

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**

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

**31 DECEMBER 2006**

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# FIRST CAPITAL SECURITIES CORPORATION LIMITED

## COMPANY INFORMATION

<b>Board of Directors</b>	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Suliaman Ahmed Said Al-Hoqani Sardar Ali Wattoo Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
<b>Chief Financial Officer</b>	Syed Kashan Kazmi
<b>Audit Committee</b>	Sardar Ali Wattoo (Chairman) Aamna Taseer Khawaja Khalil Shah
<b>Company Secretary</b>	Mohammad Naeem Sheikh
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Adviser</b>	Rehman Saleem & Tarar Advocates
<b>Bankers</b>	Allied Bank Limited Bank Alfalah Limited Citi Bank N.A. Faysal Bank Limited PICIC Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited
<b>Registrar and Shares Transfer Office</b>	THK Associates (Pvt.) Limited Ground Floor, State Life Building-3, Dr. Zia-ud-Din Ahmed Road, Karachi. ☎ (021) 5689021, 111-000-322
<b>Registered Office/Head Office</b>	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920

## FIRST CAPITAL SECURITIES CORPORATION LIMITED

### DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation ("the Company" or "FCSC") are pleased to present the un-audited accounts of the Company for the first half year ended on 31 December 2006.

#### Operating Results

The operating results of the Company are tremendous for the period and are summarized below:

	<b>31 December 2006</b>	31 December 2005
	<b>Rupees</b>	Rupees
Operating Revenues	<b>297,330,962</b>	183,811,789
Operating Expenses	<b>20,339,745</b>	17,015,628
Operating Profit	<b>276,991,217</b>	166,796,161
Finance Cost	<b>15,390,839</b>	10,867,744
Profit after Taxation	<b>263,253,517</b>	163,473,879
Earning Per Share	<b>1.94</b>	1.21

The Company posted an after tax profit of Rs 263.25 million as compared to Rs.163.47 million for the corresponding period last year. Earnings Per Share of the Company depicts an increase of 60.33% and EPS has been increased from Rs.1.21 to Rs.1.94.

During the period under review, un-realized gain on re-measurement of investment is Rs.308.34 million as opposed to Rs.103.47 million for the corresponding period last year and shows an increase of 198% approximately. Revenue streams financial consultancy, money market brokerage and dividend income showed a steady growth and also contributed a lot towards the achievement of these favorable results. Operating expenses are kept within the budgeted limits and resulted in favorable variance.

#### Future Outlook

FCSC is looking forward to earn sustainable income, improve profitability from its existing operations and through its subsidiaries and to explore new horizons for investments.

First Capital Equities Limited (FCEL) in line with its decisions to enhance its business activities in Investment Finance Services and Real Estate Investment Trust (REIT) activities is in process of obtaining the necessary approvals and completion of legal and corporate formalities thereon. In order to attain all these objectives the Company has subscribed its portion of right shares amounting to Rs. 182.02 million on 19 January 2007 in FCEL.

The Board of Directors of FCSC is anticipating significant growth and achievements throughout the group, and is pleased to appreciate supportive and dedicated role of shareholders & employees in this regard.

For and on behalf of the Board of Directors

Lahore  
27 February 2007

**Salmaan Taseer**  
Chairman & Chief Executive Officer

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## FIRST CAPITAL SECURITIES CORPORATION LIMITED

### REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed condensed balance sheet of **First Capital Securities Corporation Limited** ("the Company") as at 31 December 2006, and the related condensed profit and loss account, condensed cash flow statement and condensed 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 condensed financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed 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 condensed 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 condensed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of condensed profit and loss account for the three months ended 31 December 2006 and 31 December 2005 were not subject to review, as we were required to review on the cumulative figures for the six months period ended 31 December 2006

