

First Capital Mutual Fund Limited

Annual Report 2000

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COMPANY INFORMATION

Board of Directors	Mr. Salmaan Taseer Chairman Mr. Mumtaz H Syed Chief Executive Mr. Aamer Nasim Chishti Mr. Muhammad Ashraf Ali Mr. Muhammad Shuaib Yousaf Mr. Sadiq Y Yalmaz Mr. Shaan Taseer
Company Secretary	Mr. Sardar Ali Wattoo
Investment Committee	Mr. Salmaan Taseer (Chairman) Mr. Mumtaz H Syed Mr. Sardar Ali Wattoo
Auditors	Messrs. Taseer Hadi Khalid & Co. Chartered Accountants
Legal Advisers	Chima & Ibrahim Advocates, Lahore
Custodian	Crescent Investment Bank Limited
Registered Office / Head Office	103-C/II, Gulberg-III Lahore, Pakistan (042) 5757591-4 Fax: (042) 5757590
Investment Advisers	First Capital Investments (Pvt.) Limited 103-C/II, Gulberg-III, Lahore
Shares Department	M/s. THK Associates (Pvt.) Limited Ground Floor Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi (021) 5689021

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of First Capital Mutual Fund Limited will be held at the Registered Office

of the Company, 103-C/II, Gulberg-III, Lahore, on 30 December 2000 at 10:00 a.m. to transact the following business:

Ordinary business

1. To confirm the minutes of the last Annual General Meeting;
2. To receive, consider and adopt the financial statements of the Company for the year ended 30 June 2000 together with the Directors' and Auditors' reports thereon;
3. To appoint auditors for the year ending 30 June 2001 and fix their remuneration;
4. To approve the interim dividend cash 5% already declared and paid by the Directors on 03 March 2000, which shall also be the final dividend;

Special business

5. To consider and if deemed fit, pass the following resolution as a Special Resolution with or without modifications:

"RESOLVED that, the Chief Executive be and is hereby authorized to undertake & liquidate on behalf of the Company, an investment in Pre-Initial Public Offering of World CALL Multimedia Limited up to Rs. 15 million for purchase of 1,500,000 shares at the price of Rs. 10/- per share in accordance with the provisions of section 208 of the Companies Ordinance, 1984"

6. To transact any other business with the permission of the Chair.

The statement under section I 60 (I) (b) of the Companies Ordinance, I 984 pertaining to the Special business is annexed with this notice to the members.

By the Order of the Board

Lahore
09 December 2000

SARDAR ALI WATTOO
(Company Secretary)

Notes:

1. The Share Transfer Books of the Company will remain closed from 23 December 2000 to 30 December 2000 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Ground Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi, the Share Department of the Company at the close of the business on 22 December 2000 will be treated in time.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote for him/her. Vote may be given either personally or by proxy or in case of a Company / Corporation by a representative duly authorized. A proxy must be a member of the Company.
3. In order to valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 103-C/II, Gulberg-III, Lahore, not less than 48 hours before the time of the meeting.
4. An individual Beneficial Owner, of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport to prove his/her identity. In case of proxy must enclose an attested copy of his/her NIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.
5. Members are requested to notify any change in their registered address immediately.
6. Memorandum and Articles of Association of the investee company is available for inspection at the Registered Office of the Company at 103-C/II, Gulberg-III, Lahore.

STATEMENT UNDER SECTION 208 OF THE COMPANIES ORDINANCE, 1984:

World CALL Multimedia Limited

The Company was incorporated on 09 June 2000. The main activity of the Company is to provide re-broadcasting of international/national satellite terrestrial/wireless and cable television and radio signals using Hybrid Fiber Optic Coaxial network along with providing broad band cable network infrastructure for internet and data transmission in Pakistan subject to the government approval where necessary. The company is in the process of public offering of the shares to general public and listing on Stock Exchanges.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the 6th Annual General Meeting of the Company to be held on 30 December 2000.

The Company is fully authorized by its Memorandum of Association to make such investment. The investment would be

made and dis-invested at such times, as the Chief Executive may think appropriate on behalf of the Company. The directors of the company have no interest in the said Company except that they are shareholders/common directors. The following are the material facts about the proposed Special Resolution:

Name of the investee company	World CALL Multimedia Limited
Nature, amount and extent	Investment in the Pre-Initial Public Offering of the share capital of the company up to Rs. 15,000,000/- (1,500,000 ordinary shares of Rs. 10/- each)
Price at which shares would be purchased	At par Rs. 10/- for each ordinary share
Source of funds from where shares will be purchased	From the Company's Fund
Period for which investment would be made	As a portfolio investment
Purpose of Investment	To get benefit of special skills in Cable TV along with Internet Service Providing Business
Benefits likely to accrue to the company and the shareholders from the proposed investments	Cable TV alongwith internet service have a high revenue potential in the market through which the company expects to receive substantial dividends/capital gains on the investment

Director's Report

The directors of First Capital Mutual Fund Limited are pleased to present before the shareholders the sixth annual report together with the company's audited accounts for the year ended 30 June 2000.

Review

The year 2000 continued to observe turbulence in the stock exchanges in Pakistan. The year was marked with disturbance on the geographic boundaries and instability in the political arena. The dispute between the Government of Pakistan and Hubco remained unresolved and kept the foreign investors out of the market. The takeover by military government, however, led to a brief period of stability in the stock prices and a surge in stock prices was also observed. FCMF continued to restructure its portfolio by replacing the non-performing stocks with low risk investments expected to reap stable returns. Despite the prevalent economic recession and erratic performance by the stock exchanges, FCMF continued to improve its performance during the year under review.

The prudence of the Investment Advisers in portfolio related decisions has led to Rs. 15.1 million capital gains for year 2000 against a capital loss of Rs. 37.9 million for the year 1999. The dividend income of the fund grew by 103.9 % to Rs. 4.8 million against Rs. 2.3 million in year 1999. The profit before tax registered also an increase of 161.7 % to Rs. 16.2 million in year 2000 from Rs. 6.2 million in 1999 resulting in earnings per share of Rs. 1.01 for year 2000 from Rs. 0.41 for the year 1999.

Financials	2000	1999
	Rupees	Rupees
Capital gain on sale of marketable securities	15,134,570	(37,942,431)
Dividend income	4,830,386	2,369,013
Mark-up on bank deposits	517,550	883,345
Provision for diminution in value of securities	(287,503)	--
Excess provision written back		45,471,641
Net profit/(Loss) for the period	16,047,776	6,130,521
Accumulated loss brought forward	66,102,210	72,232,731
Accumulated loss carried forward	57,554,434	66,102,210

Future Outlook

Despite the uncertainty in the economic situation and lacking investor confidence in the stock exchanges, the Directors of FCMF are confident that with the continuous restructuring of FCMF's portfolio with the assistance of its Investment Advisers, the fund will continue to improve its performance next year. While restructuring the portfolio FCMF is focusing on stocks that have out performed the market in recent years and continue to offer attractive capital and dividend yields.

Dividend

The Directors had already declared and paid interim dividend cash @5% on 03 March 2000, which shall also be the final dividend.

Pattern of Shareholding

The pattern of shareholding is annexed to this report.

Auditors

The present auditors Messers. Taseer Hadi Khalid and Co., Chartered Accountants shall retire and may be considered for re-appointment for the year 2000-2001.

For and on behalf of the Board

Mumtaz H Syed
Chief Executive

Lahore, 08 December 2000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Capital Mutual Fund Limited as at 30 June 2000 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, 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 purpose 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 above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 and 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 auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said 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 accounts have been kept by the company as required by the Companies Ordinance, 1984 and 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 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 purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects 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 and cash flow statement, together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and 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 30 June 2000 and of the profit and its cash flows for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

ISLAMABAD

December 08, 2000

**TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS**

**BALANCE SHEET
AS AT 30 JUNE 2000**

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
ASSETS			
Marketable securities - at market value	3	87,470,794	79,405,351

(Cost Rs. 92,673,211)

(1999 Rs. 84,320,265)

Deferred expenditure

		--	1,629,325
		-----	-----
		87,470,794	81,034,676
OTHER ASSETS			
Accounts receivable	4	1,792,563	4,863,669
Security deposit		300,000	--
Bank balances	5	7,494,606	2,063,508
		-----	-----
TOTAL ASSETS		97,057,963	87,961,853
CURRENT LIABILITIES			
Current maturity of deferred expenditure payable		--	1,659,372
Due to Investment Adviser - an associated company	6	1,458,291	2,046,214
Accounts payable	7	2,775,191	171,372
Provision for taxation		378,915	197,105
		-----	-----
NET ASSETS		4,612,397	4,064,063
		-----	-----
		92,445,566	83,897,790
		=====	=====
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	8	150,000,000	150,000,000
ACCUMULATED LOSS		(57,554,434)	(66,102,210)
		-----	-----
		92,445,566	83,897,790
		=====	=====

The annexed notes form an integral part of these accounts.

LAHORE**CHIEF EXECUTIVE DIRECTOR****PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000**

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
INCOME			
CAPITAL GAIN/(LOSS) ON MARKETABLE SECURITIES	9	15,134,570	(37,942,431)
OTHER INCOME	10	5,388,660	3,252,358
		-----	-----
		20,523,230	(34,690,073)
OPERATING EXPENSES			
Administrative expenses	11	2,845,220	2,650,519
Financial expenses		236,460	149,343
Remuneration of investment adviser	6.1	924,460	1,718,680
		-----	-----
		4,006,140	4,518,542
		-----	-----
OPERATING PROFIT/(LOSS)		16,517,090	(39,208,615)
PROVISION FOR DIMINUTION IN VALUE OF MARKETABLE SECURITIES		(287,503)	--
EXCESS OF PROVISION FOR DIMINUTION IN VALUE OF MARKETABLE SECURITIES WRITTEN BACK		--	45,471,641
		-----	-----
PROFIT BEFORE TAXATION		16,229,587	6,263,026
PROVISION FOR TAXATION		(181,811)	(132,505)
		-----	-----
PROFIT FOR THE YEAR		16,047,776	6,130,521
		=====	=====
EARNINGS PER SHARE		1.07	0.41
		=====	=====

The annexed notes form an integral part of these accounts

LAHORE

CHIEF EXECUTIVE DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000**

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,229,587	6,263,026
Adjustment for:		
Amortization of deferred expenditure	1,629,325	1,629,325
Provision for diminution in value of shares/ excess provision written back	287,503	(45,471,641)
	-----	-----
Operating profit/(loss) before working capital changes	1,916,828	(43,842,316)
	-----	-----
	18,146,415	(37,579,290)
(Increase)/decrease in:		
Marketable securities	(8,352,945)	14,011,212
Account receivable	2,771,104	8,270,469
	-----	-----
	(5,581,841)	22,281,681
Increase/(decrease) in current liabilities:		
Due to Investment	(577,923)	103,422
Accounts payable	296	(292,571)
	-----	-----
	(577,627)	(189,149)
	-----	-----
Net cash generated/(used in) operating activities	11,986,947	(15,486,758)
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred expenditure paid	(1,659,372)	(1,659,372)
Dividend paid	(4,896,477)	--
Tax paid	--	(242,135)
	-----	-----
NET CASH USED IN FINANCIAL ACTIVITIES	(6,555,849)	(1,901,507)
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,431,098	(17,388,265)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,063,508	19,451,773
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,494,606	2,063,508
	=====	=====

LAHORE

CHIEF EXECUTIVE DIRECTOR

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000**

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
ACCUMULATED LOSS BROUGHT FORWARD	(66,102,210)	(72,232,731)
PROFIT FOR THE YEAR	16,047,776	6,130,521
	-----	-----
	(50,054,434)	(66,102,210)

DIVIDEND ~ 5% (1999: Nil)	(7,500,000)	--
ACCUMULATED LOSS CARRIED FORWARD	(57,554,434)	(66,102,210)

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES FOR THE YEAR ENDED 30 JUNE 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
NET ASSETS PER SHARE AS AT 01 JULY 1999	5.59	5.18
GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES	1.01	(2.53)
(PROVISION)/REVERSAL OF PROVISION FOR DIMINUTION IN VALUE OF MARKETABLE SECURITIES - PER SHARE	(0.02)	3.03
NET INCOME/(LOSS) FOR THE YEAR EXCLUDING CAPITAL GAIN/(LOSS) - PER SHARE	0.08	(0.09)
PROFIT FOR THE YEAR - PER SHARE	1.07	0.41
DIVIDEND FOR THE YEAR - PER SHARE	(0.50)	--
NET ASSETS PER SHARE AS AT 30 JUNE 2000	6.16	5.59

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

1. STATUS AND NATURE OF BUSINESS

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Basis of preparation

These accounts have been prepared in accordance with 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 Advisers Rules, 1971.

2.3 Marketable securities

Listed
Investments in quoted securities are valued at lower of cost and market value. Cost is determined on moving average basis and market value is determined on an aggregate portfolio basis. Middle market price has been used for calculating market value and it means the average of the highest and the lowest quotation prevailing on the balance sheet date.

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.

2.4 Deferred expenditure

These are amortised over a period of five years starting from the 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.

2.6 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 are recognized on accrual basis.

3. INVESTMENTS IN MARKETABLE SECURITIES

Name of Company	NUMBER OF SHARE / CERTIFICATES				BALANCE AS AT JUNE 30, 2000			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	Total cost of the Assets
Mutual Fund										
I C P SEMF	--	45,000	--	20,000	25,000	699,750	405,625	0.76	0.03	0.76
						-----	-----			
						699,750	405,625			
Investment companies/banks										
Askari Commercial Bank Ltd.	120,000	--	--	120,000	--	--	--	--	--	--
Gulf Comm. Bank	66,000	131,500	--	192,000	5,500	71,232	52,388	0.08	0.01	0.08
Metro Bank	1,666	--	41	1,500	207	--	3,353			
M C B	--	115,000	--	97,000	18,000	699,102	560,250	0.76	0.01	0.75
B O P	200	20,000	--	20,000	200	5,997	2,605	0.01		0.01
Bank A1-Habib	--	--	300	--	300	--	4,478			
Faysal Bank Ltd.	235,400	--	--	160,000	75,400	1,111,833	695,565	1.20	0.06	1.20
First Capital Securities Corp. Ltd.	82,200	42,000	19,740	33,500	110,440	825,280	781,363	0.89	0.46	0.89
						-----	-----			
						2,713,444	2,100,002			
Insurance companies										
Adamjee Insurance Co. Ltd.	26	98,000	9,802	61,500	46,328	2,535,250	2,846,856	2.74	0.11	2.74
E F U LIFE INS	55,700	--	--	55,500	200	3,600	6,350			
Shaheen Insurance	--	376,500	--	--	376,500	4,180,075	3,576,750	4.52	6.28	4.51
I G I INS	52,062	25,932	--	57,800	20,194	1,469,507	1,171,252	1.59	0.24	1.59
						-----	-----			
						8,188,432	7,601,208			
Textile spinning										
Samin Tex	225,500	6,500	--	232,000	--	--	--	--	--	--
Ibrahim Textile Mills Ltd.	20,000	--	--	20,000	--	--	--	--	--	--
Taj Textile Mills Ltd.	400,000	--	--	400,000	--	--	--	--	--	--
Saif Tex	55,000	--	--	55,000	--	--	--	--	--	--
Nishat Mills	--	390,000	--	332,500	57,500	2,138,838	1,346,938	2.31	0.05	2.31
Elahi Spinning	600,000	--	--	600,000	--	--	--	--	--	--
						-----	-----			
						2,138,838	1,346,938			
Synthetic and rayon										
Dewan Salman Fibre	80,000	--	71	80,000	71	--	1,993	--	--	--
Ibrahim Fibre	--	410,000	--	378,500	31,500	463,837	455,175	0.50	0.02	0.50
Dhan Fibres	25,000	415,000	--	425,000	15,000	241,952	159,375	0.26	0.01	0.26
						-----	-----			
						705,789	616,543			
Cement										
D. G. Khan Cement Co. Ltd.	7,500	95,000	--	27,500	75,000	1,143,873	611,250	1.24	0.06	1.23
Maple Leaf Cement	8,000	--	--	8,000	--	--	--	--	--	--

Pak Land Cement Ltd.	41,500	18,500	--	18,500	41,500	343,185	207,500	0.37	0.05	0.37
						-----	-----			
						1,487,058	818,750			
Fuel and energy										
Maple Leaf Electric Co. Ltd.	84,000	--	--	84,000	--	--	--	--	--	--
D.G. Electric Company Ltd.	28,500	--	--	28,500	--	--	--	--	--	--
Karachi Elect. Supply Corp. Ltd.	75,000	601,100	--	135,000	--	--	--	--	--	--
Genertech Pak	1,731,300	--	--	1,731,300	--	--	--	--	--	--
Shell Pakistan Ltd.	4,000	8,000	--	10,100	1,900	678,241	508,488	0.73	0.01	0.73
Pakistan State Oil Co. Ltd.	150	242,500	--	207,500	35,150	8,558,055	5,732,965	9.26	0.03	9.23
Sui Northern Gas Pipelines Ltd.	187,450	795,000	40,307	905,000	117,757	2,586,200	1,895,888	2.80	0.03	2.79
SEPCOL	--	380,500	--	335,500	45,000	493,421	364,500	0.53	0.05	0.53
Japan Power Jeneration	--	190,000	--	80,000	110,000	1,038,496	583,000	1.12	0.08	1.12
Kohinoor Energy	--	162,500	--	95,000	67,500	1,098,977	843,750	1.19	0.05	1.19
Hub Power Ltd.	202,000	1,255,000	--	1,260,000	197,000	5,539,181	2,895,900	5.99	0.02	5.98
						-----	-----			
						19,992,571	12,824,491			
Engineering										
Sazgar Engineering Works Ltd.	500,000	2,000	--	1,500	500,500	4,532,898	11,123,613	4.90	6.99	4.89
						-----	-----			
						4,532,898	11,123,613			
Transport and communication										
Pak Telecommunication Ltd.	387,700	875,000	--	1,160,000	102,700	3,181,603	2,780,603	3.44	--	3.43
P I A C A	30,000	--	--	30,000	--	--	--	--	--	--
World Call Payphones Ltd.	1,000,000	--	--	10,000	990,000	14,850,000	16,236,000	16.06	2.48	16.02
Tele Card	15,500	34,600	--	15,500	34,600	1,316,201	601,175	1.42	0.14	1.42
						-----	-----			
						19,347,804	19,617,778			
Chemical and pharmaceutical										
Searle Pak Ltd.	17,500	--	2,278	--	19,778	921,858	320,898	1.00	0.13	0.99
Searle Pak Ltd. (2)	--	36,000	--	15,000	21,000	621,991	340,725	0.67	0.13	0.67
Engro Chemical	40,260	45,500	--	60,500	25,260	2,600,364	1,498,550	2.81	0.02	2.81
Shaft Chemicals Ltd.	411,500	--	--	411,500	--	--	--	--	--	--
Fauji Fertilizer Company Ltd.	72,500	538,200	--	446,000	164,700	9,273,187	6,518,003	10.03	0.06	10.01
F.F.C Jordan Company Ltd.	5,000	675,000	--	580,000	100,000	1,492,026	905,000	1.61	0.03	1.61
						-----	-----			
						14,909,426	9,583,176			
Chemicals Res. & Alkalis										
Nimir Risins	84,500	--	--	84,500	--	--	--	--	--	--
I.C.I. Pakistan Ltd.	40,000	750,000	--	690,000	100,000	1,766,323	1,512,500	1.91	0.01	1.91
						-----	-----			
						1,766,323	1,512,500			
Leasing companies										
Paramount Leasing	10,500	--	--	10,500	--	--	--	--	--	--
Textile composite										
Crescent Textile Mills	20	--	--	--	20	--	346	--	--	--

							346			
Paper and board										
Packages Ltd.	109,155	74,698	--	126,000	57,853	3,257,102	3,485,643	3.52	0.14	3.51
						-----	-----			
						3,257,102	3,485,643			
Auto & Allied										
Agri Autos Industry	--	82,000	--	--	82,000	598,925	313,650	0.65	0.68	0.65
						-----	-----			
						598,925	313,650			
Vanaspati & Allied										
Wazir Ali Ind.	469,860	77,153	--	2,500	544,513	9,011,403	13,748,953	9.75	10.48	9.72
						-----	-----			
						9,011,403	13,748,953			
Food and allied										
Nestle Milk Pak	--	7,478	--	--	7,478	1,310,520	1,218,914	1.42	0.02	1.41
Lever Bros.	7,600	356	--	7,580	376	270,629	352,688	0.29	0.00	0.29
						-----	-----			
						1,581,149	1,571,602			

Miscellaneous

Tri Pack Films	--	77,000	--	70,000	7,000	196,489	209,825	0.21	0.02	0.21
Treet Corporation	--	8,477	--	--	8,477	255,161	220,402	0.28	0.20	0.28
AI-Khair Gadoon Ltd.	541,500	2,000	--	543,500	--	--	--	--	--	--
Diamond Industries Ltd.	43,500	--	--	--	43,500	1,290,649	369,750	1.40	0.48	1.39
						-----	-----			
						1,742,299	799,977			
						-----	-----			
						92,673,211	87,470,704			
Less:						=====	=====			
Provision for diminution in value of shares						5,202,417				

						87,470,794				
						=====				

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
For the year ended June 30, 1999	(45,471,641)
For the year ended June 30, 2000	287,503

	5,202,417
	=====

4. ACCOUNTS RECEIVABLE

	2000	1999
	<i>Rupees</i>	<i>Rupees</i>
Sale of shares	202,736	--
Dividends	1,338,884	227,896
Profit on bank deposits	9,400	--
Advance tax	241,543	135,773
Amount receivable from an associated company	--	4,500,000
	-----	-----
	1,792,563	4,863,669
	=====	=====

5. BANK BALANCES

Cash at bank:		
- on current accounts	2,666	675
- on PLS accounts	7,491,940	2,062,823
	-----	-----
	7,494,606	2,063,498
	=====	=====

6. DUE TO INVESTMENT ADVISER

Opening balance	2,036,214	1,932,792
1% of net assets (1999: 2% of net assets)	924,460	1,718,680
Deferred expenditure	1,659,372	--
Mark-up on deferred expenditure	236,460	149,343
	-----	-----
	2,820,292	1,868,023
Less: Payments made during the year	(3,398,215)	(1,764,601)
	-----	-----
	(577,923)	103,422
	-----	-----
	1,458,291	2,036,214
	=====	=====

6.1 The remuneration of the Investment Adviser@ 1%(1999: 2%) of the net assets of the company as at the end of its year of accounts in term of clause 11 (a) of the Investment Companies and Investment Advisers Rules, 1971 has been determined as follows:

2000	1999
<i>Rupees</i>	<i>Rupees</i>

ASSETS

Marketable securities at market value	87,470,794	79,405,351
Accounts receivable	1,792,563	4,863,669
Security deposit	300,000	--
Deferred expenditure	--	1,629,325
Cash and bank balances	7,494,606	2,063,508
	-----	-----
	97,057,963	87,961,853

LIABILITIES

Deferred expenditure payable	--	1,659,372
Due to investment adviser	1,458,291	--
Accounts payable	2,775,191	171,372
Provision for taxation	378,915	197,105
	-----	-----
	4,612,397	2,027,849
	-----	-----

Net assets	92,445,566	85,934,004
------------	------------	------------

1% of net assets (1999: 2% of net assets)	924,460	1,718,680
---	---------	-----------

7. ACCOUNTS PAYABLE

Accrued custodian fee	91,668	96,372
Audit fee	80,000	75,000
Dividend payable	2,603,523	--
	-----	-----
	2,775,191	171,372

8. SHARE CAPITAL

Authorised 20,000,000 ordinary shares of Rs. 10 each	200,000,000	200,000,000
---	-------------	-------------

Issued, subscribed and paid up:

15,000,000 ordinary shares of Rs. 10 each fully paid in cash	150,000,000	150,000,000
---	-------------	-------------

9. CAPITAL GAIN/(LOSS) ON MARKETABLE SECURITIES

Sales	305,965,804	150,619,272
Less: Cost of sales:		
Opening stock	84,320,265	98,331,477
Add: Purchases	299,184,179	174,550,489
	-----	-----
	383,504,444	272,881,966
Less: Closing stock	(92,673,210)	(84,320,263)
	-----	-----
	290,831,234	188,561,703
	-----	-----
	15,134,570	(37,942,431)

10. OTHER INCOME

Dividend income	4,830,386	2,369,013
Mark-up on bank accounts	517,550	883,345
Miscellaneous income	40,724	--
	-----	-----
	5,388,660	3,252,358

11. ADMINISTRATIVE EXPENSES

Custodian fee	936,809	834,109
Amortisation of deferred expenditure	1,629,325	1,629,325
Auditors' remuneration (11.1)	80,000	80,750
Other expenses	199,086	106,335
	-----	-----

2,845,220 2,650,519
=====

11.1 Auditors' remuneration includes the following:

Audit fee	65,000	65,000
Out of pocket expenses	15,000	15,750
	-----	-----
	80,000	80,750
	=====	=====

12. TRANSACTIONS WITH ASSOCIATED COMPANY

Transactions of shares through stock brokerage associated undertakings:

Purchases	190,443,725	115,997,225
Sales	167,470,916	97,236,827
Investment advisory fee	924,460	1,718,680
Deferred expenditure	1,659,372	1,659,372
Interest on deferred expenditure	223,460	149,343

13. FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

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

2000	Interest bearing		(Amount in Rupees)	
	<i>One month to three months</i>	<i>Less than one year</i>	<i>Non interest bearing</i>	<i>Total</i>
Financial assets				
Accounts receivable	--	--	1,792,563	1,792,563
Security deposit	--	--	300,000	300,000
Cash and bank balances	--	7,491,940	2,666	7,494,606
Marketable securities - net	--	--	87,470,794	87,470,794
	-----	-----	-----	-----
	--	7,491,940	89,566,023	97,057,963
	=====	=====	=====	=====
Effective interest rates		11%		
Financial liabilities				
Due to investment adviser	--	--	1,458,291	1,458,291
Accounts payable	--	--	2,775,191	2,775,191
Provision for taxation	--	--	378,915	378,915
	-----	-----	-----	-----
	--	--	4,612,397	4,612,397
	=====	=====	=====	=====
1999				
Financial assets				
Accounts receivable	--	--	4,863,669	4,863,669
Cash and bank balances	3,670	2,059,163	675	2,063,508
Marketable securities - net	--	--	79,405,351	79,405,351
	-----	-----	-----	-----
	3,670	2,059,163	84,269,695	86,332,528
	=====	=====	=====	=====
Effective interest rates	8.25%	11%		
Financial liabilities				
Due to investment adviser	--	--	3,695,586	3,695,586
Accounts payable	--	--	171,372	171,372
Provision for taxation	--	--	197,105	197,105
	-----	-----	-----	-----
	--	--	4,064,063	4,064,063
	=====	=====	=====	=====

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

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

13.3 Fair value.

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

14. PERFORMANCE TABLE

	2000	1999	1998	1997	1996
Net assets (Rupees)	92,445,566	83,897,790	77,767,270	105,410,446	104,183,868
Net assets value per share (Rupees)	6.16	5.59	5.18	7.03	6.95
Earnings per share (Rupees)	1.07	0.41	(1.84)	0.08	(1.97)
Dividend distribution (%)	5%	Nil	Nil	Nil	Nil

15. TAXATION

The company's tax assessment up to the assessment year 1997-98 have been finalized by the Income Tax Department. The Company has filed appeals before the Commissioner of Income Tax (Appeals) challenging the order on account of disallowance of certain expenses which are pending settlement.

16. GENERAL

16.1 Figures have been rounded off to the nearest rupee.

16.2 Corresponding figures have been rearranged, wherever necessary, for the proposes of comparison.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

STATEMENT OF INCOME AND EXPENDITURE IN RELATION TO THE INVESTMENT COMPANY FOR THE YEAR ENDED 30 JUNE 2000

	2000 (Rupees)	1999 (Rupees)
REVENUE		
Investment advisory tee from FCMF	924,460	1,720,118
Consultancy Fee	1,200,000	775,000
Dividend Income	750,000	--
Other Income	238,353	166,374
	3,112,813	2,661,492
EXPENSES		
Salaries, wages and benefits	603,963	971,101
Telephone, fax, etc.	142,856	116,001
Utilities	35,324	27,729
Insurance	42,131	77,912
Printing and stationery	348,754	102,089
Traveling and conveyance	64,095	53,520
Postage, courier, etc.	19,805	27,084
News Papers & periodicals	--	682
Rent office building	19,706	--
Entertainment	17,801	17,157
Legal and professional charges	370,500	198,420
Office expenses	107,483	32,393
Professional Tax	132,800	1,993
Advertisement	72,000	57,320
Auditors' Remuneration	40,000	30,000
Depreciation (Note - 4)	680,810	725,424
	2,698,028	2,438,825
OPERATING PROFIT / (LOSS)	414,785	222,667
Financial charges	409,403	655,919
	5,383	(433,252)
TAXATION		
Current	161,814	13,500

Deferred	--	--
	-----	-----
	161,814	13,500
	-----	-----
	(156,431)	(446,752)
LOSS AFTER TAXATION		
Unappropriated profit/(loss) B/F	(2,012,048)	(1,565,296)
	-----	-----
Unappropriated profit/(loss) C/F	(2,168,479)	(2,012,048)
	=====	=====

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PATTERN OF SHAREHOLDING
as at 30 June 2000

<i>No. of Shareholders</i>	<i>Shareholdings</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
2,548	1	100	246,300
216	101	500	83,940
43	501	1000	36,100
54	1001	5000	152,520
24	5001	10000	210,340
6	10001	15000	76,000
4	15001	20000	72,500
1	20001	25000	22,000
2	25001	30000	51,160
1	30001	35000	33,300
2	35001	40000	74,140
2	45001	50000	99,000
3	55001	60000	172,700
2	70001	75000	144,500
1	75001	80000	76,000
6	95001	100000	598,000
1	100001	105000	102,500
1	105001	110000	107,600
1	135001	140000	140,000
2	145001	150000	299,900
1	185001	190000	190,000
1	190001	195000	190,500
3	195001	200000	592,000
1	395001	400000	400,000
1	620001	625000	624,600
2	770001	775000	1,548,600
1	780001	785000	781,000
1	930001	935000	931,100
1	1440001	1445000	1,443,700
1	1495001	1500000	1,500,000
1	3995001	4000000	4,000,000
-----	-----	-----	-----
2,934			15,000,000
=====	=====	=====	=====

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
INDIVIDUALS	2,882	2,489,860	16.59907
INVESTMENT COMPANIES	2	8,300	0.05533
JOINT STOCK COMPANIES	19	1,918,500	12.79000
FINANCIAL INSTITUTIONS	21	6,201,640	41.34427
MODARABA COMPANIES	5	79,900	0.53267
FOREIGN COMPANIES	1	71,000	0.47333
LEASING COMPANIES	3	230,800	1.53867
NON-RESIDENT	1	4,000,000	26.66667
	-----	-----	-----
TOTAL	2,934	15,000,000	100.00000

=====