

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**QUARTERLY ACCOUNTS
(Un-Audited)**

31 MARCH 2006

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Company Information

Board of Directors	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Sulieaman Ahmed Said Al-Hoqani Shaan Taseer Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Shaan Taseer Aamna Taseer Khawaja Khalil Shah
Company Secretary	Nauman Rahman
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Rehman Saleem & Tarar Advocates
Bankers	Bank Alfalah Limited Citi Bank N.A. Faysal Bank Limited MCB Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor Modern Motors House Beaumont 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

DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited ("FCSC" or the "Company") are pleased to present the un-audited financial statements of the Company for the quarter ended 31 March 2006.

Operating Results

The operating results of the Company are summarized below:

	2005 Rupees	2005 Rupees
Revenue	111,681,887	74,794,314
Operating expenses	24,070,933	25,792,795
Operating profit	87,610,954	49,001,519
Other revenues	7,971,780	1,723,893
Finance costs	16,254,383	18,603,399
Unrealized gain/(loss) on re-measurement of investments at fair value	42,511,696	(6,112,036)
Profit after Taxation	121,525,783	25,852,081
Earnings per share Basic	1.21	0.28

During the nine month period ending March 2006, the Company has reported an aggregate after-tax profit of Rs.121.53 million as compared to Rs.25.85 million for the corresponding period last year, showing an increase of 370%. Earnings per share of the Company have increased to Rs. 1.21 as compare to Rs.0.28 last year. For the quarter the Company has earned after tax profit of Rs.20.53 million in comparison to Rs.19.25 million for corresponding period last year. The financial consultancy desk was the major contributor towards the revenue with Rs.15.75 million.

Amongst subsidiaries, First Capital Equities Limited has encashed the benefits of current bullish trend of the market and reported an after tax profit of Rs.123.15 million as compared to Rs73.98 million in the same period last year. Earning per share has jumped to Rs.5.13 per share as compared to Rs.3.08 per share last year. First Capital Investments Limited (FCIL) has been assigned a management quality rating of AM4 by the JCR-VIS Credit Rating Company Limited. The financial results of FCIL showed an after tax profit of Rs.2.32 million as compared to loss of Rs.0.57 million last year. Lanka Securities (Pvt.) Limited reported an after tax profit of LKR.3.3 million for the quarter as compared to LKR.11.96 million in the same period last year. World Press (Private) Limited reported after tax profit of Rs.5.14 million for the quarter as compared to Rs.6.25 million in the same period last year.

Financial results of FCSC's associated companies also showing improvement with Worldcall Communications Limited, recording after-tax profit of Rs. 164.72 million as compared to Rs.128.83 million last year and earnings per share of Rs. 0.90 per share. Pace (Pakistan) Limited posted an after-tax profit of Rs. 59.97 million with EPS of Rs. 0.57 per share. Media Times (Pvt.) Limited showed significant improvement with reduction of its after tax loss to Rs.14.06 million as compared to loss of Rs.59.99 million last year.

Future Outlook

A scheme of arrangement/amalgamation for merger of Worldcall Communications Limited, Worldcall Broadband Limited and Worldcall Multimedia Limited with Worldcall Telecom Limited was approved by the Board of Directors and shareholders in general meeting. The said scheme has been approved by the Honorable Lahore High Court subsequent to the period ended on 31 March 2006.

The investments of the company in Worldcall Communications Limited and Worldcall Broadband Limited will be converted into Worldcall Telecom Limited in accordance with swap ratios approved by the Honorable Lahore High Court.

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

The Board of Directors wishes to express its gratification and appreciation 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
28 April 2006

