

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**QUARTERLY ACCOUNTS
(Un-Audited)**

31 MARCH 2005

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Company Information

Board of Directors

Salmaan Taseer (Chairman & Chief Executive Officer)
Aamna Taseer
Sulaiman Ahmed Said Al-Hoqani
Shaan Taseer
Khawaja Khalil Shah
Jamal Said Al-Ojaili
Syed Kashan Kazmi

Chief Financial Officer

Syed Kashan Kazmi

Audit Committee

Shaan Taseer (Chairman)
Aamna Taseer (Member)
Khawaja Khalil Shah (Member)

Company Secretary

Nauman Rahman

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Advisers

Rehman Saleem & Tarar
Advocates

Bankers

Faysal Bank Limited
Muslim Commercial Bank Limited
PICIC Commercial Bank Limited
Prime Commercial Bank Limited
Standard Chartered Bank

Custodian

Prime Commercial Bank Limited

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
Ground Floor
Modern Motors House,
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 un-audited accounts of the Company for the quarter ended 31 March 2005.

Financial Performance

During the period under review, the Company showed after tax profit for the quarter at Rs. 51.34 million produced an EPS of Rs. 0.87, which was mainly due to favorable economic and stock market conditions and Rs. 67.95 million for the aggregated three quarters as compared to Rs. 141.94 million. The operating profit of the Company has increased to Rs 49.00 million as compared to Rs.21.30 million in last year.

The Company capitalized on the opportunities in bullish market by securing a capital gain of Rs 44.79 million for the period. Financial advisory desk of the Company also contributed in a great way by earning Rs.27.25 million. The Company recorded share of profit from subsidiary and associated companies of Rs. 42.10 million, which increased the over all after tax profit of the Company to Rs.67.951 million with an EPS of Rs1.15.

Amongst subsidiaries, First Capital Equities Ltd. has tapped the benefit of bullish market translating into a tremendous growth of 117 % by reporting a net profit year to date of Rs. 74.32 million with an EPS Rs.3.10 as compared to Rs. 34.27 million with an EPS of Rs.1.43 in the last year. *World Press (Pvt.) Ltd.* earned an after-tax profit of Rs6.43 million for year to date an EPS of Rs.3.25. *Lanka Securities* generated after a net profit of Rs.5.57 million with an EPS of Lankan Rs.1.39.

The performance of FCSC's associated companies showed that *WorldCALL Communications Ltd.* posting a net profit of Rs 128.83 million for the nine-month period. *Media Times (Pvt.) Ltd* has showed increase of almost 200% of its revenues as compared to same period in last year. *Pace (Pakistan) Ltd* continued its growth by completing its new shopping mall in Model Town, Lahore construction of M.M Alam road Lahore.

Future Outlook

The Company made an investment of Rs. 292.00 million in Worldcall Telecom Limited (WTL), an associated LDI and wireless telephony company, which has commenced its Long Distance and International ("LDI") operations in the month of November 2004. WTL is going to launch wireless phone services shortly.

FCSC looks forward to earning good returns from its investments in subsidiary and associated companies.

Changes in Board of Directors

During the period the Board appointed Mrs. Aamna Taseer as Directors of the Company in place of outgoing Directors Lt. General (R) Humayun Khan Bangash. Subsequent to the period Mr. Fazeel Asif Jah and Mr. Muhammad Ashraf Ali were replaced with Mr. Jamal Said Al-Ojaili and Khawaja Khalil Shah respectively.

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 Company.