Lahore  
27 February 2007

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

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

	Note	Un-audited 31 December 2006 Rupees	Audited 30 June 2006 Rupees Restated
<b>NON CURRENT ASSETS</b>			
Property and equipment		2,738,151	2,965,831
Long term loans		15,711,501	14,395,000
Long term investments	5	923,809,291	832,322,101
Long term deposits		37,500	122,000
		<u>942,296,443</u>	<u>849,804,932</u>
<b>Current assets</b>			
Trade debts		7,693,986	7,995,559
Current portion of long term loans		6,864,500	6,864,500
Loans and advances		154,339	205,535
Short term prepayments		103,808	150,580
Taxation recoverable		16,246,192	15,412,502
Other receivables		348,031	986,944
Short term investments at fair value through profit or loss	6	1,955,802,136	1,681,354,352
Cash and bank balances		3,136,524	8,978,128
		<u>1,990,349,516</u>	<u>1,721,948,100</u>
<b>Current liabilities</b>			
Trade and other payables		4,361,094	4,749,448
Mark up accrued		3,389,552	2,672,329
Short term borrowings - secured		216,183,492	210,000,000
Current portion of liabilities against assets subject to finance lease		433,621	1,275,728
		<u>224,367,759</u>	<u>218,697,505</u>
<b>Working Capital</b>		<u>1,765,981,757</u>	<u>1,503,250,595</u>
<b>Net Assets</b>		<u>2,708,278,200</u>	<u>2,353,055,527</u>
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease		-	154,068
Staff retirement benefits		4,893,831	4,257,797
		<u>4,893,831</u>	<u>4,411,865</u>
<b>Contingencies and commitments</b>	8		
<b>Net capital employed</b>		<u>2,703,384,369</u>	<u>2,348,643,662</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	7	1,354,354,300	1,003,225,410
Capital reserves		704,484,084	612,996,894
Unappropriated profit		644,545,985	732,421,358
		<u>2,703,384,369</u>	<u>2,348,643,662</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

Note	Six months ended		Three months ended	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	Rupees	Rupees Restated	Rupees	Rupees Restated
<b>Operating revenue</b>				
Financial consultancy services	6,027,768	2,500,000	3,018,248	-
Money market brokerage	5,305,966	5,360,676	2,817,968	2,821,952
(Loss)/gain on sale of investments	(23,393,864)	72,481,103	(17,948,851)	57,923,602
Unrealized gain on remeasurement of short term investments	6	308,337,017	103,470,010	110,339,368
Dividend income	1,054,075	-	994,700	-
	<u>297,330,962</u>	<u>183,811,789</u>	<u>99,221,433</u>	<u>172,678,098</u>
Operating expenses	20,339,745	17,015,628	11,225,778	9,421,444
<b>Operating profit</b>	<u>276,991,217</u>	<u>166,796,161</u>	<u>87,995,655</u>	<u>163,256,654</u>
Finance cost	15,390,839	10,867,744	7,779,319	6,092,785
	<u>261,600,378</u>	<u>155,928,417</u>	<u>80,216,336</u>	<u>157,163,869</u>
Other operating income	1,754,736	7,545,462	885,568	5,608,234
<b>Profit before taxation</b>	<u>263,355,114</u>	<u>163,473,879</u>	<u>81,101,904</u>	<u>162,772,103</u>
Taxation	9	101,597	-	-
<b>Profit after taxation</b>	<u>263,253,517</u>	<u>163,473,879</u>	<u>81,000,307</u>	<u>162,772,103</u>
<b>Earnings per share- basic and diluted</b>	11	1.94	1.21	0.60
				1.20

