VISION

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

MISSION

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

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Company Information

Board of Directors	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Sheikh Sulieman Ahmed Said Al-Hoqani Shahbaz Ali Taseer Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Shahbaz Ali Taseer (Chairman) Aamna Taseer Khawaja Khalil Shah
Company Secretary	Muhammad Irfan Khawaja
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	Mazhar Law Associates Advocates & Solicitors
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Al-Falah Limited Faysal Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi. ☎ (021) 111 000 322
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎(042) 5757591-4 Fax: (042) 5757590, 5877920

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 15th Annual General Meeting of the Shareholders of First Capital Securities Corporation Limited ("the Company" or "FCSC") will be held on 31 October 2008 at 3:30 p.m. at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore to transact the following business:

Ordinary business

1. To confirm the minutes of last Extraordinary General Meeting held on 12 June 2008;

2. To approve as recommended by the Board of Directors, issue of bonus shares in the proportion of Forty (40) bonus shares for every one hundred (100) shares held i.e. 40%.

3. To receive, consider and to adopt the financial statements of the Company for the year ended 30 June 2008 together with the Directors' and Auditors' reports thereon; and

4. To appoint the Auditors of the Company for the year ending 30 June 2009 and to fix their remuneration.

Special Business

5. **To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications:**

   "RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to take all necessary steps to make additional long term investment of upto Rs. 20 Million in the share capital (by way of subscription in right shares) of the World Press (Pvt.) Limited (a subsidiary of the Company) and investment by way of Loans/Advances upto Rs. 25 million from time to time based on the requirements of World Press (Pvt.) Limited in accordance with the provisions of section 208 of the Companies Ordinance, 1984 and to disinvest such investments as and when considered appropriate":

   "RESOLVED FURTHER THAT the loans/advances to World Press (Pvt.) Limited ("WPL") given from time to time shall be subject to such mark-up rate not less than the borrowing cost of the Company in accordance with the criteria laid down in Section 208 of the Companies Ordinance, 1984. The mark up shall be charged on quarterly basis and paid to the Company within one month of the close of the quarter. In case it is not paid by WPL within one month of the close of quarter, then the mark up shall be automatically settled after one month by adding the same in the principal for calculation of mark-up for the next quarter. The total outstanding loan/advance amount (including principal and any mark-up added in the same, which in total shall not exceed the approved limit) shall be repaid after completion of four years and further extendable to one year, from the dates of disbursements of loans/advance or at any earlier date, as may be practical based on cash flows of WPL."

   "RESOLVED FURTHER THAT the Chief Executive of the Company be and are hereby authorized to complete any or all necessary required corporate and legal formalities for the completion of subject transactions. Chief Executive is also authorized to delegate any of his powers to any person in respect of the above as he may consider appropriate."

   "RESOLVED FURTHER THAT the above authority shall remain in-force until revoked by the shareholders of the Company."

6. **To consider and if thought fit, approve the increase in Authorized Share Capital of the Company and to passé the following "Special Resolutions" with or without modification(s):**

"**RESOLVED THAT** the Authorized Capital of the Company be and is hereby increased from Rs. 1,700,000,000/- divided into 170,000,000 ordinary shares of Rs.10/- to Rs.2,500,000,000/- divided into 250,000,000 ordinary shares of Rs.10/- each and the words and figures in Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company be and are hereby amended accordingly."

"**RESOLVED FURTHER THAT** the Chief Executive and / or the Company Secretary of the Company be and is hereby authorized to complete all the necessary corporate and legal formalities in respect of the above."

By order of the Board

Lahore:
10 October 2008

Muhammad Irfan Khawaja
Company Secretary

Notes:

1) The Members Register will remain closed from 24 October 2008 to 31 October 2008 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi, the Registrar and Share Transfer Office of the Company, by the close of business on 23 October 2008 will be treated in time for the purpose of determining the entitlement of Bonus Issue and Annual General Meeting.

2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting.

3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 103-C/II, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.

4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original NIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.

   b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) Members are requested to notify any change in their registered address immediately.

STATEMENT UNDER SECTION 208 OF THE COMPANIES ORDINANCE, 1984

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

World Press was incorporated in Pakistan on 11 September 2003 as a private limited company under the provisions of the Companies Ordinance, 1984. The registered office of World Press is situated at 103 C-II, Gulberg III, Lahore. The main objective of World Press is printing, packaging and publishing and dealing in all allied products. The operations of Word Press were commenced in September 2003 under the brand name of "World Press". This project was mainly developed by FCSC and currently is a subsidiary of the Company. Other shareholder/strategic partner is Mir Anwar Ali who has been into printing and publishing business for decades.

World Press is carrying on operations of printing, packaging and publishing company with all modern facilities under one roof. The printing press machines (make of "Roland" and "Hidelberg") are producing high quality printing at a fairly better speed than its competitors. World Press's division that prints pre-paid calling and scratch cards is named as "Euro Cards". It is envisaged that Euro Cards will also be producing smart cards, hotel key cards and credit cards thus making it as leading company in the country offering complete card solutions. It is expected the diaries and calendars division will produce state of the art executive desk and pocket diaries at its plant. Currently calendar designs for the coming year are currently being developed for multinational and national companies. In addition, World Press is also equipped to produce a range of hardbound and paperback books.

World Press is the process of increasing its production capacity by implementing its expansion plan. By doing so, World Press will be able to provide facility including but not limited to print labels with bar codes, text books, bed sheet inners, shirt and trouser tags, which can cater to international as well as domestic export houses in knitwear, leather goods etc. Moreover, World Press also intends to tap financial houses and utility companies in Pakistan regular stationery printing. The total project cost is estimated to be Rs. 84.00 million which shall be financed through Rs. 23.00 million of equity and Rs. 51.00 million of debt and balance through internal cash generation of Rs. 10 million

The existing Authorised Share Capital of World Press is Rs. 60,000,000 divided into 6,000,000 ordinary shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.29,989,580 divided into 2,998,958 ordinary shares of Rs.10/- each out of which FCSC holds 1,949,258 shares (65%) of the total paid up capital of World Press and a subsidiary of the Company. The balance equity is held by Mir Anwar Ali who is also the Chief Executive/Director of the World Press. The break up value per share of World Press as per audited financial statements as at 30 June 2008 is Rs. 15.58 whereas the EPS for the year ended 30 June 2008 is Rs. 13.97 per share. The management of the Company considers this investment to be beneficial as right shares are offered by World Press at a price of Rs.10 per share whereas the break up of the Company's shares is higher then the right price per share. The Company has already an approved investment limit of Rs. 23.00 million out of which the Company had made an investment of around Rs. 20.00 million. A dividend of Rs. 7.8 million has been received on the Company's original investment. The Company expects to earn good returns from the proposed investment in the right shares of World Press.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 READ WITH SRO 865(I)/2000 DATED 06 DECEMBER 2000

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 31 October 2008.

INVESTMENTS TO BE MADE BY THE COMPANY

The Company is fully authorized by its Memorandum of Association to make such investment. The investment would be made at such time(s), as the Chief Executive may think appropriate on behalf of the Company and would disinvest(s) as and when appropriate. The Chief Executive of the Company or the Company Secretary are also authorized to take all the necessary corporate and legal formalities in connection with the proposed investment where required.

The following are material facts about the proposed special resolution**:**

(i) Equity Investment

(i)	**Name of the investee company**	**World Press (Pvt) Limited ("WPL")**
(ii)	**Nature, amount and extent of investment**	Additional Long term Investment in the share capital of World Press for an amount of Rs. 20 Million for purchase of subscription in the right shares offered by World Press at a price of Rs. 10/ per share and to disinvest as and when considered appropriate.
(iii)	**Average market price of the shares intended to be purchased during preceding six months in case of listed companies**	No applicable being an un-listed company.
(iv)	**Break-up value of shares intended to be purchased on the basis of last audited financial statements**	**30 June 2008 (Audited)**: Rs. 15.58/- per share; **30 June 2007 (Audited)**: Rs. 33.63/- per share
(v)	**Price at which shares will be purchased**	At Rs. 10/- per share
(vi)	**Earning per share of the investee company in last three years**	**30-06-2008 (audited)**: Rs. 13.97/-; **30-06-2007 (audited)**: Rs. 13.11/-; **30-06-2006 (audited)**: Rs. 13.87/-
(vii)	**Source of funds from where shares will be purchased**	Available cash resources and/or future internal cash generation from the operations of Company
(viii)	**Period for which investment will be made**	As a long-term investment.
(ix)	**Purpose of Investment**	Utilization of the Company's available cash resources for better future returns to shareholders. The right shares are being offered at Rs.10/- per share whereas the break up value of World Press is Rs. 15.58 per share. World Press is carrying on operations of printing, packaging and publishing company with all modern facilities under one roof. The printing press machines (make of "Roland and Hidelberg") are producing high quality printing at a fairly better speed than its competitors. World Press's division that prints pre-paid calling and scratch cards is named as "Euro Cards". It is envisaged that Euro Cards will also be producing smart cards, hotel key cards and credit cards thus making it as leading company in the country offering complete card solutions. It is expected the diaries and calendars division will produce state of the art executive desk and pocket diaries at its plant. Currently calendar designs for the coming year are currently being developed for multinational and national companies. World Press is also

equipped to produce a range of hardbound and paperback books.

World Press is the process of increasing its production capacity by implementing its expansion plan. By doing so, World Press will be able to provide facility including but not limited to print labels with bar codes, bed sheet inners, shirt and trouser tags, which can cater to international as well as domestic export houses in knitwear, leather goods etc. Moreover, World Press also intends to tap financial houses and utility companies in Pakistan regular stationery printing. World Press has recently started printing of packing material and labels for pharmaceutical companies and it is expected that the Company will tap the potential available in pharmaceutical sector.

Over the last few years, FCSC has diversified its investment into media, telecom, financial sectors etc., and has emerged a vast group providing range of services. The group's development team is constantly analyzing FCSC along with other investors and World Press was an evolution of similar research development. In order to increase its production capacity, World Press is in the process of implementing expansion plan to enhance its capacity and to provide premium and fast printing services to its clients and enhance its business operations. By undertaking the expansion plans by World Press would results in better profitability of World Press. All the benefits accrued to World Press would form part of returns to the FCSC accordingly. FCSC expects to earn good returns on this investment in World Press.

(x) Benefits likely to accrue to the Company and the shareholders from the proposed investments

All the benefits accrued to World Press due to expansion in its business operations and diversification of business activities will become part of the returns to the Company and its shareholders from the proposed investment. In addition the Company shall also retain the management control by having its 65% equity stake in World Press. The Company also expects to earn dividends and capital appreciation from the proposed investment.

(xi) Interest of Directors and their relatives in the investee company

The Directors of the Company and their relatives have no interest in the above investee company except that what has been disclosed under the section “Interest of Directors and their Relatives”.

ii) Loan and advance

S. No.	Description	Information Required
(i)	**Name of the investee company**	**World Press (Pvt.) Limited ("WPL")**
(ii)	**Amount of loan or advance**	Loan/advance up to Rs. 25 Million
(iii)	**Purpose of loan or advance**	In order to meet the working capital requirements/fixed capital expenditure of the investee company for the purposes of its expansion plans
(iv)	**In case any loan had already been provided or loan has been written off to the said investee company, the complete detail of the said loan**	Not applicable
(v)	**A brief about the financial position of the investee company on the basis of last published financial statements**	See table below

	30-Jun-08 Rupees	30-Jun-07 Rupees
Non Current Assets	53,564,829	19,134,458
Current assets	51,790,383	31,590,923
Current liabilities	37,423,014	23,453,923
Non Current Liabilities	27,614,166	5,163,757
Shareholders' Equity	46,722,998	23,290,443

(vi)	**Rate of mark-up to be charged**	The mark up on the loans/advances to World Press Limited ("WPL") given from time to time shall be subject to such mark-up rate not less than the borrowing cost of the Company in accordance with the criteria laid down in Section 208 of the Companies Ordinance, 1984. The mark up shall be charged on quarterly basis and paid to the Company within one month of the close of the quarter. In case it is not paid by WPL within one month of the close of quarter, then the mark up shall be automatically settled after one month by adding the same in the principal for calculation of mark-up for the next quarter. The total outstanding loan/advance amount (including principal and any mark-up added in the same) shall be repaid after completion of four years and further extendable to one year, from the dates of disbursements of loans/advance or at any earlier date, as may be practical based on cash flows of WPL.
(vii)	**Particulars of collateral security to be obtained from borrower and; if not needed, justification thereof;**	No collateral security is required as WPL is a subsidiary and under the common management control of the Company
(viii)	**Source of funds from where loan or advance will be given**	Available cash resources and/or future internal cash generation from the operations of Company.
(ix)	**Repayment schedule**	The total outstanding loan/advance amount (including principal and any mark-up added in the same as per the calculations stated in above point no. vi) shall be repaid after completion of four years and further extendable to

one year, from the dates of disbursements of loans/advance or at any earlier date, as may be practical based on cash flows of WPL.

(x) **Benefits likely to accrue to the Company and the shareholders from the proposed investments**

The Company will receive markup on the actual amounts advanced to WPL, the rate of which shall not be less than average borrowing cost of the Company. In addition the funds would be utilized for its working capital/expansion plans. This would result in tapping new markets and availing the growth opportunities thus increasing the value of WPL. All the benefits accrued to WPL shall become part of the returns to the Company in future.

INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY

In order to facilitate the allotment of 40% bonus shares as recommended by the Board of Directors in their meeting held on 07 October 2008, it is necessary to increase the Authorized Share Capital of the Company. As per recommendations of the Board of Directors, the Authorized Share Capital of the Company be increased from Rs. 1,700,000,000/- to Rs. 2,500,000,000/-. This increase in capital will also necessitate amendments in clause V of the Memorandum of Association and in clause 4 of the Articles of Association of the Company accordingly and after the proposed amendment will be read as under:

Clause V of the Memorandum of Association of the Company

The Authorized Capital of the company is Rs. 2,500,000,000/- (Rupees Two Billion and Five hundred million only) divided into 250,000,000/- (Two hundred Fifty million) ordinary shares of Rs. 10/- each. The Company shall have the power to increase, reduce, consolidate or re-organize the said Capital and to divide the shares capital into several classes in accordance with the provisions of the Companies Ordinance 1984.

Clause 4 of the Articles of Association of the Company

The Authorized Capital of the company is Rs. 2,500,000,000/- (Rupees Two Billion and Five hundred million only) divided into 250,000,000/- (Two hundred Fifty million) ordinary shares of Rs. 10/- each.

STATUS OF INVESTMENTS AS REQUIRED VIDE SRO 865(1)/2000 DATED 06 DECEMBER 2000

Pace Barka Properties Limited ("Pace Barka")

The Company was granted approval to make long term investment up to Rs. 450 million in share capital of Pace Barka in the Extraordinary General Meeting held on 12 June 2008. The Company has made investment of Rs. 225,000,000 in Pace Barka out of the above investment approval. The financial position of Pace Barka based on the audited financial statement as at 30 June 2008 is stated hereunder:

	30 June 2008 (Audited) Rupees	30 June 2007 (Audited) Rupees
Non Current Assets	3,039,607,417	1,553,011,658
Current Assets	2,173,382,737	1,038,538,312
Current Liabilities	620,050,240	150,527,403
Non Current Liabilities	986,221,405	1,000,220,723
Paid up capital	3,052,573,630	1,356,699,390
Reserves	554,144,880	84,102,454

Media Times Limited ("MTL")

The Company was granted approval to make long term investment up to Rs. 100 million in share capital of MTL in the Extraordinary General Meeting held on 12 June 2008. The Company has no yet made any investment in MTL out of the above investment approval, however, investment shall be made in MTL at an appropriate time since MTL is in the process of listing its shares on the Stock Exchanges of Pakistan. The financial position of MTL based on the audited financial statement as at 30 June 2008 is stated hereunder:

	30 June 2008 (Audited) Rupees	30 June 2007 (Audited) Rupees
Non Current Assets	1,536,586,494	371,466,483
Current Assets	512,521,970	130,448,243
Current Liabilities	419,792,327	51,000,145
Non Current Liabilities	503,736,997	102,820,667
Paid up capital	1,004,782,580	175,018,170
Reserves	120,796,560	(86,020,407)

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under section 160(1)(b) of the Companies Ordinance, 1984, annual and quarterly accounts along with all published or otherwise required accounts of all prior periods of the Company and the investee company where applicable and to the extent required, along with the financial projections of the Company and the investee company where required, and other related information of the Company and the investee company may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings as hereunder:

	First Capital Securities Corporation Limited		World Press (Pvt.) Limited	
Name of Director	**Status**	**Shares**	**Status**	**Shares**
Salmaan Taseer	Director	5,386,626	Director	217
Aamna Taseer	Director	847,739	-	-
Sulieman Ahmed Said Al-Hoqani	Director	46,996,562	-	-
Shahbaz Ali Taseer	Director	500	-	-
Jamal Said Al-Ojaili	Director	950	-	-
Syed Kashan Kazmi	Director	1,731	-	-
Khawaja Khalil Shah (Nominee Faysal Bank Limited)	Director	-	-	-

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC") is pleased to present the audited annual financial statements of the Company for the year ended June 30, 2008.

Operational Results

The Company's financial results for the Financial Year 2008 are summarized below:

	30 June 2008 Rupees	30 June 2007 Rupees
Revenue	**5,636,505,099**	1,723,994,540
Operating expenses	**181,829,671**	45,167,819
Operating profit	**5,454,675,428**	1,678,826,721
Finance and other costs	**43,126,300**	46,414,290
Profit after taxation	**5,441,445,612**	1,635,551,981
Earnings per share (Basic & diluted)	**33.48**	10.06

During the financial year 08, the Company reported an after tax profit of Rs. 5,441.44 million as compared to Rs. 1,635.55 million of previous year translating into EPS (basic & diluted) of Rs. 33.48 which is above 3 times the relative figure for last year i.e. Rs. 10.06.

The capital gain on shares trading is the major contributor towards the revenues. During the financial year the management had successfully closed the transaction for the sale of WorldCall Telecom Limited ("WTL") shares to Oman Telecom Company (SOAG). The said transaction generated considerable capital gain and cash flows for the Company. During the year the Board decided to recognize unrealized gain on the investment in Pace Pakistan Limited and First Capital Equities Limited. In order to affect this transaction the company sought the approval of shareholders in Extraordinary General Meeting held on 12 June 2008. Upon the approval of the shareholders, transactions were accomplished accordingly.

Performance of Key Investments

Equity Brokerage

First Capital Equities Limited ("FCEL")

Earning per share of FCEL was Rs 3.39 for FY08 compared with 4.30 (restated) for FY07. Despite FY08 being a turbulent year and the stock market experiencing adverse movement due to various local and international events, FCEL still managed to post a brokerage income of Rs. 700.62 million as compared to Rs 430.56 million of the corresponding year, reflecting an increase of 63%. Significant rise in brokerage income is the result of its strategy of enhancing infrastructure development and geographical spread. FCEL added six new branches during the year. FCEL enjoys the local affiliate status of Auerbach Grayson (AGA), an international brokerage house based in the USA with presence in about 100 different markets. This has also contributed to the increase in brokerage income.

Lanka Securities (Private) Limited ("LSL")

LSL is a licensed stock broker registered with Colombo Stock Exchange, Sri Lanka. The principal activities of LSL are Equity Trading, Debt Trading and Placements. During the year the paid up capital of LSL increased from LKR.69.90 to LKR.139.80 million by way of issuance of Right shares @ 100%. LSL reported an after tax profit of LKR 28.76 million translating into EPS of LKR 2.47 during the current financial year.

First Capital Investments Limited ("FCIL")

The main activity of FCIL is to provide investment advisory services. The Securities and Exchange Commission (SECP) has granted the Asset Management Services license (for managing closed end funds) to FCIL. Furthermore, in order to comply with the Regulation 3 of NBFC and Notified Entities Regulations 2007, the paid up share capital of FCIL has been increase to Rs. 102.60 million by way of issuance of 170% right share at Rs 10 per share.

FCIL reported loss after tax of Rs.5.48 million in FY08 against the profit after tax of Rs.12.59 million in the last year. The main reason for the decline in profitability is attributed towards the dismal performance of capital markets resulting in no dividend income, increased operating expenses & the loss from its associate First Capital Mutual Fund Limited (FCMF). However, FCIL has witnessed 41.7% rise in investment advisory fee, which helped it to recover some of the losses.

Construction

Trident Construct (Pvt.) Limited ("Trident")

Trident is engaged in business of construction, development and other related activities of real estate. Trident maintained excellent operational growth during the financial year and earned profit after tax of Rs. 229.03 million against Rs. 56.18 million of last financial year showing an increase of over 300%. Earning per share for the year has also increased to Rs. 114.51 per share as compared to Rs. 28.09 per share of the last financial year. The financial performance during the year is mainly attributable to additional construction projects undertaken in various cities and substantial improvement in key resources like human resource & equipment. Trident is expecting sustainable growth in the future, keeping in view the in-hand & upcoming projects, experience & capabilities and valuable resources available with the company.

Real Estate & Property Development

Pace Pakistan Limited ("Pace")

Pace continued its journey of success and marked the financial year under review with a record profit after tax of Rs. 1,406.97 million and emerged as a dynamic real estate company. Despite the challenging business environment Pace achieved its planned goals and targets for the financial year under review. The commercial operations of its Gujranwala shopping mall also started. The possession of shops/counters at Gujrat and Fortress Stadium shopping malls was handed over to the customers although commercial operations of the malls started subsequent to the year end.

In addition to current projects, Pace will be indulging in an aggressive expansion plan to provide its facilities not only in the province of Punjab, but all over Pakistan. In line with its envisaged financial plan the management of Pace has decided to raise funds through issue of equity shares on Dubai international foreign market. In this regard the management of Pace is working at full swing to achieve the task within this financial year.

Pace Barka Properties Limited ("PBL" or "Pace Barka")

Pace Barka is undertaking the construction of a multipurpose complex comprising a 5-star luxury hotel managed by international chain "Hyatt Regency", shopping mall and apartment blocks over an area of approximately 183,000 square feet (40.7 kanals) located near the Allama Iqbal International airport. Pace Barka intends to list its shares by way of initial public offering on Pakistani Stock Exchanges. PBL reported profit after tax of Rs. 470.04 million as compared to Rs. 85.99 million of last financial year showing an increase of 447%. Earnings per share for the year have also increased to Rs. 3.68 per share versus Rs. 1.84 per share of the last financial year.

During the year, FCSC increased its investment in PBL from Rs. 20 million to Rs. 245 million.

Media

World Press (Pvt) Limited ("WPL")

The principal activity of WPL is to carry on the business of printing and publishing. During the year revenues increased by 79% to reach Rs. 80.90 million as compared to Rs. 45.14 million previously. After tax profit of WPL amounted to Rs. 12.36 million generating an EPS of Rs. 13.97 as compared respectively to Rs. 9.08 million and EPS of Rs. 13.11 for last year.

Media Times Limited ("MTL")

MTL publishes daily English newspaper "Daily Times", Urdu newspaper "AajKal" and also operates satellite channels "Business Plus" and "Wikkid Plus". In an effort to consolidate media businesses, Total Media Limited, which was running the above satellite channels, was merged with Media Times Limited during the current year. MTL, the merged entity, is in the process of being listed on KSE and LSE subject to completion of necessary corporate and regulatory formalities. After-tax profit of MTL for the current financial year is Rs. 109.68 million translating into EPS of 1.40.

Future Outlook

Pakistan is faced with macro-economic imbalances due to fiscal and external current account deficit. The main factors responsible for this are international oil price movement and global financial markets crisis. We are hopeful for the positive outcome of the government's efforts to overcome economic difficulties and improve law & order situation in the country.

The Company's portfolio of investments is well diversified. Major subsidiaries and associated companies in sectors like brokerage, investment advisory, construction & real estate development, print & electronic media are expected to produce good returns in the future. The Company's direct investment in commercial properties, about 6.08% of the total assets, is also fundamentally strong and is expected to earn good returns in future.

Key Financial Indicators

The key financial indicators of the Company's performance for the last eight years are annexed to the report.

Payouts for the Shareholders

The Company announced final bonus shares in proportion of forty (40) bonus shares for every one hundred (100) shares held i.e. 40% fully paid ordinary shares during the year. This shall also be considered as a final bonus issue.

Earnings per share

Earnings per share (basic and diluted) for the year ended 30 June 2008 jumped to Rs. 33.48 as compared to earnings per share of Rs. 10.06 during the year 2007.

Changes in the Board of Directors

During the financial year Mr. Sardar Ali Wattoo resigned from Board of Directors' of the Company and Mr. Shahbaz Ali Taseer was appointed in his replacement.

Code of Corporate Governance

This statement is being presented to comply with the "Code of Corporate Governance" (Code) contained in the Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Code. The directors hereby confirm the following as required by clause (xix) of the Code.

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal controls is sound in design and has been implemented and effectively monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in Listing Regulations.
8. The key financial data of last eight years is summarized in the report.
9. There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in annexed accounts.

Board Meetings during the year

Five meetings of the Board of Directors were held during the year. Attendance by each director is as under:

Directors	Meetings Attended
Salmaan Taseer (Chairman & Chief Executive)	4
Aamna Taseer	5
Sulieman Ahmed Said Al-Hoqani	2
Sardar Ali Wattoo (Resigned)	5
Khawaja Khalil Shah	3
Mr. Jamal Said Al-Ojaili	-
Syed Kashan Kazmi	5
Shahbaz Ali Taseer	-

The Directors who could not attend the meeting were duly granted leave by the Board.

Trading of Directors

During the financial year, the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children is given in Annexure-I.

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee consisting of following Directors:

Shahbaz Ali Taseer (Chairman)
Aamna Taseer (Member)
Khawaja Khalil Shah (Member)

During the year Shahbaz Ali Taseer appointed in place of Mr. Sardar Ali Wattoo.

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and be eligible to offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the auditors of the Company for the financial year ending 30 June 2009.

National Accountability Bureau

During last year, National Accountability Bureau ("NAB") again raised a demand of Rs. 10.07 million, which remained un-recovered from various parties involved. The Company had informed NAB that the said amounts are not payable. The Company also lodged a counter claim for sums paid by the Company to NAB, which were actually siphoned by the employees of WWF and other parties involved. Note 26.1 of the annexed accounts provide further details of the matter. Since then there had been no change in the status of NAB case.

Pattern of Shareholdings

The pattern of shareholdings as required under the section-236 of the Companies Ordinance, 1984 as well as per Listing Regulations of Stock Exchanges is enclosed.

Acknowledgement

Availing this opportunity the Board desires to place on record their appreciation to the financial institutions, Government authorities and other stakeholders for their dedication and commitments enabling us to achieve fabulous results. We would like to thank all shareholders of the company for the trust and confidence. Conclusively we would like to express our gratitude towards Securities and Exchange Commission of Pakistan for its persistent guidance.

For and on behalf of the Board of Directors

Lahore
07 October 2008

Salmaan Taseer
Chairman & Chief Executive Officer

Annexure I

TRADING BY BOARD MEMBERS, COMPANY SECRETARY, CFO AND THEIR SPOUSE & IF ANY MINOR CHILDREN

	Opening balance as on 01-07-2007	Purchase	Bonus	Sale	Closing balance as on 30-06-2008
Directors					
Salmaan Taseer (CEO)	2,386,856	4,490,000	512,970	2,003,200	5,386,626
Aamna Taseer	698,116	-	139,623	-	837,739
Sulieman Ahmed Said Al-Hoqani	56,968,845	-	11,393,769	21,366,052	46,996,562
Sardar Ali Wattoo (Resigned)	675	-	135	500	310
Jamal Said Al-Ojaili	792	-	158	-	950
Syed Kashan Kazmi	1,443	-	288	-	1,731
Khawaja Khalil Shah (Nominee Director of Faysal Bank Ltd.)	-	-	-	-	-
Shahbaz Ali Taseer	-	500	-	-	500
Spouses	-	-	-	-	-
Minor Children	-	-	-	-	-
Chief Financial Officer					
Syed Kashan Kazmi	1,443	-	288	-	1,731
Company Secretary					
Muhammad Irfan Khawaja	-	-	-	-	-

Annexure II

KEY FINANCIAL DATA FOR LAST 8 YEARS

FINANCIAL DATA **Rupees in Thousands**

	2008	2007	2006	2005	2004	2003	2002	2001
Operating revenue	**5,636,505**	1,723,995	429,056	61,535	75,514	41,699	47,827	78,735
Operating expenses	**181,830**	45,168	35,274	42,898	45,942	41,899	51,673	29,160
Operation profit	**5,454,675**	1,678,827	393,782	18,637	29,572	(199)	(3,846)	49,575
Other revenue	**30,014**	3,366	8,557	2,237	2,451	5,582	13,318	52,049
Financial Expenses	**43,126**	46,414	25,507	23,006	11,861	5,017	2,666	10,566
Taxation	**118**	227	476	-	5,698	1,320	3,544	150
Profit after Taxation	**5,441,446**	1,635,552	376,365	(2,132)	211,429	165,547	91,153	87,932
Cash Dividend Final (%)	**-**	-	-	-	-	-	-	10%
Bonus Share Final	**40%**	20%	35%	47.5%	-	38%	-	-

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2008

INCORPORATION NUMBER: 0032345 OG of 11-04-1994

No. of Shareholders	Shareholdings			Shares Held
	From		To	
480	1	-	100	23,391
987	101	-	500	308,749
670	501	-	1000	545,521
876	1001	-	5000	2,255,576
80	5001	-	10000	625,906
27	10001	-	15000	356,978
17	15001	-	20000	327,707
18	20001	-	25000	417,307
12	25001	-	30000	341,478
2	30001	-	35000	64,900
4	35001	-	40000	149,179
4	40001	-	45000	172,400
4	45001	-	50000	194,300
1	50001	-	55000	52,000
3	55001	-	60000	175,835
4	60001	-	65000	250,608
1	65001	-	70000	65,100
5	80001	-	85000	415,570
1	90001	-	95000	95,000
4	95001	-	100000	395,500
2	100001	-	105000	209,416
1	105001	-	110000	110,000
1	110001	-	115000	115,000
1	120001	-	125000	125,000
1	145001	-	150000	148,500
1	150001	-	155000	152,974
1	175001	-	180000	180,000
1	180001	-	185000	183,800
1	245001	-	250000	250,000
1	250001	-	255000	250,500
1	295001	-	300000	300,000
1	395001	-	400000	400,000
1	405001	-	410000	407,732
1	415001	-	420000	417,000
1	455001	-	460000	455,803
1	550001	-	555000	551,134
1	580001	-	585000	580,027
1	650001	-	655000	652,900
1	795001	-	800000	797,869
1	810001	-	815000	813,600

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1	830001	-	835000	835,000
1	845001	-	850000	847,739
1	915001	-	920000	919,700
1	1000001	-	1005000	1,000,193
1	1515001	-	1520000	1,519,804
1	1610001	-	1615000	1,611,822
1	1655001	-	1660000	1,656,174
1	2045001	-	2050000	2,049,051
1	2060001	-	2065000	2,063,324
1	2125001	-	2130000	2,125,395
1	2835001	-	2840000	2,838,200
1	3270001	-	3275000	3,272,588
1	3845001	-	3850000	3,849,729
1	4550001	-	4555000	4,550,118
1	4815001	-	4820000	4,818,728
1	6505001	-	6510000	6,509,502
1	11060001	-	11065000	11,063,500
1	12950001	-	12955000	12,954,606
1	14140001	-	14145000	14,143,093
1	17475001	-	17480000	17,478,800
1	52080001	-	52085000	52,081,190
3242				**162,522,516**

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2007

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	53,234,108	32.76
Associated Companies, undertakings and related parties.	2,049,051	1.26
NIT and ICP	2,064,824	1.27
Banks, Development Financial Institutions, Non Banking Financial Institutions	6,932,873	4.27
Modarabas and Mutual Funds	2,169,447	1.34
Share holders holding 10% or more	113,220,845	69.67
General Public		
a) Local	19,046,824	11.72
b) Foreign	1,357,598	0.84
Others:		
- Joint Stock Companies	7,821,686	4.81
- Foreign Companies	67,846,105	41.45

Note: Some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30 JUNE 2008

Shareholders' Category	Number of Shares held
Associated Companies, undertaking and related parties	
Worldcall Telecom Limited	2,049,051
NIT and ICP	
National Bank of Pakistan, Trustee Deptt	2,063,324
Investment Corporation of Pakistan	1,500
Directors, CEO and their Spouse and Minor Children	
Salmaan Taseer (CEO/Director)	5,386,626
Aamna Taseer (Director)	847,739
Shahbaz Ali Taseer (Director)	500
Syed Kashan Kazmi (Director)	1,731
Jamal Said Al-Ojaili (Director)	950
Sulieman Ahmed Said Al-Hoqani (Director)	46,996,562
Khawaja Khalil Shah (Nominee Director of Faysal Bank Limited)	-
Executives	
Kamil Aziz	2,980
Public Sector Companies and Corporations	7,821,686
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Fund etc.	9,102,320
Shareholders holding 10% or more voting interest in the Company	
Amythest Limited	66,224,283
Sulieman Ahmed Said Al-Hoqani	46,996,562

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED 30 JUNE 2008

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of Stock Exchanges where the Company is listed.

For and on behalf of the Board

Lahore	Chairman & Chief Executive Officer	Director
07 October 2008		

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2008

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1) The Board of Directors comprise of seven Directors. The Company encourages representation of independent non-executive directors on its Board. At present the board includes at least 2 independent non-executive directors.

2) The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3) All the resident directors of the Company are registered as taxpayers and none of them has convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a DFI or an NBFI. No one is a member of Stock Exchange.

4) All casual vacancies occurring in the Board were filed up by the directors within 30 days thereof.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7) All the powers of the board have been duly exercised and decisions on material transactions.

8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10) The Board has approved appointment of Company Secretary including remuneration and terms and conditions of employment, as determined by the CEO.

11) The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13) The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding

14) The Company has complied with all the corporate and financial reporting requirements of the Code.

15) The Board has formed an Audit Committee. At present the committee includes three non-executive directors including the chairman of the committee.

16) The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The Board has set-up an effective internal audit function having suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company.

18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore　　Chairman & Chief Executive Officer　　Director
07 October 2008

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **First Capital Securities Corporation Limited ("the Company")** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Lahore
07 October 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Capital Securities Corporation Limited** ("the Company") as at 30 June 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the profit, its cash flows and changes in equity for the year then ended; and

   in our opinion no Zakat was deductible at source by the Company under Section 7 of the Zakat and Ushr Ordinance, 1980.

Lahore:
07 October 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Non current assets			
Property and equipment	3	**114,750,664**	2,189,747
Long term loans	4	**330,700,000**	15,520,000
Investment property	5	**736,307,933**	-
Long term investments	6	**7,175,927,758**	2,088,526,928
Long term deposits	7	**646,838**	37,500
		8,358,333,193	2,106,274,175
Current assets			
Trade debts	8	**1,885,006**	4,143,302
Loans and advances	9	**113,248**	430,932
Short term prepayments		**108,747**	115,596
Taxation recoverable		**21,418,663**	17,471,892
Other receivables	10	**11,238,189**	299,549
Investments at fair value through profit or loss	11	**3,366,163,035**	3,203,171,616
Cash and bank balances	12	**350,905,292**	17,754,146
		3,751,832,180	3,243,387,033
Current liabilities			
Current portion of liabilities against assets subject to finance lease	13	**587,805**	154,068
Mark up accrued		**81,098**	4,696,157
Short term borrowings - secured	14	**14,000,000**	295,000,000
Trade and other payables	15	**367,058,185**	5,339,498
		381,727,088	305,189,723
Working capital		**3,370,105,092**	2,938,197,310
Net assets		**11,728,438,285**	5,044,471,485
Non current liabilities			
Liabilities against assets subject to finance lease	13	**1,647,793**	-
Staff retirement benefits	16	**8,200,796**	5,567,012
		9,848,589	5,567,012
Contingencies and commitments	26		
Net capital employed		**11,718,589,696**	5,038,904,473
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up capital	17	**1,625,225,160**	1,354,354,300
Reserves		**2,905,945,335**	1,667,705,724
Unappropriated profit		**7,187,419,201**	2,016,844,449
		11,718,589,696	5,038,904,473

The annexed notes 1 to 30 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Operating revenue			
Financial consultancy services		**10,562,500**	10,527,768
Money market services	*18*	**13,030,021**	11,233,301
Gain on sale of investments		**4,055,999,626**	20,576,874
Unrealized gain on remeasurement of short term investments	*11*	**1,543,313,588**	1,676,965,959
Dividend income	*19*	**13,599,364**	4,690,638
		5,636,505,099	1,723,994,540
Operating expenses	*20*	**181,829,671**	45,167,819
Operating profit		**5,454,675,428**	1,678,826,721
Finance and other costs	*21*	**43,126,300**	46,414,290
		5,411,549,128	1,632,412,431
Other operating income	*22*	**30,014,447**	3,366,306
Profit before taxation		**5,441,563,575**	1,635,778,737
Taxation	*23*	**(117,963)**	(226,756)
Profit after taxation		**5,441,445,612**	1,635,551,981
Earnings per share- basic and diluted	*25*	**33.48**	10.06