Salmaan Taseer
Chairman & Chief Executive Officer

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2006

	Note	31 March 2006 Rupees	30 June 2005 Rupees (Restated)
NON CURRENT ASSETS			
Property and equipment		3,178,201	3,547,410
Long term investments	6	2,078,845,436	1,762,759,841
Long term loan		10,063,281	9,292,595
Long term deposits		201,050	926,050
		<u>2,092,287,968</u>	<u>1,776,525,896</u>
CURRENT ASSETS			
Trade debts		23,156,641	19,132,399
Loans and advances		1,028,478	3,791,143
Short term prepayments		223,389	88,116
Other receivables		31,579,067	23,273,580
Short term investments	7	248,284,264	219,691,627
Cash and bank balances		4,279,894	5,137,377
		<u>308,551,733</u>	<u>271,114,242</u>
CURRENT LIABILITIES			
Trade and other payables		3,656,003	5,097,606
Mark up accrued on loans and other payables		2,899,010	4,084,608
Short term borrowings		131,806,068	126,877,485
Current portion of obligations under finance leases		1,353,529	970,086
Provision for taxation		10,160,850	9,846,586
		<u>149,875,460</u>	<u>146,876,371</u>
WORKING CAPITAL			
		<u>158,676,273</u>	<u>124,237,871</u>
NET ASSETS			
		<u>2,250,964,241</u>	<u>1,900,763,767</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		222,368	1,429,742
Deferred liability for staff gratuity		3,652,982	3,320,061
		<u>3,875,350</u>	<u>4,749,803</u>
CONTINGENCIES AND COMMITMENTS			
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NET CAPITAL EMPLOYED			
		<u>2,247,088,891</u>	<u>1,896,013,964</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,003,225,410	853,808,870
100,322,541 ordinary shares of Rs. 10/- each (2005: 85,380,887)			
Reserves		1,243,863,481	1,042,205,094
		<u>2,247,088,891</u>	<u>1,896,013,964</u>

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

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 2006

Note	31 March 2006		31 March 2005	
	Quarter ended Rupees	Nine months ended Rupees	Quarter ended Rupees (Restated)	Nine months ended Rupees (Restated)
OPERATING REVENUE				
Financial consultancy services	15,750,000	18,250,000	1,000,000	27,250,000
Money market brokerage	3,297,529	8,658,205	1,504,371	5,329,293
Capital gain on investments	6,354,644	78,488,407	30,461,242	44,797,043
Dividend income	6,285,275	6,285,275	-	-
Loss on disposal of investment property	-	-	-	(3,916,300)
Net rental income from investment property	-	-	-	1,334,278
	<u>31,687,448</u>	<u>111,681,887</u>	<u>32,965,613</u>	<u>74,794,314</u>
OPERATING EXPENSES				
	<u>7,402,645</u>	<u>24,070,933</u>	<u>7,241,946</u>	<u>25,792,795</u>
OPERATING PROFIT	<u>24,284,803</u>	<u>87,610,954</u>	<u>25,723,667</u>	<u>49,001,519</u>
FINANCE COST				
	<u>5,386,639</u>	<u>16,254,383</u>	<u>6,926,425</u>	<u>18,603,399</u>
	<u>18,898,164</u>	<u>71,356,571</u>	<u>18,797,242</u>	<u>30,398,120</u>
OTHER OPERATING INCOME				
	<u>426,318</u>	<u>7,971,780</u>	<u>541,956</u>	<u>1,723,893</u>
	<u>19,324,482</u>	<u>79,328,351</u>	<u>19,339,198</u>	<u>32,122,013</u>
Unrealized gain/(loss) on remeasurement of short term investments	1,519,599	42,511,696	(81,327)	(6,112,036)
	<u>20,844,081</u>	<u>121,840,047</u>	<u>19,257,871</u>	<u>26,009,977</u>
PROFIT BEFORE TAXATION				
Taxation	(314,264)	(314,264)	(7,521)	(157,896)
	<u>20,529,817</u>	<u>121,525,783</u>	<u>19,250,350</u>	<u>25,852,081</u>
PROFIT AFTER TAXATION				
Earnings per share- basic	10	0.20	1.21	0.20
		<u>0.20</u>	<u>1.21</u>	<u>0.20</u>

The annexed notes 1 to 13 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 2006

