

First Capital Mutual Fund Limited

Annual Report 1998

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COMPANY INFORMATION

Board of Directors	Mr. Salmaan Taseer, Chairman Mr. Zahid Zia Chief Executive Mr. Shaan Taseer Mr. Jamil Raza Syed Mr. Syed Akbar Naqi Zaidi Mr. Bashir A. Sheikh Mr. Muhammad Faisal Opal
Company Secretary	Mr. Muhammad Faisal Opal
Investment Committee	Mr. Salmaan Taseer - Chairman Mr. Zahid Zia - Chief Executive
Auditors	M/s Taseer Hadi Khalid & Company Chartered Accountants Lahore.
Registered Office	103-C/II, Gulberg-III, Lahore.
Custodian	Crescent Investment Bank Limited 45-Shahrah - e - Quaid - -e-Azam, Lahore
Legal Advisors	M/s Chima & Ibrahim Advocates Lahore.
Investment Advisers	First Capital Investments (Pvt.) Limited 103-C II, Gulberg III, Lahore.

Share Department
First Capital Mutual Fund Limited
Ground Floor,
Sh. Sultan Trust Building No. 2
Beaumont Road,
Karachi.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of the shareholders of the Company will be held on February 15, 1999 at 11:00 a.m. at 103-C/II, Gulberg-III, Lahore to transact the following business:-

1. To confirm the minutes of the 3rd Annual General Meeting of the Members.
2. To receive, consider and adopt the annual audited accounts of the Company together with the Auditors, and Director's Report for file year ended June 30, 1998.
3. To elect seven Directors as fixed by the Board for the term of three years in pursuance of Section 178 of the Companies Ordinance, 1984. The retiring Directors are: Mr. Salmaan Taseer, Mr. Zahid Zia, Mr. Shaan Taseer, Mr. Bashir A. Sheikh, Mr. Jamil Raza Syed, Mr. Akbar Naqi and Mr. Muhammad Faisal Opal.
4. To appoint Auditors for the year ending June 30, 1999 and to fix their remuneration. The present auditors M/s Taseer Hadi Khalid & Company, Chartered Accountants, being eligible for appointment, offer themselves for re-appointment.
5. To transact any other business of the Company with the permission of the Chair.

By the Order of the Board

Lahore:
January 25, 1999

MUHAMMAD FAISAL OPAL
(Company Secretary)

NOTES:

1. The share transfer book of the Company will remain closed from 16th February, 1999 to 22nd February, 1999 (both days inclusive).
2. A member entitled to vote at the meeting may appoint another member as his/her proxy to attend the meeting and vote on his/her behalf. Proxies in order to be effective, must be received by the Company at least 48 hours before the meeting.
3. Members are requested to notify any change in address immediately.
4. Any shareholder who seeks to contest election at the office of Director shall whether he is a retiring Director or otherwise, file with the Company, not later than 14 days before the date of the meeting a notice of his intention to offer himself for election as a Director, together with his consent to act as Director.

Director's Report to the Shareholders

For the year ended June 30, 1998

The Board of Directors is pleased to present the audited financial statements for the year ended June 30, 1998.

1997-98 REVIEW

During the fiscal year 1998, the stock market remained fragile due to lack of confidence among the investors. The collapse of South East Asian markets, law and order situation, rising trade deficits, international sanctions, devaluation of Pak rupee, tussle between the government and the judiciary, corruption charges levied on the Independent Power Projects (IPP'S) officials along with the unsolved tariff issues. All these continuing problems had an adverse effect on the Pakistan economy and KSE index.

In the wake of the nuclear tests conducted by Pakistan and India, the Pakistan economy witnessed one of the severe crisis since its independence. Freezing of the foreign currency accounts, introduction of a multiple exchange rate system and declaration of a state emergency, all these led to a steep decline in the country's foreign exchange reserves.

The KSE index fell by 43% i.e. from 1566 at the start of the year to 880 points at the end of the year. Large-scale withdrawals of investment in securities were made during the year. Since then the KSE index has had to struggle to retain its current level. The net asset value of your fund as of June 30, 1998 was Rs. 5.18 per share.

FINANCIAL:

	1998	1997
Capital Gain on sale of marketable securities	1,859,201	(12,156,573)
Dividend Income	3,916,485	5,402,951
Mark-up on bank deposits	2,060,950	605,401
Provision for diminution in value of securities	(29,999,854)	-
Excess provision written back	-	12,769,680
Net Profit/(Loss) for the period	(27,643,176)	1,226,578
Accumulated loss brought forward	(44,589,554)	(45,816,132)
Accumulated loss carried forward	(72,232,730)	(44,589,554)

FUTURE OUTLOOK:

The behavior of stock market will largely depend on the sustained political stability in the country and the easing of economic crisis. We believe that your fund would be able to show better earnings and rise in value in the next fiscal year as the government is trying to implement new monetary reforms as well as reform packages for various industries and sectors. All these reform packages will have a positive impact on the economy as well as the equity market.

DIVIDEND

The Directors do not recommend payment of a dividend due to the accumulated losses carried forward

BOARD OF DIRECTORS

During the year Mr. Abdul Waheed Alavi and Mr. Khurshid Hadi resigned. They were replaced by Mr. Jamil Raza Syed and Mr. Akbar Naqi Ziadi.

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

AUDITORS'

The present auditors" M/S Taseer Hadi Khalid & Co. retire and being eligible offer themselves for reappointment.

On behalf of the Board

ZAHID ZIA
Chief Executive

Lahore
January 22, 1999

**Auditors' Report to the Members
For the year ended June 30, 1998**

We have audited the annexed balance sheet of FIRST CAPITAL MUTUAL FUND LIMITED as at June 30, 1998 and the related profit and loss account and cash flow statement together with the notes to the accounts for the year then ended. Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances 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 and 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 Rules, 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 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 applied;

ii) the expenditure incurred during the year was for the purposes of the Company's business;

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the investment policy of the Company and Investment Companies and Investment Adviser's Rules, 1971;

iv) the company has not contravened the provisions of Rule 8 of the Investment Companies and Investment Adviser's Rules, 1971; and

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account and the cash flow statement together with the notes forming part thereof give the information required by the Companies Ordinance, 1984 and 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 June 30, 1998 and of the loss and cash flow for the year ended on that date;

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

LAHORE
22 January, 1999

TASEER HADI KHALID & CO.
Chartered Accountants

Balance Sheet
As at June 30, 1998

	Note	1998 (Rupees)	1997 (Rupees)
SHARE CAPITAL			
Authorised capital:			
20,000,000 ordinary shares of Rs. 10/- each		200,000,000 =====	200,000,000 =====
Issued, subscribed and paid-up capital:			
15,000,000 ordinary shares of RS. 10/- each issued as fully paid in cash		150,000,000	150,000,000
Accumulated loss		(72,232,730) -----	(44,589,554) -----
		77,767,270	105,410,446
DEFERRED EXPENDITURE PAYABLE	3	1,659,372	3,318,744
CURRENT LIABILITIES			
Current maturity of deferred expenditure payable	3	1,659,372	1,659,377
Due to investment adviser	4	1,932,792	2,729,096
Creditors and other liabilities	5	463,943	2,961,233
Provision for taxation		170,961	228,548
		-----	-----
		4,227,068	7,578,254
		-----	-----
		83,653,710	116,307,444
		=====	=====
DEFERRED EXPENDITURE	6	3,258,650	4,887,973
CURRENT ASSETS			
Marketable securities - Net	7	47,944,922	96,727,411
Trade debts - Unsecured (considered good)	8	12,336,698	2,515,542
Dividend receivable		661,667	2,164,125
Cash and bank balances	9	19,451,773	10,012,393
		-----	-----
		80,395,060	111,419,471
CONTINGENCIES AND COMMITMENTS	10	0	0
		-----	-----
		80,395,060	111,419,471
		-----	-----
		83,653,710	116,307,444
		=====	=====

These accounts should be read in conjunction with the annexed notes.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

For the year ended June 30, 1998

1. STATUS AND NATURE OF BUSINESS

1.1 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 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.

1.2 The Company has entered into an agreement with an associated company, First Capital Investment (Pvt) Limited to act as its "Investment Adviser". Crescent Investment Bank Limited is the approved custodian of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Marketable securities

Listed

These are valued at the lower of average cost and market value determined on aggregate portfolio basis. The provision for diminution in value of shares required against marketable securities is charged to Income currently.

Market values are taken from Karachi Stock Exchange quotations as on the last working day of the income year.

Pre-IPO's

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.

2.3 Revenue recognition

i. Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend.

ii. 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.

iii. Return on bank deposits and securities are recognized on accrual basis.

2.4 Deferred expenditure

These will be amortized over a period of five years starting from financial year 1995-96.

2.5 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 taxation, if any, on liability method for all major timing differences. However, net deferred tax debits are not recognized.

The company has provided tax at 5% on the dividend income for the year. The management believes that the gross sale proceeds of the shares sold during the period do not constitute turnover as implied in section 80D(i) of the Income Tax Ordinance, 1979.

	1998	1997
	(RUPEES)	(RUPEES)
3. DEFERRED EXPENDITURE PAYABLE		
Deferred costs	3,318,744	4,978,121
	0	0
Add: Additions during the year		
	3,318,744	4,978,121
Less: Current maturity of deferred expenses payable	(1,659,372)	(1,659,377)
	-----	-----
	1,659,372	3,318,744
	=====	=====

The expenditure incurred on the incorporation and floatation of First Capital Mutual Fund Limited was paid by First Capital Investments (Private) Limited, the company's investment adviser.

These expenses are to be repaid to First Capital Investments (Private) Limited over a period of five years in equal annual installments. Interest is being charged at the rate of 9% accruing from the month in which the expenditure is incurred.

	Note	1998	1997
		(Rupees)	(Rupees)
4. DUE TO INVESTMENT ADVISER			
Opening balance		2,729,096	1,103,511
Add:			
Investment advisory fee		1,587,087	2,151,234
Markup on deferred costs		305,235	520,862
Others		0	57,000
		-----	-----
		1,892,322	2,729,096
		-----	-----
		4,621,418	3,832,607
Less:			
Payments made during the year		2,688,626	1,103,511
		-----	-----
		1,932,792	2,729,096
		=====	=====

5. CREDITORS AND OTHER LIABILITIES

Payable against trading of shares	5.1	388,943	2,901,233
Other payable		75,000	60,000
		-----	-----
		463,943	2,961,233
		=====	=====

5.1 Payable against trading of shares includes Rs.387,643 (1997:Rs.2,301,933) payable to First Capital Securities Corporation Limited, an associated company. The maximum balance due to associated undertakings (excluding deferred expenses, referred to in Note-3) at the end of any month during the year was Rs.4.278,583 (1997: Rs.9.351,254).

	1998 (Rupees)	1997 (Rupees)
6. DEFERRED EXPENDITURE		
Public Issue	3,654,442	3,654,442
Salaries, wages and benefits	528,758	528,758
Telephone, fax, etc.	11,460	11,460
Printing and stationery	142,310	142,310
Travelling and conveyance	27,241	27,241
Listing fee	721,686	721,686
Revenue stamps	118,800	118,800
Advertisement	2,579,888	2,579,888
Entertainment	6,434	6,434
Legal and professional	336,810	336,810
Office expenses	18,790	18,790
	-----	-----
	8,146,619	8,146,619
Less: Amortization	(4,887,969)	(3,258,646)
	-----	-----
	3,258,650	4,887,973
	=====	=====

7. INVESTMENTS IN MARKETABLE SECURITIES

Name of Company	NUMBER OF SHARE/ CERTIFICATES				BALANCE AS AT June 30th, 1998		PERCENTAGE IN RELATION TO		
	Opening	Purchase	Bonus	Sales	No. of Shares/ Certificates	At cost (Rupees)	At market (Rupees)	Own net assets with cost of investment	Paid-up capital of investee company
Investment companies/banks									
Askari Commercial Bank Ltd.	70,725	69,500	2,586	71,000	71,811	1,873,047	1,001,763	2.44	0.07
Bank AI-Habib Ltd.	1,650	-	247	1,500	397	5,209	9,131	0.01	0.00
Bankers Equity Ltd.	-	105,000	-	31,000	74,000	962,659	251,600	1.25	0.11
Bank of Punjab	-	255,500	-	255,500	-	-	-	-	-
Crescent Investment Bank Ltd.	22,500	-	-	10,000	12,500	561,799	75,000	0.73	0.06
Muslim Commercial Bank Ltd.	-	605,000	-	605,000	-	-	-	-	-
Platinum Commercial Bank	-	51,000	-	51,000	-	-	-	-	-
P.I.C.I.C	-	266,500	-	-	266,500	2,786,295	1,412,450	3.62	0.42

Faysal Bank Ltd.	171,600	247,000	-	64,000	354,600	8,356,924	3,191,400	10.87	1.03
First Capital Securities Corp. Ltd.	164,800	2,475,450	66,980	2,600,500	106,730	837,550	720,428	1.09	0.50
						-----	-----		
						15,383,483	6,661,772		
Insurance companies									
Shaheen Insurance Ltd.	1,000	-	-	1,000	-	-	-	-	-
Adamjee Insurance Co. Ltd.	21,406	12,500	2,026	25,900	10,032	583,131	476,520	0.76	0.03
						-----	-----		
						583,131	476,520		
Textile spinning									
Gadon Textile Mills Ltd.	90,500	-	-	71,500	19,000	959,110	237,500	1.25	0.08
Friends Textile Mills Ltd.	28,000	-	-	28,000	-	-	-	-	-
Gulistan Spinning Mills Ltd.	61,000	-	-	61,000	-	-	-	-	-
Ibrahim Textile Mills Ltd.	75,000	-	-	19,500	55,500	789,765	360,750	1.03	0.41
Nishat Chunian Ltd.	42,300	-	-	8,500	33,800	439,318	304,200	0.57	0.23
Saif Textile Mills Ltd.	75,008	20,500	8,100	25,000	78,608	1,490,269	786,080	1.94	0.42
Sapphire Fibers Ltd.	25,000	-	-	25,000	-	-	-	-	-
						-----	-----		
						3,678,462	1,688,530		
Synthetic and rayon									
Dhan Fibres	20,000	-	-	20,000	-	-	-	-	-
Dewan Salman Fibre Ltd.	10,400	314,500	75	324,500	475	11,997	6,484	0.02	0.00
						-----	-----		
						11,997	6,484		
Cement									
Cherat Cement Ltd	36,000	-	-	36,000	-	-	-	-	-
D. G. Khan Cement Ltd.	10,000	3,000	-	13,000	-	-	-	-	-
Fauji Cement Ltd.	-	7,500	-	7,500	-	-	-	-	-
Pak Land Cement Ltd.	341,600	326,100	-	631,000	36,700	386,653	154,140	0.50	0.04
						-----	-----		
						386,653	154,140		
Fuel and energy									
D.G. Electric Company Ltd	2,500	-	-	-	2,500	62,500	12,000	0.08	0.01
Karachi Elect. Supply Corp. Ltd.	-	5,000	-	5,000	-	-	-	-	-
Maple Leaf Electric Co. Ltd.	310,500	-	93,150	-	403,650	6,653,015	1,412,775	8.65	0.78
Pakistan State Oil Ltd.	23,010	32,500	1,832	23,400	33,942	6,797,496	2,588,078	8.84	0.03
Japan Power Generation Ltd.	729,500	161,000	-	890,500	-	-	-	-	-
Ibrahim Energy Ltd.	61,000	-	-	61,000	-	-	-	-	-
Southern Elect. Power Co. Ltd.	-	489,000	-	489,000	-	-	-	-	-
Shell Pakistan Ltd.	4,300	2,350	-	-	6,650	1,355,600	964,250	1.76	0.03
Sui Southern Gas Company Ltd.	11,571	42,500	10	54,000	81	1,937	729	0.00	0.00
Sui Northern Gas Pipelines Ltd.	161,100	226,000	31,740	70,500	348,340	8,241,695	3,047,975	10.72	0.11
Hub Power Ltd.	253,500	3,012,500	-	3,096,000	170,000	7,427,105	2,184,500	9.66	0.13
						-----	-----		
						30,539,348	10,210,307		
Engineering									
Crescent Steel Allied Products Ltd.	2,990	-	448	3,400	38	2,069	912	0.00	0.00
Sazgar Engineering Works Ltd.	500,000	-	-	-	500,000	4,521,860	4,500,000	5.88	6.98
						-----	-----		
						4,523,929	4,500,912		
Auto and allied									

Honda Atlas Cars Ltd.	138,500	-	125	138,500	125	12	1,063	0.00	0.00
Pak Suzuki Motors Co. Ltd.	44,500	-	-	44,500	-	-	-	-	-
							-----	-----	
						12	1,063		
Transport and Communication									
Pak Telecommunication Ltd.	233,000	5,505,000	-	5,338,000	400,000	9,387,071	6,660,000	12.21	1
Pak Data Corn Ltd.	28,490	-	-	28,000	490	12,510	5,635	0.02	0.01
						-----	-----		
						9,399,581	6,665,635		
Chemical and pharmaceutical									
Searle Pak Ltd.	35,200	-	6,072	5,000	36,272	2,244,921	498,740	2.92	0.26
Engro Chemicals Pakistan Ltd.	34,375	41,000	5,156	-	80,531	7,362,747	4,006,417	9.57	0.08
Shaft Chemicals Ltd.	409,500	-	-	-	409,500	4,128,719	2,252,250	5.37	3.41
Fauji Fertilizer Company Ltd.	77,500	63,300	-	85,000	55,800	4,313,343	2,873,700	5.61	2
F.F.C Jordan Company Ltd.	-	790,000	-	730,000	60,000	1,040,606	789,000	1.35	0.02
						-----	-----		
						19,090,336	10,420,107		
Chemicals Res. & Alkalis									
I.C.I. Pakistan Ltd.	-	1,540,500	-	1,450,500	90,000	1,521,934	1,089,000	1.98	0.01
						-----	-----		
						1,521,934	1,089,000		
Leasing companies									
Askari Leasing Ltd.	33,500	-	4,700	10,000	28,200	710,332	279,180	0.92	0.12
NDLC	25,000	30,000	-	55,000	-	-	-	-	-
Pakistan Indl. Leasing Corp. Ltd.	12,600	-	-	-	12,600	474,710	116,550	0.62	0.11
						-----	-----		
						1,185,042	395,730		
Modarabas									
First Habib Bank Modaraba	100,000	-	-	100,000	-	-	-	-	-
Textile weaving									
Kohinoor Weaving Mills Ltd.	7,500	-	-	7,500	-	-	-	-	-
Textile composite									
Crescent Textile Mills Ltd.	140	-	27	-	167	-	1,378	-	-
Nishat Mills Ltd	53,000	10,000	-	63,000	-	-	-	-	-
						-----	-----		
						-	1,378		
Paper and board									
Packages Ltd.	7,500	55,300	7,812	26,000	44,612	2,757,350	1,606,032	3.59	0.13
Century Paper & Board Mills Ltd.	83,820	-	-	-	83,820	2,827,562	972,312	3.68	0.08
						-----	-----		
						5,584,912	2,578,344		
Miscellaneous									
AI-Khair Gadoon Ltd.	538,000	-	-	-	538,000	5,140,458	2,690,000	6.68	5.38
Diamond Industries Ltd.	40,500	-	-	-	40,500	1,302,199	405,000	1.69	0.45
						-----	-----		
						6,442,657	3,095,000		
						-----	-----		
						98,331,477	47,944,922		
Less:									
Provision for diminution in value of shares						50,386,555			

47,944,922

=====

These securities are ordinary fully paid shares of Rs. 10/- each unless stated otherwise.

Provision for diminution in value of shares

	(Rupees)
For the year ended June 30, 1995	16,824,309
For the year ended June 30, 1996	16,332,073
For the year ended June 30, 1997	(12,769,680)
For the year ended June 30, 1998	29,999,853

	50,386,555
	=====

8. TRADE DEBTS, UNSECURED (CONSIDERED GOOD)

This includes Rs. 12,046,613 receivable from associated undertakings.

The maximum aggregate balance recoverable from associated undertakings at the end of any month during the year was Rs.20,096,043 (1997: Rs.6,137,487).

	1998 (Rupees)	1997 (Rupees)
9. CASH AND BANK BALANCES		
Cash at bank:		
- In current accounts	1,450	22,149
- In saving accounts	19,450,323	9,990,244
	-----	-----
	19,451,773	10,012,393
	=====	=====
10. CONTINGENCIES & COMMITMENTS		

There were no significant contingencies or commitments at the balance sheet date.

11. PROFIT/(LOSS) ON SALE OF MARKETABLE SECURITIES

Sales:	539,236,942	178,938,455
Less: Cost of sales:		
Opening stock of marketable securities	117,114,113	145,341,488
Purchases of marketable securities	518,595,105	162,867,652
Closing stock of marketable securities	(98,331,477)	(117,114,113)
	537,377,741	191,095,027
	-----	-----
	1,859,201	(12,156,572)
	=====	=====

12. ADMINISTRATIVE EXPENSES

Custodian charges		313,023	408,242
Auditor's remuneration	12.1	75,000	65,000
Amortization of deferred expenditure		1,629,323	1,629,323
Zakat		21,024	49,889
Legal and professional charges		227,277	194,860
Miscellaneous		11,600	0
		-----	-----

	2,277,247	2,347,314
	=====	=====
12.1 Auditor's remuneration		
Audit fee	65,000	55,000
Out of pocket expenses	10,000	10,000
	-----	-----
	75,000	65,000
	-----	-----
13. FINANCIAL CHARGES		
Interest on deferred expenditure	305,235	520,862
Bank charges	1,114,566	105,323
	-----	-----
	1,419,801	626,185
	=====	=====
14. INVESTMENT ADVISORY FEE PAYABLE		
2% of net assets of FCMF	1,587,087	2,151,234
	=====	=====
Assets		
Deferred expenditure	3,258,650	4,887,973
Marketable securities	47,944,922	96,727,411
Trade debts - unsecured - considered good	12,336,698	2,515,542
Advances, deposits, prepayments & other receivable	661,667	2,164,125
Cash and bank balances	19,451,773	10,012,393
	-----	-----
	83,653,710	116,307,444
Liabilities		
Deferred expenditure payable	1,659,372	3,318,744
Due to investment adviser	2,005,077	2,237,239
Creditors and other liabilities	463,943	2,961,233
Provision for taxation	170,961	228,548
	-----	-----
	4,299,353	8,745,764
	-----	-----
Net assets before calculating investment advisory fee	79,354,357	107,561,680
	-----	-----
Investment advisory fee	1,587,087	2,151,234
	-----	-----
Net assets	77,767,270	105,410,446
	=====	=====

The remuneration of Investment Adviser, is computed at 2% for the first five years of the investment company's existence and thereafter at 1% of the net assets of the company as at the end of its financial year in terms of clause 11 (a) of the Investment Companies and the Investment Advisers Rules, 1971 has been determined as above.

15. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Inter on deferred expenditure payable	305,235	520,862
Other	0	57,000
Transaction of shares through associated undertakings:		

Current	7,936	10,756
	-----	-----
(LOSS) AFTER TAXATION	(1,296,938)	(63,552)
Unappropriated loss brought forward	(268,355)	(204,803)
	-----	-----
Unappropriated loss carried forward	(1,565,293)	(268,355)
Note:	=====	=====

Income not relating to investment company has not been included in the above statement. However, expenses have not been allocated as the cost relating to other income is considered to be immaterial.

Pattern of Shareholding

As at June 30, 1998

Number of Share Holders	Shareholdings		Total Shares Held	
	From	To		
2,785	1	-	100	269,020
546	101	-	500	240,140
50	501	-	1,000	39,280
71	1,001	-	5,000	193,840
25	5,001	-	10,000	207,080
4	10,001	-	15,000	50,500
5	15,001	-	20,000	96,460
2	35,001	-	40,000	76,140
5	45,001	-	50,000	244,780
1	55,001	-	60,000	60,000
1	60,001	-	65,000	60,800
1	70,001	-	75,000	71,000
1	75,001	-	80,000	76,000
1	80,001	-	85,000	83,000
5	95,001	-	100,000	496,000
2	100,001	-	105,000	206,860
3	145,001	-	150,000	450,000
1	190001	-	195,000	190,500
7	195,001	-	200,000	1,384,000
1	240,001	-	245,000	245,000
1	245,001	-	250,000	246,500
1	300,001	-	305,000	304,300
1	345,001	-	350,000	350,000
1	390,001	-	395,000	392,100
2	395,001	-	400,000	800,000
1	470,001	-	475,000	475,000
1	6957001	-	700,000	700,000
1	715,001	-	720,000	715,500
2	7707001	-	775,000	1,548,600
1	775,001	-	780,000	780,000
1	930,001	-	935,000	931,100
1	1,495,001	-	1,500,000	1,500,000

1	1,515,001	-	1,152,000	1,516,500
-----				-----
3532				150,000,000
=====				=====

Categories of Shareholders	No. of Shareholders	Share Held	Percentage
1. Individuals	3,474	1,412,040	9.4136
2. Investment Companies	1	8,300	0.0553
3. Joint Stock Companies	21	4,451,560	29.6771
4. Financial Institutions	22	9,381,500	42.5433
5. Modaraba Companies	7	563,800	3.7587
6. Foreign Companies	4	1,951,000	13.0067
7. Leasing Companies	3	231,800	1.5453
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TOTAL:	3,532	15,000,000	100
	=====	=====	=====