

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**

**QUARTERLY ACCOUNTS  
(Un-Audited)**

**30 SEPTEMBER 2005**

# Contents

***Page Five***

Company information

***Page Six***

Directors' review

***Page Seven***

*Balance sheet*

***Page Eight***

Profit & loss account

***Page Nine***

Cash flow statement

***Page Ten***

Statement of changes in equity

***Page Eleven***

Notes to the accounts

***Page Fourteen***

Consolidated accounts

## Company Information

<b>Board of Directors</b>	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Sulieaman Ahmed Said Al-Hoqani Shaan Taseer Jamal Said Al-Ojaili Khawaja Khalil Shah Syed Kashan Kazmi
<b>Chief Financial Officer</b>	Syed Kashan Kazmi
<b>Audit Committee</b>	Shaan Taseer (Chairman) Aamna Taseer (Member) Khawaja Khalil Shah (Member)
<b>Company Secretary</b>	Nauman Rahman
<b>Auditors</b>	Taseer Hadi Khalid & Co. Chartered Accountants
<b>Legal Adviser</b>	Rehman Saleem & Tarar Advocates
<b>Bankers</b>	Citi Bank N.A. Faysal Bank Limited Muslim Commercial Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Standard Chartered Bank
<b>Registrar and Shares Transfer Office</b>	THK Associates (Pvt.) Limited Ground Floor Modern Motors House Beaumont Road, Karachi ☎ (021) 5689021
<b>Registered Office/Head Office</b>	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 2005.

### Operating Results

The operating results of the Company are summarized below:

	2005 Rupees	2004 Rupees
Revenue	19,516,912	21,871,731
Operating expenses	7,514,871	7,449,318
Operating profit	12,002,041	14,422,413
Other revenues	1,937,228	565,747
Finance cost	4,774,959	3,921,606
Unrealized gain/(loss) on re-measurement of short term investments	35,901,534	(5,141,870)
Profit before tax	45,065,844	5,924,684
Taxation	-	57,262
Profit after taxation	45,065,844	5,867,422
Earnings per share Basic	0.53	0.07

During the period under review the Company has reported operating revenues of Rs.12.00 million as compared to Rs.14.42 million in the corresponding period last year. The Company has earned good returns on its short term investments by securing capital gain of Rs 14.48 million and also recorded Rs.35.90 million unrealized gain on re-measurement of short term investments, which increased over all profitability of the Company.

During the period under review, the Company has changed its accounting policy with regards to measurements of investments in subsidiary and associated companies from equity method to fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" to conform with the requirements of the revised International Accounting Standard 28 (Investments in Associates). This change in accounting policy has been fully explained in Note 4 to the accounts for the quarter ended 30 September 2005.

Amongst subsidiaries, the equity brokerage business showed sound performed. First Capital Equities Ltd. (FCCEL) has recorded after tax profit of Rs. 3.04 million as compared to Rs. 1.15 million in the same period last year. Lanka Securities (Pvt.) Limited Sri Lanka generated net profit of Pak Rs.10.84 million (Lankan Rs.18.38 million) for the same period. World Press (Pvt.) Ltd. earned net profit of Rs.1.47 million as compared to Rs.1.31 million in the corresponding period last year. First Capital Investments Limited (FCIL) is performing well and growing its assets under management with the addition of new funds and specialized advisory solutions.

### Future Outlook

During the previous years the Company had invested heavily into telecom and property sector. Worldcall Group is working on consolidation of all its telecom and broad band businesses in the interest of shareholders and other stake holders. The vision is to be a full telecom, including broad band, services provider under one entity. Necessary approval for consolidation of different entities under one umbrella shall be placed before the shareholders for approval in due course as and when required.

The property division through Pace (Pakistan) Limited has launched a new project at Gujranwala during the period which like its previous projects received tremendous response.

Following the success of its earlier ventures and in order to capitalize on the opportunities available in the high growth real estate / retail sectors and hotelling business in Pakistan, Pace has successfully bid for an ideally located piece of land in the cantonment area next to the new Lahore international airport. This landmark initiative entails the construction of a complex comprising of a grand luxury hotel, a world-class shopping mall, a modern apartment building and an office block over an area of approximately 41 kanals.

