



First Capital Securities Corporation Limited
Half Yearly Accounts (Unaudited)
31 December 2002

Company Information

Board of Directors

Salmaan Taseer
Lt. Gen. (R) Hamayun Khan Bangash
Mumtaz H Syed
Muhammad Ashraf Ali
Sulieman Ahmad Said Al-Hoqani
Sardar Ali Wattoo
Fazeel Asif Jah

Chairman and Chief Executive Officer

Chief Financial Officer

Sardar Ali Wattoo

Audit Committee

Lt. Gen. (R) Hamayun Khan Bangash
Mumtaz H Syed
Fazeel Asif Jah

Chairman
Member
Member

Company Secretary

Sardar Ali Wattoo

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Advisors

Imtiaz Siddiqui & Associates

Bankers

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

Custodian

Prime Commercial Bank Limited

Registrar and Share Transfer Office

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

Registered Office/head Office

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

DIRECTORS REPORT

The Board of Directors are pleased to present the un-audited accounts of First Capital Securities Corporation Limited (the "Company") for the half year ended December 31, 2002.

Company's Performance

The period under review saw the Company posting an operating profit of Rs. 13.1 million. Income from money market operations and corporate finance advisory has increased, which is an encouraging sign. The after-tax profit is Rs. 52.5 million as compared to Rs. 62.8 million in the corresponding period last year. The EPS for the current period is Rs. 1.54 against Rs. 1.85 for the same period last year.

FCSC's major investments in the telecommunications sector have been consolidated under the flagship of WorldCALL Communications Ltd. (WCL) through the conversion of its investment in WorldCALL Multimedia Ltd. and WorldCALL Phonecards Ltd. into shares of WCL. Total investment in WCL stands at around Rs. 220 million at the moment.

Amongst the associated companies, WCL posted a net profit of Rs. 92.3 million, registering an increase of 16% over the profit of the corresponding period last year. First Capital Mutual Fund Ltd. showed significant improvement with an after-tax profit of Rs. 15.860 million. Pace (Pakistan) Ltd. had an after-tax loss of Rs. 1.463 million owing to the fact that the operations of the company had been suspended till September 30, 2002 while reconstruction work was being carried out. Pace has now been opened with a new and improved image and is showing a positive trend in sales and appreciation in the value of its property.

Owing to the healthy performance of the stock market during this period, the brokerage side of the Company's subsidiaries performed well. First Capital Equities Ltd. recorded a net profit of Rs. 12.004 million and Lanka Securities (Pvt.) Ltd. had a profit of Rs. 6.012 million. The other subsidiaries, First Capital Investments (Pvt.) Ltd. and First Capital Associates (Pvt.) Ltd. also showed improved results over the previous period.

Future Outlook

With the deregulation of the telecom sector and an end to PTCL's monopoly, a number of opportunities will be available in the telecom sector, which WorldCALL is fully geared to take advantage of. It is with this viewpoint that FCSC has made a further investment of Rs. 50 million in WorldCALL.

Given the positive developments like restoration of democracy, the improving fundamentals of the economy, continuation of the reform process by the government and constantly improving regulatory environment of the capital markets, we remain optimistic about the market. The investment climate is expected to improve and lead to increased opportunities in both the financial and telecom side of the business.

For and on behalf of the Board of Directors

Lahore
February 27, 2003

Salmaan Taseer
Chief Executive Officer

Review Report To The Members

We have reviewed the annexed balance sheet of **First Capital Securities Corporation Limited** ("the company") as at 31 December 2002 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the six months then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

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

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

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

The corresponding figures of the profit and loss account, cash flow statement and statement of changes in equity and the notes forming part thereof have not been reviewed.