For and on behalf of the Board of Directors

Lahore
29 April 2005

Salmaan Taseer
Chairman & Chief Executive Officer

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2005

	Note	31 March 2005 Rupees	30 June 2004 Rupees
FIXED ASSETS		4,475,701	4,125,101
INVESTMENT PROPERTY		-	65,019,300
LONG TERM INVESTMENTS		1,116,614,005	772,638,632
LONG TERM DEPOSITS		1,264,550	1,180,050
		1,122,354,256	842,963,083
CURRENT ASSETS			
Trade debts		32,265,890	5,855,045
Loans and advances		27,733,138	19,702,390
Short term prepayments		307,407	865,850
Other receivables		22,728,444	23,365,932
Short term investments		259,862,974	222,434,278
Cash and bank balances		3,367,028	7,949,710
		346,264,881	280,173,205
CURRENT LIABILITIES			
Trade and other payables		4,921,820	45,803,966
Mark up accrued on loans and other payables		8,407,205	7,775,870
Short term borrowings		161,715,134	126,134,547
Current portion of obligations under finance leases		1,051,744	884,132
Provision for taxation		10,004,482	9,846,586
		186,100,385	190,445,101
WORKING CAPITAL		160,164,496	89,728,104
NET ASSETS		1,282,518,752	932,691,187
NON CURRENT LIABILITIES			
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		1,575,843	1,733,364
DEFERRED LIABILITIES		3,090,690	2,531,785
		4,666,533	4,265,149
CONTINGENCIES AND COMMITMENTS	6	-	-
NET CAPITAL EMPLOYED		1,277,852,219	928,426,038
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	4	656,776,060	469,125,760
Share premium reserve		-	2,643,800
Reserve for issue of bonus shares		197,032,810	-
Revaluation Reserve of an associated company		32,557,138	32,557,138
Unappropriated profit		391,486,211	424,099,340
		1,277,852,219	928,426,038

The annexed notes 1 to 9 form an integral part of these accounts.

These financial statements were authorised for issue by the Board of Directors of the company on 29 April, 2005.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2005

Note	31 March 2005		31 March 2004	
	Jan - Mar 3 - Months Rupees	Year to date 9 - Months Rupees	Jan - Mar 3 - Months Rupees	Year to date 9 - Months Rupees
OPERATING REVENUE				
Financial consultancy services	1,000,000	27,250,000	1,500,000	4,500,000
Money market brokerage	1,504,371	5,329,293	2,922,461	14,418,126
Capital gain on investments	30,461,242	44,797,043	6,821,878	12,280,343
Dividend income	-	-	6,620,378	8,734,399
Loss on disposal of investment property	-	(3,916,300)	-	-
Net rental income from investment property	-	1,334,278	1,339,227	3,952,973
	32,965,613	74,794,314	19,203,944	43,885,841
OPERATING EXPENSES	7,241,946	25,792,795	5,476,190	22,589,259
OPERATING PROFIT	25,723,667	49,001,519	13,727,754	21,296,582
FINANCIAL CHARGES	6,926,425	18,603,399	2,082,732	6,698,102
	18,797,242	30,398,120	11,645,022	14,598,480
OTHER INCOME	541,956	1,723,893	746,158	2,044,545
	19,339,198	32,122,013	12,391,180	16,643,025
Share in profit of associated and subsidiary companies	32,086,565	42,098,650	7,131,461	18,633,799
Gain on fair value adjustment of investment property	-	-	-	5,853,800
Unrealized (loss)/gain on remeasurement of marketable securities	(81,327)	(6,112,036)	66,855,766	100,931,448
PROFIT BEFORE TAXATION	51,344,436	68,108,627	86,378,407	142,062,072
Taxation	(7,521)	(157,896)	(28,843)	(124,968)
PROFIT AFTER TAXATION	51,336,915	67,950,731	86,349,564	141,937,104
Earnings per share- Basic	8	0.87	1.15	1.63
		2.68		

The annexed notes 1 to 9 form an integral part of these accounts.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005

