

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**

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

**31 DECEMBER 2007**

# Contents

***Page Five***

Company information

***Page Seven***

Directors' review

***Page Eight***

*Review report*

***Page Nine***

*Balance sheet*

***Page Ten***

Profit & loss account

***Page Eleven***

Cash flow statement

***Page Twelve***

Statement of changes in equity

***Page Thirteen***

Notes to the accounts

***Page Seventeen***

Consolidated accounts

# FIRST CAPITAL SECURITIES CORPORATION LIMITED

## COMPANY INFORMATION

<b>Board of Directors</b>	Salmaan Taseer (Chairman & Chief Executive Officer) Aamna Taseer Sulaiman 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 Board of Directors is pleased to present the auditors' reviewed financial statements of First Capital Securities Corporation Limited (the "Company" or "FCSC") for the half year ended 31 December 2007.

#### Operational Results

The operating results of the Company are summarized as follows:

	31 December 2007 Rupees	31 December 2006 Rupees
Revenue	328,999,910	297,330,962
Operating Expenses	23,695,073	20,339,745
Operating Profit	305,304,837	276,991,217
Finance and other costs	22,705,325	15,390,839
Profit after Taxation	284,222,855	263,253,517
Earnings per Share (basic and diluted)	1.75	1.62

During the half year under review the Company posted revenue of Rs. 328.99 million as compared to Rs. 297.33 million in the corresponding prior period, showing an increase of 10.65%. The Company's operating costs increased by Rs. 3.35 million which in line with the prevailing inflation rate. After tax profit increased to Rs. 284.22 million as compared to Rs. 263.25 million translating into 8% increase in earning per share (diluted EPS) to Rs. 1.75 from Rs. 1.62 for the corresponding period last year.

Oman Telecommunications Company (S.A.O.G) ("Omantel") has signed a Share Purchase Agreement ("SPA") with the majority sponsors group of Worldcall Telecom Limited (WTL) to purchase 451,236,394 ordinary shares from these sponsors. Under the terms of the SPA Omantel will be making a public offer to acquire a further 37,603,033 ordinary shares in compliance with the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002. Assuming the successful completion of this public offer Omantel would have an aggregate shareholding of 488,839,427 ordinary shares representing approximately 65% of the existing capital of WTL. The subject acquisition (including the public offer) by Omantel is subject to necessary regulatory approvals and satisfaction of conditions precedent stipulated in the SPA.

The rationale for the acquisition of 65% shares of the existing paid up capital of WTL is that WTL is a party to two loan agreements which give conversion rights to lenders. On the assumption that the conversions take place under both agreements, Omantel wishes to ensure that it holds more than 51% of the issued share capital of WTL after the exercise of all existing conversion rights. Upon the completion of the acquisition by Omantel, the majority shareholding of WTL will be controlled by Omantel and Omantel will have majority representation on the Board of Directors of WTL.

#### Future Outlook

The Company achieved yet another milestone with the signing of the share purchase agreement with Omantel. Transfer of shares is expected to be completed in the current financial year. The additional cash flows generated from sale of WTL shares will be utilized prudently to avail other business opportunities that will further strengthen the Company's prospects by increasing its profitability.

In view of the above, FCSC's future looks promising. The Company will continue to focus on improving its revenue streams through higher utilization of assets and diversified investments. The Company has made large scale investment in its subsidiaries and associated companies that are demonstrating good financial performance and successfully maintaining their profitability. The Company expects steady growth & stability in all sectors of its investment especially in capital markets, real estate, print & electronic media and equity brokerage services.

In the end, we wish to place on record our sincere gratitude for the assistance and co-operation provided by financial institutions, Government authorities and other stakeholders in attaining such commendable performance. The management would also like to admire the spirit and commitment of the employees for their hard work and dedication towards the Company.

For and on behalf of the Board of Directors

Lahore  
29 February 2008

Salmaan Taseer  
Chairman & Chief Executive Officer

## FIRST CAPITAL SECURITIES CORPORATION LIMITED

### Independent Report on Review of Condensed Interim Financial Information to the members of First Capital Securities Corporation Limited

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Capital Securities Corporation Limited** ("the Company") as at 31 December 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable relating to interim financial reporting in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

The figures for the quarter ended 31 December 2007 in the condensed interim profit and loss account have not been reviewed and we do not express an opinion on them.

Lahore  
29 February 2008

KPMG Taseer Hadi & Co.  
Chartered Accountants

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT 31 DECEMBER 2007**

	Note	Un-audited 31 December 2007 Rupees	Audited 30 June 2007 Rupees
<b>NON CURRENT ASSETS</b>			
Property and equipment		2,881,663	2,189,747
Long term loans		15,520,000	15,520,000
Long term investments	5	2,725,469,182	2,088,526,928
Long term deposits		146,838	37,500
		<u>2,744,017,683</u>	<u>2,106,274,175</u>
<b>Current assets</b>			
Trade debts		3,655,109	4,143,302
Loans and advances		155,000	430,932
Short term prepayments		120,273	115,596
Taxation recoverable		18,451,366	17,471,892
Other receivables		-	299,549
Investments at fair value through profit or loss	6	3,487,954,535	3,203,171,616
Cash and bank balances		6,820,251	17,754,146
		<u>3,517,156,534</u>	<u>3,243,387,033</u>
<b>Current liabilities</b>			
Current portion of liabilities against assets subject to finance lease		295,674	154,068
Mark up accrued		4,284,409	4,696,157
Short term borrowings - secured	7	336,833,769	295,000,000
Trade and other payables		5,470,698	5,339,498
		<u>346,884,550</u>	<u>305,189,723</u>
<b>Working capital</b>		<u>3,170,271,984</u>	<u>2,938,197,310</u>
<b>Net assets</b>		<u>5,914,289,667</u>	<u>5,044,471,485</u>
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease		699,433	-
Staff retirement benefits		6,569,354	5,567,012
		<u>7,268,787</u>	<u>5,567,012</u>
<b>Contingencies and commitments</b>	8		
<b>Net capital employed</b>		<u>5,907,020,880</u>	<u>5,038,904,473</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital		1,625,225,160	1,354,354,300
Capital reserve		2,251,599,276	1,667,705,724
Unappropriated profit		2,030,196,444	2,016,844,449
		<u>5,907,020,880</u>	<u>5,038,904,473</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	Six months ended		Three months ended	
	31 December 2007 Rupees	31 December 2006 Rupees	31 December 2007 Rupees	31 December 2006 Rupees
<b>Operating revenue</b>				
Financial consultancy services	4,521,875	6,027,768	2,646,875	3,018,248
Money market services	6,227,137	5,305,966	3,563,490	2,817,968
Gain/(loss) on sale of investments	3,929,629	(23,393,864)	5,128,677	(17,948,851)
Unrealized gain on remeasurement of investments at fair value through profit or loss	312,041,069	308,337,017	102,807,330	110,339,368
Dividend income	2,280,200	1,054,075	725,000	994,700
	<u>328,999,910</u>	<u>297,330,962</u>	<u>114,871,372</u>	<u>99,221,433</u>
Operating expenses	23,695,073	20,339,745	15,355,057	11,225,778
<b>Operating profit</b>	<u>305,304,837</u>	<u>276,991,217</u>	<u>99,516,315</u>	<u>87,995,655</u>
Finance and other costs	22,705,325	15,390,839	12,167,243	7,779,319
	<u>282,599,512</u>	<u>261,600,378</u>	<u>87,349,072</u>	<u>80,216,336</u>
Other operating income	1,905,108	1,754,736	1,268,766	885,568
<b>Profit before taxation</b>	<u>284,504,620</u>	<u>263,355,114</u>	<u>88,617,838</u>	<u>81,101,904</u>
Taxation	281,765	101,597	268,447	101,597
<b>Profit after taxation</b>	<u>284,222,855</u>	<u>263,253,517</u>	<u>88,349,391</u>	<u>81,000,307</u>
<b>Earnings per share- basic and diluted</b>	<u>1.75</u>	<u>1.62</u>	<u>0.54</u>	<u>0.50</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	<b>31 December 2007 Rupees</b>	<b>31 December 2006 Rupees</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	284,504,620	263,355,114
Adjustments for:		
Finance and other costs	22,705,325	15,390,839
Unrealized gain on remeasurement of investments at fair value through profit or loss	(312,041,069)	(308,337,017)
Dividend income	(2,280,200)	(1,054,075)
Depreciation	664,241	588,380
Gain on disposal of property and equipment	(621,000)	-
Mark up income	(1,282,330)	(1,773,212)
Provision for gratuity-net	1,002,342	636,034
	<b>(291,852,691)</b>	<b>(294,549,051)</b>
	<b>(7,348,071)</b>	<b>(31,193,937)</b>
<b>Loss before working capital changes</b>		
<b>Effect on cash flow due to working capital changes:</b>		
Trade debts	488,193	301,573
Loans and advances	275,932	51,196
Short term prepayments	(4,677)	46,772
Other receivables	144,034	641,635
Short term investments-net	27,258,150	33,889,233
Trade and other payables	131,200	(388,354)
	<b>28,292,832</b>	<b>34,542,055</b>
	<b>20,944,761</b>	<b>3,348,118</b>
<b>Cash generated from operations</b>		
Finance and other costs paid	(23,117,073)	(14,673,616)
Long term deposits	(109,338)	84,500
Taxes paid	(1,261,239)	(935,287)
	<b>(24,487,650)</b>	<b>(15,524,403)</b>
<b>Net cash used in operating activities</b>	<b>(3,542,889)</b>	<b>(12,176,285)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(250,157)	(360,700)
Dividend received	2,435,715	898,560
Proceeds from disposal of property and equipment	621,000	-
Long term investments	(53,048,702)	-
Long term loans-net	-	(1,316,501)
Mark up received	1,282,330	1,926,005
<b>Net cash (used in)/generated from investing activities</b>	<b>(48,959,814)</b>	<b>1,147,364</b>
<b>Cash flows from financing activities</b>		
Repayment of liabilities against assets subject to finance lease	(264,961)	(996,175)
Short term borrowings-net	41,833,769	6,183,492
<b>Net cash generated from financing activities</b>	<b>41,568,808</b>	<b>5,187,317</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,933,895)</b>	<b>(5,841,604)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>17,754,146</b>	<b>8,978,128</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,820,251</b>	<b>3,136,524</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**(UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	<b>Share capital Rupees</b>	<b>Capital reserve Fair value reserve Rupees</b>	<b>Revenue reserve Unappropriated profit Rupees</b>	<b>Total Rupees</b>
<b>Balance as at 30 June 2006</b>	1,003,225,410	612,996,894	732,421,358	2,348,643,662
Fair value gain during the period	-	91,487,190	-	91,487,190
Profit for the period	-	-	263,253,517	263,253,517
<b>Total recognized income and expenses for the period</b>	-	91,487,190	263,253,517	354,740,707
Issuance of bonus shares	351,128,890	-	(351,128,890)	-
<b>Balance as at 31 December 2006</b>	1,354,354,300	704,484,084	644,545,985	2,703,384,369
Fair value gain during the period	-	963,221,640	-	963,221,640
Profit for the period	-	-	1,372,298,464	1,372,298,464
<b>Total recognized income and expenses for the period</b>	-	963,221,640	1,372,298,464	2,335,520,104
<b>Balance as at 30 June 2007</b>	1,354,354,300	1,667,705,724	2,016,844,449	5,038,904,473
Fair value gain during the period	-	583,893,552	-	583,893,552
Profit for the period	-	-	284,222,855	284,222,855
<b>Total recognized income and expenses for the period</b>	-	583,893,552	284,222,855	868,116,407
Issuance of bonus shares	270,870,860	-	(270,870,860)	-
<b>Balance as at 31 December 2007</b>	<b>1,625,225,160</b>	<b>2,251,599,276</b>	<b>2,030,196,444</b>	<b>5,907,020,880</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

**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**

This condensed interim financial information is un-audited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. The condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2007.

The condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

**3 Accounting policies**

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in preparing the financial statements for the year ended 30 June 2007.

**4 Estimates**

The preparation of condensed interim financial information 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 2007.

	<b>Note</b>	<b>31 December 2007 Rupees</b>	<b>30 June 2007 Rupees</b>
<b>5 Long term investments</b>			
<i>Available for sale</i>			
Subsidiary companies	5.1	<b>2,011,530,630</b>	903,773,098
Associated companies		<b>130,045,000</b>	130,045,000
Unrealized gain on revaluation of available for sale investments recognized directly in equity		<b><u>583,893,552</u></b>	<u>1,054,708,830</u>
		<b><u>2,725,469,182</u></b>	<u>2,088,526,928</u>

5.1 During this period, First Capital Equities Limited issued bonus shares @ 60%.

**6 Investments at fair value through profit or loss**

**Held for trading**

Related parties	6.1	<b>4,791,920</b>	3,008,975
Others		<b>41,959,229</b>	63,150,302
<b>Others - related parties</b>		<b><u>3,129,162,317</u></b>	<u>1,460,046,380</u>
		<b><u>3,175,913,466</u></b>	<u>1,526,205,657</u>

Unrealised gain on account of remeasurement to fair value during the period

<b>312,041,069</b>	1,676,965,959
<b><u>3,487,954,535</u></b>	<u>3,203,171,616</u>

6.1 Subsequent to the period ended 31 December 2007, the Company has executed an agreement with Oman Telecommunications Company, dated 18 February 2008, to sell 76,422,454 shares of Worldcall Telecom Limited at a price of Rs. 25 per share. The difference between contracted price and market price as at balance sheet date amounting to Rs. 641,948,614 would be recognised subsequently in the financial statements.

	<b>31 December 2007 Rupees</b>	<b>30 June 2007 Rupees</b>
<b>7 SHORT TERM BORROWINGS - SECURED</b>		
Running facility with Bank Alfalah Limited	<b>11,833,769</b>	-
Securities sold under repurchase agreements		
First Capital Equities Limited - related party	<b>325,000,000</b>	170,000,000
Salman Services (Private) Limited	-	75,000,000
First Dawood Investment Bank Limited	-	50,000,000
	<b><u>325,000,000</u></b>	<u>295,000,000</u>
	<b><u>336,833,769</u></b>	<u>295,000,000</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		

There is no change in contingencies and commitments from those disclosed in the published financial statements of the Company for the year ended 30 June 2007.

**9 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:

	<b>31 December 2007 Rupees</b>	<b>31 December 2006 Rupees</b>
<b>Subsidiary companies</b>		
Finance cost charged	<b>6,071,713</b>	13,216,573
Brokerage commission paid	<b>851,390</b>	2,564,048
Long term investments purchased	<b>53,048,702</b>	-
Purchase of goods/services	<b>607,617</b>	398,239
Short term investments sold	-	2,965,766
Short term borrowings - Repo	<b>525,000,000</b>	355,000,000
Repayment of short term borrowings - Repo	<b>370,000,000</b>	395,000,000

	31 December 2007 Rupees	31 December 2006 Rupees
<b>Associated companies</b>		
Finance cost charged	4,932	36,384
Mark up income	1,251,804	1,749,422
Income from financial consultancy services	4,521,875	5,937,768
Short term borrowings availed and repaid	1,000,000	-
Insurance premium	264,225	118,639
Insurance claim	201,865	10,436
Short term investments sold	-	113,601,600

	31 December 2007 Rupees	30 June 2007 Rupees
<b>Period end balances</b>		
<b>Subsidiary companies</b>		
Short term borrowings - secured	325,000,000	170,000,000
<b>Associated companies</b>		
Long term loan	15,520,000	15,520,000
Trade debts	-	3,000,000

#### 10 Date of authorization for issue

These unaudited condensed interim financial information for the six months ended 31 December 2007 were authorized for issue on 29 February 2008 by the Board of Directors of the Company.

#### 11 GENERAL

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 2007**

## FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP

### Directors' Review on Condensed Consolidated Financial Statements

The directors of First Capital Securities Corporation Limited are pleased to present the auditors reviewed consolidated financial statements of the group for the half year ended 31 December 2007.

	Rupees in million	
	2007	2006
Revenue	<b>573</b>	200
Direct Costs	<b>99</b>	18
Operating Expenses	<b>193</b>	136
Operating Profit	<b>281</b>	47
Share of profit of associated companies	<b>35</b>	77
Unrealized (loss)/gain on re measurement of investment	<b>(78)</b>	17
Profit after Taxation	<b>176</b>	114
Minority interest	<b>115</b>	30
Earnings per Share - (Basic and diluted)	<b>0.37</b>	0.51

First Capital Securities Corporation Limited and its subsidiaries have performed well and reported stable growth in earnings during the half-year under review. The group as a whole has portrayed satisfactory results where the revenue increased from Rs. 200 million to Rs. 573 million while net profit figure increased to Rs. 176 million as compared to Rs. 114 million translating into an earning per share (EPS basic & diluted) of Rs. 0.37 and Rs. 0.51 for the corresponding period last year.

First Capital Equities Limited ("FCEL") posted good results during the period, earning brokerage revenue of Rs. 354 million which is more than 2.5 times higher than the revenue in the corresponding period last year. Profit after tax improved to Rs. 254 million as compared to Rs. 73 million in the corresponding period which boosted up the earnings per share by 246% from Rs. 0.85 to Rs. 2.49 per share.

Sri Lanka based brokerage subsidiary Lanka Securities (Pvt) Limited ("LSL") reported revenues of Rs. 19.11 million where profit before tax stood at Rs. 6 million translating into EPS of Rs 0.16.

Income of First Capital Investments Limited ("FCIL") from investment advisory services increased by 19% to Rs. 5.2 million from Rs. 4.4 million as compared to the corresponding period of the preceding year, translating into loss per share of Rs. 0.82.

World Press posted net revenues of Rs. 23.5 million which is 18% higher than the corresponding figure for last year. Net profit stood at Rs. 1.2 million translating into EPS of Rs. 1.78.

### FUTURE OUTLOOK

FCSC group has made diversified investments in telecom, property, print & electronic media and equity brokerage services and all the companies have reported good profits in the current period. Pakistan's economy could not sustain its previous growth trend in the initial months of FY'08, mainly on account of political uncertainty and deteriorating law and order situation. The recovery of capital markets subsequent to December 2007 improved political situation and overall promising progress refers to a positive and prosperous growth of the Company in the next period.

The Board of Directors wishes to express its appreciation and gratitude to the stakeholders for their constant support and to employees for their ongoing dedication and commitment to the Group.

For and on behalf of the Board of Directors

Lahore  
29 February 2008

Salmaan Taseer  
Chairman & Chief Executive Officer

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)  
AS AT 31 DECEMBER 2007**

	Note	Un-audited 31 December 2007 Rupees	Audited 30 June 2007 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		411,690,661	346,120,922
Capital work in progress		32,211,734	2,678,710
Intangible assets		40,700,000	51,023,266
Long term loans		25,710,000	25,710,000
Investment in associates	5	604,071,832	568,887,962
Investment - available for sale		121,767,150	33,159,280
Long term deposits and advances		152,545,186	82,870,841
Deferred tax assets		3,281,118	-
		<u>1,391,977,681</u>	<u>1,110,450,981</u>
<b>Current assets</b>			
Inventories		21,280,391	15,357,071
Trade debts		979,844,243	379,698,461
Loans and advances	6	254,173,690	930,393,432
Short term prepayments		8,996,062	3,796,838
Taxation recoverable		37,168,110	36,156,666
Deposits and other receivables		30,248,880	71,469,581
Placements	7	1,703,992,000	988,750,000
Interest receivable		24,325,107	11,727,558
Short term investments	8	2,423,254,596	2,202,067,054
Cash and bank balances		388,703,369	286,494,519
		<u>5,871,986,448</u>	<u>4,925,911,180</u>
<b>Current liabilities</b>			
Trade and other payables		455,541,357	707,159,788
Mark up accrued		52,152,992	22,900,176
Liability against repurchase agreement		814,992,000	923,750,000
Short term borrowings	9 10	1,993,855,818	883,716,052
Current portion of liabilities against assets subject to finance lease		9,611,158	4,092,412
Current portion of long term finance		-	5,040,000
		<u>3,326,153,325</u>	<u>2,546,658,428</u>
<b>Net current assets</b>		<u>2,545,833,123</u>	<u>2,379,252,752</u>
<b>Net assets</b>		<u>3,937,810,804</u>	<u>3,489,703,733</u>
<b>Non current liabilities</b>			
Liabilities against assets subject to finance lease		27,178,778	12,620,469
Long term finance		-	3,240,000
Deferred tax liability		2,559,726	71,303
Staff retirement benefits		29,605,795	25,191,914
		<u>59,344,299</u>	<u>41,123,686</u>
<b>Contingencies and commitments</b>	11		
<b>Net capital employed</b>		<u>3,878,466,505</u>	<u>3,448,580,047</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital		1,625,225,160	1,354,354,300
Exchange translation reserve		1,667,943	(2,347,636)
Reserves capitalised		298,968,600	80,898,000
Revaluation reserve of an associated company		25,313,943	25,313,943
Unappropriated profit		1,239,229,775	1,450,492,381
<b>Capital and reserves attributable to equity holders of the parent company</b>		<u>3,190,405,421</u>	<u>2,908,710,988</u>
Minority interest		688,061,084	539,869,059
		<u>3,878,466,505</u>	<u>3,448,580,047</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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 2007**

		Six months ended		Three months ended	
	Note	31 December 2007 Rupees	31 December 2006 Rupees	31 December 2007 Rupees	31 December 2006 Rupees
Revenue		572,597,783	200,354,562	336,059,853	102,395,926
Direct costs		98,525,614	18,240,107	51,978,696	11,084,488
<b>Gross profit</b>		<u>474,072,169</u>	<u>182,114,455</u>	<u>284,081,157</u>	<u>91,311,438</u>
Operating expenses		192,872,315	135,525,716	107,798,242	69,275,036
<b>Operating profit</b>		<u>281,199,854</u>	<u>46,588,739</u>	<u>176,282,915</u>	<u>22,036,402</u>
Other income		102,012,793	83,069,199	61,691,519	57,455,676
		<u>383,212,647</u>	<u>129,657,938</u>	<u>237,974,434</u>	<u>79,492,078</u>
Finance costs		124,806,190	75,401,947	75,987,135	38,779,911
		<u>258,406,457</u>	<u>54,255,991</u>	<u>161,987,299</u>	<u>40,712,167</u>
Share of profit of associated companies		35,183,870	77,139,806	26,690,421	58,747,419
Unrealized (loss)/gain on remeasurement of short term investments		(78,038,773)	17,014,671	(270,406,931)	(17,014,294)
<b>Profit before taxation</b>		<u>215,551,554</u>	<u>148,410,468</u>	<u>(81,729,211)</u>	<u>82,445,292</u>
Taxation		39,746,655	34,472,341	22,498,079	20,461,100
<b>Profit after taxation</b>		<u>175,804,899</u>	<u>113,938,127</u>	<u>(104,227,290)</u>	<u>61,984,192</u>
Minority interest		115,273,161	30,351,821	81,853,640	12,579,875
<b>Profit attributable to parent company</b>		<u>60,531,738</u>	<u>83,586,306</u>	<u>(186,080,930)</u>	<u>49,404,317</u>
<b>Earnings per share - basic and diluted</b>	13	<u>0.37</u>	<u>0.51</u>	<u>(1.14)</u>	<u>0.30</u>

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

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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 2007**

	<b>31 December 2007</b>	<b>31 December 2006</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	215,551,554	148,410,468
Adjustments for:		
Depreciation	28,359,819	10,680,273
Finance cost	124,806,190	75,401,947
Gain on remeasurement of short term investments	78,038,773	(17,014,671)
Dividend income	(2,482,669)	(59,375)
Amortization of deferred cost	-	(965,612)
Amortization of goodwill	-	(574,437)
Gain on disposal of property, plant and equipment	(792,175)	(1,409,880)
Exchange translation difference	(4,015,579)	-
Retirement benefits	5,411,131	2,546,072
Share of profit of associated companies	(35,183,870)	(77,139,806)
Mark up income	(105,890,369)	(29,778,808)
	<b>88,251,251</b>	<b>(38,314,297)</b>
<b>Profit before working capital changes</b>	<b>303,802,805</b>	<b>110,096,171</b>
Effect on cash flow due to working capital changes:		
(Increase)/decrease in:		
Inventories	(5,923,320)	(4,054,042)
Trade debts	(414,535,321)	(93,528,119)
Loans and advances	691,677,062	(19,762,386)
Short term prepayments	(5,199,224)	(545,056)
Deposits and other receivables	41,220,701	11,235,740
Short term investments - net	(299,226,315)	(134,959,790)
Placements	(715,242,000)	(172,358,480)
Interest receivable	(12,597,549)	(2,302,506)
Increase/(decrease) in:		
Trade and other payables	(251,618,431)	(77,920,915)
Liability against repurchase agreement	(108,758,000)	95,000,000
Short term borrowings	1,110,139,766	305,846,737
	<b>29,937,369</b>	<b>(93,348,817)</b>
<b>Cash generated from/(used in) operations</b>	<b>333,740,174</b>	<b>16,747,354</b>
Long term deposits and advances	(69,674,345)	(13,411,355)
Retirement benefits paid	(997,250)	-
Finance costs paid	(95,553,374)	(67,758,394)
Taxes paid	41,223,634	(36,398,913)
<b>Net cash generated from/(used in) operating activities</b>	<b>208,738,839</b>	<b>(100,821,308)</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(123,648,729)	(22,032,634)
Sale proceeds of property, plant and equipment	978,322	2,215,802
Investment made during the period	(88,607,870)	-
Dividend received	2,518,184	59,375
Investment in associates	-	91,804,860
Long term Loans	-	(1,316,501)
Mark up received	90,433,049	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(118,327,044)</b>	<b>70,730,902</b>
<b>Cash flows from financing activities</b>		
Repayment of liabilities against assets subject to finance lease	20,077,055	501,112
Long term finance	(8,280,000)	(881,092)
<b>Net cash generated from financing activities</b>	<b>11,797,055</b>	<b>(379,980)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>102,208,850</b>	<b>(30,470,386)</b>
<b>Exchange loss on translation of deposit account</b>		
<b>Cash and cash equivalents in the beginning of the period</b>	<b>286,494,519</b>	<b>308,453,860</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>388,703,369</b>	<b>277,983,474</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Attributable to equity holders of the Parent						
	Share capital Rupees	Revaluation reserve of an associated company Rupees	Reverse capitalised Rupees	Revenue Reserve			
				Currency translation reserve Rupees	Unappropriated profit Rupees	Total Rupees	
Balance as at 30 June 2006	1,003,225,410	32,557,138	-	(173,170)	670,009,966	1,705,619,344	1,976,074,419
Exchange translation difference recognized directly in equity	-	-	-	(1,502,091)	-	(1,502,091)	(145,261)
Profit for the period	-	-	-	-	83,586,306	83,586,306	30,351,821
Total recognized income and expense for the period	-	-	-	(1,502,091)	83,586,306	82,084,215	30,206,560
Issuance of share capital	351,128,890	-	-	-	(351,128,890)	-	-
Bonus issue of equity shares by subsidiary	-	(7,243,195)	80,699,531	-	7,243,195	80,699,531	-
Disposal of investment	351,128,890	(7,243,195)	80,699,531	-	(343,885,695)	80,699,531	80,699,531
Balance as at 31 December 2006	1,354,354,300	25,313,943	80,699,531	(1,675,261)	409,710,577	1,868,403,090	300,661,635
Balance as at 30 June 2007	1,354,354,300	25,313,943	80,898,000	(2,347,636)	1,450,492,381	2,908,710,988	539,869,059
Adjustment for profit of subsidiary	-	-	-	-	(923,484)	(923,484)	923,484
Exchange translation difference recognized directly in equity	-	-	-	4,015,579	-	4,015,579	817,292
Profit for the period	-	-	-	-	60,531,738	60,531,738	115,273,161
Total recognized income and expenses for the period	-	-	-	4,015,579	59,608,254	63,623,833	117,013,937
Disposal of investment	-	-	-	-	-	-	(7,667,759)
Issue of bonus shares by subsidiary	-	-	218,070,600	-	-	218,070,600	218,070,600
Reserve on issue of right shares by subsidiary	-	-	-	-	-	-	20,134,862
Share premium on right issue by subsidiary	-	-	-	-	-	-	18,710,985
Issuance of share capital	270,870,860	-	-	-	(270,870,860)	-	-
Bonus issue	270,870,860	-	218,070,600	-	(270,870,860)	218,070,600	31,178,088
Balance as at 31 December 2007	1,625,225,160	25,313,943	298,968,600	1,667,943	1,239,229,775	3,190,405,421	688,061,084
							3,878,466,505

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

**FIRST CAPITAL SECURITIES CORPORATION LIMITED GROUP**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED**  
**ACCOUNTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**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 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 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 financial statements are the same as those applied in the preparation of the preceding consolidated financial statements for the year ended 30 June 2007.

**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 2007</b>	<b>30 June 2007</b>
First Capital Equities Limited (FCEL)	<b>67.29</b>	67.29
Lanka Securities (Pvt.) Limited, Sri Lanka	<b>51</b>	51
First Capital Investments Limited	<b>65.79</b>	65.79
Mileage (Pvt.) Limited	<b>100</b>	100
World Press (Pvt.) Limited	<b>65</b>	65
Trident Construct (Pvt.) Limited	<b>51</b>	51.76

- 4.1** Equity Partners Securities Limited (EPSL) was subsidiary of FCEL and during the period, it has sold its entire share holding due to which EPSL have not been consolidated in these accounts.

**5. Investment in associates**

	<b>31 December 2007 Rupees</b>	<b>30 June 2007 Rupees</b>
Opening balance	<b>568,887,962</b>	1,378,216,591
Add: Acquisition of additional shares	-	34,995,140
Shares disposed off	-	(114,043,195)
Transfer to short term investment	-	(812,949,863)
Effect of investment transfer to subsidiary	-	(10,200,000)
	-	(937,193,058)
Share of profit	<b>35,183,870</b>	98,869,289
Dividend received	-	(6,000,000)
	<b>35,183,870</b>	92,869,289
Closing balance	<b>604,071,832</b>	568,887,962

**6. Loan and advances**

This includes an amount of Rs. 206,956,147/- (June 2006: Rs. 909,146,666/-) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the exposure rules.

	<b>31 December 2007 Rupees</b>	<b>30 June 2007 Rupees</b>
<b>7 Placements</b>		
Securities purchased under the resale agreements of quoted shares - Related Party	<b>1,094,140,000</b>	350,000,000
Securities purchased under the resale agreements of quoted shares - Others	<b>609,852,000</b>	638,750,000
	<b>1,703,992,000</b>	988,750,000

**8. Short term investments**

Investments measured at fair value through profit and loss account		
Carrying amount of investments	<b>2,501,293,369</b>	1,284,853,951
Un-realised gain on remeasurement of investments	<b>(78,038,773)</b>	917,213,103
	<b>2,423,254,596</b>	2,202,067,054

**9. Liability against repurchase agreement**

This represent the amount payable to financial institutions under the repurchase agreement against the securities given under the arrangement. The effective interest rate is 11 % to 14.5 % per annum (June 2007: 12.75% to 15%) and is for a period of one to three months.

**10. Short term borrowings**

The facilities are obtained from various commercial banks under mark up arrangements amounting to Rupees 3,775 million (June 2007 : Rs.1,425 million). These facilities carry mark up at the rate ranging from 1 - 6 months KIBOR plus 1.8 % to 3 % (June 2007: 2 % to 4.25 %) per annum with floor limits ranging from 11.8% to 13% per annum (June 2007: 10 % to 13 %) payable quarterly and are secured against pledge of shares of listed companies.

## 11 Contingencies and commitments

There is no significant change in contingencies and commitments disclosed in the annual audited consolidated financial statements for the year ended June 30, 2007.

## 12 Transactions with related parties

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

	31 December 2007 Rupees	31 December 2006 Rupees
<b>Associated companies</b>		
Brokerage income	17,021,010	16,246,538
Repurchase agreement arrangement fee	269,542	375,000
Placements entered	2,041,040,000	1,290,000,000
Income earned on placement	40,382,693	29,910,646
Finance cost charged	4,932	36,384
Mark up Income	2,067,004	2,836,355
Income from Financial Consultancy Services	9,764,308	10,351,312
Insurance premium	264,225	118,639
Insurance claim	201,865	10,436
Short term investments sold	-	113,601,600
Take-up commission	-	149,838
	31 December 2007 Rupees	31 December 2006 Rupees

## 13 Earnings per share-basic

Net profit for the period	Rupees	60,531,738	83,586,306
			Restated
Average ordinary shares outstanding	Shares	162,522,516	162,522,516
Earnings per share-Basic	Rupees	0.37	0.51

## 14 Date of authorization

These financial statements were authorized for issue on 29 February 2008 by the Board of Directors of the Parent Company.

## 15 General

Figures have been rounded off to the nearest rupee.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR