

FIRST CAPITAL SECURITIES CORPORATION LIMITED

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

31 DECEMBER 2005

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Company Information

Board of Directors	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Suliman Ahmed Said Al-Hoqani Shaan Taseer Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Shaan Taseer Aamna Taseer Khawaja Khalil Shah
Company Secretary	Nauman Rahman
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Rehman Saleem & Tarar Advocates
Bankers	Bank Alfalah Limited Citi Bank N.A. Faysal Bank Limited Muslim Commercial Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor Modern Motors House Beaumont Road, Karachi ☎ (021) 5689021, 111-000-322
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920

DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited ("FCSC" or the "Company") are pleased to present the un-audited financial statements of the Company for the half year period ended 31 December 2005.

Operating Results

The operating results of the Company are summarized below:

	2005 Rupees	2004 Rupees
Revenue	79,994,439	41,828,701
Operating expenses	16,668,288	18,550,849
Operating profit	63,326,151	23,277,852
Other revenues	7,545,462	1,181,936
Finance costs	10,867,743	11,676,794
Unrealized gain/(loss) on re-measurement of investments at fair value	40,992,097	(6,030,709)
Profit after Taxation	100,995,966	6,601,730
Earnings per share Basic	1.01	0.07

During the period under review, the Company has earned after tax profit of Rs. 100.996 million as compared to Rs. 6.6 million during the same period last year. This has increased earnings per share from Rs. 0.07 during the corresponding period last year to Rs. 1.01 in the current period. The Company has capitalized the opportunities of the bullish market and earned capital gain of Rs. 72.13 million as compared to Rs. 14.33 million for the same period last year. During the period, financial consultancy and money market brokerage contributed Rs. 2.5 million and Rs. 5.36 million respectively towards the revenues.

During the period, subsidiaries of the Company also performed well. Brokerage sector showed stable growth on year-to-year basis with profitability of First Capital Equities Limited increasing by 270%, translating into EPS of Rs. 2.90 per share. Results of Lanka Securities (Pvt.) Limited also showed improvement with EPS growing to Rs. 3.91 from Rs. 1.2 per share for the corresponding period last year, along with final cash dividend payout of 30%. First Capital Investments Limited (FCIL) reported after-tax profit of Rs. 1.2 million as compared to a loss of Rs. 0.4 million for the comparative period last year. FCIL intends to build new revenue streams by adding new clients along with increase of available funds. World Press (Pvt.) Limited reported after-tax profit of Rs. 0.2 million as compared to a loss of Rs. 1.2 million for the six-month period last year.

Associated companies again showed improvement with Worldcall Communications Limited, recording after-tax profit of Rs. 118.58 million and EPS of Rs. 0.65. Pace (Pakistan) Limited posted an after-tax profit of Rs. 54.52 million with EPS of Rs. 0.54 per share.

Future Outlook

In order to consolidate group's telecom and broadband businesses and capitalize on the synergies and benefits that will be available through such an exercise, a scheme of arrangement for the merger of Worldcall Communications Limited (WCL), Worldcall Multimedia Limited (WML), Worldcall Broadband Limited (WBL) with Worldcall Telecom Limited (WTL) has been approved by the Board of Directors and shareholders of the respective companies. Petition for the approval of this scheme is being filed with Honorable High Court. Investments of the Company in the share capital of WCL and WBL shall be converted into WTL on the approval of the scheme by the Honorable High Court.

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

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to the employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board of Directors

Lahore
27 February 2006

Salmaan Taseer
Chairman & 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 2005, 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 half year 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 Review Engagements 2400. 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 the Company's 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.

Based on our review, 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.