The annexed notes 1 to 30 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Cash flows from operating activities			
Profit before taxation		**5,441,563,575**	1,635,778,737
Adjustments for:			
Finance and other costs		**43,126,300**	46,414,290
Unrealized gain on remeasurement of investments at fair value through profit or loss		**(1,543,313,588)**	(1,676,965,959)
Dividend income		**(13,599,364)**	(4,690,638)
Depreciation		**1,308,032**	1,177,784
Gain on disposal of property and equipment		**(1,550,500)**	-
Debts written off directly		**59,219**	187,841
Impairment loss		**-**	524,503
Mark up income		**(19,750,877)**	(3,366,306)
Provision for compensated absences		**549,287**	444,333
Provision for gratuity-net		**2,646,284**	1,324,215
		(1,530,525,207)	(1,634,949,937)
Profit/(loss) before working capital changes		**3,911,038,368**	828,800
Effect on cash flow due to working capital changes:			
Trade debts		**2,199,077**	3,664,416
Loans and advances		**317,684**	(225,397)
Short term prepayments		**6,849**	34,984
Other receivables		**132,428**	690,117
Short term investments-net		**1,380,322,169**	155,148,695
Trade and other payables		**2,588,433**	145,717
		1,385,566,640	159,458,532
Cash generated from operations		**5,296,605,008**	160,287,332
Staff retirement benefits paid		**(12,500)**	(15,000)
Finance and other costs paid		**(47,432,402)**	(44,385,491)
Other long term deposits		**-**	84,500
Taxes paid		**(4,064,734)**	(2,286,146)
		(51,509,636)	(46,602,137)
Net cash generated from operating activities		**5,245,095,372**	113,685,195
Cash flows from investing activities			
Capital expenditure		**(111,220,449)**	(401,700)
Dividend received		**2,643,715**	4,535,123
Proceeds from disposal of property and equipment		**1,583,000**	-
Investment property		**(377,726,966)**	-
Long term investments		**(3,849,161,219)**	(202,020,500)
Long term loans-net		**(315,180,000)**	5,739,500
Long term deposits		**(609,338)**	-
Mark up received		**19,635,458**	3,519,099
Net cash used in investing activities		**(4,630,035,799)**	(188,628,478)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(599,470)**	(1,275,728)
Short term borrowings-net		**(281,000,000)**	85,000,000
Net cash generated from financing activities		**(281,599,470)**	83,724,272
Net decrease in cash and cash equivalents		**333,460,103**	8,780,989
Cash and cash equivalents at the beginning of the period		**17,754,146**	8,978,128
Exchange loss on translation of deposit account		**(308,957)**	(4,971)
Cash and cash equivalents at the end of the period	*12*	**350,905,292**	17,754,146

The annexed notes 1 to 30 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Share Capital	Fair value reserve	Revenue reserve Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2006	1,003,225,410	612,996,894	732,421,358	**2,348,643,662**
Fair value gain during the period	-	1,054,708,830	-	**1,054,708,830**
Profit for the year	-	-	1,635,551,981	**1,635,551,981**
Total recognized income and expenses for the year	-	1,054,708,830	1,635,551,981	**2,690,260,811**
Issuance of bonus shares	351,128,890	-	(351,128,890)	-
Balance as at 30 June 2007	1,354,354,300	1,667,705,724	2,016,844,449	**5,038,904,473**
Fair value gain during the period	-	2,905,945,335	-	**2,905,945,335**
Fair value gain on realization	-	(1,667,705,724)	-	**(1,667,705,724)**
Profit for the year	-	-	5,441,445,612	**5,441,445,612**
Total recognized income and expenses for the year	-	1,238,239,611	5,441,445,612	**6,679,685,223**
Issuance of bonus shares	270,870,860	-	(270,870,860)	-
Balance as at 30 June 2008	**1,625,225,160**	**2,905,945,335**	**7,187,419,201**	**11,718,589,696**

The annexed notes 1 to 30 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 Status and nature of business

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

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments and certain financial assets that are stated at fair value, and recognition of certain employee benefits at present value.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

a)	Useful life and residual values of property and equipment	Note 2.3
b)	Impairment of available for sale financial assets	Note 2.5
c)	Provisions	Note 2.15
d)	Staff retirement benefits	Note 2.17
e)	Provision for taxation	Note 2.20

2.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost is written-off over its estimated useful life at the rates specified in note 3 to the financial statements. Residual value and the useful life of an asset are reviewed at least at each financial year end.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged up to the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains and losses on disposals of assets are included in income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

2.4 Leases

Leases in term of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of its fair value and present value of minimum lease payments under the lease agreements and fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments , if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 3. Depreciation of leased assets is charged to income.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Residual value and the useful life of an asset are reviewed at least at each financial year end.

2.5 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit and loss. Individually significant financial assets are tested for impairment on individual basis. An impairment loss in respect of available for sale financial assets is calculated by the reference to its current fair value. Any cumulative loss in respect of an available for sale financial assets recoginsed previously in equity is transferred to profit and loss.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

For available for sale financial assets that are equity securities, the reversal is recoginsed directly in equity.

2.6 Investments

Investment in equity instruments of subsidiaries and associates

Investment in subsidiaries and associates where the Company have significant influence are classified as available for sale, for the purpose of measurement in the Company's financial statements.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is taken to income currently.

Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition it is designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

2.7 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 2.18.

When an item of property and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit and loss account.

2.8 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

2.9 Long term loan

These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition these are measured at amortized cost using the effective interest method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of loan.

2.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term loan, long term investments, long term deposits, short term investments, trade debts, loans and advances, other receivables and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are liability against assets subject to finance lease, mark up accrued, short term borrowings, trade and other payables.

2.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

2.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.16 Securities sold under repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as "securities sold under repurchase agreements" in short term borrowings. The difference between sale and repurchase price is treated as mark-up on borrowings and is accrued over the life of the repo agreement.

2.17 Staff retirement benefits

Defined benefit plan

The Company operates an un-funded gratuity plan for its eligible staff under which benefits are paid on cessation of employment subject to a minimum qualifying period of service, that is one year. The liability under the plan is determined on the basis of actuarial valuations carried out by using the “Projected Unit Credit Method” and is charged to income.

The Company recognizes actuarial gains/ losses above the 10% of present value of obligation at the end of previous year over the expected remaining average service life of the employees.

2.18 Revenue recognition

Capital gains or losses on sale of investments are recognised in the year in which they arise.

Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.

Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.

Dividend income is recognized when the right to receive the dividend is established i.e. at the time of closure of share transfer book of the company declaring the dividend.

Return on securities other than shares is recognized as and when it is due on time proportion basis.

Mark-up/interest income is recognized on accrual basis.

Rental income is recognized on accrual basis.

2.19 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred.

2.20 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credit rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

2.21 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

2.22 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

2.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

2.24 Standards, Interpretations and amendments to published approved accounting standards

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting period beginning on or after 01 January 2008.

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
Revised IAS 23 - Borrowing costs (effective from 01 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the company's financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on company's financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on company's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company’s financial statements.

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the company’s operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. IFRIC 14 is not expected to have any material impact on the Company’s financial statements.

IFRIC 15- Agreement for the Construction of Real Estate. (effective for annual period beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company.

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual period beginning on or after 1 October 2008).IFRIC clarifies what risk in foreign operation can be hedged and which entity in the group can hold hedge instrument. The amendment is not relevant to the Company.

		Note	2008 Rupees	2007 Rupees
3	**Property and equipment**			
	Operating fixed assets	*3.1*	**3,813,172**	2,189,747
	Capital work in progress	*3.2*	**110,937,492**	-
			114,750,664	2,189,747

3.1 Property and equipment

2008

	COST					DEPRECIATION					NET BOOK VALUE
	As at 01 July 2007	additions/ (deletions)	Adjustments	As at 30 June 2008	Rate	Accumulated as at 01 July 2007	Deletions	Adjustments	For the year	Accumulated as at 30 June 2008	as at 30 June 2008
	Rupees				%	Rupees					Rupees
Owned assets											
Leasehold improvements	470,315	-	-	470,315	10	423,285	-	-	47,030	470,315	**-**
Computers	4,268,171	214,457	-	4,482,628	33	4,123,892	-	-	132,519	4,256,411	**226,217**
Office equipment	4,358,561	31,000	-	4,389,561	10	3,748,478	-	-	171,780	3,920,258	**469,303**
Furniture and fixtures	2,199,600	37,500	-	2,237,100	10	2,133,712	-	-	42,403	2,176,115	**60,985**
Vehicles	8,412,255	-	845,000	5,701,755	20	7,427,788	-	507,000	679,600	5,091,388	**610,367**
		(3,555,500)					(3,523,000)				
	19,708,902	282,957	845,000	17,281,359		17,857,155	(3,523,000)	507,000	1,073,332	15,914,487	**1,366,872**
		(3,555,500)									
Leased assets											
Vehicles	845,000	2,681,000	(845,000)	2,681,000	20	507,000	-	(507,000)	234,700	234,700	**2,446,300**
2008	**20,553,902**	**2,963,957**	**-**	**19,962,359**		**18,364,155**	**(3,523,000)**	**-**	**1,308,032**	**16,149,187**	**3,813,172**
		(3,555,500)									

2007

	COST					DEPRECIATION					NET BOOK VALUE
	As at 01 July 2006	additions/ (deletions)	Adjustments	As at 30 June 2007	Rate	Accumulated as at 01 July 2006	Deletions	Adjustments	For the year	Accumulated as at 30 June 2007	as at 30 June 2007
	Rupees				%	Rupees					Rupees
Owned assets											
Leasehold improvements	470,315	-	-	470,315	10	376,253	-	-	47,032	423,285	47,030
Computers	4,188,571	79,600	-	4,268,171	33	4,037,746	-	-	86,146	4,123,892	144,279
Office equipment	4,100,461	258,100	-	4,358,561	10	3,490,150	-	-	258,328	3,748,478	610,083
Furniture and fixtures	2,199,600	-	-	2,199,600	10	2,069,067	-	-	64,645	2,133,712	65,888
Vehicles	6,582,755	64,000	1,765,500	8,412,255	20	5,815,855	-	1,177,875	434,058	7,427,788	984,467
		-					-				
	17,541,702	401,700	1,765,500	19,708,902		15,789,071	-	1,177,875	890,209	17,857,155	1,851,747
Leased assets											
Vehicles	2,610,500	-	(1,765,500)	845,000	20	1,397,300	-	(1,177,875)	287,575	507,000	338,000
2007	20,152,202	401,700	-	20,553,902		17,186,371	-	-	1,177,784	18,364,155	2,189,747

3.1.1 Book value for all deletions made during the period was below Rs. 50,000.

3.2 This represents 30% advance payment to Pace (Pakistan) Limited for purchase of offices at Pace Tower Gulberg, Lahore.

		Note	2008 Rupees	2007 Rupees
4	**Long term loans - unsecured considered good - related parties**			
	Media Times Limited	*4.1*	**330,700,000**	-
	Pace Gujrat (Private) Limited		**-**	15,520,000
			330,700,000	15,520,000

4.1 This represents loan to an associated company and carries minimum mark up at the rate of 16%, subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

4.2 The maximum aggregate amount of loan outstanding during the year was Rs. 330,700,000 (2007: Rs. 15,520,000).

		Note	2008 Rupees	2007 Rupees
5	**Investment property**	*5.1*	**736,307,933**	-

5.1 Investment property acquired during the period comprises various shops acquired from Pace (Pakistan) Limited in various shopping malls situated in Gujrat, Gujranwala, Lahore (Fortress and Gulberg). These properties were acquired on 14 June 2008 and consideration paid substantially represents the fair value of this property as determined by an independent valuer.

		Note	2008 Rupees	2007 Rupees
6	**Long term investments - available for sale**			
	Subsidiary company - Listed			
	First Capital Equities Limited			
	43,412,160 (2007: 27,132,600) fully paid ordinary shares of Rs.10/- each			
	Equity held 50.23% (2007: 50.23%)		**1,910,135,040**	673,405,710
	Addition through subscription of 50% right shares		**-**	182,020,500
	Purchase of investment at market price		**5,508,752,487**	-
	Sale of investment at market price		**(3,658,895,694)**	-
	Fair value adjustment		**2,905,945,335**	1,054,708,830
	C/F	*6.2*	**6,665,937,168**	1,910,135,040

	Note	2008 Rupees	2007 Rupees
Subsidiary companies - Unlisted	***B/F***	**6,665,937,168**	1,910,135,040
Mileage (Private) Limited (formerly First Capital Associates (Private) Limited) - wholly owned			
100,000 (2007: 100,000) fully paid ordinary shares of Rs 10 each		**475,497**	1,000,000
Impairment loss		**-**	(524,503)
		475,497	475,497
First Capital Investments Limited			
7,855,000 (2007: 2,500,000) fully paid ordinary shares of Rs10 each Equity held: 76.56% (2007: 65.79%)		**25,000,000**	25,000,000
Addition through subscription of right shares		**53,550,000**	-
		78,550,000	25,000,000
World Press (Private) Limited			
1,949,041 (2007: 450,125) fully paid ordinary shares of Rs.10/- each Equity held 65% (2007: 65%)		**4,501,250**	4,501,250
Addition through subscription of right shares		**14,989,160**	-
		19,490,410	4,501,250
Trident Construct (Private) Limited			
1,020,000 (2007:1,020,000) fully paid ordinary shares of Rs10 each Equity held: 51% (2007:51.76%)		**10,200,000**	10,200,000
Lanka Securities (Private) Limited **Foreign entity**			
7,129,800 (2007: 3,564,900) fully paid ordinary shares of LKR.10 each Equity held: 51% (2007: 51%)		**8,170,141**	8,170,141
Addition through subscription of right shares		**38,059,542**	-
		46,229,683	8,170,141
	C/F	**6,820,882,758**	1,958,481,928

	Note	2008 Rupees	2007 Rupees
Associated companies - Unlisted	***B/F***	**6,820,882,758**	1,958,481,928
Media Times Limited			
11,000,000 (2007: 8,000,000) fully paid ordinary shares of Rs10 each			
Equity held: 10.95% (2007: 45.71%)		**110,000,000**	80,000,000
Advance for issuance of shares		**-**	30,000,000
		110,000,000	110,000,000
Pace Super Mall (Private) Limited			
4,500 (2007: 4,500) fully paid ordinary shares of Rs10 each			
Equity held: 10% (2007: 10%)		**45,000**	45,000
Pace Barka Properties Limited			
24,500,000 (2007: 2,000,000) fully paid ordinary shares of Rs10 each			
Equity held: 8.03% (2007: 1.47%)		**20,000,000**	20,000,000
Addition through subscription of right shares		**225,000,000**	
		245,000,000	20,000,000
Total investments		**7,175,927,758**	2,088,526,928

6.1 All subsidiaries and associated companies have been incorporated in Pakistan except for Lanka Securities (Private) Limited which is incorporated in Sri Lanka.

6.2 Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the Company, the Company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1 million. Accordingly FCABN became a wholly owned subsidiary of the Company and its name was changed to First Capital Equities Limited (FCEL) in January 2001.

As agreed between the Company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The Company has provided a guarantee to ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

FCEL together with ABN AMRO have initiated cases against certain clients. The eventual outcome of these cases or counter claims is uncertain at this stage. However, the management is confident regarding a favourable outcome of these claims or counter claims. Furthermore, FCEL being a limited liability company, the management is of the view that the Company has no exposure beyond its investment in FCEL.

6.3 The Company's investment in Pace Super Mall (Private) Limited and Pace Barka Properties Limited is less than 20%, however these have been considered as associates as per the requirements of IAS 28 'Investment in Associates', as the Company has significant influence over the financial and operating policies of these companies.

		Note	2008 Rupees	2007 Rupees
7	**Long term deposits**			
	Deposits with leasing companies		**609,338**	84,500
	Less: Current maturity		**-**	(84,500)
			609,338	-
	Deposits with others		**37,500**	37,500
			646,838	37,500
8	**Trade debts**			
	Unsecured, considered good			
	Money market receivables		**1,885,006**	1,143,302
	Associated companies			
	Pace (Pakistan) Limited		**-**	3,000,000
			1,885,006	4,143,302
9	**Loans and advances - unsecured, considered good**			
	Advance to staff - unsecured, considered good	*9.1*	**113,248**	430,932
			113,248	430,932

9.1 Advances given to staff for expenses are in accordance with the Company's policy. Such advances are unsecured, interest free and are adjusted against salary/expense claims. Advance to staff does not include any amount due from Chief Executive, Directors and executives (2007: Nil).

		Note	2008 Rupees	2007 Rupees
10	**Other receivables**			
	Current portion of deposits against lease	*7*	**-**	84,500
	Dividend		**11,111,164**	155,515
	Mark up receivable on long term loan		**115,419**	-
	Others		**11,606**	59,534
			11,238,189	299,549

	Note	30 June 2008 Carrying Value Rupees	30 June 2008 Fair Value Rupees	30 June 2007 Carrying Value Rupees	30 June 2007 Fair Value Rupees
11. Short term investments - at fair value through profit and loss					
These are made up as under:					
Held for trading					
Related parties	*11.1*	**14,833,051**	**14,865,919**	3,008,975	4,791,920
Others	*11.2*	**51,533,644**	**44,609,599**	63,150,302	69,217,379
Others-related parties	*11.3*	**1,756,482,752**	**3,306,687,517**	1,460,046,380	3,129,162,317
		1,822,849,447	**3,366,163,035**	1,526,205,657	3,203,171,616
Add: Unrealised gain on account of remeasurement to fair value		**1,543,313,588**	**-**	1,676,965,959	-
		3,366,163,035	**3,366,163,035**	3,203,171,616	3,203,171,616

	Note	Number of shares/certificates 2008	Number of shares/certificates 2007	30 June 2008 Carrying Value Rupees	30 June 2008 Fair Value Rupees	30 June 2007 Carrying Value Rupees	30 June 2007 Fair Value Rupees
11.1 Held for trading - related parties							
Insurance							
Shaheen Insurance Company Limited		**168,720**	31,841	**14,833,051**	**14,865,919**	3,008,975	4,791,920
Equity held 0.96% (2007:0.56%)							
11.2 Held for trading - others							
Cement							
DG Khan Cement Company Limited		**55,000**	-	**3,868,967**	**3,692,700**	-	-
Pioneer Cement Limited		**354,849**	150,085	**12,930,044**	**9,996,096**	5,083,829	5,613,179
Insurance							
Adamjee Insurance Company Limited		**10,000**	-	**2,752,167**	**2,707,200**	-	-
Cable and Electrical goods							
Pak Elektron Limited		**93**	553,375	**6,236**	**5,208**	41,211,773	47,590,250
Commercial Bank / Investment co.							
Askari Commercial Bank Limited		**52,000**	-	**3,037,250**	**2,089,880**	-	-
JS bank Limited		**101,000**	-	**1,746,150**	**1,387,740**	-	-
Habib bank Limited		**3,900**	-	**212,905**	**813,657**	-	-
Bank Alfalah Limited		**100,000**	-	**5,152,500**	**4,106,000**	-	-
Fuel and Energy							
Bosicor Pakistan Limited		**150,000**	-	**3,435,225**	**2,010,000**	-	-
Leasing							
Standard Chartered Leasing Limited		**70,000**	70,000	**777,000**	**427,000**	1,252,700	777,000
Food & Personal care products							
Zulfiqar Industries Limited		**19,000**	-	**2,622,000**	**2,907,000**	-	-
Funds							
Namco Balanced Fund Limited		**1,435,200**	1,460,200	**13,993,200**	**13,361,712**	14,602,000	14,236,950
Dawood Islamic Fund - Units		**11,021**	9,981	**1,000,000**	**1,105,406**	1,000,000	1,000,000
				51,533,644	**44,609,599**	63,150,302	69,217,379
11.3 Others-related parties							
First Capital Equities Limited		**14,740,000**	9,212,500	**695,398,500**	**2,263,327,000**	413,641,250	648,560,000
Equity held 17.06% (2007:17.06%)							
Worldcall Telecom Limited	11.3.1	**7,737,207**	84,159,661	**141,977,748**	**112,344,246**	654,980,978	1,544,329,779
Equity held 0.90% (2007: 11.19%)							
Pace (Pakistan) Limited		**32,851,668**	32,851,668	**919,106,504**	**931,016,271**	391,424,152	936,272,538
Equity held 14.90% (2007:14.9%)							
				1,756,482,752	**3,306,687,517**	1,460,046,380	3,129,162,317

11.3.1 This includes 2.9 million shares held under lien as security by National Accountability Bureau. Refer to note 26.1.