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

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED  
CONDENSED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	31 December 2006 Rupees	31 December 2005 Rupees Restated
<b>Cash flow from operating activities</b>		
Profit before taxation	263,355,114	163,473,879
Adjustments for:		
Finance cost	15,390,839	10,867,744
Unrealized gain on remeasurement of short term investments	(308,337,017)	(103,470,010)
Dividend income	(1,054,075)	-
Depreciation	588,380	682,373
Gain on disposal of property and equipment	-	(634,000)
Mark up income	(1,773,212)	(2,398,113)
Provision for gratuity	636,034	494,310
	<u>(294,549,051)</u>	<u>(94,457,696)</u>
<b>Profit before working capital changes</b>	<b>(31,193,937)</b>	<b>69,016,183</b>
Effect on cash flow due to working capital changes:		
Trade debts	301,573	12,521,930
Loans and advances	51,196	2,731,886
Short term prepayments	46,772	4,168
Other receivables	641,635	(444,252)
Short term investments-net	33,889,233	(60,050,708)
Trade and other payables	(388,354)	(1,047,278)
	<u>34,542,055</u>	<u>(46,284,254)</u>
<b>Cash generated from operations</b>	<b>3,348,118</b>	<b>22,731,929</b>
Staff retirement benefits paid	-	(116,500)
Finance cost paid	(14,673,616)	(12,650,214)
Long term deposits	84,500	725,000
Taxes paid	(935,287)	(1,095,126)
	<u>(15,524,403)</u>	<u>(13,136,840)</u>
<b>Net cash (used in)/generated from operating activities</b>	<b>(12,176,285)</b>	<b>9,595,089</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(360,700)	(923,500)
Dividend received	898,560	-
Proceeds from disposal of property and equipment	-	900,000
Payment of long term loan	(1,316,501)	2,418,915
Mark up received	1,926,005	2,398,113
<b>Net cash generated from investing activities</b>	<b>1,147,364</b>	<b>4,793,528</b>
<b>Cash flows from financing activities</b>		
Repayment of liabilities against assets subject to finance lease	(996,175)	(680,214)
Short term borrowings-net	6,183,492	(8,330,163)
<b>Net cash generated/(used in) from financing activities</b>	<b>5,187,317</b>	<b>(9,010,377)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,841,604)</b>	<b>5,378,240</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,978,128</b>	<b>5,137,377</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,136,524</b>	<b>10,515,617</b>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED  
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Share capital Rupees	Fair value reserve Rupees	Unappropriated profit Rupees	Total Rupees
<b>Balance as at 30 June 2005-restated</b>	853,808,870	529,508,584	505,473,303	1,888,790,757
Profit for the period	-	-	163,473,879	163,473,879
Issuance of share capital against bonus shares	149,416,540	-	(149,416,540)	-
<b>Balance as at 31 December 2005-restated</b>	<b>1,003,225,410</b>	<b>529,508,584</b>	<b>519,530,642</b>	<b>2,052,264,636</b>
Fair value gain during the period	-	83,488,310	-	83,488,310
Profit for the period	-	-	212,890,716	212,890,716
<b>Balance as at 30 June 2006</b>	<b>1,003,225,410</b>	<b>612,996,894</b>	<b>732,421,358</b>	<b>2,348,643,662</b>
Fair value gain during the period	-	91,487,190	-	91,487,190
Profit for the period	-	-	263,253,517	263,253,517
Issuance of share capital against bonus shares	351,128,890	-	(351,128,890)	-
<b>Balance as at 31 December 2006</b>	<b>1,354,354,300</b>	<b>704,484,084</b>	<b>644,545,985</b>	<b>2,703,384,369</b>

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

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**1 Status and nature of business**

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

**2 Basis of preparation**

These condensed interim financial statements are unaudited but subject to limited scope review by auditors. These condensed interim financial statements have been prepared in accordance with the requirements of directives of Securities and Exchange Commission of Pakistan and International Accounting Standard-34 "Interim Financial Statements" 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 condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2006.

**4 Estimates**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2006.

**5 Long term investments**

**Available for sale**

	Note	31 December 2006 Rupees	30 June 2006 Rupees
Subsidiary companies	5.1	712,077,101	628,588,791
Associated companies		110,045,000	110,045,000
Others		10,200,000	10,200,000
Unrealized gain on revaluation of available for sale investments recognized directly in equity		91,487,190	83,488,310
		<u>923,809,291</u>	<u>832,322,101</u>

5.1 During this period, First Capital Equities Limited issued bonus shares @ 50%.

	31 December 2006 Rupees	30 June 2006 Rupees
<b>6 Short term investments at fair value through profit or loss</b>		
<b>Held for trading</b>		
Related parties	3,008,975	522,196
Others	137,713,358	55,224,891
<b>Others</b>	<u>1,506,742,786</u>	<u>1,327,845,313</u>
	<u>1,647,465,119</u>	<u>1,383,592,400</u>
Unrealized gain/ on account of remeasurement to fair value	308,337,017	297,761,952
	<u>1,955,802,136</u>	<u>1,681,354,352</u>

