



First Capital Mutual Fund Limited
Annual Report 2002

COMPANY INFORMATION

Board of Directors

Salmaan Taseer
Chairman

Mumtaz H Syed
Chief Executive Officer

Lt.Gen. (R) Humayun Khan Bangash
Muhammad Ashraf Ali
Muhammad Shuaib Yousaf
Aamer Nasim Chishti
Usman Haider

Audit Committee

Muhammad Shuaib Yousaf (Chairman)
Lt.Gen. (R) Humayun Khan Bangash (Member)
Usman Haider (Member)

Company Secretary

Sardar Ali Wattoo

Investment Committee

Salmaan Taseer (Chairman)
Mumtaz H Syed (Member)
Sardar Ali Wattoo (Member)

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Advisors

Imtiaz Siddiqui & Associates

Custodian

Crescent Investment Bank Limited

Registered Office / Head Office

103-C/II, Gulberg-III,
Lahore, Pakistan.
Tel: (042) 5757591-4
Fax: (042) 5757590, 5877920

Investment Advisers

First Capital Investments (Pvt.) Limited
103-C/II, Gulberg-III,
Lahore.

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
Ground Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi.
Tel: (021) 5689021

DIRCETOR'S REPORT

TO THE MEMBERS

The Directors of FIRST CAPITAL MUTUAL FUND LIMITED ("the Company") feel pleasure to place before you the eighth annual report together with audited financial statements of the company for the year ended 30 June 2002.

OVERVIEW

The events of September 11 and the prevalent high tensions on the border characterized the period under review. Pakistan came out stronger from the events of September 11 and as result of its stand on terrorism the confidence of the international community in the country has improved. As a consequence of this increased confidence Pakistan's external debt was restructured on favorable terms, certain sanctions by the U.S. were removed and Pakistan become eligible for enhanced assistance from IMF, World Bank and ADB.

BUSINESS AND FINANCIAL PERFORMANCE

Financial Results	For the Year ended 30 June 2002	For the Year ended 30 June 2001
Capital Gain/(loss) on sale of marketable securities	2,938,501	(4,961,106)
Dividend income	7,162,909	2,327,517
(Loss)/Gain due to change in fair value of marketable securities	(10,259,784)	272,745
Operating expenses	3,564,020	2,423,497
Net loss before taxation	(3,614,287)	(4,614,038)
Taxation	430,003	168,756
Net loss after taxation	(4,044,290)	(4,782,794)

PAYOUT FOR SHAREHOLDERS

As a result of current year losses and no amount available in reserves, directors do not recommend payment of any dividend to the shareholders of the company.

REVIEW OF OPERATIONS

The year under review witnessed good results in terms of capital gains and dividend income as compared to the previous year. The Company earned a capital gain of Rs. 2.9 million compared to loss of Rs. 4.9 million and dividend income of Rs. 7.1 million as compared to Rs. 2.3 million in the corresponding period. Unfortunately at the end of financial year the company received a big hit on its profits when unrealized loss of Rs. 10.25 million on revaluation of marketable securities turnaround the overall profitable situation into loss of Rs.4.04 million.

EARNING PER SHARE

Earnings per share for the year ended 30 June 2002 was Rs. (0.27) compared to Rs. (0.32) last year.

CHANGES IN BOARD OF DIRECTORS

There have been changes in year under review in the composition of the Board. Mr, Salmaan Taseer, Mumtaz H Syed, Lt. Gen. (R) Humayn Khan Bungash, Usman Haider, Aamer Nasim Chishti and M. Shuaib Yousaf were elected as Director in Extra Ordinary General Meeting of shareholders held on 14 February 2002. Nominee of Faysal Bank Limited (formerly Al Faysal Investment Bank Ltd.) Mr. Ashraf Ali also elected on the Board of Directors. As such, all the candidates who filed their nominations to be elected as directors at the EOGM of shareholders were elected unopposed.

Board subsequently re appointed Mr. Mumtaz H Syed as Chief Executive Officer of the company and will be liable to retire by rotation till 13 February 2005.

The term of office of present Board will expire on 13 February 2005.

FUTURE OUT LOOK

With the backing of IFIs, debt rescheduling, record high foreign exchanges reserves and foreign remittances the overall economic outlook for the country looks promising. The Board feels that the impact of positive developments would eventually result in improvement of the economy and as a result the capital markets of the country are also expected to show a positive trend.

CODE OF CORPORATE GOVERNANCE

Securities and Exchange Commission of Pakistan (SECP) has formulated a "Code of Corporate Governance" (Code). This Code was inserted in the listing regulations of the Stock Exchange on 28 March 2002. The Company for the year ended 30 June 2002 has duly complied with the provisions of the code, relevant. The directors hereby confirm the following as required by clause (XiX) of the Code.