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

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  
31 October 2005

Salmaan Taseer  
Chairman & Chief Executive Officer

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT 30 SEPTEMBER 2005**

	30 September 2005	30 June 2005
Note	Rupees	Rupees
<b>NON CURRENT ASSETS</b>		
Property and equipment	3,246,873	3,547,410
Long term investments	1,717,810,408	1,762,759,785
Long term deposits	201,050	926,050
	<u>1,721,258,331</u>	<u>1,767,233,245</u>
<b>CURRENT ASSETS</b>		
Trade debts	21,959,020	19,132,399
Loans and advances	28,627,655	13,083,738
Short term prepayments	167,167	88,116
Other receivables	24,040,458	23,273,580
Short term investments	260,153,361	219,691,627
Cash and bank balances	2,819,731	5,137,377
	<u>337,767,392</u>	<u>280,406,837</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5,653,207	5,097,606
Mark up accrued on loans and other payables	5,070,762	4,084,608
Short term borrowings	132,084,048	126,877,485
Current portion of obligations under finance leases	1,550,002	970,086
Provision for taxation	9,846,586	9,846,586
	<u>154,204,605</u>	<u>146,876,371</u>
<b>WORKING CAPITAL</b>	<u>183,562,787</u>	<u>133,530,466</u>
<b>NET ASSETS</b>	<u>1,904,821,118</u>	<u>1,900,763,711</u>
<b>NON CURRENT LIABILITIES</b>		
Liabilities against assets subject to finance lease	563,327	1,429,742
Deferred liability for staff gratuity	3,567,216	3,320,061
	<u>4,130,543</u>	<u>4,749,803</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-
<b>NET CAPITAL EMPLOYED</b>	<u>1,900,690,575</u>	<u>1,896,013,908</u>
<b>REPRESENTED BY:</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Issued, subscribed and paid-up capital	853,808,870	853,808,870
Reserves	1,046,881,705	1,042,205,038
	<u>1,900,690,575</u>	<u>1,896,013,908</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

07

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

Note	July-Sep 2005	July-Sep 2004
	Rupees	Rupees
<b>OPERATING REVENUE</b>		
Financial consultancy services	2,500,000	8,750,000
Money market brokerage	2,538,724	1,771,058
Capital gain on investments	14,478,188	14,335,591
(Loss)/gain on disposal of investment property	-	(3,916,300)
Net rental income from investment property	-	931,382
	<u>19,516,912</u>	<u>21,871,731</u>
<b>OPERATING EXPENSES</b>	<u>7,514,871</u>	<u>7,449,318</u>
<b>OPERATING PROFIT</b>	<u>12,002,041</u>	<u>14,422,413</u>
<b>FINANCE COST</b>		
	<u>4,774,959</u>	<u>3,921,606</u>
	<u>7,227,082</u>	<u>10,500,807</u>
<b>OTHER INCOME</b>		
	<u>1,937,228</u>	<u>565,747</u>
	<u>9,164,310</u>	<u>11,066,554</u>
Unrealized gain/(loss) on remeasurement of short term investments	35,901,534	(5,141,870)
<b>PROFIT BEFORE TAXATION</b>	<u>45,065,844</u>	<u>5,924,684</u>
Taxation	-	(57,262)
<b>PROFIT AFTER TAXATION</b>	<u>45,065,844</u>	<u>5,867,422</u>
<b>Earnings per share- basic</b>	<u>9</u> <u>0.53</u>	<u>0.07</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