Islamabad
February 27, 2003

Taseer Hadi Khalid & Co.
Chartered Accountants

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET (Un-audited)
AS AT 31 DECEMBER 2002

	<u>Notes</u>	<u>December 31, 2002</u> Rupees	<u>June 30, 2002</u> Rupees
ASSETS			
OPERATING FIXED ASSETS	4	8,772,016	8,874,599
LONG TERM INVESTMENTS	5	359,405,821	239,284,276
INVESTMENT PROPERTIES		67,995,000	-
LONG TERM DEPOSITS		907,050	829,750
		437,079,887	248,988,625
CURRENT ASSETS			
Marketable securities	6	67,307,095	190,870,498
Advance for purchase of shops		2,175,575	57,684,000
Advances, deposits, prepayments and other receivables		44,881,416	43,537,512
Accounts receivable		52,480,686	28,408,055
Cash and bank balances		20,445,493	26,754,166
		187,290,265	347,254,231
CURRENT LIABILITIES			
Current portion of obligations under finance leases		710,842	855,231
Creditors, accrued and other liabilities		27,301,848	36,102,903
Provision for taxation	7	8,479,894	7,928,925
Unclaimed dividend		13,355,747	13,497,072
		49,848,331	58,384,131
WORKING CAPITAL		137,441,934	288,870,100
NET CURRENT ASSETS		574,521,821	537,858,725
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY		1,628,173	1,684,273
OBLIGATIONS UNDER FINANCE LEASES		1,543,041	1,033,736
CONTINGENCIES AND COMMITMENTS	8	-	-
NET CAPITAL EMPLOYED		571,350,607	535,140,716
REPRESENTED BY:			
SHAREHOLDERS' EQUITY			
Share capital		339,946,200	339,946,200
Share premium		2,643,800	2,643,800
Unappropriated profit		228,760,607	192,550,716
		571,350,607	535,140,716

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were authorized for issue in the Board of Directors meeting held on 27 February 2003.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2002

	2002		2001	
			Restated	
Note	Quarter ended 31 December Rupees	Half year ended 31 December Rupees	Quarter ended 31 December Rupees	Half year ended 31 December Rupees
OPERATING REVENUE				
Financial advisory services fee	1,840,000	4,915,000	-	-
Money market income	2,870,800	5,599,989	3,488,004	5,201,534
Capital gain / (loss) on investments	346,480	1,190,280	11,110,356	10,791,577
Dividend income	1,408,000	1,408,000	19,036,688	19,036,688
	6,465,280	13,113,269	33,635,048	35,029,799
OPERATING EXPENSES	9,170,002	15,179,102	5,194,981	11,638,747
OPERATING (Loss)/ Profit	(2,704,722)	(2,065,833)	28,440,067	23,391,052
FINANCIAL CHARGES	956,290	1,551,438	172,477	890,684
	(3,661,012)	(3,617,271)	28,267,590	22,500,368
OTHER INCOME				
Mark up income	765,551	3,623,869	1,887,235	5,188,521
Exchange loss	(16,547)	(27,293)	(67,375)	(67,375)
Gain / (loss) on sale of fixed assets	267,693	267,693	5,577	-
Gain on sale of investment in property	2,496,000	2,496,000	-	-
Rent income	1,398,690	1,398,690	-	-
Miscellaneous income	19,969	22,490	12,000	12,000
	4,931,356	7,781,449	1,837,437	5,133,146
	1,270,344	4,164,178	30,105,027	27,633,514
Share in profit of associated and subsidiary companies	16,149,917	30,108,432	9,872,483	19,597,374
Gain on revaluation of investment properties	15,963,000	15,963,000	-	-
Unrealised gain on remeasurement of marketable securities	264,936	2,772,650	(6,249,874)	16,546,247
PROFIT BEFORE TAXATION	33,648,197	53,008,260	33,727,636	63,777,135
Taxation	7 498,800	550,969	974,926	1,000,000
PROFIT AFTER TAXATION	33,149,397	52,457,291	32,752,710	62,777,135
Earnings per share - Basic	0.98	1.54	0.96	1.85

These accounts should be read in conjunction with the attached notes 1 to 10.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT (Un-audited)
FOR THE PERIOD ENDED 31 DECEMBER 2002