	31 March 2005	31 March 2004
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	68,108,627	142,062,072
Adjustments for:		
Mark-up expense	18,603,399	6,698,102
Share in profit of associated and subsidiary companies	(42,098,650)	(18,633,799)
Unrealized (loss)/gain on remeasurement of marketable securities	6,112,036	(100,931,448)
Gain on disposal of investment property	3,916,300	-
Gain on fair value adjustment of investment property	-	(5,853,800)
Dividend	-	(8,734,399)
Depreciation	591,300	1,186,261
Gain on disposal of fixed assets	-	(591,518)
Provision for gratuity	686,541	652,566
	(12,189,074)	(126,208,035)
	55,919,553	15,854,037
(Increase)/decrease in current assets		
Trade debts	(26,410,845)	11,528,644
Loans and advances	(8,030,748)	(8,608,380)
Short term prepayments	558,443	(207,233)
Other receivables	107,637	(592,271)
Short term investments	(43,540,732)	64,214,964
Securities purchased under resale agreements	-	22,315,871
	(77,316,245)	88,651,595
Increase / (decrease) in current liabilities		
Trade and other payables	(40,865,512)	(1,721,573)
Short term borrowings	35,580,587	(4,533,978)
Cash (used)/generated from operations	(26,681,617)	98,250,081
Gratuity paid	(127,636)	(247,000)
Mark-up paid	(17,972,064)	(2,549,303)
Taxes paid	(477,768)	(926,891)
NET CASH (OUT FLOW)/INFLOW FROM OPERATING ACTIVITIES	(45,259,085)	94,526,887
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(96,900)	(489,000)
Dividend received	1,007,619	2,114,021
Proceeds from disposal of fixed assets	-	1,275,000
Proceeds from disposal of investment property	61,103,000	-
Long term investments	(301,876,723)	(84,493,000)
Long term deposits	(84,500)	(657,350)
NET CASH USED IN INVESTING ACTIVITIES	(239,947,504)	(82,250,329)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(16,634)	(11,331,606)
Repayment against lease finance	(834,909)	(757,718)
Issuance of share capital	281,475,450	-
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	280,623,907	(12,089,324)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(4,582,682)	187,234
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,949,710	9,889,832
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,367,028	10,077,066

The annexed notes 1 to 9 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005

	Share Capital Rupees	Share Premium Rupees	Reserve for Issue of Bonus Shares Rupees	Revaluation Reserve of an associated Company Rupees	Unappropriated Profit Rupees	Total Rupees
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 March 2004	-	-	-	-	141,937,104	141,937,104
Issuance of share capital	129,179,560	-	(129,179,560)	-	-	-
Balance as at 31 March 2004	469,125,760	2,643,800	-	-	354,607,625	826,377,185
Balance as at 30 June 2004	469,125,760	2,643,800	-	32,557,138	424,099,340	928,426,038
Net profit for the period ended 31 March 2005	-	-	-	-	67,950,731	67,950,731
Issuance of share capital	187,650,300	93,825,150	-	-	-	281,475,450
Transfer to reserves for issue of bonus shares	-	(96,468,950)	197,032,810	-	(100,563,860)	-
Balance as at 31 March 2005	656,776,060	-	197,032,810	32,557,138	391,486,211	1,277,852,219

The annexed notes 1 to 9 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2005

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 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 state. In addition, the Company acts as a broker in money market.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standards (IAS) - 34 "Interim Financial Reporting". These financial statements are unaudited 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 financial statements are the same as those applied in preparation of the preceding annual accounts of the Company for the year ended June 30, 2004.

4. SHARE CAPITAL

Authorized

85,000,000 (June 2004: 50,000,000) ordinary shares of Rs. 10/- each

31 March 2005	30 June 2004
Rupees	Rupees

850,000,000	500,000,000
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Issued, subscribed and paid-up

65,677,606 (June 2004: 46,912,576) ordinary shares of Rs. 10/- each

656,776,060	469,125,760
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4.1 This represents issue of 40% right shares at a premium of 50%.

4.2 Subsequent to the period ended, the authorized capital of the company was increased to Rs.1,000 million (100 million ordinary shares of Rs. 10/- each).