11.4 Face value of each share/certificate is Rs 10 each, except for, Dawood Islamic Fund which has a net asset value of Rs. 100.30 (2007: Rs 100.19) per unit.

	Note	2008 Rupees	2007 Rupees
12 Cash and bank balances			
In hand		**12,426**	19,893
At bank			
Current accounts	*12.1*	**2,572,711**	10,417,739
Deposit accounts	*12.2*	**348,321,155**	7,316,514
		350,892,866	17,734,253
		350,905,292	17,754,146

12.1 Including in current account is Sri lankan Rupees amounting to LKR: 2,716,855 (2007: LKR: 139,397).

12.2 The balance in deposit accounts bear mark up which ranges from 2.85% to 10.75% (2007: 0.1-5%) per annum.

13 Liabilities against assets subject to finance lease

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	30 June 2008		
	Not later than one year	**Later than one year and not later than five years**	**Total**
		Rupees	
Minimum lease payments	**759,347**	**1,760,166**	**2,519,513**
Future finance charge	**(171,542)**	**(112,373)**	**(283,915)**
Present value of minimum lease payments	**587,805**	**1,647,793**	**2,235,598**

	30 June 2007		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payments	156,530	-	156,530
Future finance charge	(2,462)	-	(2,462)
Present value of minimum lease payments	154,068	-	154,068

13.1 Rentals are payable in monthly instalments. The Company has the right to exercise purchase option at the end of the lease term. The present value of minimum lease payments have been discounted at an effective rate of 9.02% to 13.01% (2007: 7.5% to 9.09%) per annum.

	Note	2008 Rupees	2007 Rupees
14 Short term borrowings - secured			
Running finance facility with Bank Alfalah Limited	*14.1*	**14,000,000**	-
Securities sold under repurchase agreements	*14.2*		
First Capital Equities Limited - related party		**-**	170,000,000
Salman Services (Private) Limited		**-**	75,000,000
First Dawood Investment Bank Limited		**-**	50,000,000
		-	295,000,000
		14,000,000	295,000,000

14.1 The Company has running finance facility of Rs. 75 million from a commercial bank under mark up arrangement at the rate of 3 Months KIBOR plus 2% per annum. This running finance facility is secured by pledge of listed securities.

14.2 Represents the sale price of certain listed equity securities sold under the contracts whereby the securities would be repurchased by the Company at a fixed price.

The difference between the sale price and the purchase price is accrued over the period of the contract in the books of account as cost on repo transactions. The market value of securities pledged at year end amounts to NIL (2007: Rs. 566 million). The short term borrowings bears a mark up which ranges from 12.75% to 15% (2007: 12.75% to 15%) per annum.

	Note	2008 Rupees	2007 Rupees
15 Trade and other payables			
Bills payable		**432,055**	236,198
Payable against trading of shares		**2,376,939**	-
Payable against purchase of property	*15.1*	**358,580,967**	-
Accrued liabilities		**2,788,947**	2,145,811
Unclaimed dividend		**1,873,149**	1,878,194
Other liabilities		**1,006,128**	1,079,295
		367,058,185	5,339,498

15.1 This amount is payable to Pace (Pakistan) Limited, an associated company, against purchase of properties as referred in note 5.

	2008 Rupees	2007 Rupees
16 Staff retirement benefits		
Amount recognised in the Balance Sheet are as follows:		
Present value of defined benefit obligation	**10,201,283**	7,316,886
Unrecognised actuarial (losses) to be recognized in later period	**(2,000,487)**	(1,749,874)
Balance sheet liability as on 30 June	**8,200,796**	5,567,012

16.1 Movement in net obligation

	2008 Rupees	2007 Rupees
Net liability as on 1 July	**5,567,012**	4,257,797
Liability transferred from other sister concerns	**-**	36,400
Liability transferred to other sister concerns	**(18,400)**	(63,000)
Amount recognized during the year	**2,664,684**	1,350,815
Benefits payments made by the Company during the year	**(12,500)**	(15,000)
Net liability as on 30 June	**8,200,796**	5,567,012

16.2 Movement in present value of defined benefit benefit obligation is as follows:

	2008 Rupees	2007 Rupees
Present value of defined benefit obligation as at 01 July	**7,316,886**	5,146,271
Current service cost	**1,848,146**	856,497
Interest cost	**731,689**	463,164
Liability transferred from other sister concern	**-**	36,400
Liability transferred to other Company.	**(18,400)**	(63,000)
Benefit paid during the period	**(12,500)**	(15,000)
Actuarial loss	**335,462**	892,554
Present value of defined benefit obligation as at 30 June	**10,201,283**	7,316,886

16.3 Salaries, wages and other benefits include following in respect of retirement benefits

	2008 Rupees	2007 Rupees
Current service cost	**1,848,146**	856,497
Interest cost	**731,689**	463,164
Actuarial loss charged	**84,849**	31,154
Total amount chargeable to Profit and Loss account	**2,664,684**	**1,350,815**

16.4 The Company expects to contribute Rs.3,350,967 to defined gratuity plan in 2009.

16.5 Principal actuarial assumptions

Discount rate	12% per annum	9% per annum
Expected rate of Eligible Salary increase in future years	11% per annum	8% per annum
Average expected remaining working life time of employees	12 years	12 years

16.6 Historical information for Gratuity plan

	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees	2004 Rupees
Present value of defined benefit obligation	**10,210,283**	**7,316,886**	5,146,271	3,870,087	2,820,083
Actuarial experience adjustments on plan liabilities	**(335,462)**	**(892,554)**	(352,033)	(262,252)	(471,495)

17 Share capital

	2008 Rupees	**2007 Rupees**
Authorized		
170,000,000 (2007: 160,000,000) ordinary shares shares of Rs 10 each	**1,700,000,000**	1,600,000,000

	Number of Shares			
	2008	2007	**2008 Rupees**	2007 Rupees
Issued, subscribed and paid-up capital				
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares	**124,357,486**	97,270,400	**1,243,574,860**	972,704,000
	162,522,516	135,435,430	**1,625,225,160**	1,354,354,300

17.1 Worldcall Telecom Limited holds 2,049,051 (2007:1,707,543) shares with a percentage holding of 1.26% (2007: 1.26%).

		2008 Shares	2007 Shares
17.2	**Movement of Number of shares**		
	Shares as on 01 July	**135,435,430**	100,322,541
	Bonus issue	**27,087,086**	35,112,889
	Shares as on 30 June	**162,522,516**	135,435,430

		Note	2008 Rupees	2007 Rupees
18	**Money market services**			
	Money market income - local currency		**7,364,841**	4,905,231
	Money market income - foreign currency		**5,665,180**	6,328,070
			13,030,021	11,233,301
19	**Dividend income**			
	Local subsidiary company		**11,111,164**	3,375,938
	Other listed compaines		**2,488,200**	1,314,700
			13,599,364	4,690,638
20	**Operating expenses**			
	Salaries, wages and benefits	*20.1*	**26,983,334**	22,596,019
	Rent, rates and taxes		**365,500**	382,419
	Telephone, fax, etc.		**1,326,093**	1,231,176
	Utilities		**120,000**	120,000
	Insurance		**492,281**	435,367
	Printing and stationery		**988,818**	762,998
	Traveling and conveyance		**2,543,911**	1,514,272
	Repairs and maintenance		**1,573,522**	705,840
	Postage, courier, etc.		**59,672**	51,242
	Vehicle running expenses		**3,604,180**	2,268,685
	Newspapers and periodicals		**10,555**	10,418
	Entertainment		**751,560**	608,812
	Brokerage commission and capital value tax		**130,770,826**	7,567,622
	Legal and professional		**8,354,732**	3,066,126
	Advertisement		**788,427**	408,620
	Debts written off directly		**59,219**	187,841
	Impairment loss		**-**	524,503
	Donation	*20.2*	**-**	15,000
	Auditors' remuneration	*20.3*	**1,240,000**	1,140,000
	Depreciation	*3.1*	**1,308,032**	1,177,784
	Others		**489,009**	393,075
			181,829,671	45,167,819

20.1 Salaries, wages and benefits includes Rs. 2,664,684 (2007: Rs.1,324,215) and Rs.549,287 (2007: Rs.444,333) in respect of gratuity fund contribution by Company and accumulated compensated absences respectively.

20.2 Directors or their spouses do not have any interest in the donee.

	2008 Rupees	2007 Rupees
20.3 Auditors' remuneration		
Annual audit fee	**475,000**	425,000
Fee for audit of consolidated accounts	**425,000**	375,000
Half yearly review	**100,000**	100,000
Other certifications	**50,000**	45,000
Out of pocket expenses	**190,000**	195,000
	1,240,000	1,140,000

21 Finance and other costs

Cost of repo transactions	**38,595,745**	30,795,358
Continuous funding system cost	**1,368,743**	9,624,378
Mark up on running finance facility	**1,651,850**	3,635,114
Mark up charged by related parties on short term borrowings	**4,932**	1,313,644
Finance charges on liabilities against assets subject to finance lease	**106,331**	30,179
Loan arrangement fee	**1,068,268**	975,833
Bank charges and commission	**21,474**	34,813
Foreign exchange loss	**308,957**	4,971
	43,126,300	46,414,290

22 Other operating income

Income from financial assets		
Income on deposit accounts	**8,232,641**	55,452
Income from loan to related parties		
Mark-up income	**11,518,236**	3,310,854
Income from non-financial instruments		
Gain on disposal of property and equipment	**1,550,500**	-
Gain on CFS investment transactions	**6,843,123**	-
Tenderable gain received from related party	**1,849,455**	-
Miscellaneous income	**20,492**	-
	30,014,447	3,366,306

	2008 Rupees	2007 Rupees
23 Taxation		
Current	**117,963**	226,756

23.1 In view of the available tax losses, provision for current year taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001.

23.2 The Company's assessments have been finalized up to tax year 2007. In 2004, the DCIT passed order under section 221 of the Income Tax Ordinance, 2001 for the assessment years 2000-2001 to 2002-2003 creating a tax demand of Rs. 9.8 million on account of disallowance of expenses which relate to exempt income i.e. capital gain. The Company filed appeals in CIT (A) against these orders and also filed rectification against the said orders of DCIT. The CIT (A) allowed partial relief against the orders passed by the DCIT. In the light of order of the CIT (A) the demand of Rs. 9.8 million was reduced to Rs. 6.2 million for the assessment year 2000-2001 to 2002-2003. Appeals against the order of CIT (A) for assessment year 2000-01 to 2002-03 are pending before Income Tax Appellate Tribunal.

The management is confident that the appeals will be decided in favour of the Company and the addition on account of allocation of expenses will be deleted.

Income tax returns for tax years 2003 and 2004 were filed which were deemed assessed. However, both the years were reassessed under section 122 of the Income Tax Ordinance 2001 which resulted an increase in income tax liability for these tax years. The company filed appeals before Commissioner of Income Tax (Appeals) and a relief was allowed for both of the above tax years.

23.3 Deferred tax

The Company has a deferred tax asset amounting to Rs. 111,681,727 (2007: Rs. 59,461,404) arising on unused tax losses and taxable temporary differences amounting to Rs. 725,385,254 (2007: Rs. 161,956,066) and Rs. 406,294,606 (2007: Rs. 7,933,660 - deductible) respectively. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future owing to the effect of exempt income, the Company has not incorporated the deferred tax asset in these financial statements.

24 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, associated companies, directors and key management personnel. Balances with related parties are shown in the relevant notes to the accounts. The transactions with related parties other than those which have been disclosed in other notes are as follows:

	2008 Rupees	2007 Rupees
Subsidiary companies		
Short term investments sold	**-**	2,965,766
Long term investments made	**106,598,702**	-
Finance cost charged	**33,428,460**	28,519,498
Brokerage / Commission / Loan arrangement fee paid	**5,410,157**	6,514,079
Dividend income	**11,111,164**	3,375,938
Purchase of goods/services	**777,057**	550,274
Short term borrowings - Repo	**720,000,000**	667,000,000
Repayment of short term borrowings - Repo	**890,000,000**	707,000,000
Placements entered and rolled over	**675,000,000**	-
Placements matured	**675,000,000**	-
Associated companies		
Short term investments sold	**1,910,561,350**	174,982,406
Long term investments made	**225,000,000**	-
Income from financial consultancy services	**10,562,500**	10,437,768
Mark up income	**11,518,236**	3,310,854
Short term borrowing availed and repaid	**1,000,000**	47,000,000
Finance cost charged	**4,932**	1,313,644
Long term loan given	**330,700,000**	-
Insurance premium	**439,901**	278,272
Insurance claim	**248,365**	174,666

25 Earnings per share - basic

		2008	2007
Net profit for the year	***Rupees***	**5,441,445,612**	1,635,551,981
Weighted average number of ordinary shares			
Weighted average number of ordinary shares as at 30 June	***Numbers***	**162,522,516**	162,522,516
Earnings per share - basic	***Rupees***	**33.48**	10.06

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

Earnings per share - diluted

There is no dilution effect on the basic EPS as the Company has no such commitments.

26 Contingencies and commitments

26.1 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 Workers Welfare Fund

("WWF") during the year 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 workers welfare fund officials to defraud Workers Welfare Fund.

On the basis of these investigations, National Accountability Bureau required the Company to pay 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. The Company had also paid an additional amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, National Accountability Bureau has again raised a demand of Rs 10 million from the Company, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is 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.

26.2 Securities and Exchange Commission of Pakistan ("SECP") 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 (now Worldcall Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

26.3 Securities and Exchange Commission of Pakistan ("SECP") 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. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the August Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

	2008 Rupees	2007 Rupees
26.4 Commitments in respect of capital expenditure	**258,854,148**	-

26.5 For contingencies relating to tax matters refer note 23.

27 Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, market interest rates such as State Bank of Pakistan's repo rate and treasury bills rate, credit and liquidity risk associated with various financial assets and liabilities. The Company manages its exposure to financial risk in the following manner:

27.1 Interest rate risk exposure

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Information about the Company's exposure to interest rate risk based on contractual refinancing and maturity dates, which ever is earlier, is as follows:

	2008											
	Interest/mark-up bearing					Non interest/mark-up bearing						
	Within one year	Within two year	Within three year	Within four year	Five year and above	Within one year	Within two year	Within three year	Within four year	Five year and above	Total	Credit Risk
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets												
Long term loans	-	-	-	330,700,000	-	-	-	-	-	-	**330,700,000**	**330,700,000**
Long term deposits	-	-	-	-	-	-	-	609,338	-	37,500	**646,838**	**646,838**
Trade debts	-	-	-	-	-	1,885,006	-	-	-	-	**1,885,006**	**1,885,006**
Other receivables	-	-	-	-	-	11,606	-	-	-	-	**11,606**	**11,606**
Short term investments	-	-	-	-	-	3,366,163,035	-	-	-	-	**3,366,163,035**	**-**
Cash and bank balances	348,321,155	-	-	-	-	2,584,137	-	-	-	-	**350,905,292**	**350,892,866**
	348,321,155	-	-	330,700,000	-	3,370,643,784	-	609,338	-	37,500	**4,050,311,777**	**684,136,316**
Financial liabilities												
Trade and other payables	-	-	-	-	-	366,958,185	-	-	-	-	**366,958,158**	
Mark up accrued	-	-	-	-	-	81,098	-	-	-	-	**81,098**	
Short term borrowings	14,000,000	-	-	-	-	-	-	-	-	-	**14,000,000**	
Liabilities against assets subject to finance lease	587,805	1,647,793	-	-	-	-	-	-	-	-	**2,235,598**	
	14,587,805	1,647,793	-	-	-	367,039,283	-	-	-	-	**383,274,881**	
	333,733,350	(1,647,793)	-	330,700,000	-	3,003,604,501	-	609,338	-	37,500	**3,667,036,896**	

	2007											
	Interest/mark-up bearing					Non interest/mark-up bearing						
	Within one year	Within two year	Within three year	Within four year	Five year and above	Within one year	Within two year	Within three year	Within four year	Five year and above	Total	Credit Risk
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets												
Long term loans	-	-	15,520,000	-	-	-	-	-	-	-	15,520,000	15,520,000
Long term deposits	-	-	-	-	-	-	-	-	-	37,500	37,500	37,500
Trade debts	-	-	-	-	-	4,143,302	-	-	-	-	4,143,302	4,143,302
Other receivables	-	-	-	-	-	59,534	-	-	-	-	59,534	59,534
Short term investments	-	-	-	-	-	3,203,171,616	-	-	-	-	3,203,171,616	-
Cash and bank balances	7,316,514	-	-	-	-	10,437,632	-	-	-	-	17,754,146	17,734,253
	7,316,514	-	15,520,000	-	-	3,217,812,084	-	-	-	37,500	3,240,686,098	**37,494,589**
Financial liabilities												
Trade and other payables	-	-	-	-	-	5,339,498	-	-	-	-	5,339,498	
Mark up accrued	-	-	-	-	-	4,696,157	-	-	-	-	4,696,157	
Short term borrowings	295,000,000	-	-	-	-	-	-	-	-	-	295,000,000	
Liabilities against assets subject to finance lease	154,068	-	-	-	-	-	-	-	-	-	154,068	
	295,154,068	-	-	-	-	10,035,655	-	-	-	-	305,189,723	
	(287,837,554)	-	15,520,000	-	-	3,207,776,429	-	-	-	37,500	2,935,496,375	

The effective interest/ mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

27.2 Concentration of credit risk and credit exposure of the financial instruments

The Company attempts to control credit risk by applying and monitoring approved limits of credit exposure to any one counter party, limiting transactions with specific counter parties and continually assessing the credit worthiness of the counter parties. The Company believes that it is not exposed to major concentration of credit risk. Out of total financial assets of Rs. 4,050,311,777 (2007: Rs.3,240,686,098), the financial assets subject to credit risk amounts to Rs. 684,136,316 (2007: Rs.37,494,589).

27.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk mainly arises from investment in foreign entity. As at year end, the Company is not exposed to any significant currency risk.

27.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

27.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in financial statements approximate their fair value.

27.6 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2008 and at 30 June 2007 were as follows:

	(Rupees in thousand)	
	30 June 2008	**30 June 2007**
Total debt	**16,316,696**	299,850,225
Total equity and debt	**11,734,906,392**	5,038,904,473
Debt-to-equity ratio	**0.14%**	5.95%

28. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the accounts for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the company is as follows:

	Chief Executive		**Director**		**Executives**	
	2008 Rupees	**2007 Rupees**	**2008 Rupees**	**2007 Rupees**	**2008 Rupees**	**2007 Rupees**
Managerial remuneration	**-**	-	**1,464,000**	1,104,000	**13,115,850**	9,798,667
Medical	**-**	-	**60,708**	92,618	**724,117**	520,631
Utilities	**1,115,564**	1,146,679	**-**	-	**-**	-
Provision for gratuity	**-**	-	**214,453**	113,111	**1,899,487**	895,017
Others	**-**	-	**2,970**	17,194	**607,200**	512,452
	1,115,564	1,146,679	**1,742,131**	1,326,923	**16,346,654**	11,726,767
Number of persons	**1**	1	**1**	1	**9**	6

The Company has also provided executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

29 Event after Balance Sheet date

The Board of Directors in their meeting held on 07 October 2008 has recommended bonus shares at the rate of 40 shares for each 100 shares held i.e.40% (2007: 20%) as a final dividend.