31 December 2006	30 June 2006
<b>Number of shares</b>	

**7 Share capital**

**Authorized**

160,000,000 ordinary shares of Rs 10 each			<u>1,600,000,000</u>	<u>1,300,000,000</u>
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**Issued, subscribed and 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	97,270,400	62,157,511	972,704,000	621,575,110
	<u>135,435,430</u>	<u>100,322,541</u>	<u>1,354,354,300</u>	<u>1,003,225,410</u>

7.1 Pursuant to the approval of the shareholders in the 13th Annual General Meeting held on 31 October 2006, the authorized capital of the Company has been increased from Rs.1,300 million to Rs.1,600 million and its issued, subscribed & paid-up capital has increased to Rs. 1,354.354 million after taking effect of 38.165 million bonus shares issued during the period. Accordingly, Earning Per Share (EPS) of all periods presented have been adjusted retrospectively.

7.2 Worldcall Telecom Limited held 1,707,543 shares (30 June 2006: 1,264,847 shares) with a percentage holding of 1.26%. (30 June 2006: 1.26%)

	Number of shares	
	31 December 2006	30 June 2006
<b>7.3 Movement of number of shares</b>		
Shares outstanding as on 01 July 2006	100,322,541	85,380,887
Bonus issue @ 35%	35,112,889	14,941,654
<b>Shares out standing as on 31 December 2006</b>	<u>135,435,430</u>	<u>100,322,541</u>

**8 Contingencies and commitments**

There is no change in contingencies and commitments from those disclosed in the financial statements for the year ended 30 June 2006.

## 9 Taxation

In view of the available tax losses, provision for taxation represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 and tax deducted at source on dividend income.

## 10 Transactions and balances 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. The significant transactions with related parties are as follows:

	31 December 2006 Rupees	31 December 2005 Rupees
<b>Subsidiary companies</b>		
Finance cost charged	13,216,573	1,160,958
Brokerage commission paid	2,564,048	666,649
Mark up income	-	83,668
Printing	398,239	280,372
Short term investments sold	2,965,766	-

### Associated companies

Finance cost charged	36,384	922,870
Mark up income	1,749,422	862,302
Income from financial consultancy services	5,937,768	2,500,000
Insurance premium	118,639	319,378
Insurance claim	10,436	32,000
Short term investments sold	113,601,600	24,714,950
Long term investments purchased	-	113,205,270

### Period end balances

	31 December 2006 Rupees	30 June 2006 Rupees
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### Subsidiary companies

Short term borrowing - secured	170,000,000	210,000,000
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### Associated companies

Long term loan	15,711,501	14,395,000
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	31 December 2006 Rupees	31 December 2005 Rupees
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## 11 Earnings per share-basic and diluted

Net profit for the period	<b>Rupees</b>	<u>263,253,517</u>	<u>163,473,879</u>
Weighted average number of ordinary shares as at 31 December	<b>Shares</b>	<u>135,435,430</u>	<u>135,435,430</u>
Earnings per share	<b>Rupees</b>	<u>1.94</u>	<u>1.21</u>

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

## 12 Date of authorization for issue

These financial statements were authorized for issue on 27 February 2007 by the Board of Directors of the Company.

## 13 General

There was a change in accounting policy in the financial statements for the year ended 30 June 2006 with respect to classification of investments. Consequently, corresponding figures of unrealized gain on remeasurement of short term investments in the profit and loss account and fair value reserve in statement of changes in equity have been restated. Furthermore, the corresponding figures of brokerage commission and capital value tax have been shown separately in operating expenses, previously these were netted off against capital gains.

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR



**FIRST CAPITAL SECURITIES CORPORATION LIMITED**

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

**31 DECEMBER 2006**

## FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP

### DIRECTORS' REVIEW

The Directors of First Capital Securities Corporation Limited ("the Company" or "FCSC Group") are pleased to present the un-audited consolidated accounts of the FCSC Group for the first half of financial year ended on December 31, 2006.