	December 31, 2002 Rupees	December 31, 2001 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	53,008,260	63,777,135
Adjustments for:		
Mark-up expense	1,399,269	394,995
Share in profit of associated and subsidiary companies	(30,108,432)	(19,597,374)
Unrealised gain/(loss) on remeasurement of marketable securities	(2,772,650)	(16,546,247)
Depreciation	841,776	884,068
Gain on sale of fixed assets	(267,693)	-
Provision for gratuity	259,900	-
	(30,647,830)	(34,864,558)
	22,360,430	28,912,577
(Increase)/decrease in current assets		
Marketable securities	126,336,053	58,180,280
Accounts receivable	(24,072,631)	(37,954,563)
Advances, deposits, prepayments and other receivables	(13,005,488)	(29,285,658)
	89,257,934	(9,059,941)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(8,801,055)	(14,264,844)
Cash generated from operations	102,817,309	5,587,792
Gratuity paid	(316,000)	(2,351,940)
Mark-up paid	(1,399,269)	(394,995)
Taxes paid	(824,991)	(772,880)
NET CASH FLOW FROM OPERATING ACTIVITIES	100,277,049	2,067,977
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,356,500)	(54,300)
Proceeds from sale of fixed assets	885,000	-
Long term investments	(106,260,513)	(2,624,730)
Long term deposits	(77,300)	-
NET CASH FLOW FROM INVESTING ACTIVITIES	(106,809,313)	(2,679,030)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(141,325)	-
Proceeds from finance leases	1,129,000	-
Repayment against lease finance	(764,084)	(1,653,792)
NET CASH FLOW FROM FINANCING ACTIVITIES	223,591	(1,653,792)
NET DECREASE IN CASH AND BANK BALANCES	(6,308,673)	(2,264,845)
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	26,754,166	47,454,229
CASH AND BANK BALANCES AT THE END OF THE PERIOD	20,445,493	45,189,384

These accounts should be read in conjunction with the attached notes 1 to 10.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE PERIOD ENDED 31 DECEMBER 2002

	Share Capital (Rupees)	Share Premium Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at June 30, 2001 (as previously reported)	339,946,200	2,643,800	65,848,432	408,438,432
Profit reported for half year ended December 31, 2001 (as previously reported)	-	-	34,584,735	34,584,735
Effect of change in accounting policy due to -Applying equity method on investments in associates and subsidiaries	-	-	19,597,374	19,597,374
-Applying IAS-39 on investments held for trading	-	-	8,595,026	8,595,026
			28,192,400	28,192,400
Restated profit for the half year ended December 31, 2001			62,777,135	62,777,135
Balance as at December 31, 2001-Restated	339,946,200	2,643,800	219,595,102	471,215,567
Balance as at 30 June 2002	339,946,200	2,643,800	192,550,716	535,140,716
Net profit for the half year ended 31 December 2002	-	-	52,457,291	52,457,291
Adjustment of profits of an associated company on adoption of IAS-12			(16,247,400)	(16,247,400)
Balance as at 31 December 2002	339,946,200	2,643,800	228,760,607	571,350,607

These accounts should be read in conjunction with the attached notes 1 to 10.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE ACCOUNTS (Un-audited)
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED
31-Dec-2002

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 company is situated at Gulberg, Lahore. The principal activities of the company include sale and purchase of shares, consultancy services, money market operations, underwriting, placements etc.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and as per the requirements of International Accounting Standards-34 (IAS-34) "Interim Financial Reporting" and have been reviewed by the auditors as required by the Code of Corporate Governance.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual audited accounts of the company for the year ended June 30, 2002 except for the changes as mentioned in notes 3.1 and 3.2 below:

- 3.1** SECP has approved the adoption of International Accounting Standard: IAS – 40 "Investment Property" for financial statements covering periods beginning on or after January 1, 2002.

Properties held for long-term rental yields, which is not occupied by the company has accordingly been classified as investment properties in accordance with the requirements of this IAS. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out annually.