30 Date of authorization for issue

These financial statements were authorized for issue on 07 October 2008 by the Board of Directors of the Company.

Lahore: **Chairman & Chief Executive Officer** **Director**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 June 2008

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of First Capital Securities Corporation Limited (“the Company”) and its subsidiary companies (hereinafter referred as the “Group”) as at 30 June 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. The financial statements of the subsidiary companies, First Capital Investments Limited, Mileage (Private) Limited (formally First Capital Associates (Private) Limited), First Capital Equities Limited, World Press (Private) Limited and Trident Construct (Private) Limited were audited by and that of Lanka Securities (Private) Limited was reviewed under Sri Lanka Auditing Practice Statement by another firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the report of other auditors.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the financial position of the Group as at 30 June 2008 and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore:
07 October 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of First Capital Corporation Limited ("the Group") delightedly present the annual audited consolidated financial statements of the group for the financial year ended on 30 June 2008.

	30 June 2008 **Rupees**	30 June 2007 Rupees
Revenue	**2,459**	777
Direct Costs	**275**	124
Operating Expenses	**656**	372
Operating Profit	**1,527**	281
Share of profit of associated companies	**60**	99
Unrealized gain on re measurement of investment	**(35)**	917
Profit after Taxation	**1,404**	1,198
Minority interest	**220**	161
Earnings per Share (Basis & Diluted)	**7.29**	6.38

Subsidiary companies of the Group performed pleasingly well and reported steady growth in earning. Key financial highlights are as follows.

First Capital Equities Limited ("FCEL")

First Capital Equities Limited ("FCEL") performed satisfactorily during the year under review where brokerage revenue increased to Rs. 701 million as compared to Rs. 431 million in corresponding period. Significant increase was observed in the capital gain and income on placements contributing to revenue Rs. 100 million and Rs. 263 million respectively. Profit after tax for the year was Rs. 293 million translating into EPS of Rs. 3.39.

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

Sri Lanka based brokerage subsidiary LSL reported revenues of LKR. 96 million whereas profit after tax stood at LKR. 29 million translating into EPS of LKR. 2.47.

First Capital Investments Limited ("FCIL")

FCIL has revealed overall satisfactory performance by earning advisory income of Rs. 13 million as compared to Rs. 9 million correspondingly but the share of loss from associates led FCIL to post after tax loss during the year ended June 30, 2008. The main reason for the downcast is accredited to the murky performance of capital markets.

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

WPL reported significant improvement in its revenues of Rs. 81 million, showing an increase of 79% over the corresponding figure for last year. Profit after tax increased to Rs. 12 million as compared to Rs. 9 million translating into EPS of Rs. 13.97.

Trident Construct (Pvt.) Limited ("TCL")

TCL reported splendid growth during the period under review posting revenues of Rs. 491 million and after tax profit of Rs. 229 million which is over 4 times higher than the corresponding figure. This translates into an EPS of Rs. 114.51 as compare to Rs. 28.09 for the corresponding period last year.

Future Outlook

Keeping in view the international context and Pakistan's specific economic conditions, the recession phase might prevail for sometime. However, we are confident that Pakistan's true fundamentals shall lead the way to consolidation phase. We term this period as a long term investment opportunity and believe the odds of upside surge in long term are worth betting on.

The Group will continue to focus on growth through existing and new opportunities. Performance demonstrates that the Group companies are positioned well, delivering profitable growth in line with the business vision and strategic goals. Going forward, profit growth is predicated on continued growth of the economy, consistency in Government policies, control on inflation and provision of level playing field against regional competitors.

The Board of Directors wishes place on record its sincere appreciation and gratefulness to the stakeholders for their esteemed support and to employees for their dedication and commitment towards to the group.

For and on behalf of the Board of Directors

Lahore
07 October 2008

Salmaan Taseer
Chairman & Chief Executive Officer

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Non current assets			
Property, plant and equipment	3	**837,651,529**	426,573,625
Intangible assets	4	**40,700,000**	51,023,266
Long term loans	5	**330,700,000**	25,710,000
Investment property	6	**736,307,933**	-
Investment in associates	7	**534,831,039**	568,887,962
Investment - available for sale		**-**	33,159,280
Long term deposits and advances	8	**14,802,312**	5,093,833
Deferred cost	9	**-**	3,015
		2,494,992,813	1,110,450,981
Current assets			
Inventories		**34,760,863**	15,357,071
Trade debts	10	**2,599,551,840**	379,698,461
Loans and advances	11	**968,230,098**	930,393,432
Short term prepayments		**7,911,514**	3,796,838
Taxation recoverable		**42,140,736**	36,156,666
Deposits and other receivables	12	**91,886,879**	71,469,581
Placements	13	**1,997,425,000**	988,750,000
Interest receivable		**18,393,819**	11,727,558
Short term investments	14	**1,435,122,313**	2,202,067,054
Cash and bank balances	15	**993,870,985**	286,494,519
		8,189,294,047	4,925,911,180
Current liabilities			
Trade and other payables	16	**1,100,300,523**	707,159,788
Mark up accrued		**92,511,811**	22,900,176
Liability against repurchase agreement	17	**508,425,000**	923,750,000
Short term borrowings	18	**3,971,364,774**	883,716,052
Current portion of liabilities against assets subject to finance lease	19	**17,789,895**	4,092,412
Current portion of long term finance	20	**-**	5,040,000
		5,690,392,003	2,546,658,428
Net current assets		**2,498,902,044**	2,379,252,752
Net assets		**4,993,894,857**	3,489,703,733
Non current liabilities			
Liabilities against assets subject to finance lease	19	**37,354,781**	12,620,469
Long term finance	20	**-**	3,240,000
Deferred tax liability	21	**138,967**	71,303
Staff retirement benefits	22	**38,885,992**	25,191,914
		76,379,740	41,123,686
Contingencies and commitments	23		
Net capital employed		**4,917,515,117**	3,448,580,047
Represented by:			
Share capital and reserves			
Issued, subscribed and paid up capital	24	**1,625,225,160**	1,354,354,300
Exchange translation reserve		**9,670,933**	(2,347,636)
Reserves capitalised		**298,968,600**	80,898,000
Revaluation reserve of an associated company		**-**	25,313,943
Unappropriated profit		**2,172,678,728**	1,450,492,381
Capital and reserves attributable to equity holders of the parent		**4,106,543,421**	2,908,710,988
Minority interest		**810,971,696**	539,869,059
		4,917,515,117	3,448,580,047

The annexed notes 1 to 39 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Revenue	25	**2,459,134,603**	777,402,572
Direct costs	26	**275,257,385**	123,981,895
Gross profit		**2,183,877,218**	653,420,677
Operating expenses	27	**656,390,446**	372,445,509
Operating profit		**1,527,486,772**	280,975,168
Other income	28	**348,659,939**	140,187,687
		1,876,146,711	421,162,855
Finance costs	29	**390,407,891**	157,284,318
		1,485,738,820	263,878,537
Share of profit of associated companies	7	**59,680,072**	98,869,289
Unrealized (loss)/gain on remeasurement of short term investments	14	**(34,524,176)**	917,213,103
Profit before taxation		**1,510,894,716**	1,279,960,929
Taxation	30	**106,693,908**	81,982,012
Profit after taxation		**1,404,200,808**	1,197,978,917
Minority interest		**219,505,111**	161,471,325
Profit attributable to parent company		**1,184,695,697**	1,036,507,592
Earnings per share - basic and diluted	31	**7.29**	6.38

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

The annexed notes 1 to 39 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees
Cash flows from operating activities			
Cash generated from operations	*33*	**2,276,353,789**	229,141,304
Long term deposits and advances		**(9,708,479)**	(70,164,505)
Retirement benefits paid		**(3,649,778)**	(1,611,196)
Finance costs paid		**(320,487,299)**	(142,298,394)
Taxes paid		**(110,646,844)**	(86,578,046)
Net cash generated/(used in) from operating activities		**1,831,861,389**	(71,510,837)
Cash flows from investing activities			
Fixed capital expenditure		**(447,655,495)**	(217,302,271)
Sale proceeds of property, plant and equipment		**22,752,322**	9,299,814
Investment property		**(377,726,966)**	-
Investments		**-**	(33,159,280)
Dividend received		**12,339,777**	8,607,968
Investment in associates		**(306,963,870)**	96,014,847
Long term Loans		**(304,990,000)**	5,739,500
Mark up received		**312,966,194**	107,321,762
Net cash used in investing activities		**(1,089,278,038)**	(23,477,660)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(9,228,468)**	(8,166,048)
Long term finance		**(8,280,000)**	(5,040,000)
Dividend paid to minority		**(7,384,668)**	(1,818,075)
Proceeds from issue of shares to minority		**55,691,430**	88,058,250
Net cash generated from financing activities		**30,798,294**	73,034,127
Net increase/(used in) in cash and cash equivalents		**773,381,645**	(21,954,370)
Cash and cash equivalents in the beginning of the year		**286,494,519**	308,453,860
Less : Adjustment of cash and bank balance of subsidiary sold		**(65,696,222)**	**-**
		220,798,297	308,453,860
Exchange loss on translation of deposit account		**(308,957)**	(4,971)
Cash and cash equivalents at the end of the year	*34*	**993,870,985**	286,494,519

The annexed notes 1 to 39 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the Parent							
					Revenue reserve			
	Share capital	Revaluation reserve of an associated company	Reserves capitalised	Currency translation reserve	Unappropriated profit	Total	Minority interest	Total Equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2006	1,003,225,410	32,557,138	-	(173,170)	670,009,966	**1,705,619,344**	270,455,075	**1,976,074,419**
Adjustment for profit of subsidiaries	-	-	-	-	13,528,062	**13,528,062**	23,514,780	**37,042,842**
Negative goodwill derecognized	-	-	-	-	81,575,651	**81,575,651**	-	**81,575,651**
Exchange translation difference recognized directly in equity	-	-	-	(2,174,466)	-	**(2,174,466)**	(2,255,572)	**(4,430,038)**
Profit for the year	-	-	-	-	1,036,507,592	**1,036,507,592**	161,471,325	**1,197,978,917**
Total recognized income and expense for the year	-	-	-	(2,174,466)	1,131,611,305	**1,129,436,839**	182,730,533	**1,312,167,372**
Disposal of investment	-	(7,243,195)	-	-	-	**(7,243,195)**	443,276	**(6,799,919)**
Dividend paid	-	-	-	-	-	-	(1,818,075)	**(1,818,075)**
Issue of bonus shares by subsidiary	-	-	80,898,000	-	-	**80,898,000**	-	**80,898,000**
Reserve on issue of right shares by subsidiary	-	-	-	-	-	-	58,705,500	**58,705,500**
Share premium on right issue by subsidiary	-	-	-	-	-	-	29,352,750	**29,352,750**
Issuance of share capital against bonus shares	351,128,890	-	-	-	(351,128,890)	-	-	-
	351,128,890	(7,243,195)	80,898,000	-	(351,128,890)	**73,654,805**	86,683,451	**160,338,256**
Balance as at 30 June 2007	**1,354,354,300**	**25,313,943**	**80,898,000**	**(2,347,636)**	**1,450,492,381**	**2,908,710,988**	**539,869,059**	**3,448,580,047**
Adjustment for profit of subsidiaries	-	-	-	-	1,118,167	**1,118,167**	(1,118,167)	-
Exchange translation difference recognized directly in equity	-	-	-	12,018,569	-	**12,018,569**	9,291,681	**21,310,250**
Profit for the year	-	-	-	-	1,184,695,697	**1,184,695,697**	219,505,111	**1,404,200,808**
Total recognized income and expenses for the year	-	-	-	12,018,569	1,185,813,864	**1,197,832,433**	227,678,625	**1,425,511,058**
Disposal of investment	-	(25,313,943)	-	-	25,313,943	-	(7,667,759)	**(7,667,759)**
Dividend paid	-	-	-	-	-	-	(7,384,668)	**(7,384,668)**
Issue of bonus shares by subsidiary	-	-	218,070,600	-	(218,070,600)	-	-	-
Reserve on issue of right shares by subsidiary	-	-	-	-	-	-	40,192,934	**40,192,934**
Share premium on right issue by subsidiary	-	-	-	-	-	-	18,283,505	**18,283,505**
Issuance of share capital against bonus shares	270,870,860	-	-	-	(270,870,860)	-	-	-
	270,870,860	(25,313,943)	218,070,600	-	(463,627,517)	-	43,424,012	**43,424,012**
Balance as at 30 June 2008	**1,625,225,160**	-	**298,968,600**	**9,670,933**	**2,172,678,728**	**4,106,543,421**	**810,971,696**	**4,917,515,117**

The annexed notes 1 to 39 form an integral part of these accounts.

Lahore: **Chairman & Chief Executive Officer** **Director**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

1. Status and nature of business

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

The group consists of following subsidiaries:

Company	Country of incorporation	Nature of business	Holding % 2008	Holding % 2007
Milegage (Private) Limited (Mileage)	Pakistan	Consultancy/advisory services.	**100.00**	100.00
First Capital Investments Limited (FCIL)	Pakistan	Providing investment advisory services under the Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003.	**76.56**	65.79
Lanka Securities (Private) Limited (LSL)	Sri Lanka	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	**51.00**	51.00
World Press (Private) Limited (WPL)	Pakistan	Carrying on the business of printers, publishers, packaging, advertisement and specialized directory business, stationers and dealing in all allied products.	**65.00**	65.00
First Capital Equities Limited (FCEL)	Pakistan	Sale/purchase of shares, consultancy services, money market operations, underwriting, placements and equity research, etc.	**67.29**	67.29
Trident Construct (Private) Limited	Pakistan	Carrying on the business of all types of construction activities and development of real estate.	**51.00**	51.76

1.1 Equity Partners Securities Limited (EPSL) was a subsidiary of First Capital Equities Limited. During the period, the group has sold its entire share holding, due to which, EPSL has not been consolidated in these accounts.

2 Summary of significant accounting policies

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, requirements of the Companies Ordinance, 1984 or requirements of the said directives take precedence.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for investments in associates accounted for under equity method, short-term investments and certain financial assets that are stated at fair value and recognition of certain employee benefits at present value.

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are:

a)	Useful life and residual values of property, plant and equipment	*Note 2.4*
b)	Impairment	*Note 2.7*
c)	Staff retirement benefits	*Note 2.20*
d)	Provisions	*Note 2.23*
e)	Provision for taxation	*Note 2.26*
f)	Contingencies and commitments	*Note 23*

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary companies – "the Group". The financial statements of the Subsidiaries have been consolidated on a line by line basis.

Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Detail of subsidiaries is given in note 1.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Minority interest is that part of net results of operations and of net assets of Subsidiaries attributable to interests which are not owned by the Group. Minority interest is presented separately in the consolidated financial statements.

2.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to income applying the straight line method whereby the cost is written-off over its estimated useful life at the rates specified in note 3 to the financial statements. Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged upto the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains or losses on disposal of fixed assets, if any, are taken to income currently.

2.5 Leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of its fair value and present value of minimum lease payments under the lease agreement at the date of commencement of lease, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is calculated at the rate implicit in the lease and charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on straight-line method at the rates given in note 3. Depreciation of leased assets is charged to income.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less any identified impairment loss.

Negative goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the interest in subsidiary's net assets acquired over its cost of acquisition.

The negative goodwill in excess of the fair value of non- monetary assets of the subsidiary is charged to profit and loss.

Stock exchange membership cards and room

These are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is recorded in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

2.7 Impairment

The carrying amount of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

Impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

2.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in note 2.24.

2.9 Investments

Investments in equity instruments of associates

Investments in associates where the Group has significant influence, are accounted for using the equity method.

In case of investments accounted for under the equity method, the method is applied from the date when significant influence commences until the date when that significant influence ceases. When the Parent Company's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Parent Company has incurred obligations in respect of the associates.

Investments at fair value through profit or loss

These include investments classified as held for trading or investments which upon initial recognition are designated by the Group as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date.

Investments available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

Held-to-maturity financial assets

Held-to-maturity investments are non derivative financial assets which carry fixed or determinable payments and fixed maturities and which the company has the positive intention and ability to hold to maturity. After initial measurement, held to maturity investments are measured at amortized cost. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the profit or loss account when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortization process.

Fair Value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date except for the units of open end funds which are valued at the closing redemption price. Investments for whom there is no active market and fair value cannot be reasonably calculated, are carried at cost.

2.10 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Group. Regular way purchases or sales of financial assets are those contracts which require delivery of assets within the time frame generally established by regulation or convention in the market.

2.11 Capital Work in Progress

Capital Work in Progress is stated at cost less any identified impairment loss.

2.12 Long term loan

These include non derivative financial assets and are measured at fair value plus transaction costs that are directly attributable to the financial asset. After initial recognition these are measured at amortized cost using the effective interest method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loan.

2.13 Deferred cost

These included preliminary expenses and other similar expenses incurred in connection with incorporation or public offering of Group companies upto the year 2004. In order to comply with the substituted Fourth Schedule to the Companies Ordinance, 1984, the Group has adopted the treatment allowed by Circular No. 1 of 2005 issued by Securities and Exchange Commission of Pakistan whereby deferred costs incurred prior to 01 July 2004 are being amortized over the remaining available period whereas deferred costs incurred subsequent to this date are charged to income currently.

2.14 Stores, spares and loose tools

Usable stores and spares are valued at the lower of weighted average cost and net realizable value, while items considered obsolete are carried at nil value. Items in transit are stated at cost comprising invoice values plus other charges incurred thereon.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

2.15 Inventories

Inventories except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials are valued using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

- Work in process is valued at the cost of material including appropriate conversion cost.

- Finished goods are valued at cost comprising cost of materials and appropriate conversion cost.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

2.16 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

2.18 Securities purchased and sold under resale/repurchase agreements

Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as "securities sold under repurchase agreements" in short term borrowings. The difference between sale and repurchase price is treated as mark-up on borrowings and is accrued over the life of the repo agreement.

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are recorded as fund placements. The difference between purchase and resale price is treated as mark-up/interest income on placements and is accrued over the life of the reverse repo agreement.

2.19 Mark up bearing borrowings

Mark up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction cost. Subsequent to the initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

2.20 Staff retirement benefits

Defined benefit plan

The Group operates an un-funded gratuity plan for its eligible staff under which benefits are paid on cessation of employment subject to a minimum qualifying period of service, that is one year. The liability under the plan is determined on the basis of actuarial valuations carried out by using the Projected unit credit method and are charged to income.

The Group recognizes actuarial gains/(losses) in excess of 10% of and present value of obligation at the end of previous year over the expected remaining average service life of the employees.

Lanka Securities (Private) Limited operates an un-funded gratuity plan for those employees who have completed specific period of service and provision is made annually to cover the obligations under the plan. These benefits are calculated with reference to last drawn salary and prescribed qualifying period of services of the employees.