	Rupees in million	
	2006	2005
Revenues	200	255
Direct Costs	18	17
Operating Expenses	136	109
Operating profit	47	128
Shares of profit of associated companies	77	39
Un-realized gain on re measurement of investments	17	40
Profit after tax	114	189
Minority Interest	(30)	(32)
Earnings per share Basic Rupees	0.62	1.16

#### FCSC Subsidiary Companies:

Subsidiaries of FCSC Group have performed satisfactorily during the period under review. Although the performance of the Karachi Stock Exchange was not very exciting with only 4.5% rise in KSE-100 index, however FCSC group as whole worked well to sustain profitability.

#### First Capital Equities Limited ("FCEL")

First Capital Equities Limited (FCEL) has shown stable growth with profit after tax of Rs.73 million and profitability increase of 4.83%. This translates to EPS of Rs.2.03 per share, where EPS remained undiluted regardless of an increase in share capital from Rs.240 million to Rs.360 million represented by 50% bonus issue.

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

Sri Lanka based brokerage subsidiary; Lanka Securities (Pvt.) Limited (member Colombo Stock Exchange, Sri Lanka), reported decline in its after tax profit from SLR (Sri Lankan Rupees) 53 million to SLR 24 million for the full year and EPS from SLR 7.49 to SLR 3.48, due to uncertain political condition and economic pressure in Sri Lanka. However, despite all the uncertain and uneven conditions, LSL closed another successful year.

#### Mileage Private Limited

Mileage Private Limited formerly First Capital Associates (Pvt) Ltd ("FCAL") has reported an after tax profit of Rs.74,850/- translating into an EPS 0.75 per share.

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

World Press posted revenues of PKR 20 million as compared to corresponding period's revenue of PKR 21 million. World Press has shown an after tax loss of Rs.667,816/-.

The Directors have complete confidence in the competence and commitment of the professional management of subsidiary companies. They have all the abilities as they take the further on its path of development and growth in the future.

For and on behalf of the Board of Directors

Lahore  
27 February 2007

Salmaan Taseer  
Chairman & Chief Executive Officer

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)  
AS AT 31 DECEMBER 2006**

Note	Un-audited 31 December 2006 Rupees	Audited 30 June 2006 Rupees
<b>NON CURRENT ASSETS</b>		
	Property, plant and equipment	86,326,300
	Intangible assets	(30,193,675)
	Long term loans	22,156,905
5	Investment in associates	1,378,216,591
	Long term deposits and advances	11,513,521
	Deferred cost	6,028
	<b>1,482,603,055</b>	<b>1,468,025,670</b>
<b>Current assets</b>		
	Inventories	1,595,700
	Trade debts	751,846,531
	Current portion of long term loans	9,292,595
6	Loans and advances	129,318,059
	Short term prepayments	2,053,015
	Taxation recoverable	35,779,159
	Other receivables	13,367,210
7	Placements	467,641,520
	Interest receivable	6,832,897
8	Short term investments	303,258,296
	Cash and bank balances	308,453,860
	<b>2,458,922,269</b>	<b>2,029,438,842</b>
<b>Current liabilities</b>		
	Trade and other payables	748,278,732
	Mark up accrued	7,914,252
	Liability against repurchase agreement	515,000,000
9	Short term borrowings	206,939,829
	Current portion of liabilities against assets subject to finance lease	6,975,990
	Current portion of long term finance	5,040,000
	<b>1,821,619,566</b>	<b>1,490,148,803</b>
<b>Net current assets</b>		
	<b>637,302,703</b>	<b>539,290,039</b>
<b>Net assets</b>		
	<b>2,119,905,758</b>	<b>2,007,315,709</b>
<b>Non current liabilities</b>		
	Liabilities against assets subject to finance lease	3,678,196
	Long term finance	8,280,000
	Deferred tax liability	1,815,240
	Staff retirement benefits	17,467,854
	<b>20,013,926</b>	<b>17,467,854</b>
	<b>31,540,564</b>	<b>31,241,290</b>
10	<b>Contingencies and commitments</b>	
<b>Net capital employed</b>		
	<b>2,088,365,194</b>	<b>1,976,074,419</b>
<b>Represented by:</b>		
<b>Share capital and reserves</b>		
	Issued, subscribed and paid up capital	1,003,225,410
	Exchange translation reserve	(173,170)
	Reserve for capitalization of bonus issue	-
	Revaluation reserve of an associated company	32,557,138
	Unappropriated profit	670,009,966
	<b>329,011,046</b>	<b>670,009,966</b>
<b>Capital and reserves attributable to equity holders of the parent</b>		
	<b>1,787,703,559</b>	<b>1,705,619,344</b>
	Minority interest	270,455,075
	<b>300,661,635</b>	<b>270,455,075</b>
	<b>2,088,365,194</b>	<b>1,976,074,419</b>