1. The financial statement, prepared by the management of First Capital Mutual Fund Limited, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of First Capital Mutual Fund Limited have been maintained.
3. Appropriate accounting polices have been consistently applied in preparation of the financial statements except for the changes stated in note 2.3 of the financial statement.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed. As discussed above, unrealized appreciation has been taken to the "shareholders equity" as per directive of the SECP.
5. The system of internal control of the Investment Adviser is in place and is sound in design and effectively monitored.
6. There are no significant doubts upon Fund ability to continue as a going concern.
7. The Fund has followed the best practices of corporate governance, as detailed in the listing regulations of KSE, wherever possible and is in process of complying with all the remaining regulations.
8. The key financial data of last six years are summarized in on the page no 26 of this report.
9. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding.
10. The statement as to the value of investments of provident fund, gratuity and pension funds is not applicable in case of the fund as the Investment Adviser manages it.
11. The detailed pattern of shareholding is given on page no 27 of this report as required by section 236 of the Companies Ordinance 1984 and the Code.
12. Six Board meeting were held during the year. The attendance of each director at the meetings of the board of directors is as under:

Directors	Number of Board Meetings Attended
Salmaan Taseer - (Chairman)	4
Lt. Gen. (R) Humayun Khan Bangash	6
Mumtaz H Syed - (Chief Executive Officer)	4
Muhammad Shuaib Yousaf	5
Usman Haider	6
Aamer Nasim Chishti	3
Muhammad Ashraf Ali - (Nominee Director Faysal Bank Limited)	3

13. During the financial year under review no trading in company's share were carried out by any member of board and company secretary or their spouse and other family member except the purchase of 500 qualification shares by Mr. Usman Haider and Lt. Gen. (R) Humayun Khan Bangash.

AUDITORS

The retiring auditors Taseer Hadi Khalid & Co. Chartered Accountants have expressed their willingness to continue in office as auditors of the Company and the board has recommended that they may be re-appointed.

ACKNOWLEDGEMENT

The directors wish to place on record their appreciation to shareholders and members stock exchanges for the commitment and trust reposed in us. Finally, the directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Commission of Pakistan.

On behalf of Board of Directors

Mumtaz H Syed
Chief Executive & Director

Lahore:
25 September, 2002

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company is in process of implementing the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges. The provisions of the code, relevant for the year ended 30 June 2002 have been duly complied with by the Company.

On behalf of Board of Directors

Mumtaz H Syed
Chief Executive & Director

Lahore
25 September, 2002

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF
COMPLIANCE WITH BEST PRACTICES OF
CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Capita Mutual Fund Limited to comply with the Listing Regulation No. 37 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which cause us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective as at 30 June 2002.

Islamabad: 25 September, 2002

TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of **First Capital Mutual Fund Limited** as at 30 June 2002 and the related profit and loss account, cash flow statement, distribution statement and statement of movement in equity and reserves together with the notes forming part thereof (here-in-after referred to as the "financial statement"), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards, the requirement of the Companies Ordinance, 1984 and second schedule to the investment Companies and Investment Adviser's Rules, 1971. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984 and Rule 16 of the Investment Companies and Investment Adviser's Rule, 1971;

b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and in accordance with the provisions of the Second Schedule to the Investment Companies and Investment Adviser's Rules, 1971 and are in agreement with the books of account and are further in accordance with accounting policies consistently applies except for the change as stated in note 2.3 with which we concur;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and expenditure incurred during the year were in accordance with the object of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement, distribution statement and statement of movement in equity and reserves together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 and the Investment Companies and Investment Adviser's Rules, 1971 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2002 and of the loss, its cash flows, its distributions and movement in equity and reserves for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Islamabad
25 September, 2002

TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET
AS AT 30 JUNE 2002

	NOTE	2002 Rupees	2001 Rupees
ASSETS			
Marketable Securities	3	92,826,352	82,525,659
Other Assets			
Accounts receivable	4	612,745	950,941
Security deposits		300,000	300,000
Bank balances	5	3,912,612	6,591,617
		4,825,357	7,842,558
Total Assets		<u>97,651,708</u>	<u>90,368,217</u>
CURRENT LIABILITIES			
Due to Investment Adviser - an associated company	6	1,749,433	1,788,914
Accounts payable	7	9,838,322	557,307
Provision for taxation		375,050	359,224
		11,962,805	2,705,445
NET ASSETS		<u>85,688,903</u>	<u>87,662,772</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	8	150,000,000	150,000,000
ACCUMULATED LOSS		(66,381,518)	(62,337,228)
UNREALIZED APPRECIATION ON REMEASUREMENT OF MARKETABLE SECURITIES		2,070,422	-
		<u>85,688,903</u>	<u>87,662,772</u>

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

The financial statements were authorised for issue on 25 September 2002, by the board of directors of the company.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

	NOTE	2002 Rupees	2001 Rupees
INCOME			
INCOME / GAIN / (LOSS) ON TRANSACTIONS IN MARKETABLE SECURITIES	9	2,938,501	(4,961,106)
(LOSS)/GAIN DUE TO CHANGE IN FAIR VALUE OF MARKETABLE SECURITIES	3	(10,259,784)	272,745
OTHER INCOME	10	<u>7,271,016</u> (50,267)	<u>2,497,820</u> (2,190,541)
OPERATING EXPENSES			
Administrative expenses	11	1,270,549	670,247
Remuneration of investment adviser	6.1	1,713,769	1,753,250
Financial expenses		579,702	-
		3,564,020	2,423,497
LOSS BEFORE TAXATION		(3,614,287)	(4,614,038)
PROVISION FOR TAXATION			
-Current year		375,050	168,756
-Prior year		54,953	-
		430,003	168,756
LOSS FOR THE YEAR		(4,044,290)	(4,782,794)
EARNINGS PER SHARE- BASIC		(0.27)	(0.32)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002

	2002 Rupees	2001 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(3,614,287)	(4,614,038)
Adjustment for:		
Gain due to change in fair value of marketable securities	10,259,784	(272,745)
	10,259,784	(272,745)
Operating loss before working capital changes	6,645,497	(4,886,783)
(Increase)/decrease in:		
Marketable securities	(18,490,055)	5,217,880
Accounts receivable	607,161	841,622
	(17,882,894)	6,059,502
Increase/(decrease) in current liabilities		
Due to investment adviser	(39,481)	330,623
Accounts payable	9,281,289	(4,623)
	9,241,808	326,000
Net cash (used in)/generated from operating activities	(1,995,589)	1,498,719
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(274)	(2,213,261)
Tax paid	(683,142)	(188,447)
NET CASH USED IN FINANCING ACTIVITIES	(683,416)	(2,401,708)
NET DECREASE IN BANK BALANCES	(2,679,005)	(902,989)
BANK BALANCES AT THE BEGINNING OF THE YEAR	6,591,617	7,494,606
BANK BALANCES AT THE END OF THE YEAR	3,912,612	6,591,617

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002

	2002 Rupees	2001 Rupees
ACCUMULATED LOSS BROUGHT FORWARD	(62,337,228)	(57,554,434)
LOSS FOR THE YEAR	(4,044,290)	(4,782,794)
	<u>(66,381,518)</u>	<u>(62,337,228)</u>
DIVIDEND - NIL (2001: Nil)	-	-
ACCUMULATED LOSS CARRIED FORWARD	<u><u>(66,381,518)</u></u>	<u><u>(62,337,228)</u></u>

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES
FOR THE YEAR ENDED 30 JUNE 2002

	2002 Rupees	2001 Rupees
NET ASSETS PER SHARE AS AT 01 JULY 2001	5.85	6.16
INCOME/GAIN/(LOSS) FROM TRANSACTIONS IN MARKETABLE SECURITIES - PER SHARE	0.20	(0.33)
(LOSS)/GAIN DUE TO CHANGE IN FAIR VALUE OF MARKETABLE SECURITIES	(0.68)	0.01
OTHER INCOME FOR THE YEAR	0.48	0.17
PROFIT/(LOSS) FOR THE YEAR - PER SHARE	(0.00)	(0.15)
UNREALISED APPRECIATION ON REMEASUREMENT OF MARKETABLE SECURITIES	(0.14)	-
	(0.14)	(0.31)
PROPOSED DIVIDEND FOR THE YEAR - PER SHARE	-	-
NET ASSETS PER SHARE AS AT 30 JUNE 2002	5.71	5.85

The annexed notes form an integral part of these accounts.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

1. STATUS AND NATURE OF BUSINESS

First Capital Mutual Fund Limited (the company) was incorporated on January 8, 1995 as a public limited company under the Companies Ordinance, 1984 and commenced its operations on March 14, 1995. It has been registered as an Investment Company under the Investment Companies and Investment Adviser's Rules, 1971. The company is listed on the Karachi and Lahore Stock Exchanges. The object of the company is to carry on the business of a close-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the Stock Exchanges.

The company has entered into an agreement with an associated company, First Capital Investment (Private) Limited to act as its "Investment Adviser". Crescent Investment Bank Limited is the approved custodian of the company. The company is domiciled in Lahore, Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention except that marketable securities are stated at their fair values.

2.2 Basis of preparation

These accounts have been prepared in accordance with International Accounting Standards, issued by the International Accounting Standards Committee ("IASC"), interpretations issued by the Standing Interpretations Committee ("SIC") of the IASC and the requirements of the Investment Companies and Investment Adviser's Rules, 1971, the Companies Ordinance, 1984 and the directives issued by Securities and Exchange Commission of Pakistan.

2.3 Change in accounting policy

In compliance with the Circular No. 5 of November 1, 2001 and Circular No. 1 of January 10, 2002 issued by the Securities and Exchange Commission of Pakistan, the Company adopted International Accounting Standard 39, Financial Instruments Recognition and Measurement with effect from July 1, 2001. The adoption of this IAS has resulted in the Company classifying its marketable securities as 'held for trading' and valuing them at fair values. The change in the accounting policy has not resulted in any variation in the carrying amount of marketable securities as at July 1, 2001.

2.4 Marketable securities

Listed

Marketable securities are classified as held for trading. These are stated at their fair values. In accordance with Securities and Exchange Commission of Pakistan letter dated SC/MF/ED/241/2002 of June 19, 2002, the resulting unrealized appreciation is directly credited in equity and unrealized losses are taken to profit and loss account. The securities are initially recognized at cost and are recognized / derecognised by the company on the date it commits to purchase / sell off securities. The fair value of these securities representing listed equity and debt securities is determined on the basis of year-end middle market prices obtained from Stock Exchange quotations and quotes from brokers. Middle market price means the average of the highest and the lowest quotation prevailing on the prevailing on the balance sheet date.

The listed equity securities purchased and sold with simultaneous commitment to resale / repurchase are presented as receivable / payable under reverse repurchase / repurchase transaction and the difference between the purchase and resale consideration is recognized on an accrual basis considering settlement dates.

Pre-IPOs

These are companies for which application has been made but which have not been listed at the balance sheet date. These pre-initial public offerings are stated at the lower of average cost and break-up value determined on the basis of latest available financial statements

Taxation

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any. The Company provides for deferred tax liability under the liability method.

The Company is exempt from tax under clause 102 D of part I of the Second Schedule to the Income Tax Ordinance, 1979, subject to the condition that not less than 90% of its income of that year is distributed amongst its shareholders. The Company is also exempt from the provisions of Section 80 D under clause 2 of part IV of the second Schedule to the Income Tax Ordinance, 1979.

2.6 Revenue recognition

(i) Sale and purchase of securities are recorded on the date of execution of contract. Capital gain or loss on sale of investments is taken to income of the period in which it arises.

(ii) Dividend income is recognized at the time of closure of share transfer books of the company-declaring dividend.

(iii) Return on bank deposits are recognized on accrual basis.

3 MARKETABLE SECURITIES

NAME OF COMPANY	NUMBER OF SHARES/ CERTIFICATES					Closing Balance	BALANCE AS AT JUNE 30, 2002						PERCENTAGE IN RELATION TO				
	Opening	Purchase	Bonus	Sales	Carrying Value		Market Value				Unrealised		Own net assets (with carrying value of investment)	Paid-up capital of Investee company (with face value of investment)	Total carrying value of investment		
							R	U	P	E	E	S				Appreciation	Loss
These securities are ordinary fully paid shares/certificates of Rs. 10 each unless stated otherwise																	
Mutual Fund																	
I.C.P. S.E.M.F	-	272,000	-	60,000	212,000	5,360,293	4,012,100				-	(1,348,193)	0.06	0.64	5.31		
						5,360,293	4,012,100				-	(1,348,193)					
Investment Companies / Banks																	
First Capital Securities Corp. Ltd.	130,319	56,000	-	64,500	121,819	861,865	791,824				-	(70,042)	0.01	0.25	0.85		
Crescent Investment Bank Ltd.	30,000	8,500	-	-	38,500	459,575	303,188				-	(156,388)	0.01	0.09	0.45		
Muslim Commercial Bank Ltd.	31,780	1,413,678	-	1,434,458	11,000	317,542	320,375				2,833	-	0.00	0.01	0.31		
Askari Commercial Bank Ltd.	25,000	193,000	-	210,500	7,500	141,974	143,063				1,089	-	0.00	0.01	0.14		
Islamic Investment Bank Ltd.	12,000	10,500	-	22,500	-	-	-				-	-	-	-	-		
National Bank of Pakistan	-	2,411,000	-	2,411,000	-	-	-				-	-	-	-	-		
Faysal Bank Ltd.	75,400	-	-	75,400	-	-	-				-	-	-	-	-		
The Bank of Punjab	-	525,000	-	525,000	-	-	-				-	-	-	-	-		
PICIC	-	5,000	-	2,000	3,000	78,240	52,350				-	(25,890)	0.00	0.01	0.08		
						1,859,196	1,610,799				3,922	(252,319)					
Insurance Companies																	
International General Insurance Co. of Pakistan Ltd.	20,194	-	-	-	20,194	1,413,580	1,465,075				51,495	-	0.02	1.46	1.40		
Shaheen Insurance Co. Ltd	378,000	126,987	-	500	504,487	2,774,205	2,623,332				-	(150,873)	0.03	3.47	2.75		
Adamjee Insurance Co. Ltd.	80	1,384,000	12	1,384,000	92	4,350	3,404				-	(946)	0.00	0.00	0.00		
						4,192,135	4,091,811				51,495	(151,819)					
Textile																	
Nishat Mills Ltd.	56,600	1,167,000	-	1,184,500	39,100	659,146	612,893				-	(46,254)	0.01	0.06	0.65		
Nishat (Chunian) Ltd.	-	18,500	-	10,000	8,500	235,853	241,825				5,972	-	0.00	0.06	0.23		
Samin Textile Mills Ltd.	5,000	-	-	5,000	-	-	-				-	-	-	-	-		
						894,999	854,718				5,972	(46,254)					
Synthetic & Rayon																	
Dewan Salman Fiber Ltd.	5,057	847,000	-	852,057	-	-	-				-	-	-	-	-		
Ibrahim Fibers Ltd.	-	405,000	-	390,000	15,000	211,003	208,500				-	(2,503)	0.00	0.01	0.21		
						211,003	208,500				-	(2,503)					
Cement																	
D.G. Khan Cement Co. Ltd.	75,000	2,155,000	-	2,230,000	-	-	-				-	-	-	-	-		
Maple Leaf Cement Factory Ltd.	-	275,000	-	275,000	-	-	-				-	-	-	-	-		
Pioneer Cement Ltd.	-	150,000	-	100,000	50,000	280,000	162,500				-	(117,500)	0.00	0.03	0.28		
Lucky Cement Ltd.	-	533,500	-	533,500	-	-	-				-	-	-	-	-		
Pakland Cement Ltd.	41,512	-	-	-	41,512	228,446	211,711				-	(16,735)	0.00	0.03	0.23		
						508,446	374,211				-	(134,235)					
Fuel & Energy																	
Southern Electric Power Co. Ltd.	45,000	-	-	45,000	-	-	-				-	-	-	-	-		
Sui Southern Gas Co. Ltd.	-	283,000	-	283,000	-	-	-				-	-	-	-	-		
Hub Power Co. Ltd.	65,000	13,410,000	-	12,953,500	521,500	13,890,446	12,111,838				-	(1,778,609)	0.16	0.12	13.75		
Japan Power Generation Ltd.	47,000	25,000	-	72,000	-	-	-				-	-	-	-	-		
Kohinoor Energy Ltd	78,750	-	-	78,750	-	-	-				-	-	-	-	-		
Karachi Electric Supply Corporation Ltd.	-	1,225,000	-	975,000	250,000	2,181,200	1,293,750				-	(887,450)	0.03	0.05	2.16		
Pakistan State Oil Co. Ltd.	35,000	2,075,700	-	2,089,700	21,000	3,000,318	2,933,175				-	(67,143)	0.04	0.21	2.97		
Bosicor Pakistan Ltd.	-	22,500	-	22,500	-	-	-				-	-	-	-	-		
Sui Northern Gas Pipelines Co. Ltd.	135,420	3,681,500	-	3,766,920	50,000	690,170	687,500				-	(2,670)	0.01	0.01	0.68		
Shell Pakistan Ltd.	-	145,000	-	132,200	12,800	3,066,497	2,826,880				-	(239,617)	0.04	0.87	3.04		
						22,828,631	19,853,143				-	(2,975,489)					