2.21 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. The Group de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is stated in their respective notes.

Financial assets are long term loan, long term deposits and advances, placements, short term investments, trade debts, advances, other receivables and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term finance, liability against assets subject to finance lease, short term borrowings, markup accrued and trade and other payables.

2.22 Offsetting of financial assets and financial liabilities.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on net basis or realize the asset and settle the liability simultaneously.

2.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.24 Revenue recognition

a) Capital gains or losses on sale of investments are recognised in the year in which they arise.

b) Brokerage income, consultancy and money market services are recognized on accrual basis and when services are provided.

c) Income on placements on account of continuous funding system is recognised on accrual basis.

d) Underwriting commission is recognized as and when the contract is executed. Take up commission is recognized at the time of actual take-up.

e) Income from bank deposits, loans and advances is recognized on accrual basis.

f) Dividend income is recognized at the time of book closure of the company declaring the dividend.

g) Return on securities other than shares is recognized as and when it is due on time proportion basis.

h) Mark-up/interest income is recognized on accrual basis.

i) Investment advisory fee is accounted for on accrual basis.

j) Revenue from sale of goods is recorded when the risks and rewards are transferred i.e. on delivery of goods to customers.

k) Rental income is recognized on accrual basis.

l) Revenue from printing services are accounted for at the time of acceptance of goods by the customers.

m) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and it is probable that these will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.25 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred.

2.26 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

2.27 Foreign currency translation

Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of balance sheet;

b) income and expenses for each income statement are translated at average exchange rates; and

c) all resulting exchange differences are recognized as a separate component of equity.

When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of gain or loss on sale.

2.28 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

2.29 Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Group to do so.

2.30 Fiduciary assets

Assets are held in trust or in fiduciary capacity are not treated as assets of the Group and accordingly are not disclosed in these financial statements.

2.31 Standards, Interpretations and amendments to published approved accounting standards

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2008:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective from 01 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the company's financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on company's financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on company's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company's financial statements.

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the company's operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. IFRIC 14 is not expected to have any material impact on the Company's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate. (effective for annual period beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company.

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual period beginning on or after 1 October 2008).IFRIC clarifies what risk in foreign operation can be hedged and which entity in the group can hold hedge instrument. The amendment is not relevant to the Company.

2.32 Proposed dividend and appropriations to reserves

Dividends declared and appropriations to reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared/appropriations are made.

	Note	2008 Rupees	2007 Rupees
3 Property dividend and appropriation to reserves			
Operating fixed assets	*3.1*	**484,283,828**	346,120,922
Capital work in progress	*3.4*	**353,367,701**	80,452,703
		837,651,529	426,573,625

3.1 Property and equipment

Following is the statement of operating fixed assets

	COST						DEPRECIATION						NET BOOK VALUE
	As at 01 July 2007	Exchange adjustments	Additions/ (deletions)	Adjustment/ transfers	Disposal of subsidiary	As at 30 June 2008	as at 01 July 2007	Exchange adjustments	Adjustments/ (deletions)	Disposal of subsidiary	For the year	As at 30 June 2008	as at 30 June 2008
	(Rupees											)	Rupees
Owned assets													
Freehold land	122,149,300	-	36,087,800	-	-	158,237,100	-	-	-	-	-	-	**158,237,100**
Freehold building	29,277,742	-	23,910,842	-	-	53,188,584	2,642,907	-	-	-	2,312,487	4,955,394	**48,233,190**
Construction equipment	111,630,033	-	62,105,004	-	-	173,619,493	12,675,024	-	-	-	27,351,033	40,012,575	**133,606,918**
			(115,544)						(13,482)				
Leasehold improvements	7,712,910	412,456	17,746,929	-	(851,874)	23,856,144	3,947,994	371,248	-	(557,582)	763,129	4,278,834	**19,577,310**
			(1,164,277)						(245,955)				
Plant and machinery	11,978,900	-	13,777,671	-	-	3,857,111	2,826,556	-	-	-	729,437	955,033	**2,902,078**
			(21,899,460)						(2,600,960)				
Computers	30,806,586	1,223,095	5,536,082	-	(981,937)	36,433,826	19,343,102	919,228	1,317,055	(587,062)	5,994,566	26,921,284	**9,512,542**
			(150,000)						(65,605)				
Office equipments	23,232,663	257,404	7,486,766	-	(300,437)	30,423,083	10,165,197	160,342	-	(179,303)	2,469,298	12,497,956	**17,925,127**
			(253,313)						(117,578)				
Furniture and fixtures	13,179,624	343,041	9,739,810	-	(196,859)	23,065,616	6,124,290	185,015	-	(94,239)	1,476,969	7,692,035	**15,373,581**
			-						-				
Vehicles	69,127,931	1,473,674	8,181,703	2,816,076	-	76,056,384	32,525,942	468,307	739,493	-	12,747,580	41,469,617	**34,586,767**
			(5,543,000)						(5,011,705)				
	419,095,689	3,709,670	184,572,607	2,816,076	(2,331,107)	578,737,341	90,251,012	2,104,140	2,056,548	(1,418,186)	53,844,499	138,782,728	**439,954,613**
			(29,125,594)						(8,055,285)				
Leased assets													
Plant and machinery	4,010,770	-	23,525,000	-	-	27,535,770	346,523	-	-	-	748,976	1,095,499	**26,440,271**
									-	-			
Vehicles	15,725,630	-	9,561,384	(1,216,000)	-	24,071,014	2,113,632	-	(739,493)	-	4,807,931	6,182,070	**17,888,944**
									-	-			
	19,736,400	-	33,086,384	(1,216,000)	-	51,606,784	2,460,155	-	(739,493)	-	5,556,907	7,277,569	**44,329,215**
									-	-			
2008	**438,832,089**	**3,709,670**	**217,658,991**	**1,600,076**	**(2,331,107)**	**630,344,125**	**92,711,167**	**2,104,140**	**1,317,055**	**(1,418,186)**	**59,401,406**	**146,060,297**	**484,283,828**
			(29,125,594)						**(8,055,285)**	**-**			

	COST						DEPRECIATION						NET BOOK VALUE
	As at 01 July 2006	Exchange adjustments	Additions/ (deletions)	Adjustment/ transfers	Disposal of subsidiary	As at 30 June 2007	as at 01 July 2006	Exchange adjustments	Adjustments/ (deletions)	Disposal of subsidiary	For the year	As at 30 June 2007	as at 30 June 2007
	(Rupees)												Rupees
Owned assets													
Freehold land	-	-	122,149,300	-	-	122,149,300	-	-	-	-	-	-	**122,149,300**
Freehold building	17,000,000	-	12,277,742	-	-	29,277,742	1,657,500	-	-	-	985,407	2,642,907	**26,634,835**
Construction equipment	-	-	77,451,476	38,111,791	-	111,630,033	-	-	1,453,019	-	11,532,235	12,675,024	**98,955,009**
			(3,933,234)						(310,230)				
Leasehold improvements	7,398,578	(206,956)	521,288	-	-	7,712,910	2,130,591	600,663	-	-	1,216,740	3,947,994	**3,764,916**
Plant and machinery	2,770,661		2,436,607	6,771,632	-	11,978,900	798,712	-	1,335,153	-	692,691	2,826,556	**9,152,344**
			-						-				
Computers	22,297,635	(601,943)	9,140,883	292,650	-	30,806,586	12,452,408	234,723	96,575	-	6,806,818	19,343,102	**11,463,484**
			(322,639)						(247,422)				
Office equipments	18,302,219	(145,598)	4,902,189	281,603	-	23,232,663	7,956,556	38,234	28,161	-	2,217,561	10,165,197	**13,067,466**
			(107,750)						(75,315)				
Furniture and fixtures	8,823,145	(180,657)	4,462,258	74,878	-	13,179,624	5,126,041	2,452	7,486	-	988,311	6,124,290	**7,055,334**
			-										
Vehicles	50,312,742	(75,580)	19,935,099	6,711,500	-	69,127,931	23,392,819	(260,580)	2,877,895	-	11,282,023	32,525,942	**36,601,989**
			(7,755,830)						(4,766,215)				
	126,904,980	(1,210,734)	253,276,842	52,244,054	-	419,095,689	53,514,627	615,492	5,798,289	-	35,721,786	90,251,012	**328,844,677**
			(12,119,453)						(5,399,182)				
Leased assets													
Plant and machinery	10,782,402	-	-	(6,771,632)	-	4,010,770	1,564,575	-	-	-	297,101	346,523	**3,664,247**
									(1,515,153)	-			
Vehicles	6,565,500	(200,113)	14,224,743	(4,864,500)	-	15,725,630	2,847,380	(985,174)	-	-	2,759,921	2,113,632	**13,611,998**
									(2,508,495)	-			
	17,347,902	(200,113)	14,224,743	(11,636,132)	-	19,736,400	4,411,955	(985,174)	-	-	3,057,022	2,460,155	**17,276,245**
									(4,023,648)				
2007	**144,252,882**	**(1,410,847)**	**267,501,585**	**40,607,922**	**-**	**438,832,089**	**57,926,582**	**(369,682)**	**5,798,289**	**-**	**38,778,808**	**92,711,167**	**346,120,922**
			(12,119,453)						**(9,422,830)**				

3.2 Disposal of operating fixed assets

Particulars of assets	Cost	Depreciation	Net bood value	Sale proceeds	Profit/ (loss)	Particulars of buyers
	(		Rupees		)	
Office Equipment						
Laptop	112,000	37,334	74,666	74,666	-	Mr. A U Butt - Ex-Employee
Photocopier	245,163	116,084	129,079	20,000	(109,079)	Khan Office Equipment
Construction equipment						
Electric Theodolite	115,544	13,482	102,062	107,456	5,394	Shaheen Insurance
Vehicles:						
Suzuki Mehran	317,000	317,000	-	170,000	170,000	Jawad Tanveer Siddiqui
Suzuki APV	1,079,000	580,205	498,795	900,000	401,205	Total Media Ltd.
Toyota Corrolla	591,500	591,500	-	450,000	450,000	Total Media Ltd.
Leasehold Improvements:						
Islamabad Branch	1,035,202	234,661	800,541	35,000	(765,541)	Bright Aluminium
Multan Branch	129,075	11,294	117,781	-	(117,781)	Miscellaneous
Assets with book value below Rs.50,000	25,501,110	6,153,725	19,347,385	20,995,200	1,647,815	
2008	**29,125,594**	**8,055,285**	**21,070,309**	**22,752,322**	**1,682,013**	
2007	12,119,453	5,399,182	6,720,271	9,299,814	2,579,543	

	Note	2008 Rupees	2007 Rupees
3.3 Charge for depreciation has been allocated as follows:			
Direct costs	*26*	**34,568,345**	15,562,001
Operating expenses	*27*	**24,833,061**	23,216,807
		59,401,406	38,778,808
3.4 Capital Work-in-Progress			
Owned			
Advance for purchase of properties under construction		**320,697,278**	77,773,993
Civil works		**-**	1,681,260
Construction Equipment		**18,096,544**	-
		338,793,822	79,455,253
Leased			
Civil works		**-**	997,450
Plant and Machinery		**14,573,879**	-
		14,573,879	997,450
Total		**353,367,701**	80,452,703

4. Intangible assets

	As at 01 July 2007	Disposal of subsidiary	Adjustments transfers	As at 30 June 2008	As at 01 July 2007	Impairment	Adjustments/ (deletions)	as at 30 June 2008	Total
	(Rupees			)	(Rupees			)	Rupees
Membership cards	43,523,266	(10,323,266)	-	33,200,000	-	-	-	-	**33,200,000**
Licences - rooms	7,500,000	-	-	7,500,000	-	-	-	-	**7,500,000**
2008	**51,023,266**	**(10,323,266)**	**-**	**40,700,000**	**-**	**-**	**-**	**-**	**40,700,000**

	As at 01 July 2006	Acquisition/ (deletions)	Adjustments transfers	As at 30 June 2007	As at 01 July 2006	Impairment	Adjustments/ (deletions)	as at 30 June 2007	Total
	(Rupees			)	(Rupees			)	Rupees
Goodwill/negative goodwill	(81,105,583)	-	82,002,357	896,774	111,358	358,709	426,707	896,774	**-**
Membership cards	43,523,266	-	-	43,523,266	-	-	-	-	**43,523,266**
Licences - rooms	7,500,000	-	-	7,500,000	-	-	-	-	**7,500,000**
2007	**(30,082,317)**	**-**	**82,002,357**	**51,920,040**	**111,358**	**358,709**	**426,707**	**896,774**	**51,023,266**

	Note	2008 Rupees	2007 Rupees
5 Long term loans - unsecured considered good			
Related Parties			
Media Times Limited	5.1	**330,700,000**	-
Pace Gujrat (Private) Limited		**-**	25,710,000
		330,700,000	25,710,000

5.1 This represents loan to an associated company and carries minimum mark up at the rate of 16%, subject to the provisions of section 208 of the Companies Ordinance 1984. The total outstanding loan amount shall be repaid within four years from the date of disbursement.

	Note	2008 Rupees	2007 Rupees
6 Investment property	6.1	**736,307,933**	-

6.1 Investment property acquired during the period comprises various shops acquired from Pace (Pakistan) Limited in various shopping malls situated in Gujrat, Gujranwala, Lahore (Fortress and Gulberg). These properties were acquired on 14 June 2008 and consideration paid substantially represents the fair value of this property as determined by an independent valuer.

	Note	2008 Rupees	2007 Rupees
7 Investments in associates			
Associated companies-listed			
First Capital Mutual Fund Limited			
3,000,000 (2007: 3,000,000) ordinary shares of Rs. 10 each		**38,022,894**	17,376,258
Equity held:10% (2007: 10%)			
Addition through subscription of 100% right shares		**-**	14,995,140
Share of (loss)/profit		**(4,267,588)**	11,651,496
Dividend received		**-**	(6,000,000)
		33,755,306	38,022,894
Pace (Pakistan) Limited			
32,851,668 (2007: 32,851,668) ordinary shares of Rs. 10 each			
Equity held: 14.90% (2007: 14.90 %)		**440,504,145**	480,026,033
Disposal of shares		**-**	(114,043,195)
Share of profit		**-**	74,521,307
Transfer to short term investments		**(440,504,145)**	-
		-	440,504,145
	C/F	**33,755,306**	478,527,039

	Note	2008 Rupees	2007 Rupees
	B/F	**33,755,306**	478,527,039
Associated companies - Unlisted			
Media Times Limited			
24,005,697 (2007: 8,000,000) ordinary shares of Rs. 10 each		**70,315,923**	27,619,437
Equity held: 23.89% (2007: 45.71%)			
Share deposit money		**-**	30,000,000
Addition through new purchase		**121,767,150**	-
Share of profit		**26,203,253**	12,696,486
		218,286,326	70,315,923
Pace Super Mall (Private) Limited			
4,500 (2007: 4,500) ordinary shares of Rs. 10 each	*7.1*	**45,000**	45,000
Equity held: 10% (2007: 10%)			
Pace Barka Properties Limited			
24,500,000 (2007: 2,000,000) fully paid ordinary shares of Rs10 each		**20,000,000**	20,000,000
Equity held: 8.03% (2007: 1.47%)			
Addition through subscription of right shares		**225,000,000**	-
Share of profit		**37,744,407**	-
		282,744,407	20,000,000
Total investments		**534,831,039**	568,887,962
Share of profit of associated companies		**59,680,072**	98,869,289

7.1 The operations of the company has not yet started.

7.2 Summary financial information of associates

	2008			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Pace (Pakistan) Limited	**8,561,122,000**	**8,556,561,294**	**1,460,888,000**	**1,406,970,000**
Media Times Limited	**2,049,408,464**	**923,529,324**	**460,534,464**	**109,682,935**
First Capital Mutual Fund Limited	**348,569,105**	**10,964,453**	**40,268,685**	**(42,675,881)**
Pace Super Mall (Private) Limited	**134,759,095**	**134,309,095**	**-**	**-**
	11,093,858,664	**9,625,364,166**	**1,961,691,149**	**1,473,977,054**

	2007			
	Assets	**Liabilities**	**Revenues**	**Profit/(loss)**
	Rupees			
Pace (Pakistan) Limited	3,805,559,000	630,543,000	612,651,000	500,143,000
Media Times Limited	503,067,381	154,973,468	269,964,655	27,776,167
First Capital Mutual Fund Limited	420,071,032	39,790,498	125,582,379	114,399,756
Pace Super Mall (Private) Limited	122,073,368	121,623,368	-	-
	4,850,770,781	946,930,334	1,008,198,034	642,318,923

	Note	2008 Rupees	2007 Rupees
8 Long term deposits and advances			
Deposits with			
Leasing companies		**8,515,106**	1,936,377
Less: Current portion	*12*	**-**	(177,250)
		8,515,106	1,759,127
Stock exchanges		**1,710,000**	1,460,000
Central Depository Company		**137,500**	137,500
National clearing company		**400,000**	400,000
Others		**1,539,706**	1,337,206
Advance for National Commodity Exchange Limited Membership		**2,500,000**	-
		14,802,312	5,093,833
9 Deferred cost			
Opening balance		**3,015**	6,028
Less: Amortization for the year		**(3,015)**	(3,013)
		-	3,015
10 Trade debts			
Money market receivables			
Unsecured, considered good		**1,885,006**	1,143,302
Receivables against purchase of shares by clients			
Unsecured, considered good	*10.1*	**2,244,411,228**	233,731,601
Receivable against professional services rendered - related parties, unsecured, considered good	*10.2*	**7,968,122**	10,269,892
Others			
Unsecured, considered good		**351,575,257**	138,944,190
Unsecured, considered doubtful		**85,163,149**	70,013,326
		436,738,406	208,957,516
Less: Provision for doubtful debts	*10.3*	**91,450,922**	74,403,850
		345,287,484	134,553,666
		2,599,551,840	**379,698,461**

10.1 It includes an amount of Rs. 324,209,037 (2007: NIL) receivable from related party, Mr. Sulieman Ahmad Said Al-Hoqani.

	Note	2008 Rupees	2007 Rupees
10.2 Receivable against professional services - related parties			
First Capital Mutual Fund Limited		**7,436,075**	6,772,792
Pace (Pakistan) Limited		**-**	3,000,000
Shaheen Insurance Company Limited		**532,047**	497,100
		7,968,122	10,269,892
10.3 Provision against others			
Opening provision for doubtful debts		**74,403,850**	65,832,879
Charge for the year		**20,914,108**	19,413,170
Provision written back		**(3,867,036)**	(11,842,199)
Closing provision for doubtful debts		**91,450,922**	73,403,850

11 Loans and advances - unsecured, considered good

	Note	2008 Rupees	2007 Rupees
Advances to suppliers		**11,226,931**	11,115,116
Advances to employees for expenses:			
Executives		**16,693,949**	2,389,108
Others	*11.1*	**10,198,270**	7,742,542
		26,892,219	10,131,650
Stock Exchanges	*11.2*	**930,110,948**	909,146,666
		968,230,098	930,393,432

11.1 Advances given to employees for expenses are in accordance with the Group's policy. Such advances are unsecured, interest free and are adjusted against salary/expense claims. Advance to staff does not include any amount due from Chief Executive and Directors. (2007: Nil).

