

## FIRST CAPITAL EQUITIES LIMITED

### CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED

DECEMBER 31, 2010

## MISSION

Our mission is to strive to become the **Leading Brokerage and its Related Business Company and Best Employer** in each market that we operate. We will adhere to the following principles and provide execution to direct our future. We shall experience growth through building quality relationships, knowledge, service and innovation.

### *Dedicated to Make it Happen*

- CLIENTS:** We will offer every Client: Fast & Friendly Service, Commitment, Cleanliness, Dedication, Excellence, & Trust.
- ASSOCIATES:** We will offer every associate: Development, Loyalty, Opportunities, Open-Door, Teamwork, Training, & Benefits.
- IMAGE:** We will operate every facility: Professionally, Helpful, Positive, Bright, Clean, & Consistent.
- COMMUNITY:** We will offer every community: Involvement, Support, Stability, Respect, Assistance & Environmental Awareness.
- STANDARDS:** We will operate our business: Ethically, Competitively, Safely, Innovative, with High Expectations, & Quality Products.

## VISION

Our Vision is linked with our Mission to be the **Leading Brokerage and its Related Business Company and Best Employer** in each market we operate. Our Vision will guide and direct us towards our mission, and communicates what we believe in as an operations group.

### *We Believe In*

- Obligation to serve the *Shareholders' Interest*
- Providing Clients with *Consistent Outstanding Services*
- Showing and encouraging *Teamwork*
- Maintaining and developing high standards of *Image*
- Treating people with *Respect*
- Creating and developing a *Positive Environment*
- Building a *Reputation For Success*
- Providing services with the *Highest Quality*
- Operating with the highest *Integrity & Honesty*
- Exploring and encouraging *New & Innovative Ideas*
- Providing positive *Recognition & Reinforcement*
- Becoming a dependant fiber in every *Community*
- Continue to focus our associates with *Development & Training*
- Building and consistently growing overall *Revenues*
- Provide every Client with a *Pleasant Experience*
- Stay focused on our business by *Listening Intently*

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## FIRST CAPITAL EQUITIES LIMITED

### COMPANY INFORMATION

<b>Board of Directors</b>	Mian Ehsan ul Haq <i>Chairman &amp; Chief Executive Officer</i>
	Farooq Bin Habib Ashraf Liaquat Ali Khan Samira Ahmad Zia Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
<b>Chief Financial Officer</b>	Mazhar Abbas
<b>Audit Committee</b>	Samira Ahmad Zia (Chairperson) Muhammad Zubair Khalid Ahsan Zia
<b>Company Secretary</b>	Arshad Ali
<b>Auditors</b>	Nasir Javaid Maqsood Imran Chartered Accountants
<b>Legal Adviser</b>	Tassawur Ali Hashmi Advocates, Karachi
<b>Bankers</b>	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited Mybank Limited NIB Bank Limited Saudi Pak Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited
<b>Registered Office</b>	103-C/II, Gulberg-III Lahore, Pakistan Tele: +92-42-35757591-4 Fax: +92-42-35757590, 35877920
<b>Main Corporate Office</b>	4 <sup>th</sup> Floor, Block B, C & D Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Tele: +92-21-111 226 226 Fax: +92-21-35656710
<b>Registrar and Shares Transfer Office</b>	Corplink (Pvt.) Limited Wings Arcade,1-K, Commercial Model Town, Lahore Tele: +92-42-35839182

## DIRECTORS' REVIEW

The Directors of First Capital Equities Limited ("the Company") are pleased to present the unaudited condensed interim financial statement of the Company for the half year ended December 31, 2010.

## CAPITAL MARKET REVIEW

Pakistan Capital Market, as represented by KSE 100 Index benchmark gained 39% closed on 12,022 level at the close of 2<sup>nd</sup> quarter of FY011. Market capitalization ended the period at Rs. 3.26 tn on 31 December 2010 up 9.57% from Rs. 2.948tn on June 30, 2010. This improved performance mainly ensued from the decision regarding the introduction of the leverage product at local bourses. This helped in regaining investors' confidence in a way that it drove out the fear of inquisition of taxation authorities regarding source of capital post CGT imposition.

With respect to the Margin Trading System (MTS), the implementation of the leverage product would be the probable market trigger and solid progress in this regard would support to increase volumes at the exchange which are not significantly increased with respect to the KSE 100 Index.

The economy of Pakistan is facing additional challenges due to the recent devastating floods in the country creating problems of higher budget deficits and inflation. Though agricultural crop have been damaged due to the flood but higher prices of commodities would bring more cash flow in agriculture economy. Energy shortage still persists and is likely to affect growth in GDP.

## FINANCIAL HIGHLIGHTS

Following is the key financial highlights of your Company for the period;

Particulars	July to Dec 2010	July to Dec 2009
	Rupees	
Brokerage and operating income	64,575,904	74,891,221
Capital gain net	841,605	195,967
Income from placements	56,523,940	137,128,886
Other operating income	6,284,126	4,060,617
Unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss	(24,556,958)	20,666,516
Loss after taxation	(261,540,553)	(123,495,440)
Earnings Per Share	(2.42)	(1.14)

Brokerage revenue of your Company registered a decline of 13.85 % at Rs 64.5 million during the period under review. However, the impact of lower operating revenues was somehow reduced by the gain of Rs 25.39 million (realized and unrealized) on stock market investments, booked by your company. Moreover, the income from placement dropped by 58.78 % to Rs 56.5 million. Operating expenses increased by 27.5 % to PRs 135 million. Furthermore, financial charges of your company remained 9 % lower at PRs 229 million, which provided due support to the underlying earnings of your Company. On net basis, due to the cumulative effect of the factors discussed above, the bottom line of Your Company remained negative with a net loss of PRs 261.6 Million.

Your Company remains committed to its ongoing two prong strategy of stabilizing revenue stream and controlling cost. Going forward, your company's focused strategy would be based

on providing quality service, broadening clientele and controlling cost. However, due to the recent floods the macro indicators of the country have once again come under pressure and have notably tighten the business environment of the country. Your Company is striving hard to cope with these challenges head-on. Importantly, the long awaited leverage product duly approved by the apex regulator is also likely to be implemented soon which would improve the trading activity at Pakistan stock market and hence bode well for your company's future performance.

## FUTURE OUTLOOK

In order to explore further business opportunities, Board of Directors have recommended its shareholders to approve a special resolution to amend the object clause of the Memorandum of Association of the Company (for inclusion of commodity exchange business and deletion of investment advisory business from the said clause) subject to the completion of all necessary legal formalities as published in the Annual Report 2010. The Company is in the process of obtaining membership of Commodity Brokerage.

Moreover National Clearing Company Limited and Karachi Stock Exchange (Guarantee) Limited started mock sessions of MTS and SECP issued rules of the leveraged markets. This significant improvement may create volumes in the market which may result in increase of brokerage and operating income of your Company.

Going forward, your Company's focused strategy would be based on providing quality service, broadening client base and controlling cost. With the improved macro-economic condition and revival in the stock market, the management of your Company is committed to improve the revenue base and recover the losses.

## ELECTION OF DIRECTORS

The exiting Board of Directors were re-appointed in Extra Ordinary General Meeting of the Company held on December 30, 2010, for a period of three years. Further, the Chief Executive Officer was reappointed by the Board of Directors on December 30, 2010 for a period of three years on the previous terms and conditions.

## ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders and the banks for their continued valuable support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. Finally, the Board would like to record its appreciation to all the staff members for their continued hard work.

For and on behalf of the Board

Lahore  
February 22, 2011

  
Mian Ehsan Ul Haq  
Chairman and Chief Executive Officer

**FIRST CAPITAL EQUITIES LIMITED  
INDEPENDENT REPORT ON REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS  
TO THE MEMBERS OF FIRST CAPITAL EQUITIES LIMITED**

We have reviewed the accompanying condensed interim balance sheet of **First Capital Equities Limited**, as at **31 December 2010**, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement & condensed interim statement of changes in equity for the half-year then ended (here-in-after referred to as "Interim Financial Information"). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim financial information as at and for the half year ended 31 December 2010 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 2010 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Place : Lahore  
Date : February 22, 2011

**NASIR JAVAID MAQSOOD IMRAN  
CHARTERED ACCOUNTANTS  
MUHAMMAD MAQSOOD**

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2010**

	Note	Un-Audited December 31, 2010 Rupees	Audited June 30, 2010 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment		83,372,199	89,342,531
Stock exchange membership card and room		40,700,000	40,700,000
Investments - available for sale	5	1,218,583,082	1,398,850,917
Long term deposits and advances		3,166,800	2,986,800
		<b>1,345,822,081</b>	<b>1,531,880,248</b>
<b>CURRENT ASSETS</b>			
Trade debts - Unsecured	6	2,753,505,291	2,530,561,419
Investments	7	254,443,251	294,494,187
Advances, deposits, prepayments and other receivables	8	17,587,576	33,131,149
Advance income tax		48,574,365	46,596,037
Placements		540,974,000	782,093,163
Interest accrued		1,498,511	4,621,217
Cash and bank balances		21,166,387	6,436,391
		<b>3,637,749,381</b>	<b>3,697,933,563</b>
<b>NON - CURRENT ASSETS - HELD FOR SALE</b>			
Investment Property		893,094,509	893,094,509
		<b>893,094,509</b>	<b>893,094,509</b>
<b>TOTAL ASSETS</b>		<b>5,876,665,971</b>	<b>6,122,908,320</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		1,100,000,000	1,100,000,000
Issued, subscribed and paid up share capital		1,080,315,000	1,080,315,000
Reserves		998,013,932	1,178,281,767
Unappropriated loss		(435,796,261)	(174,255,708)
		<b>1,642,532,671</b>	<b>2,084,341,059</b>
<b>TOTAL EQUITY</b>		<b>1,642,532,671</b>	<b>2,084,341,059</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	9	1,034,766,864	1,311,317,094
Staff retirement benefits		38,689,672	35,744,285
		<b>1,073,456,536</b>	<b>1,347,061,379</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables- Unsecured		301,728,135	285,259,856
Liabilities against repurchase agreements - Secured		199,400,000	189,400,000
Short term borrowings - Secured	10	1,326,295,666	1,321,948,788
Current portion of long term financing		902,482,108	642,400,255
Interest accrued		408,429,688	231,506,413
Provision for taxation		22,341,167	20,990,570
		<b>3,160,676,764</b>	<b>2,691,505,882</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,876,665,971</b>	<b>6,122,908,320</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore

  
Chief Executive

  
Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	July-Dec 2010 Rupees	July-Dec 2009 Rupees	Oct-Dec 2010 Rupees	Oct-Dec 2009 Rupees
<b>INCOME</b>				
Brokerage and operating income	64,575,904	74,891,221	40,127,676	33,381,753
Capital gain - net	841,605	195,967	1,472,605	53,204
Income from Placement	56,523,940	137,128,886	23,687,861	65,452,619
Other operating income	6,284,126	4,060,617	4,833,677	3,038,141
	<u>128,225,575</u>	<u>216,276,691</u>	<u>70,121,819</u>	<u>101,925,717</u>
Unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss	(24,556,958)	20,666,516	(7,027,078)	(63,818,773)
	<u>103,668,617</u>	<u>236,943,207</u>	<u>63,094,741</u>	<u>38,106,944</u>
<b>EXPENDITURE</b>				
Operating expenses	134,522,945	105,491,678	90,631,900	55,398,574
Finance costs	229,335,628	253,312,708	113,670,951	129,855,792
	<u>363,858,573</u>	<u>358,804,386</u>	<u>204,302,851</u>	<u>185,254,366</u>
<b>LOSS BEFORE TAXATION</b>	<u>(260,189,956)</u>	<u>(121,861,179)</u>	<u>(141,208,110)</u>	<u>(147,147,422)</u>
Taxation	1,350,597	1,634,261	744,441	744,042
<b>LOSS AFTER TAXATION</b>	<u>(261,540,553)</u>	<u>(123,495,440)</u>	<u>(141,952,551)</u>	<u>(147,891,464)</u>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>				
13	(2.42)	(1.14)	(1.31)	(1.37)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive

Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME-**  
**(Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	July-Dec 2010 Rupees	July-Dec 2009 Rupees	Oct-Dec 2010 Rupees	Oct-Dec 2009 Rupees
Loss after taxation	(261,540,553)	(123,495,440)	(141,952,551)	(147,891,464)
<b>Other comprehensive income</b>				
(Deficit) / Surplus on remeasurement of available for sale of financial assets - net of tax	(180,267,835)	468,294,472	(105,366,206)	(70,549,546)
<b>Total comprehensive (loss) / income for the period</b>	<u>(441,808,388)</u>	<u>344,799,032</u>	<u>(247,318,758)</u>	<u>(218,441,010)</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive

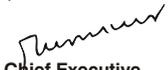
Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Jul-Dec 2010 Rupees	Jul-Dec 2009 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(260,189,956)	(121,861,179)
<b>Add: Items not involved in movement of funds</b>		
Depreciation	5,666,380	6,422,442
Loss / (gain) on re-measurement of investments at fair value through profit or loss - net	24,556,958	(20,666,516)
Provision for bad debts	47,497,874	25,000,000
Bad debts written off	215,142	-
Dividend income	-	(1,227,234)
Interest accrued	(56,863,488)	(137,685,392)
Interest expense	229,335,628	253,312,708
Gain on sale of property and equipment	(1,713,515)	(1,000,000)
Loss / (gain) on foreign currency translation	2,951	(343,126)
Provision for gratuity	4,947,580	5,157,000
	<u>253,645,510</u>	<u>128,969,883</u>
	(6,544,446)	7,108,704
<b>(Increase) / decrease in current assets</b>		
Investments at fair value through profit or loss	15,493,978	109,123,993
Trade debts - Unsecured	(270,306,876)	422,433,429
Advances, deposits, prepayments and other receivables	15,193,573	8,364,493
	<u>(239,619,325)</u>	<u>539,921,915</u>
<b>Increase / (decrease) in current liabilities in trade and other payables</b>	16,468,279	383,326,296
<b>Cash (used in) / generated from operations</b>	(229,695,492)	930,356,915
Dividend received	-	1,227,234
Interest received	59,986,194	150,834,698
Finance cost paid	(52,412,353)	(295,376,876)
Gratuity paid	(2,002,193)	(669,000)
Taxes paid	(1,978,329)	(2,358,956)
<b>Net cash (used in) / generated from operating activities</b>	(226,102,173)	784,014,015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(2,550)	(69,650)
Proceeds from sale of property and equipment	2,020,000	3,800,000
Investments property	-	(874,228,769)
Investment available for sale	-	(98,802,000)
Placements	241,119,163	242,358,348
Long term deposits and advances	(180,000)	(200,000)
<b>Net cash generated / (used) in investing activities</b>	242,956,613	(727,142,071)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	(16,468,377)	1,683,187,599
Liabilities against repurchase agreements	10,000,000	(48,000,430)
Short term borrowings	4,346,878	(1,688,744,977)
<b>Net cash used in financing activities</b>	(2,121,499)	(53,557,808)
Effects of exchange rate changes in cash and cash equivalents	(2,951)	345,417
<b>Net increase in cash and cash equivalents</b>	14,729,996	3,314,136
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6,436,391	7,374,395
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>21,166,387</u>	<u>11,033,948</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore

  
Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Issued, sub-scribed and paid up capital	Capital reserve			Revenue reserve Un-appropriated profit/(loss)	Total
		Share premium	Reserve for issue of bonus shares	Fair value reserve		
Rupees						
<b>Balance as at June 30, 2009</b>	1,080,315,000	-	-	499,254,882	131,408,664	1,710,978,546
Loss for the period after taxation	-	-	-	-	(123,495,440)	(123,495,440)
<b>Other comprehensive income for the period</b>						
Surplus on remeasurement of investment available for sale to fair value	-	-	-	468,294,472	-	468,294,472
Total other comprehensive income for the period - net of tax	-	-	-	468,294,472	-	468,294,472
Total comprehensive income for the period	-	-	-	468,294,472	(123,495,440)	344,799,032
<b>Balance as at December 31, 2009</b>	1,080,315,000	-	-	967,549,354	7,913,224	2,055,777,578
Loss for the period after taxation	-	-	-	-	(182,168,932)	(182,168,932)
<b>Other comprehensive income for the period</b>						
Surplus on remeasurement of investment available for sale to fair value	-	-	-	210,732,413	-	210,732,413
Total other comprehensive income for the period - net of tax	-	-	-	210,732,413	-	210,732,413
Total comprehensive income for the period	-	-	-	210,732,413	(182,168,932)	28,563,481
<b>Balance as at June 30, 2010</b>	1,080,315,000	-	-	1,178,281,767	(174,255,708)	2,084,341,059
<b>Total comprehensive income for the period</b>						
Loss for the period after taxation	-	-	-	-	(261,540,553)	(261,540,553)
<b>Other comprehensive loss for the period</b>						
Deficit on remeasurement of investment available for sale to fair value	-	-	-	(180,267,835)	-	(180,267,835)
Total other comprehensive loss for the period - net of tax	-	-	-	(180,267,835)	-	(180,267,835)
Total comprehensive loss for the period	-	-	-	(180,267,835)	(261,540,553)	(441,808,388)
<b>Balance as at December 31, 2010</b>	<u>1,080,315,000</u>	<u>-</u>	<u>-</u>	<u>998,013,932</u>	<u>(435,796,261)</u>	<u>1,642,532,671</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore:

  
Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL  
STATEMENTS - (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

**1 THE COMPANY AND ITS OPERATIONS**

First Capital Equities Limited, (the "Company") was incorporated on January 26, 1995 as private limited company, under the Companies Ordinance, 1984. The Company was converted into Public Limited Company on June 18, 1997 and is listed on Lahore Stock Exchange. The principal activities of the Company include share brokerage and conducting / publishing business research.

The Company is subsidiary of First Capital Securities Corporation Limited - a listed company which holds 72,690,200 (67.28 %) ordinary shares of the Company. The registered office of the Company is located at 103 C/II, Gulberg III, Lahore.

**2 BASIS OF PREPARATION**

This condensed interim financial statements are prepared in accordance with the requirements of International Accounting Standards (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders under section 245 of Companies Ordinance, 1984.

**3 ACCOUNTING POLICIES**

Accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2010.

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at cost.

**4. ESTIMATES**

The preparation of the condensed interim financial information requires management to make adjustments, estimates and assumptions 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 the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2010.

**5 INVESTMENTS - AVAILABLE FOR SALE**

	December 31, 2010 Rupees	June 30, 2010 Rupees
Media Times Limited	1,398,850,917	719,824,032
(Deficit)/surplus on remeasurement of investment available for sale to fair value for the period / year	(180,267,835)	679,026,885
	<u>1,218,583,082</u>	<u>1,398,850,917</u>

This represents 22,905,697 ordinary shares (June 2010 : 22,905,697) of Rs. 10/- each in Media Times Limited (MTL) representing 17.08 % of the issued capital of Media Times Limited. The company is a public limited company incorporated in Pakistan and is also listed on Karachi and Lahore Stock Exchanges.

Note	December 31, 2010 Rupees	June 30, 2010 Rupees
<b>6 TRADE DEBTS - UNSECURED</b>		
Trade debts against purchase of shares:		
considered good:		
Clients	2,753,191,799	2,530,282,127
Members	313,492	279,292
	<u>2,753,505,291</u>	<u>2,530,561,419</u>
considered doubtful:		
Clients	178,383,714	131,235,840
Members	3,911,979	3,911,979
	<u>182,295,693</u>	<u>135,147,819</u>
Less: Provision for doubtful debts	6.2 (182,295,693)	(135,147,819)
	<u>2,753,505,291</u>	<u>2,530,561,419</u>
<b>6.1</b> This includes an amount of Rs. 167,944,259/- (June 2010 Rs. 167,944,259/-) receivable from related party, Mr. Sulieman Ahmad Said Al-Houqani.		
	December 31, 2010 Rupees	June 30, 2010 Rupees
<b>6.2</b> Provision for doubtful debts		
Opening balance	135,147,819	85,147,819
Provision for doubtful debts written back	-	-
Charge for the period / year	6.2.1 47,147,874	50,000,000
	<u>182,295,693</u>	<u>135,147,819</u>
<b>6.2.1</b> During the period the Company has filed an application in SECP for winding up of Universal Equities (Pvt) Limited to recover the receivable amount. The management is confident that the decision will be in favour of the Company.		
	December 31, 2010 Rupees	June 30, 2010 Rupees
<b>7 INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
Quoted equity securities		
Carrying value / cost of investments	279,000,209	319,008,992
Unrealised loss on remeasurement of investments for the period / year	(24,556,958)	(24,514,805)
	<u>254,443,251</u>	<u>294,494,187</u>

## 8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. NIL (June 2010 : Rs. 10,536,381) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the Exposure Rules.

December 31, 2010	June 30, 2010
Rupees	Rupees

## 9 LONG TERM FINANCING - SECURED

Term finance facility	1,937,248,972	1,953,717,349
Less: Current portion shown under current liability	902,482,108	642,400,255
	<u>1,034,766,864</u>	<u>1,311,317,094</u>

These facilities have been obtained from various commercial banks and carries mark up at 8% and 6 months Kibor plus 2.5% (June 2010 : 8% and 6 months Kibor plus 2.5%) payable bi-annually. These facilities are secured against the pledge of shares, charge over trade receivables and equitable mortgage of certain properties. This also includes an amount of Rs. 5,031,623/- (June 2010 : Rs. 6,500,000) as unsecured long term loan from parent company carrying mark up rate of 3 months kibor plus 3 % (June 2010 : 3 months kibor plus 3%) per annum.

December 31, 2010	June 30, 2010
Rupees	Rupees

## 10 SHORT TERM BORROWING - Secured

<u>1,326,295,666</u>	<u>1,321,948,788</u>
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These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 1,554 million (June 2010 : Rs 1,554 million). These facilities carry mark up at rate ranging from 3 to 6 months KIBOR plus 3 % to 5 % per annum payable quarterly (June 2010 : 3 to 6 months KIBOR plus 3 % to 5 % per annum) with no floor and cap (June 2010: No floor and cap limit). These are secured against pledge of quoted equity securities having market value of Rs. 2,914,357,904 (June 2010 : Rs. 3,347,921,198) and certain investment properties.

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 CONTINGENCIES

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2010 except for the following:

During the period an irrevocable guarantee of Rs. 20 million has been given to Karachi Stock Exchange (Guarantee) limited against exposure by a commercial bank on behalf of the Company. This guarantee is secured against a lien marked on a bank balance of parent company.

Subsequent to the period, the JS Bank Limited demanded immediate repayment of outstanding liabilities in relation to finance facilities availed by the Company and a Notice u/s 176 of the "Contract Act 1872" was served to the Company by the JS Bank whereby selling of all pledged securities was threatened if the outstanding liability was not discharged. The Company has filed a suit before the Sindh High Court at Karachi under the original banking jurisdiction for recovery of an aggregate amount of Rs. 318,915,192/-

on account of actual losses and accrued damages against the JS Bank Limited for charging the exorbitant interest rate and unilaterally changing the margin requirements of the securities pledged with JS Bank Limited and alleged sale of some of pledged securities. The Company has raised strong legal and factual objections in respect to the threatened sale of the pledged securities and has obtained an injunctive order whereby the JS Bank Limited has been restrained from selling the securities pledged by the Company. The Company is very much confident of success of the case in its favour.

December 31, 2010	June 30, 2010
Rupees	Rupees

## 11.2 COMMITMENTS

Sale of Shares	127,876,922	96,730,665
Purchase of shares	80,276,224	96,344,449

## 12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated undertakings, directors, key management personnel and their close family members. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Six Months Ended December 31, 2010			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Parties
Rupees			

Brokerage Income	-	17,500	-	-
Long term loan obtained	-	5,031,623	-	-
Long term loan paid	-	6,500,000	-	-
Mark up on long term loan	-	636,876	-	-

Six Months Ended December 31, 2009			
Associated Company	Parent Company	Key management personnel of the entity, its parents and their close family members	Other Related Parties
Rupees			

Brokerage Income	-	735,106	2,452	-
Purchase of property	-	323,115,360	-	-

12.1 The amount due to / due from related parties are disclosed in respective notes to the financial information.

12.2 Other related parties include Mr. Sulieman Ahmad Said Al-Houqani.

### 13 EARNINGS PER SHARE - BASIC AND DILUTED

	July 01, 2010 to December 31, 2010	July 01, 2009 to December 31, 2009
Loss after taxation attributable to ordinary share holders - Rupees	<u>(261,540,553)</u>	<u>(123,495,440)</u>
Weighted average number of ordinary shares - Number	<u>108,031,500</u>	<u>108,031,500</u>
Earnings per share - Basic (Rupees per share)	<u>(2.42)</u>	<u>(1.14)</u>

13.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

### 14 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on February 22, 2011.

### 15 GENERAL

Figures have been rounded off to the nearest rupee.