Lahore
27 February 2006

KPMG Taseer Hadi & Co.
Chartered Accountants

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

	Note	31 December 2005 Rupees	30 June 2005 Rupees (Restated)
NON CURRENT ASSETS			
Property and equipment	6	3,522,537	3,547,410
Long term investments	7	1,945,391,281	1,762,759,841
Long term loans		6,873,680	9,292,595
Long term deposits		201,050	926,050
		<u>1,955,988,548</u>	<u>1,776,525,896</u>
CURRENT ASSETS			
Trade debts	8	6,610,469	19,132,399
Loans and advances		1,059,257	3,791,143
Short term prepayments		83,948	88,116
Other receivables		24,812,958	23,273,580
Short term investments		252,056,228	219,691,627
Cash and bank balances		10,515,617	5,137,377
		<u>295,138,477</u>	<u>271,114,242</u>
CURRENT LIABILITIES			
Trade and other payables		4,050,328	5,097,606
Mark up accrued on loans and other payables		2,302,138	4,084,608
Short term borrowings		118,547,322	126,877,485
Current portion of obligations under finance leases		1,285,993	970,086
Provision for taxation		9,846,586	9,846,586
		<u>136,032,367</u>	<u>146,876,371</u>
WORKING CAPITAL		<u>159,106,110</u>	<u>124,237,871</u>
NET ASSETS		<u>2,115,094,658</u>	<u>1,900,763,767</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		433,621	1,429,742
Deferred liability for staff gratuity		3,697,871	3,320,061
		4,131,492	4,749,803
CONTINGENCIES AND COMMITMENTS			
	10		
NET CAPITAL EMPLOYED		<u>2,110,963,166</u>	<u>1,896,013,964</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	9	1,003,225,410	853,808,870
Reserves		1,107,737,756	1,042,205,094
		<u>2,110,963,166</u>	<u>1,896,013,964</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	31 December 2005		31 December 2004	
		Quarter ended Rupees	Half year ended Rupees	Quarter ended Rupees (Restated)	Half year ended Rupees (Restated)
OPERATING REVENUE					
Financial consultancy services		-	2,500,000	17,500,000	26,250,000
Money market brokerage		2,821,952	5,360,676	2,053,864	3,824,922
Capital gain on investments		57,655,575	72,133,763	-	14,335,801
Loss on disposal of investment property		-	-	-	(3,916,300)
Net rental income from investment property		-	-	402,896	1,334,278
		<u>60,477,527</u>	<u>79,994,439</u>	<u>19,956,760</u>	<u>41,828,701</u>
OPERATING EXPENSES		<u>9,153,417</u>	<u>16,668,288</u>	<u>11,101,531</u>	<u>18,550,849</u>
OPERATING PROFIT		<u>51,324,110</u>	<u>63,326,151</u>	<u>8,855,229</u>	<u>23,277,852</u>
FINANCE COST					
		<u>6,092,785</u>	<u>10,867,744</u>	<u>7,755,368</u>	<u>11,676,974</u>
		<u>45,231,325</u>	<u>52,458,407</u>	<u>1,099,861</u>	<u>11,600,878</u>
OTHER OPERATING INCOME					
		<u>5,608,234</u>	<u>7,545,462</u>	<u>616,189</u>	<u>1,181,936</u>
		<u>50,839,559</u>	<u>60,003,869</u>	<u>1,716,050</u>	<u>12,782,814</u>
Unrealized gain/(loss) on remeasurement of short term investments					
		<u>5,090,563</u>	<u>40,992,097</u>	<u>(888,839)</u>	<u>(6,030,709)</u>
PROFIT BEFORE TAXATION		<u>55,930,122</u>	<u>100,995,966</u>	<u>827,211</u>	<u>6,752,105</u>
Taxation					
		<u>-</u>	<u>-</u>	<u>(93,113)</u>	<u>(150,375)</u>
PROFIT AFTER TAXATION		<u>55,930,122</u>	<u>100,995,966</u>	<u>734,098</u>	<u>6,601,730</u>
Earnings per share- basic	13	<u>0.56</u>	<u>1.01</u>	<u>0.01</u>	<u>0.07</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	31 December 2005 Rupees	31 December 2004 Rupees (Restated)
Cash flow from operating activities		
Profit before taxation	100,995,966	6,752,105
Adjustments for:		
Finance cost	10,867,744	11,676,974
Unrealized (gain)/loss on remeasurement of short term investments	(40,992,097)	6,030,709
Loss on disposal of investment property	-	3,916,300
Depreciation	682,373	155,669
Gain on disposal of property and equipment	(634,000)	-
Provision for gratuity	494,310	457,694
	(29,581,670)	22,237,346
	71,414,296	28,989,451
(Increase)/decrease in current assets		
Trade debts	12,521,930	(25,829,237)
Loans and advances	2,731,886	4,331,416
Short term prepayments	4,168	499,147
Other receivables	(444,252)	(320,795)
Short term investments	8,627,496	-
Securities purchased under resale agreements	-	(20,350,431)
	23,441,228	(41,669,900)
Increase/(decrease) in current liabilities		
Trade and other payables	(1,041,596)	(41,397,867)
Short term borrowings	(8,330,163)	116,723,076
	(9,371,759)	75,325,209
Cash generated from operations	85,483,765	62,644,760
Gratuity paid	(116,500)	(21,700)
Finance cost paid	(12,650,214)	(4,379,475)
Taxes paid	(1,095,126)	(336,202)
	(13,861,840)	(4,737,377)
Net cash (used in)/generated from operating activities	71,621,925	57,907,383
Cash flow from investing activities		
Capital expenditure	(923,500)	(96,900)
Dividend received	-	1,007,619
Proceeds from disposal of property and equipment	900,000	-
Proceeds from disposal of investment property	-	61,103,000
Long term investments	(68,678,204)	(121,876,723)
Long term loans	2,418,915	-
Long term deposits	725,000	(84,500)
Net cash used in investing activities	(65,557,789)	(59,947,504)
Cash flow from financing activities		
Dividend paid	(5,682)	(14,469)
Share deposit money	-	18,563,470
Repayment against lease finance	(680,214)	(612,575)
Net cash (used in)/generated from financing activities	(685,896)	17,936,426
Net decrease in cash and cash equivalents	5,378,240	15,896,305
Cash and cash equivalents at the beginning of the period	5,137,377	7,949,710
Cash and cash equivalents at the end of the period	10,515,617	23,846,015