11.2 This represents exposure margin with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules which carries mark up at rates ranging from 0.10 % to 9.2 % per annum (2007: 2.5% to 9.5% per annum).

12 Deposits and other receivables

	Note	2008 Rupees	2007 Rupees
Dividend		**201,187**	8,830,725
Others	*12.1*	**41,716,605**	22,921,629
Deposits with Karachi Stock Exchange (Guarantee) Limited	*12.2*	**28,701,533**	28,701,533
Accrued brokerage commission		**3,937,591**	10,784,311
Advance Income Tax		**54,133**	54,133
Retention money		**17,022,502**	-
Advance cost incurred on unbilled contracts		**253,328**	-
Current portion of deposits against lease	*8*	**-**	177,250
		91,886,879	71,469,581

	Note	2008 Rupees	2007 Rupees
12.1 Others			
Unsecured, considered good		**41,716,605**	22,921,629
Unsecured, considered doubtful		**500,000**	500,000
		42,216,605	23,421,629
Less: Provision for bad debts	*12.3*	**(500,000)**	(500,000)
		41,716,605	22,921,629

12.2 This represents the deposited amount with the Karachi Stock Exchange (Guarantee) Limited against disputed claim of Aslam Motiwala as per note 23.1.6

	Note	2008 Rupees	2007 Rupees
12.3 Provision for doubtful other receivables			
Opening provision for doubtful debts		**500,000**	1,500,000
Charge for the year		**-**	-
Provision written back		**-**	(1,000,000)
Closing provision for doubtful other receivables		**500,000**	**500,000**

13 Placements - secured, considered good

	Note	2008 Rupees	2007 Rupees
Placement on account of Continuous Funding System			
Related party		**1,030,000,000**	350,000,000
Others		**967,425,000**	638,750,000
	13.1	**1,997,425,000**	988,750,000

13.1 These have been placed for a period ranging from twenty to ninety two days (2007: thirty to ninety days) and carry mark up at rates ranging from 12.5% to 20% per annum (2007: 12.75% to 15% per annum). Fair value of quoted equity securities held as collateral is Rs. 4,271,439,470 (2007: Rs. 1,347,038,399) out of which quoted equity securities having market value of Rs. 532,689,486 (2007: Rs. 911,037,662) were further placed as collateral with financial institutions by the Company under repurchase transactions (refer to Note 17.1).

14. Short term investments - at fair value through profit and loss

	Note	2008 Carrying Value Rupees	2008 Fair Value Rupees	2007 Carrying Value Rupees	2007 Fair Value Rupees
These are made up as under:					
Others	*14.1*	**123,209,267**	**102,197,110**	130,264,067	139,357,267
Related parties	*14.2*	**1,346,437,222**	**1,332,925,203**	1,154,589,884	2,062,709,787
		1,469,646,489	**1,435,122,313**	1,284,853,951	2,202,067,054
Add: Unrealized gain/(loss) on account of remeasurement to fair value		**(34,524,176)**	**-**	917,213,103	-
		1,435,122,313	**1,435,122,313**	2,202,067,054	2,202,067,054

14.1 Held for trading - others

	Number of shares/ certificates 2008	Number of shares/ certificates 2007	2008 Carrying cost Rupees	2008 Fair Value Rupees	2007 Carrying cost Rupees	2007 Fair Value Rupees
Listed securities						
Mutual funds						
PICIC Growth Mutual Fund Limited	**218,200**	218,200	**7,375,160**	**5,186,614**	6,895,120	7,375,160
Unit UTP Fund of Funds	**37,161**	64,769	**3,803,883**	**4,215,063**	3,241,800	3,803,883
Unit Trust of Pakistan Units	**13,127**	206	**1,630,488**	**1,999,924**	1,508,965	1,630,488
Dawood Islamic Fund - Units	**11,021**	9,981	**1,000,000**	**1,105,406**	1,000,000	1,000,000
Nafa Stock Fund	**384,994**	-	**5,000,000**	**4,413,687**	-	-
Namco Balanced Fund Limited	**1,435,200**	1,460,200	**13,993,200**	**13,361,712**	14,602,000	14,236,950
First Capital Mutual Fund Limited	**4,166,210**	5,675,210	**42,074,679**	**34,371,233**	55,459,460	57,319,621
			74,877,410	**64,653,639**	82,707,345	85,366,102
Insurance companies						
Adamjee Insurance Company Limited	**10,000**	-	**2,752,167**	**2,707,200**	-	-
Leasing companies						
Standard Chartered Leasing Limited	**70,000**	70,000	**777,000**	**427,000**	1,252,700	777,000
Investment companies/banks						
Askari Commercial Bank Limited	**52,000**	-	**3,037,250**	**2,089,880**	-	-
JS Bank Limited	**101,000**	-	**1,746,150**	**1,387,740**	-	-
Habib Bank Limited	**3,900**	-	**212,905**	**813,657**	-	-
Islamic Investment Bank	**8,900**	-	**8,902**	**-**	-	-
National Bank of Pakistan	**50,000**	-	**11,750,875**	**7,375,000**	-	-
Bank Alfalah Limited	**100,000**	-	**5,152,500**	**4,106,000**	-	-
			21,908,582	**15,772,277**	-	-
Technology & communication						
Pakistan Telecommunication Limited-A	**500**		**22,761**	**19,320**	-	-
Cement						
Pioneer Cement Limited	**354,849**	150,085	**12,930,044**	**9,996,096**	5,083,829	5,613,179
D.G. Khan Cement Company Limited	**55,000**	-	**3,868,967**	**3,692,700**	-	-
Al Abbas Cement Industries Limited	**-**	127	**-**	**-**	1,270	1,861
			16,799,011	**13,688,796**	5,085,099	5,615,040

	Number of shares/ certificates		2008		2007	
			Carrying cost	Fair Value	Carrying cost	Fair Value
	2008	2007	Rupees	Rupees	Rupees	Rupees
Cable and electrical goods						
Pak Elektron Limited	**93**	553,375	**6,236**	**5,208**	41,211,773	47,590,250
Food and Allied						
Zulfiqar Industries Limited	**19,000**	-	**2,622,000**	**2,907,000**	-	-
					-	-
Refinery						
Bosicor Pakistan Limited	**150,500**	500	**3,444,100**	**2,016,670**	7,150	8,875
			123,209,267	**102,197,110**	**130,264,067**	**139,357,267**

14.2 Held for trading - related parties

Listed securities

	Number of shares/ certificates 2008	2007	2008 Carrying cost Rupees	2008 Fair Value Rupees	2007 Carrying cost Rupees	2007 Fair Value Rupees
Worldcall Telecom Limited - *note 14.4*	**8,205,194**	97,884,223	**150,550,714**	**119,139,417**	978,243,828	1,796,175,492
Pace (Pakistan) Limited	**33,638,668**	787,250	**941,535,823**	**953,319,851**	23,067,151	22,436,625
Shaheen Insurance Company Limited	**2,956,145**	2,838,345	**254,350,685**	**260,465,935**	153,278,905	244,097,670
			1,346,437,222	**1,332,925,203**	1,154,589,884	2,062,709,787

14.3 This includes 2.9 million shares held under lien as security by National Accountability Bureau. Refer to note 23.1.

14.4 Face value of each share/certificate is Rs 10 each, except for Unit Trust of Pakistan and UTP Funds having face value of Rs. 5,000 and Rs. 50 each respectively and Dawood Islamic Fund which has net assets value of Rs. 100.30 (2007: Rs. 100.19)

	Note	2008 Rupees	2007 Rupees
15 Cash and bank balances			
Cash in hand		**1,073,180**	1,249,968
At bank			
Current accounts - local and foreign currency		**156,039,161**	63,205,547
Saving accounts - local and foreign currency	*15.1*	**836,758,644**	222,039,004
		992,797,805	285,244,551
		993,870,985	286,494,519

15.1 The balance in saving accounts bears mark-up which ranges from 0.5% to 10.75% (2007: 0.5% to 5%) per annum.

	Note	2008 Rupees	2007 Rupees
16 Trade and other payables			
Payable against sale of shares on behalf of			
Members		**39,931,597**	42,017,238
Clients		**309,795,349**	397,500,768
		349,726,946	439,518,006
Trade creditors		**18,357,819**	6,673,285
Advances from customers		**213,379,634**	129,471,209
Accrued liabilities		**136,487,475**	114,168,637
Withholding tax		**3,815,908**	3,973,322
Payable against trading of shares		**2,376,939**	-
Payable against purchase of property		**358,580,967**	-
Sales tax		**385,646**	1,775,987
Excise duty payable		**11,234**	-
Unclaimed dividend		**2,002,593**	1,878,194
Other liabilities		**14,743,307**	9,464,950
Bills Payable		**432,055**	236,198
		1,100,300,523	707,159,788
17 Liability against repurchase agreement - secured			
Payable to financial institution	*17.1*	**508,425,000**	923,750,000

17.1 This represents the amount payable to financial institutions under repurchase agreements against the securities under the arrangement as explained in note 13. The effective interest rate is 12.5 % to 20% per annum (2007: Rs. 12.75% to 15% per annum) and is for a period of twenty to ninety two days (2007: thirty to ninety days).

	Note	2008 Rupees	2007 Rupees
18 Short term borrowings - secured	*18.1*	**3,971,364,774**	883,716,052

18.1 These facilities are obtained from various commercial banks under mark up arrangements amounting to Rs 4,464 million (2007: Rs 1,425 million). These facilities carry mark up at the rate ranging from 1 to 6 months KIBOR plus 1.8 % to 4.25 % (2007: 1 to 6 months KIBOR plus 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13.5% per annum (2007: 10% to 13.5%). These are secured against pledge of quoted equity securities.

19 Liabilities against assets subject to finance lease

	2008		
	Not later than one year	**Later than one year and not later than five years**	**Total**
		Rupees	
Minimum lease payments	23,218,111	41,755,854	**64,973,965**
Future finance charges	(5,428,216)	(4,401,073)	**(9,829,289)**
Present value of minimum lease payments	**17,789,895**	**37,354,781**	**55,144,676**

	2007		
	Not later than one year	Later than one year and not later than five years	Total
		Rupees	
Minimum lease payment	6,306,445	15,365,538	**21,671,983**
Future finance charge	(2,214,033)	(2,745,069)	**(4,959,102)**
Present value of minimum lease payments	**4,092,412**	**12,620,469**	**16,712,881**

Rentals are payable in monthly as well as in quarterly installments. The group companies have the right to exercise purchase option at the end of the lease term . The present value of minimum lease payments have been discounted at an effective rate of 9.02% to 16% (2007: 7.5% to 18.14%) per annum.

	2008 Rupees	2007 Rupees
20 Long term finance		
Term finance facility	-	8,280,000
Less: Current portion	-	(5,040,000)
	-	3,240,000

During the year, group has made early payment of the term finance facility.

	2008 Rupees	2007 Rupees
21 Deferred tax liability		
This comprises the following:		
Deferred tax liability in respect of tax depreciation	**2,519,856**	1,899,963
Deferred tax liability in respect of unused tax losses & tax credits	**(2,380,889)**	(1,828,660)
	138,967	71,303

21.1 The Parent Company has a deferred tax asset amounting to Rs. 111,681,727 (2007: Rs. 59,461,404) arising on unused tax losses and taxable temporary differences amounting to Rs. 725,385,254 (2007: Rs. 161,956,066) and Rs. 406,294,606 (2007: Rs. 7,933,660 - deductible) respectively. Tax losses will be carried forward for six years only, in accordance with the Income Tax Ordinance, 2001. However, in view of taxable profits not available in foreseeable future owing to the effect of exempt income, the Company has not incorporated the deferred tax asset in these financial statements.

However, some subsidiary companies recognize their respective deferred tax assets or liabilities owing to their tax position for each year.

	Note	2008 Rupees	2007 Rupees
22 Staff retirement benefits			
Net liability at the beginning of the year		**25,191,914**	17,467,854
Amount recognized during the year	*22.1*	**17,062,256**	9,298,856
Liability transferred from sister concern		**300,000**	99,400
Gratuity transferred to sister concern		**(18,400)**	(63,000)
Benefits paid during the year		**(3,649,778)**	(1,611,196)
Net liability at the end of the year	*22.2*	**38,885,992**	**25,191,914**

22.1 The amounts recognized in the profit and loss are as follows:

	2008	2007
Current service cost	**12,420,407**	6,487,406
Interest cost	**2,669,902**	1,477,499
Net expense of LSL	**1,066,450**	985,681
Actuarial loss recognized	**330,497**	68,270
Payable from previous years written off	**575,000**	280,000
Total amount charged to the profit and loss account	**17,062,256**	**9,298,856**

The latest valuation was conducted by Nauman Associates (consulting actuaries) as of 30 June 2008. Significant actuarial assumptions are as follows:

	2008	2007
Discount rate	12% per annum	10% per annum
Expected rate of Eligible Salary increase in future years	11% per annum	9% per annum
Average expected remaining working life time of employees	12 years	12 years

	2008 Rupees	2007 Rupees
22.2 The amounts recognized in the balance sheet are as follows:		
Present value of obligation	**42,783,685**	27,255,177
Unrecognized actuarial losses	**(7,619,174)**	(6,278,168)
Benefits due but not paid	**167,200**	289,600
	35,331,711	21,266,609
Subsidiary's gratuity obligations - Lanka Securities (Private) Limited	**3,554,281**	3,925,305
Liability recognized in balance sheet	**38,885,992**	25,191,914

23 Contingencies and commitments

23.1 Contingencies

Parent company

23.1.1 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 Workers Welfare Fund ("WWF") during the year 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 workers welfare fund officials to defraud Workers Welfare Fund.

On the basis of these investigations, National Accountability Bureau required the Company to pay 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. The Company had also paid an additional amount of Rs 10 million as full and final settlement during the financial year ended 30 June 2004. Thus a sum of Rs 23.8 million as discussed above has so far been written off in the Company's accounts. However, National Accountability Bureau has again raised a demand of Rs 10 million from the Company, which remains un-recovered from various parties involved. The Company has informed National Accountability Bureau that the said amount is 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.

23.1.2 Securities and Exchange Commission of Pakistan ("SECP") 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 (now Worldcall Telecom Limited, an associated company). Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

23.1.3 Securities and Exchange Commission of Pakistan ("SECP") 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. Appellate Bench of SECP passed an order against the Company. The Company filed an appeal in Lahore High Court against the order of the Appellate Bench of SECP, which has been decided in favour of the Company. SECP has filed an appeal in the Supreme Court of Pakistan against the judgment of Honorable Lahore High Court. At present the said appeal is pending adjudication before the August Supreme Court of Pakistan and the Company is confident of its favourable outcome, therefore no provision has been made in the financial statements.

23.1.4 For contingencies relating to tax matters, refer note 30.2.

First Capital Equities Limited (FCEL)

23.1.5 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. Based on the legal opinion, the management considers that if the recovery suits succeed entirely or partially and result in recovery of an amount from clients, the only obligation of the Company is to remit the same to ABN AMRO. Whereas in case the recovery suits are unsuccessful, the aforesaid loan will lapse for all purposes and it will extinguish the recovery of loans from clients and this will not affect, in any manner, the financial position of the Company, as it does not have any obligation to pay any amounts to ABN AMRO from its own sources. 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.

The Company has agreed to indemnify ABN AMRO, its directors and affiliates from any or all claims which may be finalized against the Company except for those mentioned above. The existence and the magnitude of any such claims, other than mentioned in these financial statements, are not presently known.

23.1.6 The Honourable Sindh High Court, while deciding on different applications filed by the Company, directed the Karachi Stock Exchange (Guarantee) Limited (KSE) Advisory and Arbitration Committee in January 2005 to consider the legal issues before initiating arbitration proceedings for claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against the Company. The Arbitration Committee of KSE gave its decision and asked the Company to pay Rs. 28.701 million being the claim of the aforementioned claimants relating to the alleged trades. Further, Arbitration Committee of KSE also directed the aforementioned claimants to make payment of Rs. 6.143 million to the Company.

The Company filed an appeal against the decision of Arbitration Committee of KSE before the Board of KSE under Rule 36 of the General Rules & Regulations of KSE along with the payment of Rs 28.702 million to KSE. The Appellate Bench of KSE upheld the order of the Arbitration Committee of KSE. The Company filed an application against the aforesaid order of the Appellate Bench of KSE in the Honourable Sindh High Court and has been granted stay against the aforesaid order. The Management is confident that the application would be decided in the Company's favour.

A claim of Rs. 176.594 million by the above mentioned members of the KSE 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 likelihood of an unfavourable decision is remote.

23.1.7 Mr. Assad ullah Sajid has filed a petition with Securities and Exchange Commission of Pakistan against the Company for refund of deposit of Rs. 590,740 deposited for purchase of shares on his behalf. The management is confident that the matter will be decided in the Company's favour.

23.1.8 During the year Securities and Exchange Commission of Pakistan (SECP) served a show cause notice to the Company under Section 4 & 5 of Listed Companies (Substantial Acquisition of Voting shares and Takeovers) Ordinance 2002, alleging that the Company has facilitated certain investors in acquisition of approximately 39% shares of Haseeb Waqas Sugar Mills Limited. The Company has submitted its initial reply to the show cause notice to the SECP and no further proceeding has been held till date. Based on the legal counsel's opinion, management is confident that the matter will be decided in the Company's favour. The financial impact of the outcome, if any, can not be ascertained at this stage.

23.1.9 During the year a claim of Rs. 12,540,356 has been filed by a client, Mr. Hasan you, which is not acknowledged as debt by the Company.

23.1.10 The return for Tax year 2003 was selected for total audit under section 177 of the Income Tax Ordinance 2001. The Taxation Officer reassessed the Income for the tax year 2003 reducing refund from Rs 6.4 million to Rs.5.4 million. The Company filed appeal to the Commissioner of Income Tax (Appeals) against the order of the taxation officer and partial relief has been allowed by the Commissioner of Income Tax (Appeals). The Company has filed appeal against the order of Commissioner of Income Tax (Appeals) in the Honourable Income Tax Appellate Tribunal. The management is confident that the appeal will be decided in favour of the Company.

23.1.11 The Taxation Officer reassessed the Income for the Tax year 2004 under section 122(5A) of the Income Tax Ordinance, 2001, by increasing the tax liability upto Rs.1.4 million on account of apportionment of expenses to capital gain. The Company has filed appeal before the Commissioner of Income Tax (Appeals) against the said order. The management is confident that the appeal will be decided in favour of the Company.

