

FIRST CAPITAL SECURITIES CORPORATION LIMITED

**QUARTERLY ACCOUNTS
(Un-Audited)**

30 SEPTEMBER 2006

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Company Information

Board of Directors	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Sulieaman Ahmed Said Al-Hoqani Sardar Ali Wattoo Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Sardar Ali Wattoo (Chairman) Aamna Taseer Khawaja Khalil Shah
Company Secretary	Mohammad Naeem Sheikh
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Rehman Saleem & Tarar Advocates
Bankers	Allied Bank Limited Bank Alfalah Limited Citibank N.A. Faysal Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed 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 (the "Company" or "FCSC") are pleased to present the un-audited accounts of the Company for the quarter ended 30 September 2006.

Operating Results

The operating results of the Company for the quarter ended 30 September 2006 are summarized below:

	30-09-2006 Rupees	30-09-2005 Rupees
Operating revenue including unrealized gain on re-measurement of short term investments	198,109,529	11,133,691
Operating expenses	9,113,967	7,594,184
Operating profit	188,995,562	3,539,507
Other revenues	869,168	1,937,228
Finance costs	7,611,520	4,774,959
Profit after taxation	182,253,210	701,776
Earnings per share Basic	1.82	0.01

The Company demonstrated significant progress in the first quarter of financial year 2007. During the period under review the Company has posted an after tax profit of Rs. 182.25 million as compared to Rs. 0.70 million in the corresponding period last year. Earning per share (EPS) has risen to Rs.1.82 from Rs. 0.01 for the corresponding period last year. There has been a significant increase in unrealized gain on re-measurement of short term investments amounting to Rs. 197.99 million, which helped increase overall profitability of the Company.

All the subsidiaries of the Company have exhibited good financial performance and successfully maintained their profitability. Amongst subsidiaries, First Capital Equities Limited (FCEL) has capitalized the opportunity prevailing in stock market and registered an after tax profit of Rs. 49.53 million as compared to Rs. 3.03 million in the same period last year. Earning per share also jumped to Rs. 2.06 as compared to Rs. 0.13 of the same period in last year. First Capital Investments Limited (FCIL) showed an after tax profit of Rs. 0.68 million as compared to Rs. 0.02 million for the corresponding period last year. Earning per share has increased to Rs. 0.18 as compared to 0.01 last year. Funds under management have increased to over Rs. 500 million as of September 30, 2006. Despite the political instability and uncertain economic environment, Lanka Securities (Pvt.) Limited Sri Lanka (LSPL) generated net profit of Pak Rs. 2.43 million (Lankan Rs. 4.18 million). World Press (Pvt.) Ltd. (WPL) earned net profit of Rs. 0.48 million as compared to Rs. 1.47 million in the corresponding period last year.

Financial results of FCSC's associated companies also showed improvement with Worldcall Telecom Limited (WTL) recording an after tax profit of Rs. 160.2 million as compared to Rs. 55.6 million and earning per share of Rs 0.24 as compared to Rs. 0.20 for the corresponding period last year. Pace (Pakistan) Limited (PPL) had after tax loss of Rs. 2.72 million as compared to loss of Rs. 5.64 million for the corresponding period last year.

Future Outlook

FCSC looks forward to earning good returns from its operations as well as investments in subsidiary and associated companies. FCEL plans to pursue its strategy of increasing its retail, institutional and foreign sales and at the same time maintaining its risk exposure to established tolerable levels. Market share of the company has been increasing in line with the company's medium term targets and the same pattern is expected to prevail. The Company had made huge investment in Telecom, property and equity brokerage services and all the companies have good profits in running quarter. WTL is in the process of deploying WLL infrastructure in Karachi and Hyderabad. WTL will utilize its existing fiber network in Karachi for this service thus lowering deployment costs. Pace (Pakistan) Limited is enjoying sustainable growth by following a strategy which involves phase-wise expansion of its operations from Lahore to nearby cities, followed by a nationwide presence in the future. The construction work of hotel project under taken by Pace Barka has also been started.

