



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.

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COMPANY INFORMATION

Board of Directors	Aamna Taseer (Chairman) Shahzad Jawahar (CEO) Syed Nadeem Hussain Syed Adnan Ali Zaidi Syed Gazanfar Ali Bukhari* Sulaiman Ahmed Saeed Al-Hoqani Imran Hafeez* Syed Etrat Hussain Rizvi (Alternate Director to Mr. Sulaiman Ahmed Saeed Al-Hoqani)	Non-Executive Executive Independent Independent Executive Non-Executive Non-Executive
Chief Financial Officer	Syed Asad Abbas Ali Zaidi	
Audit Committee	Syed Nadeem Hussain (Chairman) Aamna Taseer Syed Adnan Ali Zaidi	
Company Secretary	Tariq Majeed	
Investment Committee	Shahzad Jawahar Syed Ghazanfar Ali Bukhari Syed Asad Abbas Ali Zaidi	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Adviser	Mazhar Law Associates Advocates & Solicitors	
Custodian	Central Depository Company of Pakistan Limited ("CDC")	
Registered Office / Head Office	103-C/II, Gulberg-III Lahore, Pakistan Tel: +92 42 35757591-4 Fax: +92 42 35757590, 35877920	
Asset Management Company	First Capital Investments Limited 103-C/II, Gulberg-III, Lahore.	
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 18th Annual General Meeting of the Shareholders of First Capital Mutual Fund Limited (“the Company”) will be held on Friday, 28 September 2012 at 03:00 p.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 Annual General Meeting held on 31 October 2011;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2012 together with the Directors' and Auditors' reports thereon;
3. To approve the final cash dividend @ 0.650 per share i.e. 6.50% as recommended by the Board of Directors;
4. To appoint the Auditors of the Company for the year ending 30 June 2013 and to fix their remuneration;

By order of the Board

Lahore
07 September 2012

Tariq Majeed
Company Secretary

Notes:

- 1) The Members Register will remain closed from 20 September 2012 to 28 September 2012 (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 19 September 2012 will be treated in time for the purpose of entitlements of dividend and Annual General Meeting.
- 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 CNIC 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 CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC 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 SIX YEARS

	2012	2011	2010	2009	2008	2007
-----Rupees in thousands-----						
Income Statement						
Capital gain/(loss)	13,224	21,975	37,839	(98,205)	23,516	52,949
Dividend income	11,984	12,126	10,125	13,090	13,650	10,738
Return on Market Treasury bills	13,168	3,064	-	-	-	-
Unrealized gain/(loss) on securities	(5,493)	2,692	(9,752)	(43,001)	(71,012)	58,493
Operating expenses	12,783	13,486	13,257	7,070	10,847	11,183
Net gain/(loss) before taxation	21,241	28,733	28,945	(133,821)	(41,590)	114,400
Taxation	660	2,744	1,013	478	1,086	-
Net gain/(loss) after taxation	20,581	25,989	27,923	(134,299)	(42,676)	114,400
Earning per share	0.69	0.87	0.93	(4.48)	(1.42)	3.95
Balance Sheet						
Net assets	277,799	257,219	231,229	203,306	337,605	380,281
Net assets value per share	9.26	8.57	7.71	6.78	11.25	12.68
Payouts						
Dividend distribution (%)	6.5	Nil	Nil	Nil	Nil	10
Stock Exchange						
KSE 100 Index	13,801	12,496	9,722	7,162	12,289	13,772

DIRECTORS' REPORT

The Board of Directors of First Capital Mutual Fund Limited (“the fund” or “the Company”) is pleased to present its annual report together with the annual audited financial statements of the Company for the financial year ended 30 June 2012.

Financial Performance - FY2012

The summary of financial performance for financial year ended 30 June 2012 along with a comparison with the corresponding period last year is as follows:

	2012 Rupees	2011 Rupees
Capital gain on sale of Investments-net	13,223,590	21,975,049
Income on Treasury Bills	13,168,053	3,064,382
Dividend Income	11,983,676	12,126,039
Profit on Bank Deposits	1,141,603	7,167,180
Unrealized diminution in value of investments at fair value through profit & loss - net	(5,492,939)	(2,691,570)
Operating Expenses	12,783,253	13,486,181
Profit after tax	20,580,764	25,989,448
Net Assets Value (“NAV”)	277,799,431	257,218,667
NAV per share	9.26	8.57
Earnings per share Basic	0.69	0.86
Dividend	6.5%	Nil
KSE 100 index	13,801	12,496

During the period under review, the fund recognized accounting profit after tax of Rs.20.58 Million as compared to Rs. 25.99 Million in FY11. This translated into EPS of Rs.0.69 as against Rs.0.86 in FY11. The Fund's NAV has grown by 8.05% as compared to a growth of 10.44% in KSE 100 index, a little bit lower than KSE 100 Index benchmark due to increased exposure in treasury bills.

During the year under review the fund has diverted its bank balances towards investment in treasury bills which resulted in increased return, the total return on investments in Treasury Bills and bank deposits has increased by 39.86% on YoY basis. The fund has also increased its exposure in equity securities during the year, however, there is a decrease in the dividend income of 1.17% YoY basis. There is a decrease of 39.82% in capital gains on sale of Investments on a YoY basis. In view of the downward trend in capital market during the first half of year 2012, the fund adopted a risk minimization strategy and parked its funds in Treasury Bills. In the second half of year 2012 the fund started diversion of its investments in Treasury bills towards equity securities, which continued after the close of financial year 2012. This change in Investment policy benefitted the fund and its total NAV increased to around total of Rs. 295.00 million and Rs. 9.8 per share as of the date of signing this report.

Payment of Dividend

The Board of Directors of the fund in their meeting held on 18 August 2012, declared and recommended a final cash dividend of 6.5% for the financial year 2012.

Equity Market Review

The Karachi Stock Exchange (KSE) ended FY12 on a high note, with the Benchmark KSE-100 Index posting a gain of 10.4% on a YoY basis. The market remained extremely volatile during the financial year, especially in the first half, with the KSE 100 index oscillating between 10,842 and 14,618. 3QFY12 remained the best performing quarter of the year, posting a 21.3% gain on a QoQ basis, as market stakeholders and regulators finalized the issues of Capital Gains Tax (CGT) and amnesty scheme for the equity investors. Furthermore, healthy corporate announcements during the year backed the handsome growth in benchmark KSE-100 index. The gains achieved during the 3QFY12 were diluted to some extent during the last quarter where index witnessed a modest 0.3% uptick. KSE remained one of the best performing markets in the region with the exception of PSEI (Philippine Index) and Thai Index. All the major regional indices witnessed declines with major losses being witnessed on CSI 300 (China) and TAIEX (Taiwan).

Treasury Bills

In FY12 treasury bills yielded good returns mainly due to inflationary pressures, increased government borrowing and most importantly banks' participation rather than releasing funds to corporate sectors. However, due to the recent cut in discount rate of 150bps, future returns on Treasury Bills will be lower.

Future Outlook

It is expected that the main factors that will drive the changes in market in FY13 are upcoming elections, PAK-US ties, proposed demutualization of stock markets, the monetary policy announced by State Bank of Pakistan, IMF plans for Pakistan, and positive developments on Pakistan and India relationship. KSE100 still remains a lucrative avenue for foreigner's money due to its comparatively healthy performance against other stock markets in the world.

Construction and materials sector is expected to continue to outperform in FY13 because of a hike in their topline due to public sector development projects and expected increased exports to different countries especially to Afghanistan. The fertilizer sector may perform well, subject to resolution of the problem of severe gas shortage in the country. As far as Oil & Gas sector is concerned it is expected that this sector will also perform well because some big guns are involved in expansion through strategic expansion plans, but the issue of circular debt is still a bone of contention. The Banking sector will definitely receive a blow to their earnings due to a hefty cut of 150bps in discount rate.

The fund is committed to provide consistent long term returns to its investors by investing in a blend of research based equity and debt securities. We are looking forward to further increase our exposure in equity markets by decreasing the proportionate investments in treasury bills. As of the signing of this report the composition of our investments is as follows:

% of Total Assets	As at 30-June-2012	As at 18-August-2012
Equities	55.71%	70.82%
Treasury Bills	42.20%	22.49%

Performance Rating

The fund has been assigned an MFR of 4 Star ranking (short term) and 3 Star ranking (long term) by Pakistan Credit Rating Agency Limited (PACRA) in the category of closed end equity funds.

Conversion of fund in to Open end or winding up

Sub regulation 65 of NBFC and notified entities regulation 2008, which requires an Asset Management Company to seek approval from the shareholders of the investment company under its management, either to convert in to an open end scheme or wind up the investment company, is applicable to the fund in current calendar year i.e. 20th November 2012. In this regard, a meeting of the Shareholders of FCMF will tentatively be held on 20 December 2012 or before if possible, to seek the approval of Shareholders in compliance with Clause 65 of NBFC & Notified Entities Regulations 2008.

Worker's Welfare Fund

The Fund has not made provisions amounting to Rs. 4.105 million against Worker's Welfare Fund liability; if the same were made the NAV per unit of the Fund would be lower by Rs. 0.14. For details investors are advised to read the Note 13 of the Annual Financial Statements of the Fund.

Renewal of License of Asset Management Company

An application for the renewal of the license of Asset Management Company of the fund has been submitted to Securities and Exchange Commission of Pakistan, which is in process.

Changes in the Board of Directors

During the financial year Mr. Ghazanfar Ali Bukhari and Mr. Imran Hafeez were co-opted by the Board of Directors in place of Mr. Omer Subhan Salamat and Mr. Mahmood Ali Athar, respectively, who have ceased to hold their office of the board of directors under section 188 of the Companies Ordinance, 1984. Further, Syed Etrat Hussain Rizvi was appointed as alternate director to Mr. Sulaiman Ahmed Saeed Al-Hoqani.

During the financial year Syed Kashan Hussain Kazmi resigned from the position of CEO/Director of the Company and Mr. Shahzad Jawahar was appointed as CEO/Director in his place.

Board Meetings during the year

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

Directors	Meetings Attended
Mrs. Aamna Taseer	5
Syed Kashan Hussain Kazmi (Resigned)	3
Mr. Shahzad Jawahar	2
Mr. Sulaiman Ahmed Saeed Al-Hoqani	1
Mr. Omer Subhan Salamat (Ceased)	-
Syed Ghazanfar Ali Bukhari	2
Mr. Mahmood Ali Athar (Ceased)	-
Mr. Imran Hafeez	3
Syed Nadeem Hussain	5
Syed Adnan Ali Zaidi	3
Syed Etrat Hussain Rizvi (Alternate Director of Hoqani)	2

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-I.

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee. Five meetings of the Audit committee were held during the year. Attendance by each member is as under:

Audit Committee Member	Meetings Attended
Syed Nadeem Hussain (Chairman)	3
Aamna Taseer (Member)	5
Syed Adnan Ali Zaidi (Member)	3

There is no change any in audit committee members during the year.

Investment Committee

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

Mr. Shahzad Jawahar	CEO/Director
Syed Ghazanfar Ali Bukhari	Fund Manager/Director
Syed Asad Abbas Ali Zaidi	CFO

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.' A.F Ferguson & Co., Chartered Accountants shall retire and are eligible to offer themselves for re-appointment. As required under the code of corporate governance, the audit committee has recommended the appointment of Messrs.' A.F Ferguson & Co., Chartered Accountants. 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, 2013.

Good Governance and Best Business Practices

Practicing Governance means implementing and ensuring compliance with a comprehensive set of ethical principles, plus a team that is committed to these principals and ensures that all our business activities are conducted according to these 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. The board 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 and NBFC Rules and Regulations.

Statement of Compliance in accordance with the Code of Corporate Governance

The Fund for the year ended 30 June 2012 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 of the listed company, present its state of, affairs, the results of its operations, cash flows and changes in equity, in a true & fair manner.
- 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 and any departures there from have been adequately disclosed and explained.
- 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) The key operating and financial data of last six years is attached to this report.
- 8) There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in the accounts.
- 9) The fund is in compliance with the requirement of training programs for Directors.

Acknowledgment

The Board would like to take this opportunity 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, Mutual Funds Association of Pakistan as well as the Stock Exchange(s). Finally, the board would like to express its admiration for the employees of the company for their commitment, hard work and co-operation throughout the year.

For and on behalf of the Board

Lahore:
18th August 2012

Aamna Taseer
Chairman/Director

Shahzad Jawahar
Chief Executive Officer/Director

Annexure I

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

Directors	Opening balance as on 01-07-2011	Purchase/ al ready shareholder	Bonus	Sale/ Transfer	Closing balance as on 30-06-2012
Mrs. Aamna Taseer	500	-	-	-	500
Syed Kashan Hussain Kazmi (Resigned)	500	-	-	500	-
Mr. Shahzad Jawahar	-	500	-	-	500
Mr. Sulaiman Ahmed Saeed Al-Hoqani	2,462,140	5,510	-	-	2,467,650
Mr. Mahmood Ali Athar (Ceased)	500	-	-	500	-
Syed Ghazanfar Ali Bukhari	-	1,000	-	-	1,000
Mr. Omer Subhan Salamat (Ceased)	1,000	-	-	1,000	-
Mr. Imran Hafeez	-	500	-	-	500
Syed Nadeem Hussain	500	-	-	-	500
Syed Adnan Ali Zaidi	500	-	-	-	500
Syed Etrat Hussain Rizvi (Alternate Director to Sulaiman Ahmed Saeed Al-Hoqani)	-	-	-	-	-
Spouces	-	-	-	-	-
Minor Children	-	-	-	-	-
Chief Financial Officer					
Syed Asad Abbas Ali Zaidi	-	-	-	-	-
Company Secretary					
Tariq Majeed	-	-	-	-	-

FUND MANAGER REPORT FOR THE YEAR ENDED JUNE 30, 2012

Profile

Fund Type	Closed End
Category	Equity Fund
Net Assets Vale (PKR mn.)	277.799
NAV per share (PKR)	9.26
Custodian	Central Depository Company of Pakistan Ltd.
Name of Auditor of the Fund	A.F Ferguson & Co.
Rate of Management Fee	2%
Date of Launch	January 8, 1995
Benchmark	KSE-100 Index
AMC Rating	AM4+
Risk Profile	Low

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. The management of the fund is continuously striving towards achieving its objective.

Investment Policy

The investment policy of FCMF is based on 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 Treasury Bills and profit on bank 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.

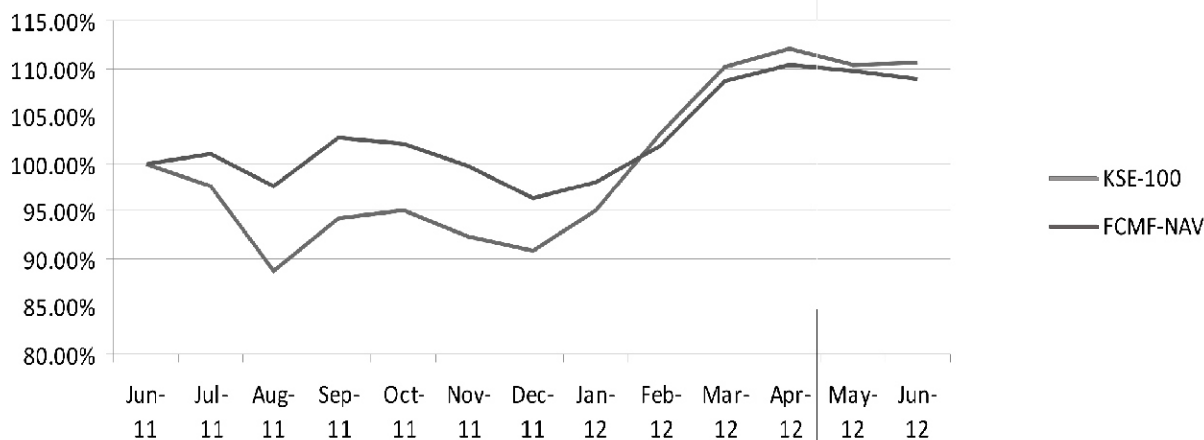
Performance Review during the Fy12

The Net Asset Value per share of the fund as on June 30, 2012 stands at Rs. 9.26 per share representing an increase of 8.05% over the NAV of the last year as compared to 10.44% increase in benchmark KSE-100 index during FY12. During the year fund maintained an increased exposure in treasury bills, primarily due to high volatility in equity markets and that eventually resulted in little bit lower return as compared to benchmark index.

	FY 2009-2010	FY 2010-2011	FY 2011-2012
Beginning net assets	203,305,781	231,229,219	257,218,667
Beginning NAV per share	6.78	7.71	8.57
Ending net assets	231,229,219	257,218,667	277,799,431
Ending NAV per share	7.71	8.57	9.26
Cash Distribution			
- Final	-	-	0.65
Income Distribution (%)	-	-	7.58%
Capital Growth (%)	13.63%	10.89%	0.47%
Total Return	13.63%	10.89%	8.05%

	Total Return	Annualized Return (CAGR)
One Year	8.05%	8.05%
Two Year	20.10%	9.59%
Three Year	36.58%	10.95%

RELATIVE PERFORMANCE



Summary of Key Investment Decisions during the Year

Consistent with the objective of value investing, the fund mostly pursued a buy and hold strategy except for those stocks which became overvalued or fundamentals got negative. In the 2HFY12 Bank balances were diverted towards equity instruments and treasury bills therefore exposure in equity has been increased from 48% at the end of FY11 to 55.68% at the end of FY12 and Cash and other receivables has been decreased from 10% to 2.63% at the end of FY12.

Major portfolio activity during the year was as follows

In view of the downward trend in capital market during the first half of year 2012, the fund adopted a risk minimization strategy and parked its funds in Treasury Bills. However, in the second half of financial year 2012 the fund started diversion of its investments in Treasury bills towards equity securities, which even continued after the close of financial year 2012.

EQUITY:

Oil and Gas: The fund increased its exposure in oil and gas sector from 2.88% at the end of FY11 to 12.38% at the end of FY12. The increase in exposure is primarily due to strategic growth of the companies in this sector, following expansion plans, and handsome returns which was mainly attributable to increasing international oil prices. The fund increased its exposure mainly in POL and PPL due to heavy volumetric growth.

Chemicals: The gas shortages remained the key concern as it caused heavy production losses to fertilizers sub sector. In response, the fund reduced its exposure mainly in FFBL and FATIMA however, the fund increased its exposure in FFC due to its attractive fundamental valuation and handsome dividend yield.

Electricity: Our exposure in this sector has not been changed significantly, while HUBC and KAPCO remained our top picks due to their attractive dividend yields. We divested from NCPL and NPL mainly due to Circular Debt issue.

Construction and Materials: The fund realized gains over its investments in construction and material sector and closed our positions mainly due to concerns over the further growth in these shares. The fund's exposure to the sector, at the end of FY12, remained only in DGKC due its better outlook.

Banks: The exposure in banking sector has been increased from 4.5% at the end of FY11 to 9.3% at the end of FY12, primarily due to their healthy growth mainly attributable to downward trajectory in their non-

performing loans and the investments of banks in safer avenues such as government treasury bills. These factors made banking sector lucrative enough for the Fund to increase its exposure in the sector.

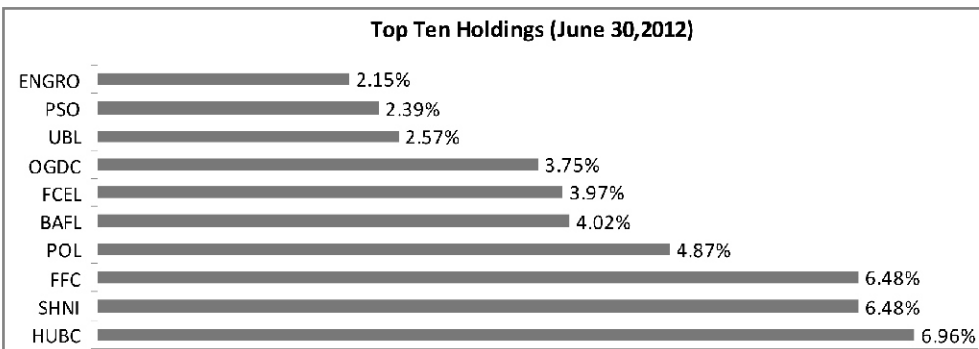
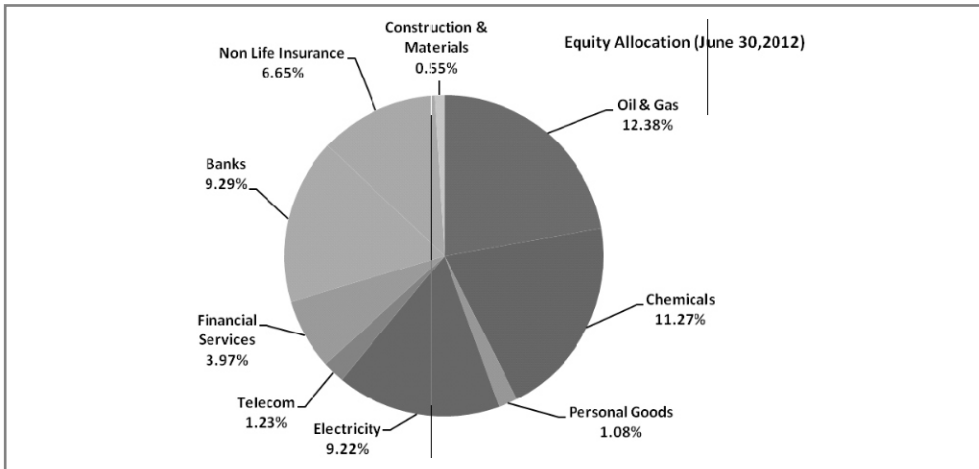
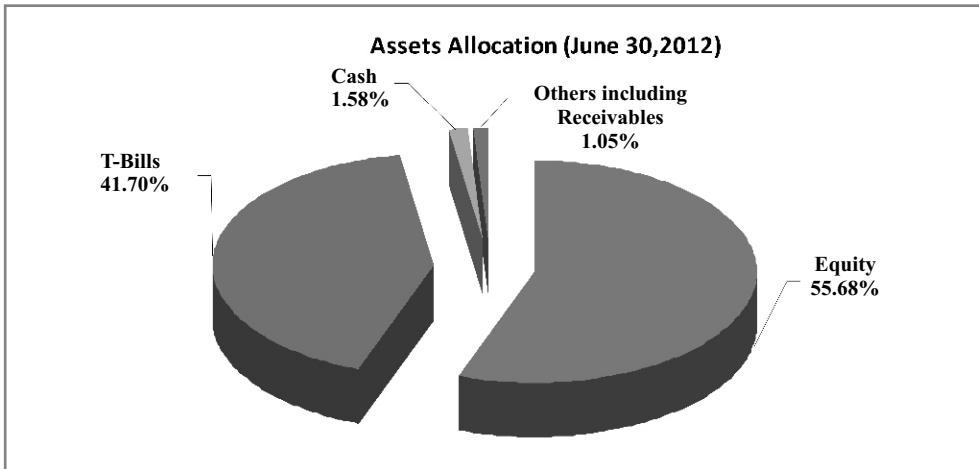
FIXED INCOME INSTRUMENTS:

3-month T-Bills: In order to protect shareholders from unpredictable swings in the equity market, the fund had maintained its exposure between 40%- 43% in 3-month T-Bills. These instruments not only provided fixed return to the investors but also offered handsome yields.

BANK DEPOSITS:

In the 2HFY12 Bank balances were diverted towards equity instruments and treasury bills.

ASSETS ALLOCATION



Stock Market Review:

The Karachi Stock Exchange (KSE) ended FY12 on a high note, with the Benchmark KSE-100 Index posting a gain of 10.4% YoY basis. The market remained extremely volatile during the financial year, especially in first half, with the KSE 100 index oscillating between 10,842 and 14,618. 3QFY12 remained the best performing quarter of the year, posting a 21.3% gain QoQ basis, as market stakeholders and regulators finalized the issues of Capital Gains Tax (CGT) and amnesty scheme for the equity investors. Furthermore, healthy corporate announcements during the year backed the handsome growth in benchmark KSE-100 index. The gains achieved during the 3QFY12 were diluted to some extent during the last quarter where index witnessed a modest 0.3% uptick. This was mainly on account of political uncertainty and strained Pak-US relations. KSE remained one of the best performing markets in the region with the exception of PSEI (Philippine Index) and Thai Index. All the major regional indices witnessed declines with major losses being witnessed on CSI 300 (China) and TAIEX (Taiwan).

Treasury Bills

In FY12 treasury bills yielded good returns mainly due to inflationary pressures, increased governmental borrowing and most importantly banks participation rather than releasing funds to corporate sectors. However, due to recent cut in discount rate of 150bps future returns on Treasury Bills will be lower.

Market Outlook:

It is expected that the main factors that will drive the change in market in FY13 are upcoming elections, PAK-US ties, proposed demutualization of stock markets, the monetary policy announced by State Bank of Pakistan, IMF plans for Pakistan, and positive developments on Pakistan and India relationship. KSE100 still remains a lucrative avenue for foreigner's money due to its comparatively healthy performance against other stock markets in the world.

Construction and materials sector is expected to continue to outperform in FY13 because of a hike in their topline due to public sector development projects and expected increased exports to different countries especially to Afghanistan. The fertilizer sector may perform well, subject to resolution of the problem of severe gas shortage in country. As far as Oil & Gas sector is concerned it is also expected that this sector will also perform well because some big guns are heavily involved in expansions and strategic expansion plans, but the issue of circular debt is still a bone of contention. The Banking sector will definitely receive a blow to their earnings due to a hefty cut of 150bps in discount rate.

Disclosures:

The Fund has not made provisions amounting to Rs. 4.105 million against Worker's Welfare Fund liability; if the same were made the NAV per unit of the Fund would be lower by Rs. 0.14. For details investors are advised to read the Note 13 of the Annual Financial Statements of the Fund.

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 shareholders other than those listed below or already disclosed in this report:

In accordance with clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an asset management company managing a closed-end fund shall, upon expiry of every five years from November 21, 2007 or the date of launch of the fund whichever is later, hold, within one month of such period, a meeting of the shareholders of a closed end scheme to seek the approval of the shareholders (by special resolution) to convert the fund into an open end scheme or revoke the closed end scheme, subject to applicable provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. Accordingly, the management company has to hold a meeting of the shareholders of the fund, within one month of November 21, 2012 as aforesaid. However, the management company is confident that the fund would not be revoked as is the market trend.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

First Capital Mutual Fund Limited For year ended 30 June 2012

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange and Lahore Stock Exchange 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 Fund has applied the principles contained in the Code in the following manner:

1. The Fund encourages the representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Syed Nadeem Hussain Syed Adnan Ali Zaidi
Executive Directors	Mr. Shahzad Jawahar Syed Ghazanfar Ali Bukhari
Non-Executive Directors	Mrs. Aamna Taseer Mr. Imran Hafeez Mr. Sulaiman Ahmed Saeed Al -Hoqani Syed Etrat Hussain Rizvi (Alternate Director to Mr. Sulaiman Ahmed Saeed Al -Hoqani)

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Fund (excluding the listed subsidiaries of listed holding company where applicable).
3. All the resident directors of the Fund are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. A casual vacancy occurring during the year under review was filled up by the directors within 90 days.
5. The Fund has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Fund along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. 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/shareholders.
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. 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/training programs for its directors during the year.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. The CFO and Head of Internal Auditor possess the necessary qualification and experience as required the Code.

11. The director's 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 Fund 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 Fund other than that disclosed in the pattern of shareholding.
14. The Fund has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an audit committee. It comprises of three members, of whom two are non-executive directors, while the Chairman is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund 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 of directors of Asset Management Company of the Fund has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The board of directors of Asset Management Company of the Fund has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Fund 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 ICAP.
20. 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.
21. The 'closed period' prior to the announcement of interim/final results and business decisions which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Lahore:
18 August 2012

Aamna Taseer
Chairman/Director

Shahzad Jawahar
Chief Executive Officer/Director

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Capital Mutual Fund Limited ('the Fund') to comply with the Listing Regulation No. 35 of the 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 are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Fund's corporate governance procedures and risks.

Regulation 35 (x) of the Listing Regulations requires the Fund 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 undertaken at arm's length price or not.

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 June 30, 2012.

LAHORE
18th August 2012

A.F. Ferguson & Co.
Chartered Accountants
(Muhammad Masood)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of First Capital Mutual Fund Limited as at June 30, 2012 and the related income statement, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and 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 management company to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984 and the Non Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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 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;
- (b) in our opinion:
 - (i) the statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 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;
 - (ii) the expenditure incurred during the year was for the purpose of the Fund's business; and
 - (iii) 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, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and reserves 'per share' together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 and the 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 June 30, 2012 and of the income, its distributions, its cash flows, changes in equity and movement in equity and reserves 'per share' and transactions for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1 to the financial statements which, inter-alia, states that the management company has to hold a meeting of the share holders of the Fund within one month of November 21, 2012 to seek their approval in accordance with clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our opinion is not qualified in respect of this matter.

We also draw attention to note 13 to the accompanying financial statements which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers' Welfare Fund which is currently pending adjudication at the Honourable High Court of Sindh. Our opinion is not qualified in respect of this matter.

The financial statements of the Fund for the year ended June 30, 2011 were audited by another firm of accountants, M/s KPMG Taseer Hadi & Company, Chartered Accountants, whose report dated September 26, 2011 expressed an unqualified opinion thereon.

LAHORE
Dated: 18th August, 2012

A.F. Ferguson & Co.
Chartered Accountants
(Muhammad Masood)

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

	<i>NOTE</i>	2012 Rupees	2011 Rupees
ASSETS			
Current assets			
Bank balances	5	5,655,579	36,186,688
Investments at fair value through profit or loss	6	280,234,052	232,307,023
Receivable against sale of investments		12,322	3,532,656
Dividend, prepayments and other receivables	7	187,507	1,136,252
		286,089,460	273,162,619
Non-current assets			
Long-term deposit		137,500	137,500
TOTAL ASSETS		286,226,960	273,300,119
LIABILITIES			
Current liabilities			
Due to management company - an associated company	8	5,296,607	5,008,853
Payable against purchase of investments		16,514	5,772,056
Accrued expenses and other liabilities	9	721,629	682,306
Unclaimed dividend		1,784,244	1,784,244
Income tax payable		608,535	2,833,993
		8,427,529	16,081,452
NET ASSETS		277,799,431	257,218,667
SHARE HOLDER'S EQUITY			
Authorized capital			
35,000,000 (June 30, 2011: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
30,000,000 (June 30, 2011: 30,000,000) ordinary shares of Rs 10 each	10	300,000,000	300,000,000
Accumulated Loss			
		(22,200,569)	(42,781,333)
		277,799,431	257,218,667
Contingencies and commitments			
	13	277,799,431	257,218,667
Net assets value per share			
	12	9.26	8.57

The annexed notes from 1 to 28 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	<i>NOTE</i>	2012 Rupees	2011 Rupees
Income			
Capital gain on sale of investments - net	14	13,223,590	21,975,049
Unrealized diminution in value of investments at fair value through profit or loss - net	6.3	(5,492,939)	(2,691,570)
Income on market treasury bills		13,168,053	3,064,382
Dividend income		11,983,676	12,126,039
Profit on bank deposits		1,141,603	7,167,180
Other income		-	578,700
		34,023,983	42,219,780
Operating expenses			
Remuneration to management company	8	5,296,607	5,008,853
Securities transaction cost		4,294,099	5,489,016
Fees and subscription	15	481,811	460,838
Custodian fee		1,302,229	1,464,665
Printing		493,432	334,318
Auditors' remuneration	16	615,813	395,000
Legal and professional charges		204,667	197,000
Bank charges		94,595	136,491
		12,783,253	13,486,181
Profit before taxation		21,240,730	28,733,599
Taxation	17	659,966	2,744,151
Profit after taxation		20,580,764	25,989,448
Earnings per share	18	0.69	0.86

The annexed notes from 1 to 28 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

Annual Report 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
Profit after taxation	20,580,764	25,989,448
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income for the year	<u>20,580,764</u>	<u>25,989,448</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	<i>Note</i>	2012 Rupees	2011 Rupees
Cash flow from operating activities			
Income before tax		21,240,730	28,733,599
Adjustment for non-cash items:			
- Dividend income		(11,983,676)	(12,126,039)
- Remuneration to management company		5,296,607	5,008,853
- Unrealized loss in value of investments at fair value through profit or loss - net		5,492,939	2,691,570
- Capital gain on sale of investments - net		(13,223,590)	(21,975,049)
- Income on market treasury bills		(13,168,053)	(3,064,382)
- Other income		-	(578,700)
Loss before working capital changes		(6,345,043)	(1,310,148)
Effect on cash flow due to working capital changes:			
- Decrease in investments at fair value through profit and loss account		(27,028,325)	(37,040,609)
- Increase / (decrease) in receivable against sale of investments and other receivables		3,520,334	(2,755,007)
- (Decrease) / increase in payable against purchase of investments and other liabilities		(5,716,219)	941,576
		(29,224,210)	(38,854,040)
Cash used in operations		(35,569,253)	(40,164,188)
Remuneration paid to management company		(5,008,853)	(4,878,698)
Taxes paid		(1,912,678)	(1,581,058)
Dividend received		11,959,675	12,367,735
Net cash outflow from operations		(30,531,109)	(34,256,209)
Net decrease in cash and cash equivalents		(30,531,109)	(34,256,209)
Cash and cash equivalents at the beginning of the year		36,186,688	70,442,897
Cash and cash equivalents at the end of the year	20	5,655,579	36,186,688

The annexed notes from 1 to 28 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Share Capital	Accumulated loss	Total
	Rupees		
Balance as at 01 July 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
Balance as at 01 July 2011	300,000,000	(42,781,333)	257,218,667
Total comprehensive income for the year	-	20,580,764	20,580,764
Balance as at 30 June 2012	300,000,000	(22,200,569)	277,799,431

The annexed notes from 1 to 28 form an integral part of these financial statements.

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - PER SHARE

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
Net assets value per share at the beginning of the year	8.57	7.71
Capital gain on sale of investments - net	0.44	0.73
Unrealized loss in value of investments at fair value through profit or loss - net	(0.18)	(0.09)
Other net operating income for the year	0.43	0.22
Net income for the year ended June 30, 2012 - per share	0.69	0.86
Net assets value per share as at June 30	9.26	8.57

The annexed notes from 1 to 28 form an integral part of these financial statements.

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
(Accumulated loss) / Undistributed income brought forward		
Realized loss	(63,937,612)	(92,618,630)
Unrealized gain	21,156,279	23,847,849
	(42,781,333)	(68,770,781)
 Total comprehensive income for the year	20,580,764	25,989,448
 Unappropriated loss carried forward	(22,200,569)	(42,781,333)
 Represented by		
 Accumulated loss carried forward		
Realized loss	(37,863,909)	(63,937,612)
Unrealized gain	15,663,340	21,156,279
	(22,200,569)	(42,781,333)

The annexed notes from 1 to 28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 Legal status and nature of business

First Capital Mutual Fund Limited (the "Fund") was incorporated in Pakistan on January 08, 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 March 14, 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 a 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 securities, which are listed or unquoted securities unless an application for listing of such securities has been accepted by the stock exchanges.

The Fund has an agreement with First Capital Investments Limited (the "Management Company"), an associated company, to provide asset management services. First Capital Investments Limited is duly licensed under the NBFC Rules to provide asset management services to closed end funds only. The Central Depository Company of Pakistan Limited is the custodian of the Fund.

The Management Company has been assigned rating of "AM4+" by Pakistan Credit Rating Agency (PACRA). The Fund has been assigned long term credit rating at "3 Star", while normal credit rating has been assigned at "4 Star" by PACRA.

In accordance with clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an asset management company managing a closed-end fund shall, upon expiry of every five years from November 21, 2007 or the date of launch of the fund whichever is later, hold, within one month of such period, a meeting of the share holders of a closed-end scheme to seek the approval of the share holders (by special resolution) to convert the fund into an open-end scheme or revoke the closed-end scheme, subject to applicable provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Accordingly, the Management Company has to hold a meeting of the share holders of the Fund within one month of November 21, 2012 as aforesaid. However, the Management Company is confident that the Fund would not be revoked as is the market trend and, therefore, these financial statements have been prepared on a 'going concern' basis.

2. Basis of preparation

2.1 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, NBFC Regulations 2008 or the directives issued by the SECP differ with the requirement of IFRS, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Fund

- IFRS 7, 'Disclosures on transfers of financial assets' (Amendment), issued in October 2010. The new

disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are a part the IASBs comprehensive review of off-balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The Fund has determined that there is no significant transfer of financial assets that require disclosure under the guidance above.

- Annual improvements to IFRSs 2010 (effective 1 January 2011). This set of amendments includes changes to two standards: IFRS 7, 'Financial instruments: Disclosures' and IAS 1, 'Presentation of financial statements'. The improvements are as follows:

IFRS	Subject of amendment
IFRS 7, 'Financial instruments; Disclosures'	Clarification for disclosures (Interaction between qualitative and quantitative disclosures)
IAS 1, 'Presentation of financial statements'	Presentation changes to statement of changes in equity

The Fund has determined that there is no material impact of the above amendments on the financial statements.

- IAS 24 (Revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. As this change only impacts presentation aspects, there is no impact on the profit for the year.

2.2.2 Amendments and interpretations to published standards not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2012 or later periods, but the company has not early adopted them:

- IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on 19 December 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The company will apply these amendments for the financial reporting period commencing on July 01, 2013. It is not expected to have any material impact on the company's financial statements.

- IFRS 9, 'Financial Instruments', originally issued in November 2009 and reissued in October 2010. This addresses the classification and measurement of financial assets and financial liabilities, and is likely to affect the company's accounting for its financial assets and financial liabilities. The standard is not applicable until January 01, 2015 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. It is not expected to have any material impact on the company's financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other

standards within IFRSs or US GAAP. The company will apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

- IAS 1 - 'Financial statement presentation' (Amendment). This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from this amendment is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The company will apply this amendment from July 01, 2013 and does not expect to have a material impact on its financial statements.

- IAS 32 - 'Financial instruments - Presentation on offsetting financial assets and financial liabilities' (Amendment) issued on 19 December 2011. This is applicable on accounting periods beginning on or after July 01, 2014. This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The company will apply this amendment from July 01, 2014 and does not expect to have a material impact on its financial statements. IAS 32 (Amendment), 'Financial instruments: Presentation' is applicable on accounting periods beginning on or after January 01, 2014.

3. Basis of measurement

3.1 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgement was exercised in application of accounting policies principally relate to classification and valuation of investments (note 4.1 and 6).

3.2 Accounting convention

The financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

3.3 Functional and presentation currency

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

4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

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.

Investment 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 profit from short-term fluctuation in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges associate with the investment. After initial recognition, investments are measured at their fair value. 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 the current rates of taxation after taking into account tax credits and rebates available, if any. Any income, other than capital gain on stock and shares of a public company held for less than twelve months, derived by the Fund is exempt from tax 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 exemptions available under clauses 57(2) and 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 the 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.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or 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 / (losses)

Realised capital gains / (losses) arising on sale of securities are included in the income statement in the period in which they arise.

4.3.2 Unrealized gains / (losses)

Unrealized gains / (losses) arising on the remeasurement of securities classified as ' financial assets at fair value through profit and loss' are included in the income statement in the period in which they arise.

4.3.3 Dividend

Dividend income on equity securities is recognized in the income statement when the right to receive the dividend is established.

4.3.4 Profit on bank deposits

Profit on bank deposits is recognized on an accrual basis.

4.4 Trade date accounting

Regular way purchases and sales of financial assets are recognized on the trade date - the date the Fund commits to purchase or sell the asset.

4.5 Financial instruments

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

The Fund de-recognises a financial asset or a portion of a financial asset when, and only when, the Fund loses control of the contractual rights that comprise the financial asset or portion of the financial asset. While a financial liability or a part of a financial liability is de-recognised 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 or de-recognition of financial assets and financial liabilities are stated in their respective notes.

4.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.7 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past event 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. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried on the statement of assets and liabilities at cost. Cash comprises of saving accounts with banks.

- 5 Profit on balances in saving accounts ranges from 5% to 8.25% (2011: 5 % to 8.25%) per annum.

2012 (Rupees) 2011

6 Investments at fair value through profit and loss account

- Investment in shares	- note 6.1	159,445,629	122,531,479
- Investment in market treasury bills	- note 6.5	120,788,423	109,775,544
		<u>280,234,052</u>	<u>232,307,023</u>

6.1 Investment in shares

Name of the Investee Company	As at July 01, 2011		Purchases during the year		Number of shares		Sales during the year		As at June 30, 2012		Balance as at June 30, 2012		Percentage in relation to		Market value of total investments of the company		
						Bonus					Carrying Cost	Market Value	Appreciation/ (diminution)	Net assets of the company (with market value of investments)	Paid up capital of investee company (with face value of investments)	%	
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise																	
Oil and Gas																	
Attock Petroleum Limited	-	38,638	-	38,638	-	-	-	38,638	-	1,500	184,800	184,305	(495)	-	0.07	-	0.07
Attock Refinery Limited	8,500	307,210	-	307,210	-	-	307,210	-	1,500	-	-	-	(495)	-	-	-	-
Mari Gas Company Limited	-	33,500	-	33,500	-	-	33,500	-	-	-	-	-	-	-	-	-	-
National Refinery Limited	3,500	43,960	-	43,960	-	-	43,960	-	3,837	878,347	887,843	9,496	(104,627)	0.32	-	0.32	3.84
Oil and Gas Development Company Limited	-	328,571	-	328,571	-	-	328,571	-	67,000	10,854,107	10,749,480	9,496	(104,627)	3.87	-	0.02	2.44
Pakistan State Oil Company Limited	15,295	194,400	-	194,400	-	-	194,400	-	29,000	7,498,724	6,839,360	2,46	(659,364)	2.46	-	0.02	4.98
Pak Oil Fields Limited	-	303,700	-	303,700	-	-	303,700	-	38,000	14,168,277	13,943,720	2,46	(224,557)	5.02	-	0.02	1.01
Pakistan Petroleum Limited	5,000	159,770	-	159,770	770	-	159,770	-	15,084	2,856,142	2,840,166	15,976	(15,976)	1.02	-	-	-
Shell Pakistan Limited	-	1,800	-	1,800	-	-	1,800	-	-	36,440,397	35,444,874	(995,523)	-	12.76	-	0.04	12.65
	32,295	1,404,549	770	1,283,193	-	-	1,283,193	-	154,421	-	-	-	(995,523)	-	-	-	-
Chemicals																	
AgriTech Limited	-	105,304	-	105,304	-	-	105,304	-	40,000	814,696	501,600	(313,096)	-	0.18	-	0.01	0.18
Arif Habib Corporation Limited	104,500	1,031,200	5,300	1,046,000	-	-	1,046,000	-	95,000	2,848,632	2,938,350	89,718	(313,096)	1.06	-	0.02	1.05
Dawood Hercules Chemical Limited	-	22,500	-	22,500	-	-	22,500	-	-	-	-	-	-	-	-	-	-
Eagro Corporation Limited	23,000	485,100	2,400	497,500	-	-	497,500	-	60,400	6,115,524	6,151,136	35,612	(7,389)	2.21	-	0.02	2.19
Fauji Fertilizer Bin Qasim Limited	452,000	1,496,035	-	1,496,035	-	-	1,496,035	-	10,000	415,589	408,200	(7,389)	-	0.15	-	0.15	6.62
Fauji Fertilizer Company Limited	65,500	1,044,729	38,000	981,229	-	-	981,229	-	167,000	20,395,393	18,545,350	(1,850,043)	-	6.68	-	0.01	6.62
Fatima Fertilizer Company Limited	130,000	2,838,808	-	2,838,808	-	-	2,838,808	-	98,000	2,292,259	2,417,660	125,401	-	0.87	-	-	0.86
Ghani Gases Limited	94,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ICI Pakistan Limited	28,070	56,575	-	56,575	-	-	56,575	-	10,000	1,364,328	1,310,700	(53,628)	-	0.47	-	0.01	0.47
Lotto Pakistan FTA Limited	35,000	1,422,000	-	1,422,000	-	-	1,422,000	-	-	-	-	-	-	-	-	-	-
Nimir Industrial Chemical Limited	57,000	599,500	-	599,500	-	-	599,500	-	-	-	-	-	-	-	-	-	-
Sifara Chemicals Limited	-	6,500	-	6,500	-	-	6,500	-	-	-	-	-	-	-	-	-	-
Sifara Peroxide Limited	-	28,000	-	28,000	-	-	28,000	-	-	-	-	-	-	-	-	-	-
	989,570	9,086,251	45,700	9,641,121	-	-	9,641,121	-	480,400	34,246,421	32,272,996	(1,973,425)	-	11.62	-	0.07	11.52
Construction and Materials																	
Attock Cement Pakistan Limited	-	14,500	-	14,500	-	-	14,500	-	-	-	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	50,000	-	50,000	-	-	50,000	-	-	-	-	-	-	-	-	-	-
D.G.Khan Cement Company Limited	151,938	1,729,500	-	1,881,438	-	-	1,881,438	-	40,000	1,701,000	1,575,200	(125,800)	-	0.57	-	0.01	0.56
Fauji Cement Company Limited	-	340,000	-	340,000	-	-	340,000	-	-	-	-	-	-	-	-	-	-
Lafarge Pakistan Cement Limited	150,000	250,000	-	250,000	-	-	250,000	-	-	-	-	-	-	-	-	-	-
Lucky Cement Company Limited	54,152	819,700	-	873,852	-	-	873,852	-	-	-	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	100,000	96,105	-	196,105	-	-	196,105	-	-	-	-	-	-	-	-	-	-
	456,090	3,299,805	-	3,715,895	-	-	3,715,895	-	40,000	1,701,000	1,575,200	(125,800)	-	0.57	-	0.01	0.56

Name of the Investee Company	Number of shares			Balance as at June 30, 2012			Percentage in relation to				
	As at July 01, 2011	Purchases during the year	Bonus	Sales during the year	As at June 30, 2012	Carrying Cost	Market Value	Appreciation/ (diminution)	Net assets of the company with respect to investments	Paid up capital of the company with respect to investments	Market value of total investments of the company
									Rs	Rs	%
General Industrials											
Siemens Pakistan Engineering Co. Limited	-	217	-	217	-	-	-	-	-	-	-
Tri-Pack Films	-	13,752	-	13,752	-	-	-	-	-	-	-
	-	13,969	-	13,969	-	-	-	-	-	-	-
Industrial Engineering											
Al-Ghazi Tractors Limited	-	500	-	500	-	-	-	-	-	-	-
Millat Tractors Limited	3,750	5,230	-	8,980	-	-	-	-	-	-	-
	3,750	5,730	-	9,480	-	-	-	-	-	-	-
Support Services											
TRG Pakistan Limited	-	165,000	-	165,000	-	-	-	-	-	-	-
	-	165,000	-	165,000	-	-	-	-	-	-	-
Automobile and Parts											
Atlas Baitery Limited	-	2,000	-	2,000	-	-	-	-	-	-	-
Indus Motor Company Limited	-	6,758	-	6,758	-	-	-	-	-	-	-
	-	8,758	-	8,758	-	-	-	-	-	-	-
Food Producers											
JDW Sugar Mills Limited	-	2,007	-	2,007	-	-	-	-	-	-	-
	-	2,007	-	2,007	-	-	-	-	-	-	-
Household Goods											
Pak Elektron Limited	-	128,462	-	128,462	-	-	-	-	-	-	-
Tariq Glass Limited	75,000	75,000	-	75,000	-	-	-	-	-	-	-
	75,000	128,462	-	203,462	-	-	-	-	-	-	-
Personal Goods											
Azgard Nines Limited	-	302,000	-	302,000	-	-	-	-	-	-	-
Gadon Textiles Mills Limited	28,300	22,000	-	39,210	11,090	622,762	716,303	93,541	0.26	0.05	0.26
Ibrahim Fibre Limited	-	4,545	-	4,545	-	-	-	-	-	-	-
Nishat Chumian Limited	110,202	404,550	-	514,752	-	-	-	-	-	-	-
Nishat Mills Limited	52,000	735,421	-	737,421	50,000	2,481,995	2,379,000	(102,995)	0.86	0.01	0.85
Thal Limited	-	34,600	-	34,600	-	-	-	-	-	-	-
Tweet Corporation Limited	-	2,500	-	2,500	-	-	-	-	-	-	-
	190,502	1,505,616	-	1,635,028	61,090	3,104,757	3,095,303	(9,454)	1.12	0.06	1.11
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	63,500	962,000	-	775,500	250,000	3,381,975	3,422,500	40,525	1.23	0.01	1.22
WorldCall Telecom Limited	302,550	870,000	-	1,122,550	50,000	187,500	102,500	(85,000)	0.04	0.01	0.04
	366,050	1,832,000	-	1,898,050	300,000	3,569,475	3,525,000	(44,475)	1.27	0.02	1.26
Electricity											
Hub Power Company Limited	395,000	1,856,391	-	1,775,391	476,000	17,596,197	19,939,640	2,343,443	7.18	0.04	7.12
Kot Addu Power Company Limited	86,068	193,000	-	235,068	44,000	1,945,843	1,980,000	34,157	0.71	-	0.71
Nishat Chumian Power Limited	108,501	171,456	-	279,957	-	-	-	-	-	-	-
Nishat Power Limited	60,000	500,500	-	560,500	-	-	-	-	-	-	-
Pak Gen Power Limited	-	611,000	-	260,000	351,000	5,433,831	4,489,290	(944,541)	1.62	0.09	1.60
	649,569	3,332,347	-	3,110,916	871,000	24,975,871	26,408,930	1,433,059	9.51	0.13	9.43
Gas Water and Multiutilities											
Sui Northern Gas Pipelines Limited	-	146,598	1,000	147,598	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	30,000	-	30,000	-	-	-	-	-	-	-
	-	176,598	1,000	177,598	-	-	-	-	-	-	-

First Capital Mutual Fund Limited

Name of the Investee Company	Number of shares			Balance as at June 30, 2012			Percentage in relation to			
	As at July 01, 2011	Purchases during the year	Bonus	Sales during the year	As at June 30, 2012	Carrying Cost	Market Value	Net assets of the company (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments of the company
						Rspees	Rspees	%	%	%
Commercial Banks										
Allied Bank Limited	-	85,747	-	85,747	-	-	-	-	-	-
Askari Bank Limited	-	345,400	7,500	295,400	57,500	649,526	780,275	0.28	0.01	0.28
Bank Al Falah Limited	210,000	1,455,500	-	992,352	673,148	8,183,595	11,510,831	4.14	0.05	4.11
Bank Al Habb	-	50,000	7,500	-	57,500	1,647,157	1,637,025	0.59	-	0.58
Bank Islami	-	50,000	-	50,000	-	-	-	-	-	-
Faysal Bank Limited	-	20,000	-	20,000	-	-	-	-	-	-
Habib Bank Limited	-	37,432	-	37,432	-	-	-	-	-	-
JS Bank Limited	-	267,354	-	267,354	-	-	-	-	-	-
KASB Bank Limited	268,613	115,000	-	383,613	-	-	-	-	-	-
MCB Bank Limited	8,000	191,750	-	196,550	3,200	508,312	531,968	0.19	-	0.19
Meezan Bank Limited	-	145,000	-	145,000	-	-	-	-	-	-
National Bank of Pakistan	83,000	1,526,980	10,000	1,509,980	110,000	4,729,285	4,789,400	1.72	0.01	1.71
NIB Bank Limited	-	263,500	-	263,500	-	-	-	-	-	-
Silk Bank Limited	350,000	-	-	350,000	-	-	-	-	-	-
Soneri Bank Limited	-	75,000	-	75,000	-	-	-	-	-	-
Summit Bank Limited	203,000	235,118	-	438,118	-	-	-	-	-	-
United Bank Limited	27,000	366,556	-	299,656	93,900	6,667,210	7,359,882	2.65	0.01	2.63
	1,149,613	5,230,337	25,000	5,409,702	995,248	22,383,084	26,609,381	9.57	0.08	9.50
Non Life Insurance										
Adanjee Insurance Company Limited	-	64,500	-	56,000	8,500	502,270	495,125	0.18	0.01	0.18
EFU General Insurance Co. Limited	-	11,300	-	11,300	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	22,000	158,000	-	180,000	-	-	-	-	-	-
Shahcen Insurance Company Limited	-	4,971,818	-	2,909,500	2,062,318	19,953,752	18,560,862	6.68	8.25	6.62
United Insurance Co. Pak Limited	22,000	15,000	-	15,000	-	-	-	-	-	-
		5,220,618	-	3,171,800	2,070,818	20,456,022	19,055,987	6.86	-	6.80
Financial Services										
First Capital Equities Limited	128,300	595	-	500	128,395	18,059,540	11,362,958	4.09	0.12	4.05
First Habib Modarba	161,000	20,000	-	20,000	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited	289,500	684,000	-	845,000	-	-	-	-	-	-
		704,595	-	865,500	128,395	18,059,540	11,362,958	4.09	0.12	4.05
Software and Computer Services										
Netsof Technologies Limited	-	55,500	-	55,500	-	-	-	-	-	-
	-	55,500	-	55,500	-	-	-	-	-	-
Electronic & Electrical Equipment										
Pakistan Cables Limited	-	900	-	900	-	-	-	-	-	-
	-	900	-	900	-	-	-	-	-	-
Beverages										
Engro Foods Limited	-	215,000	-	215,000	-	-	-	-	-	-
Murree Brewery Co Limited	-	5,446	290	5,736	-	-	-	-	-	-
Shezan International Limited	-	2,314	-	2,314	-	-	-	-	-	-
	-	222,760	290	223,050	-	-	-	-	-	-
Leisure Goods										
Grays of Cambridge Pak Limited	-	11,384	-	11,384	-	-	-	-	-	-
	-	11,384	-	11,384	-	-	-	-	-	-
Equity Security - Unlisted										
Ayeshah Steel	-	-	9,500	-	9,500	-	95,000	0.03	0.13	0.03
	-	-	9,500	-	9,500	-	95,000	0.03	0.13	0.03
Total	4,223,739	32,407,186	82,260	31,602,313	5,110,872	164,938,567	159,445,629			(5,492,939)

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

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

- 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.

6.2 Investment in market treasury bills

Date of Issue	Term	Face value	Cost			Balance as at June 30, 2012		Percentage in relation to	
			As at July 01, 2011	Purchases during the year (Rupees)	Sales during the year	As at June 30, 2012	Market Value (Rupees)	Market Value as percentage of net assets	Market Value as percentage of total investments
24.04.2011	3 Months	20,000,000	19,531,100	-	19,531,100	-	-	-	-
05.05.2011	3 Months	20,000,000	19,436,480	-	19,436,480	-	-	-	-
19.05.2011	3 Months	25,000,000	24,265,000	-	24,265,000	-	-	-	-
02.06.2011	3 Months	26,000,000	25,220,000	-	25,220,000	-	-	-	-
16.06.2011	3 Months	20,500,000	19,882,950	-	19,882,950	-	-	-	-
14.07.2011	3 Months	20,500,000	-	19,882,950	19,882,950	-	-	-	-
28.07.2011	3 Months	20,900,000	-	20,268,820	20,268,820	-	-	-	-
11.08.2011	3 Months	20,500,000	-	19,903,450	19,903,450	-	-	-	-
25.08.2011	3 Months	21,000,000	-	20,388,900	20,388,900	-	-	-	-
08.09.2011	3 Months	10,500,000	-	10,194,450	10,194,450	-	-	-	-
06.10.2011	3 Months	27,000,000	-	26,233,200	26,233,200	-	-	-	-
20.10.2011	3 Months	11,500,000	-	11,194,100	11,194,100	-	-	-	-
03.11.2011	3 Months	27,000,000	-	26,287,200	26,287,200	-	-	-	-
17.11.2011	3 Months	27,000,000	-	26,287,200	26,287,200	-	-	-	-
01.12.2011	3 Months	17,900,000	-	17,432,810	17,432,810	-	-	-	-
29.12.2011	3 Months	20,000,000	-	19,470,000	19,470,000	-	-	-	-
12.01.2012	3 Months	24,000,000	-	23,366,400	23,366,400	-	-	-	-
26.01.2012	3 Months	15,500,000	-	15,098,550	15,098,550	-	-	-	-
09.02.2012	3 Months	24,000,000	-	23,368,800	23,368,800	-	-	-	-
23.02.2012	3 Months	25,500,000	-	24,829,350	24,829,350	-	-	-	-
08.03.2012	3 Months	9,200,000	-	8,957,120	8,957,120	-	-	-	-
22.02.2012	3 Months	20,550,000	-	20,003,370	20,003,370	-	-	-	-
05.04.2012	3 Months	24,690,000	-	24,033,246	24,033,246	-	-	-	-
19.04.2012	3 Months	15,900,000	-	15,477,060	15,477,060	15,477,060	5.70	5.65	11.72
03.05.2012	3 Months	24,660,000	-	24,004,044	24,004,044	24,452,203	8.80	8.73	11.72
17.05.2012	3 Months	26,200,000	-	25,503,080	25,503,080	25,862,162	9.31	9.23	11.72
31.05.2012	3 Months	9,450,000	-	9,198,630	9,198,630	9,286,237	3.34	3.31	11.72
14.06.2012	3 Months	21,100,000	-	20,538,740	20,538,740	20,641,609	7.43	7.37	11.72
28.06.2012	3 Months	25,370,000	-	24,692,621	24,692,621	24,708,331	8.89	8.82	11.76
Total		601,420,000	108,335,530	476,614,091	465,535,446	119,414,175	43.47	43.11	

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

	Note	2012	2011
		(Rupees)	
- Investment in marketable securities	6.1	(5,492,939)	(2,663,451)
- Investment in market treasury bills	6.2	-	(28,119)
		<u>(5,492,939)</u>	<u>(2,691,570)</u>

	<i>Note</i>	2012 Rupees	2011 Rupees
7 Dividend, prepayments and other receivables			
Dividend receivable		187,507	163,506
Advance tax refundable		-	972,746
		187,507	1,136,252
8 Due to management company - an associated company			
Balance as at July 01		5,008,853	4,878,698
Remuneration for the year	8.1	5,296,607	5,008,853
		10,305,460	9,887,551
Less: Payments made during the year		(5,008,853)	(4,878,698)
Balance as at June 30		5,296,607	5,008,853

8.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Asset Management Company of a closed end Fund is entitled to a remuneration, during the first five years of the closed end 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. In the current year, the management company has charged remuneration at the rate of two percent of the average annual net assets of the Fund.

	<i>Note</i>	2012 Rupees	2011 Rupees
9 Accrued expenses and other liabilities			
Accrued custodian fee	9.1	24,040	158,885
Legal expenses payable		18,000	18,000
Audit fee		425,500	242,500
Annual fee-SECP	9.2	251,589	237,921
Other payables		2,500	25,000
		721,629	682,306

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.

	2012 Rupees	2011 Rupees
10 Issued, subscribed and paid up capital		
30,000,000 (2011: 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:		
	2012 Shareholding	2011 Shareholding
First Capital Investments Limited	6,962,380	6,962,380
First Capital Securities Corporation Limited	2,806,500	2,805,000
Al- Hoqani Securities & Investment Corporation	6,000,000	6,000,000

11 Pattern of shareholding

Shareholding pattern of the Fund as at June 30, 2012 is as follows:

Category	Number of Shareholders	Shareholding amount	% of Total
Individuals	1,976	6,093,907	20.31
Associated company	4	15,768,880	52.56
Directors	7	2,471,150	8.24
Banks/DFIs	5	160,644	0.54
NBFCs	1	800	-
Public Companies Limited	12	4,283,636	14.28
Others	16	1,220,983	4.07
	<u>2,021</u>	<u>30,000,000</u>	<u>100.00</u>

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

Category	Number of Shareholders	Shareholding amount	% of Total
Individuals	2,014	4,482,905	14.94
Associated company	4	19,502,710	65.01
Directors	7	2,466,110	8.22
Banks/DFIs	3	156,859	0.52
NBFCs	1	800	-
Public Companies Limited	12	678,022	2.26
Others	17	2,712,594	9.04
	<u>2,058</u>	<u>30,000,000</u>	<u>100.00</u>

	2012 Rupees	2011 Rupees
12 Net Assets Value per share		
Total net assets	<u>277,799,431</u>	<u>257,218,667</u>
Total number of shares in issue	<u>30,000,000</u>	<u>30,000,000</u>
Net assets value per share - Rupees	<u>9.26</u>	<u>8.57</u>

13 Contingencies and commitments

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In light of this, Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition has been filed with the Honourable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honourable Court in this matter have concluded and the Honourable Court has reserved its decision.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Fund. The aggregate unrecognised amount of WWF as at June 30, 2012 amounted to Rs 4.105 million (including Rs. 0.425 million for the current year).

	2012 Rupees	2011 Rupees
14 Capital gain on sale of investments - net		
Gain on sale of shares	13,223,590	21,975,902
Loss on sale of market treasury bills	-	(853)
	<u>13,223,590</u>	<u>21,975,049</u>

	<i>Note</i>	2012 Rupees	2011 Rupees
15 Fees and subscription			
Central Depository Company of Pakistan fees		67,500	67,500
Listing and regulatory expenses		162,722	155,417
Annual fee to SECP	15.1	251,589	237,921
		481,811	460,838

15.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay an annual fee to the Securities and Exchange Commission of Pakistan, of an amount equal to 0.095 percent of its average annual net assets.

	2012 Rupees	2011 Rupees
16 Auditors' remuneration		
Statutory audit	375,000	215,000
Half year review	175,000	105,000
Certification and other services	50,000	20,000
Out of pocket expenses	15,813	55,000
	615,813	395,000

17 Taxation

Current

- For the year	1,189,425	3,613,894
- Prior year	(529,459)	(869,743)
	659,966	2,744,151

Provision for the year represents tax on capital gains realised by the Fund during the current year. No income tax provision has been accrued on the balance income as the Management Company is of the view that it will avail the exemptions under clauses 57 (2) and 99 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001 by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, in future year.

	2012 Rupees	2011 Rupees
18 Earnings per share		
Net income attributable to ordinary shareholders (Rupees)	20,580,764	25,989,448
	Number of Shares	
Weighted average number of ordinary shares	30,000,000	30,000,000
	2012 Rupees	2011 Rupees
Earnings per share	0.69	0.86

18.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2012 (2011: Nil).

19 Transactions with connected persons

Connected persons include First Capital Investments Limited (FCIL) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the custodian of the Fund, First Capital Equities Limited (FCEL) and Al-Hoqani Securities & Investment Corporation (Pvt.) Limited.

Transactions with connected persons are in the normal course of business and on arm's length basis. Details of transactions and balances with connected persons are as follows:

	2012 Rupees	2011 Rupees
19.1 Transactions during the year		
First Capital Investments Limited - Management Company		
Remuneration for the year	<u>5,296,607</u>	<u>5,008,853</u>
Al-Hoqani Securities & Investment Corporation (Pvt.) Limited		
Purchase of investments	<u>8,973,519</u>	<u>-</u>
Sale of investments	<u>14,453,294</u>	<u>-</u>
First Capital Equities Limited		
Purchase of investments	<u>414,041</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Custodian		
Custodian fee	<u>1,302,229</u>	<u>1,464,665</u>
19.2 Balances outstanding as at year end		
First Capital Investments Limited - Management Company		
Remuneration payable	<u>5,296,607</u>	<u>5,008,853</u>
Shares in issue (No. of shares: June 30,2012: 6,962,380; June 30,2011: 6,962,380)	<u>69,623,800</u>	<u>69,623,800</u>
Al-Hoqani Securities & Investment Corporation (Pvt.) Limited		
Receivable against sale of investments	<u>-</u>	<u>14</u>
Shares in issue (No. of shares: June 30,2012: 6,000,000; June 30,2011: 6,000,000)	<u>60,000,000</u>	<u>60,000,000</u>
First Capital Equities Limited		
Payable against purchase of investments	<u>-</u>	<u>-</u>
Shares in issue (No. of shares: June 30,2012: 3,735,330; June 30,2011: 3,735,330)	<u>37,353,300</u>	<u>37,353,300</u>

	2012 Rupees	2011 Rupees
Central Depository Company of Pakistan Limited - Custodian		
Custodian fee payable	<u>24,040</u>	<u>158,885</u>

20 Cash and Cash equivalents

Bank balances	<u>5,655,579</u>	<u>36,186,688</u>
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21 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.

21.1 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 June 30:

	2012 Rupees	2011 Rupees
Bank balances by rating category		
Faysal Bank Limited	AA	AA
Habib Metropolitan Bank Limited	AA+	AA+
MCB Bank Limited	AA+	AA+
NIB Bank Limited	AA-	AA-

21.1.1 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:

	2012 Rupees	2011 Rupees
Bank balances	5,655,579	36,186,688
Investment at fair value through profit or loss	280,234,052	232,307,023
Receivable against sale of investments	12,322	3,532,656
Dividend, prepayments and other receivables	187,507	1,136,252
Long term deposit	137,500	137,500
	<u>286,226,960</u>	<u>273,300,119</u>

	2012 Rupees	2011 Rupees
21.1.2 Investments at fair value through profit or loss		
Investment in shares	159,445,629	122,531,479
Investment in market treasury bills	120,788,423	109,775,544
	280,234,052	232,307,023

21.1.3 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.

21.2 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 June 30, 2012:

	Carrying Amount	One month to three months	Three months to one year	More than one years
	-----R u p e e s-----			
Due to management company - an associated company	5,296,607	5,296,607	-	-
Payable against purchase of investments	16,514	16,514	-	-
Accrued expenses and other liabilities	721,629	721,629	-	-
Unclaimed dividend	1,784,244	1,784,244	-	-
Income tax payable	608,535	608,535	-	-
	8,427,529	8,427,529	-	-

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	More than one years
	-----R u p e e s-----			
Due to management company - an associated company	5,008,853	5,008,853	-	-
Payable against purchase of investments	5,772,056	5,772,056	-	-
Accrued expenses and other liabilities	682,306	682,306	-	-
Unclaimed dividend	1,784,244	1,784,244	-	-
Income tax payable	2,833,993	2,833,993	-	-
	16,081,452	16,081,452	-	-

21.3 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.

21.3.1 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.

21.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date, the interest rate profile of the fund's significant interest bearing financial instruments was as follows:

	2012	2011	2012	2011
	%	%	Rupees	Rupees
	Effective interest rate		Carrying amount	
Financial Assets				
<i>Fixed rate instruments</i>				
Bank balances	5% to 8%	5% to 8%	5,655,579	36,186,688
Market Treasury Bills	11.49% to 11.76%	10.86% to 14.7%	120,788,423	109,775,544

21.3.3 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 June 30, 2012, net income and net assets of the Fund would increase by Rs. 7,972,281 (2011: Rs. 6,126,574) 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 June 30, 2012, net income and net assets of the Fund would decrease by Rs. 7,972,281 (2011: Rs. 6,126,574) 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 June 30, 2012 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

21.4 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).

The following table presents the Fund's assets and liabilities that are measured at fair value at June 30, 2012.

	----- As at 30 June 2012 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
At fair value through profit or loss				
- Investment in shares	159,350,629	-	95,000	159,445,629
- Investment in market treasury bills	120,788,423	-	-	120,788,423
Total assets	280,139,052	-	95,000	280,234,052
Total liabilities	-	-	-	-

The following table presents the Fund's assets and liabilities that are measured at fair value at June 30, 2011.

	----- As at 30 June 2011 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
At fair value through profit or loss				
- Investment in shares	122,531,479	-	-	122,531,479
- Investment in market treasury bills	109,775,544	-	-	109,775,544
Total assets	232,307,023	-	-	232,307,023
Total liabilities	-	-	-	-

21.5 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.

21.6 Financial instruments by category

	-----As at 30 June 2012-----			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	----- R u p e e s -----			
Assets				
Bank balances	5,655,579	-	-	5,655,579
Investments at fair value through profit or loss	-	280,234,052	-	280,234,052
Receivable against sale of Investments	12,322	-	-	12,322
Dividend, prepayments and other receivables	187,507	-	-	187,507
Long term deposit	137,500	-	-	137,500
	5,992,908	280,234,052	-	286,226,960
Liabilities				
Due to management company - an associated company				5,296,607
Payable against purchase of investments				16,514
Accrued expenses and other liabilities				721,629
Unclaimed dividend				1,784,244
Income tax payable				608,535
				8,427,529

-----As at 30 June 2011-----				
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- R u p e e s -----				
Assets				
Bank balances	36,186,688	-	-	36,186,688
Investments at fair value through profit or loss	-	232,307,023	-	232,307,023
Receivable against sale of investments	3,532,656	-	-	3,532,656
Dividend, prepayments and other receivables	1,136,252	-	-	1,136,252
Long term deposit	137,500	-	-	137,500
	40,993,096	232,307,023	-	273,300,119

	Financial liabilities at amortized cost Rupees
Liabilities	
Due to management company - an associated company	5,008,853
Payable against purchase of investments	5,772,056
Accrued expenses and other liabilities	682,306
Unclaimed dividend	1,784,244
Income tax payable	2,833,993
	16,081,452

22 Particulars of Investment Committee and Fund Manager

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

Name	Designation	Qualification	Experience in years
Shahzad Jawahar	Chief Executive Officer	AICS	16 Years
Syed Asad Abbas Zaidi	CFO	MBA	7 Years
Syed Ghazanfar Ali Bukhari	Chief Investment Officer/ Fund Manager	MA ECONOMICS	12 Years

22.1 No other fund is being managed by Syed Ghazanfar Ali Bukhari

23 Attendance at meeting of board of directors

The Board meetings were held on September 26, 2011, October 25, 2011, February 23, 2012, April 26, 2012 and June 12, 2012. Information in respect of attendance by the directors in the meetings is given below:

Name of Director	Number of meetings		Meetings not attended
	Attended	Leave Granted	
Mrs. Aamna Taseer	5	-	-
Syed Kashan Hussain Kazmi (Resigned)	3	-	-
Mr. Nadeem Hussain	5	-	-
Syed Adnan Ali Zaidi	3	1	4th
Sheikh Sulaiman Ahmad Saeed Al-Hoqani	1	-	2nd, 3rd, 4th, 5th
Mr. Shahzad Jawahar	2	-	-
Mr. Imran Hafeez	3	-	-
Syed Ghazanfar Ali Bukhari	2	-	-
Syed Etrat Hussain Rizvi (Alternate director of Hoqani)	2	-	-

During the year Mr. Shahzad Jawahar has been appointed as the new CEO in place of Mr Kashan Hussain Kazmi and two casual vacancies have been filled by the Fund by appointing Syed Ghazanfar Ali Bukhari and Mr. Imran Hafeez in place of Mr. Omer Subhan Salamat and Mr. Mahmood Ali Athar subject to approval of Securities & Exchange Commission of Pakistan (SECP). Syed Etrat Hussain Rizvi has been appointed as alternate director to Mr. Sulaiman Ahmed Saeed Al - Hoqani.

24 Top ten brokerage commission by percentage

Broker's Name	2012	2011
	%	%
Pearl Securities Limited	11.08	-
Aziz Fida Hussain	10.82	19.44
Axis Global Limited	9.26	-
BMA Capital Management Limited	7.19	6.56
Arif Habib Limited	7.14	7.84
Ismail Iqbal Securities	7.02	2.92
First Capital Equities Limited	6.76	-
Next Capital	6.11	16.96
Global Securities	4.27	5.85
Invest & Finance Securities Limited	4.08	-
Elixir Securities Pakistan (Pvt.) Limited	-	8.13
NUA Securities (Pvt.) Limited	-	6.16
Akeel Karim Dhedhi Securities	-	4.00
Foundation Securities	-	3.95

25 Non - adjusting events after the balance sheet date

The Board of Directors have proposed to distribute 6.5% (2011: Nil) dividend to the members of the Fund for approval of the members at the Annual General Meeting to be held on 28 September, 2012. These financial statements do not reflect this appropriation.

26 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangement has been made.

27 Date of authorization for issue

These financial statements were authorized for issue on 18 August, 2012 by the Board of Directors of the Fund.

28 General

Figures have been rounded off to the nearest Rupee.

PERFORMANCE TABLE

	2012	2011	2010	2009	2008
Net assets (Rupees)	277,799,431	257,218,667	231,229,219	203,305,781	337,604,653
Profit/(loss) after tax (Rupees)	20,580,764	25,989,448	27,923,438	(134,298,872)	(42,675,881)
Net assets value per share (Rupees)	9.26	8.57	7.71	6.78	11.25
Earnings/(loss) per share (Rupees)	0.69	0.87	0.93	(4.48)	(1.42)
Final dividend distribution (Per share) - gross	0.65	-	-	-	-
Interim dividend distribution (Per share) - gross	-	-	-	-	-
Distribution Dates - Final dividend	28 September 2012	-	-	-	-
Distribution Dates - Interim dividend	-	-	-	-	-
Total Return (%)	8.05	10.92	13.73	(39.72)	(3.94)
Distribution	7.58	-	-	-	-
Capital Growth	0.47	10.92	13.73	(39.72)	(3.94)
Averag annualized return of the fund (CAGR) (%)					
One Year	8.05	10.92	13.73	(39.72)	(3.94)
Two Year	9.59	12.30	(17.20)	(23.90)	2.36
Three Year	10.95	(8.70)	(12.87)	(14.07)	8.97

Disclaimer

Past performance is not necessarily indicative of future performance and that unit price and investment return may go

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

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
INCOME		
Investment advisory fee	5,296,607	5,008,853
Unrealized gain on remeasurement of investments at fair value through profit or loss	835,907	86,176
Profit on bank deposits	142,307	5,343,544
	6,274,821	10,438,573
EXPENSES		
Operating expenses	11,273,363	12,087,115
Finance cost	4,125	22,653
	(5,002,667)	(1,671,195)
OPERATING LOSS		
Other income	383,500	234,863
Share of profit from associate	4,624,461	6,255,783
	5,294	4,819,451
PROFIT BEFORE TAXATION		
Taxation	52,966	(703,360)
Share of taxation from associate	143,686	597,447
	(191,358)	4,925,364
(LOSS) / PROFIT AFTER TAXATION		
Earning per share- (Basic and Diluted)	(0.02)	0.48

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2012

INCORPORATION NUMBER: 0033995 of 08-01-1995

No. of Shareholders	Shareholdings			Shares Held
	From		To	
1585	1	-	100	146,548
193	101	-	500	65,550
71	501	-	1000	66,316
86	1001	-	5000	252,406
25	5001	-	10000	217,430
10	10001	-	15000	129,598
6	15001	-	20000	114,500
7	20001	-	25000	162,529
2	25001	-	30000	57,000
2	30001	-	35000	65,500
2	35001	-	40000	75,253
3	40001	-	45000	122,500
2	45001	-	50000	95,010
1	50001	-	55000	54,000
1	55001	-	60000	58,000
1	65001	-	70000	69,030
1	70001	-	75000	72,922
1	85001	-	90000	89,000
2	95001	-	100000	197,300
1	100001	-	105000	100,484
1	130001	-	135000	131,601
1	135001	-	140000	138,159
1	140001	-	145000	143,097
1	170001	-	175000	174,334
1	180001	-	185000	183,600
1	190001	-	195000	193,500
1	245001	-	250000	247,613
1	295001	-	300000	300,000
1	325001	-	330000	329,541
1	480001	-	485000	482,377
1	595001	-	600000	600,000
1	635001	-	640000	638,552
1	695001	-	700000	700,000
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
2021				30,000,000

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2012

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	2,471,150	8.237
Associated Companies, undertakings and related parties.	15,768,880	52.563
NIT and ICP	146,882	0.490
Banks, Development Financial Institutions, Non Banking financial Institutions	14,562	0.049
Insurance Companies	-	-
Modarabas and Mutual Funds	30,800	0.103
Share holders holding 10% or more	16,697,710	55.659
General Public		
a) Local	5,320,878	17.736
b) Foreign	773,029	2.577
Others		
- Public Sector Companies and Corporations	5,473,819	18.246
- 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 2012**

<u>Shareholders' Category</u>	<u>Number of Shares held</u>
Associated Companies, undertaking and related parties	
First Capital Securities Corporation Limited	2,806,500
Al-Hoqani Securities & Investment Corporation	6,000,000
First Capital Investments Limited	6,962,380
Mutual Funds	-
Directors and their Spouse and Minor Children	
Aamna Taseer (Director)	500
Shahzad Jawahar (CEO/Director)	500
Syed Nadeem Hussain (Director)	500
Syed Adnan Ali Zaidi (Director)	500
Imran Hafeez (Director)	500
Syed Ghazanfar Ali Bukhari (Director)	1,000
Mr. Sulaiman Ahmed Saeed Al-Hoqani	2,467,650
Executives	-
Public Sector Companies and Corporations	5,473,819
Banks Development Finance Institutions, Non-Banking Finance Companies Insurance Companies, Takaful, Modarabas and Pension Funds	45,362
Shareholders holding 5% or more voting interest in the Company	
Mr. Salmaan Taseer	1,786,000
Mr. Sulaiman Ahmed Saeed Al-Hoqani	2,467,650
First Capital Securities Corporation Limited	2,806,500
First Capital Equities Limited	3,735,330
Al-Hoqani Securities & Investment Corporation	6,000,000
First Capital Investments Limited	6,962,380

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 28 September 2012 at 3:00 p.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2012.

(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.