08

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

	July-Sep 2005	July-Sep 2004
	Rupees	Rupees
<b>Cash flow from operating activities</b>		
Profit before taxation	45,065,844	5,924,684
Adjustments for:		
Finance cost	4,774,959	3,921,606
Unrealized loss on remeasurement of short term investments	(35,901,534)	5,141,870
Loss on disposal of investment property	-	3,916,300
Depreciation	338,037	337,648
Provision for gratuity	247,155	201,206
	<u>(30,541,383)</u>	<u>13,518,630</u>
	<u>14,524,461</u>	<u>19,443,314</u>
<b>(Increase)/decrease in current assets</b>		
Trade debts	(2,826,621)	(43,724,269)
Loans and advances	(15,543,917)	(65,090)
Short term prepayments	(79,051)	-
Other receivables	(607,454)	-
Short term investments	(4,560,200)	-
	<u>(23,617,243)</u>	<u>(43,789,359)</u>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	560,485	2,871,880
Short term borrowings	5,206,563	-
	<u>5,767,048</u>	<u>2,871,880</u>
<b>Cash generated from operations</b>	<u>(3,325,734)</u>	<u>(21,474,165)</u>
Gratuity paid	-	(15,000)
Finance cost paid	(3,788,805)	(248,475)
Taxes paid	(159,424)	(134,914)
	<u>(3,948,229)</u>	<u>(398,389)</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(7,273,963)</u>	<u>(21,872,554)</u>
<b>Cash flow from investing activities</b>		
Capital expenditure	(37,500)	(96,900)
Proceeds from disposal of investment property	-	61,103,000
Long term investments	4,560,200	(35,112,000)
Long term deposits	725,000	-
<b>Net cash used in investing activities</b>	<u>5,247,700</u>	<u>25,894,100</u>
<b>Cash flow from financing activities</b>		
Dividend paid	(4,884)	(4,007)
Repayment against lease finance	(286,499)	(234,713)
<b>Net cash flow (used in)/generated from financing activities</b>	<u>(291,383)</u>	<u>(238,720)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(2,317,646)</u>	<u>3,782,826</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>5,137,377</u>	<u>7,949,710</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>2,819,731</u>	<u>11,732,536</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

09

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

	Share Capital Rupees	Share Premium Rupees	Revaluation Reserve of an associated Company Rupees	Fair value Reserve Rupees	Unappropriated Profit Rupees	Total Rupees
<b>Balance as at 30 June 2004 as previously reported</b>	469,125,760	2,643,800	32,557,138	-	424,099,340	928,426,038
Effect of change in accounting policy	-	-	(82,557,138)	961,515,237	(208,655,177)	720,302,922
<b>Restated balance as at 30 June 2004</b>	469,125,760	2,643,800	-	961,515,237	215,444,163	1,648,728,960
Profit for the period	-	-	-	-	5,867,422	5,867,422
Fair value adjustment of investments	-	-	-	(121,520,734)	-	(121,520,734)
<b>Balance as at 30 September 2004</b>	<u>469,125,760</u>	<u>2,643,800</u>	<u>-</u>	<u>839,994,503</u>	<u>221,311,585</u>	<u>1,533,075,648</u>
<b>Balance as at 30 June 2005 as previously reported</b>	853,808,870	-	32,557,138	-	488,714,919	1,375,080,927
Effect of change in accounting policy	-	-	(82,557,138)	936,656,745	(883,166,626)	520,932,981
<b>Restated balance as at 30 June 2005</b>	853,808,870	-	-	936,656,745	105,548,293	1,896,013,908
Profit for the period	-	-	-	-	45,065,844	45,065,844
Fair value adjustment of investments	-	-	-	(40,389,177)	-	(40,389,177)
<b>Balance as at 30 September 2005</b>	<u>853,808,870</u>	<u>-</u>	<u>-</u>	<u>896,267,568</u>	<u>150,614,137</u>	<u>1,900,690,575</u>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

10

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER AND PERIOD ENDED 31 MARCH 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 Standards (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 June 30, 2005, except for the following due to change in International Accounting Standard (IAS) - 28.

**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 at cost, and the carrying amount of these investments were increased or decreased to recognize the Company's share of the profit or loss of the subsidiary and associated companies were recognized in profit and loss account in accordance with superceded 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 measure 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 358,740,147 (June 2005: Rupees 383,166,626) and Long term investments would have been lower by Rupees 480,543,804 (June 2005: Rupees 520,932,981).

	July-Sep 2005 Rupees	July-Sep 2005 Rupees
<b>5. Long term investments</b>		
<i>Available for sale</i>		
Subsidiary companies	821,138,486	811,586,474
Associated companies	941,621,299	983,231,801
	<u>1,762,759,785</u>	<u>1,794,818,275</u>
Fair value adjustment on remeasurement	(40,389,177)	(32,058,490)
	<u>1,722,370,608</u>	<u>1,762,759,785</u>
<b>6. Short term investments</b>		
<i>Investments measured through profit and loss account</i>		
Investment in subsidiary company	192,239,200	187,679,000
Investments in associated companies	27,012,627	34,755,278
Investments in other companies	5,000,000	5,000,000
	<u>224,251,827</u>	<u>227,434,278</u>
Unrealized gain/(loss) on remeasurement of short term investments	35,901,534	(7,742,651)
	<u>260,153,361</u>	<u>219,691,627</u>
<b>7. Contingencies And Commitments</b>		
These were no change in contingencies and commitments disclosed in the annual accounts for the year ended 30 June 2005.		
<b>8. Transactions With Related Parties</b>		
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:		
	July-Sep 2005 Rupees	July-Sep 2005 Rupees
Transaction of shares		
- Purchases	373,410,563	314,847,172
- Sales	387,882,113	329,182,763
Investments in subsidiaries and associated companies	-	35,112,000
Consultancy fee charged	2,500,000	8,750,000
Mark up income	1,860,775	573,865
Insurance premium	319,378	63,947
Insurance claim	75,880	37,600
Commission paid	135,000	186,400
<b>9. Earnings Per Share-Basic</b>		
Net profit for the year (Rupees)	<u>45,065,844</u>	<u>5,867,422</u>
Average ordinary shares outstanding (Number)	<u>85,380,886</u>	<u>85,380,886</u>
Earnings per share-Basic (Rupees)	<u>0.53</u>	<u>0.07</u>

**10. Bonus shares**

The Board of Directors in its meeting held on 08 October 2005 has recommended bonus shares at the rate of 17.5 shares for each 100 shares held, i.e. 17.5% as a final dividend.

**11. Date of authorization for issue**

These financial statements were authorised for issue on 31 October 2005 by the Board of Directors of the Company.

**12. Comparative figures**

The corresponding figures have been re-arranged due to the revisions in Fourth Schedule to the Companies Ordinance, 1984.

**13. General**

13.1 Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET (UN-AUDITED)  
AS AT 30 SEPTEMBER 2005**

	Note	30 September 2005 Rupees	30 June 2005 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		68,748,899	65,060,695
Goodwill		(80,315,419)	(80,315,419)
Membership cards and licenses		67,578,022	67,884,136
Long term investments	5	1,030,453,351	1,024,502,437
Deferred tax asset		1,995,533	-
Long term deposits		15,071,389	9,115,253
Deferred costs		8,288	9,041
		<u>1,103,540,063</u>	<u>1,086,256,143</u>
<b>CURRENT ASSETS</b>			
Stock in trade		1,897,929	1,194,011
Trade debts		402,219,362	388,817,595
Loans, advances and deposits		259,262,531	53,446,063
Short term prepayments		229,839	1,852,579
Other receivables		61,311,394	69,656,457
Placements		342,300,000	200,000,000
Interest receivable		9,015,919	2,140,383
Short term investments	6	243,080,538	120,409,297
Cash and bank balances		208,315,209	163,281,840
		<u>1,527,632,721</u>	<u>1,000,798,225</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		648,461,615	322,096,915
Mark up accrued		13,935,107	9,347,165
Short term borrowings		433,047,820	297,647,495
Current maturity of liabilities against assets subject to finance lease		4,448,221	4,337,137
Provision for taxation	7	29,047,372	21,995,972
		<u>1,128,940,135</u>	<u>655,424,684</u>
<b>NET CURRENT ASSETS</b>			
		<u>398,692,586</u>	<u>345,373,541</u>
<b>NET ASSETS</b>			
		<u>1,502,232,649</u>	<u>1,431,629,684</u>
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		4,467,727	5,727,842
Deferred tax liabilities		2,486,973	502,362
Deferred liability for staff gratuity		13,057,856	12,120,923
		<u>20,012,556</u>	<u>18,351,127</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>NET CAPITAL EMPLOYED</b>			
		<u>1,482,220,093</u>	<u>1,413,278,557</u>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid up capital	9	853,808,870	853,808,870
Reserves	10	433,823,629	372,931,476
		<u>1,287,632,499</u>	<u>1,226,740,346</u>
<b>MINORITY INTEREST</b>			
		194,587,594	186,538,211
		<u>1,482,220,093</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 & ITS SUBSIDIARY COMPANIES  
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

	Note	July-Sep 2005 Rupees	July-Sep 2004 Rupees
Revenue		102,861,519	86,223,248
Direct costs		7,734,062	6,028,502
<b>GROSS PROFIT</b>		<b>95,127,457</b>	<b>80,194,746</b>
Operating expenses		49,609,143	39,044,900
<b>OPERATING PROFIT</b>		<b>45,518,314</b>	<b>41,149,846</b>
Other income		13,518,173	3,218,433
		59,036,487	44,368,279
Finance and other cost		15,144,523	5,961,162
		43,891,964	38,407,117
Share in profit/(loss) of associated companies		5,950,914	(739,284)
Unrealized (loss)/gain on remeasurement of short term investments		28,828,018	(18,080,464)
<b>PROFIT BEFORE TAXATION</b>		<b>78,670,896</b>	<b>19,587,369</b>
Taxation	7	(12,317,031)	(5,755,303)
<b>PROFIT AFTER TAXATION</b>		<b>66,353,865</b>	<b>13,832,066</b>
Minority interest		(6,831,553)	(3,282,823)
<b>PROFIT ATTRIBUTABLE TO HOLDING COMPANY</b>		<b>59,522,312</b>	<b>10,549,243</b>
<b>Earnings per share - Basic</b>	<b>12</b>	<b>0.70</b>	<b>0.12</b>

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

**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES  
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

	July-September 2005 Rupees	July-September 2004 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	78,670,896	19,587,369
<b>Adjustments for:</b>		
Depreciation	3,615,779	1,626,737
Finance costs	15,144,523	1,724,203
Amortization of deferred costs	753	753
Gain on disposal of assets	(792,501)	-
Loss on disposal of investment property	-	3,916,300
Share in profit of associated companies	(5,950,914)	739,284
Unrealized gain on remeasurement of short term investments	(28,828,018)	18,080,464
Dividend income	-	(1,025,228)
Provision for gratuity	893,613	838,890
	(15,916,765)	25,901,403
<b>(Increase)/decrease in:</b>		
Stock in trade	(703,918)	97,896
Trade debts	(13,401,767)	162,029,536
Loans, advances and deposits	(203,229,954)	61,619,757
Short term prepayments	1,622,740	1,563,507
Other receivables	8,345,063	6,578,569
Placements	(142,300,000)	-
Interest receivable	(6,875,536)	-
Short term investments	(93,843,223)	(66,663,936)
<b>Increase/(decrease) in:</b>		
Trade and other payables	326,359,816	(187,960,744)
Short term borrowings	135,400,325	191,269,673
	11,373,546	168,534,258
<b>Cash inflow from operating activities</b>	<b>74,127,677</b>	<b>214,023,030</b>
Gratuity paid	43,320	(811,845)
Finance costs paid	(10,556,581)	82,828
Tax paid	(5,265,631)	(2,672,009)
<b>Net cash inflow from operating activities</b>	<b>58,348,785</b>	<b>210,622,004</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Fixed capital expenditure	(7,794,179)	(14,152,690)
Sale proceeds of property, plant and equipment	1,282,700	216,580
Sale proceeds from disposal of investment property - net	-	61,103,000
Membership cards and licenses	306,114	-
Dividend received	-	1,025,228
Long term investments	-	(35,112,000)
Long term deposits	(5,956,136)	(261,380)
<b>Net cash (used)/generated from investing activities</b>	<b>(12,161,501)</b>	<b>12,818,738</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Obligation under finance lease	(1,149,031)	(244,432)
Dividend paid	(4,884)	(4,007)
<b>Net cash (used)/generated from financing activities</b>	<b>(1,153,915)</b>	<b>(248,439)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>45,033,369</b>	<b>223,192,303</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>163,281,840</b>	<b>(51,604,071)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>208,315,209</b>	<b>171,588,232</b>

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

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR



**FIRST CAPITAL SECURITIES CORPORATION LIMITED & ITS SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

	Share Capital Rupees	Share Premium Rupees	Revaluation Reserve of an associated Company Rupees	Unappropriated Profit Rupees	Total Rupees
<b>Balance as at 30 June 2004</b>	469,125,760	2,643,800	32,557,138	255,546,510	759,873,208
Profit for the period ended 30 September 2004	-	-	-	10,549,243	10,549,243
Adjustment for exchange difference	-	-	-	(960,129)	(960,129)
<b>Balance as at 30 September 2004</b>	<u>469,125,760</u>	<u>2,643,800</u>	<u>32,557,138</u>	<u>265,135,624</u>	<u>769,462,322</u>
<b>Balance as at 30 June 2005</b>	853,808,870	-	32,557,138	340,374,338	1,226,740,346
Profit for the period ended 30 September 2005	-	-	-	59,522,312	59,522,312
Adjustment for exchange difference	-	-	-	1,369,841	1,369,841
<b>Balance as at 30 September 2005</b>	<u>853,808,870</u>	<u>-</u>	<u>32,557,138</u>	<u>401,266,491</u>	<u>1,287,632,499</u>

17

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 & ITS SUBSIDIARY COMPANIES  
NOTES TO THE CONSOLIDATED ACCOUNTS (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2005**

**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 June 30, 2005.

**4. SUBSIDIARY COMPANIES**

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

	Percentage of Holding	
	30 September 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

18

	<b>30 September 2005</b>	30 June 2005
	<b>Rupees</b>	Rupees
<b>5. LONG TERM INVESTMENTS</b>		
Opening balance	<b>1,024,502,437</b>	604,962,998
Add: Acquisition of additional shares	-	301,876,723
Add: Share of profit	<b>5,950,914</b>	117,662,716
Closing balance	<b><u>1,030,453,351</u></b>	<u>1,024,502,437</u>

#### 6. SHORT TERM INVESTMENTS

Investments measured through profit and loss account		
Cost of investments	<b>214,252,520</b>	150,106,317
Less: Unrealised gain/(loss) on remeasurement of investments	<b>28,828,018</b>	(29,697,020)
	<b><u>243,080,538</u></b>	<u>120,409,297</u>

#### 7. TAXATION

Provision for taxation based on estimates and final taxation liability will be determined in the annual accounts.

#### 8. CONTINGENCIES AND COMMITMENTS

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

	<b>30 September 2005</b>	30 June 2005
	<b>Rupees</b>	Rupees
<b>9. SHARE CAPITAL</b>		
<b>Authorized</b>		
100,000,000 ordinary shares of Rs. 10/- each	<b><u>1,000,000,000</u></b>	<u>1,000,000,000</u>
<b>Issued, subscribed and paid-up</b>		
85,530,887 ordinary shares of Rs. 10/- each	<b><u>853,808,870</u></b>	<u>853,808,870</u>
<b>10. RESERVES</b>		
Revaluation reserve of an associated company	<b>32,557,138</b>	32,557,138
Unappropriated profit	<b>401,266,491</b>	340,374,338
	<b><u>433,823,629</u></b>	<u>372,931,476</u>

#### 11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities over which the Group is able to exercise significant influence, entities with common directors, major shareholders, directors and key management personnel. Balances with related parties are shown elsewhere in the accounts. Significant transactions with related parties are as follows:

	<b>30 September 2005</b>	30 September 2005
	<b>Rupees</b>	Rupees
Transaction of shares		
- Purchase	<b>373,410,563</b>	314,847,172
- Sale	<b>387,882,113</b>	329,182,763
Consultancy fee charged	<b>2,500,000</b>	8,750,000
Advisory fee charged	<b>775,640</b>	582,429
Insurance premium	<b>319,378</b>	63,947
Markup income	<b>1,860,775</b>	573,865
Commission paid	<b>135,000</b>	186,400

#### 12. EARNINGS PER SHARE-BASIC

Net profit for the period (Rupees)	<b><u>59,522,312</u></b>	<u>10,549,243</u>
Average ordinary shares outstanding (Number)	<b><u>85,380,886</u></b>	<u>85,380,886</u>
Earnings per share-Basic (Rupees)	<b><u>0.70</u></b>	<u>0.12</u>

#### 13. BONUS SHARES

The Bard of Directors in its meeting held on 08 October 2005 has recommended bonus shares at the rate of 17.5 for each 100 shares held, i.e. 17.5% as a final dividend.

#### 14. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on 31 October 2005.

#### 15. COMPARATIVE FIGURES

The corresponding figures have been re-arranged where necessary due to revisions in Fourth Schedule to the Companies Ordinance, 1984.

#### 16. GENERAL

Figures have been rounded off to the nearest rupee.