5. TAXATION

The Company's assessment have been finalized upto the tax year 2003. The tax authorities reopened the assessment for the assessment year 1995-96 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 from exempt 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. The Company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-96 the Tax Authorities reopened the proceedings for the assessment year 1996-97 which is set a side by the CIT (Appeals). Subsequently

based on previous years, tax authorities also reopened the assessment years 1997-98 and 1998-99 and raised a tax demand of Rs.18.5 million against which the Company filed appeal in ("ITAT") and ITAT has accepted the Company's appeal. 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. The DCIT passed rectification order u/s 221 of the Income Tax Ordinance, 2001 for the assessment year 2000-2001 to 2002-2003 creating a tax demand of Rs.9.8 million.

The Company filed appeal in CIT(A) against orders u/s 221 and also filed rectification against the said orders of the DCIT and the management is hopeful of favorable outcomes of its appeals. During the period appeals u/s 62/65 & u/s 62 for assessment year 1995-96, 1999-2000, 2000-2001 to 2002-2003 respectively fixed for hearing before CIT(A) .The CIT(A) allowed partial relief against the orders passed by the DCIT. In the light of order of the CIT(A) demand of Rs.9.8 million was reduced to Rs.6.2 million for the assessment year 2000-2001 to 2002-2003. Provision has not been made in accounts for these tax demands.

6. CONTINGENCIES AND COMMITMENTS

6.1 During 2002 the senior management of the Company was contacted by 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 advise that it was the Company's vicarious liability, the Company had paid National Accountability Bureau an amount of Rs. 13.8 million and had provided adequate security against the balance amount recovered from the parties involved.

National Accountability Bureau recovered Rs. 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. In the previous year the Company paid an additional amount of Rs. 10 million as full and final settlement amount. The sum of Rs. 23.8 million as discussed above has been written off in the Company's accounts. National Accountability Bureau has asked the Company to deposit the balance amount of Rs. 10.073 million, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amounts are not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved.

The Company remains contingently liable to the extent of Rs. 10.073 million.

6.2 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 in the High Court and is confident of a favorable outcome.

6.3 The Securities and Exchange Commission of Pakistan has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of WorldCALL Communications Limited, an associated company. The Company is contesting this matter in the High Court and is confident of a favorable outcome.

6.4 For contingencies relating to tax matters refer note 5.

7. 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, subsidiary undertakings, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	31 March	31 March
	Year to date	Year to date
	Nine months	Nine months
	2005	2004
	Rupees	Rupees
Transaction of shares		
- Purchases	652,905,375	124,230,130
- Sales	592,284,962	135,345,503
Payments for/against current accounts	364,625,623	82,041,973
Investments in subsidiaries and associated companies	301,876,723	100,398,000
Consultancy fee charged	26,250,000	4,500,000
Mark up income	1,493,219	1,456,995
Mark up charged by associated companies	724,375	335,071
Dividend from associated companies	-	8,370,399
Insurance premium	319,378	202,056
Insurance claim	75,880	45,904
Commission paid	297,159	59,792
Service charges paid to associated company	552,300	1,790,550

8. EARNING PER SHARE-BASIC

Net profit for the year (Rupees)	67,950,731	141,937,104
Average ordinary shares outstanding (Number)	59,344,408	53,011,211
Earnings per share-Basic (Rupees)	1.15	2.68

9. GENERAL

9.1 Figures have been rounded off to the nearest rupee.

9.2 Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 5, 2004, previous period's figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2005**

	Note	31 March 2005 Rupees	30 June 2004 Rupees
FIXED ASSETS		61,755,608	41,665,520
NEGATIVE GOODWILL		(81,284,938)	(81,284,938)
LONG TERM INVESTMENTS		904,676,088	604,962,998
COST OF CARDS AND ROOMS		67,862,010	66,883,935
INVESTMENT PROPERTY		-	65,019,300
DEFERRED TAXATION		2,604,245	1,434,002
LONG TERM DEPOSITS		7,680,647	7,223,741
DEFERRED COSTS		9,795	12,054
		963,303,455	705,916,612
CURRENT ASSETS		1,346,648	1,142,650
Stock in trade		1,138,701,708	416,647,931
Trade debts		27,733,138	19,702,390
Loans and advances		307,407	865,850
Short term prepayments		120,731,743	23,365,932
Other receivables		314,526,977	273,632,990
Short term investments		90,572,341	148,045,153
Cash and bank balances		1,693,919,962	883,402,896
CURRENT LIABILITIES		831,765,039	416,112,798
Trade and other payables		8,407,205	-
Mark up accrued on loans and other payables		465,139,131	227,447,062
Short term borrowings		3,694,045	3,893,279
Current portion of liabilities against assets subject to finance lease		19,380,245	18,188,121
Provision for taxation		1,328,385,665	665,641,260
		365,534,297	217,761,636
WORKING CAPITAL		1,328,837,752	923,678,248
NET ASSETS		1,328,837,752	923,678,248
NON CURRENT LIABILITIES		180,309	-
DEFERRED TAX LIABILITY		11,515,619	9,387,153
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY		7,120,001	8,739,813
OBLIGATIONS UNDER FINANCE LEASES		18,815,929	18,126,966
CONTINGENCIES AND COMMITMENTS	6	-	-
		1,310,021,823	905,551,282
REPRESENTED BY:			
SHAREHOLDERS' EQUITY		656,776,060	469,125,760
Issued, subscribed and paid up capital	7	-	2,643,800
Share premium		197,032,810	-
Reserve for issue of bonus shares		32,557,138	32,557,138
Revaluation reserves of an associated company		239,648,568	255,546,510
Unappropriated profit		1,126,014,576	759,873,208
MINORITY INTEREST		184,007,247	145,678,074
		1,310,021,823	905,551,282

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

These financial statements were authorized for issue by the Board of Directors of the company on 29 April, 2005.

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED
31 MARCH 2005**

Note	31 March 2005		31 March 2004	
	Quarter ended Rupees	Nine Months Rupees	Quarter ended Rupees	Nine Months Rupees
REVENUES	189,125,262	359,430,939	104,637,307	270,426,925
DIRECT COSTS	6,429,587	20,132,427	27,033,650	74,014,373
GROSS PROFIT	182,695,675	339,298,512	77,603,657	196,412,552
ADMINISTRATIVE EXPENSES	62,251,364	159,986,025	55,440,932	167,554,537
PROFIT FROM OPERATIONS	120,444,311	179,312,487	22,162,725	28,858,015
OTHER INCOME	2,111,752	10,744,527	2,433,398	8,151,095
	122,556,063	190,057,014	24,596,123	37,009,110
FINANCIAL COST	15,858,730	34,174,959	5,495,972	16,057,931
	106,697,333	155,882,055	19,100,151	20,951,179
Gain on fair value adjustment of investment properties	-	-	-	5,853,800
Unrealized (loss)/gain on remeasurement of marketable securities	(10,535,695)	(16,566,404)	70,553	(1,434,152)
Share in (loss)/profit of associated companies	(628,871)	(2,163,633)	4,165,815	21,685,554
PROFIT BEFORE TAXATION	95,532,767	137,152,018	23,336,519	47,056,381
Taxation	(17,380,767)	(24,426,491)	(4,013,362)	15,264,413
PROFIT AFTER TAXATION	78,152,000	112,725,527	19,323,157	62,320,794
MINORITY INTEREST	(19,755,894)	(29,747,529)	(4,823,378)	(11,085,303)
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	58,396,106	82,977,998	14,499,779	51,235,491
Earnings per share - Basic	9	1.32	1.90	0.36
		1.18		

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

LAHORE: CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005**

	31 March 2005 Rupees	31 March 2004 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	137,152,018	47,056,381
Adjustments for:		
Depreciation	7,319,560	17,988,857
Amortization	2,259	44,209
Unrealized loss on remeasurement of marketable securities	16,566,404	1,434,152
Loss on disposal of investment property	3,916,300	-
Gain on fair value adjustment of investment property	-	(5,853,800)
Gain on disposal of fixed assets	(93,715)	(1,188,598)
Bad debts written back	-	(1,929,720)
Share in (loss)/profit of associated companies	2,163,633	(21,685,554)
Provision for staff retirement gratuity	3,147,031	3,192,309
	33,021,472	(7,998,145)
(Increase)/decrease in current assets		
Stock in trade	(203,998)	(1,446,056)
Trade debts	(713,747,447)	21,744,995
Loans and advances	(8,030,748)	-
Short term prepayments	558,443	-
Other receivables	(97,365,811)	(195,668,948)
Short term investments	(57,460,391)	(45,489,782)
	(876,249,952)	(220,859,791)
Increase/(decrease) in current liabilities		
Trade and other payables	415,652,241	208,071,081
Mark up accrued on loans and other payables	8,407,205	-
	424,059,446	208,071,081
	(282,017,016)	26,269,526
Gratuity paid	(1,018,565)	(1,234,699)
Tax paid	(22,244,433)	(1,497,788)
NET CASH (OUT FLOW)/IN FLOW FROM OPERATING ACTIVITIES:	(305,280,014)	23,537,039
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure	(27,569,926)	(11,086,603)
Proceeds from disposal of fixed assets	253,993	3,271,500
Long term investments	(301,876,723)	21,740,428
Proceeds from disposal of investment property	61,103,000	-
Cost of cards and rooms	(978,075)	-
Long term deposits	(456,906)	(560,700)
NET CASH (OUT FLOW)/IN FLOW FROM INVESTING ACTIVITIES:	(269,524,637)	13,364,625
CASH FLOW FROM FINANCING ACTIVITIES:		
Lease rentals paid	(3,378,046)	(8,792,476)
Issuance of share capital	281,475,450	-
Proceeds from finance lease	1,559,000	-
Dividend paid	(16,634)	(11,331,606)
NET CASH FLOW/(USED IN) FROM FINANCING ACTIVITIES:	279,639,770	(20,124,082)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(295,164,881)	16,777,582
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(79,401,909)	(16,092,912)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(374,566,790)	684,670
CASH AND CASH EQUIVALENTS		
Cash and bank balance	90,572,341	89,844,560
Short term running finance	(465,139,131)	(89,159,890)
	(374,566,790)	684,670

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005**

	Share Capital Rupees	Share Premium Rupees	Reserve for Issue of Bonus Shares Rupees	Revaluation Reserve of an associated Company Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 30 June 2003	339,946,200	2,643,800	129,179,560	-	161,498,350	633,267,910
Profit for the period ended 31 March 2004	-	-	-	-	51,235,491	51,235,491
Adjustment for exchange difference	-	-	-	-	(1,986,087)	(1,986,087)
Issuance of share capital	129,179,560	-	(129,179,560)	-	-	-
Balance as at 31 March 2004	469,125,760	2,643,800	-	-	210,747,754	682,517,314
Balance as at 30 June 2004	469,125,760	2,643,800	32,557,138	-	255,546,510	759,873,208
Profit for the period ended 31 March 2005	187,650,300	93,825,150	-	-	82,977,998	82,977,998
Issuance of share capital	-	(96,468,950)	197,032,810	-	(100,563,860)	281,475,450
Transfer to reserves for issue of bonus shares	-	-	-	-	1,687,920	1,687,920
Adjustment for exchange difference	-	-	-	-	-	-
Balance as at 31 March 2005	656,776,060	-	197,032,810	32,557,138	239,648,568	1,126,014,576

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2005

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of International Accounting Standards (IAS) - 34 "Interim Financial Reporting". These financial statements are un-audited 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 financial statements are the same as those applied in preparation of the preceding annual accounts of the company for the year ended June 30, 2004.

4. SUBSIDIARY COMPANIES

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

	Percentage of Holding	
	31 March 2005	30 June 2004
First Capital Equities Limited (FCEL)	67.39	67.39
Lanka Securities (Pvt.) Limited, Sri Lanka	51	51
First Capital Investments Limited	65.79	79.37
First Capital Associates (Pvt.) Limited	100	100
World Press (Pvt.) Limited	65	65
Equity Partners Securities Limited (Subsidiary of FCEL)	34.37	34.37

5. TAXATION

The Company's assessment have been finalized upto the tax year 2003. The tax

authorities reopened the assessment for the assessment year 1995-96 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 from exempt 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. The Company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-96 the Tax Authorities reopened the proceedings for the assessment year 1996-97 which is set aside by the CIT (Appeals). Subsequently based on previous years, tax authorities also reopened the assessment years 1997-98 and 1998-99 and raised a tax demand of Rs.18.5 million against which the Company filed appeal in ("ITAT") and ITAT has accepted the Company's appeal. 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. The DCIT passed rectification order u/s 221 of the Income Tax Ordinance, 2001 for the assessment year 2000-2001 to 2002-2003 creating a tax demand of Rs.9.8 million.

The Company filed appeal in CIT(A) against orders u/s 221 and also filed rectification against the said orders of the DCIT and the management is hopeful of favorable outcomes of its appeals. During the period appeals u/s 62/65 & u/s 62 for assessment year 1995-96, 1999-2000, 2000-2001 to 2002-2003 respectively fixed for hearing before CIT(A). The CIT(A) allowed partial relief against the orders passed by the DCIT. In the light of order of the CIT(A) demand of Rs.9.8 million was reduced to Rs.6.2 million for the assessment year 2000-2001 to 2002-2003. Provision has not been made in accounts for these tax demands.

6. CONTINGENCIES AND COMMITMENTS

6.1 First Capital Securities Corporation Limited

6.1.1 During 2002 the senior management of the Company was contacted by 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 advise that it was the Company's vicarious liability, the Company had paid National Accountability Bureau an amount of Rs. 13.8 million and had provided adequate security against the balance amount recovered from the parties involved.

National Accountability Bureau recovered Rs. 12.127 million from various parties involved and informed that Company's liability stands reduced by the said amount. In the previous year the Company paid an additional amount of Rs. 10 million as full and final settlement amount. The sum of Rs. 23.8 million as discussed above has been written off in the Company's accounts. National Accountability Bureau has asked the Company to deposit the balance amount of Rs. 10.073 million, which remains un-

recovered from various parties involved. The Company has informed National Accountability Bureau that the said amounts are not payable. The Company has also lodged a counter claim for sums paid to National Accountability Bureau, which were actually siphoned by the employees of WWF and other parties involved.

The Company remains contingently liable to the extent of Rs. 10.073 million.

6.1.2 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 in the High Court and is confident of a favorable outcome.

6.1.3 The Securities and Exchange Commission of Pakistan has raised demand of Rs. 7.67 million in respect of tenderable gain under section 224 of the Companies Ordinance, 1984, in respect of purchase and sale of shares of WorldCALL Communications Limited, an associated company. The Company is contesting this matter in the High Court and is confident of a favorable outcome.

6.1.4 For contingencies relating to tax matters refer note 5.

6.2 First Capital Equities Limited

6.2.1 During the year 2000 certain clients of the company defaulted on their obligations. ABN AMRO Asia Limited Hong Kong (ABN AMRO), major shareholder of the company at that time, arranged for the requisite financing and assumed the open positions and obligations of the defaulting clients. The loans so arranged by ABN AMRO were secured specifically against the amounts recoverable from these defaulting clients and were repayable only through amounts recovered from such defaulting clients. These loans were interest free and exchange risk had been assumed by ABN AMRO pursuant to the loan agreements signed between the company and ABN AMRO. Accordingly the company had set off these loans and such recoverable amounts. The Company had initiated cases against the defaulting clients for recovery of the amounts due from them. The defaulting clients had made a counter claim in the said proceedings. The eventual outcome of these cases or counter claims is uncertain at this stage.

6.2.2 The company has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalised against the company except for those mentioned in note 5.1. The existence and the magnitude of any such claims, other than mentioned in these accounts, are not presently known.

6.2.3 The Honourable Sind High Court, while deciding on different applications filed by The Company, directed the Karachi Stock Exchange (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 the Company. The Management is confident that these claims would be decided in the Company's favour.

A Claim of Rs. 150 million, by the above mentioned members of the Karachi Stock Exchange was also filed with the KSE Advisory and Arbitration Committee and the same was not entertained by the committee as it was not in their legal jurisdiction.

The claimant then filed a civil suit before the Honourable Sindh High Court in the year 2000, which is pending. The management is of the opinion that the likely hood of an un-favorable decision is remote.

6.2.4 The Income Tax Authorities has re-opened the assessments for the assessment years 1998-1999 & 1999-2000 under section 66-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 10.08 million by allocating expenditure against the Capital Gains. The Commissioner of Income Tax (appeals) has finalised the appeal for the assessment year 2000-2001 by partially set aside the appeal of the assessee on allocation of expenditure to exempt income i.e capital gains and tax demand comes to Rs. 7.25 million. The Company has filed appeals in the Income Tax Appellate Tribunal ("ITAT") for above mentioned years. The Income Tax Authorities have also finalized the assessment for the assessment years 2001-2002 by allocating expenditure against capital gains and determined a refund of Rs. 530,345/-. The Income Tax Authorities has also imposed additional tax & penalties u/s 52, 88 & 89 of the Income Tax Ordinance, 1979 and assessed tax demand of Rs. 1.26 million for the assessment years 1998-99 to 2001-02. The Company has filed appeals before the commissioner of Income Tax (appeals). The management is hopeful for a favourable outcome in the appeals.

6.2.5 Mr. Assad ullah Sajid has filed petition with the Securities & Exchange Commission of Pakistan against FCEL for refund of deposit worth of Rs. 590,740/- deposited for purchase of shares on his behalf.

	31 March 2005	30 June 2004
	Rupees	Rupees
7. SHARE CAPITAL		
Authorized		
85,000,000 (June 2004: 50,000,000) ordinary shares of Rs. 10/- each	850,000,000	500,000,000
Issued, subscribed and paid-up		
65,677,606 (June 2004: 46,912,576) ordinary shares of Rs. 10/- each	656,776,060	469,125,760

7.1 This represents issue of 40% right shares at a premium of 50%.

7.2 Subsequent to the period ended, the authorized capital of the company was increased to Rs.1,000 million (100 million ordinary shares of Rs. 10/- each).

8 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 and key management personnel. Transactions with related parties other than remuneration and benefit to key management personnel under the terms of their employment are as follows:

	31 March 2005	31 March 2004
	Rupees	Rupees
Transaction of shares		
Sales	652,905,375	131,050,623
Purchases	592,284,962	122,360,315
Payments for/against current accounts	364,625,623	61,761,323
Investment in associated undertakings	301,876,723	376,539,389
Consultancy fees charged	26,250,000	4,500,000
Mark up income	1,493,219	1,456,995
Mark up charged	724,375	335,071
Dividend from associated companies	-	12,120,399
Insurance premium	319,378	34,965
Insurance claim	75,880	45,904
Service charges paid to associated companies	552,300	2,224,368
Investment advisory fees received	6,000,000	1,790,550
Commission paid	307,704	50,482

9. EARNING PER SHARE-BASIC

Net profit for the year (Rupees)	112,725,527	62,320,794
Average ordinary shares outstanding (Number)	59,344,408	53,011,211
Earnings per share-Basic (Rupees)	1.90	1.18

10 GENERAL

10.1 Figures have been rounded off to the nearest rupee.

10.2 Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589)1)/2004 dated July 5, 2004, previous period's figures have been rearranged and/or reclassified, where necessary, for the purpose of comparison.