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Share Capital Rupees	Share Premium Rupees	Revaluation Reserve of an associated company Rupees	Fair value Reserve Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 30 June 2004 as previously reported	469,125,760	2,643,800	32,557,138	-	424,099,340	928,426,038
Effect of change in accounting policy	-	-	(32,557,138)	961,515,243	(208,655,177)	720,302,928
Restated balance as at 30 June 2004	469,125,760	2,643,800	-	961,515,243	215,444,163	1,648,728,966
Profit for the period	-	-	-	-	6,601,730	6,601,730
Fair value adjustment of investments	-	-	-	(145,817,654)	-	(145,817,654)
Restated balance as at 31 December 2004	469,125,760	2,643,800	-	815,697,589	222,045,893	1,509,513,042
Balance as at 30 June 2005 as previously reported	853,808,870	-	32,557,138	-	488,714,919	1,375,080,927
Effect of change in accounting policy	-	-	(32,557,138)	936,656,801	(383,166,626)	520,933,037
Restated balance as at 30 June 2005	853,808,870	-	-	936,656,801	105,548,293	1,896,013,964
Profit for the period	-	-	-	-	100,995,966	100,995,966
Fair value adjustment of investments	-	-	-	113,953,236	-	29,191,322
Issuance of share capital against bonus shares announced in 2005	149,416,540	-	-	-	(149,416,540)	-
Balance as at 31 December 2005	1,003,225,410	-	-	965,848,123	57,127,719	2,026,201,252

The annexed notes 1 to 11 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. STATUS AND NATURE OF BUSINESS

First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated at 103 C/II, Gulberg-III, Lahore. The Company has investments in subsidiaries and associates engaged in brokerage, telecommunication and real estate. In addition the Company acts as a broker in the money market.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting". These financial statements are unaudited and are being submitted to the shareholders under Section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding annual accounts of the Company for the year ended 30 June 2005, except for the following due to change in International Accounting Standard (IAS) - 27 "Consolidated and Separate Financial Statements" and (IAS) - 28 "Investment in Associates".

4. CHANGE IN ACCOUNTING POLICY

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

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

Had there been no change in the accounting policy, unappropriated profit would have been higher by Rupees 514,399,362 (June 2005: Rupees 383,166,626) and Long term investments would have been lower by Rupees 552,074,111 (June 2005: Rupees 520,933,037).

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

5. CHANGE IN ACCOUNTING ESTIMATE

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

	31 December 2004 Rupees	31 December 2004 Rupees
6. PROPERTY AND EQUIPMENT		
Opening book value	3,547,410	4,125,101
Add: Additions during the period	6.1 923,500	941,900
	4,470,910	5,067,001
Less: Disposals during the period (at book value)	266,000	-
Depreciation/amortization charged during the period	682,373	155,669
	948,373	155,669
	3,522,537	4,911,332
6.1 Following is the detail of additions during the period.		
Vehicles	886,000	845,000
Office equipment	37,500	45,400
Computers	-	51,500
	923,500	941,900

7. LONG TERM INVESTMENTS

Available for sale

Subsidiary companies	816,576,982	811,586,475
Associated companies	1,014,861,063	983,231,808
	1,831,438,045	1,794,818,283
Fair value adjustment on remeasurement	113,953,236	(32,058,442)
	1,945,391,281	1,762,759,841

8. SHORT TERM INVESTMENTS

Investments measured through profit and loss account

Investment in subsidiary company	192,240,504	187,679,000
Investments in associated companies	18,823,627	34,755,278
Investments in other companies	-	5,000,000
	211,064,131	227,434,278
Unrealized gain/(loss) on remeasurement of investments	40,992,097	(7,742,651)
	252,056,228	219,691,627

9. SHARE CAPITAL

		31 December 2005	30 June 2004
		Rupees	Rupees
Authorised			
130,000,000 (June 2005:100,000,000) ordinary shares of Rs 10 each		1,300,000,000	1,000,000,000

	Number of shares			
	31 December 2005	30 June 2005	31 December 2005	30 June 2005
			Rupees	Rupees
Issued, subscribed and paid-up				
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	62,157,511	47,215,857	621,575,110	472,158,570
	100,322,541	85,380,887	1,003,225,410	853,808,870

Worldcall Communications Limited held 2,224,847 shares (June 2005:1,893,487 shares).

10. CONTINGENCIES AND COMMITMENTS

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

11. TAXATION

The Company has not provided minimum tax liability under the Income Tax Ordinance, 2001 for the current year as the minimum tax would be available for adjustment upto five years.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, subsidiary undertakings, directors and key management personnel. Significant transactions with related parties are as follows:

	31 December 2005	31 December 2005
	Rupees	Rupees
First Capital Equities Limited		
Transaction of shares		
- Sales	387,882,113	754,389,259
- Purchases	373,410,563	737,317,648
Finance cost charged	1,160,958	934,932
Brokerage commission paid on trading in shares and purchase/resale of securities	99,293	308,379
World Press (Pvt.) Limited		
Dividend income	-	675,188
Mark up Income	83,668	194,893
Income from Financial Consultancy Services	-	1,000,000

	31 December 2005	31 December 2005
	Rupees	Rupees
Worldcall Communications Limited		
Finance cost charged	922,870	1,023,099
Worldcall Multimedia Limited		
Mark up Income	15,098	356,698
Income from Financial Consultancy Services	-	1,000,000
Worldcall Broad Band Limited		
Mark up Income	73,573	181,770
Income from Financial Consultancy Services	-	2,250,000
Pace (Pakistan) Limited		
Investments	73,239,708	61,876,723
Services charged	-	552,300
Income from Financial Consultancy Services	2,500,000	-
Pace Super Mall (Pvt.) Limited		
Mark up Income	773,631	1,233,464
Shaheen Insurance Company Limited		
Insurance premium	319,378	467,270
Insurance Claim	32,000	75,880

13. EARNINGS PER SHARE-BASIC

Net profit for the year (Rupees)	100,995,966	6,601,730
Average ordinary shares outstanding (Number)	100,322,541	100,322,541
Earnings per share-Basic (Rupees)	1.01	0.07

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 27 February 2006 by the Board of Directors of the Company.

15. COMPARATIVE FIGURES

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

16. GENERAL

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Note	31 December 2005 Rupees	30 June 2005 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	70,351,118	65,060,695
Goodwill		(80,315,419)	(80,315,419)
Membership cards and licenses		52,009,330	52,384,136
Long term investments	7	1,135,663,702	1,024,502,437
Long term loan		6,873,680	9,292,595
Long term deposits		8,876,364	9,115,253
Deferred costs		7,535	9,041
		<u>1,193,466,310</u>	<u>1,080,048,738</u>
CURRENT ASSETS			
Stock in trade		3,691,990	1,194,011
Trade debts		375,226,409	388,817,595
Loans, advances and deposits		136,215,005	44,153,468
Membership cards and licenses - held for sale		15,500,000	15,500,000
Short term prepayments		1,244,574	1,852,579
Other receivables		67,261,232	69,656,457
Placements		564,917,665	200,000,000
Interest receivable		1,951,681	2,140,383
Short term investments	8	142,953,596	120,409,297
Cash and bank balances		173,797,311	163,281,840
		<u>1,482,759,463</u>	<u>1,007,005,630</u>
CURRENT LIABILITIES			
Trade and other payables		725,633,432	322,096,915
Mark up accrued		9,370,614	9,347,165
Short term borrowings		285,078,790	297,647,495
Current maturity of liabilities against assets subject to finance lease		4,582,244	4,337,137
Provision for taxation		33,447,016	21,995,972
		<u>1,058,112,096</u>	<u>655,424,684</u>
NET CURRENT ASSETS		<u>424,647,367</u>	<u>351,580,946</u>
NET ASSETS		<u>1,618,113,677</u>	<u>1,431,629,684</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		3,101,331	5,727,842
Deferred taxation		493,551	502,362
Deferred liability for staff gratuity		14,353,608	12,120,923
		<u>17,948,490</u>	<u>18,351,127</u>
CONTINGENCIES AND COMMITMENTS	11		
NET CAPITAL EMPLOYED		<u>1,600,165,187</u>	<u>1,413,278,557</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital	9	1,003,225,410	853,808,870
Reserves	10	381,329,721	372,931,476
		<u>1,384,555,131</u>	<u>1,226,740,346</u>
MINORITY INTEREST		<u>215,610,056</u>	<u>186,538,211</u>
		<u>1,600,165,187</u>	<u>1,413,278,557</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

Note	31 December 2005		31 December 2004	
	Quarter ended Rupees	Half year ended Rupees	Quarter ended Rupees	Half year ended Rupees
Revenue	151,701,023	254,562,542	84,082,429	170,305,677
Direct costs	9,337,995	17,072,057	7,674,338	13,702,840
GROSS PROFIT	<u>142,363,028</u>	<u>237,490,485</u>	<u>76,408,091</u>	<u>156,602,837</u>
Operating expenses	59,862,056	109,471,199	58,689,761	97,734,661
OPERATING PROFIT	<u>82,500,972</u>	<u>128,019,286</u>	<u>17,718,330</u>	<u>58,868,176</u>
Other income	32,457,528	45,975,701	5,414,342	8,632,775
	<u>114,958,500</u>	<u>173,994,987</u>	<u>23,132,672</u>	<u>67,500,951</u>
Finance and other cost	23,234,427	38,378,950	12,355,067	18,316,229
	<u>91,724,073</u>	<u>135,616,037</u>	<u>10,777,605</u>	<u>49,184,722</u>
Share in profit/(loss) of associated companies	32,781,189	38,732,103	(795,478)	(1,534,762)
Unrealized (loss)/gain on remeasurement of short term investments	11,467,672	40,295,690	12,049,755	(6,030,709)
PROFIT BEFORE TAXATION	<u>135,972,934</u>	<u>214,643,830</u>	<u>22,031,882</u>	<u>41,619,251</u>
Taxation	(13,541,036)	(25,858,067)	1,290,421	(7,045,724)
PROFIT AFTER TAXATION	<u>122,431,898</u>	<u>188,785,763</u>	<u>23,322,303</u>	<u>34,573,527</u>
Minority interest	(25,038,325)	(31,869,878)	(6,708,812)	(9,991,635)
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	<u>97,393,574</u>	<u>156,915,886</u>	<u>16,613,491</u>	<u>24,581,892</u>
Earnings per share - Basic	13	<u>0.97</u>	<u>1.56</u>	<u>0.17</u>
		<u>0.25</u>		

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	31 December 2005	31 December 2004
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	214,643,830	41,619,251
Adjustments for:		
Depreciation	6,169,032	4,565,781
Finance costs	38,378,950	-
Provision for bad debts written back	(2,009,758)	-
Bad debts written off	3,734	-
Amortization of deferred costs	1,506	1,506
Gain on disposal of assets	(1,426,501)	(93,715)
Profit on sale of long term investments	(303,846)	-
Loss on disposal of investment property	-	3,916,300
Share in profit of associated companies	(38,732,103)	1,534,762
Unrealized gain on remeasurement of short term investments	(40,295,690)	6,030,709
Dividend income	(352,400)	-
Provision for gratuity	1,379,629	1,467,418
	(37,187,447)	17,422,761
(Increase)/decrease in:		
Stock in trade	(2,497,979)	(584,855)
Trade debts	13,591,186	(50,059,321)
Loans, advances and deposits	(92,061,537)	4,331,416
Short term prepayments	608,005	499,147
Other receivables	2,395,225	350,622
Placements	(364,917,665)	(20,350,431)
Interest receivable	188,702	-
Short term investments	17,751,391	(53,000,022)
Increase/(decrease) in:		
Trade and other payables	406,631,731	(166,752,886)
Short term borrowings	(12,568,705)	15,073,369
	(30,879,646)	(270,492,961)
Cash inflow from operating activities	146,576,737	(211,450,949)
Gratuity paid	(296,800)	(836,745)
Finance costs paid	(38,355,501)	-
Tax paid	(14,407,023)	(8,354,898)
Net cash inflow from operating activities	93,517,413	(220,642,592)
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(12,215,652)	(22,831,469)
Sale proceeds of property, plant and equipment	2,182,700	253,993
Sale proceeds from disposal of investment property - net	-	61,103,000
Long term investments	(73,239,708)	(121,421,396)
Lon term loans	2,418,915	-
Long term deposits	238,889	(351,480)
Net cash used in investing activities	(80,614,856)	(83,247,352)
CASH FLOW FROM FINANCING ACTIVITIES:		
Obligation under finance lease	(2,381,404)	(366,216)
Long term deposits	-	552,116
Share deposit money	-	18,563,470
Dividend paid	(5,682)	(14,469)
Net cash (used)/generated from financing activities	(2,387,086)	18,734,901
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	10,515,471	(285,155,043)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	163,281,840	(79,401,909)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	173,797,311	(364,556,952)

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATE STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Share Capital	Share Deposit	Share Premium	Revaluation Reserve of an associated company	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2004	469,125,760	-	2,643,800	32,557,138	255,546,510	759,873,208
Profit for the period ended 31 December 2004	-	-	-	-	24,581,892	24,581,892
Share deposit money received	-	18,563,470	-	-	-	18,563,470
Adjustment for exchange difference	-	-	-	-	(2,132,958)	(2,132,958)
Balance as at 31 December 2004	469,125,760	18,563,470	2,643,800	32,557,138	277,995,444	800,885,612
Balance as at 30 June 2005	853,808,870	-	-	32,557,138	340,374,338	1,226,740,346
Profit for the period ended 31 December 2005	-	-	-	-	156,915,886	156,915,886
Issuance of bonus shares	149,416,540	-	-	-	(149,416,540)	-
Adjustment for exchange difference	-	-	-	-	898,899	898,899
Balance as at 31 December 2005	1,003,225,410	-	-	32,557,138	348,772,583	1,384,555,131

The annexed notes 1 to 16 form an integral part of these financial statements.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. STATUS AND NATURE OF BUSINESS

First Capital Securities Corporation Limited ("the Parent Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the Parent Company is situated at 103 C/II, Gulberg-III, Lahore. The Parent Company has investments in subsidiaries and associates engaged in brokerage, telecommunication and real estate. In addition the Parent Company acts as a broker in the money market.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting". These financial statements are unaudited and are being submitted to the shareholders under Section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding consolidated financial statements for the year ended 30 June 2005.

4. CHANGE IN ACCOUNTING ESTIMATE

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

5. SUBSIDIARY COMPANIES

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

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

**31 December
2005
Rupees**

**31 December
2004
Rupees**

6. PROPERTY AND EQUIPMENT

Opening book value	65,060,695	41,665,520
Add: Additions during the period	12,215,652	22,831,469
	77,276,347	64,496,989
Less: Disposals during the period (at book value)	756,197	160,278
Depreciation/amortization charged during the period	6,169,032	4,565,781
	6,925,229	4,726,059
	70,351,118	59,770,930

7. LONG TERM INVESTMENTS

Opening balance	1,024,502,437	604,962,998
Add: Acquisition of additional shares	73,239,708	301,876,723
Add: Share of profit	38,732,103	117,662,716
Less: Shares disposed off	(810,546)	-
Closing balance	1,135,663,702	1,024,502,437

8. SHORT TERM INVESTMENTS

Investments measured at fair value through profit and loss account		
Cost of investments	102,657,906	150,106,317
Less: Unrealised gain/(loss) on remeasurement of investments	40,295,690	(29,697,020)
	142,953,596	120,409,297

9. SHARE CAPITAL

Authorized

130,000,000 (June: 100,000,000) ordinary shares of Rs. 10/- each	1,300,000,000	1,000,000,000
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	Number of shares			
	31 December 2005 Rupees	30 June 2005 Rupees	31 December 2005 Rupees	30 June 2005 Rupees

Issued, subscribed and paid-up

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	62,157,511	47,215,857	621,575,110	472,158,570
	100,322,541	85,380,887	1,003,225,410	853,808,870

	31 December 2005 Rupees	31 December 2004 Rupees
10. RESERVES		
Revaluation reserve of an associated company	32,557,138	32,557,138
Unappropriated profit	348,772,583	340,374,338
	<u>381,329,721</u>	<u>372,931,476</u>

11. CONTINGENCIES AND COMMITMENTS

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

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, subsidiary undertakings, directors and key management personnel. Significant transactions with related parties are as follows:

	31 December 2005 Rupees	31 December 2004 Rupees
First Capital Equities Limited		
Transaction of shares		
- Sales	39,306,700,519	16,846,068,738
- Purchases	39,220,264,292	16,634,983,383
Finance cost charged	16,156,662	5,297,612
World Press (Pvt.) Limited		
Mark up Income	83,668	89,656
Worldcall Communications Limited		
Finance cost charged	922,870	724,375
Worldcall Multimedia Limited		
Mark up Income	15,098	328,941
Income from Financial Consultancy Services	-	1,000,000
Worldcall Broad Band Limited		
Mark up Income	73,573	94,369
Income from Financial Consultancy Services	-	2,250,000
Pace (Pakistan) Limited		
Investments	73,239,708	61,876,723
Services charged	-	552,300
Income from Financial Consultancy Services	2,500,000	-

	31 December 2005 Rupees	31 December 2004 Rupees
Pace Super Mall (Pvt.) Limited		
Mark up Income	773,631	578,811
Shaheen Insurance Company Limited		
Insurance premium	319,378	270,857
Insurance Claim	32,000	37,600
First Capital Mutual Fund Limited		
Investment advisory fee charged	1,584,133	1,164,468

	31 December 2005	31 December 2004
13. EARNINGS PER SHARE-BASIC		
Net profit for the period (Rupees)	<u>156,915,886</u>	<u>24,581,892</u>
Average ordinary shares outstanding (Number)	<u>100,322,541</u>	<u>100,322,541</u>
Earnings per share-Basic (Rupees)	<u>1.56</u>	<u>0.25</u>

14. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 27 February 2006 by the Board of Directors of the Parent Company.

15. COMPARATIVE FIGURES

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

16. GENERAL

Figures have been rounded off to the nearest rupee.