	31 March 2006 Rupees	31 March 2005 Rupees (Restated)
Cash flow from operating activities		
Profit before taxation	121,840,047	26,009,977
Adjustments for:		
Finance cost	16,254,383	18,603,399
Unrealized (gain)/loss on remeasurement of short term investments	(42,511,696)	6,112,036
Loss on disposal of investment property	-	3,916,300
Dividend	(6,285,275)	-
Depreciation	1,026,709	591,300
Gain on disposal of property and equipment	(634,000)	-
Provision for gratuity	741,465	686,541
	(31,408,414)	29,909,576
	<u>90,431,633</u>	<u>55,919,553</u>
(Increase)/decrease in current assets		
Trade debts	(4,024,242)	(26,410,845)
Loans and advances	2,762,665	(8,030,748)
Short term prepayments	(135,273)	558,443
Other receivables	(762,836)	107,637
Short term investments	13,919,059	(43,540,732)
	<u>11,759,373</u>	<u>(77,316,245)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(1,433,952)	(40,865,512)
Short term borrowings	4,928,583	35,580,587
	<u>3,494,631</u>	<u>(5,284,925)</u>
Cash generated from operations	<u>105,685,637</u>	<u>(26,681,617)</u>
Gratuity paid	(408,544)	(127,636)
Finance cost paid	(17,439,981)	(17,972,064)
Taxes paid	(1,257,376)	(477,768)
	<u>(19,105,901)</u>	<u>(18,577,468)</u>
Net cash (used in)/generated from operating activities	<u>86,579,736</u>	<u>(45,259,085)</u>
Cash flow from investing activities		
Capital expenditure	(923,500)	(96,900)
Dividend received	-	1,007,619
Proceeds from disposal of property and equipment	900,000	-
Proceeds from disposal of investment property	-	61,103,000
Long term investments	(86,536,451)	(301,876,723)
Long term loans	(770,686)	-
Long term deposits	725,000	(84,500)
Net cash used in investing activities	<u>(86,605,637)</u>	<u>(239,947,504)</u>
Cash flow from financing activities		
Dividend paid	(7,651)	(16,634)
Share deposit money	-	(834,909)
Repayment against lease finance	(823,931)	281,475,450
Net cash (used in)/generated from financing activities	<u>(831,582)</u>	<u>280,623,907</u>
Net decrease in cash and cash equivalents	<u>(857,483)</u>	<u>(4,582,682)</u>
Cash and cash equivalents at the beginning of the period	<u>5,137,377</u>	<u>7,949,710</u>
Cash and cash equivalents at the end of the period	<u>4,279,894</u>	<u>3,367,028</u>

The annexed notes 1 to 13 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 2006

	Share Capital Rupees	Share Premium Rupees	Revaluation Reserve of an associated company Rupees	Fair value Reserve Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 30 June 2004 as previously reported	469,125,760	2,643,800	32,557,138	-	424,099,340	928,426,038
Effect of change in accounting policy	-	-	(32,557,138)	961,515,243	(208,655,177)	720,302,928
Restated balance as at 30 June 2004	469,125,760	2,643,800	-	961,515,243	215,444,163	1,648,728,966
Profit for the period	-	-	-	-	25,852,081	25,852,081
Fair value adjustment of investments	-	-	-	(165,013,050)	-	(165,013,050)
Issuance of share capital against right issue	187,650,300	93,825,150	-	-	-	281,475,450
Restated balance as at 31 March 2005	<u>656,776,060</u>	<u>96,468,950</u>	<u>-</u>	<u>796,502,193</u>	<u>241,296,244</u>	<u>1,791,043,447</u>
Balance as at 30 June 2005 as previously reported	853,808,870	-	32,557,138	-	488,714,919	1,375,080,927
Effect of change in accounting policy	-	-	(32,557,138)	936,656,801	(383,166,626)	520,933,037
Restated balance as at 30 June 2005	853,808,870	-	-	936,656,801	105,548,293	1,896,013,964
Profit for the period	-	-	-	-	121,525,783	121,525,783
Fair value adjustment of investments	-	-	-	229,549,144	-	229,549,144
Issuance of share capital against bonus shares announced in 2005	149,416,540	-	-	-	(149,416,540)	-
Restated balance as at 31 March 2006	<u>1,003,225,410</u>	<u>-</u>	<u>-</u>	<u>1,166,205,945</u>	<u>77,657,536</u>	<u>2,247,088,891</u>

The annexed notes 1 to 13 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 FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2006

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 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 requirements of International Accounting Standard (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 30 June 2005, except for the following due to change in International Accounting Standard (IAS) - 27 "Consolidated and Separate Financial Statements" and (IAS) - 28 "Investment in Associates".

4. CHANGE IN ACCOUNTING POLICY

The Company has changed its accounting policy with respect to investments in subsidiary and associated companies. Previously, the Company recognized investments in subsidiary and associated companies under the equity method. Under that method investments were initially recorded at cost, and afterwards the carrying amount of those investments were increased or decreased to recognize the Company's share of the profit or loss of the subsidiary and associated companies through profit and loss account in accordance with superseded IAS 28. Now investments in subsidiary and associated companies are classified as "Available for Sale" under International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement". Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. Gain and losses on remeasurement to fair value are recognized directly in equity, through the statement of changes in equity.

Such a change in accounting policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the requirements of revised IAS-8 "Accounting Policies, Change in Accounting Estimates and Errors"

Had there been no change in the accounting policy, unappropriated profit would have been higher by Rupees 516,924,869 (June 2005: Rupees 383,166,626) and Long term investments would have been lower by Rupees 640,800,431 (June 2005: Rupees 520,933,037).

Further, as permitted in the transitional provisions to International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" the company has redesignated its Investments previously classified as available for sale to financial assets at fair value through profit and loss. This change has no effect on the profit for the current period.

5. CHANGE IN ACCOUNTING ESTIMATE

Upto 30 June 2005, the Company charged full year's depreciation on additions while no depreciation was charged in the year of disposal. During the year the Company has changed its accounting method of charging depreciation whereby depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset. Such change, being a change in accounting estimate, has been accounted for prospectively. This change has insignificant impact on the profit for the period.

	31 March 2006	31 March 2005
	Rupees	Rupees (Restated)
6. PROPERTY AND EQUIPMENT		
<i>Available for sale</i>		
Subsidiary companies	816,576,982	811,586,475
Associated companies	1,022,719,310	983,231,808
Other Company	10,000,000	-
	1,849,296,292	1,794,818,283
Fair value adjustment on remeasurement	229,549,144	(32,058,442)
	2,078,845,436	1,762,759,841

7. SHORT TERM INVESTMENTS

Investments measured through profit and loss account

Investment in subsidiary company	192,240,504	187,679,000
Investments in associated companies	10,662,397	34,755,278
Investments in other companies	2,869,667	5,000,000
	205,772,568	227,434,278
Unrealized gain/(loss) on remeasurement of investments	42,511,696	(7,742,651)
	248,284,264	219,691,627

8. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments from those disclosed in the annual accounts for the year ended 30 June 2005.

9. 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. Significant transactions with related parties are as follows:

	31 March 2006	30 June 2005
	Rupees	Rupees
First Capital Equities Limited		
Transaction of shares		
- Purchases	781,432,106	592,284,962
- Sales	767,916,737	652,905,375
Finance cost charged	1,253,425	-
Brokerage commission paid	596,751	297,159
World Press (Pvt.) Limited		
Mark up Income	83,668	138,354
Income from Financial Consultancy Services	-	1,000,000
WorldCALL Communications Limited		
Finance cost charged	922,870	922,636
Income from Financial Consultancy Services	2,750,000	-
WorldCALL Telecom Limited		
Income from Financial Consultancy Services	8,500,000	13,600,000
Investments	-	240,000,000
WorldCALL Multimedia Limited		
Mark up Income	15,098	324,164
Income from Financial Consultancy Services	1,000,000	-
WorldCALL Broad Band Limited		
Mark up Income	73,573	135,703
Income from Financial Consultancy Services	1,000,000	2,250,000
Pace (Pakistan) Limited		
Investments	73,239,708	61,876,723
Services charges paid	-	552,300
Income from Financial Consultancy Services	1,000,000	-
Pace Barka Properties Limited		
Income from Financial Consultancy Services	4,000,000	-
Pace Super Mall (Pvt.) Limited		
Mark up Income	1,160,249	876,998
Shaheen Insurance Company Limited		
Insurance premium	378,637	319,378
Insurance Claim	32,000	75,880

31 March 2006	30 June 2005 (Restated)
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10. EARNINGS PER SHARE-BASIC

Net profit for the year (Rupees)	121,525,783	25,852,081
Average ordinary shares outstanding (Number)	100,322,541	93,989,343
Earnings per share-Basic (Rupees)	1.21	0.28

11. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 28 April 2006 by the Board of Directors of the Company.

12. COMPARATIVE FIGURES

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

13. GENERAL

Figures have been rounded off to the nearest rupee.

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

	Note	31 December 2005 Rupees	Audited 30 June 2005 Rupees
NON CURRENT ASSETS			
Property, plant and equipment		74,715,263	65,060,695
Goodwill		(80,315,419)	(80,315,419)
Membership cards and licenses		51,321,333	52,384,136
Long term investments	6	1,160,390,475	1,024,502,437
Long term loan		10,063,281	9,292,595
Long term deposits		6,302,543	9,115,253
Deferred costs		6,782	9,041
		<u>1,222,484,258</u>	<u>1,080,048,738</u>
CURRENT ASSETS			
Stock in trade		4,707,200	1,194,011
Trade debts		397,567,740	388,817,595
Loans, advances and deposits		197,030,472	44,153,468
Membership cards and licenses - held for sale		15,500,000	15,500,000
Short term prepayments		3,034,739	1,852,579
Other receivables		69,447,230	69,656,457
Placements		562,210,605	200,000,000
Interest receivable		4,320,258	2,140,383
Short term investments	7	168,795,002	120,409,297
Cash and bank balances		262,204,081	163,281,840
		<u>1,684,817,327</u>	<u>1,007,005,630</u>
CURRENT LIABILITIES			
Trade and other payables		840,684,000	322,096,915
Mark up accrued		11,196,764	9,347,165
Short term borrowings		304,898,026	297,647,495
Current Maturity of term finance certificates		5,040,000	-
Current maturity of liabilities against assets subject to finance lease		4,153,217	4,337,137
Provision for taxation		31,473,471	21,995,972
		<u>1,197,445,478</u>	<u>655,424,684</u>
NET CURRENT ASSETS		<u>487,371,849</u>	<u>351,580,946</u>
NET ASSETS		<u>1,709,856,107</u>	<u>1,431,629,684</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		3,623,126	5,727,842
Trem finance certificates		9,540,000	-
Deferred taxation		490,075	502,362
Deferred liability for staff gratuity		14,477,843	12,120,923
		<u>28,131,044</u>	<u>18,351,127</u>
CONTINGENCIES AND COMMITMENTS			
NET CAPITAL EMPLOYED	8	<u>1,681,725,063</u>	<u>1,413,278,557</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital		1,003,225,410	853,808,870
100,322,541 ordinary shares of Rs. 10/- each (2005: 85,380,887)		444,660,225	372,931,476
Reserves		1,447,885,635	1,226,740,346
MINORITY INTEREST		<u>233,839,428</u>	<u>186,538,211</u>
		<u>1,681,725,063</u>	<u>1,413,278,557</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2006

Note	31 March 2006		31 March 2005	
	Quarter ended Rupees	Nine months ended Rupees	Quarter ended Rupees	Nine months ended Rupees
Revenue	145,583,228	400,145,770	189,125,262	359,430,939
Direct costs	10,069,084	27,141,141	6,429,587	20,132,427
GROSS PROFIT	<u>135,514,144</u>	<u>373,004,629</u>	<u>182,695,675</u>	<u>339,298,512</u>
Operating expenses	64,050,074	173,521,273	62,251,364	159,986,025
OPERATING PROFIT	<u>71,464,070</u>	<u>199,483,356</u>	<u>120,444,311</u>	<u>179,312,487</u>
Other income	24,153,946	70,129,647	2,111,752	10,744,527
	<u>95,618,016</u>	<u>269,613,003</u>	<u>122,556,063</u>	<u>190,057,014</u>
Finance and other cost	25,008,767	63,387,717	15,858,730	34,174,959
	<u>70,609,249</u>	<u>206,225,286</u>	<u>106,697,333</u>	<u>155,882,055</u>
Share in gain/(loss) of associated companies	6,868,525	45,600,628	(628,871)	(2,163,633)
Unrealized (loss)/gain on remeasurement of short term investments	18,518,397	58,814,087	(10,535,695)	(16,566,404)
PROFIT BEFORE TAXATION	<u>95,996,171</u>	<u>310,640,001</u>	<u>95,532,767</u>	<u>137,152,018</u>
Taxation	(11,360,213)	(37,218,280)	(17,380,767)	(24,426,491)
PROFIT AFTER TAXATION	<u>84,635,958</u>	<u>273,421,721</u>	<u>78,152,000</u>	<u>112,725,527</u>
Minority interest	(18,936,697)	(50,806,576)	(19,755,894)	(29,747,529)
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	<u>65,699,261</u>	<u>222,615,146</u>	<u>58,396,106</u>	<u>82,977,998</u>
Earnings per share - Basic	10	<u>0.65</u>	<u>2.22</u>	<u>0.62</u>
		<u>0.65</u>	<u>2.22</u>	<u>0.62</u>

The annexed notes 1 to 13 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 2006**

	31 March 2006 Rupees	31 March 2005 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	310,640,001	137,152,018
Adjustments for:		
Depreciation	9,404,918	7,319,560
Finance costs	63,387,717	-
Provision for bad debts written back	(2,009,758)	-
Bad debts written off	187,489	-
Amortization of deferred costs	2,259	2,259
Gain on disposal of assets	(1,426,501)	(93,715)
Profit on sale of long term investments	(303,846)	-
Loss on disposal of investment property	-	3,916,300
Share in profit of associated companies	(45,600,628)	2,163,633
Unrealized gain on remeasurement of short term investments	(58,814,087)	16,566,404
Dividend income	(353,151)	-
Provision for gratuity	2,567,659	3,147,031
	(32,957,929)	33,021,472
(Increase)/decrease in:		
Stock in trade	(3,513,189)	(203,998)
Trade debts	(8,921,396)	(714,725,522)
Loans, advances and deposits	(152,877,004)	(8,030,748)
Short term prepayments	(1,182,160)	558,443
Other receivables	209,227	(97,365,811)
Placements	(362,210,605)	-
Interest receivable	(2,179,875)	-
Short term investments	10,428,382	(57,460,391)
Increase/(decrease) in:		
Trade and other payables	518,579,434	424,059,446
Short term borrowings	7,250,531	237,692,069
	5,583,345	(215,476,512)
Cash inflow from operating activities	283,265,417	(45,303,022)
Gratuity paid	(659,044)	(1,018,565)
Finance costs paid	(61,538,118)	-
Tax paid	(27,740,781)	(22,244,433)
Net cash inflow from operating activities	193,327,474	(68,566,020)
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(19,815,714)	(27,569,926)
Sale proceeds of property, plant and equipment	2,182,700	253,993
Sale proceeds from disposal of investment property - net	-	61,103,000
Long term investments	(91,097,956)	(301,876,723)
Lon term loans	(770,686)	-
Long term deposits	2,812,710	(456,906)
Net cash used in investing activities	(106,688,946)	(268,546,562)
CASH FLOW FROM FINANCING ACTIVITIES:		
Obligation under finance lease	(2,288,636)	(1,819,046)
Term finance certificates	14,580,000	-
Issuance of share capital	-	281,475,450
Dividend paid	(7,651)	(16,634)
Net cash (used)/generated from financing activities	12,283,713	279,639,770
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	98,922,241	(57,472,812)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	163,281,840	148,045,153
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	262,204,081	90,572,341

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATE STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2006**

	Share Capital Rupees	Share Premium Rupees	Revaluation Reserve of an associated company Rupees	Unappropriated Profit Rupees	Total Rupees
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	-	-	-	82,977,998	82,977,998
Issuance of share capital	187,650,300	93,825,150	-	-	281,475,450
Share deposit money received	-	-	-	1,687,920	1,687,920
Adjustment for exchange difference	-	-	-	-	-
Balance as at 31 March 2005	656,776,060	96,468,950	32,557,138	340,212,428	1,126,014,576
Balance as at 30 June 2005	853,808,870	-	32,557,138	340,374,338	1,226,740,346
Profit for the period ended 31 March 2006	-	-	-	222,615,146	222,615,146
Issuance of bonus shares	149,416,540	-	-	(149,416,540)	-
Adjustment for exchange difference	-	-	-	(1,469,857)	(1,469,857)
Balance as at 31 March 2006	1,003,225,410	-	32,557,138	412,103,087	1,447,885,635

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2006**

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 103 C/II, Gulberg-III, Lahore. The Parent Company has investments in subsidiaries and associates engaged in brokerage, telecommunication and real estate. In addition the Parent Company acts as a broker in the money market.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standard (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 consolidated financial statements for the year ended 30 June 2005.

4. CHANGE IN ACCOUNTING ESTIMATE

Upto 30 June 2005, the Group charged full year's depreciation on additions while no depreciation was charged in the year of disposal. During the year the Group has changed its accounting method of charging depreciation whereby depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset. Such change, being a change in accounting estimate, has been accounted for prospectively. This change has insignificant impact on the profit for the period.

5. SUBSIDIARY COMPANIES

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

	Percentage of Holding	
	31 March 2006	30 June 2005
First Capital Equities Limited (FCEL)	67.39	67.39
Lanka Securities (Pvt.) Limited, Sri Lanka	51	51
First Capital Investments Limited	65.79	65.79
First Capital Associates (Pvt.) Limited	100	100
World Press (Pvt.) Limited	65	65
Equity Partners Securities Limited (Subsidiary of FCEL)	34.37	34.37

	31 March 2006	31 March 2005
	Rupees	Rupees
6. PROPERTY AND EQUIPMENT		
Opening balance	1,024,502,437	604,962,998
Add: Acquisition of additional shares	91,097,956	301,876,723
Add: Share of profit	45,600,628	117,662,716
Less: Shares disposed off	(810,546)	-
Closing balance	<u>1,160,390,475</u>	<u>1,024,502,437</u>

7. SHORT TERM INVESTMENTS

Investments measured at fair value through profit and loss account

Cost of investments	109,980,915	150,106,317
Less: Unrealised gain/(loss) on remeasurement of investments	58,814,087	(29,697,020)
	<u>168,795,002</u>	<u>120,409,297</u>

8. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments from those disclosed in the annual accounts for the year ended 30 June 2005.

9. 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. Significant transactions with related parties are as follows:

	31 March 2006	30 June 2005
	Rupees	Rupees
First Capital Equities Limited		
Transaction of shares		
- Sales	70,335,589,247	62,132,300,546
- Purchases	70,309,376,919	61,083,192,384
Finance cost charged	25,922,943	15,919,594
Placements entered	350,000,000	398,000,000
Income earned on placements	8,904,109	5,994,521
WorldCALL Communications Limited		
Finance cost charged	922,870	922,636
Income from Financial Consultancy Services	2,750,000	-
WorldCALL Multimedia Limited		
Mark up Income	15,098	324,164
Income from Financial Consultancy Services	1,000,000	-
WorldCALL Broad Band Limited		
Mark up Income	73,573	135,703
Income from Financial Consultancy Services	1,000,000	2,250,000
Pace (Pakistan) Limited		
Investments	73,239,708	61,876,723
Services charged	-	552,300
Income from Financial Consultancy Services	1,000,000	-

	<u>31 March 2006</u> Rupees	<u>30 June 2005</u> Rupees
Pace Barka Properties Limited		
Income from Financial Consultancy Services	4,000,000	-
Pace Super Mall (Pvt.) Limited		
Mark up Income	1,160,249	876,998
Shaheen Insurance Company Limited		
Insurance premium	378,637	319,378
Insurance Claim	32,000	75,880
First Capital Mutual Fund Limited		
Investment advisory fee charged	2,564,705	1,903,902

	<u>31 March 2006</u> Rupees	<u>30 June 2005</u> Rupees Restated
10. EARNINGS PER SHARE-BASIC		
Net profit for the period (Rupees)	<u>222,615,146</u>	<u>82,977,998</u>
Average ordinary shares outstanding (Number)	<u>100,322,541</u>	<u>93,989,343</u>
Earnings per share-Basic (Rupees)	<u>2.22</u>	<u>0.88</u>

11. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 28 April 2006 by the Board of Directors of the Parent Company.

12. COMPARATIVE FIGURES

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

13. GENERAL

Figures have been rounded off to the nearest rupee.