The Board of Directors wishes to express its appreciation and gratitude to the shareholders of 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
30 October 2006

Salmaan Taseer
Chairman & Chief Executive Officer

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2006

	Note	Un-Audited 30 September 2006 Rupees	Audited 30 June 2005 Rupees
NON CURRENT ASSETS			
Property and equipment	4	2,765,724	2,965,831
Long term loans		15,255,000	14,395,000
Long term investments	5	832,322,101	832,322,101
Long term deposits		37,500	122,000
		850,380,325	849,804,932
Current assets			
Trade debts		6,302,889	7,995,559
Current portion of long term loans		6,864,500	6,864,500
Loans and advances		196,590	205,535
Short term prepayments		242,058	150,580
Taxation recoverable		15,916,084	15,412,502
Other receivables		231,193	986,944
Short term investments	6	1,780,133,369	1,681,354,352
Cash and bank balances		66,213,331	8,978,128
		1,876,100,014	1,721,948,100
Current liabilities			
Trade and other payables		16,972,553	4,749,448
Mark up accrued		3,471,719	2,672,329
Short term borrowings - secured		170,000,000	210,000,000
Current portion of liabilities against assets subject to finance lease		563,381	1,275,728
		191,007,653	218,697,505
Net current assets		1,685,092,361	1,503,250,595
Net Assets		2,535,472,686	2,353,055,527
Non current liabilities			
Liabilities against assets subject to finance lease		-	154,068
Staff retirement benefits		4,575,814	4,257,797
		4,575,814	4,411,865
Contingencies and commitments	8		
Net capital employed		2,530,896,872	2,348,643,662
Represented by:			
Share capital and reserves			
Issued, subscribed and paid-up capital	7	1,003,225,410	1,003,225,410
Capital reserves		612,996,894	612,996,894
Unappropriated profit		914,674,568	732,421,358
		2,530,896,872	2,348,643,662

The annexed notes form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

	Note	July-Sep 2006 Rupees	July-Sep 2005 Rupees Restated
Operating revenue			
Financial consultancy services		3,009,520	2,500,000
Money market brokerage		2,487,998	2,538,724
Gain on sale of investments		(5,445,013)	14,557,501
Unrealized gain/(loss) on remeasurement of short term investments	6	197,997,649	(8,462,534)
Dividend income		59,375	-
		198,109,529	11,133,691
Operating expenses		9,113,967	7,594,184
		188,995,562	3,539,507
Operating profit		188,995,562	3,539,507
Finance costs		7,611,520	4,774,959
		181,384,042	(1,235,452)
Other operating income		869,168	1,937,228
Profit before taxation		182,253,210	701,776
Taxation	9	-	-
Profit after taxation		182,253,210	701,776
Earnings per share- basic	11	1.82	0.01

The annexed notes form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

	July-Sep 2006	July-Sep 2005
	Rupees	Rupees
Cash flow from operating activities		
Profit before taxation	182,253,210	701,776
Adjustments for:		
Finance cost	7,611,520	4,774,959
Unrealized gain/(loss) on remeasurement of short term investments	(197,997,649)	8,462,534
Dividend Income	(59,375)	-
Depreciation	286,707	338,037
Mark up income	(868,805)	(1,922,203)
Provision for gratuity	318,017	247,155
	(190,709,585)	11,900,482
Profit before working capital changes	(8,456,375)	12,602,258
Effect on cash flow due to working capital changes:		
Trade debts	1,692,670	(2,826,621)
Loans and advances	8,945	(15,543,917)
Short term prepayments	(91,478)	(79,051)
Other receivables	(37,542)	(607,454)
Short term investments-net	99,218,632	-
Trade and other payables	12,224,717	560,485
	113,015,944	(18,496,558)
Cash generated/(used in) from operations	104,559,569	(5,894,300)
Finance cost paid	(6,812,130)	(3,788,805)
Long term deposits	725,000	725,000
Taxes paid	(503,582)	(159,424)
	(6,590,712)	(3,223,229)
Net cash generated/(used in) from operating activities	97,968,857	(9,117,529)
Cash flows from investing activities		
Capital expenditure	(86,600)	(37,500)
Dividend received	59,375	-
Payment of long term loan	(860,000)	-
Mark up received	1,021,598	1,922,203
Net cash used in investing activities	134,373	1,884,703
Cash flows from financing activities		
Dividend paid	(1,612)	(4,884)
Repayment of liabilities against assets subject to finance lease	(866,415)	(286,499)
Short term borrowings-net	(40,000,000)	5,206,563
Net cash (unused in)/generated from financing activities	(40,868,027)	4,915,180
Net increase/(decrease) in cash and cash equivalents	57,235,203	(2,317,646)
Cash and cash equivalents at the beginning of the period	8,978,128	5,137,377
Cash and cash equivalents at the end of the period	66,213,331	2,819,731