Previously, these were appearing in Advance for purchase of shops. Due to the adoption of this IAS, the profit after taxation for the period has increased by 15,963,000.

- 3.2** The company has adopted IAS-12 "Income Taxes" (revised) during the period. The adoption of this standard has had no effect on the profit for the period.

First Capital Securities Corporation Limited
Notes to the accounts (un-audited)
For the period ended 31 December 2002

	December 31, 2002 Rupees	June 30, 2002 Rupees
4. OPERATING FIXED ASSETS		
Opening book value	8,874,599	10,103,950
Add: Additions during the period	1,356,500	1,207,900
	10,231,099	11,311,850
Less: Disposals during the period (at book value)	617,307	546,208
Depreciation/ amortization charged during the period	841,776	1,891,043
	1,459,083	2,437,251
	8,772,016	8,874,599
4 Following is the detail of additions during the period		
Computers	227,500	-
Office equipment	-	41,300
Furniture and fixtures	-	16,300
Vehicles	1,129,000	1,150,300
	1,356,500	1,207,900

5. LONG TERM INVESTMENTS

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

Name of Companies	Holding		(Rupees)	
	December 31, 2002 %	June 30, 2002 %	December 31, 2002	June 30, 2002
Subsidiary companies-Unlisted				
<i>First Capital Associates (Private) Limited-Wholly owned</i>				
100,000 shares (June 2002: 100,000 shares)	100.00	100.00	830,938	551,700
<i>First Capital Investments(Private) Limited</i>				
1,250,000 shares (June 2002: 1,250,000 shares)	65.79	65.79	9,592,879	9,789,271
<i>Lanka Securities (Private) Limited-Foreign entity</i>				
3,564,900 shares (June 2002: 3,564,900 shares)	51.00	51.00	13,085,219	10,018,944
Subsidiary companies-Listed				
<i>First Capital Equities Limited</i>				
6,499,300 shares (June 2002: 6,499,300 shares)	54.14	79.47	26,265,086	18,641,568
Associated companies-Listed				
<i>WorldCALL Communications Limited</i>				
23,609,516 shares (June 2002: 15,229,350 shares)	20.83	25.38	248,221,128	138,982,410
<i>Shaheen Insurance Company Limited</i>				
1,433,973 shares (June 2002: 1,433,973 shares)	17.92	17.92	17,446,635	16,711,345
Associated companies-Listed				
<i>Pace (Pakistan) Limited</i>				
5,007,245 shares (June 2002: 5,007,245 shares)	14.80	14.80	39,026,406	39,468,778
<i>Bright Star Corporation (Private) Limited</i>				
720,000 shares (June 2002: 720,000 shares)	18.00	18.00	4,937,530	5,120,260
			359,405,821	239,284,276

	Note	December 31, 2002 Rupees	June 30, 2002 Rupees
6. MARKETABLE SECURITIES			
Held for trading	6.1	42,813,395	40,799,135
Available for sale	6.2	24,493,700	150,071,363
		67,307,095	190,870,498
6.1 Held for trading			
Quoted			
Associated companies		11,383,200	20,373,400
Other companies		31,430,195	20,425,735
		42,813,395	40,799,135
6.2 Available for sale			
Quoted			
Subsidiary companies		24,493,700	43,810,850
Associated companies		-	36,983,333
		24,493,700	80,794,183
UnQuoted			
Associated companies		-	69,277,180
		-	69,277,180
		24,493,700	150,071,363

7. TAXATION

The company's assessments have been finalized up to the assessment year 2000-01. The tax authorities re-opened the assessment for the assessment year 1995-1996 under section 66-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 4.6 million by allocating expenditure against the capital gains exempt from tax. The company's appeal in Income Tax Appellate Tribunal ("ITAT") was rejected and as a result an additional tax demand of Rs. 1.1 million, being the additional tax under section 89, was created. The company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-1996, the tax authorities re-opened the proceedings for assessment year 1996-1997 and created a tax demand of Rs. 8.3 million. The company has also filed an appeal against this order. A show cause notice under section 66-A for re-opening of assessment years 1997-1998 and 1998-1999 has also been issued to the company primarily in relation to re-allocation of expenditure to capital gain as discussed above. Provision has not been made in these accounts for these tax demands. The management is hopeful of favourable outcomes of these appeals.

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

8. CONTINGENCIES AND COMMITMENTS

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

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

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

9. TRANSACTIONS AND BALANCES WITH SUBSIDIARY AND ASSOCIATED COMPANIES

	December 31, 2002 (Rupees)	June 30, 2002 (Rupees)
Transactions of shares		
Purchases	143,030,065	91,048,440
Sales	164,295,885	50,311,910
Balances receivable from		
Subsidiary companies	39,439,968	25,286,305
Associated companies	18,176,411	71,726,285
Balances payable to		
Subsidiary companies	665,251	-
Associated companies	7,074,508	18,503,176
Payments for / against current accounts	17,750,372	59,784,278
Investments in subsidiaries and associated companies	395,282,721	409,729,039
Consultancy fee charged	4,915,000	-
Mark up charged	247,332	1,037,320
Dividend from associated companies	-	19,036,688

Transactions with associated and subsidiary companies were on an arm's length basis.

10. GENERAL

10.1 Figures have been rounded off to the nearest rupee.

10.2 The company adopted IAS-39 in its accounts for the year ended 30 June 2002. Further the company also changed its policy for accounting for its investment in associated and subsidiary companies from the cost method to the equity method.

The corresponding figures of the profit and loss account, cash flow statement and statement of changes in

equity have been restated for having uniform accounting policies throughout the year ended 30 June 2002.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET (Un-audited)
AS AT 31 DECEMBER 2002

	NOTE	December 31, 2002 RUPEES	June 30, 2002 RUPEES
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	5	49,752,503	49,202,965
NEGATIVE GOODWILL		(78,109,056)	(89,695,327)
COST OF CARDS AND ROOMS		56,200,000	56,200,000
LONG TERM INVESTMENTS	6	325,338,017	214,403,154
INVESTMENTS IN PROPERTY		67,995,000	-
LONG TERM DEPOSITS		5,801,521	6,093,999
		<u>426,977,985</u>	<u>236,204,791</u>
CURRENT ASSETS			
Marketable securities	7	59,455,906	161,537,100
Advance for purchase of Shop		2,175,575	57,684,000
Advances, deposits, prepayments and other receivables		76,147,471	70,734,406
Receivables		177,356,510	74,735,123
Cash and bank balances		91,272,768	84,253,296
		<u>406,408,230</u>	<u>448,943,925</u>
CURRENT LIABILITIES			
Current portion of obligations under finance leases		1,614,325	2,718,155
Short term running finances-secured		3,590,671	15,664,182
Creditors, accrued and other liabilities		190,737,664	102,510,469
Provision for taxation	8	10,483,325	11,194,666
Unclaimed dividend		18,016,628	13,497,072
		<u>224,442,613</u>	<u>145,584,544</u>
NET CURRENT ASSETS		<u>181,965,617</u>	<u>303,359,381</u>
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY		6,295,618	6,168,355
OBLIGATIONS UNDER FINANCE LEASES		2,949,954	1,686,674
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>599,698,030</u>	<u>531,709,143</u>
REPRESENTED BY:			
SHAREHOLDERS' EQUITY			
Share capital		339,946,200	339,946,200
Share premium		2,643,800	2,643,800
Unappropriated profit		193,546,443	143,594,896
		<u>536,136,443</u>	<u>486,184,896</u>
MINORITY INTEREST		63,561,587	45,524,247
		<u>599,698,030</u>	<u>531,709,143</u>

These accounts should be read in conjunction with the attached notes 1 to 11.

These financial statements were authorized for issue in the Board of Directors meeting held on 27 February 2003.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2002

	Note	2002		2001	
		Quarter ended 31 December Rupees	Half year ended 31 December Rupees	Quarter ended 31 December Rupees	Half year ended 31 December Rupees
REVENUES		34,365,508	66,386,825	72,022,742	104,514,304
DIRECT COSTS		-	-	8,778,986	17,985,683
GROSS PROFIT		34,365,508	66,386,825	63,243,756	86,528,621
OPERATING COSTS		37,166,851	61,890,317	31,305,215	63,006,285
OPERATING PROFIT		(2,801,343)	4,496,508	31,938,541	23,522,336
OTHER INCOME		10,137,362	14,869,867	5,836,891	10,451,959
		7,336,019	19,366,375	37,775,432	33,974,295
FINANCIAL CHARGES		1,342,688	2,302,053	2,993,580	5,696,033
		5,993,331	17,064,322	34,781,852	28,278,262
Unrealized gain on re-measurement of investment in property		-	15,963,000	-	-
Surplus on revaluation of securities		2,239,125	6,225,388	24,933,294	3,561,447
Goodwill written off		-	-	-	-
Share in profit of associated companies		10,249,833	19,335,794	10,427,988	22,070,810
PROFIT BEFORE TAXATION		18,482,289	58,588,504	70,143,134	53,910,519
Provision for taxation	8	553,948	761,117	1,154,157	1,275,580
PROFIT AFTER TAXATION		17,928,341	57,827,387	68,988,977	52,634,939
MINORITY INTEREST		(9,507,950)	(6,261,925)	369,060	710,032
PROFIT ATTRIBUTABLE TO HOLDING COMPANY					
TRANSFERRED TO RESERVES		8,420,391	51,565,462	69,358,037	53,344,970
Earnings per share-Basic		0.25	1.52	2.04	1.57

These accounts should be read in conjunction with the attached notes 1 to 11.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT (Un-audited)
FOR THE PERIOD ENDED 31 DECEMBER 2002

	December 31, 2002 RUPEES	December 31, 2001 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	58,588,504	53,910,519
Adjustments for non cash charges and other items:		
Depreciation	3,518,164	5,865,971
Amortization	-	1,690,074
Gain on disposal of assets	(447,429)	(249,602)
Share of profit of associated companies	(19,335,794)	(22,070,810)
Adjustment for dilution in First Capital Equities Limited	-	1,271,721
Provision for bad debts	1,377,966	-
Surplus on revaluation of investments	(6,225,388)	(3,561,447)
Unrealized gain on remeasurement of investment in property	(15,963,000)	-
Provision for gratuity	873,957	617,861
	(36,201,524)	(16,436,232)
Adjustments for working capital items:		
(Increase)/decrease in stock in trade	-	(873,904)
Increase in marketable securities	102,081,194	37,384,711
Increase in advances, deposits, prepayments and other receivables	(5,413,065)	(95,463,436)
Decrease in receivables	(98,050,902)	-
(Decrease)/increase in creditors, accrued and other liabilities	88,227,195	(27,626,002)
	86,844,422	(86,578,631)
Cash (out flow)/inflow from operating activities	109,231,402	(49,104,344)
Gratuity paid	(652,200)	-
Taxes paid	(1,472,458)	(371,645)
Net cash inflow from operating activities	107,106,744	(49,475,989)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(5,858,058)	(11,684,889)
Increase in capital work in progress	-	-
Investments in property	(67,995,000)	-
Investments in shops	55,508,425	-
Sale proceeds of fixed assets	1,855,500	532,524
Sale proceeds of partail disposal of subsidiary	19,080,000	23,855,000
(Increase)/decrease in long term investments	(106,260,513)	(40,205,853)
Deferred expenses incurred	-	(4,199,777)
Increase in long term loans, advances and deposits	292,478	29,032,479
Net cash used in investing activities	(103,377,168)	(2,670,516)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from lease finance facilities	(159,450)	(7,423,007)
Dividend paid	(141,325)	-
Net cash inflow from financing activities	(300,775)	(7,423,007)
NET INCREASE IN CASH AND BANK BALANCES	3,428,801	(59,569,512)
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	84,253,296	121,494,775
CASH AND BANK BALANCES AT THE END OF THE PERIOD	87,682,097	61,925,263
CASH AND CASH EQUIVALENTS		
Cash and bank balances	91,272,768	74,649,682
Short term running finance	(3,590,671)	(12,724,419)
	87,682,097	61,925,263

These accounts should be read in conjunction with the attached notes 1 to 11.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND RESERVES (Un-audited)
FOR THE PERIOD ENDED 31 DECEMBER 2002

	Issued, subscribed and paid up capital	Share premium	Unappropriated Profit	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 30 June 2001	339,946,200	2,643,800	75,172,351	417,762,351
Profit for the year	-	-	53,344,970	53,344,970
Adjustment of dilution of investment in First Capital Equities Limited	-	-	1,271,721	1,271,721
Adjustment for exchange difference	-	-	(26,152)	(26,152)
Balance as at 31 December 2001	<u>339,946,200</u>	<u>2,643,800</u>	<u>129,762,890</u>	<u>472,352,890</u>
Profit for the year	-	-	10,835,646	10,835,646
Adjustment of dilution of investment in WorldCALL Phonecards Limited and WorldCALL Communications Limited	-	-	3,801,880	3,801,880
Adjustment for exchange difference	-	-	(805,520)	(805,520)
Balance as at 30 June 2002	<u>339,946,200</u>	<u>2,643,800</u>	<u>143,594,896</u>	<u>486,184,896</u>
Profit for the year	-	-	51,565,462	51,565,462
Adjustment of Dilution in investment in First Capital Equities Limited	-	-	15,204,897	15,204,897
Adjustment of profits of an associated company on adoption of IAS-12	-	-	(16,247,400)	(16,247,400)
Adjustment for exchange difference	-	-	(571,412)	(571,412)
Balance as at 31 December 2002	<u><u>339,946,200</u></u>	<u><u>2,643,800</u></u>	<u><u>193,546,443</u></u>	<u><u>536,136,443</u></u>

RUPEES

These accounts should be read in conjunction with the attached notes 1 to 11.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS (Un-audited)
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED 31 DECEMBER 2002

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 principal activities of the parent company include sale and purchase of shares, consultancy services, money market operations, underwriting, placements etc.

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual audited accounts of the company for the year ended June 30, 2002 except for the changes as mentioned in notes 3.1 and 3.2 below:

- 3.1** SECP has approved the adoption of International Accounting Standard: IAS – 40 "Investment Property" for financial statements covering periods beginning on or after January 1, 2002.

Properties held for long-term rental yields, which is not occupied by the company has accordingly been classified as investment properties in accordance with the requirements of this IAS. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out annually.

Previously, these were appearing in Advance for purchase of shops. Due to the adoption of this IAS, the profit after taxation for the period has increased by 15,963,000.

- 3.2** The company has adopted IAS-12 "Income Taxes" (revised) during the period. The adoption of this standard has had no effect on the profit for the period.

4. SUBSIDIARY COMPANIES

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

	Percentages of Holding	
	December 31, 2002	June 30, 2002
First Capital Equities Limited	67.40%	77.39%
Lanka Securities (Pvt.) Limited, Sri Lanka	51.00%	51.00%
First Capital Investments (Pvt.) Limited	65.79%	65.79%
First Capital Associates (Pvt.) Limited	100.00%	100.00%

5. OPERATING FIXED ASSETS

	December 31, 2002	June 30, 2002
	Rupees	Rupees
Opening book value	49,202,965	93,099,765
Add: additions during the period	<u>5,475,773</u>	<u>64,735,737</u>
	54,678,738	157,835,502
Less: Disposals during the period	<u>1,408,071</u>	<u>81,558,460</u>
Depreciation/ authorization charged during the period	<u>3,518,164</u>	<u>27,074,077</u>
	<u>4,926,235</u>	<u>108,632,537</u>
	<u>49,752,503</u>	<u>49,202,965</u>

6. LONG TERM INVESTMENTS	Holding		Rupees	
	December 31, 2002	June 30, 2002	December 31, 2002	June 30, 2002
These shares are of Rs. 10 each unless stated otherwise	%	%		
Associated companies-Listed				
First Capital Mutual Fund Limited 1,500,000 shares	10.00	10.00	9,943,025	8,357,069
WorldCALL Communications Limited 23,609,516 shares (June 2002: 15,229,350 shares)	20.83	25.38	248,221,128	138,982,410
Shaheen Insurance Company Limited 1,433,973 shares (June 2002: 1,433,973 shares)	17.92	17.92	17,446,635	16,711,345
Associated companies-Un-listed				
Pace (Pakistan) Limited 5,093,445 shares (June 2002: 5,093,445 shares)	15.09	15.09	39,325,593	39,767,965
Bright Star Corporation (Private) Limited 1,300,000 shares (June 2002: 1,300,000 shares)	32.50	32.50	10,401,636	10,584,365
			325,338,017	214,403,154
7. MARKETABLE SECURITIES				
Held for trading			16,642,511	44,709,920
Available for sale			42,813,395	116,827,180
			59,455,906	161,537,100

8. TAXATION

First Capital Securities Corporation Limited-the parent company

The company's assessments have been finalized up to the assessment year 2000-01. The tax authorities re-opened the assessment for the assessment year 1995-1996 under section 66-A of the Income Tax Ordinance, 1979 and assessed a tax demand of Rs. 4.6 million by allocating expenditure against the capital gains exempt from tax. The company's appeal in Income Tax Appellate Tribunal ("ITAT") was rejected and as a result an additional tax demand of Rs. 1.1 million, being the additional tax under section 89, was created. The company has appealed to the High Court against the ITAT decision on this issue.

Based on the ITAT decision for the assessment year 1995-1996, the tax authorities re-opened the proceedings for assessment year 1996-1997 and created a tax demand of Rs. 8.3 million. The company has also filed an appeal against this order. A show cause notice under section 66-A for re-opening of assessment years 1997-1998 and 1998-1999 has also been issued to the company primarily in relation to re-allocation of expenditure to capital gain as discussed above. Provision has not been made in these accounts for these tax demands. The management is hopeful of favourable outcomes of these appeals.

The company is also contesting tax of Rs. 5.1 million recovered by tax authorities against gain on sale of KSE and LSE memberships by the company during the assessment year 1997-1998 at the ITAT. Provisions have not been made against this tax demand.

9. CONTINGENCIES AND COMMITMENTS

9.1 First Capital Securities Corporation Limited-the parent company

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

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

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

9.2 First Capital Equities Limited

There were no change in contingencies and commitments disclosed in the annual accounts for the year ended June 30, 2002 & quarterly accounts for the period ended September 30, 2002.

10. TRANSACTIONS AND BALANCES WITH SUBSIDIARY AND ASSOCIATED COMPANIES

	31-Dec 2002 Rupees	30-Jun 2002 Rupees
Transactions of shares		
Purchases	143,030,065	91,048,440
Sales	164,295,885	50,311,910
Brokerage income	389,975	961,283
Balances receivable from		
Subsidiary companies	39,439,968	25,286,305
Associated companies	18,176,411	71,726,285
Balances payable to		
Subsidiary companies	665,251	-
Associated companies	7,074,508	18,503,176
Payments for / against current accounts	18,267,880	64,161,722
Investments in subsidiaries and associated companies	395,282,721	409,729,039
Consultancy fee charged	4,915,000	-
Mark up charged	302,858	1,037,320
Dividend from associated companies	-	19,036,688
Group pool expenses	1,125,879	799,213

Transactions with associated and subsidiary companies were on an arm's length basis.

11. GENERAL

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR