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HALF YEARLY ACCOUNTS

(Un-Audited)

31 December 2003



FCSC

First Capital Securities Corporation Ltd.

www.worldcall.com.pk

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**HALF YEARLY ACCOUNTS
(Un-Audited)**

31 DECEMBER 2003

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First Capital Securities Corporation Limited
Company Information

Board of Directors

Salmaan Taseer	Chairman & Chief Executive Officer
Lt. Gen. (R) Humayun Khan Bangash	
Muhammad Ashraf Ali	
Sulieeman Ahmed Said Al-Hoqani	
Tariq Malik	
Fazeel Asif Jah	
Syed Kashan Kazmi	

Chief Financial Officer

Syed Kashan Kazmi

Audit Committee

Lt. Gen. (R) Humayun Khan Bangash	Chairman
Fazeel Asif Jah	Member
Tariq Malik	Member

Company Secretary

Adeel K. Bajwa

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Advisers

Rehman Saleem & Tarar
Advocates

Bankers

Standard Chartered Bank
Prime Commercial Bank Limited
Faysal Bank Limited
Muslim Commercial Bank Limited
PICIC Commercial Bank Limited
Bank of Khyber
Saudi Pak Commercial Bank Limited

Custodian

Prime Commercial Bank Limited
Faysal Bank Limited

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
Ground Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi
☎ (021) 5689021

Registered Office/Head Office

103-C/II, Gulberg-III
Lahore, Pakistan
☎ (042) 5757591-4
Fax: (042) 5757590, 5877920

DIRECTORS' REVIEW

The directors of First Capital Securities Corporation Limited (the "Company" or "FCSC") are pleased to present the auditor's reviewed accounts for the half-year ended December 31, 2003 along with 2nd quarter accounts.

Financial performance

The Period under review saw the Company posting an operating profit of Rs.7.57 million as compared to Rs.1.83 million in the corresponding period last year. Income from money market operations has increased considerably from 5.59 million to Rs.11.49 million, which is an encouraging sign. The after-tax profit is Rs.55.6 million as compared to Rs.52.4 million in the corresponding period last year. The EPS for the current period is Rs.1.18 against Rs.1.12 for the corresponding period last year on its enhanced capital after issue of bonus shares approved by the shareholders on October 31, 2003.

Amongst the associated companies, WorldCALL Communications Limited posted an after tax profit of Rs.91.7 million as compared to Rs.92.3 million in the corresponding period last year. Pace (Pakistan) Ltd. had an after-tax loss of Rs.4.70 million as compared to loss of Rs.2.99 million for the corresponding period last year.

The performance of subsidiary companies has improved with First Capital Equities Ltd. booking an after-tax profit of Rs.14.9 million as compared to Rs.14.1 million for the corresponding period last year and First Capital Investments Ltd booked a profit of Rs.2.87 million as compared to a loss of Rs.0.29 million for the corresponding period last year.

Lanka Securities (Pvt.) Ltd performed exceptionally well with an after tax profit of Rs.25 million (EPS-LKR5.87). Further, it declared a cash dividend of 40% (10% interim, and 30 % final).

Future Outlook

Healthy performance of the capital and real estate markets of the country during the recent past suggests that First Capital Equities Limited and Pace (Pakistan) Ltd. will continue to increase the wealth of our company.

Likewise the end of PTCL's monopoly and deregulation of the telecom sector would enable WorldCALL to commence its LDI project and start telephony services, subject to approvals and licenses from relevant authorities. It is anticipated that as and when these licenses are granted and operations in this connection start, the profitability of the aforementioned companies along with FCSC would improve considerably.

Acknowledgement

The half year ended December 31, 2003 has proved to be another successful period for First Capital Securities Corporation Limited. Such progress would have not been possible without the full support all concerned people and organizations. The Board of Directors wishes therefore to take this opportunity to express its appreciation and gratitude to the Company's shareholders for their unwavering support and its employees for their strong commitment and dedication to our company. The Board also thanks all its subsidiary and associated companies for their continued assistance and backing up, from which our company draws its strength and strategic depth.

For and on behalf of the Board of Directors,

Lahore
28 February 2004

Salmaan Taseer
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **First Capital Securities Corporation Limited** ("the company") as at 31 December 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the six months then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As explained in note 8.1 the company is exposed to the extent of Rs. 32.2 million in respect of transactions carried out on account of Workers Welfare Fund. In the absence of complete information, we are not in the position to ascertain the extent of provision required at the period end against this exposure.

Based on our review, except for the matter referred in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT 31 DECEMBER 2003

	Note	31 December 2003 Rupees	30 June 2003 Rupees
NON CURRENT ASSETS			
OPERATING FIXED ASSETS	4	8,420,314	7,744,011
LONG TERM INVESTMENTS	5	602,556,627	510,156,290
INVESTMENT PROPERTY		61,035,500	55,181,700
LONG TERM DEPOSITS		1,474,550	866,250
		<u>673,486,991</u>	<u>573,948,251</u>
CURRENT ASSETS			
Marketable securities	6	118,770,172	148,078,663
Advance for purchase of shops		6,162,000	-
Advances, deposits, prepayments and other receivables		48,854,506	43,684,696
Accounts receivable		13,214,767	46,780,115
Cash and bank balances		11,410,512	24,889,832
		<u>198,411,957</u>	<u>263,433,306</u>
CURRENT LIABILITIES			
Current portion of obligations under finance leases		855,273	648,554
Short term borrowings- secured		48,781,869	55,000,000
Creditors, accrued and other liabilities		66,776,836	71,435,236
Unclaimed dividend		2,018,448	13,345,566
Provision for taxation	7	9,344,657	9,248,532
		<u>127,777,083</u>	<u>149,677,888</u>
WORKING CAPITAL		<u>70,634,874</u>	<u>113,755,418</u>
NET CURRENT ASSETS		<u>744,121,865</u>	<u>687,703,669</u>
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY		2,520,986	2,108,942
OBLIGATIONS UNDER FINANCE LEASES		1,573,259	1,154,646
CONTINGENCIES AND COMMITMENTS	8	-	-
NET CAPITAL EMPLOYED		<u>740,027,620</u>	<u>684,440,081</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES:			
Share capital			
Authorized 50,000,000 (2003: 35,000,000) ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital		469,125,760	339,946,200
Share premium		2,643,800	2,643,800
Reserve for issue of bonus shares		-	129,179,560
Unappropriated profit		268,258,060	212,670,521
		<u>740,027,620</u>	<u>684,440,081</u>

The annexed notes 1 to 10 form an integral part of these accounts of the company.
These financial statements were authorized for issue by the Board of Directors on 28 February 2004.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

Note	2003		2002	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	31 December	31 December	31 December	31 December
	Rupees	Rupees	Rupees	Rupees
OPERATING REVENUE				
Financial consultancy services	1,500,000	3,000,000	1,840,000	4,915,000
Money market brokerage	8,632,830	11,495,665	2,870,800	5,599,989
Capital gain on investments	5,458,465	5,458,465	346,480	1,190,280
Dividend income	2,114,021	2,114,021	1,408,000	1,408,000
Gain on disposal of investment property	-	-	2,496,000	2,496,000
Net Rental income from investment property	1,359,159	2,613,746	1,398,690	1,398,690
	<u>19,064,475</u>	<u>24,681,897</u>	<u>10,359,970</u>	<u>17,007,959</u>
OPERATING EXPENSES	<u>10,666,717</u>	<u>17,113,069</u>	<u>9,170,002</u>	<u>15,179,102</u>
OPERATING PROFIT	<u>8,397,758</u>	<u>7,568,828</u>	<u>1,189,968</u>	<u>1,828,857</u>
FINANCIAL CHARGES	<u>2,160,613</u>	<u>4,615,370</u>	<u>956,290</u>	<u>1,551,438</u>
	<u>6,237,145</u>	<u>2,953,458</u>	<u>233,678</u>	<u>277,419</u>
OTHER INCOME				
Mark up income	467,447	943,130	944,551	3,623,869
Exchange gain/ (loss)	2,075	(5,888)	(16,547)	(27,293)
Gain on disposal of fixed assets	-	359,637	267,693	267,693
Miscellaneous income	(10,127)	1,508	(159,031)	22,490
	<u>459,395</u>	<u>1,298,387</u>	<u>1,036,666</u>	<u>3,886,759</u>
	<u>6,696,540</u>	<u>4,251,845</u>	<u>1,270,344</u>	<u>4,164,178</u>
Share in profit/ (loss) of associated and subsidiary companies	13,160,664	11,502,337	16,149,917	30,108,432
Gain on fair value adjustment of investment property	5,853,800	5,853,800	15,963,000	15,963,000
Unrealized gain on remeasurement of marketable securities	6,417,840	34,075,682	264,936	2,772,650
PROFIT BEFORE TAXATION	<u>32,128,844</u>	<u>55,683,664</u>	<u>33,648,197</u>	<u>53,008,260</u>
Taxation	7 <u>(67,925)</u>	<u>(96,125)</u>	<u>(498,800)</u>	<u>(550,969)</u>
PROFIT AFTER TAXATION	<u>32,060,919</u>	<u>55,587,539</u>	<u>33,149,397</u>	<u>52,457,291</u>
Earnings per share- Basic	<u>0.68</u>	<u>1.18</u>	<u>0.71</u>	<u>1.12</u>

The annexed notes 1 to 10 form an integral part of these accounts.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

	<u>31 December 2003</u>	<u>31 December 2002</u>
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	55,683,664	53,008,260
Adjustments for:		
Mark-up expense	4,615,370	1,399,269
Share in loss/(profit) of associated and subsidiary companies	(11,502,337)	(30,108,432)
Unrealized gain on remeasurement of marketable securities	(34,075,682)	(2,772,650)
Gain on fair value adjustment of investment property	(5,853,800)	-
Dividend	(2,114,021)	-
Depreciation	796,834	841,776
Gain on disposal of fixed assets	(359,637)	(267,693)
Provision for gratuity	435,044	259,900
	<u>(48,058,229)</u>	<u>(30,647,830)</u>
	7,625,435	22,360,430
(Increase)/decrease in current assets		
Marketable securities	63,384,173	126,336,053
Accounts receivable	33,565,348	(24,072,631)
Advances, deposits, prepayments and other receivables	(10,546,266)	(13,005,488)
	<u>86,403,255</u>	<u>89,257,934</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(6,930,501)	(8,801,055)
Cash generated from operations	<u>87,098,189</u>	<u>102,817,309</u>
Gratuity paid	(23,000)	(316,000)
Mark-up paid	(2,343,269)	(1,399,269)
Taxes paid	(785,544)	(824,991)
	<u>83,946,376</u>	<u>100,277,049</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(863,500)	(1,356,500)
Dividend received	2,114,021	-
Proceeds from disposal of fixed assets	725,000	885,000
Long term investments	(80,898,000)	(106,260,513)
Long term deposits	(608,300)	(77,300)
NET CASH USED IN INVESTING ACTIVITIES	<u>(79,530,779)</u>	<u>(106,809,313)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(11,327,118)	(141,325)
Proceeds from finance leases	-	1,129,000
Repayment against lease finance	(349,668)	(764,084)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(11,676,786)</u>	<u>223,591</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(7,261,189)</u>	<u>(6,308,673)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,889,832	26,754,166
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,628,643</u>	<u>20,445,493</u>
Cash and cash equivalents are comprised of the following:		
Cash in hand	39,415	5,199
Bank balances	11,371,097	20,440,294
Short term running finance	(8,781,869)	-
	<u>2,628,643</u>	<u>20,445,493</u>

The annexed notes 1 to 10 form an integral part of these accounts of the company

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

	Share Capital Rupees	Share Premium Rupees	Reserve for Issue of Bonus Shares Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 30 June 2002	339,946,200	2,643,800	-	192,550,716	535,140,716
Net profit for the period ended 31 December 2002	-	-	-	52,457,291	52,457,291
Adjustment of profits of an associated company on adoption of IAS-12	-	-	-	(16,247,400)	(16,247,400)
Balance as at 31 December 2002	339,946,200	2,643,800	-	228,760,607	571,350,607
Balance as at 30 June 2003	339,946,200	2,643,800	129,179,560	212,670,521	684,440,081
Net profit for the period ended 31 December 2003	-	-	-	55,587,539	55,587,539
Issuance of share capital	129,179,560	-	(129,179,560)	-	-
Balance as at 31 December 2003	469,125,760	2,643,800	-	268,258,060	740,027,620

The annexed notes 1 to 10 form an integral part of these accounts.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED
31 DECEMBER 2003

1. STATUS AND NATURE OF BUSINESS

First Capital Securities Corporation Limited ("the company") was incorporated in Pakistan on April 11, 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 Gulberg, Lahore. The company has investments in subsidiaries and associates engaged in brokerage, telecommunication and real estate. In addition the company acts as a broker in the money market.

2. BASIS OF PREPARATION

These financial statements are being presented in condensed form in accordance with the requirements of International Accounting Standard-34 'Interim Financial Reporting'. These financial statements are un-audited and are being submitted to the shareholders, as required under section 245 of The Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual audited accounts of the company for the year ended June 30, 2003.

4. OPERATING FIXED ASSETS

	Note	31 December 2003 Rupees	31 December 2002 Rupees
Opening book value		7,744,011	8,874,599
Add: Additions during the period	4.1	<u>1,838,500</u>	<u>1,356,500</u>
		9,582,511	10,231,099
Less: Disposals during the period (at book value)		<u>365,363</u>	<u>617,307</u>
Depreciation/amortization charged during the period		<u>796,834</u>	<u>841,776</u>
		<u>1,162,197</u>	<u>1,459,083</u>
		<u>8,420,314</u>	<u>8,772,016</u>

4.1 Following is the detail of additions during the period

Computers	-	227,500
Office Equipment	-	-
Vehicles	1,838,500	1,129,000
	<u>1,838,500</u>	<u>1,356,500</u>

5. LONG TERM INVESTMENTS

These shares are of Rs. 10 each unless stated otherwise.

Name of Companies	Holding %		Rupees	
	31 December 2003	30 June 2003	31 December 2003	30 June 2003
Subsidiary company - Listed				
First Capital Equities Limited				
8,089,800 shares (June 2003: 8,089,800 shares)	67.40	67.40	51,423,186	43,211,081
Advance for right issue of shares			<u>80,898,000</u>	<u>-</u>
			<u>132,321,186</u>	<u>43,211,081</u>
Subsidiary companies - Unlisted				
First Capital Associates (Private) Limited				
-Wholly owned				
100,000 shares (June 2003: 100,000 shares)	100.00	100.00	1,772,559	682,822
First Capital Investments Limited				
1,250,000 shares (June 2003: 1,250,000 shares)	65.79	65.79	12,984,943	11,093,430

	Holding %		Rupees	
	31 December 2003	30 June 2003	31 December 2003	30 June 2003
Lanka Securities (Private) Limited-Foreign entity 3,564,900 shares (June 2003: 3,564,900 shares)	51.00	51.00	20,217,154	14,751,945
Media Times (Private) Limited Share deposit money 8,000,000 ordinary shares of Rs.10 each	69.74	-	58,773,463	80,000,000
Associated companies - Listed				
WorldCALL Communications Limited 30,328,560 shares (June 2003: 33,678,560 shares)	18.52	21.15	301,119,228	284,130,946
WorldCALL Broadband Limited 1,500,000 ordinary shares of Rs.10 each	1.25	-	15,121,780	15,000,000
Associated companies - Unlisted				
Pace (Pakistan) Limited 5,007,245 shares (June 2003: 5,007,245 shares)	14.80	14.80	58,724,614	59,420,806
Bright Star Corporation (Private) Limited 720,000 shares (June 2003: 720,000 shares)	18.00	18.00	1,476,700	1,820,260
Pace Supper Mall (Private) Limited 4,500 ordinary shares of Rs.10 each	10.00		45,000	45,000
			602,556,627	510,156,290

Note

6. MARKETABLE SECURITIES

Held for trading	6.1	18,825,968	3,119,018
Available for sale	6.2	99,944,203	144,959,645
		118,770,171	148,078,663
6.1 Held for trading		18,825,968	3,119,018
Other companies		18,825,968	3,119,018
6.2 Available for sale			
Quoted			
Subsidiary		83,342,200	49,385,025
Associated companies		11,877,678	64,270,990
Other companies		4,724,325	31,303,630
		99,944,203	144,959,645

7. TAXATION

The Company's assessments have been finalized up to the assessment year 2002-2003. The tax authorities re-opened the assessment for assessment year 1995-1996 under section 68-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 4.6 million by allocating expenditure against the capital gains exempt from tax. The Company's appeal in Income Tax appellate Tribunal ("ITAT") was rejected and as a result an additional tax demand of Rs. 1.1 million, being the additional tax under section 89, was created. Company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-1996, the tax authorities re-opened the proceedings for assessment year 1996-1997 which is set aside by the CIT (Appeals). Subsequently, based on previous years, tax authorities also reopened the assessment year 1997-1998 & 1998-1999 and raised a tax demand of Rs. 18.5 million against which the Company has filed appeal in ("ITAT"). Based on reopening u/s 68-A, DCIT also assessed the assessment years 1999-2000 to 2002-2003 by allocating expenses to capital gain. The Company has filed appeals in CIT (Appeals) against these orders. Provision has not been made in the accounts for these tax demands. The management is hopeful of favorable outcomes of its appeals.

The Company is also contesting in ITAT for tax of Rs. 5.1 million recovered by tax authorities against gain on sale of KSE and LSE memberships by the Company during the assessment year 1997-1998. Provision has not been made against this liability.

As at 31 December 2003, deferred tax asset has not been recorded in view of uncertainty about the availability of taxable profits in the foreseeable future against which such losses could be utilized.

8. CONTINGENCIES AND COMMITMENTS

8.1 During financial year 2002 the senior management of the company was contacted by the National Accountability Bureau in respect of certain transactions in FIBs carried out by the company related to WWF during 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the company had colluded with WWF officials to defraud WWF.

On the basis of these investigations, National Accountability Bureau required the Company to pay and or guarantee to pay on account of WWF a sum of Rs. 46 million. Keeping in view that public funds were involved and based on legal advice that it was the company's vicarious liability, the company has paid NAB an amount of Rs. 13.8 million and has provided adequate security against the balance amount of Rs. 32.2 million. NAB has confirmed to the Company that the security will be released to the extent of amounts recovered from the parties involved. The sum of Rs. 13.8 million as discussed above was written off in the accounts for the year ended 30 June 2002 whereas provision has not been made for the sum of Rs. 32.2 million as the management is confident that this amount will be ultimately recovered by NAB. The Company remains contingently liable to the extent of Rs. 32.2 million.

8.2 The Securities and Exchange Commission of Pakistan has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited, an associated company. The company is contesting this matter and is confident of a favorable outcome.

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders and key management employees. The Company recognizes transactions with related parties at arm's length basis using "Comparable Uncontrolled Price Method". The transactions and balances with related parties other than remuneration under the terms of employment are as follows:

	31 December 2003 Rupees	31 December 2002 Rupees
These are made up as follows:		
TRANSACTIONS		
Trading of shares by subsidiary company:		
- Purchases	68,523,615	143,030,065
- Sales	56,081,320	164,295,885
Payments for/against current accounts	61,761,323	17,750,372
Sale of shares to subsidiary company	80,413,000	-
Sale of vehicles to associated company	-	764,672
Investments in subsidiaries and associated companies	-	395,282,721
Consultancy fee charged	3,000,000	4,915,000
Mark up income	937,027	4,182,708
Mark up charged by associated companies	335,071	247,332
Dividend from associated companies	2,114,021	-
Insurance claim	34,965	-
Commission paid	31,620	-
Service charges paid to associated company	1,193,700	-
BALANCES		
Wholly owned subsidiary company (Receivable)	8,864,789	8,812,439
Other subsidiary companies (Receivables)	669,654	574,901
Other subsidiary companies (Payables)	1,288,407	-
Associated companies (Receivables)	17,009,040	12,778,337
Associated companies (Payables)	8,427,782	15,536,527

10. GENERAL

10.1 Figures have been rounded off to the nearest rupee.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 31 DECEMBER 2003

	Note	31 December 2003 Rupees	30 June 2003 Rupees
FIXED CAPITAL EXPENDITURE			
Tangible fixed assets	4	185,381,879	43,696,703
Capital work in progress		-	144,740,517
		<u>185,381,879</u>	<u>188,437,220</u>
NEGATIVE GOODWILL			
LONG TERM INVESTMENTS	6	(78,109,029)	(78,109,029)
COST OF CARDS AND ROOMS		394,114,002	376,594,263
INVESTMENTS IN PROPERTY		56,200,000	56,200,000
DEFERRED TAXATION		61,035,500	55,181,700
LONG TERM DEPOSITS		23,907,436	991,487
DEFERRED COSTS		13,916,665	7,893,120
		<u>206,309</u>	<u>235,782</u>
		<u>471,270,883</u>	<u>607,424,543</u>
CURRENT ASSETS			
Stock in trade		2,389,738	2,041,931
Marketable securities	7	231,618,885	122,234,220
Advance for purchase of shops		6,162,000	-
Advances, deposits, prepayments and other receivables		83,403,005	139,027,707
Accounts receivables		165,495,611	272,447,990
Cash and bank balances		170,245,532	54,651,567
		<u>659,314,771</u>	<u>590,403,415</u>
CURRENT LIABILITIES			
Current maturity of obligations under finance leases		5,107,852	5,216,435
Short term running finance		48,781,869	70,744,479
Creditors, accrued and other liabilities		396,809,395	331,997,243
Dividend payable		2,018,448	13,345,566
Provision for taxation		17,940,997	14,717,911
		<u>470,658,561</u>	<u>436,021,634</u>
NET CURRENT ASSETS			
		<u>188,656,210</u>	<u>154,381,781</u>
LONG TERM DEPOSITS			
		742,700	560,700
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY			
		10,645,641	8,508,214
OBLIGATIONS UNDER FINANCE LEASES			
		8,773,473	10,145,358
CONTINGENCIES AND COMMITMENTS			
	9	-	-
		<u>825,147,158</u>	<u>742,592,052</u>
REPRESENTED BY:			
SHAREHOLDERS' EQUITY			
Share capital		469,125,760	339,946,200
Share premium		2,643,800	2,643,800
Reserve for issue of bonus shares		-	129,179,560
Unappropriated profit		193,833,324	161,498,350
		<u>665,602,884</u>	<u>633,267,910</u>
MINORITY INTEREST			
		159,544,274	109,324,142
		<u>825,147,158</u>	<u>742,592,052</u>

The annexed notes 1 to 11 form an integral part of these accounts of the company.

These financial statements were authorized for issue by the Board of Directors on 28 February 2004.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

	2003		2002	
	Quarter ended	Half year ended	Quarter ended	Half year ended
	31 December	31 December	31 December	31 December
	Rupees	Rupees	Rupees	Rupees
REVENUES	89,042,578	165,789,618	34,365,508	66,386,825
DIRECT COSTS	24,065,371	46,980,723	-	-
GROSS PROFIT	<u>64,977,207</u>	<u>118,808,895</u>	<u>34,365,508</u>	<u>66,386,825</u>
OPERATING COSTS	56,340,602	112,113,605	37,166,851	61,890,317
OPERATING PROFIT/(LOSS)	8,636,605	6,695,290	(2,801,343)	4,496,508
OTHER INCOME	132,674	5,717,697	10,137,362	14,869,867
	<u>8,769,279</u>	<u>12,412,987</u>	<u>7,336,019</u>	<u>19,366,375</u>
FINANCIAL CHARGES	5,214,465	10,561,959	1,342,688	2,302,053
	<u>3,554,814</u>	<u>1,851,028</u>	<u>5,993,331</u>	<u>17,064,322</u>
Share in profit of associated companies	12,310,072	17,519,739	10,249,833	35,298,794
Gain on fair value adjustment of investment property	5,853,800	5,853,800	-	-
Unrealized (loss)/gain on re-measurement of marketable securities	-	(1,504,705)	2,239,125	6,225,388
PROFIT BEFORE TAXATION	<u>21,718,686</u>	<u>23,719,862</u>	<u>18,482,289</u>	<u>58,588,504</u>
Taxation	(22,205,215)	(19,277,775)	553,948	761,117
PROFIT AFTER TAXATION	<u>43,923,901</u>	<u>42,997,637</u>	<u>17,928,341</u>	<u>57,827,387</u>
MINORITY INTEREST	(8,349,548)	(8,864,087)	(9,507,950)	(6,261,925)
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	<u>35,574,353</u>	<u>34,133,550</u>	<u>8,420,391</u>	<u>51,565,462</u>
TRANSFERRED TO RESERVES				
Earnings per share-Basic	<u>0.76</u>	<u>0.73</u>	<u>0.18</u>	<u>1.10</u>

The annexed notes 1 to 11 form an integral part of these accounts of the company.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

	31 December 2003	31 December 2002
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	23,719,862	58,588,504
Adjustments for non cash and other items:		
Depreciation	13,076,495	3,518,164
(Surplus)/deficit on re-measurment of marketable securities	1,504,705	(15,963,000)
Provision for bad debts	-	1,377,966
Surplus on revaluation of investment properties	(5,853,800)	(6,225,388)
(Gain) on sale of fixed assets	(443,616)	(447,429)
Share in profit of associated companies	(17,519,739)	(19,335,794)
Provision for gratuity	1,842,996	873,957
	(7,392,959)	(36,201,524)
Adjustments for working capital items:		
Increase in stock in trade	(347,807)	-
(Increase)/decrease in short term investments/marketable securities	(109,384,665)	102,081,194
Increase in advance for Pace shops	(6,162,000)	-
Increase in advances, deposits, prepayments and other receivables	75,624,702	(5,413,065)
Increase/(decrease) in accounts receivables	207,850,379	(98,050,902)
Increase/(decrease) in creditors, accrued and other liabilities	70,579,614	88,227,195
	238,160,223	86,844,422
	254,487,126	109,231,402
Gratuity paid	(244,980)	(652,200)
Tax paid	(785,544)	(1,472,458)
NET CASH FLOW FROM OPERATING ACTIVITIES:	253,456,602	107,106,744
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(11,392,790)	(5,858,058)
Proceeds from sale of fixed assets	1,028,021	1,855,500
Proceeds from sale of First Capital Equities Limited	-	19,080,000
Investments property	(5,853,800)	(12,486,575)
Increase in long term investments	(80,898,000)	(106,260,513)
Long term deposits	(6,023,545)	292,478
Deferred expenses incurred	29,473	-
NET CASH FLOW FROM INVESTING ACTIVITIES:	(103,110,641)	(103,377,168)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds from lease finance facilities	(1,480,468)	(159,450)
Proceeds from advance for issue of shares	18,200	-
Dividend paid	(11,327,118)	(141,325)
NET CASH FLOW FROM FINANCING ACTIVITIES:	(12,789,386)	(300,775)
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,556,575	3,428,801
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	(16,092,912)	84,253,296
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	121,463,663	87,682,097
CASH AND CASH EQUIVALENTS		
Cash and bank balance	170,245,532	91,272,768
Short term running finance	(48,781,869)	(3,590,671)
	121,463,663	87,682,097

The annexed notes 1 to 11 form an integral part of these accounts of the company.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

	Share Capital	Share Premium	Reserve for Issue of Bonus Shares	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2002	339,946,200	2,643,800	-	143,594,896	486,184,896
Profit for the period	-	-	-	51,565,462	51,565,462
Adjustment for Dilution in investment in First Capital Equities Limited	-	-	-	15,204,897	15,204,897
Adjustment of profits of an associated company	-	-	-	-	-
on adoption of IAS-12	-	-	-	(16,247,400)	(16,247,400)
Adjustment for exchange difference	-	-	-	(571,412)	(571,412)
Balance as on 31 December 2002	<u>339,946,200</u>	<u>2,643,800</u>	<u>-</u>	<u>193,546,443</u>	<u>536,136,443</u>
Balance as at 30 June 2002	339,946,200	2,643,800	-	143,594,896	486,184,896
Adjustment of profits of an associated company	-	-	-	-	-
on adoption of IAS-12	-	-	-	(16,247,400)	(16,247,400)
Profit for the year	-	-	-	165,679,643	165,679,643
Transfer to reserves for issue of bonus shares	-	-	-	-	-
-Interim declaration	-	-	67,989,240	(67,989,240)	-
-Final declaration	-	-	61,190,320	(61,190,320)	-
Adjustment for exchange difference	-	-	-	(2,387,353)	(2,387,353)
Adjustment of dilution of investment in First Capital Equities Limited	-	-	-	38,124	38,124
Balance as at 30 June 2003	<u>339,946,200</u>	<u>2,643,800</u>	<u>129,179,560</u>	<u>161,498,350</u>	<u>633,267,910</u>
Profit for the period	-	-	-	34,133,550	34,133,550
Adjustment for exchange difference	-	-	-	(1,798,576)	(1,798,576)
Issuance of share capital	129,179,560	-	129,179,560	-	-
Balance as at 31 December 2003	<u>469,125,760</u>	<u>2,643,800</u>	<u>-</u>	<u>193,833,324</u>	<u>665,602,884</u>

The annexed notes 1 to 11 form an integral part of these accounts of the company.

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED
31 DECEMBER 2003

1. STATUS AND NATURE OF BUSINESS

First Capital Securities Corporation Limited ("the parent company") was incorporated in Pakistan on April 11, 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 Gulberg, Lahore. The parent company has investments in subsidiaries and associates engaged in brokerage, telecommunication and real estate. In addition, the company acts as a broker in the money market.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and as per the requirements of International Accounting Standard-34 'Interim Financial Reporting'.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual audited accounts of the company for the year ended June 30, 2003.

31 December 2003	31 December 2002
Rupees	Rupees

4. OPERATING FIXED ASSETS

Opening book value	43,696,703	49,202,965
Add: Additions during the period	180,761,649	5,475,773
	224,458,352	54,678,738
Less: Disposals /transfers during the period	25,999,978	1,408,071
Depreciation/amortization charged during the period	13,076,495	3,518,164
	39,076,473	4,926,235
	185,381,879	49,752,503

5. SUBSIDIARY COMPANIES

Following subsidiary companies have been consolidated in the accounts of the parent company:

	Percentage of Holding	
	31 December 2003	30 June 2003
First Capital Equities Limited	67.39	67.39
First Capital Associates (Private) Limited	100.00	100.00
First Capital Investments Limited	65.79	65.79
Lanka Securities (Private) Limited-Foreign entity	51.00	51.00
Media Times (Private) Limited	69.74	72.17

6. **LONG TERM INVESTMENTS**

These shares are of Rs. 10/- each unless stated otherwise.

	Holding %		Rupees	
	31 December 2003	30 June 2003	31 December 2003	30 June 2003
Associated companies - Listed				
First Capital Mutual Fund Limited 1,500,000 shares (June 2003: 1,500,000 shares)	10.00	10.00	14,861,616	13,275,661
WorldCALL Communications Limited 30,328,560 shares (June 2003: 33,678,560 shares)	18.52	21.15	301,119,228	284,130,946
WorldCALL Broadband Limited 1,500,000 ordinary shares of Rs.10 each	1.25		15,121,780	15,000,000
Associated companies - Unlisted				
Pace (Pakistan) Limited 5,007,245 shares (June 2003: 5,007,245 shares)	14.95	14.95	58,862,561	59,516,623
Bright Star Corporation (Private) Limited 580,000 shares (June 2003: 580,000 shares)	32.5	32.5	4,103,817	4,626,033
Pace Super Mall (Private) Limited				
4,500 ordinary shares of Rs.10 each	10.00		45,000	45,000
			<u>394,114,002</u>	<u>376,594,263</u>

7. **MARKETABLE SECURITIES**

Held for trading	93,071,450	10,824,376
Available for sale	138,547,435	111,409,844
	<u>231,618,885</u>	<u>122,234,220</u>

8. **TAXATION**

First Capital Securities Corporation Limited - The Parent Company

The parent company's assessments have been finalized up to the assessment year 2002-2003. The tax authorities re-opened the assessment for assessment year 1995-1996 under section 66-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 4.6 million by allocating expenditure against the capital gains exempt from tax. The company's appeal in Income Tax Appellate Tribunal ("ITAT") was rejected and as a result an additional tax demand of Rs.1.1 million, being the additional tax under section 89, was created. Company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-1996, the tax authorities re-opened the proceedings for assessment year 1996-1997 which is set aside by the CIT (Appeals). Subsequently, based on previous years, tax authorities also reopened the assessment years 1997-1998 & 1998-1999 and raised a tax demand of Rs. 18.5 million against which the company has filed appeal in ("ITAT"). Based on reopening u/s 66-A, DCIT also assessed the assessment years 1999-2000 to 2002-2003 by allocating expenses to capital gain. The company has filed appeals in CIT (Appeals) against these orders. Provision has not been made in the accounts for these tax demands. The management is hopeful of favorable outcomes of its appeals.

The company is also contesting in ITAT for tax of Rs.5.1 million recovered by tax authorities against gain on sale of KSE and LSE memberships by the company during the assessment year 1997-1998. Provision has not been made against this liability.

As at 31 December 2003, deferred tax asset has not been recorded in view of uncertainty about the availability of taxable profits in the foreseeable future against which such losses could be utilized.

9. CONTINGENCIES AND COMMITMENTS

9.1 During financial year 2002 the senior management of the company was contacted by the National Accountability Bureau in respect of certain transactions in FIBs carried out by the company related to WWF during 1999. On review of related records and information and discussions with the senior management, National Accountability Bureau's investigation concluded that two employees of the company had colluded with WWF officials to defraud WWF.

On the basis of these investigations, National Accountability Bureau required the company to pay and or guarantee to pay on account of WWF a sum of Rs. 46 million. Keeping in view that public funds were involved and based on legal advice that it was the company's vicarious liability, the company has paid NAB an amount of Rs. 13.8 million and has provided adequate security against the balance amount of Rs. 32.2 million. NAB has confirmed to the company that the security will be released to the extent of amounts recovered from the parties involved. The sum of Rs. 13.8 million as discussed above was written off in the accounts for the year ended 30 June 2002 whereas provision has not been made for the sum of Rs. 32.2 million as the management is confident that this amount will be ultimately recovered by NAB. The company remains contingently liable to the extent of Rs. 32.2 million.

9.2 The Securities and Exchange Commission of Pakistan has raised demand of Rs. 0.823 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of Shaheen Insurance Company Limited, a related party. The company is contesting this matter and is confident of a favorable outcome.

9.3 First Capital Equities Limited

There were no changes in Contingencies and Commitments disclosed in the annual accounts for the year ended 30 June 2003 and quarterly accounts for the period ended 30 September 2003.

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders and key management employees. The company recognizes transactions with related parties at arm's length basis using "Comparable Uncontrolled Price Method". The transactions and balances with related parties other than remuneration under the terms of employment are as follows:

	31 December 2003	31 December 2002
	Rupees	Rupees
These are made up as follows:		
TRANSACTIONS		
Trading of shares by subsidiary company:		
- Purchases	68,523,615	143,030,065
- Sales	56,081,320	164,295,885
Brokerage Income	184,979	389,975
Payments for/against current accounts	61,761,323	18,267,880
Balances receivable from		
Subsidiary companies	9,534,443	39,439,968
Associated companies	17,009,040	18,176,411
Balances payable to		
Subsidiary companies	1,288,407	665,251
Associated companies	8,427,782	7,074,508
Sale of shares to subsidiary company	80,413,000	-
Sale of vehicles to associated company	-	764,672
Investments in subsidiaries and associated companies	-	395,282,721
Consultancy fee charged	3,000,000	4,915,000
Mark up income	937,027	4,182,708
Mark up charged	335,071	302,858
Dividend from associated companies	2,114,021	-
Insurance claim	34,965	-
Commission paid	31,620	-
Service charges paid to associated company	1,193,700	1,128,879
Group pool expenses	730,320	1,125,879

11. GENERAL

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR