial statements have been prepared in accordance with the requirements of directives of Securities and Exchange Commission of Pakistan and International Accounting Standard-34 "Interim Financial Statements" and are being submitted to the shareholders under section 245 of the Companies Ordinance 1984.

3. Accounting policies

Accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Parent Company for the year ended 30 June 2006.

4. Subsidiary companies

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

| | Percentage of Holding | |
|---|------------------------------|-------------------------|
| | 31 March 2007 | 30 June 2006 |
| First Capital Equities Limited (FCEL) | 67.29 | 67.39 |
| Lanka Securities (Pvt.) Limited, Sri Lanka | 51 | 51 |
| First Capital Investments Limited | 65.79 | 65.79 |
| Mileage (Pvt.) Limited | 100 | 100 |
| World Press (Pvt.) Limited | 65 | 65 |
| Equity Partners Securities Limited (Subsidiary of FCEL) | 34.37 | 34.37 |

5. Investment in associates

| | 31 March 2007 Rupees | 30 June 2006 Rupees |
|---------------------------------------|-------------------------------------|------------------------------------|
| Opening balance | 1,378,216,591 | 1,024,502,437 |
| Add: Acquisition of additional shares | 14,995,140 | 123,405,270 |
| Less: Shares disposed off | (106,800,000) | - |
| Add: Share of profit | 70,848,248 | 230,308,884 |
| Closing balance | <u>1,357,259,979</u> | <u>1,378,216,591</u> |

6. Loan and advances

This includes an amount of Rs. 187,776,556/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules and Rs. 28,701,533/- (June 2006 : NIL) deposited against the disputed claim of Mr. Aslam Motiwala.

| | 31 March 2007 Rupees | 30 June 2006 Rupees |
|---|-------------------------------------|------------------------------------|
| 7 Placements | | |
| Secured - Considered good | - | 7,641,520 |
| Placement on account of continuous funding system | - | - |
| Securities purchased under the resale agreements of quoted shares - Related Party | 400,000,000 | 350,000,000 |
| Securities purchased under the resale agreements of quoted shares - Others | 263,000,000 | 110,000,000 |
| | <u>663,000,000</u> | <u>467,641,520</u> |

8. Short term investments

Investments measured at fair value through profit and loss account

| | | |
|--|--------------------|--------------------|
| Cost of investments | 521,687,897 | 156,841,138 |
| Less: Un-realised gain on remeasurement of investments | 38,872,446 | 146,417,158 |
| | <u>560,560,343</u> | <u>303,258,296</u> |

9. Short term borrowings

These facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 1,225 million (June 30, 2006: Rupees 1,005 million). These facilities carry mark up at the rate ranging from 3 and 6 months KIBOR plus 2 % to 4.25 % (June 30, 2006: 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16 % (June 30, 2006: 16 %) per annum payable quarterly and are secured against pledge of shares of listed companies.

10. Contingencies and commitments

There is no change in contingencies and commitments disclosed in the annual audited consolidated financial statements for the year ended June 30, 2006 except for the following:

The Honorable Sindh High Court, while deciding on different applications filed by First Capital Equities Limited ("FCEL"), directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against FCEL.

The Arbitration Committee of KSE has given the decision and has asked FCEL to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to FCEL.

FCEL has filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28,701,533 to KSE. The Management is confident that appeal would be decided in the FCEL's favour.

11 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 March 2007 Rupees | 31 March 2006 Rupees |
|--|----------------------------|----------------------------|
| Associated companies | | |
| Brokerage income | 22,184,767 | 25,382,943 |
| Repurchase agreement arrangement fee | 516,667 | 8,904,109 |
| Placements entered | 1,590,000,000 | 350,000,000 |
| Income earned on placement | 34,564,513 | 8,904,109 |
| Finance cost charged | 1,313,644 | 922,870 |
| Mark up Income | 2,640,991 | 1,248,920 |
| Income from Financial Consultancy Services | 5,937,768 | 18,250,000 |
| Insurance premium | 217,948 | 378,637 |
| Insurance claim | 69,686 | 32,000 |
| Short term investments sold | 174,981,600 | 73,239,708 |
| Advisory fee | 4,867,406 | 2,564,705 |
| Take-up commission | 149,838 | - |

Rupees Rupees

12 Earnings per share-basic

| | | | |
|-------------------------------------|--------|-------------|-------------|
| Net profit for the period | Rupees | 115,721,867 | 222,615,145 |
| | | | Restated |
| Average ordinary shares outstanding | Shares | 135,435,430 | 135,435,430 |
| Earnings per share-Basic | Rupees | 0.85 | 1.64 |

13 Date of authorization

These financial statements were authorized for issue on 28 April 2007 by the Board of Directors of the Parent Company.

14 Comparative figures

The corresponding figures have been re-arranged wherever necessary for the purpose of comparison.

15 General

Figures have been rounded off to the nearest rupee.