



MISSION

At First Capital Mutual Fund Limited we would focus on creating wealth for shareholders, to conduct ourselves with dignity and the highest ethical standards, to contribute as a good corporate citizen to the society and also to provide a good working environment that will surely stimulate talent and reward hard work.

VISION

To be a leader among Mutual Funds of the country through prudent investments in diversified portfolio for sustained best financial results and continuing achieving maximum yield for the shareholders of First Capital Mutual Fund Limited.

C O N T E N T S

Company's Information	05
Notice of Annual General Meeting	07
Financial Highlights - Last Ten Years	09
Directors' Report	10
Fund Manager's Report	15
Statement of Compliance with the Code of Corporate Governance	19
Auditors' Review Report on Statement of Compliance with Best practices of Code of Corporate Governance	21
Auditors' Report to the Members	22
Statement of Assets and Liabilities	23
Income Statement	24
Statement of Comprehensive Income	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Statement of Movement in Reserves - Per Share	28
Distribution Statement	29
Notes to the Financial Statements	30
Performance Table	50
Statement of Income & Expenditure in Relation to the Assets Management Company	51
Pattern of Shareholding	52
Form of Proxy	55

COMPANY INFORMATION

Board of Directors	Aamna Taseer* (Chairman) Syed Kashan Hussain Kazmi (CEO) Omer Subhan Salamat Sulaiman Ahmed Saeed Al-Hoqani* Mahmood Ali Athar Nadeem Hussain* Syed Adnan Ali Zaidi*
Chief Financial Officer	Syed Asad Abbas Ali Zaidi
Audit Committee	Nadeem Hussain (Chairman) Aamna Taseer Syed Adnan Ali Zaidi
Company Secretary	Tariq Majeed
Investment Committee	Syed Kashan Hussain Kazmi Syed Ghazanfar Ali Bukhari Muhammad Afan Ismail
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Mazhar Law Associates Advocates & Solicitors
Custodian	Central Depository Company of Pakistan Limited ("CDC")
Management Company	First Capital Investments Limited 103-C/II, Gulberg-III, Lahore
Registered Office / Head Office	103-C/II, Gulberg-III Lahore, Pakistan Tel: +92 42 35757591-4 Fax: +92 42 35757590, 35877920
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi Tel: + 92 21 111-000-322

*Subject to approval of SECP

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Shareholders of First Capital Mutual Fund Limited (“the Company”) will be held on Monday, 31 October 2011 at 11:00 a.m. at 103-C/II, Gulberg-III, Lahore, the Registered Office of the Company, to transact the following business:

1. To confirm the minutes of last Extraordinary General Meeting held on 14 February 2011;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2011 together with the Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2012 and to fix their remuneration;

By order of the Board

Lahore
07 October 2011

Tariq Majeed
Company Secretary

Notes:

- 1) The Members Register will remain closed from 22 October 2011 to 31 October 2011 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi the Registrar and Shares Transfer Office of the Company, by the close of business on 21 October 2011 will be treated in time.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
- 3) In order to be 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) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original NIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of

Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.

- b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their NIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and NIC numbers. The proxy shall produce his/her original NIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
- 5) Members are requested to notify any change in their registered address immediately.

FINANCIAL HIGHLIGHTS - LAST TEN YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
-----Rupees in thousands-----										
Income Statement										
Capital gain/(loss)	21,975	37,839	(98,205)	23,516	52,949	35,997	25,734	9,674	34,472	2,939
Dividend income	12,126	10,125	13,090	13,650	10,738	6,557	4,749	4,699	7,596	7,163
Return on Market Treasury bills	3,064	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) on securities	2,692	(9,752)	(43,001)	(71,012)	58,493	13,476	(1)	11,925	11,241	(8,189)
Operating expenses	13,486	13,257	7,070	10,847	11,183	7,196	6,018	5,019	4,166	3,564
Net gain/(loss) before taxation	28,733	28,945	(133,821)	(41,590)	114,400	48,872	24,094	21,377	49,186	(1,544)
Taxation	2,744	1,013	478	1,086	-	603	-	234	-	430
Net gain/(loss) after taxation	25,989	27,923	(134,299)	(42,676)	114,400	48,269	24,094	21,142	49,186	(1,974)
Earning per share	0.87	0.93	(4.48)	(1.42)	3.95	3.22	1.61	1.41	3.28	(0.13)
Balance Sheet										
Net assets	257,219	231,229	203,306	337,605	380,281	176,043	142,611	118,517	97,375	85,689
Net assets value per share	8.55	7.71	6.78	11.25	12.68	11.74	9.51	7.91	6.94	5.71
Payouts										
Dividend distribution (%)	Nil	Nil	Nil	Nil	10	10	10	Nil	25	Nil
Stock Exchange										
KSE 100 Index	12,496	9,722	7,162	12,289	13,772	9,989	7,450	5,279	3,402	1,770

DIRECTORS' REPORT

The Board of Directors of First Capital Mutual Fund Limited ("FCMF" or "the Company") is pleased to present its report together with the audited financial statements of the Company for the fiscal year ended June 30, 2011.

Company Objective

The objective of the company is to augment the wealth of investors through investments geared towards securing maximum returns while simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them.

Profile

FCMF is a closed end equity fund. The Company takes along term value investing approach and the portfolio is diversified across all major sectors with stocks having long term positive fundamentals.

Company's Financial Performance during FY2011

The summary of accounts is as follows:

	2011 Rupees	2010 Rupees
Net gain on listed securities	21,975,049	37,838,512
Return on Treasury bills	3,064,382	-
Dividend income	12,126,039	10,125,103
Profit on bank deposits	7,167,180	3,980,543
Unrealized loss on investment	(2,691,570)	(9,751,533)
Operating expenses	13,486,181	13,256,677
Net profit	25,989,448	27,923,438
Net Assets	257,218,667	231,229,219
NAV per share	8.55	7.71
Earnings per share Basic	0.87	0.93
Dividend	NIL	NIL
KSE 100 index	12,496	9,722

During the period under review, the fund recognized profit after tax of Rs.25.98 Million as compare to Rs. 27.92 Million in the corresponding period. This translated into EPS of Rs.0.87, as against Rs.0.93 in FY10.

The company increased exposure in fixed income instruments particularly in 3 months Treasury bills have resulted in reasonable return of Rs. 3 million. Return on bank deposit recorded at Rs. 7 million and dividend income earned during the period amounting to Rs. 12 million showing increase of 80% and 19.76% respectively. However capital gain decreased by Rs. 15.86 million due to risk averts strategy. The fund adopt a cautious strategy owing to highly volatile capital market situation and park it funds in low risk high earning yield avenues (market treasury bills)

Payment of Dividend

Since sufficient reserves are not available as company carrying accumulated losses in its balance sheet and its NAV is 1.45% below its par value therefore no payout / dividend recommended by Board of directors.

Equity Market Review

During FY 11 bench mark KSE 100 index started with 9,721.91 point and closed at 12,496.03 points recognized a handsome gain of 28.53%. During the period market remains highly volatile as it move in range of 9,516 and 12,681 points. The KSE had seen best performance in its 1HFY11 where index registered a gain of 23.66% as index closed at 12,022.46 on 31 December. Uncovering the handsome growth of bench mark 100 index we come to know that it was

mainly because of highly illiquid scrip's. Nestle Pakistan registered abnormal gains which inflated the KSE by 7.5%. Without Nestle the index gained 21%. It should be noted that Nestle doesn't belong to league of actively stocks in KSE 100index which substantially limits the interests of mutual funds in the scrip. Nestle Pakistan record the highest gain as its price appreciated by 3.25 times in FY11 as scrip witnessed substantial foreign interest. This phenomenal rise in price increased the weight age of Nestle in the Bench mark 100 index to 8.15% in FY11, compared to 3.1% in FY10. This included nestle in to stock that move the KSE 100 index considerably. Rafhan Maize is one of them which rose by 82.3% YOY during the period. Whereas 2HFY11 remained the lackluster as index drop down to 11,223. As a whole Investor activities at local bourse remained subdued because of imposition of capital gain tax from FY11 which drained the interest of individual investor.

Treasury Bills

State bank of Pakistan conducted 26 auctions during the FY11. The weight age average yield on 3, 6 & 12 months reached to 13.45%, 13.70% & 13.89% respectively in Jun-11. This was mainly due to the increasing interest rates, inflationary pressures, increased governmental borrowing and most importantly banking participation rather than to release funds to corporate sectors. In FY12 till 30 September 6 auction have been taken place of Treasury bills. The weight age average yield of 3, 6 & 12 months Treasury bill auction conducted on 21 September 2011 were 13.04%, 13.20% & 13.29% showing a declining trend. Considering the facts it's more likely that weight age average yield on treasury bills observed a decline of 50 to 100 bips in upcoming months of FY12.

Future Outlook

The government has set a GDP growth target of 4.2% for FY12, which is close to the original target for FY11 and is based mainly on the benefit derived from agriculture and industrial growth.

We expect gradual abatement in inflationary pressure in FY12, any decline in interest rate would depend upon the size of fiscal deficit and its funding mix. Due to persistence of double digit inflation and some acceleration in real growth, nominal GDP is estimated to increase by 16.5% in FY12.

Unlike the last two years where local market move by foreign investors, we expect limited foreign inflows as the local economy already largely affected by the emerging fiscal problems in the US and risk of sovereign defaults in the EU. Recent selling pressure in global equity markets resulted in net outflow off US\$41 million in first two months Jul-Aug of FY12. Delay in foreign inflows from IMF and regional partners will have far reaching negative consequences on the economy. The failure of government to provide any economic stimuli and Unlike 1HFY11, we don't expect any sharp up-tick in foreign inflows in the equity market given the stellar rise in commodity markets and lack of any economic stimuli.

In our view main driver that can led market in FY12 are revised government fiscal policy, relaxations in CGT, increase in weight age of KSE in MSCI FM index, modification in leverage product political stability and low discount rate can play a major role in revitalizing the volumes in the market. KSE100 still remains one of the cheapest markets in region as it is trading at lowest PE and highest dividend yield which makes it a lucrative avenue for foreigners' money in an event of recovery in global equity markets.

We will continue to pursue the cautious strategy by keeping our focus on defensive and conservative investment to shield the portfolio against any uncertainty while capitalizing the growth prospective. The fund is committed to provide consistent long term returns to the investors by investing in blend of research based scrip's and market treasury bills.

Performance Rating

Performance of the fund upgraded during the year from MFR of 3 to MFR of 4 - Star ranking (short term) and from 2 to 3-Star ranking (long term) for the year ended June 30, 2011(trailing 12 months for normal star ranking and trailing 36 months for long term star ranking) by Pakistan Credit Rating Agency Limited (PACRA) in the category of closed end equity funds. Now the fund is rank good for short term and average for long term.

Changes in the Board of Directors

During the year Mrs. Aamna Taseer has been appointed as Director in place of Mr. Salmaan Taseer, her appointment is subject to approval of Securities and Exchange Commission of Pakistan ("SECP"). Election of directors was held during the year and new board of directors was elected for a period of three years. Subsequent to the close of financial year Syed Adnan Ali Zaidi appointed as Director in place of Mr. Ahmad Bilal subject to approval of SECP.

The Board of Directors expresses their heartfelt condolences over the tragic assassination of Mr. Salmaan Taseer; founder Chairman of the Company. The Board of Directors also wish to place on record their acknowledgement for the unprecedented stewardship and business acumen of the late Chairman and admired his work both for raising the businesses and also his social services for the people at large.

Board Meetings during the year

Four meetings of the Board of Directors were held during the year Attendance by each director is as under:

Directors	Meetings Attended
Mr. Salmaan Taseer (Late)	2
Syed Kashan Hussain Kazmi (CEO)	4
Mr. Omer Subhan Salamat	2
Mr. Muhammad Naveed Tariq (Retired)	2
Mr. Mahmood Ali Athar	-
Mr. Ahmad Bilal (Resigned)	4
Mr. Suhail Ahmad (Retired)	2
Mrs. Aamna Taseer	2
Mr. Sulaiman Ahmed Saeed Al-Hoqani	-
Mr. Nadeem Hussain	2
Syed Adnan Ali Zaidi	-

Trading of Directors

Details of trading in shares of the Fund during the financial year, by the Directors, CEO, CFO, Company Secretary and their spouses and any minor children is given in Annexure-1.

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee consisting of following Directors:

Nadeem Hussain (Chairman)
Aamna Taseer
Syed Adnan Ali Zaidi

During the year Mr. Nadeem Hussain appointed as member of audit committee in place of Mr. Suhail Ahmed and subsequent to the close of financial year he was appointed as Chairman of the Committee and Syed Adnan Ali Zaidi appointed as member of the committee in place of Mr. Ahmad Bilal.

Investment Committee

Fund's core activities involve trading in listed equity securities. In additions to a prudent and proactive investment policy and strategy as discussed above, Fund has an investment committee for continuous monitoring and risk management. Following are the members of investment committee:

Syed Kashan Hussain Kazmi
Syed Ghazanfar Ali Bukhari
Muhammad Afan Ismail

Pattern of Shareholding

Pattern of shareholdings as required under section 236 of the Companies Ordinance, 1984, and Listing regulations is enclosed.

Auditors

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants shall retire and ineligible to offer themselves for re-appointment as they have completed their tenure (5 Year) as allowed under code of corporate governance. As required under the code of corporate governance audit committee has recommended the appointment of Messrs A.F Ferguson & Co. The Board of Directors endorses the recommendation of the Audit Committee for the

appointment of Messrs A.F Ferguson & Co., Chartered Accountants as the auditors of the Fund for the financial year ending June 30, 2012.

Good Governance and Best Business Practices

Practicing Governance means bringing and ensuring that we have a comprehensive set of ethical principles plus a team that is committed to ensure that all our business activities are conducted according to those principles.

The Board of Directors of the Fund is responsible to its shareholders for managing the business of the Fund in strict compliance with the regulatory requirements and sound internal controls. In other words we have to live up to high standards that are independently verifiable. It acknowledges the responsibility for the sound internal controls and is committed to upholding the highest standards of Code of Corporate Governance.

Related Party Transactions

The Fund has fully complied with the requirements on Related Party Transactions to the extent as contained in the listing regulations of stock exchanges.

Statement of Compliance in accordance with the Code of Corporate Governance

The Fund for the year ended 30 June 2011 has duly complied with the provisions of the relevant code for good governance. The Board of Directors has reviewed the Codes and hereby confirms that:

- 1) The financial statements, prepared by the management, present fairly, its state of affairs, the results of its operations, cash flows, changes in equity, statement of movement in reserves and distribution statement of the Fund.
- 2) Proper Books of accounts of the Fund have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Fund's ability to continue as a going concern.
- 7) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 8) The key financial data of last ten years is attached to this report.
- 9) There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in the accounts.
- 10) The Fund has followed the best practices of corporate governance, as detailed in Listing Regulations of Karachi Stock Exchange wherever possible, and is in the process of complying with all the remaining regulations.

Acknowledgment

The Board would like to take this opportunity to express its admiration to the employees of the Company for their commitment, hard work and co-operation throughout the year. The Board would also like to thank and appreciate all the shareholders for their continued support. The board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan as well as Karachi Stock Exchange (Guarantee) Limited.

For and on behalf of the Board

Lahore:
26th September 2011

Syed Kashan Hussain Kazmi
Chief Executive Officer

**TRADING BY BOARD MEMBERS, COMPANY SECRETARY,
CFO AND THEIR SPOUSE & MINOR CHILDREN**

Directors	Opening balance as on 01-07-2010	Purchase/ al ready shareholder	Bonus	Sale/Transfer	Closing balance as on 30-06-2011
Salmaan Taseer (Late)	56,000	1,730,000	-	-	1,786,000
Mrs. Aamna Taseer	-	500	-	-	500
Syed Kashan Hussain Kazmi	500	-	-	-	500
Mr. Muhammad Naveed Tariq (Retired)	1,000	-	-	-	1,000
Mr. Sulaiman Ahmed Saeed Al-Hoqani	-	2,462,110	-	-	2,462,110
Mr. Mahmood Ali Athar	500	-	-	-	500
Ahmad Bilal (Resigned)	1,000	-	-	-	1,000
Mr. Omer Subhan Salamat	1,000	-	-	-	1,000
Mr. Nadeem Hussain	-	500	-	-	500
Mr. Suhail Ahmed (Retired)	500	-	-	-	500
Syed Adnan Ali Zaidi	-	-	-	-	-
Spouces	-		-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Syed Asad Abbas Ali Zaidi	-	-	-	-	-
Company Secretary					
Tariq Majeed	-		-	-	-

FUND MANAGER REPORT FOR THE YEAR ENDED JUNE 30, 2011

Profile

Fund Type	Closed End
Category	Equity Fund
Net Assets (PKR mn)	256.37
NAV (June 30, 2011)	8.55
Custodian	Central Depository Company of Pakistan Ltd.
Name of Auditor of the fund	KPMG Taseer Hadi & Co
Management fee	2%
Date of Launch:	January 8, 1995
Benchmark	KSE-100 Index
AMC Rating	AM4+ By PACRA
Risk Profile	High

Objective

The objective of the fund is to augment the wealth of investors through investments geared towards securing maximum returns while simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them.

Investment Policy

The investment policy of FCMF is based on the valuation driven portfolio building rather than momentum chasing. FCMF focuses on outperforming the market, but does not conceptualize upon aggressive high risk strategies to give the best return in the short run, aiming instead for consistent higher returns in the long run.

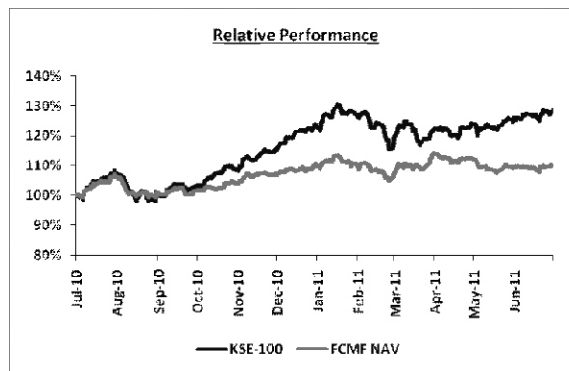
The investment portfolio of the fund is comprised of highly liquid, high dividend yield listed securities and fixed income Govt. Securities with upward potential. Earnings consist of capital gain, dividend income, return on Govt. securities and profit on deposits. Our investment philosophy is to capitalize the growth opportunities in different sectors of market by using a cautious approach and doesn't expose it in highly volatile and illiquid stocks.

The proportion of investment in various securities of different companies and across different sectors is based upon expected return & inherent risks while proportion of investment in stocks or fixed income securities is according to the guidelines of Investment Committee / Asset management company within the limits of applicable NBFC's laws.

Asset Allocation and Performance Review during Fiscal Year

The Net Asset Value per share of the Fund as on June 30, 2011 stands at Rs. 8.55 representing an increase of 10.89% over the NAV of the last year. Lower comparable return of the Fund is primarily due to absence index out performers which included OGDC, Nestle Pakistan Ltd and Unilever Pakistan Ltd. These stocks contributed around 33% or one third of the index gain in Fy11.

	FY2008-2009	FY2009-2010	FY2010-2011
Beginning net assets	337,569,535	203,491,845	231,229,219
Beginning NAV	11.25	6.78	7.71
Ending net assets	203,305,781	231,229,219	256,376,081
Ending NAV	6.78	7.71	8.55
Cash distribution			
Final	-	-	-
Income distribution (%)			
Capital growth (%)	39.77%	13.63%	10.89%
Total return (%)	39.77%	13.63%	10.89%
	Total Return	Annualized return (CAGR)	
One Year	10.89%	10.9%	
Two Year	26.10%	12.3%	
Three Year	-24.0%	-8.7%	



Summary of Key Investment Decisions during the Year

Consistent with its objectives of long term value investing, the Fund mostly adopted buy and hold strategy except for those sectors/stocks which became overvalued or where fundamentals became negative.

Major portfolio activity during the year was as follows

EQUITY:

Oil and Gas: The fund reduced its exposure from 14-15% in FY10 to almost 7% in FY11. The exposure to oil and gas scrips was further reduced to around 3% on average during 2HFY11 primarily due to record levels of circular debt across the energy chain which significantly eroded their payout capacity. However, the fund maintained its exposure in POL and PPL due to heavy volumetric growth and rising oil prices. The exposure in OGDC was reduced following a major correction after a strong rally in the scrip owing to hefty foreign investment. Whereas better product mix and profitable margins kept the interest alive in APL and ATRL.

Chemicals: The fund maintained its exposure in Chemicals sector to around 13-14%. Major portion was allocated to fertilizer giants due to rising urea prices and higher dividend yield. The fund also increased its exposure in the new comer Fatima Fertilizer on account of high margin product mix. However, gas load management issue remained the key concern as it caused hefty production losses for ENGRO. FFBL and FFC gained the most from rise in urea and DAP prices. The fund maintained its exposure in ICI and LOTPTA. Small scrips were also invested in on account of attractive valuations.

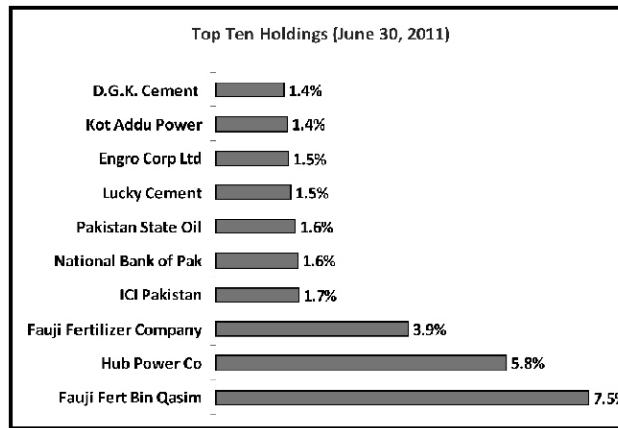
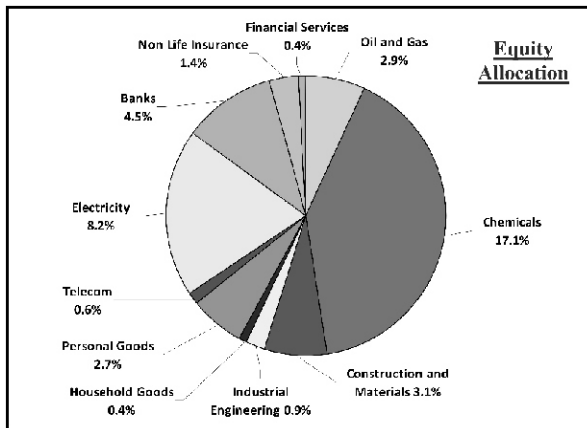
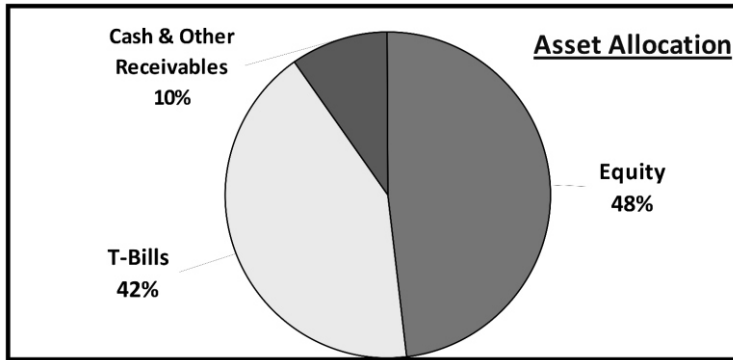
Electricity: Our exposure in this sector stayed around 9-10% with HUBCO continues to remain our top pick with around 7% weightage in the portfolio Our high degree of conviction on HUBCO's and KAPCO's stems from their stable payouts and defensive in nature which shields against the negative movement of the index. The fund also added Nishat group's IPPs namely NCPL and NPL to the portfolio during the period under review.

Banks: Our exposure in banks remained around 6-7% for most of the period during FY11 as compared to 9-10% in FY10. NBP remained our top pick with 3-4% weightage in portfolio followed by MCB and UBL. During the year, exposure in NBP, MCB and UBL was built on the basis of relative valuations. Despite improved earnings, the banks still underperformed the benchmark index primarily due to bleak macroeconomic indicators and lackluster private sector growth. Going forward, banks with adequate liquidity and superior asset quality will outperform.

Construction and Materials: We reduced our exposure to 2-3% in FY11 with Lucky and DG Khan remains our top picks in the sector with 1.5% and 1.4% holdings respectively. Rising cement prices, stability in coal prices and post floods reconstruction were the main factors behind our investment rationale. However, cut down in PSDP and lower exports due to regional expansions resulted in dull prospects for the sector. We maintain our preference for LUCK (due to the economies of scales and higher exports), ACPL (proximity to sea and low leverage) and DGKC (due to its equity portfolio and sufficient exposure to domestic market). Moreover, recent cut in sector's taxes in FY11 budget will bode well for the sector. 37% 34%.

FIXED INCOME INSTRUMENT:

3-month T-Bills and TDR: In order to protect the shareholders against the unpredictable swings in the equity market, the fund diverted a substantial portion of its total investment towards TDRs and T-bills. These instruments not only provided fixed return to the investors but also offered a handsome yield of 12-13% as compared to low yielding cash strapped energy sector scrips. From Nov'10 to Feb'10 the funds remain invested in TDRs while the funds were diverted to safe haven T-Bills during Mar-Jun period. On average, the allocation to TDRs and T-Bills during the aforementioned period stood at 37% and 34% respectively.



Stock Market Review

The market depicted a strong performance in the outgoing year as the index surged by 28.5% to close at 12,496 points. Most of the improvement was centered around 1HFY11 where the index surged by 23.7%, whereas it increased by only 4% during the 2HFY11. The average daily traded volume stood at 96 million shares in FY11 as compared to 162 million shares in the same period last year. The 41% decline in volumes can be attributed to CGT, higher discount rate and an unattractive leverage product.

FY11 experienced a hefty decline of 49% in foreign portfolio investment as Net inflow tuned in at US\$ 279 million as compared to US\$ 551 million in the same period last year. On half yearly basis, the net inflow during 1HFY11 decline by 11% YoY mainly due to the impact of floods on economic fundamentals. While during 2HFY11, there was a sharp slump in FIPI as net inflow sliced down by 89% primarily on the back of flight of capital from regions' capital markets towards developed economies and also due to sharp rise in commodity markets. Alongside slump in FIPI, the fears regarding CGT implementation and an unattractive leverage product kept the local investors at bay which resulted in sharp deterioration in market volumes and value traded.

The lackluster activity in the market is also evident from lack of new issues/IPOs during the outgoing year. In FY11, only 3 IPOs were floated in the market as compared to 8 IPOs in FY10. However, healthy corporate earnings in contrast to market expectations post devastating floods provided a breather to the market.

Market Outlook

The Euro zone debt crisis and US rating downgrade have triggered a sharp downtrend in the global equity markets. The net outflow of foreign portfolio investment from emerging markets in the region presents an alarming situation. The rising interest of investors in safe heavens like gold and t-bills has also wiped of volumes from the equity markets. That said, an outflow of around US\$41 million is already witnessed in market during just the first two months of FY11. Given the current turmoil we don't expect the foreign portfolio investment to flow in at the same pace in 1HFY12 as it did during 1HFY11. However, with monetary tightening on cards for regions' countries, we believe a potential monetary easing ahead in Pakistan will make it a strong candidate for foreign investment in its capital market. A continuous volume drought in market as witnessed in FY11 remains a grave threat. A relaxation in the cumbersome CGT calculation and filing procedures and changes in the modalities of leverage product alongside monetary easing will certainly spike off the much needed volumes in the stock exchange.

The recent floods will again force the government to revise down the macro economic targets. Despite loss of key crops namely cotton, rice and sugarcane, we expect higher remittances inflow to offset the resulting trade deficit. However, an exit from IMF program and deteriorating balance of payments will keep the currency under pressure. Given the change in inflation base/calculation methodology, we expect a softer inflation outlook due to a high base effect. However, SBP will strongly consider the government's efforts to contain deficit monetization and a weaker currency in setting the discount rate during next period.

The adverse law-order situation in the commercial hub and uncertain political climate presents a serious challenge. Going forward, the large dependence of Pakistani economy of US aid amid unpredictable swings in relation of he two unlikely allies remain a grave threat. We believe the government will turn back to IMF given uncertain current account position, falling FDI and government's inability to tap international markets.

Other Disclosures under NBFC Regulations 2008

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008,

- a) The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers/dealers by virtue of transactions conducted by the Fund.
- b) There was no share split undertaken during the year.
- c) The Fund Manager is not aware of any circumstances that can materially affect any interests of the share holders other than those already disclosed in this report.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

- 1) The board of directors comprise of seven directors. The Company encourages representation of independent non-executive directors on its board. At present the board includes at least 2 independent non-executive directors.
- 2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3) All the resident directors of the Company are registered as taxpayers and none of them has convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a DFI or an NBF. No one is a member of Stock Exchange.
- 4) All casual vacancies occurring in the Board were filed up by the directors within 30 days thereof.
- 5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
- 6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the board.
- 8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities. Further the certification of directors under "The Board Development Series" program offered by Pakistan Institute of Corporate governance is in progress.
- 10) The Board has approved appointment of Company Secretary, Chief Financial Officer and Internal Auditors including remuneration and terms and conditions of employment, as determined by the CEO.
- 11) The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
- 14) The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15) The Board has formed an audit committee. At present the committee includes three non-executive directors including the chairman of the committee.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board has set-up an effective internal audit function having suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company.
- 18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 19) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20) We confirm that all other material principles contained in the Code have been complied with.
- 21) The Fund has fully complied with the requirements of Related Party Transactions to the extent as contained in the listing regulations of stock exchanges.

For and on behalf of the Board

Lahore:
26 September 2011

Syed Kashan Hussain Kazmi
Chief Executive Officer

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 for the year ended June 30, 2011 prepared by the Board of Directors of **First Capital Mutual Fund Limited** (“the Fund”) to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Fund. 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 Fund'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 Fund personnel and review of various documents prepared by the Fund 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.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No.37) notified by The Karachi Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2011.

LAHORE
26th September 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **First Capital Mutual Fund Limited** (“the Fund”), which comprise the statement of assets and liabilities as at 30 June 2011, the income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of changes in equity and statement of movement in reserves per share 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 purposes of our audit.

It is the responsibility of the Asset Management Company (First Capital Investments Limited) to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the requirements of the approved accounting standards, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the above said statements are free from material misstatement. An audit includes examining, on a 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 the 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 account have been kept by the Fund as required by the Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) in our opinion:
 - i) the statement of assets and liabilities, income statement, cash flow statement, distribution statement, statement of changes in equity and statement of movement in reserves - per share together with the notes forming part thereof have been drawn up in conformity with the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - iii) the expenditure incurred during the year was for the purpose of the Fund's business; and
 - iv) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Fund;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, cash flow statement, distribution statement, statement of changes in equity and statement of movement in reserves - per share 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, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, in the manner so required and respectively give a true and fair view of the state of the Fund's affairs as at 30 June 2011 and of the transactions of the Fund for the year then ended; and
- d) in our opinion no Zakat was deductible by the Fund under Section 7 of the Zakat and Ushr Ordinance, 1980.

LAHORE
Dated: 26th September 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2011

	<i>NOTE</i>	2011 Rupees	2010 Rupees
ASSETS			
Current assets			
Bank balances	5	36,186,688	70,442,897
Investments at fair value through profit or loss	6	232,307,023	172,918,553
Dividend and other receivables	7	4,668,908	1,587,049
		273,162,619	244,948,499
Non current assets			
Long term deposit		137,500	137,500
Total assets		273,300,119	245,085,999
Liabilities			
Current liabilities			
Payable to asset management company - an associated company	8	5,008,853	4,878,698
Trade and other payables	9	8,238,606	7,875,730
Income tax payable		2,833,993	1,102,352
Total liabilities		16,081,452	13,856,780
Net assets		257,218,667	231,229,219
Share capital and reserves			
Authorized share capital 35,000,000 (2010: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	10	300,000,000	300,000,000
Accumulated loss		(42,781,333)	(68,770,781)
Contingencies and commitments	11	257,218,667	231,229,219
Net assets value per share at 30 June		8.55	7.71

The annexed notes from 1 to 25 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	<i>NOTE</i>	2011 Rupees	2010 Rupees
Income			
Capital gain - net	<i>12</i>	21,975,049	37,838,512
Dividend income		12,126,039	10,125,103
Return on Market Treasury Bills		3,064,382	-
Interest on bank deposits		7,167,180	3,980,543
Other Income	<i>9.3</i>	578,700	-
		44,911,350	51,944,158
Unrealized diminution in value of investments at fair value through profit or loss - net	<i>6.6</i>	(2,691,570)	(9,751,533)
		42,219,780	42,192,625
Expenses			
Remuneration to asset management company	<i>8</i>	5,008,853	4,878,698
Securities transaction cost		5,489,016	4,948,998
Fee and subscription	<i>13</i>	460,838	524,284
Custodian fee		1,464,665	1,444,031
Printing		334,318	342,166
Auditors remuneration	<i>14</i>	395,000	344,500
Legal and professional charges		197,000	118,000
Workers' Welfare Fund		-	578,700
Bank charges		136,491	77,300
		13,486,181	13,256,677
Profit before taxation		28,733,599	28,935,948
Provision for taxation			
Taxation	<i>15</i>	2,744,151	1,012,510
Profit after taxation		25,989,448	27,923,438
Earnings per share - basic and diluted	<i>16</i>	0.87	0.93

The annexed notes from 1 to 25 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

Annual Report 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
Profit after taxation	25,989,448	27,923,438
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>25,989,448</u>	<u>27,923,438</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	<i>NOTE</i>	2011 Rupees	2010 Rupees
Cash flow from operating activities			
Profit before taxation		28,733,599	28,935,948
Adjustment for non - cash items:			
Dividend income		(12,126,039)	(10,125,103)
Interest on bank deposits		(7,167,180)	(3,980,543)
Return on Market Treasury Bills		(3,064,382)	-
Remuneration to asset management company		5,008,853	4,878,698
Other Income		(578,700)	-
Unrealized diminution in value of investments at fair value through profit or loss - net		2,691,570	9,751,533
		(15,235,878)	524,585
Operating profit before working capital changes		13,497,721	29,460,533
 (Increase) / decrease in current assets			
Investments at fair value through profit or loss		(60,611,907)	13,219,796
Other receivables		(2,755,007)	4,344,537
		(63,366,914)	17,564,333
 Increase in current liabilities			
Trade and other payables		941,576	5,634,909
Cash (used in) / generated from operations		(48,927,617)	52,659,775
Remuneration paid to asset management company		(4,878,698)	(4,144,100)
Tax paid		(1,581,058)	(692,180)
Dividend received		12,367,735	10,684,423
Interest received		8,763,429	3,980,543
Net cash (used in) / generated from operating activities		(34,256,209)	62,488,461
Net (decrease) / increase in cash and cash equivalents		(34,256,209)	62,488,461
Cash and cash equivalents at the beginning of the year		70,442,897	7,954,436
Cash and cash equivalents at the end of the year	5	36,186,688	70,442,897

The annexed notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Issued, subscribed and paid up capital	Accumulated (loss) / Undistributed income	Total
	Rupees		
Balance as at 30 June 2009	300,000,000	(96,694,219)	203,305,781
Total comprehensive income for the year	-	27,923,438	27,923,438
Balance as at 30 June 2010	300,000,000	(68,770,781)	231,229,219
Total comprehensive income for the year	-	25,989,448	25,989,448
Balance as at 30 June 2011	300,000,000	(42,781,333)	257,218,667

The annexed notes from 1 to 25 form an integral part of these financial statements.

**STATEMENT OF MOVEMENT IN
RESERVES - PER SHARE**

FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
Net assets value per share as at 01 July	7.71	6.78
Capital gain - net	0.73	1.26
Dividend income	0.40	0.34
Return on Market Treasury Bills	0.10	-
Interest on bank deposits	0.24	0.13
Unrealized diminution in value of investments at fair value through profit or loss - net	(0.09)	(0.32)
Expenses	(0.54)	(0.48)
Net profit for the year - per share	0.84	0.93
Net assets value per share as at 30 June	8.55	7.71

The annexed notes from 1 to 25 form an integral part of these financial statements.

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
Accumulated loss brought forward		
Realised loss	(92,618,630)	(130,293,601)
Unrealised gain	23,847,849	33,599,382
	(68,770,781)	(96,694,219)
 Total comprehensive income for the year	25,989,448	27,923,438
 Accumulated loss carried forward	(42,781,333)	(68,770,781)
 Represented by:		
Accumulated loss carried forward		
Realised loss	(63,937,612)	(92,618,630)
Unrealised gain	21,156,279	23,847,849
	(42,781,333)	(68,770,781)

The annexed notes from 1 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1 Status and nature of business

First Capital Mutual Fund Limited (the "Fund") was incorporated in Pakistan on 08 January 1995 as a public limited company under the Companies Ordinance, 1984, having registered office at 103-C/II Gulberg III, Lahore. The Fund commenced its operations on 14 March 1995. The Fund is listed on Karachi and Lahore Stock Exchanges. It is registered with the Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as Notified Entity under the Non Banking Finance Companies and Notified Entities Regulations, 2008. The objective of the Fund is to carry on the business of a close end mutual fund and to invest its assets in government securities and securities listed or proposed to be listed on stock exchanges.

The Fund has an agreement with First Capital Investment Limited ("FCIL"), an associated company, to provide asset management services. FCIL is duly licensed under the NBFC Rules to provide asset management services to closed end funds only.

FCIL has been assigned rating of "AM4+" (2010:AM4+) by Pakistan Credit Rating Agency (PACRA). The Fund has been assigned long term credit rating at "2 Star" (2010:2 Star), while normal credit rating has been assigned at "3 Star" (2010:3 Star) by PACRA.

Central Depository Company of Pakistan Limited is the custodian of the Fund.

As per Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 an asset management company managing an Investment Company shall, upon the expiry of every five years from 21 November 2007 or the date of launch of the Investment Company which ever is later, hold within one month of such period a meeting of share holders to seek the approval of the shareholders (by special resolution) to convert the Investment Company into an Open End Scheme or wind up the Investment Company.

2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations 2008 or the directives issued by the Commission differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the Commission prevail.

3 Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for investments at fair value through profit or loss, which are stated at their fair values.

3.2 Critical accounting estimates and judgments

The preparation of financial statements, in conformity with approved accounting standards, requires management to make judgments, estimates and assumptions that affect the application of policies reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Fair value of investments
- b) Realisabilty of other assets balances
- c) Provision for taxation

3.3 Initial application of new standards, interpretations or amendments to existing standards and forthcoming requirements

3.3.1 Standards, amendments or interpretations which became effective during the year.

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Fund.

3.3.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective.

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. Except for the amendment in International Accounting Standard (IAS) 19 which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance costs, these standards are either not relevant to the Fund's operations or are not expected to have a significant impact on the Fund's financial statements, other than increased disclosures in certain cases ;

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1, 'Presentation of Financial Statements') effective for annual periods beginning on or after 1 July 2012.
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) effective for annual periods beginning on or after 1 January 2012.
- IAS 19, 'Employee Benefits' (Amended 2011) effective for annual periods on or after 1 January 2013.
- Prepayments of a Minimum Funding Requirement (Amendments to International Financial Reporting Interpretations Committee (IFRIC) Interpretation 14) effective for annual periods beginning on or after 1 January 2011.
- IAS 24, 'Related Party Disclosures' (Revised 2009) effective for annual periods beginning on or after 1 January 2011.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.

3.4 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund.

4 Summary of significant accounting policies

4.1 Investment at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy.

Investments which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual patterns of short term profit taking are classified as held for trading or a derivative.

Investments in listed securities including investment in associated companies are classified as investment at fair value through profit or loss. These are securities that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges associated with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in income statement of the period. Transaction costs are expensed out immediately.

Fair values of these securities representing listed equity securities are determined by reference to the stock exchange quoted market prices and that of debt securities through discounting of future cash flows to determine present value by using PKRV rates.

4.2 Taxation

4.2.1 Current

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. No charge for current taxation is made in the financial statements if the Fund intends to distribute 90 percent or more of its accounting profit as reduced by capital gains whether realized or unrealized amongst its shareholders in accordance with the exemption available under clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001.

The fund is also exempt from provisions of section 113 (minimum tax) under clause 11A of part IV to the second schedule of Income Tax Ordinance, 2001.

4.2.2 Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The deferred tax asset on unused tax losses has not been recognized in these financial statements, as the Fund intends to continue availing the tax exemption in future years and management believes that tax benefit relating to carried forward tax losses would not be utilized.

4.3 Revenue recognition

4.3.1 Capital gains

Sale and purchase of securities are recorded on the date of execution of contract. Realized gains or losses, calculated as the difference between the sales proceeds excluding transaction cost, and the carrying amount of a security is included in income statement for the year. Carrying value of the security for this purpose is calculated on an individual portfolio basis using the moving average method.

4.3.2 Unrealized gain / (loss)

Unrealized gain / (loss) arising on the revaluation of securities is included in the income statement in the year in which it arises.

4.3.3 Dividend

Dividend income is recognized when the right to receive dividend is established i.e. at the time of closure of share transfer book of the company declaring the dividend.

4.3.4 Profit on bank deposits

Profit on bank deposits is recognized on accrual basis.

4.4 Expenses

All expenses, including management fee and custodian fee, are recognised in the income statement on an accrual basis.

4.5 Trade date accounting

All regular way purchases / sales of investments are recognized on the trade date i.e. the date the Fund commits to purchase / sale the investments. Regular way purchase / sale of investments require delivery of securities within two days after the transaction date as required by the stock exchanges regulations.

4.6 Financial instruments

All the financial assets and liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument.

The Fund de-recognizes a financial asset or portion of financial asset when, and only when, the fund loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on recognition, de-recognition of financial assets and financial liabilities are stated in their respective notes.

4.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Fund has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.8 Provisions

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.9 Net assets value per share

The net asset value (NAV) per share is calculated by dividing the net assets of the Fund by the number of shares in issue.

4.10 Transactions with connected persons

Connected persons means connected persons as defined in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. Cash comprises of saving accounts with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

	<i>Note</i>	2011 Rupees	2010 Rupees
5 Bank balances			
Cash at bank:			
Deposit accounts	5.1	36,186,688	70,442,897
		<u>36,186,688</u>	<u>70,442,897</u>

5.1 Profit rates on deposit accounts range between 5 % to 8.25 % (2010: 5 percent to 8 %) per annum.

	Note	2011 Rupees	2010 Rupees
6 Investments at fair value through profit or loss			
Investments in shares	6.1	122,531,479	172,918,553
Investment in Market Treasury Bills	6.5	109,775,544	-
		<u>232,307,023</u>	<u>172,918,553</u>

6.1 Investment in shares

Ordinary fully paid shares have a face value of Rs. 10/- each except as mentioned in Note 6.3 of these financial statements.

Sector/Name of the investee company	Holding as at 1 July 2010	No. of Shares			Balance as at 30 June 2011		Unrealized gain/ (loss) Rupees	Market value as a percentage of net assets %	Market value as a percentage of total investments %	Percentage of paid up capital of the investee company %
		Purchased during the year	Bonus/Rights received during the year	Sales during the year	Holding as at 30 June 2011	Cost/Carrying Value Rupees				
Oil and Gas Companies and Refineries										
Attock Petroleum Limited	7,578	42,422	-	50,000	-	-	-	-	-	-
Attock Refinery Limited	10,000	318,500	-	320,000	8,500	1,065,014	1,043,205	0.41	0.45	0.01
Byco Petroleum Limited	58,000	650,700	-	708,700	-	-	-	-	-	-
Mari Gas Company Limited	4,000	-	-	4,000	-	-	-	-	-	-
National Refinery Limited	-	68,001	-	64,501	3,500	1,325,497	1,232,910	0.48	0.53	-
Oil and Gas Development Company Limited	62,500	430,065	-	492,565	-	-	-	-	-	-
Pakistan State Oil Company Limited	23,000	245,200	-	252,905	15,295	4,273,102	4,046,751	1.59	1.74	0.01
Pak Oil Fields Limited	29,500	496,197	-	525,697	-	-	-	-	-	-
Pakistan Petroleum Limited	14,500	259,300	-	268,800	5,000	1,036,670	1,035,350	0.41	0.45	-
Shell Gas LPG	-	10,000	-	10,000	-	-	-	-	-	-
Shell Pakistan Limited	-	5,500	-	5,500	-	-	-	-	-	-
	209,078	2,525,885	-	2,702,668	32,295	7,698,283	7,358,216	2.89	3.17	-
Chemicals										
Agritech Limited	84,800	75,600	-	160,400	-	-	-	-	-	-
Arif Habib Corporation Ltd	-	947,500	-	843,000	104,500	2,628,300	2,748,350	1.08	1.18	0.28
BOC (Pak) Ltd	-	1,000	-	1,000	-	-	-	-	-	-
Dawood Hercules Chemical Limited	-	50,900	22,500	73,400	-	-	-	-	-	-
Descon Oxychem Limited	170,000	-	-	170,000	-	-	-	-	-	-
Devan Salam Fibre Ltd	-	94,545	-	94,545	-	-	-	-	-	-
Engro Chemicals Limited	53,650	503,090	-	533,740	23,000	3,833,656	3,754,750	1.47	1.62	0.01
Engro Polymer & Chemical Limited	-	285,000	-	285,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	105,000	1,757,100	-	1,410,100	452,000	19,011,979	19,051,800	7.47	8.20	0.05
Fauji Fertilizer Company Limited	81,000	863,800	-	879,300	65,500	9,917,178	9,847,925	3.86	4.24	0.01
Fatima Fertilizer Company Limited	528,099	1,011,299	-	1,409,398	130,000	2,039,635	2,163,200	0.85	0.93	0.01
Ghani Gases Ltd	-	380,500	-	286,000	94,500	1,275,996	1,218,105	0.48	0.52	0.13
ICI Pakistan Limited	-	226,080	-	198,010	28,070	4,576,659	4,262,430	1.67	1.83	0.02
Lotte Pakistan PTA Limited	75,000	4,860,000	-	4,900,000	35,000	513,517	484,050	0.19	0.21	-
Nimir Industrial Chemical Limited	-	250,000	-	193,000	57,000	178,005	159,600	0.06	0.07	0.05
Sitara Peroxide Limited	73,500	-	-	73,500	-	-	-	-	-	-
	1,171,049	11,306,414	22,500	11,510,393	989,570	43,974,925	43,690,210	17.13	18.80	-
Forestry and Paper										
Century Paper & Board Mills Ltd	-	128,600	-	128,600	-	-	-	-	-	-
Security Paper Limited	6,900	-	-	6,900	-	-	-	-	-	-
	6,900	128,600	-	135,500	-	-	-	-	-	-
Industrial metals and Mining										
Crescent Steel & Allied Product Limited	62,195	-	-	62,195	-	-	-	-	-	-
Dast Steels Limited	69,500	-	-	69,500	-	-	-	-	-	-
	131,695	-	-	131,695	-	-	-	-	-	-
Construction and Materials										
Attock Cement Pakistan Limited	11,550	38,180	-	49,730	-	-	-	-	-	-
D.G.Khan Cement Company Limited	229,000	1,453,803	-	1,530,865	151,938	3,619,042	3,493,055	1.37	1.50	0.03
D.G.Khan Cement Company Limited-Right	-	274,500	-	274,500	-	-	-	-	-	-

Sector/Name of the investee company	Holding as at 1 July 2010	No. of Shares				Balance as at 30 June 2011			Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of paid up capital of the investee company
		Purchased during the year	Bonus/Rights received during the year	Sales during the year	Holding as at 30 June 2011	Cost/Carrying Value	Market Value	Unrealized gain/(loss)			
Fuji Cement Company Limited	125,000	470,000	-	595,000	-	471,990	-	-	-	-	
Lafarge Pakistan Cement Limited	-	997,500	-	847,500	150,000	3,904,240	405,000	(66,990)	0.16	0.17	
Lucky Cement Company Limited	71,500	1,024,862	-	1,042,210	54,152	3,836,128	(68,112)	1.50	1.65	0.02	
Maple Leaf Cement Factory Limited	125,000	100,000	-	125,000	100,000	269,270	206,000	(63,270)	0.08	0.09	
General Industrials	562,050	4,358,845	-	4,464,805	456,000	8,264,542	7,940,183	(324,359)	3.11	3.41	
Packages Limited	787	-	-	787	-	-	-	-	-	-	
Industrial Engineering	787	-	-	787	-	-	-	-	-	-	
Ghandara Industries Limited	134,100	46,000	-	180,100	-	-	-	-	-	-	
KSB Pump Ltd	-	10,000	-	10,000	-	-	-	-	-	-	
Millat Tractors Limited	4,700	5,550	-	6,500	3,750	2,217,837	2,256,413	38,576	0.89	0.97	
Support Services	138,800	61,550	-	196,600	3,750	2,217,837	2,256,413	38,576	0.89	0.97	
TRG Pakistan Limited	-	350,000	-	350,000	-	-	-	-	-	-	
Automobile and Parts	-	350,000	-	350,000	-	-	-	-	-	-	
Agriautos Industries Limited	10,000	-	-	10,000	-	-	-	-	-	-	
General Tyre & Rubber Company of Pakistan Limited	31,135	-	-	31,135	-	-	-	-	-	-	
Indus Motor Company Limited	6,164	7,000	-	13,164	-	-	-	-	-	-	
Sugar Engineering Works Limited	8,399	-	-	8,399	-	-	-	-	-	-	
Food Producers	55,698	7,000	-	62,698	-	-	-	-	-	-	
Haseeb Waqas Sugar Mills Limited	1,998	-	-	1,998	-	-	-	-	-	-	
Crescent Sugar Mills & Distillery Ltd	-	133,593	-	133,593	-	-	-	-	-	-	
Household Goods	1,998	133,593	-	135,591	-	-	-	-	-	-	
Pak Elektron Limited	152,500	181,700	-	334,200	75,000	1,122,173	898,500	(223,673)	0.35	0.39	
Tariq Glass Ltd	-	25,000	50,000	-	-	-	-	-	-	-	
Personal Goods	152,500	206,700	50,000	334,200	75,000	1,122,173	898,500	(223,673)	0.35	0.39	
Azgard Nine Limited	229,000	960,001	-	1,189,001	-	-	-	-	-	-	
Annex Ltd	-	349,985	24,744	374,729	-	-	-	-	-	-	
Gadson Textiles Mills Ltd	-	63,800	35,500	35,500	28,300	2,476,392	1,924,400	(551,992)	0.75	0.83	
Gulshan Spinning Mills Ltd	-	32,000	-	32,000	-	-	-	-	-	-	
Hira Textile Mills Limited	383,120	-	-	383,120	-	-	-	-	-	-	
Nishat Chunian Limited	25,000	1,243,677	-	1,158,475	110,202	2,854,772	2,456,403	(398,369)	0.96	1.06	
Nishat Mills Limited	90,000	1,283,950	-	1,321,950	52,000	2,951,624	2,617,680	(333,944)	1.03	1.13	
Prosperity Weaving Mills Limited	268,362	199,200	-	467,562	-	-	-	-	-	-	
Suraj Cotton Limited	9,834	-	-	9,834	-	-	-	-	-	-	
Service Industries Ltd	-	2,110	-	2,110	-	-	-	-	-	-	
Thal Limited	27,700	31,610	-	59,310	-	-	-	-	-	-	
Ravi Textiles Mills Ltd	-	89,000	-	89,000	-	-	-	-	-	-	
Treet Corporation Limited	10,500	60,762	-	71,262	-	-	-	-	-	-	
Pharma and Bio Tech	1,043,516	4,316,095	24,744	5,193,853	190,502	8,282,787	6,998,483	(1,284,305)	2.74	3.02	
Ferozsons Laboratories Ltd	-	2,984	-	2,984	-	-	-	-	-	-	

Sector/Name of the investee company	No. of Shares				Balance as at 30 June 2011			Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of paid up capital of the investee company
	Holding as at 1 July 2010	Purchased during the year	Bonus/Rights received during the year	Sales during the year	Holding as at 30 June 2011	Cost/Carrying Value	Market Value			
Fixed Line Telecommunication										
Pakistan Telecommunication Company Limited	150,000	1,470,000	-	1,556,500	63,500	1,114,184	902,970	(211,214)	0.35	0.39
WorldCall Telecom Ltd	-	425,550	-	123,000	302,550	718,042	638,381	(79,661)	0.25	0.27
	150,000	1,895,550	-	1,679,500	366,050	1,832,226	1,541,351	(290,875)	0.60	0.66
Electricity										
Hub Power Company Limited	565,295	981,600	-	1,151,895	395,000	14,704,033	14,812,500	108,467	5.81	6.38
Japan Power Limited	175,000	-	-	175,000	-	-	-	-	-	-
K.E.S.C.	-	270,000	-	270,000	-	-	-	-	-	-
Kot Addu Power Company Limited	110,661	328,168	-	352,761	86,068	3,712,896	3,667,357	(45,539)	1.44	1.58
Nisbat Chunan Power Ltd	-	482,501	-	374,000	108,501	1,488,634	1,482,997	(5,637)	0.58	0.64
Nisbat Power Limited	428,500	444,153	-	812,653	60,000	1,032,900	926,400	(106,500)	0.36	0.40
	1,279,456	2,506,422	-	3,136,309	649,569	21,091,460	20,894,891	(196,569)	8.19	9.00
Gas Water and Multiutilities										
Sui Northern Gas Pipelines Limited	-	183,500	-	183,500	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	214,500	-	214,500	-	-	-	-	-	-
	-	398,000	-	398,000	-	-	-	-	-	-
Banks										
Allied Bank Limited	34,761	48,500	1,500	84,761	-	-	-	-	-	-
Arif Habib Bank Limited	225,000	-	-	225,000	-	-	-	-	-	-
Askari Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-
The Bank of Punjab	60,000	695,000	-	755,000	-	-	-	-	-	-
Bank Al Fajal Limited	100,000	685,000	-	785,000	210,000	2,142,504	2,009,700	(132,804)	0.79	0.87
Faysal Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-
Habib Bank Limited	4,000	82,000	-	86,000	-	-	-	-	-	-
Habib Metropolitan Bank Limited	-	66,000	-	66,000	-	-	-	-	-	-
JS Bank Limited	-	100,000	-	100,000	-	-	-	-	-	-
KASB Bank Limited	774,596	109,675	-	615,658	268,613	880,030	373,372	(506,658)	0.15	0.16
MCB Bank Limited	13,000	285,397	-	290,397	8,000	1,639,568	1,594,400	(45,168)	0.63	0.69
Meezan Bank Ltd	-	56,000	-	56,000	-	-	-	-	-	-
Mybank Limited	441,173	35,000	-	476,173	-	-	-	-	-	-
National Bank of Pakistan	77,922	1,196,500	47,875	1,229,297	83,000	4,435,943	4,184,860	(251,083)	1.64	1.80
NIB Bank Limited	-	100,000	-	100,000	-	-	-	-	-	-
Silk Bank Limited	1,052,500	2,025,258	-	2,727,758	350,000	1,017,485	885,500	(131,985)	0.35	0.38
Soneri Bank Limited	-	16,000	-	16,000	203,000	802,358	763,280	(39,078)	0.30	0.33
Summit Bank Ltd	-	558,000	-	355,000	27,000	1,709,378	1,671,570	(37,808)	0.66	0.72
United Bank Limited	44,000	420,000	-	457,000	-	-	-	-	-	-
	2,826,952	6,528,330	49,375	8,255,044	1,149,613	12,627,266	11,482,682	(1,144,584)	4.52	4.95
Non Life Insurance										
Adamee Insurance Company Limited	-	301,700	-	301,700	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	-	42,000	-	20,000	22,000	399,626	349,800	(49,826)	0.14	0.15
Shaheen Insurance Company Limited	248,288	1,178,890	341,323	1,768,501	-	-	-	-	-	-
	248,288	1,522,590	341,323	2,090,201	22,000	399,626	349,800	(49,826)	0.14	0.15
Financial Services										
Arif Habib Investment Ltd	-	125,000	-	125,000	-	-	-	-	-	-
First Capital Equities Limited	124,000	4,300	-	-	128,300	16,507,232	18,077,470	1,570,238	7.09	7.78
Arif Habib Securities Limited	73,500	485,500	-	559,000	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited	-	881,000	-	720,000	161,000	1,176,572	1,043,280	(133,292)	0.41	0.45
	197,500	1,495,800	-	1,404,000	289,300	17,683,804	19,120,750	1,436,946	7.50	8.23
Software and Computer Services										
Neosole Technologies Limited	20,000	77,000	-	97,000	-	-	-	-	-	-
	20,000	77,000	-	97,000	-	-	-	-	-	-
Total	8,196,267	37,821,538	487,942	42,281,828	4,223,739	125,194,928	122,531,479	(2,663,451)	48.06	52.75

6.2 Net assets are as defined in Regulation 66 of Non-Banking Finance Companies and Notified Entities Regulations, 2008.

6.3 Nimr Industrial Chemicals Limited's shares have a face value of Rs. 5 per share.

6.4 The percentage in relation to the investee company's paid up capital has been calculated with reference to the number of shares held in that investee company.

6.5 Investment in Market Treasury Bills

Date of Issue	Term	Face Value	Cost						As at 30 June 2011			Market Value as percentage of total investments	Effective Rate of Return		
			Opening as at 1 July 2010	Purchase during the year	Matured/Sold during the year	Closing as at 30 June 2011	Amortised Cost	Market Value	Unrealized diminution	Market Value as percentage of net assets	%				
10.02.2011	3 Months	-	-	19,741,800	19,741,800	-	-	-	-	-	-	-	-	-	-
24.02.2011	3 Months	-	-	24,547,250	24,547,250	-	-	-	-	-	-	-	-	-	-
10.03.2011	3 Months	-	-	29,427,480	29,427,480	-	-	-	-	-	-	-	-	-	-
24.03.2011	3 Months	-	-	19,600,560	19,600,560	-	-	-	-	-	-	-	-	-	-
24.04.2011	3 Months	20,000,000	-	19,531,100	-	19,531,100	19,531,100	19,903,959	19,898,566	7.74	8.57	12.55			
05.05.2011	3 Months	20,000,000	-	19,436,480	-	19,436,480	19,436,480	19,808,094	19,797,555	7.70	8.52	12.57			
19.05.2011	3 Months	25,000,000	-	24,265,000	-	24,265,000	24,265,000	24,629,758	24,619,816	9.57	10.60	12.97			
02.06.2011	3 Months	26,000,000	-	25,220,000	-	25,220,000	25,220,000	25,477,365	25,475,471	9.90	10.97	13.29			
16.06.2011	3 Months	20,500,000	-	19,882,950	-	19,882,950	19,882,950	19,984,487	19,984,136	7.77	8.60	13.28			
Total		111,500,000	-	201,652,620	93,317,090	108,335,530	109,803,663	109,775,544	42.68	47.25					

6.6 Unrealised diminution in value of investments at fair value through profit or loss - net

	Note	2011	2010
		Rupees	Rupees
Investment in shares	6.1	(2,663,451)	(9,751,533)
Investment in Market Treasury Bills	6.5	(28,119)	-
		<u>(2,691,570)</u>	<u>(9,751,533)</u>

	<i>Note</i>	2011 Rupees	2010 Rupees
7 Dividend and other receivables			
Dividend receivable		163,506	405,201
Receivable on account of sale of shares - unsecured considered good		3,532,656	777,650
Advance tax		<u>972,746</u>	<u>404,198</u>
		<u>4,668,908</u>	<u>1,587,049</u>
8 Payable to assets management company			
Balance as at 01 July		4,878,698	4,144,100
Remuneration for the year	8.1	<u>5,008,853</u>	<u>4,878,698</u>
		<u>9,887,551</u>	<u>9,022,798</u>
Less: Payments made during the year		<u>(4,878,698)</u>	<u>(4,144,100)</u>
Balance as at 30 June		<u>5,008,853</u>	<u>4,878,698</u>

8.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Asset Management Company of the Fund is entitled to a remuneration, during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Asset Management Company has charged its remuneration for the current year at the rate of two percent per annum.

The average annual net assets of the Fund for the year ended 30 June 2011 are calculated as follows:

	2011 Rupees	2010 Rupees
Average annual net assets of the fund	<u>250,442,643</u>	<u>243,934,900</u>
Two percent of average annual net assets	<u>5,008,853</u>	<u>4,878,698</u>

9 Trade and other payables

Accrued custodian fee	9.1	158,885	185,264
Legal expenses payable		18,000	18,000
Payable on account of purchase of listed equity securities		5,772,056	4,862,738
Audit fee		242,500	190,000
Annual fee-SECP	9.2	237,921	231,784
Other payables		25,000	25,000
Workers' Welfare Fund	9.3	-	578,700
Unclaimed dividend		<u>1,784,244</u>	<u>1,784,244</u>
		<u>8,238,606</u>	<u>7,875,730</u>

9.1 Payable to Central Depository Company of Pakistan Limited

The custodian is entitled to a monthly remuneration for services rendered to the Fund under the provisions of a Custodian Services Agreement in accordance with the tariff specified there in.

9.2 Payable to Securities and Exchange Commission Of Pakistan

This represents annual fee at the rate of 0.095% of the average annual net assets of the Fund payable to SECP under Regulation 62 read with Schedule 2 of the NBFC Regulation, 2008.

9.3 Workers' Welfare Fund

The Fund has written back the provisions created on account of Workers' Welfare Fund relating to years, 2010 based on the judgment issued by the honourable Lahore High Court through order 19 August 2011. The Honourable court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution. Accordingly, the Fund has reversed the provision made for WWF, based on accounting profit, in respect of above mentioned years.

	2011 Rupees	2010 Rupees
10 Issued, subscribed and paid up capital		
30,000,000 (2010: 30,000,000) ordinary shares of Rs 10/- each fully paid in cash	<u>300,000,000</u>	<u>300,000,000</u>
10.1 Ordinary shares of the Fund held by associated undertakings are as follows:	2011 Shareholding	2010 Shareholding
First Capital Investments Limited	6,962,380	6,962,380
First Capital Securities Corporation Limited	2,805,000	-
Al- Hoqani Securities & Investment Corporation	6,000,000	6,000,000
11 Contingencies and commitments		
There were no contingencies and commitments outstanding as at 30 June 2011 (2010: Nil).		
12 Capital Gain - Net		
Gain on sale of investments	21,975,902	37,838,512
Loss on sale of Market Treasury Bills	(853)	-
	<u>21,975,049</u>	<u>37,838,512</u>

	2011	2010
	Rupees	Rupees
13 Fee and subscription		
Fee to Central Depository Company of Pakistan	67,500	67,500
Listing and regulatory expenses	155,417	225,000
Annual fee to SECP	237,921	231,784
9.2	<u>460,838</u>	<u>524,284</u>
14 Auditors' remuneration		
Statutory audit	215,000	190,000
Half year review	105,000	100,000
Special certification	20,000	15,000
Out of pocket expenses	55,000	39,500
	<u>395,000</u>	<u>344,500</u>
15 Taxation		
Current year	3,613,894	1,012,510
Prior year	(869,743)	-
	<u>2,744,151</u>	<u>1,012,510</u>
	2011	2010
16 Earnings per share - basic and diluted		
Net income attributable to ordinary shareholders (Rupees)	<u>25,989,448</u>	<u>27,923,438</u>
Weighted average number of ordinary shares (Number)	<u>30,000,000</u>	<u>30,000,000</u>
Earnings/ per share - basic and diluted	<u>0.87</u>	<u>0.93</u>

16.1 Diluted earnings per share has not been presented as the Fund does not have any convertible instruments in issue as at 30 June 2011 (2010: Nil) which would have any effect on the earnings per share.

17 Transactions with connected persons

Connected persons include First Capital Investments Limited (FCIL) being the Asset Management Company, Central Depository Company of Pakistan Limited (CDC) being the custodian of the Fund, First Capital Equities Limited (FCEL) being company under common control and Al- Hoqani Securities & Investment Corporation due to holding of interest as specified in Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Remuneration payable to the Asset Management Company is determined in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Custodian charges payable are determined in accordance with the provisions of the Custodial Services Agreement.

Transactions with connected persons are in the normal course of business and on arm's length basis.

Details of transactions with connected persons and balances with them at year end are as follows:

	2011 Rupees	2010 Rupees
17.1 Transactions during the year		
First Capital Investments Limited - Asset Management Company		
Remuneration for the year	5,008,853	4,878,698
Central Depository Company of Pakistan Limited -Custodian		
Custodian fee	1,464,665	1,444,031
17.2 Amounts outstanding as at year end		
First Capital Investments Limited - Asset Management Company		
Remuneration payable	5,008,853	4,878,698
Central Depository Company of Pakistan Limited -Custodian		
Custodian fee payable	158,885	185,264

18 Financial instruments and related disclosures

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

18.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Credit risk arises from deposits with banks and credit exposure arising as a result of dividends receivable from equity securities. For banking relationships, credit ratings and other factors are evaluated. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled vide delivery vs payment through Central Depository Company of Pakistan Limited (the custodian). The risk of default is considered minimal due to inherent systematic measures taken therein.

The analysis below summarizes the credit rating quality of the Fund's bank balances as at 30 June:

Bank balances by rating category	2011	2010
MCB Bank Limited	AA+	AA+
Faysal Bank Limited	AA	AA
NIB Bank Limited	AA-	AA-
Habib Metropolitan Bank Limited	AA+	AA+

18.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

		2011 Rupees	2010 Rupees
Bank balances		36,186,688	70,442,897
Investments at fair value through profit or loss	18.1.2	232,307,023	172,918,553
Dividend and other receivables		3,696,163	1,182,851
Long term deposit		137,500	137,500
		<u>272,327,374</u>	<u>244,681,801</u>

18.1.2 Investments at fair value through profit or loss

	2011 Rupees	2010 Rupees
Investment in shares	122,531,479	172,918,553
Investment in Market Treasury Bills	109,775,544	-
	<u>232,307,023</u>	<u>172,918,553</u>

18.1.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Fund is not materially exposed to liquidity risk as substantially all obligations / commitments of the Fund are short term in nature and are restricted to the extent of available liquidity. The investment advisor manages the liquidity risk by maintaining maturities of financial assets and liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

The following are the contractual maturities of financial liabilities as on 30 June 2011 :

Carrying Amount	One month to three months	Three months to one year	One year to five years	More than five years
-----R u p e e s-----				
Payable to Asset Management Company	5,008,853	5,008,853	-	-
Trade and other payables	8,238,606	8,238,606	-	-
	<u>13,247,459</u>	<u>13,247,459</u>	<u>-</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as on 30 June 2010 :

	Carrying Amount	One month to three months	Three months to one year	One year to five years	More than five years
-----R u p e e s-----					
Payable to Asset Management Company	4,878,698	4,878,698	-	-	-
Trade and other payables	7,875,730	7,875,730	-	-	-
	12,754,428	12,754,428	-	-	-

18.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices (caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market) will effect the Fund's income or the value of its holdings of financial instruments. The investment advisor manages the market risk by monitoring exposure on listed securities by following the directives issued by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

18.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

18.3.2 Interest rate risk

At the balance sheet date, the interest rate profile of the Fund's significant interest bearing financial instruments was as follows:

	2011 %	2010 %	2011 Rupees	2010 Rupees
	Effective interest rate		Carrying amount	
Financial Assets				
<i>Fixed rate instruments</i>				
Bank balances	5% to 8%	5% to 8%	36,186,688	70,442,897
Market Treasury Bills	10.86% to 14.70%	-	109,775,544	-

18.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee. The Fund's constitutive document/ NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of net assets.

In case of 5% increase in the KSE 100 Index on 30 June 2011, net income and net assets of the Fund would increase by Rs. 6,126,574 (2010: Rs. 8,645,927) as a result of gains on equity securities at fair value through profit and loss.

In case of 5% decrease in the KSE 100 Index on 30 June 2011, net income and net assets of the Fund would decrease by Rs. 6,126,574 (2010: Rs. 8,645,927) as a result of losses on equity securities at fair value through profit and loss.

The analysis is based on the assumption that the equity index had increased/ decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index on the basis of three years data. This represents management's best estimate of a reasonable possible shift in KSE 100 Index having regard to historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE Index is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2011 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

18.4 Fair value of financial instruments

The carrying values of all the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Effective 01 January 2009 the Fund adopted the amendments to IFRS 7 for financial instruments that are measured in the Statement of Assets and Liabilities at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices) (level 2);
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	----- As at 30 June 2011 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Assets				
Investments at fair value through profit or loss				
- in shares	122,531,479	-	-	122,531,479
- in Market Treasury Bills	-	109,775,544	-	109,775,544
				<u>232,307,023</u>

	----- As at 30 June 2010 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Assets				
Investments at fair value through profit or loss	172,918,553	-	-	172,918,553

18.5 Capital management

The Fund's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Fund defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Fund's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Fund manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividends paid to shareholders or issue new shares.

Neither there were any changes in the Fund's approach to capital management during the year nor the Fund is subject to externally imposed capital requirements.

18.6 Financial instruments by category

-----As at 30 June 2011-----				
Note	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- R u p e e s -----				
Assets				
	36,186,688	-	-	36,186,688
Bank balances				
Investments at fair value through profit or loss	-	232,307,023	-	232,307,023
18.6.1				
Dividend and other receivables	4,668,908	-	-	4,668,908
Long term deposit	137,500	-	-	137,500
	<u>40,993,096</u>	<u>232,307,023</u>	<u>-</u>	<u>273,300,119</u>

18.6.1 Investments at fair value through profit or loss;

- in shares	122,531,479
- in Market Treasury Bills	109,775,544
	<u>232,307,023</u>

-----As at 30 June 2011-----			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- R u p e e s -----			
Liabilities			
Payable to asset management company	-	5,008,853	5,008,853
Trade and other payables	-	8,238,606	8,238,606
Income tax payable	-	2,833,993	2,833,993
	<u>-</u>	<u>16,081,452</u>	<u>16,081,452</u>

-----As at 30 June 2010-----				
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- R u p e e s -----				
Assets				
Bank balances	70,442,897	-	-	70,442,897
Investments at fair value through profit or loss	-	172,918,553	-	172,918,553
Dividend and other receivables	1,182,851	-	-	1,182,851
Long term deposit	137,500	-	-	137,500
	<u>71,763,248</u>	<u>172,918,553</u>	<u>-</u>	<u>244,681,801</u>

-----As at 30 June 2010-----			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- R u p e e s -----			
Liabilities			
Payable to Asset Management Company	-	4,878,698	4,878,698
Trade and other payables	-	7,875,730	7,875,730
Income tax payable	-	1,102,352	1,102,352
	-	13,856,780	13,856,780
	-	13,856,780	13,856,780

19 Investment committee members

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Syed Kashan Kazmi	Chief Executive Officer	MBA	16 Years
Omer Subhan Salamat	Director	Bachelor in Arts	10 Years
Pardeep Kumar	Chief Investment Officer	MBA, CFA	11 Years

19.1 No other fund is being managed by Mr. Pardeep Kumar

20 Attendance at meeting of board of directors

The 1st, 2nd, 3rd and 4th board meetings were held on 20th September 2010, 29th October 2010, 26th February 2011 and 26th April 2011 respectively during 1 July 2010 to 30 July 2011.

Name of Director	Number of meetings		Meetings not attended
	Attended	Leave Granted	
Salman Taseer (Expired)	2	-	-
Amna Taseer	2	-	-
Syed Kashan Hussain Kazmi	4	-	-
Muhammad Naveed Tariq (Retired)	2	-	-
Sulaiman Ahmed Saeed Al-Hoqani	-	-	All
Omer Subhan Salamat	3	1	4th
Mahmood Ali Athar	-	4	All
Ahmad Bilal	4	-	-
Suhail Ahmed (Retired)	2	-	-
Nadeem Hussain	1	-	-

During the year Mrs. Amna Taseer, Sulaiman Ahmed Saeed Al-Hoqani and Nadeem Hussain have been appointed as director in place of Salman Taseer, Muhammad Naveed Tariq and Suhail Ahmed.

21 Pattern of shareholding

Shareholding pattern of the Fund as at 30 June 2011 is as follows:

Category	Number of Shareholders	Shareholders amount	% of total
Individuals	2,014	4,482,905	14.94
Associated company	4	19,502,710	65.01
Directors, Chief executive officer, their spouse and minor children.	7	2,466,110	8.22
Banks/DFIs	3	156,859	0.52
NBFCs	1	800	0.00
Public Companies Limited	12	678,022	2.26
Others	17	2,712,594	9.04
	2,058	30,000,000	100.00

Shareholding pattern of the Fund as at 30 June 2010 is as follows:

Category	Number of Shareholders	Shareholders amount	% of total
Individuals	2,042	5,196,259	17.32
Associated company	4	8,950,380	29.83
Directors	7	60,500	0.20
Insurance company	1	403,000	-
Banks/DFIs	3	303,586	1.01
NBFCs	1	800	-
Public Companies Limited	9	4,105,230	13.68
Others	28	10,980,245	36.60
	2,095	30,000,000	100.00

22 Detail of shareholding with five percent or more holding

Detail of share holding with five percent or more holding of the Fund as at 30 June 2011 is as follows:

Name	Number of Shareholders	Shareholders amount	%
First Capital Investments Limited	1	6,962,380	23.21
First Capital Equities Limited	1	3,735,330	12.45
First Capital Securities Corporation Limited	1	2,805,000	9.35
Al- Hoqani Securities & Investment Corporation	1	6,000,000	20.00
Suleman Ahmad Said Al-Hoqani	1	2,462,110	8.21

Detail of shares holding with five percent or more holding of the Fund as at 30 June 2010 is as follows:

Name	Number of Shareholders	Shareholders amount	%
First Capital Investments Limited	1	6,962,380	23.21
Al- Hoqani Securities & Investment Corporation	1	6,000,000	20.00
First Capital Equities Limited	1	3,735,330	12.45
Suleman Ahmad Said Al-Hoqani	1	2,422,640	08.08
Milage (Private) Limited	1	1,988,000	6.63
Wireless n Cable (Private) Limited	1	1,900,000	6.33
WTL Services (Private) Limited	1	1,784,590	5.95

23 Top ten brokerage commission by percentage

Broker's Name	2011 %	2010 %
Aziz Fida Hussain	19.44	15.10
Next Capital	16.96	-
Elixir Securities Pakistan (Private) Limited	8.13	-
Arif Habib Limited	7.84	-
BMA Capital Management Limited	6.56	10.32
NUA Securities (Pvt.) Limited	6.16	3.83
Global Securities	5.85	-
Aqeel Karim Dhedhi Securities	4.00	-
Foundation Securities	3.95	-
Ismail Iqbal Securities	2.92	-
IGI Finex Securities Limited	-	16.79
Live Securities (Private) Limited	-	7.84
Arif Habib Limited	-	7.29
Elixir Securities Pakistan (Private) Limited	-	7.15
Topline Securities (Pvt) Limited	-	7.11
Invest & Finance Securities Limited	-	6.93
Adeel Nadeem Securities (Pvt.) Limited	-	4.74

24 Date of authorization for issue

These financial statements were authorized for issue on 26th September 2011 by the board of directors.

24 General

Figures have been rounded off to the nearest rupee.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PERFORMANCE TABLE

	2011	2010	2009	2008	2007
Net assets (Rupees)	257,218,667	231,229,219	203,305,781	337,604,653	380,280,534
Profit/(loss) after tax (Rupees)	25,989,448	27,923,438	(134,298,872)	(42,675,881)	114,399,756
Net assets value per share (Rupees)	8.55	7.71	6.78	11.25	12.68
Earnings/(loss) per share (Rupees)	0.87	0.93	(4.48)	(1.42)	3.95
Final dividend distribution (Per share) - gross	-	-	-	-	1.00
Interim dividend distribution (Per share) - gross	-	-	-	-	-
Distribution Dates - Final dividend	-	-	-	-	30 October 2007
Distribution Dates - Interim dividend	-	-	-	-	-
Total Return (%)	10.92	13.73	(39.72)	(3.94)	18.04
Distribution	-	-	-	-	9.31
Capital Growth	10.92	13.73	(39.72)	(3.94)	8.72
Averag annualized return of the fund (CAGR) (%)					
One Year	10.92	13.73	(39.72)	(3.94)	18.04
Two Year	12.3	(17.20)	(23.90)	2.36	20.89
Three Year	(8.70)	(12.87)	(14.07)	8.97	16.84

Disclaimer

Past performance is not necessarily indicative of future performance and that unit price and investment return may go down, as well as up.

**STATEMENT OF INCOME AND EXPENDITURE
IN RELATION TO THE MANAGEMENT COMPANY**

FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
INCOME		
Investment advisory fee	5,008,853	6,647,134
Unrealized gain/(loss) on remeasurement of investments at fair value through profit or loss	86,176	(34,470)
Profit on bank deposits	5,343,544	5,794,441
	10,438,573	12,407,105
EXPENSES		
Operating expenses	12,087,115	8,853,588
Finance cost	22,653	54,380
	(1,671,195)	3,499,137
OPERATING PROFIT/(LOSS)		
Other income/(charges)	234,863	88,000
Workers' welfare fund	-	197,740
Share of profit from associate	6,255,783	6,299,838
	4,819,451	9,689,235
PROFIT BEFORE TAXATION		
Taxation	(703,360)	1,198,968
Share of taxation from associate	597,447	220,440
	4,925,364	8,269,827
PROFIT AFTER TAXATION		
Earnings per share- (Basic and Diluted)	0.48	0.81

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011**

INCORPORATION NUMBER: 0033995 of 08-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1591	1	-	100	148,610
201	101	-	500	68,793
72	501	-	1000	67,316
104	1001	-	5000	307,603
26	5001	-	10000	222,663
10	10001	-	15000	125,922
4	15001	-	20000	75,500
8	20001	-	25000	187,772
2	25001	-	30000	57,000
3	30001	-	35000	96,473
4	35001	-	40000	153,703
3	40001	-	45000	125,697
3	45001	-	50000	150,000
1	50001	-	55000	54,000
1	55001	-	60000	57,199
2	65001	-	70000	139,030
1	70001	-	75000	72,922
2	85001	-	90000	177,000
1	95001	-	100000	100,000
1	110001	-	115000	115,000
1	140001	-	145000	143,097
1	170001	-	175000	174,334
1	175001	-	180000	175,090
1	180001	-	185000	183,600
1	190001	-	195000	193,500
1	195001	-	200000	200,000
1	345001	-	350000	348,000
1	385001	-	390000	390,000
1	485001	-	490000	490,000
1	495001	-	500000	498,530
1	535001	-	540000	536,344
1	635001	-	640000	638,552
1	1780001	-	1785000	1,785,000
1	2235001	-	2240000	2,239,040
1	2800001	-	2805000	2,805,000
1	3735001	-	3740000	3,735,330
1	5995001	-	6000000	6,000,000
1	6960001	-	6965000	6,962,380
2058				30,000,000

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	2,466,140	8.220
Associated Companies, undertakings and related parties.	15,767,380	52.558
NIT and ICP	146,882	0.490
Banks, Development Financial Institutions, Non Banking financial Companies	14,562	0.049
Modarabas and Mutual Funds	30,800	0.103
Insurance Companies	-	-
Share holders holding 10% or more	16,697,710	55.659
General Public		
a) Local	5,765,334	19.218
b) Foreign	39,000	0.130
Others		
- Joint Stock Companies	5,769,902	19.233
- Foreign Companies	-	-

Note: Some of the shareholders are reflected in more than one category

**PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS
AS AT 30 JUNE 2011**

<u>Shareholders' Category</u>	<u>Number of Shares held</u>
Associated Companies, undertaking and related parties	
First Capital Investments Limited	6,962,380
First Capital Securities Corporation Limited	2,805,000
AL-Hoqani Securities & Investment Corporation (Pvt) Limited	6,000,000
NIT and ICP	
Investment Corp. of Pakistan	100
National Bank of Pakistan, Trustee Deptt	143,097
National Investment Trust Limited	3,685
Directors, CEO and their Spouse and Minor Children	
Aamna Taseer (Director)	500
Syed Kashan Hussain Kazmi (CEO/Director)	500
Sulaiman Ahmed Saeed Al-Hoqani (Director)	2,462,140
Ahmed Bilal (Director)	1,000
Omer Subhan Salamat (Director)	1,000
Mahmood Ali Athar (Director)	500
Nadeem Hussain (Director)	500
Executives	-
Public Sector Companies and Corporations	5,769,902
Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds etc.	45,362
Shareholders holding 10% or more voting interest in the Company	
First Capital Investments Limited	6,962,380
First Capital Equities Limited	3,735,330
Al-Hoqani Securities & Investment Corporation	6,000,000
Sulaiman Ahmed Saeed Al-Hoqani	2,462,140

FORM OF PROXY

The Company Secretary
First Capital Mutual Fund Limited
103-C/II, Gulberg-III
Lahore

Folio No./CDC A/c No. _____
Shares Held: _____

I / We _____ of _____
(Name) (Address)

being the member (s) of **First Capital Mutual Fund Limited** hereby appoint Mr. / Mrs./
Miss _____ of _____
(Name) (Address)

or failing him / her / Mr. / Mrs. / Miss. _____ of _____
(Name) (Address)

[who is also member of the Company vide Registered Folio No. _____ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at the Registered Office of the Company, 103-C/II, Gulberg-III, Lahore, on 31 October 2011 at 11:00 am and at any adjournment thereof.

Signature this _____ Day of _____ 2011.

(Witnesses)

1. _____

2. _____

**Affix Revenue Stamp
of Rupees Five**

Signature _____
(Signature appended should agree with the specimen signature registered with the Company.)

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.