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

Note	Six months ended		Three months ended		
	31 December 2006 Rupees	31 December 2005 Rupees	31 December 2006 Rupees	31 December 2005 Rupees	
	Revenue	200,354,562	254,562,542	102,395,926	151,701,023
	Direct costs	18,240,107	17,072,057	11,084,488	9,337,995
	<b>Gross profit</b>	<b>182,114,455</b>	<b>237,490,485</b>	<b>91,311,438</b>	<b>142,363,028</b>
	Operating expenses	135,525,716	109,471,199	69,275,036	59,862,056
	<b>Operating profit</b>	<b>46,588,739</b>	<b>128,019,286</b>	<b>22,036,402</b>	<b>82,500,972</b>
	Other income	83,069,199	45,975,701	57,455,676	32,457,528
		<b>129,657,938</b>	<b>173,994,987</b>	<b>79,492,078</b>	<b>114,958,500</b>
	Finance cost	75,401,947	38,378,950	38,779,911	23,234,427
		<b>54,255,991</b>	<b>135,616,037</b>	<b>40,712,167</b>	<b>91,724,073</b>
	Share of profit of associated companies	77,139,806	38,732,103	58,747,419	32,781,189
	Unrealized gain/(loss) on remeasure- ment of short term investments	17,014,671	40,295,690	(17,014,294)	11,467,672
	<b>Profit before taxation</b>	<b>148,410,468</b>	<b>214,643,830</b>	<b>82,445,292</b>	<b>135,972,934</b>
	Taxation	(34,472,341)	(25,858,067)	(20,461,100)	(13,541,036)
	<b>Profit after taxation</b>	<b>113,938,127</b>	<b>188,785,763</b>	<b>61,984,192</b>	<b>122,431,898</b>
	Minority interest	(30,351,821)	(31,869,877)	(12,579,875)	(25,038,324)
	<b>Profit attributable to holding company</b>	<b>83,586,306</b>	<b>156,915,886</b>	<b>49,404,317</b>	<b>97,393,574</b>
	<b>Earnings per share - basic</b>	<b>0.62</b>	<b>1.16</b>	<b>0.36</b>	<b>0.72</b>

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

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	31 December 2006	31 December 2005
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	148,410,468	214,643,830
Adjustments for:		
Depreciation	10,680,273	6,169,032
Finance cost	75,401,947	38,378,950
Provision for bad debts written back	-	(2,009,758)
Bad debts written off	-	3,734
(Gain)/ loss on remeasurement of short term investments	(17,014,671)	(40,295,690)
Amortization of deferred cost	(965,612)	1,506
Amortization of goodwill	(574,437)	-
Gain on disposal of property, plant and equipment	(1,409,880)	(1,426,501)
Profit on sale of long term investments	-	(303,846)
Dividend income	-	(352,400)
Retirement benefits	2,546,072	1,379,629
Loss of profit of associated companies	(77,139,806)	(38,732,103)
	(8,476,114)	(37,187,447)
<b>Profit before working capital changes</b>	<b>139,934,354</b>	<b>177,456,383</b>
Effect on cash flow due to working capital changes: (Increase)/decrease in:		
Inventories	(4,054,042)	(2,497,979)
Trade debts	(93,528,119)	13,591,186
Loans and advances	(49,541,194)	(92,061,537)
Short term prepayments	(545,056)	608,005
Other receivables	11,235,740	2,395,225
Short term investments - net	(134,959,790)	17,751,391
Placements	(172,358,480)	(364,917,665)
Interest receivable	(2,302,506)	188,702
Increase/(decrease) in:		
Trade and other payables	(77,920,915)	406,631,731
Liability against repurchase agreement	95,000,000	-
Short term borrowings	305,846,737	(12,568,705)
	(123,127,625)	(30,879,646)
Cash generated from operations	16,806,729	146,576,737
Retirement benefits paid	-	(296,800)
Finance cost paid	(67,758,394)	(38,355,501)
Taxes paid	(36,398,913)	(14,407,023)
<b>Net cash generated from/(used in) operating activities</b>	<b>(87,350,578)</b>	<b>93,517,413</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(22,032,634)	(12,215,652)
Sale proceeds of property, plant and equipment	2,215,802	2,182,700
Investment in associates	91,804,860	(73,239,708)
Long term Loans	(1,316,501)	2,418,915
Long term deposit advances	(13,411,355)	238,889
<b>Net cash generated from/(used) in investing activities</b>	<b>57,260,172</b>	<b>(80,614,856)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	501,112	(2,381,404)
Long term finance	(881,092)	-
Dividend paid	-	(5,682)
<b>Net cash generated used in financing activities</b>	<b>(379,980)</b>	<b>(2,387,086)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(30,470,386)</b>	<b>10,515,471</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>308,453,860</b>	<b>163,281,840</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>277,983,474</b>	<b>173,797,311</b>

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Attributable to equity holders of the Parent		Currency translation reserve	Unappropriated profit	Total	Minority interest	Total Equity
	Share capital	Revenue Reserve					
<b>Balance as at 01 July 2005</b>	853,808,870	32,557,138	688,290	339,825,833	1,226,880,131	186,538,212	1,413,418,343
Exchange translation difference recognized directly in equity	-	-	210,609	-	210,609	1,766,334	1,976,943
Profit for the year	-	-	-	156,915,886	156,915,886	31,869,877	188,785,763
<b>Total recognized income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>210,609</b>	<b>156,915,886</b>	<b>157,126,495</b>	<b>33,636,211</b>	<b>190,762,706</b>
Issuance of bonus shares	149,416,540	-	-	(149,416,540)	-	-	-
<b>Balance as at 31 December 2005</b>	<b>1,003,225,410</b>	<b>32,557,138</b>	<b>898,899</b>	<b>347,325,179</b>	<b>1,384,006,626</b>	<b>220,174,423</b>	<b>1,604,181,049</b>
<b>Balance as at 01 July 2006</b>	<b>1,003,225,410</b>	<b>32,557,138</b>	<b>(173,170)</b>	<b>670,009,966</b>	<b>1,705,619,344</b>	<b>270,455,075</b>	<b>1,976,074,419</b>
Exchange translation difference recognized directly in equity	-	-	(1,502,091)	-	(1,502,091)	(145,261)	(1,647,352)
Profit for the year	-	-	-	83,586,306	83,586,306	30,351,821	113,938,127
<b>Total recognized income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>(1,502,091)</b>	<b>83,586,306</b>	<b>82,084,215</b>	<b>30,206,560</b>	<b>112,290,775</b>
Issuance of share capital against Bonus shares	351,128,890	-	-	(351,128,890)	-	-	-
Issuance of bonus shares by subsidiary	-	-	-	(80,699,531)	-	-	-
Sale of investment	-	(7,243,195)	-	7,243,195	-	-	-
<b>Balance as at 31 December 2006</b>	<b>1,354,354,300</b>	<b>25,313,943</b>	<b>(1,675,261)</b>	<b>329,011,046</b>	<b>1,787,703,559</b>	<b>300,661,635</b>	<b>2,088,365,194</b>

The annexed notes 1 to 15 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
ACCOUNTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**1. Status and nature of business**

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

**2. Basis of preparation**

These condensed interim financial statements are un-audited. These condensed interim financial statements have been prepared in accordance with the requirements of directives of Securities and Exchange Commission of Pakistan and International Accounting Standard-34 "Interim Financial Statements" 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 condensed interim financial statements are the same as those applied in preparation of the preceding consolidated financial statements for the year ended 30 June 2006.

**4. Subsidiary companies**

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

	<b>Percentage of Holding</b>	
	<b>31 December 2006</b>	<b>30 June 2006</b>
First Capital Equities Limited (FCEL)	67.23	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

**5. Investment in associates**

	<b>31 December 2006 Rupees</b>	<b>30 June 2006 Rupees</b>
Opening balance	1,378,216,591	1,024,502,437
Add: Acquisition of additional shares	14,995,140	123,405,270
Less: Shares disposed off	(106,800,000)	-
Add: Share of profit	77,139,806	230,308,884
Closing balance	<u>1,363,551,537</u>	<u>1,378,216,591</u>

**6 Loan and advances**

This includes an amount of Rs. 120,659,281/- (June 2006: Rs. 119,717,212/-) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules and Rs. 28,701,533/- (June 2006 : NIL) deposited against the disputed claim of Mr. Aslam Motiwala.

	<b>31 December 2006 Rupees</b>	<b>30 June 2006 Rupees</b>
<b>7 Placements</b>		
Secured - Considered good		
Placement on account of continuous funding system	-	7,641,520
Securities purchased under the resale agreements of quoted shares - Related Party	150,000,000	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	490,000,000	110,000,000
	<u>640,000,000</u>	<u>467,641,520</u>

**8 Short term investments**

Investments measured at fair value through profit and loss account

Cost of investments	438,218,086	156,841,138
Less: Un-realised gain on remeasurement of investments	17,014,671	146,417,158
	<u>455,232,757</u>	<u>303,258,296</u>

**9 Short term borrowings**

These facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 1,225 million (June 30, 2006: Rupees 1,005 million). These facilities carry mark up at the rate ranging from 3 and 6 months KIBOR plus 2 % to 4.25 % (June 30, 2006: 2 % to 4.25 %) per annum with floor limits ranging from 10% to 13.5% per annum (June 30, 2006: 10% to 13%) except for a facility which carries mark up at the rate of 16 % (June 30, 2006: 16 %) per annum payable quarterly and are secured against pledge of shares of listed companies.

**10 Contingencies and commitments**

There is no change in contingencies and commitments disclosed in the annual audited consolidated financial statements for the year ended June 30, 2006 except for the following:

The Honorable Sindh High Court, while deciding on different applications filed by First Capital Equities Limited ("FCEL"), 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 only claims amounting to Rs. 37.53 million filed by M/s. Aslam Motiwala, Sultan Ahmad Zakria and Muhammad Asif Sultan against FCEL.

The Arbitration Committee of KSE has given the decision and has asked FCEL to pay Rs. 28,701,533/- being the claim of the aforementioned applicants relating to the trades. Further, Arbitration Committee of KSE has also directed the aforementioned applicants to make the payment of Rs. 6,143,504/- to FCEL.

FCEL has 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 28,701,533 to KSE. The Management is confident that appeal would be decided in the FCEL's favour.

## 11 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. The significant transactions with related parties are as follows:

	<b>31 December 2006 Rupees</b>	<b>31 December 2005 Rupees</b>
<b>Associated companies</b>		
Brokerage income	<b>16,246,538</b>	15,927,495
Repurchase agreement arrangement fee	<b>375,000</b>	229,167
Placements entered	<b>1,290,000,000</b>	350,000,000
Income earned on placement	<b>29,910,646</b>	6,695,891
Interest on long term loans	<b>1,086,933</b>	-
Finance cost charged	<b>36,384</b>	922,870
Mark up Income	<b>1,749,422</b>	862,302
Income from Financial Consultancy Services	<b>5,937,768</b>	2,500,000
Insurance premium	<b>118,639</b>	319,378
Insurance claim	<b>10,436</b>	32,000
Short term investments sold	<b>113,601,600</b>	24,714,950
Long term investments purchased	-	113,205,270
Advisory fee	<b>3,182,721</b>	1,584,133
Take-up commission	<b>149,838</b>	-

## 12 Earnings per share-basic

		<b>Rupees</b>	<b>Rupees</b>
Net profit for the period	Rupees	<b>83,586,306</b>	156,915,886
			Restated
Average ordinary shares outstanding	Shares	<b>135,435,430</b>	135,435,430
Earnings per share-Basic	Rupees	<b>0.62</b>	1.16

## 13 Date of authorization

These financial statements were authorized for issue on 27 February 2007 by the Board of Directors of the Parent Company.

## 14 Comparative figures

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

## 15 General

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR