



**FIRST CAPITAL EQUITIES LIMITED**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED**

**DECEMBER 31, 2008**

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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 Ahmed Zia Ahsan Zia Mazhar Abbas Muhammad Zubair Khalid
<b>Chief Financial Officer</b>	Mazhar Abbas
<b>Audit Committee</b>	Muhammad Zubair Khalid (Chairman) Samira Ahmed Zia Ahsan Zia
<b>Company Secretary</b>	Syed Akbar Naqi Zaidi
<b>Auditors</b>	Nasir Javaid Maqsood Imran Chartered Accountants
<b>Legal Advisers</b>	Tassawur Ali Hashmi Advocates, Karachi
<b>Bankers</b>	Arif Habib Bank Limited 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 My Bank Limited NIB Bank Limited Saudi Pak Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
<b>Registered Office</b>	103-C/II, Gulberg-III Lahore, Pakistan Tele: +92-42-5757591-4 Fax: +92-42-5757590, 5877920
<b>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: +92-21-5656710
<b>Registrar and Shares Transfer Office</b>	Corplink (Pvt.) Limited Wings Arcade,1-K, Commercial Model Town, Lahore Tele: +92-42-5839182

## DIRECTORS' REVIEW

The Directors of the company are pleased to present the condensed interim financial information of the company for the period ended December 31, 2008.

## CAPITAL MARKET REVIEW

The global financial crisis coupled with political instability, deteriorated law and order situation and negative economic indicators of our country have hit all sectors of economy especially financial sector and real estate sector. Pakistan market witnessed massive plunge in equity values with benchmark KSE-100 Index witnessing 52% decline in 1HFY09 at 5,865 points. Market capitalization of the Karachi market dropped to PRs1.86tn from PRs3.76tn - a decline of 51%. Following the persistent diminution in share prices, the governing board of KSE decided to place a floor on the price at Aug 27, 2008 level (9,144 points) so as to safeguard investors from further losses on their investments.

Nonetheless, the step to place floor on the value of securities negatively affected trading activities as there were more sellers than buyers in the market. And we saw historic low volumes in the market with trading activities almost halted. In order to liquidate their investments in the market, investors opted for the off-the-market trading windows where shares were traded around 25-30% discount from their floor values. After a span of three months, the apex regulator intervened and the floor was removed on Dec 15, 2008 on the directive of SECP. With no change in the sentiments, freefall in the equity values was witnessed after the removal of floor and index lost almost 36% in just one fortnight ending Dec 31, 2008.

Historic low volumes were recorded during the period under review at KSE. That said, average daily volumes in the ready counter stood considerably lower at 51mn shares (PRs2.6bn or US\$34mn) versus that of 261mn (PRs26bn or US\$425mn) during 1HFY08. Likewise, in the futures market, turnover remained extremely low with average daily volumes recorded at 5mn shares (PRs669mn or US\$8mn) compared to 54mn shares (PRs8.3bn or US\$138mn) in the same period of last fiscal year.

## FINANCIAL HIGHLIGHTS

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

Particulars	July to Dec 2008	July to Dec 2007
	Rupees	
Brokerage and operating income	323,023,782	353,715,548
Capital loss - net	(7,308,828)	(149,822)
Income from placements	254,045,661	97,197,206
Other operating income	68,897,377	9,564,429
Unrealized (loss)/ gain on remeasurement of investments at fair value through profit or loss - net	(104,607,339)	73,146,141
Profit after taxation	8,198,907	254,049,108
Earnings Per Share (2007: Restated)	0.08	2.35

Your Company has been showing an outstanding performance for more than a decade (since the Company's conversion in public entity). However, the period under review seems to be an exception. Deteriorated market conditions and loss of investor confidence have resulted in sluggish capital market. Keeping in view the brokerage industry problems your Company has still managed to post brokerage and operating income of Rs 323 million as compared to Rs 353 million in the corresponding period (i.e., a decline of 9%). Your Company has also incurred a loss (both realized and unrealized) of Rs 112 million on its stock market investments, posting an adverse impact on your Company's Profit after Tax (PAT). Consequently, PAT of your Company has decreased from Rs 254 million to profit after tax of Rs 8 million in the current period.

However, Placement income has increased considerably from Rs 97 million to Rs 254 million showing an increase of Rs 157 million. The increase in placement income is primarily attributable to additional investments in placements and rise in KIBOR rates. Funds employed for additional investments in placements have their corresponding effect in the Finance cost of the Company. The gain realized from disposal of properties has been realized in profit and loss account. Further, the management of your company has taken certain cost control measures which has helped in curtailing the operating costs of the company.

During the period your company also became a party in the petition filed by brokers in the Honourable Sind High Court for cancellation of open positions in CFS after declaration of force majeure by KSE. However the said petition was withdrawn after an out of court settlement was reached between the parties and matter was settled amicably.

During the period, the company entered into a contract for usual future transaction with Meezan Bank Limited on behalf of its clients in certain scrips for an amount of Rs 200,121,653. The extraordinary circumstances in stock market which led to placing of floor on value of securities for almost four months and finally declaration of force majeure by Karachi Stock Exchange on December 04, 2008, resulted in cancellation of these contracts. Thereafter, Meezan bank filed a suit in the Honourable Sind High Court for recovery of above stated amount. Your Company is contesting the case; however the management is simultaneously trying to settle the matter with the bank in an amicable manner.

Mr. Suhail Ahmed resigned from the Board of Director during the period and Ms. Samira Ahmed Zia was appointed as director in his place. Subsequent to the period end existing auditors of your company M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants resigned. The casual vacancy was filled by the Board and consequently M/s Nasir Javed Maqsood Imran Chartered Accountants were appointed as auditors of the company on the recommendation of the Audit Committee.

## FUTURE OUTLOOK

Your company is in the process of obtaining membership of Commodity Brokerage and necessary regulatory and corporate formalities are being completed in this regard. Due to deteriorated Capital Market conditions your Company has also put on hold the options of raising funds through issue of securities by way of listing on KSE and/or Dubai Stock Exchange and plans of expansion in areas of Real Estate Investment Trust and Investment Finance Services. Once the market conditions improve, the said option will be reevaluated.

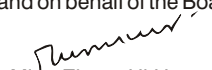
Your company is determined to stabilize revenues and control costs in these times of recession with increased focus on stronger management and human resource development. Online trading facility is also being developed and implemented which will help in increasing brokerage revenues and reaching customers across Pakistan.

## ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued 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 27, 2009

  
Mian Ehsan Ul Haq  
Chief Executive Officer

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

**INTRODUCTION**

We have reviewed the accompanying condensed interim balance sheet of **First Capital Equities Limited**, as at **31 December 2008**, and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity for the half-year then ended (here-in-after referred as "Interim Financial Information"), and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December 2007 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2008.

**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 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 half year ended 31 December 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Another firm of auditors have audited and reviewed the financial statements of the Company for the year ended 30 June 2008 and for the six months period ended 31 December 2007 respectively, whose audit report dated 27 September 2008 and the reviewed report dated 27 February 2008 were not modified.

Place : Lahore  
Date : 27 February 2009

**NASIR JAVAID MAQSOOD IMRAN  
CHARTERED ACCOUNTANTS**

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2008**

	Note	Un-Audited December 31, 2008 Rupees	Audited June 30, 2008 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	5	64,329,776	448,876,851
Stock exchange membership card and room		40,700,000	40,700,000
Investment - available for sale		121,767,150	121,767,150
Long term deposits and advances		3,076,496	3,435,996
		<u>229,873,422</u>	<u>614,779,997</u>
<b>CURRENT ASSETS</b>			
Trade debts - Unsecured	6	3,626,244,045	2,244,411,228
Investments	7	224,384,356	328,731,518
Advances, deposits, prepayments and other receivables	8	85,885,212	1,003,544,435
Advance income tax		43,782,059	42,648,198
Placements	9	2,556,030,925	1,997,425,000
Interest accrued		22,106,739	18,278,400
Cash and bank balances		203,631,925	334,956,769
		<u>6,762,065,261</u>	<u>5,969,995,548</u>
<b>TOTAL ASSETS</b>		<u><b>6,991,938,683</b></u>	<u><b>6,584,775,545</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	10	<u>1,100,000,000</u>	<u>900,000,000</u>
Issued, subscribed and paid up share capital	11	1,080,315,000	864,252,000
Reserves		-	90,026,250
Unappropriated Profit		519,786,589	637,624,432
<b>TOTAL EQUITY</b>		<u>1,600,101,589</u>	<u>1,591,902,682</u>
<b>NON - CURRENT LIABILITIES</b>			
Staff retirement benefits		<u>24,038,959</u>	<u>21,943,781</u>
		<u>24,038,959</u>	<u>21,943,781</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables - Unsecured	12	497,528,834	426,122,032
Liabilities against repurchase agreements - Secured	13	836,515,079	508,425,000
Short term borrowings - Secured	14	3,815,112,384	3,924,151,155
Interest accrued		175,323,856	92,430,713
Provision for taxation		43,317,981	19,800,182
		<u>5,367,798,135</u>	<u>4,970,929,082</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>6,991,938,683</b></u>	<u><b>6,584,775,545</b></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Lahore

  
Chief Executive

  
Director

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	July-Dec 2008 Rupees	July-Dec 2007 Rupees	Oct-Dec 2008 Rupees	Oct-Dec 2007 Rupees
<b>INCOME</b>				
Brokerage and operating income	323,023,782	353,715,548	156,233,359	210,871,874
Capital loss - net	(7,308,828)	(149,822)	318,010	-
Income from Placement	254,045,661	97,197,206	133,812,919	54,923,653
Income on continuous funding system placements	339,418	31,558	339,418	-
Other operating income	68,897,377	9,564,429	63,121,211	9,082,793
	<b>638,997,410</b>	<b>460,358,919</b>	<b>353,824,917</b>	<b>274,878,320</b>
Unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss	(104,607,339)	73,146,141	(21,848,593)	74,591,154
	<b>534,390,071</b>	<b>533,505,060</b>	<b>331,976,324</b>	<b>349,469,474</b>
<b>EXPENDITURE</b>				
Operating expenses	100,514,247	135,090,281	41,756,216	75,002,411
Finance costs	397,186,546	115,553,546	217,069,092	71,504,970
	<b>497,700,793</b>	<b>250,643,827</b>	<b>258,825,308</b>	<b>146,507,381</b>
<b>PROFIT BEFORE TAXATION</b>	<b>36,689,278</b>	<b>282,861,233</b>	<b>73,151,016</b>	<b>202,962,092</b>
Taxation	28,490,370	28,812,125	23,600,655	16,269,071
<b>PROFIT AFTER TAXATION</b>	<b>8,198,907</b>	<b>254,049,108</b>	<b>49,550,360</b>	<b>186,693,021</b>
<b>EARNINGS PER SHARE - BASIC</b>				
17	<b>0.08</b>	2.35	<b>0.46</b>	2.16

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Lahore

Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT - (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Jul-Dec 2008 Rupees	Jul-Dec 2007 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	36,689,278	282,861,233
<b>Add: Items not involved in movement of funds</b>		
Depreciation	8,963,555	8,444,718
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss - net	104,607,339	(73,146,141)
Provision for bonus written back	(40,519,983)	-
Dividend income	(224,169)	(927,469)
Interest earned	(259,051,107)	(105,000,903)
Interest expense	397,186,546	115,553,546
Gain on sale of property and equipment	(17,696,923)	(170,000)
Gain on foreign currency translation	(1,176,120)	(22,000)
Provision for gratuity	2,542,544	2,722,980
	<b>194,631,682</b>	<b>(52,545,269)</b>
	<b>231,320,960</b>	<b>230,315,964</b>
<b>(Increase) / decrease in current assets</b>		
Investments at fair value through profit or loss	(260,177)	(5,101,831)
Trade debts - Unsecured	(1,381,832,818)	(572,792,762)
Advances, deposits, prepayments and other receivables	917,659,223	703,180,373
	<b>(464,433,772)</b>	<b>125,285,780</b>
<b>Increase / (decrease) in current liabilities in trade and other payables</b>	<b>111,926,785</b>	<b>(144,353,841)</b>
<b>Cash (used in) / generated from operations</b>	<b>(121,186,026)</b>	<b>211,247,903</b>
Dividend received	224,169	927,469
Interest received	255,222,768	90,169,485
Finance cost paid	(314,293,403)	(83,655,113)
Gratuity paid	(447,366)	(969,250)
Taxes paid	(6,106,432)	(27,996,089)
<b>Net cash generated from operating activities</b>	<b>(186,586,290)</b>	<b>189,724,405</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(65,469,863)	(66,297,364)
Proceeds from sale of property and equipment	458,750,307	170,000
Investment available for sale	-	(88,607,870)
Placements	(558,605,925)	(870,242,000)
Long term deposits and advances	359,500	(64,094,435)
<b>Net cash used in investing activities</b>	<b>(164,965,981)</b>	<b>(1,089,071,669)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	-	(110,072)
Long term finance obtained	-	(8,280,000)
Liabilities against repurchase agreements	328,090,079	(108,758,000)
Short term borrowings	(109,038,771)	1,226,133,282
<b>Net cash generated from financing activities</b>	<b>219,051,308</b>	<b>1,108,985,210</b>
Effects of exchange rate changes in cash and cash equivalents	1,176,120	33,000
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(131,324,844)</b>	<b>209,637,946</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>334,956,769</b>	<b>145,267,054</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>203,631,925</b>	<b>354,905,000</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

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, 2008**

	Issued, sub- scribed and paid up capital	Capital reserves		Revenue reserve	Total
		Share premium	Reserve for issue of bonus shares	Un-appropriated profit	
Rupees					
<b>Balance as at June 30, 2007</b>	<b>540,157,500</b>	<b>90,026,250</b>	<b>-</b>	<b>668,631,335</b>	<b>1,298,815,085</b>
Transfer to reserve for issue of bonus shares	-	-	324,094,500	(324,094,500)	-
Bonus shares issued - 60% during the period	324,094,500	-	(324,094,500)	-	-
Profit for the half year ended December 31, 2007	-	-	-	254,049,108	254,049,108
<b>Balance as at December 31, 2007</b>	<b>864,252,000</b>	<b>90,026,250</b>	<b>-</b>	<b>598,585,943</b>	<b>1,552,864,193</b>
Profit for the half year ended June 30, 2008	-	-	-	39,038,489	39,038,489
<b>Balance as at June 30, 2008</b>	<b>864,252,000</b>	<b>90,026,250</b>	<b>-</b>	<b>637,624,432</b>	<b>1,591,902,682</b>
Transfer to reserve for issue of bonus shares	-	(90,026,250)	216,063,000	(126,036,750)	-
Bonus shares issued - 25% during the period	216,063,000	-	(216,063,000)	-	-
Profit for the half year ended December 31, 2008	-	-	-	8,198,907	8,198,907
<b>Balance as at December 31, 2008</b>	<b>1,080,315,000</b>	<b>-</b>	<b>-</b>	<b>519,786,589</b>	<b>1,600,101,589</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Lahore

  
Chief Executive

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Director

**FIRST CAPITAL EQUITIES LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION - (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

**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 registered office of the Company is located at 103 C-II, Gulberg III, Lahore.

**2 BASIS OF PREPARATION**

This condensed interim financial information is un-audited but subject to limited scope review by the auditors and is being presented to shareholders under section 245 of Companies Ordinance, 1984 and has been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 "Interim Financial Reporting".

**3 ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation the annual audited financial statements for the year ended June 30, 2008.

**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, 2008.

**5 PROPERTY AND EQUIPMENT**

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
Operating fixed assets	5.1	49,589,776	239,117,065
Capital work in progress	5.2	14,740,000	209,759,786
		<b>64,329,776</b>	<b>448,876,851</b>
		<b>July 01, 2008 to December 31, 2008 Rupees</b>	<b>July 01, 2007 to June 30, 2008 Rupees</b>
5.1 Written down value at the beginning of the period / year		239,117,065	164,150,662
Add : Additions during the period / year	5.1.1	3,933,491	95,036,271
Less : Disposals during the period / year	5.1.2	(189,685,329)	(2,805,440)
Less : Depreciation charged / adjusted during the period / year		(3,775,451)	(17,264,428)
Written down value at the end of the period / year		<b>49,589,776</b>	<b>239,117,065</b>

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	July 01, 2008 to December 31, 2008 Rupees	July 01, 2007 to June 30, 2008 Rupees
<b>5.1.1 Additions during the period / year</b>		
Land - Leasehold	-	36,087,800
Office premises	-	23,879,000
Leasehold improvement	-	12,314,354
Computers	<b>3,350,955</b>	2,415,859
Office equipment	<b>431,536</b>	5,324,748
Furniture & fixture	<b>151,000</b>	8,016,381
Motor vehicles	-	6,998,129
	<u><b>3,933,491</b></u>	<u>95,036,271</u>

#### 5.1.2 Disposals during the period / year

Land - Leasehold	133,999,875	-
Building on leasehold land	2,540,000	-
Office premises	40,879,000	-
Leasehold improvement	12,266,454	1,164,277
Office equipment	-	245,163
Motor vehicles	-	1,396,000
	<u><b>189,685,329</b></u>	<u>2,805,440</u>

#### 5.2 Capital work in progress

	June 30, 2008 Rupees	Additions Rupees	(Disposals) Rupees	December 31, 2008 Rupees
Advances paid for:				
Office space - Islamabad	33,292,000	9,512,000	(42,804,000)	-
Office space - Lahore	44,389,400	7,442,400	(51,831,800)	-
Office space - Karachi	1,000,000	13,740,000	-	14,740,000
Shops in commercial plaza	131,078,386	30,841,972	(161,920,358)	-
	<u><b>209,759,786</b></u>	<u><b>61,536,372</b></u>	<u><b>(256,556,158)</b></u>	<u><b>14,740,000</b></u>

#### 6 TRADE DEBTS - UNSECURED

Trade debts against purchase of shares:

	December 31, 2008 Rupees	June 30, 2008 Rupees
considered good:		
Clients	<b>3,626,047,509</b>	2,244,176,423
Members	<b>196,536</b>	234,805
	<u><b>3,626,244,045</b></u>	<u>2,244,411,228</u>
considered doubtful:		
Clients	<b>81,251,172</b>	81,251,172
Members	<b>3,911,977</b>	3,911,977
	<u><b>85,163,149</b></u>	<u>85,163,149</u>
Less: Provision for doubtful debts	<b>6.1 (85,163,149)</b>	(85,163,149)
	<u><b>3,626,244,045</b></u>	<u>2,244,411,228</u>

	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>6.1 Provision for doubtful debts</b>		
Opening balance	<b>85,163,149</b>	70,013,326
Provision for doubtful debts written back	-	(3,867,036)
Charge for the period / year	-	19,016,859
Closing Balance	<u><b>85,163,149</b></u>	<u><b>85,163,149</b></u>

This includes an amount of Rs. 191,360,622 (June 2008 Rs. 324,209,037) receivable from related party, Mr. Sulieman Ahmad Said Al-Houqani.

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>7 INVESTMENTS</b>			
At fair value through profit or loss	7.1	<u><b>224,384,356</b></u>	<u>328,731,518</u>
		<u><b>224,384,356</b></u>	<u>328,731,518</u>

#### 7.1 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Carrying value / cost of investments	<b>328,991,695</b>	337,843,654
Less: Unrealised loss on remeasurement of investments	<u><b>(104,607,339)</b></u>	<u>(9,112,136)</u>
	<u><b>224,384,356</b></u>	<u>328,731,518</u>

#### 8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes an amount of Rs. Nil (June 2008: Rs. 930,110,948) as exposure deposited with the Karachi Stock Exchange (Guarantee) Limited under the Exposure Rules and Rs. 28,701,533 (June 2008: Rs. 28,701,533) with Karachi Stock Exchange (Guarantee) Limited against disputed claim of Mr. Aslam Motiwala.

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>9 PLACEMENTS</b>			
Secured - Considered good			
Securities purchased under the resale agreements of quoted shares - Related Party		<b>1,715,000,000</b>	1,030,000,000
Securities purchased under the resale agreements of quoted shares - Others		<u><b>841,030,925</b></u>	<u>967,425,000</u>
		<u><b>2,556,030,925</b></u>	<u>1,997,425,000</u>

These have been placed for a period ranging from seven to ninety two days (June 2008: twenty to ninety two days) and carry mark up at rates ranging from 16.5 % to 20 % per annum (June 2008: 12.5 % to 20 % per annum). Fair value of quoted equity securities held as collateral is Rs. 3,254,738,816 (June 2008: Rs. 4,271,439,470) out of which quoted equity securities having market value of Rs. 3,010,067,098 (June 2008: Rs. 532,689,486) were further placed as collateral with financial institutions by the Company under repurchase transactions.

#### 10 AUTHORISED SHARE CAPITAL

The authorized share capital of the Company has been increased to Rs. 1,100,000,000/- divided into 110,000,000 ordinary shares of Rs. 10/- each in accordance with the resolution approved by the shareholders in their Annual General Meeting held on October 31, 2008.

#### 11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

December 31, 2008	June 30, 2008		December 31, 2008	June 30, 2008
Number of shares			Rupees	
		<b>Shares issued against cash consideration</b>		
		Ordinary shares of Rs. 10/- each fully paid	<b>400,122,500</b>	400,122,500
<b>40,012,250</b>	40,012,250			
		<b>Shares issued against consideration other than cash</b>		
		Issued bonus shares of Rs. 10/- each fully paid	<b>680,192,500</b>	464,129,500
<b>68,019,250</b>	46,412,950			
<b>108,031,500</b>	<b>86,425,200</b>		<b>1,080,315,000</b>	864,252,000

The Company is a subsidiary of First Capital Securities Corporation Limited - a listed company which holds 72,690,200 (67.28 %) ordinary shares (June 2008: 58,152,160 (67.28 %)) of the Company.

During the period, the company has issued 25% bonus shares of Rs 10/- each fully paid as approved by the shareholders in their Annual General Meeting held on October 31, 2008.

#### 12 TRADE AND OTHER PAYABLES - UNSECURED

Trade payables includes an amount of Rs. 14,126,666/- (June 2008 Rs. NIL) payable to First Capital Securities Corporation Limited (Parent Company) on account of sale of shares.

#### 13 LIABILITIES AGAINST REPURCHASE AGREEMENT - SECURED

	December 31, 2008	June 30, 2008
	Rupees	
Payable to financial institution	<b>836,515,079</b>	508,425,000

This represents the amount payable to financial institutions under repurchase agreements against the securities under the arrangement as explained in note 9. The effective interest rate is 12.5 % to 18 % per annum (June 2008: Rs. 12.5 % to 18 % per annum) and is for a period of seven days to ninety two days (June 2008: twenty days to ninety two days).

It includes an amount of Rs. 32,200,000 (June 2008: Rs. NIL) payable to First Capital Securities Corporation Limited (Parent Company) under repurchase agreement. The effective interest rate is 17.5 % per annum and is secured against securities held as collateral.

	December 31, 2008	June 30, 2008
	Rupees	
<b>14 SHORT TERM BORROWING - SECURED</b>	<b>3,815,112,384</b>	3,924,151,155

These facilities have been obtained from various commercial banks under mark up arrangements amounting to Rs 4,800 million (June 30, 2008: Rs 4,450 million). These facilities carry mark up at rate ranging from 1 to 6 months KIBOR plus 1.9 % to 4.00 % per annum payable quarterly (June 30, 2008: 1.8 % to 4.25 % per annum) with floor limits ranging from 10% to 13.5% per annum (June 30, 2008: 10% to 13.5% per annum). These are secured against pledge of quoted equity securities having market value of Rs. 5,313,872,631 (June 30, 2008: Rs. 5,847,382,001).

#### 15 CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended June 30, 2008 except for the following:

##### CONTINGENCIES

During the period, the company entered into a contract for usual future transaction with Meezan Bank Limited on behalf of its clients in certain scrips for an amount of Rs 200,121,653. However, due to extra ordinary circumstances in stock market which led to placing of floor on value of securities for almost four months and finally declaration of force majeure by Karachi Stock Exchange on December 04, 2008, the said contracts were cancelled. Resultantly the bank filed a suit in the Honourable Sind High Court for recovery of above stated amount. The Company is contesting the case in the Honourable Sind High Court, however the management is simultaneously trying to settle the matter with the bank in an amicable manner.

##### COMMENTS

	December 31, 2008	June 30, 2008
	Rupees	
Capital Expenditure	-	308,272,704
Sale of Shares	-	1,782,101,966
Purchase of shares	-	2,338,809,506

#### 16 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, 2008				
Associated Company	Parent Company	Fellow Subsidiary	Key management personnel of the entity, its parents and their close family members	Other Related Parties
Rupees				

Brokerage Income	-	592,743	-	98,696	7,611,214
Repurchase agreement arrangement fee	-	13,417	-	-	2,929,167
Placements entered and rolled over	-	60,000,000	-	-	1,140,000,000
Placements matured	-	60,000,000	-	-	455,000,000
Income earned on placements	-	1,426,684	-	-	158,200,480
Repurchase agreement entered and rolled over	-	32,200,000	-	-	-
Repurchase agreement matured	-	-	-	-	-
Mark up on repurchase agreement	-	657,137	-	-	-
Interest on long term loan	-	-	-	-	-

Six Months Ended December 31, 2007				
Associated Company	Parent Company	Fellow Subsidiary	Key management personnel of the entity, its parents and their close family members	Other Related Parties
Rupees				

Brokerage Income	-	297,223	-	838,506	16,182,504
Repurchase agreement arrangement fee	-	572,917	-	-	269,542
Placements entered and rolled over	-	525,000,000	-	-	1,141,040,000
Placements matured	-	370,000,000	-	-	396,900,000
Income earned on placements	-	14,695,718	-	-	40,382,693
Repurchase agreement entered and rolled over	-	-	-	-	-
Repurchase agreement matured	-	-	-	-	-
Interest on long term loan	815,200	-	-	-	-

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

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

Note	July 01, 2008 to December 31, 2008	July 01, 2007 to December 31, 2007 (Restated)
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## 17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary share holders - Rupees	<u>8,198,907</u>	<u>254,049,108</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>0.08</u>	<u>2.35</u>

17.1 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.

17.2 Earnings per share of Rs 2.94 for half year ended December 31, 2007 has been restated after taking into account 21,606,300 bonus shares issued during the period by the Company.

## 18 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on February 27, 2009.

19 Figures have been rounded off to the nearest rupee.

Lahore

*Sumner*  
Chief Executive

*Mambani*  
Director