



FIRST CAPITAL SECURITIES CORPORATION LIMITED
ACCOUNTS FOR THE YEAR ENDED
30-Jun-03

FIRST CAPITAL SECURITIES CORPORATION LIMITED
BALANCE SHEET
AS AT 30 JUNE 2003

	<u>Note</u>	<u>2003</u> Rupees	<u>2002</u> Rupees
NON CURRENT ASSETS			
OPERATING FIXED ASSETS	4	7,744,011	8,874,599
LONG TERM INVESTMENTS	5	510,156,290	239,284,276
INVESTMENT PROPERTY	6	55,181,700	-
LONG TERM DEPOSITS		<u>866,250</u>	<u>829,750</u>
		<u>573,948,251</u>	<u>248,988,625</u>
CURRENT ASSETS			
Marketable securities	7	148,078,663	190,870,498
Advance for purchase of shops		-	57,684,000
Advances, deposits, prepayments and other receivables	8	43,684,696	43,537,512
Accounts receivable	9	46,780,115	28,408,055
Cash and bank balances	10	24,889,832	26,754,166
		<u>263,433,306</u>	<u>347,254,231</u>
CURRENT LIABILITIES			
Current portion of obligations under finance leases	11	648,554	855,231
Short term borrowings- secured	12	55,000,000	-
Creditors, accrued and other liabilities	13	71,435,236	36,102,903
Unclaimed dividend		13,345,566	13,497,072
Provision for taxation	14	9,248,532	7,928,925
		<u>149,677,888</u>	<u>58,384,131</u>
WORKING CAPITAL		<u>113,755,418</u>	<u>288,870,100</u>
NET CURRENT ASSETS		<u>687,703,669</u>	<u>537,858,725</u>
DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY	15	2,108,942	1,684,273
OBLIGATIONS UNDER FINANCE LEASES	11	1,154,646	1,033,736
CONTINGENCIES AND COMMITMENTS	31	-	-
NET CAPITAL EMPLOYED		<u>684,440,081</u>	<u>535,140,716</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
35,000,000 (2002: 35,000,000) ordinary shares of Rs. 10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital	16	339,946,200	339,946,200
Share premium		2,643,800	2,643,800
Reserve for issue of bonus shares		129,179,560	-
Unappropriated profit		212,670,521	192,550,716
		<u>684,440,081</u>	<u>535,140,716</u>

The annexed notes 1 to 33 form an integral part of these accounts.
These financial statements were authorised for issue by the Board of Directors of the company on 08 October, 2003.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003

	<u>Note</u>	<u>2003</u> <u>Rupees</u>	<u>2002</u> <u>Rupees</u>
OPERATING REVENUE			
Financial consultancy services	17	12,248,720	7,200,000
Money market brokerage	18	10,701,420	10,121,633
Capital gain on investments	19	172,143	10,351,464
Dividend income	20	6,428,265	20,154,156
Gain on disposal of investment property		7,687,500	-
Net rental income from investment property	21	4,461,258	-
		<u>41,699,306</u>	<u>47,827,253</u>
OPERATING EXPENSES	22	<u>41,899,094</u>	<u>51,673,409</u>
OPERATING LOSS		(199,788)	(3,846,156)
FINANCIAL CHARGES	23	<u>5,016,779</u>	<u>2,665,581</u>
		(5,216,567)	(6,511,737)
OTHER INCOME			
Mark up income	24	5,260,461	13,029,827
Exchange loss		(71,567)	(87,783)
Gain on disposal of fixed assets	4.1	311,873	231,459
Miscellaneous income		81,616	144,057
		<u>5,582,383</u>	<u>13,317,560</u>
		365,816	6,805,823
Share in profit of associated and subsidiary companies	5	93,368,624	44,339,174
Gain on fair value adjustment of investment property		10,603,152	-
Unrealized gain on remeasurement of marketable securities	7	62,528,780	43,551,235
PROFIT BEFORE TAXATION		<u>166,866,372</u>	<u>94,696,232</u>
Taxation	14	<u>(1,319,607)</u>	<u>(3,543,721)</u>
PROFIT AFTER TAXATION		<u>165,546,765</u>	<u>91,152,511</u>
Earnings per share- Basic	30	<u>4.87</u>	<u>2.68</u>
- Diluted	30	<u>3.53</u>	<u>1.94</u>

The annexed notes 1 to 33 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003

	<u>Note</u>	<u>2003</u> <u>Rupees</u>	<u>2002</u> <u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		166,866,372	94,696,232
Adjustments for:			
Mark-up expense		5,016,779	1,792,410
Share in profit of associated and subsidiary companies		(93,368,624)	(44,339,174)
Unrealized gain on remeasurement of marketable securities		(62,528,780)	(43,551,235)
Gain on fair value adjustment of investment property		(10,603,152)	-
Provision for impaired debts		5,767,048	6,618,079
Dividend		(6,428,265)	(20,154,156)
Depreciation		1,628,514	1,891,043
Gain on disposal of fixed assets		(311,873)	(231,459)
Provision for gratuity		828,655	452,673
		<u>(159,999,698)</u>	<u>(97,521,819)</u>
		6,866,674	(2,825,587)
(Increase)/decrease in current assets			
Marketable securities		105,320,615	15,091,418
Accounts receivable		(24,139,108)	(26,538,825)
Advances, deposits, prepayments and other receivables		59,107,868	6,817,686
		140,289,375	(4,629,721)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		34,573,491	3,901,319
Cash generated from operations		181,729,540	(3,553,989)
Gratuity paid		(403,986)	(2,866,440)
Mark-up paid		(4,257,937)	(1,792,410)
Taxes paid		(2,680,860)	(3,544,515)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		174,386,757	(11,757,354)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(908,225)	(97,900)
Dividend received		7,538,073	19,036,688
Proceeds from disposal of fixed assets		1,782,172	777,667
Investment property acquired		(44,578,548)	-
Long term investments		(193,750,790)	(2,624,729)
Long term deposits		(36,500)	(280,500)
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		(229,953,818)	16,811,226
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(151,506)	(21,582,388)
Repayment against lease finance		(1,145,767)	(4,171,547)
Morabaha financing		40,000,000	-
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES		38,702,727	(25,753,935)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(16,864,334)	(20,700,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		26,754,166	47,454,229
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	9,889,832	26,754,166

The annexed notes 1 to 33 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST CAPITAL SECURITIES CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Share Capital Rupees	Share Premium Rupees	Reserve for Issue of Bonus Shares Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 30 June 2001		339,946,200	2,643,800	-	101,398,205	443,988,205
Net profit for the year		-	-	-	91,152,511	91,152,511
Balance as at 30 June 2002		339,946,200	2,643,800	-	192,550,716	535,140,716
Adjustment of profits of an associated company on adoption of IAS-12	5.2.1	-	-	-	(16,247,400)	(16,247,400)
Net profit for the year		-	-	-	165,546,765	165,546,765
Transfer to reserve for issue of bonus shares						
-Interim declaration		-	-	67,989,240	(67,989,240)	-
-Final declaration		-	-	61,190,320	(61,190,320)	-
Balance as at 30 June 2003		339,946,200	2,643,800	129,179,560	212,670,521	684,440,081

The annexed notes 1 to 33 form an integral part of these accounts.

LAHORE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DIRECTOR

4. OPERATING FIXED ASSETS

Following is the statement of operating fixed assets.

	COST				Depreciation Rate	DEPRECIATION					NET BOOK VALUE as at 30.06.2003
	As at 01.07.2002	Additions/ (deletions)	Of adjustments	As at 30.06.2003		Accumulated as at 01.07.2002	On deletions	Adjustments	For the year	Accumulated as at 30.06.2003	
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Owned assets											
Leasehold improvements	470,315	-	-	470,315	10	161,741	-	-	30,857	192,598	277,717
Computers	3,518,133	227,500	130,000	3,875,633	33	2,835,263	-	91,480	313,134	3,239,877	635,756
Office equipments	3,933,186	36,225	-	3,969,411	10	1,694,699	-	-	227,471	1,922,170	2,047,241
Furniture and fixtures	2,193,600	-	-	2,193,600	10	1,083,427	-	-	111,017	1,194,444	999,156
Vehicles	6,119,615	575,500	2,385,500	5,380,755	20	4,137,497	-	1,164,124	488,235	3,427,815	1,952,940
	16,234,849	839,225	2,515,500	15,889,714		9,912,627	(2,362,041)	1,255,604	1,170,714	9,976,904	5,912,810
		(3,699,860)									
Leased assets											
Computers	130,000	-	(130,000)	-	33	91,480	-	(91,480)	-	-	-
Vehicles	4,127,500	1,129,000	(2,385,500)	2,664,000	20	1,613,643	(74,520)	(1,164,124)	457,800	832,799	1,831,201
	4,257,500	1,129,000	(2,515,500)	2,664,000		1,705,123	(74,520)	(1,255,604)	457,800	832,799	1,831,201
		(207,000)									
Total	20,492,349	1,968,225	-	18,553,714		11,617,750	(2,436,561)	-	1,628,514	10,809,703	7,744,011
		(3,906,860)									
2002	20,678,905	1,207,900	-	20,492,349		10,574,955	(848,248)	-	1,891,043	11,617,750	8,874,599
		(1,394,456)									

4.1 Disposal of operating fixed assets

Particulars	Cost Rs	Acc. Dep. Rs	Net book value Rs	Sale proceeds Rs	Profit on disposal Rs	Mode of sale	Particulars of buyers
Vehicle (Motor Cycle) Honda CD-70	69,000	24,840	44,160	60,000	15,840	Insurance claim	Shaheen Insurance Co. Ltd. (Insurance Claim)
Vehicle (Motor Cycle) Honda CD-70	69,000	24,840	44,160	68,500	24,340	Insurance claim	Shaheen Insurance Co. Ltd. (Insurance Claim)
Vehicle (Motor Cycle) Honda CD-70	69,000	24,840	44,160	64,000	19,840	Insurance claim	Shaheen Insurance Co. Ltd. (Insurance Claim)
Vehicle (Motor Car) Honda Civic	743,000	618,345	124,655	215,000	90,345	Negotiation	Mr.Syed Sohail Abbas, Karachi (Employee)
Vehicle (Motor Car) Honda Civic	1,023,360	755,092	268,268	310,000	41,732	Negotiation	Mr.Iqbal Ahmed S/o Dur Mohammad, Karachi
Vehicle (Motor Car) Suzuki Khyber	440,000	259,776	180,224	300,000	119,776	Negotiation	Mr. Ali Nayyer, Karachi (Employee)
Vehicle (Motor Car) Honda Civic	844,500	412,116	432,384	432,384	-	Transfer	WorldCALL Broadband Ltd. (Related Party)
Vehicle (Motor Car) Suzuki Baleno	649,000	316,712	332,288	332,288	-	Transfer	WorldCALL Broadband Ltd. (Related Party)
Total	3,906,860	2,436,561	1,470,299	1,782,172	311,873		
2002	1,394,456	848,248	546,208	777,667	231,459		

	Note	2003 Rupees	2002 Rupees	2001 Rupees
5. LONG TERM INVESTMENTS				
Subsidiary company - Listed				
First Capital Equities Limited				
8,089,800 ordinary shares of Rs.10/- each		18,641,568	15,805,183	1,063,000
Equity held 67.40 % (2002:79.47 %)				(4,342)
Transferred to short term 1,697,900		-	-	1,058,658
Share of profit		24,569,513	2,836,385	
Shares transferred to available for sale		-	-	11,073,750
	5.1	43,211,081	18,641,568	(506,252)
Subsidiary companies - Unlisted				
First Capital Associates (Private) Limited-Wholly owned				
100,000 ordinary shares of Rs.10/- each		551,700	1,058,658	8,170,141
Share of profit/ (loss)		131,122	(506,958)	(3,082,316)
		682,822	551,700	-
First Capital Investments (Private) Limited				
1,250,000 ordinary shares of Rs.10/- each		9,789,271	10,567,498	5,087,825
Equity held: 65.79%				
Share of profit/ (loss)		1,304,159	(778,227)	
		11,093,430	9,789,271	
Lanka Securities (Private) Limited-Foreign entity				
3,564,900 ordinary shares @ Sri Lankan Rupees 3.29 (Pak Rs.2.29) each		10,018,944	5,087,825	33,792,000
Equity held: 51%				
Share of profit		7,956,988	6,111,164	1,000,000
Less: Dividend received during the year		(3,223,987)	(1,180,045)	(3,042,317)
		14,751,945	10,018,944	#####
				15,805,183
Associated companies - Listed				
WorldCALL Communications Limited				
33,678,560 (2002: 15,229,350) ordinary shares of Rs.10/- each		138,982,410	93,001,500	77,299,600
Equity held: 21.15% (2002: 25.38%)				
Transferred from short term		-	10,964,156	#####
Acquisition of additional shares		156,260,513	10,356,600	
Share of profit		45,384,851	43,696,842	33,904,788
Less: Adjustment on account of deferred tax		(16,247,400)	-	
Less: Dividend received during the year		-	(19,036,688)	
Transferred to available for sale investment		(40,249,428)	-	-
	5.2	284,130,946	138,982,410	93,001,500
Shaheen Insurance Company Limited				
1,433,973 (2002: 1,433,973) ordinary shares of Rs.10/- each		16,711,345	12,419,015	11,211,255
Equity held: 17.92% (2002: 17.92%)				
Chief Executive: Mrs. Nasreen Rashid				
Acquisition of additional shares		-	2,624,730	
Share of profit		2,386,416	1,667,600	1,207,760
Less: Dividend received during the year		(1,792,466)	-	
Transferred to available for sale investment		(17,305,295)	-	
		-	16,711,345	12,419,015
WorldCALL Multimedia Limited				
Nil (2002: 3,500,000 ordinary shares of Rs.10/- each)		-	35,000,000	29,000,000
Equity held -(2001: 15.67%)				
Share deposit money		-	-	6,000,000
Share of loss		-	(1,288,087)	-
Transferred to available for sale investment		-	(33,711,913)	-
	5.4	-	-	35,000,000

	<u>Note</u>	<u>2003</u> Rupees	<u>2002</u> Rupees	
Associated companies - Unlisted				
Pace (Pakistan) Limited				
5,007,245 ordinary shares of Rs.10/- each		39,468,778	36,498,862	33,557,066
Equity held: 14.8 %				
Chief Executive Mr.Salmaan Taseer				
Share of profit		19,952,028	2,969,916	2,941,796
	5.3	59,420,806	39,468,778	36,498,862
WorldCALL Phonecards Limited				
Nil (2002: 5,463,500 ordinary shares of Rs.10/- each)		-	52,333,841	40,489,390
Share deposit money		-	-	16,500,000
Equity held 52.21% (2001: 43.26 %)				
Share of profit		-	10,629,360	(4,655,549)
Transferred to available for sale investment		-	(62,963,201)	-
	5.4	-	-	52,333,841
Bright Star Corporation (Private) Limited				
720,000 ordinary shares of Rs.10 each		5,120,260	5,902,348	7,534,523
Equity held: 18 %				
Chief Executive: Mr.Nadeem Anwar				
Share of loss		(3,300,000)	(782,088)	(1,632,175)
		1,820,260	5,120,260	5,902,348
Media Times (Private) Limited				
Share deposit money		80,000,000	-	
Chief Executive: Mr. Salmaan Taseer				
Subsequent to the year end 8,000,000 shares were issued against share deposit money				
WorldCALL Broadband Limited				
Share deposit money		15,000,000	-	
Chief Executive: Mr. Salmaan Taseer				
The company is a subsidiary of World CALL Communications Limited. Subsequent to the year end 1,500,000 shares were issued against share deposit money				
Pace Supper Mall (Private) Limited				
Share deposit money		45,000	-	
Chief Executive: Mr.Salmaan Taseer				
Subsequent to the year end shares 4,500 were issued against share deposit money				
Total investments		<u>510,156,290</u>	<u>239,284,276</u>	

5.1 Pursuant to the agreement to purchase shares dated 23 September 2000 between ABN AMRO Asia Limited ("ABN AMRO") and the company, the company acquired ABN AMRO's entire stake in First Capital Equities Limited (FCEL) formerly First Capital ABN AMRO Equities (Pakistan) Limited ("FCABN") for a total sum of Rs. 1.0 million. Accordingly FCABN became a wholly owned subsidiary of the company and its name was changed to First Capital Equities Limited (FCEL) in January 2001.

As agreed between the company and ABN AMRO, loans arranged for FCEL (formerly FCABN) to discharge the obligations of FCEL are secured specifically against defaulting clients and are repayable only out of amount received from such defaulting clients. The company has provided a guarantee to ABN AMRO that FCEL will remit all amounts received from defaulting clients to ABN AMRO.

FCEL together with ABN AMRO have initiated cases against certain clients. The eventual outcome of these cases or counter claims is uncertain at this stage. However, the management is confident regarding a favorable outcome out of these claims or counter claims. Furthermore, FCEL being a limited liability company, the management is of the view that the company has no exposure beyond its investment in FCEL.

- 5.2 This includes 2.9 million shares held under lien as security by National Accountability Bureau. Refer to note 28.1.
- 5.2.1 World CALL Communications Limited has adopted IAS-12 "Income Taxes" during the year and has provided for outstanding deferred tax retrospectively by restating the opening retained earnings under the benchmark treatment given in IAS -8 " Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies". The amount of Rs. 16,247,400 represents such deferred tax on the share of profit of associated company accounted for in the company's books in previous years.
- 5.3 **Other Associations**
- 5.3.1 The company is associated with First Capital Mutual Fund Limited ("FCMF"), due to having common directors. FCMF is being managed by the company's subsidiary, First Capital Investments (Pvt.) Limited.
- 5.3.2 The company is associated with WorldCALL Broadband Limited ("WBL") due to having common directorship. WBL has been setup to provide cable television and interactive broad band services in Karachi. WBL is a subsidiary of WorldCALL Communications Limited (WCL).
- 5.3.3 The company is associated with WorldCALL Telecommunications Lanka (Pvt.) Ltd. ("WTLL") due to common directorship. WTLL is providing payphone services in Sri Lanka and is a subsidiary of WCL.
- 5.3.4 The company is associated with WorldCALL Internet Solutions (Pvt.) Ltd. (WISL) due to common directorship. WISL is engaged in portal development.
- 5.3.5 The company is associated with WorldCALL Multimedia Ltd. (WML) due to common directorship. WML has been setup to provide cable television and interactive broad band services in Lahore. WML is a subsidiary of WCL.
- 5.3.6 The company is associated with WorldCALL Phonecards Limited (WPL) due to common directorship. WPL has setup to provide pre-paid (international and nation wise) calling card service.
- 5.3.7 The company is associated with Media Times (Pvt.) Ltd. (MTL) due to common directorship. MTL has been setup as a publication company.
- 5.4 The company has sold its entire shares in World CALL Phonecards Limited and WorldCALL Multimedia Limited to WorldCALL Communications Limited (an associated company). The Sale price of Rs. 15 per share of WorldCALL Phonecards Limited and Rs. 12.5 of WorldCALL Multimedia Limited was settled by the issuance of shares in WorldCALL Communications Limited at a premium of Rs. 5.

	2003	2002
	Rupees	Rupees
6. INVESTMENT PROPERTY		
Fair value of shops acquired from Pace (Pakistan) Limited against advance given previously	57,684,000	-
Add: Acquisition of additional shops	11,770,548	-
	69,454,548	-
Less: Disposal of shops during the year	(24,876,000)	-
	44,578,548	-
Increase in fair value	10,603,152	-
Balance as at 30 June 2003	55,181,700	-

The carrying amount of investment property is the fair value of the property as determined by an approved independent valuer Hamid Mukhtar & Co. (Pvt) Ltd. Fair value was determined having regard to recent market transactions for similar properties in the same location as the company's investment property.

Investment property comprises a number of commercial properties that are rented to third parties. The company's current rental agreements are entered into on an arm's length basis and are comparable to those for similar properties in the same location.