	2008 Rupees	2007 Rupees
23.2 Commitments		
Commitments in respect of :		
Capital Expenditure	**567,126,852**	366,197,965
Sale of shares	**1,782,101,966**	-
Purchase of shares	**2,338,809,506**	-
	4,688,038,324	366,197,965

24 Share capital

Authorized

	2008	2007
170,000,000 (2007: 160,000,000) ordinary shares of Rs 10 each	**1,700,000,000**	1,600,000,000

Issued, subscribed and paid-up capital	Number of shares 2008	Number of shares 2007	2008 Rupees	2007 Rupees
Ordinary shares of Rs 10 each fully paid in cash	**38,165,030**	38,165,030	**381,650,300**	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares	**124,357,486**	97,270,400	**124,374,807**	972,704,000
	162,522,516	**135,435,430**	**1,625,225,160**	**1,354,354,300**

24.1 Worldcall Telecom Limited holds 2,049,051 (2007:1,707,543) shares with a percentage holding of 1.26% (2007: 1.26%).

	Number of shares	
	2008	2007
24.2 Movement of number of shares		
Shares as on 01 July	**135,435,430**	100,322,541
Bonus issue	**27,087,086**	35,112,889
Shares as on 30 June	**162,522,516**	135,435,430

	Note	2008 Rupees	2007 Rupees
25 Revenue			
Financial consultancy fee		**10,562,500**	10,527,768
Dividend income		**3,710,239**	16,981,893
Money market income		**13,030,021**	11,233,301
Gain on sale of investments		**1,087,849,922**	18,922,512
Investment advisory fee from FCMF		**13,308,236**	9,392,361
Income from continuous funding system placements		**6,986,804**	6,697,058
Brokerage income		**751,391,694**	496,608,285
Underwriting commission		**-**	149,838
Revenue from printing		**80,905,382**	45,139,093
Revenue against construction contracts		**491,389,805**	161,750,463
		2,459,134,603	777,402,572
26 Direct costs			
Materials consumed		**42,648,800**	29,581,345
Salaries and benefits		**153,431,942**	57,013,315
Folding and binding costs		**3,241,136**	2,076,243
Electricity consumed		**1,590,713**	880,894
Rent, rates and taxes		**4,730,781**	1,912,167
Postage and communication		**662,489**	154,513
Stores and general items consumed		**22,647,252**	10,371,582
Mess and staff refreshment charges		**333,221**	250,516
Traveling expenses		**157,837**	104,078
Lab testing charges		**1,255,560**	341,390
Security services		**9,750**	94,852
Insurance		**1,948,118**	720,116
Entertainment		**1,617,185**	617,434
Repair and maintenance		**2,903,739**	2,518,797
Courier charges		**190,471**	-
Vehicle running and maintenance		**1,926,220**	295,590
Depreciation	*3*	**34,568,345**	15,562,001
Others		**1,393,826**	1,487,062
		275,257,385	123,981,895

27 Operating expenses

	Note	2008 Rupees	2007 Rupees
Salaries, wages and benefits		**273,211,882**	207,327,927
Stock exchange charges		**36,908,980**	29,769,206
Rent, rates and taxes		**10,849,597**	7,739,091
Telephone, fax, etc.		**14,826,130**	11,945,615
Utilities		**6,017,229**	4,895,421
Insurance		**3,960,783**	2,357,667
Printing and stationery		**5,476,156**	4,468,497
Traveling and conveyance		**16,932,951**	10,029,107
Repairs and maintenance		**14,557,137**	8,284,461
Postage, courier etc.		**4,229,366**	2,276,193
Vehicle running		**6,278,541**	3,573,784
News papers and periodicals		**261,312**	221,343
Entertainment		**8,153,947**	5,599,963
Brokerage commission and capital value tax		**129,729,159**	1,147,723
Legal and professional charges		**13,646,941**	7,683,266
Advertisement		**5,200,507**	2,764,538
Provision for doubtful debts		**20,914,108**	19,413,170
Bad debts written off directly		**59,219**	198,685
Fees and subscriptions		**13,487,950**	9,411,351
Advisory Fee expenses		**32,337,111**	-
Auditors' remuneration	*27.1*	**2,838,851**	2,453,314
Donations	*27.2*	**264,960**	461,660
Depreciation	*3*	**24,833,061**	23,216,807
Amortization of deferred cost		**3,015**	3,013
Impairment of goodwill		**-**	358,709
Business development		**1,556,550**	987,349
Others		**9,855,003**	5,857,649
		656,390,446	372,445,509

27.1 Auditors' remuneration

	Auditor of Parent company Rupees	Auditor of Subsidiary companies Rupees	2008 Rupees	2007 Rupees
Annual audit	**475,000**	**1,052,121**	**1,527,121**	1,262,790
Consolidated accounts	**425,000**	**-**	**425,000**	375,000
Half yearly review	**100,000**	**230,000**	**330,000**	370,000
Other certifications	**50,000**	**290,930**	**340,930**	228,924
Out of pocket expenses	**190,000**	**25,800**	**215,800**	216,600
	1,240,000	**1,598,851**	**2,838,851**	2,453,314

27.2 Directors or their spouses do not have any interest in the donee.

	2008 Rupees	2007 Rupees
28 Other income		
Income from financial assets		
Return on deposit accounts	**28,026,801**	5,943,791
Interest on term deposits	**23,694,934**	11,427,532
Income from placements	**254,788,885**	89,903,847
Mark-up income on loans to related parties	**13,121,835**	4,941,253
Income from other than financial assets		
Underwriting commission	**-**	2,218,700
Take-up commission	**-**	524,733
Provision written back	**3,867,036**	11,842,199
Exchange gain	**875,956**	8,528
Gain on sale of fixed assets	**1,682,013**	2,579,543
Tenderable gain received from related party	**1,849,455**	-
Others	**20,753,024**	10,797,561
	348,659,939	140,187,687

29 Finance costs

	2008 Rupees	2007 Rupees
Markup on short term borrowings	**221,526,455**	46,728,174
Mark-up on repurchase agreements	**124,022,861**	61,963,741
Markup charged by related parties	**4,932**	1,313,644
Cost of repo transactions	**38,595,745**	30,795,358
Finance charges on assets subject to finance lease	**1,882,042**	706,846
Term finance markup	**366,194**	1,392,771
Continuous funding system cost	**1,368,743**	9,624,378
Bank charges and commission	**2,047,931**	3,635,882
Exchange loss	**308,957**	-
Others	**284,031**	1,123,524
	390,407,891	157,284,318

30 Taxation

	2008 Rupees	2007 Rupees
Current year	**107,370,241**	83,702,376
Prior Year	**18,810**	23,548
Deferred	**(695,143)**	(1,743,912)
	106,693,908	81,982,012

30.1 Tax charge reconciliation has not been prepared as few Group companies have provided for minimum tax under applicable tax law.

30.2 The Parent Company's assessments have been finalized up to tax year 2007. In 2004, the DCIT passed order under section 221 of the Income Tax Ordinance, 2001 for the assessment years 2000-2001 to 2002-2003 creating a tax demand of Rs. 9.8 million on account of disallowance of expenses which relate to exempt income i.e. capital gain. The Parent Company filed appeals in CIT (A) against these orders and also filed rectification against the said orders of DCIT. The CIT (Appeals) allowed partial relief against the orders passed by the DCIT. In the light of order of the CIT (Appeals) the demand of Rs. 9.8 million was reduced to Rs. 6.2 million for the assessment year 2000-2001 to 2002-2003. Appeals against the order of CIT (A) for assessment years 2000-2001 to 2002-2003 are pending before Income Tax Appellate Tribunal. The management is confident that the appeals will be decided in favour of the Parent Company and the addition on account of allocation of expenses will be deleted.

30.3 Income tax returns for tax years 2003 and 2004 were filed which were deemed assessed. However, both the years were reassessed under section 122 of the Income Tax Ordinance 2001 which resulted an increase in income tax liability for these tax years. The company filed appeals before CIT (Appeals) and a relief was allowed for both of the above tax years.

31 Earnings per share - basic

		2008 Rupees	2007 Rupees
Net profit for the year	***Rupees***	**1,184,695,697**	1,036,507,592
Weighted average number of ordinary shares as at 30 June	***Numbers***	**162,522,516**	162,522,516
Earnings per share - basic	***Rupees***	**7.29**	**6.38**

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

Earnings per share - diluted

There is no dilution effect on the basic EPS as the Company has no such commitments.

32 Transactions with related parties

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, associated companies, directors and key management personnel. Balances with related parties are shown in the relevant notes to the accounts. The transactions with related parties other than those which have been disclosed in other notes are as follows:

	2008 Rupees	2007 Rupees
Associated companies		
Income from financial consultancy services	**23,870,736**	19,830,129
Mark up income	**13,121,835**	4,941,253
Short term borrowing availed and repaid	**1,000,000**	47,000,000
Finance cost charged	**4,932**	1,313,644
Long term loan given	**330,700,000**	-
Insurance premium	**439,901**	278,272
Insurance claim	**248,365**	174,666
Brokerage income	**41,545,135**	28,233,886
Repurchase agreement arrangement fee	**1,210,432**	641,667
Placements entered and rolled over	**3,652,536,000**	1,940,000,000
Placements matured	**2,972,356,000**	990,000,000
Income earned on placements	**125,592,127**	58,430,122
Repurchase agreements entered and rolled over	**85,000,000**	-
Repurchase agreements matured	**85,000,000**	-

	2008 Rupees	2007 Rupees
Mark up income on repurchase agreements	**1,760,548**	-
Contract services	**491,389,805**	161,363,931
Underwriting commission	**-**	149,838
Sale of goods/services	**61,872,423**	41,265,988
Purchase of goods/services	**28,956**	287,460
Pool expenses shared	**-**	2,443,665

33 Cash generated from operations

	2008 Rupees	2007 Rupees
Profit before taxation	**1,510,894,716**	1,279,960,929
Adjustments for:		
Depreciation	**59,401,406**	38,778,808
Finance cost	**390,407,891**	157,284,318
(Gain)/ loss on remeasurement of short term investments	**34,524,176**	(917,213,103)
Dividend income	**(3,710,239)**	(16,981,893)
Exchange gain	**(875,956)**	(8,528)
Amortization of deferred cost	**3,015**	3,013
Impairment of goodwill	**-**	358,709
Gain on disposal of property, plant and equipment	**(1,682,013)**	(2,579,543)
Exchange translation difference	**19,685,007**	(5,471,201)
Provision for doubtful debts	**20,914,108**	19,413,170
Bad debts written off directly	**59,219**	198,685
Retirement benefits	**17,343,856**	9,398,256
Share of profit of associated companies	**(59,680,072)**	(98,869,289)
Provision for doubtful debts written back	**(3,867,036)**	(11,842,199)
Mark up income	**(319,632,455)**	(112,216,423)
	152,890,907	(939,747,220)
Profit before working capital changes	**1,663,785,623**	340,213,709
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	**(19,403,792)**	(12,976,954)
Trade debts	**(2,251,417,436)**	428,272,054
Loans and advances	**(37,836,666)**	(799,937,847)
Short term prepayments	**(4,114,676)**	(1,743,823)
Deposits and other receivables	**(24,628,842)**	(46,931,948)
Short term investments - net	**1,172,924,710**	(168,156,511)
Placements	**(1,008,675,000)**	(521,108,480)
Increase/(decrease) in:		
Trade and other payables	**113,396,146**	(74,015,119)
Liability against repurchase agreement	**(415,325,000)**	408,750,000
Short term borrowings	**3,087,648,722**	676,776,223
	612,568,166	(111,072,405)
	2,276,353,789	229,141,304

34 Cash and cash equivalents

	2008 Rupees	2007 Rupees
These are made up as follows:		
Cash in hand	**1,073,180**	1,249,968
Bank balances	**946,165,795**	242,212,531
Treasury bills	**46,632,010**	43,032,020
	993,870,985	286,494,519

35 Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, market interest rates such as State Bank of Pakistan's repo rate and treasury bills rate, credit and liquidity risk associated with various financial assets and liabilities. The Company manages its exposure to financial risk in the following manner:

35.1 Interest rate risk exposure

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Information about the Company's exposure to interest rate risk based on contractual refinancing and maturity dates, which ever is earlier, is as follows:

2008

	Interest/mark-up bearing					Non interest/mark-up bearing						
	Within one year	Within two year	Within three year	Within four year	Within five year	Within one year	Within two year	Within three year	Within four year	Within five year	Total	Credit Risk
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets												
Long term loans	-	-	-	330,700,000	-	-	-	-	-	-	**330,700,000**	330,700,000
Long term deposits and advances	-	-	-	-	-	-	-	8,515,106	-	6,287,206	**14,802,312**	14,802,312
Trade debts	-	-	-	-	-	2,599,551,840	-	-	-	-	**2,599,551,840**	2,599,551,840
Loans and advances	-	-	-	-	930,110,948	38,119,150	-	-	-	-	**968,230,098**	941,337,879
Deposits and other receivable	-	-	-	-	-	91,832,746	-	-	-	-	**91,832,746**	91,832,746
Placements	1,997,425,000	-	-	-	-	-	-	-	-	-	**1,997,425,000**	-
Interest receivables	-	-	-	-	-	18,393,819	-	-	-	-	**18,393,819**	18,393,819
Short term investments	-	-	-	-	-	1,435,122,313	-	-	-	-	**1,435,122,313**	-
Cash and bank balances	836,758,644	-	-	-	-	157,112,341	-	-	-	-	**993,870,985**	992,797,805
	2,834,183,644	-	-	330,700,000	930,110,948	4,340,132,209	-	8,515,106	-	6,287,206	**8,449,929,113**	**4,989,416,401**
Financial liabilities												
Trade and other payables	-	-	-	-	-	1,100,300,523	-	-	-	-	**1,100,300,523**	
Mark up accrued	-	-	-	-	-	92,511,811	-	-	-	-	**92,511,811**	
Liability against repurchase agreement	508,425,000	-	-	-	-	-	-	-	-	-	**508,425,000**	
Short term borrowings	3,971,364,774	-	-	-	-	-	-		-	-	**3,971,364,774**	
Liabilities against subject to finance lease	17,789,895	4,193,640	540,368	-	32,620,773	-	-	-	-	-	**55,144,676**	
	4,497,579,669	4,193,640	540,368	-	32,620,773	1,192,812,334	-	-	-	-	**5,727,746,784**	
On balance sheet Gap	**(1,663,396,025)**	**(4,193,640)**	**(540,368)**	**330,700,000**	**897,490,175**	**3,147,319,875**	**-**	**8,515,106**	**-**	**6,287,206**	**2,722,182,329**	

	2007											
	Interest/mark-up bearing					Non interest/mark-up bearing						
	Within one year	Within two year	Within three year	Within four year	Within five year	Within one year	Within two year	Within three year	Within four year	Within five year	Total	Credit Risk
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets												
Long term loans	-	-	-	25,710,000	-	-	-	-	-	-	25,710,000	25,710,000
Long term deposits and advances	-	-	-	-	-	-	177,250	-	-	6,757,521	6,934,771	6,934,771
Trade debts	-	-	-	-	-	379,698,461	-	-	-	-	379,698,461	379,698,461
Loans and advances	-	-	-	-	-	920,261,782	-	-	-	-	920,261,782	920,261,782
Deposits and other receivables	-	-	-	-	-	71,292,331	-	-	-	-	71,292,331	71,238,198
Placements	988,750,000	-	-	-	-	-	-	-	-	-	988,750,000	-
Short term investments	-	-	-	-	-	2,202,067,054	-	-	-	-	2,202,067,054	-
Cash and bank balances	222,039,004	-	-	-	-	64,455,515	-	-	-	-	286,494,519	992,621,017
	1,210,789,004	-	-	25,710,000	-	3,649,502,701	177,250	-	-	6,757,521	4,892,936,476	**2,408,191,787**
Financial liabilities												
Trade and other payables	-	-	-	-	-	707,159,788	-	-	-	-	707,159,788	
Mark up accrued	-	-	-	-	-	22,900,176	-	-	-	-	22,900,176	
Liability against repurchase agreement	923,750,000	-	-	-	-	-	-	-	-	-	923,750,000	
Short term borrowings	883,716,052	-	-	-	-	-	-	-	-	-	883,716,052	
Long term finance	5,040,000	-	3,240,000	-	-	-	-	-	-	-	8,280,000	
Liabilities against assets subject to finance lease	4,092,412	11,502,257	1,118,212	-	-	-	-	-	-	-	16,712,881	
	1,816,598,464	11,502,257	4,358,212	-	-	730,059,964	-	-	-	-	2,562,518,897	
On balance sheet Gap	(605,809,460)	(11,502,257)	(4,358,212)	25,710,000	-	2,919,442,737	177,250	-	-	6,757,521	2,330,417,579	

35.2 Concentration of credit risk and credit exposure of the financial instruments

The Company attempts to control credit risk by applying and monitoring approved limits of credit exposure to any one counter party, limiting transactions with specific counter parties and continually assessing the credit worthiness of the counter parties. The Company believes that it is not exposed to major concentration of credit risk. Out of total financial assets of Rs. 8,229,229,113 (2007: Rs.4,892,936,476) the financial Assets subject to credit risk amounts to Rs. 4,989,416,401 (2007: Rs.2,408,191,787).

35.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk mainly arises from investment in foreign entity. As at year end, the Company is not exposed to any significant currency risk.

35.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

35.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in financial statements approximates their fair value.

35.6 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2008 and at 30 June 2007 were as follows:

	2008	2007
	(Rupees in thousand)	
	30 June 2008	**30 June 2007**
Total debt	4,534,934,450	1,832,458,933
Total equity and debt	4,917,515,117	5,281,038,980
Debt-to-equity ratio	92%	35%

The increase in debt to equity ratio of the group is primarily on account of borrowing made by the FCEL to finance its brokerage operations

36 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the accounts for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Group is as follows:

	Chief Executive		Director		Executives	
	2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees
Managerial remuneration	-	-	28,033,858	17,148,150	53,436,813	26,725,726
Medical	-	-	1,816,751	897,896	1,245,430	810,607
Utilities	1,115,564	1,390,521	1,258,400	532,000	2,167,880	892,533
House rent	-	-	4,361,600	2,983,370	8,671,520	3,570,133
Provision for gratuity	-	-	214,453	113,111	2,694,797	895,017
Others	-	-	171,005	127,754	607,200	606,929
	1,115,564	**1,390,521**	**35,856,067**	**21,802,281**	**68,823,640**	**33,500,945**
Number of persons	1	1	8	7	38	`18

The Group has also provided few executives with company maintained cars. No fees were paid to any director for attending Board and Audit Committee meetings.

37 Events after the balance sheet date

The Board of Directors of Parent Company in their meeting held on 07 October 2008 has recommended bonus shares at the rate of 40 shares for each 100 shares held i.e. 40% (2007: 20%) as a final dividend. These financial statements do not reflect this dividend.

38 Date of authorization for issue

These financial statements were authorized for issue on 07 October 2008 by the Board of Directors.

39 General

Figures have been rounded off to the nearest rupee.

Lahore: **Chairman & Chief Executive Officer** **Director**

FORM OF PROXY

The Company Secretary
First Capital Securities Corporation Limited
103-C/II, Gulberg-III
Lahore

Folio No./CDC A/c. No. ______________

Shares Held: ______________

I / We ______________________________________ of ______________________________________
(Name) *(Address)*

being the member(s) of **First Capital Securities Corporation Limited** hereby appoint Mr. / Mrs./

Miss ______________________________________ of ______________________________________
(Name) *(Address)*

or failing him / her / Mr. / Mrs. / Miss. ____________________________ of _________________________
(Name) *(Address)*

[who is also member of the Company vide Registered Folio No. /CDC A/c. No. _____________ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at an Annual General Meeting of the Company to be held at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, on 31 October 2008 at 3:30 p.m. and at any adjournment thereof.

Signature this ___________________ Day of _________________ 2008.

(Witnesses)

1.___________________

2.___________________

Affix Revenue Stamp
of Rupees Five

Signature ____________________________
(signature appended should agree with the specimen signature registered with the Company)

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.