NAME OF COMPANY	NUMBER OF SHARES/ CERTIFICATES				Closing Balance	Carrying Value	BALANCE AS AT JUNE 30, 2002				PERCENTAGE IN RELATION TO		
	Opening	Purchase	Bonus	Sales			Market Value	Unrealised			Own net assets (with carrying value of investment)	Paid-up capital of investee company (with face value of investment)	Total carrying value of investment
								Appreciation		Loss			
								R	U				
Engineering													
Sazgar Engineering Works Ltd	501,500	1,000	-	1,000	501,500	13,542,774	10,431,200	-	(3,111,574)	0.16	18.91	13.41	
						13,542,774	10,431,200	-	(3,111,574)				
Auto & Allied													
Agriautos Industries Ltd.	32,000	-	-	32,000	-	-	-	-	-	-	-	-	
Transport & Communications													
Pakistan Telecommunication Co. Ltd. "A"	127,700	25,771,500	-	25,231,500	667,700	11,843,050	11,484,440	-	(358,610)	0.14	0.03	11.72	
Telecard Ltd.	34,600	485,000	-	507,000	12,600	158,129	155,925	-	(2,204)	0.00	0.06	0.16	
WorldCALL Communications Ltd. (Formerly WorldCALL Payphones Ltd.)	1,072,000	556,000	212,200	612,500	1,227,700	15,497,663	15,561,098	63,435	-	0.18	3.10	15.34	
WorldCALL Multimedia Ltd.	1,500,000	-	-	-	1,500,000	15,000,000	15,937,500	937,500	-	0.18	8.11	14.85	
						42,498,842	43,138,963	1,000,935	(360,814)				
Chemical & Pharmaceutical													
Searl Pak Ltd.	45,383	-	-	36,883	8,500	122,968	110,925	-	(12,043)	0.00	0.06	0.12	
Engro Chemicals (Pakistan) Ltd.	29,049	1,482,000	-	1,486,000	25,049	1,501,686	1,512,960	11,274	-	0.02	0.11	1.49	
Fauji Fertilizer Co. Ltd.	79,700	1,806,100	-	1,876,800	9,000	410,293	408,825	-	(1,468)	0.00	0.02	0.41	
FFC-Jordan Fertilizer Co. Ltd.	100,000	2,558,000	-	2,658,000	-	-	-	-	-	-	-	-	
Pakistan PTA Ltd.	-	605,000	-	575,000	30,000	645,927	161,250	-	(484,677)	0.01	0.01	0.64	
Highnoon Laboratories Ltd.	-	7,500	-	7,500	-	-	-	-	-	-	-	-	
Knoll Pharmaceuticals Ltd.	-	190,000	-	190,000	-	-	-	-	-	-	-	-	
I.C.I. Pakistan Ltd.	100,000	1,076,900	-	1,176,900	-	-	-	-	-	-	-	-	
						2,680,874	2,193,960	11,274	(498,188)				
Vanaspati & Allied													
Wazir Ali Industries Ltd	214,513	-	-	-	214,513	3,219,537	1,952,068	-	(1,267,469)	0.04	6.19	3.19	
						3,219,537	1,952,068	-	(1,267,469)				
Food & Allied													
Unilever Pakistan Ltd.	1,036	260	-	820	476	375,853	426,972	51,119	-	0.00	0.06	0.37	
(Formerly Lever Brothers Pakistan Ltd.)													
Nestle Milkpak Ltd.	7,478	-	-	-	7,478	1,024,486	1,420,633	396,147	-	0.01	0.23	1.01	
						1,400,339	1,847,605	447,266	-				
Paper & Board													
Packages Ltd.	170	-	8	-	178	9,686	13,786	4,100	-	0.00	0.00	0.01	
						9,686	13,786	4,100	-				
Miscellaneous													
Treet Corporation Ltd.	8,477	-	-	-	8,477	254,310	510,739	256,429	-	0.00	0.61	0.25	
Zulfiqar Industries Ltd.	-	100,000	-	-	100,000	1,160,970	1,450,000	289,030	-	0.01	2.90	1.15	
Diamond Industries Ltd.	43,500	-	-	-	43,500	393,679	282,750	-	(110,929)	0.00	0.44	0.39	
						1,808,959	2,243,489	545,459	(110,929)				
Term Finance Certificates													
Dewan Salman Fiber Ltd.(Rs. 5,000 each)	1,010	-	-	1,010	-	-	-	-	-	-	-	-	
						-	-	-	-				
Total						101,015,715	92,826,352	2,070,421	(10,259,784)				

	2002 Rupees	2001 Rupees
4. ACCOUNTS RECEIVABLE		
On account of sale of shares	3,198	34,271
Dividends	74,580	493,913
Advance tax	513,092	244,127
Pre paid expenses	21,875	-
Accrued mark-up	-	178,630
	<u>612,744</u>	<u>950,941</u>

5. BANK BALANCES

Cash at bank:

- on current accounts	2,411	33,911
- on deposit accounts	3,910,201	6,557,706
	<u>3,912,612</u>	<u>6,591,617</u>

**6. DUE TO INVESTMENT ADVISER - FIRST
CAPITAL INVESTMENTS (PVT.) LIMITED**

Opening balance	1,788,914	1,458,291
2% of net assets	1,713,769	1,753,250
	<u>3,502,683</u>	<u>3,211,541</u>
Less: Payments made during the year	(1,753,250)	(1,422,627)
	<u>1,749,433</u>	<u>1,788,914</u>

6.1 The remuneration of the Investment Adviser, @ 2 percent of the net assets of the Company, at the end of its year of accounts in terms of rule 11(a) of the Investment Companies and Investment Adviser's Rules, 1971, has been determined as follows:

	2002 Rupees	2001 Rupees
ASSETS		
Marketable securities	92,826,352	82,525,659
Accounts receivable	612,745	950,941
Security deposits	300,000	300,000
Cash and bank balances	3,912,612	6,591,617
	<u>97,651,708</u>	<u>90,368,217</u>
LIABILITIES		
Due to Investment Adviser	1,749,433	1,788,914
Accounts payable	9,838,322	557,307
Provision for taxation	375,050	359,224
	<u>11,962,805</u>	<u>2,705,445</u>
NET ASSETS	<u>85,688,903</u>	<u>87,662,772</u>
2% of net assets	<u>1,713,769</u>	<u>1,753,250</u>

7. ACCOUNTS PAYABLE

Accrued custodian fee	89,399	87,045
Payable on account of Carry Over Transactions	9,246,219	-
Audit fee	80,000	80,000
Tax deducted at source	32,716	-
Unpaid dividend	389,988	390,262
	<u>9,838,322</u>	<u>557,307</u>

8. SHARE CAPITAL

Authorized		
20,000,000 ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up:		
15,000,000 ordinary shares of Rs. 10/- each fully paid in cash	<u>150,000,000</u>	<u>150,000,000</u>

	2002 Rupees	2001 Rupees
9. CAPITAL (LOSS)/GAIN ON MARKETABLE SECURITIES		
Sales	110,255,497	125,056,144
Less: Cost of sales:		
Opening stock	87,455,331	-
Less: Provisions on investments	(4,929,672)	-
Opening stock at carrying value	82,525,659	92,673,211
Add: Purchases	117,851,566	124,799,370
	200,377,225	217,472,581
Less: Closing stock	(92,826,352)	(87,455,331)
	107,550,873	130,017,250
	<u>2,704,624</u>	<u>(4,961,106)</u>

On dealing securities

Sales	1,550,153,018	-
Less: Cost of sales:	(1,549,919,141)	-
	<u>233,877</u>	<u>-</u>
	<u>2,938,501</u>	<u>(4,961,106)</u>

10. OTHER INCOME

Dividend income	7,162,909	2,327,517
Mark-up on bank accounts	35,198	16,443
Mark-up On TFCs	45,934	132,696
Miscellaneous income	26,975	21,164
	<u>7,271,016</u>	<u>2,497,820</u>

11. ADMINISTRATIVE EXPENSES

Custodian fee and CDC charges	1,087,074	499,252
Auditors' remuneration (11.1)	80,000	80,000
Provincial professional tax	75,000	75,000
Other expenses	28,475	15,995
	<u>1,270,549</u>	<u>670,247</u>

11.1 Auditors' remuneration includes the following:

Audit fee	65,000	65,000
Out of pocket expenses	15,000	15,000
	<u>80,000</u>	<u>80,000</u>

12. TRANSACTIONS WITH ASSOCIATED COMPANY

Transactions of shares through stock brokerage
- an associated company:

Purchases	-	10,741,277
Sales	-	11,895,127
Investment advisory fee	1,713,769	1,753,250

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

13.1 The company's exposure to interest rate risk and the effective rates of its financial assets and liabilities are summarized as follows:

2002	Interest bearing		(Amount in Rupees)	
	One month to three months	Less than one year	Non interest bearing	Total
Financial assets				
Marketable securities - net	-	-	92,826,352	92,826,352
Accounts receivable	-	-	612,745	612,745
Security deposits	-	-	300,000	300,000
Bank balances	-	406,979	3,505,633	3,912,612
	<u>-</u>	<u>406,979</u>	<u>97,244,729</u>	<u>97,651,708</u>
Effective interest rates		11%		
Financial liabilities				
Due to Investment Adviser	-	-	1,749,433	1,749,433
Accounts payable	-	-	9,838,322	9,838,322
Provision for taxation	-	-	375,050	375,050
	<u>-</u>	<u>-</u>	<u>11,962,805</u>	<u>11,962,805</u>
2001				
2001	Interest bearing		(Amount in Rupees)	
	One month to three months	Less than one year	Non interest bearing	Total
Financial assets				
Marketable securities - net	-	5,252,000	77,412,984	82,664,984
Accounts receivable	-	-	950,941	950,941
Security deposits	-	-	300,000	300,000
Bank balances	-	447,412	6,144,205	6,591,617
	<u>-</u>	<u>5,699,412</u>	<u>84,808,130</u>	<u>90,507,542</u>
Effective interest rates		15%		
Financial liabilities				
Due to Investment Adviser	-	-	1,788,914	1,788,914
Accounts payable	-	-	557,307	557,307
Provision for taxation	-	-	359,224	359,224
	<u>-</u>	<u>-</u>	<u>2,705,445</u>	<u>2,705,445</u>

13.2 Concentration of credit risk and credit exposure of financial instruments.

The company believes it is not exposed to major concentration of credit risk as its debt securities are traded on stock exchanges and other receivables are not material.

13.3 Fair value

The fair value of the financial assets and liabilities is estimated to approximate their carrying values.

14. TAXATION

The company's tax assessments have been finalized upto the DCIT level upto and including the assessment year 2001-2002. The DCIT has raised demand aggregating Rs.793,602/- for the assessment years 1998-99 to 2001-02, which are being contested at the appellate level.

Provision for additional tax liability has not been made in these accounts, as the company is hopeful of a favorable outcome of the appeals.

15. PERFORMANCE TABLE	2002	2001	2000	1999	1998
Net assets(rupees)	85,688,903	87,662,772	92,445,566	83,897,790	77,767,270
Profit/(loss) after tax (Rupees)	(4,044,290)	(4,782,794)	16,047,776	6,130,521	(27,643,177)
Net assets value per share (Rupees)	5.71	5.84	6.16	5.59	5.18
Earnings per share (Rupees)	(0.27)	(0.32)	1.07	0.41	(1.84)
Dividend distributed (%)	Nil	Nil	5%	Nil	Nil

16. GENERAL

Figures have been rounded off to the nearest rupee.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF INCOME AND EXPENDITURE
IN RELATION TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2002**

	NOTE	2002 Rupees	2001 Rupees
REVENUE			
Investment advisory fee from FCMF	14	1,713,769	1,753,250
Consultancy Fee		-	-
Mark up income on deferred cost		-	-
Dividend Income		-	-
Other income		-	-
		1,713,769	1,753,250
EXPENSES			
Salaries, wages and benefits		702,515	404,915
Telephone, fax, etc.		199,573	58,750
Utilities		105,133	132,885
Insurance		53,125	140,567
Printing and stationery		341,809	273,716
Traveling and conveyance		34,163	50,135
Postage, courier, etc.		54,391	19,244
Rent office building		35,937	18,227
Entertainment		11,807	24,928
Legal and professional charges		498,493	484,210
Office expenses		74,261	90,383
Professional Tax		20,000	20,000
Advertisement		48,750	-
Auditors' Remuneration		50,000	40,000
Depreciation (Note - 4)		657,664	657,664
		2,887,621	2,415,624
OPERATING PROFIT / (LOSS)		(1,173,852)	(662,374)
Financial charges		475	97,918
NET OPERATING LOSS		(1,174,327)	(760,292)
TAXATION-Current		8,569	9,205
LOSS AFTER TAXATION		(1,182,896)	(769,497)
Unappropriated loss brought forward		(2,937,976)	(2,168,479)
Unappropriated loss carried forward		(4,120,872)	(2,937,976)

LAHORE

CHIEF EXECUTIVE

DIRECTOR

FINANCIAL HIGHLIGHTS OF LAST SIX YEARS

FINANCIAL DATA

Rupees in Thousands

	2001	2000	1999	1998	1997	1996
Capital Gain / (loss)	(4,961)	15,135	(37,942)	1,859	(12,157)	(10,584)
Dividend income	2,328	4,830	2,369	3,916	5,403	1,039
Provision for diminution	(273)	288	(45,472)	30,000	(12,770)	16,332
Operating expenses	2,423	4,006	4,519	5,284	5,125,	5,875
Net (loss)/ profit before taxation	(4,614)	16,230	6,263	(27,447)	1,497	(29,447)
Taxation	169	182	132	196	270	52
Net (loss)/profit after taxation	(4,783)	16,048	6,131	(27,643)	1,227	(29,499)
Dividend	-	7,500	-	-	-	-
Net assets	87,663	92,446	83,898	77,767	105,410	104,184
Net assets per share	5.85	6.16	5.59	5.18	7.03	6.95
Earning per share	(0.32)	1.07	0.41	(1.84)	0.08	(1.97)
Dividend distribution	Nil	0	Nil	Nil	Nil	Nil

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2002

No. of Share Holders	Shareholdings			Total Shares Held
	From		To	
2349	1	-	100	227,060
226	101	-	500	86,020
36	501	-	1000	30,320
43	1001	-	5000	115,960
15	5001	-	10000	131,440
3	10001	-	15000	36,200
5	15001	-	20000	90,500
1	25001	-	30000	25,660
1	35001	-	40000	39,700
2	45001	-	50000	99,000
2	55001	-	60000	120,000
1	60001	-	65000	63,500
1	70001	-	75000	71,000
2	95001	-	100000	198,000
1	105001	-	110000	107,600
1	195001	-	200000	196,000
1	225001	-	230000	226,000
1	290001	-	295000	290,400
1	770001	-	775000	774,300
1	1035001	-	1040000	1,038,200
1	1440001	-	1445000	1,444,000
1	1495001	-	1500000	1,500,000
1	3460001	-	3465000	3,464,540
1	4620001	-	4625000	4,624,600
2697				15,000,000

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage Held
INDIVIDUALS	2,647	1,682,100	11.2140
INVESTMENT COMPANIES	1	100	0.0007
JOINT STOCK COMPANIES	26	5,217,700	34.7847
FINANCIAL INSTITUTIONS	14	3,201,100	21.3407
MODARABA COMPANIES	5	79,900	0.5327
FOREIGN COMPANIES	1	71,000	0.4733
NON-RESIDENT	3	4,748,100	31.6540
	2,697	15,000,000	100.00000

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS
AS AT 30 JUNE 2002

Associated Companies, undertaking and related parties

First Capital Investments (Pvt) Ltd.	1,500,000
First Capital Securities Corp. Ltd.	4,000

NIT and ICP

Investment Corp. Of Pakistan	40,000
National Bank of Pakistan	290,500

Directors, CEO and their Spouse and Minor Children

Salmaan Taseer (Director)	500
Lt. Gen. (R) Humayun Khan Bangash (Director)	500
Mumtaz H Syed (CEO/Director)	500
Muhammad Ashraf Ali (Director)	500
Muhammad Shuaib Yousaf (Director)	500
Aamer Nasim Chishti (Director)	500
Usman Haider (Director)	500

Executives

-

Public Sector Companies and Corporations:

320,160

**Banks Development Financial Institutions, Non-Banking Finance Institutions,
Insurance Companies, Modarabas and Mutual Funds etc.**

2,950,600

Shareholders holding 10% or more Voting interest in the Company

First Capital Investments (Pvt.) Ltd.	1,500,000
Invest Capital & Securities (Pvt) Ltd.	3,464,540
Mr. Sulieman Ahmed Said Al-Hoqani	4,748,100