The annexed notes form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

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FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

	Share Capital		Capital Reserves		Revenue Reserve		Total
	Rupees	Rupees	Revaluation Reserve of an associated Company	Unrealized gain on revaluation of investment available-for-sale	Unappropriated Profit	Rupees	
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 for investments in subsidiaries and associates	-	(32,557,138)	-	529,508,584	16,758,384	513,709,830	
Balance as at 30 June 2005 - restated	853,808,870	-	-	529,508,584	505,473,303	1,888,790,757	
Profit for the period	-	-	-	-	701,776	701,776	
Total recognized income and expense for the year	-	-	-	-	701,776	701,776	
Balance as at 30 September 2005	853,808,870	-	-	529,508,584	506,175,079	1,889,492,533	
Balance as at 30 June 2006	1,003,225,410	-	-	612,996,894	732,421,358	2,348,643,662	
Profit for the period	-	-	-	-	182,253,210	182,253,210	
Total recognized income and expenses for the year	-	-	-	-	182,253,210	182,253,210	
Balance as at 30 September 2006	1,003,225,410	-	-	612,996,894	914,674,568	2,530,896,872	

The annexed notes form an integral part of these accounts.

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 QUARTER ENDED 30 SEPTEMBER 2006

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding annual accounts of the Company for the year ended 30 June 2006.

4. PROPERTY AND EQUIPMENT

	30 September 2006 Rupees	30 June 2006 Rupees
Opening book value	2,965,831	3,547,410
Add: Additions during the period	4.1 <u>86,600</u>	1,065,938
	<u>3,052,431</u>	4,613,348
Less: Disposals during the period (at book value)	-	266,000
Depreciation/amortization charged during the period	<u>286,707</u>	1,381,517
	<u>286,707</u>	1,647,517
	<u>2,765,724</u>	2,965,831
4.1 Following is the detail of additions during the period		
Vehicles	-	886,000
Office equipment	41,000	37,500
Computers	45,600	142,438
	<u>86,600</u>	1,065,938

5. LONG TERM INVESTMENTS

	712,077,101	712,077,101
<i>Available for sale</i>		
Subsidiary companies	110,045,000	110,045,000
Associated companies	10,200,000	10,200,000
Other	<u>832,322,101</u>	<u>832,322,101</u>

	30 September 2006 Rupees	30 June 2006 Rupees
6. SHORT TERM INVESTMENTS		
at fair value through profit and loss		
<i>Held for trading</i>		
Related parties	3,008,975	522,196
Others	68,489,643	55,224,891
Others	<u>1,510,637,102</u>	<u>1,327,845,313</u>
	<u>1,582,135,720</u>	1,383,592,400
Unrealised gain/(loss) on account of remeasurement to fair value.	<u>197,997,649</u>	297,761,952
	<u>1,780,133,369</u>	<u>1,681,354,352</u>

	30 September 2006	30 June 2006		
	<u>Number of shares</u>			
7. SHARE CAPITAL				
Authorised				
Ordinary shares of Rs.10/- each	<u>130,000,000</u>	130,000,000	<u>1,300,000,000</u>	1,300,000,000
Issued, subscribed and paid-up capital				
Ordinary shares of Rs 10 each fully paid in cash	38,165,030	38,165,030	381,650,300	381,650,300
Ordinary shares of Rs 10 each issued as bonus shares	<u>62,157,511</u>	62,157,511	<u>621,575,110</u>	621,575,110
	<u>100,322,541</u>	100,322,541	<u>1,003,225,410</u>	1,003,225,410
7.1 Worldcall Telecom Limited held 1,264,847 shares with a percentage holding of 1.26%.				

8. CONTINGENCIES AND COMMITMENTS

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

9. TAXATION

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

10. TRANSACTIONS WITH RELATED PARTIES

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

FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2006

	Note	Un-Audited 30 September 2006 Rupees	Audited 30 June 2006 Rupees
NON CURRENT ASSETS			
Property, plant and equipment		84,977,447	86,326,300
Intangible assets		(29,951,295)	(30,193,675)
Long term loans		25,445,000	22,156,905
Investment in associates	5	1,289,808,978	1,378,216,591
Long term deposits and advances		20,566,734	11,513,521
Deferred cost		5,276	6,028
		<u>1,390,852,140</u>	<u>1,468,025,670</u>
Current assets			
Inventories		4,542,036	1,595,700
Trade debts		866,223,632	751,846,531
Current portion of long term loans		6,864,500	9,292,595
Loans and advances	6	283,697,803	129,318,059
Short term prepayments		1,236,924	2,053,015
Taxation recoverable		38,804,162	35,779,159
Other receivables		2,054,397	13,367,210
Placements	7	578,630,926	467,641,520
Interest receivable		14,848,856	6,832,897
Short term investments	8	403,093,611	303,258,296
Cash and bank balances		318,055,796	308,453,860
		<u>2,518,052,643</u>	<u>2,029,438,842</u>
Current liabilities			
Trade and other payables		812,844,010	748,278,732
Mark up accrued		17,861,177	7,914,252
Liability against repurchase agreement		500,000,000	515,000,000
Short term borrowings	9	505,479,317	206,939,829
Current portion of liabilities against assets subject to finance lease		4,253,881	6,975,990
Current portion of long term finance		11,134,048	5,040,000
		<u>1,851,572,433</u>	<u>1,490,148,803</u>
Net current assets			
		<u>666,480,210</u>	<u>539,290,039</u>
Net assets			
		<u>2,057,332,350</u>	<u>2,007,315,709</u>
Non current liabilities			
Liabilities against assets subject to finance lease		4,340,233	3,678,196
Long term finance		7,020,000	8,280,000
Deferred tax liability		1,990,644	1,815,240
Staff retirement benefits		18,931,713	17,467,854
		<u>32,282,590</u>	<u>31,241,290</u>
Contingencies and commitments			
	10		
Net capital employed			
		<u>2,025,049,760</u>	<u>1,976,074,419</u>
Represented by:			
Share capital and reserves			
Issued, subscribed and paid up capital		1,003,225,410	1,003,225,410
Exchange translation reserve		(2,467,264)	(173,170)
Revaluation reserve of an associated company		25,313,943	32,557,138
Unappropriated profit		711,435,150	670,009,966
Capital and reserves attributable to equity holders of the parent		<u>1,737,507,239</u>	<u>1,705,619,344</u>
Minority interest		287,542,521	270,455,075
		<u>2,025,049,760</u>	<u>1,976,074,419</u>

The annexed notes form an integral part of these accounts

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

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Jul-Sep
2006
Rupees

Jul-Sep
2005
Rupees

Subsidiary companies

Finance cost charged	575,343	945,205
Brokerage commission paid	1,914,736	135,000
Mark up income	-	54,302

Associated companies

Finance cost charged	36,384	-
Mark up income	857,370	1,806,473
Income from financial consultancy services	2,928,520	2,500,000
Insurance premium	70,830	319,378
Insurance claim	10,436	75,880

11. EARNINGS PER SHARE-BASIC

Net profit for the period	Rupees	<u>182,253,210</u>	<u>701,776</u>
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Restated

Weighted average number of ordinary shares	Numbers	<u>100,322,541</u>	<u>100,322,541</u>
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Earnings per share	Rupees	<u>1.82</u>	<u>0.01</u>
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12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 30 October 2006 by the Board of Directors of the Company.

The Board of Directors of the Company in their meeting held on 09 October has recommended bonus shares at the rate of 35 shares for each 100 shares held i.e. 35% (2005: 17.5%) as a final dividend.

13. COMPARATIVE FIGURES

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

14. GENERAL

Figures have been rounded off to the nearest rupee.

LAHORE CHAIRMAN AND CHIEF EXECUTIVE OFFICER DIRECTOR

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**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006**

	Note	Jul-Sep 2006 Rupees	Jul-Sep 2005 Rupees
Revenue		97,958,636	102,861,519
Direct costs		7,155,619	7,734,062
Gross profit		90,803,017	95,127,457
Operating expenses		66,250,680	49,609,143
Operating profit		24,552,337	45,518,314
Other income		25,613,523	13,518,173
		50,165,860	59,036,487
Finance costs		36,622,036	15,144,523
		13,543,824	43,891,964
Share of profit of associated companies		18,392,387	5,950,914
Unrealized gain on remeasurement of short term investments		34,028,965	28,828,018
Profit before taxation		65,965,176	78,670,896
Taxation		(14,011,241)	(12,317,031)
Profit after taxation		51,953,935	66,353,865
Minority interest		(17,771,946)	(6,831,553)
Profit attributable to holding company		34,181,989	59,522,312
Earnings per share - basic	12	0.34	0.59

The annexed notes form an integral part of these accounts

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006**

	Jul-Sep 2005 Rupees	Jul-Sep 2005 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	65,965,176	78,670,896
Adjustments for:		
Depreciation	6,135,840	3,615,779
Finance cost	36,622,036	15,144,523
Gain on remeasurement of short term investments	(34,028,965)	(28,828,018)
Amortization of deferred cost	752	753
Amortization of goodwill	(242,380)	-
Gain on disposal of property, plant and equipment	(539,078)	(792,501)
Retirement benefits	1,463,859	893,613
Loss of profit of associated companies	(18,392,387)	(5,950,914)
	(8,980,323)	(15,916,765)
Profit before working capital changes	56,984,853	62,754,131
Effect on cash flow due to working capital changes:		
Inventories	(2,946,336)	(703,918)
Trade debts	(117,004,887)	(13,401,767)
Loans and advances	(154,379,744)	(203,229,954)
Short term prepayments	816,091	1,622,740
Other receivables	11,312,813	2,388,927
Short term investments - net	(65,806,350)	(93,843,223)
Placements	(110,989,406)	(142,300,000)
Interest receivable	(8,015,959)	-
Increase/(decrease) in:		
Trade and other payables	64,565,278	326,359,816
Liability against repurchase agreement	(15,000,000)	-
Short term borrowings	298,539,488	135,400,325
	(98,909,012)	12,292,946
Net cash (used in)/generated from operations	(41,924,159)	75,047,077
Retirement benefits paid	-	43,320
Finance cost paid	(26,675,111)	(17,432,117)
Taxes paid	(17,211,648)	(5,265,631)
Net cash (used in)/generated from operating activities	(85,810,918)	52,392,649
Cash flows from investing activities		
Fixed capital expenditure	(6,719,577)	(7,794,179)
Proceeds from sale of investment property-net	-	306,114
Sale proceeds of property, plant and equipment	2,471,668	1,282,700
Investment in associates	106,800,000	-
Long term Loans	(860,000)	-
Long term deposit advances	(9,053,213)	-
Net cash used in/(generated) from investing activities	92,638,878	(6,205,365)
Cash flows from financing activities		
Repayment of finance lease liabilities	(2,060,072)	(1,149,031)
Long term finance	4,834,048	-
Dividend paid	-	(4,884)
Net cash generated/(used in) from financing activities	2,773,976	(1,153,915)
Net increase in cash and cash equivalents	9,601,936	45,033,369
Cash and cash equivalents in the beginning of the period	308,453,860	163,281,840
Cash and cash equivalents at the end of the period	318,055,796	208,315,209

The annexed notes form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006**

	Attributable to equity holders of the Parent				Minority interest	Total equity
	Capital Reserves		Revenue Reserve			
	Share Capital	Revaluation Reserve of an associated Company	Unappropriated Profit	Total		
Balance as at 30 June 2005	853,808,870	32,557,138	688,290	339,825,833	186,538,212	1,413,418,343
Exchange translation difference recognized directly in equity Profit for the period	-	-	681,551	-	1,766,334	2,447,885
Total recognized income and expense for the period	-	-	-	59,522,312	6,831,553	66,353,865
Balance as at 30 September 2005	853,808,870	32,557,138	1,369,841	399,348,145	8,597,887	68,801,750
Balance as at 30 June 2006	1,003,225,410	32,557,138	(173,170)	670,009,966	270,455,075	1,976,074,419
Exchange translation difference recognized directly in equity Profit for the period	-	-	(2,294,094)	34,181,989	(684,500)	(2,978,594)
Total recognized income and expenses for the period	-	-	(2,294,094)	34,181,989	17,771,946	51,953,935
Sale of investment	-	(7,243,195)	-	7,243,195	17,087,446	48,975,341
Balance as at 30 September 2006	1,003,225,410	25,313,943	(2,467,264)	711,435,150	287,542,521	2,025,049,760

The annexed notes form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2006**

1. STATUS AND NATURE OF BUSINESS

First Capital Securities Corporation Limited (FCSC) ("the Parent Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Parent Company is situated at 103 C/II, Gulberg III, Lahore. The Parent Company 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

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

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding annual accounts of the company for the year ended 30 June 2006.

4. SUBSIDIARY COMPANIES

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

	Percentage of Holding	
	30 September 2006	30 June 2006
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

5. INVESTMENTS IN ASSOCIATES

	30 September 2006 Rupees	30 June 2006 Rupees
Opening balance	1,378,216,591	1,024,502,437
Add: Acquisition of additional shares	-	123,405,270
Less: Shares disposed off	(106,800,000)	-
Add: Share of profit	18,392,387	230,308,884
Closing balance	1,289,808,978	1,378,216,591

6 Loan and advances

This includes an amount of Rs. 253,281,068/- (June 2006: Rs. 121,418,678/-) as exposure deposited with the Karachi Stock Exchange Guarantee Limited under the exposure rules.

	<u>30 September 2006</u> Rupees	<u>30 June 2006</u> Rupees
7 Placements		
Secured - Considered good		
Placement on account of continuous funding system	118,630,926	7,641,520
Securities purchased under the resale agreements of quoted shares - Related Party	350,000,000	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	<u>110,000,000</u>	<u>110,000,000</u>
	<u>578,630,926</u>	<u>467,641,520</u>
8 Short term investments		
Investments measured at fair value through profit and loss account		
Cost of investments	369,064,646	156,841,138
Less: Unrealised gain on remeasurement of investments	<u>34,028,965</u>	<u>146,417,158</u>
	<u>403,093,611</u>	<u>303,258,296</u>

9 Short term borrowings

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

10 Contingencies and commitments

CONTINGENCIES

There was no change in contingencies as disclosed in the annual accounts for the year ended 30 June 2006.

COMMITMENTS

- a) FCEL has agreed to pay a further sum of Rs. 42,804,000/- on account of property to be acquired at Islamabad Stock Exchange (Guarantee) Limited which possession will be transferred to the FCEL in the year 2008.
- b) Commitment includes giving delivery of shares of various listed companies having fair value of Rs.118,630,926/- against placements under Continuous Funding System as disclosed in note 7 to the financial statements.

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 transactions with related parties are as follows:

	<u>Jul-Sep 2006</u> Rupees	<u>Jul-Sep 2005</u> Rupees
Associated companies		
Brokerage income	11,297,114	7,653,152
Interest on long term loans	410,950	-
Finance cost charged	36,384	-
Mark up Income	857,370	1,806,473
Income from Financial Consultancy Services	2,928,520	2,500,000
Advisory fee	1,636,521	775,640
Take-up commission	149,838	-
Insurance premium	70,830	319,378
Insurance claim	10,436	-

12 EARNINGS PER SHARE-BASIC

	Rupees	Rupees
Net profit for the period (Rupees)	<u>34,181,989</u>	<u>59,522,312</u>
		Restated
Weighted average ordinary shares outstanding (Number)	<u>100,322,541</u>	<u>100,322,541</u>
Earnings per share (Rupees)	<u>0.34</u>	<u>0.59</u>

13 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 30 October 2006 by the Board of Directors of the Parent Company.

The Board of Directors of the Parent Company in their meeting held on 09 October has recommended bonus shares at the rate of 35 shares for each 100 shares held i.e. 35% (2005: 17.5%) as a final dividend.

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.