



**FIRST CAPITAL MUTUAL FUND LIMITED**

Quarterly Accounts (Un-audited)

September 2002

## Company Information

### Board of Directors

Salmaan Taseer

**Chairman**

Mumtaz H Syed

**Chief Executive**

Lt.Gen. (R) Humayun Khan Bangash

Muhammad Ashraf Ali

Muhammad Shuaib Yousaf

Aamer Nasim Chishti

Usman Haider

### Audit Committee

Muhammad Shuaib Yousaf (Chairman)

Lt.Gen. (R) Humayun Khan Bangash (Member)

Usman Haider (Member)

### Company Secretary

Sardar Ali Wattoo

### Investment Committee

Salmaan Taseer (Chairman)

Mumtaz H Syed (Member)

Sardar Ali Wattoo (Member)

### Auditors

Taseer Hadi Khalid & Co.

Chartered Accountants

### Legal Advisors

Imtiaz Siddiqui & Associates

### Custodian

Crescent Investment Bank Limited

### Registered Office / Head Office

103-C/II, Gulberg-III, Lahore-Pakistan

Tel: (042) 5757591-4

Fax: (042) 5757590, 5877920

### Investment Advisers

First Capital Investments (Pvt.) Limited

103-C/II, Gulberg-III, Lahore

### Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited

Ground Floor, Sheikh Sultan Trust Building No.2

Beaumont Road, Karachi

Tel: (021) 5689021

## Directors' Review

The Board of Directors are pleased to present the un-audited accounts of First Capital Mutual Fund Limited ("the company") for the quarter ended September 30,2002.

The Karachi stock Exchange closed at a level of 2019, up 14 % at the end of first quarter against the closing of 1770 on June 30,2002. Subsequent to quarter end the performance further improved and after a period of 8 years the KSE- 100 index crossed the 2200 mark. The index has continued its upward trend mainly on account of positive developments on privatization, general elections, lower interest, COT rates, increase in foreign remittances by overseas Pakistan and an overall improvement on a number of economic indicators. In addition, attractive corporate announcements contributed to this rise in the index. The fund flows into the market have been stable due to lower rate of returns from other modes of investment.

## Company's Performance

The quarter under review witnessed improved results and Company showed a handsome recovery on account of capital gain, which touched Rs. 4.14 million against Loss of Rs. 1.18 million in corresponding period. Our policy decision to allocate certain portion of funds in fixed income instruments has resulted into higher income from this avenue. Investments in corporate debt securities have been made on the basis of instrument's credit ratings.

Our core- holdings in high rated equity stocks have resulted in substantial dividend income of Rs.2.35 million as compared to Rs. 0.39 million in the corresponding quarter. Unfortunately, at the end of period the company had to book a loss of Rs. 8.02 million (unrealized) on account of change in the fair value of marketable securities and as a result of which the company has reported a net loss of Rs. 2.47 million compared to net loss of Rs. 16.3million in the corresponding quarter.

## Future Outlook

All macro economic indicators point towards an improved economy of the country. Corporate profitability and investor confidences are likely to further improve due to appreciation in the value of rupee, higher exports in the first quarter and low interest rates.

We foresee a gradual rise and stability in KSE- 100 index in the current economic scenario. Your fund is well positioned after a year of restructuring of the portfolio and any further rise in KSE index will enhance your fund's net asset value and profits. We look forward to a higher profit and better results in the next quarter.

On behalf of the Board of Directors

Lahore  
October 26, 2002

Mumtaz H Syed  
Chief Executive

## Balance Sheet (un-audited)

as on September 30, 2002

	<u>Note</u>	<u>September 30, 2002</u> (Rupees)	<u>June 30, 2002</u> (Rupees)
<b>ASSETS</b>			
Marketable securities		80,967,608	92,826,352
<b>OTHER ASSETS</b>			
Accounts receivable		3,643,442	612,744
Security deposits		300,000	300,000
Cash at bank		2,578,216	3,912,612
		6,521,658	4,825,356
<b>TOTAL ASSETS</b>		<b>87,489,266</b>	<b>97,651,708</b>
<b>CURRENT LIABILITIES</b>			
Due to Investment Adviser - an associated company		563,845	1,749,433
Accounts payable		550,272	9,838,322
Provision for taxation		492,680	375,050
		1,606,797	11,962,805
Contingencies and Commitments	6	-	-
<b>NET ASSETS</b>		<b>85,882,469</b>	<b>85,688,903</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL		150,000,000	150,000,000
ACCUMULATED LOSS		(68,857,218)	(66,381,518)
		81,142,782	83,618,482
UNREALIZED APPRECIATION ON REMEASUREMENT OF MARKETABLE SECURITIES		4,739,687	2,070,421
		<b>85,882,469</b>	<b>85,688,903</b>

The annexed notes form an integral part of these accounts.

These financial statements were authorised for issue by the Board of Directors on October 26, 2002.

Lahore

Chief Executive

Director

## Profit & Loss Account (un-audited)

for the quarter ended September 30, 2002

	<u>July- Sept.</u> <u>2002</u> <u>(Rupees)</u>	<u>July- Sept.</u> <u>2001</u> <u>(Rupees)</u>
<b>INCOME</b>		
CAPITALGAIN/(LOSS) ON MARKETABLE SECURITIES	4,143,567	(1,186,481)
OTHER INCOME	<u>2,352,608</u>	<u>392,415</u>
	<b>6,496,175</b>	<b>(794,066)</b>
<b>OPERATING EXPENSES</b>		
Administrative expenses	<u>408,991</u>	<u>87,111</u>
Remuneration of investment adviser	<u>429,412</u>	<u>375,181</u>
	<u>838,403</u>	<u>462,292</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>5,657,772</b>	<b>(1,256,358)</b>
LOSS DUE TO CHANGE IN FAIR VALUE OF MARKETABLE SECURITIES	<u>(8,015,841)</u>	<u>(14,988,267)</u>
<b>LOSS BEFORE TAXATION</b>	<b>(2,358,069)</b>	<b>(16,244,625)</b>
TAXATION	<u>(117,630)</u>	<u>(19,621)</u>
<b>LOSS AFTER TAXATION</b>	<b>(2,475,700)</b>	<b>(16,264,246)</b>
<b>ACCUMULATED LOSS BROUGHT FORWARD</b>	<u>(66,381,518)</u>	<u>(62,337,228)</u>
<b>ACCUMULATED LOSS CARRIED FORWARD</b>	<u>(68,857,218)</u>	<u>(78,601,474)</u>
<b>EARNINGS PER SHARE- BASIC</b>	<u>(0.17)</u>	<u>(1.08)</u>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

## Cash Flow Statement (un-audited)

for the quarter ended September 30, 2002

	<u>July- Sept. 2002</u>	<u>July- Sept. 2001</u>
	(Rupees)	(Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,358,069)	(16,244,625)
Adjustment for:		
Loss due to change in fair value of marketable securities	8,015,841	14,988,267
Operating profit/(loss) before working capital changes	<u>5,657,772</u>	<u>(1,256,358)</u>
(Increase)/decrease in current assets:		
Marketable securities	6,512,168	(3,133,885)
Accounts receivable	(3,030,698)	(763,796)
	3,481,470	(3,897,681)
Increase/(decrease) in current liabilities:		
Due to investment adviser	(1,185,588)	(474,819)
Accounts payable	(9,288,050)	(85,781)
	<u>(10,473,638)</u>	<u>(560,600)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>(1,334,396)</u>	<u>(5,714,639)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(274)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	-	(274)
<b>NET DECREASE IN CASH AT BANK</b>	<u>(1,334,396)</u>	<u>(5,714,913)</u>
<b>CASH AT BANK AT THE BEGINNING OF THE PERIOD</b>	<u>3,912,612</u>	<u>6,591,617</u>
<b>CASH AT BANK AT THE END OF THE PERIOD</b>	<u><u>2,578,216</u></u>	<u><u>876,704</u></u>

The annexed notes form an integral part of these accounts.

Lahore

Chief Executive

Director

## Statement of Changes in Equity (un-audited)

for the quarter ended September 30, 2002

	<b>Share Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Balance as on June 30, 2001</b>	150,000,000	(62,337,228)	87,662,772
Loss for the period	-	(16,264,246)	(16,264,246)
<b>Balance as on September 30, 2001</b>	<u>150,000,000</u>	<u>(78,601,474)</u>	<u>71,398,526</u>
Profit for the period	-	12,219,956	12,219,956
<b>Balance as on June 30, 2002</b>	<u>150,000,000</u>	<u>(66,381,518)</u>	<u>83,618,482</u>
Loss for the period	-	(2,475,700)	(2,475,700)
<b>Balance as on September 30, 2002</b>	<u><u>150,000,000</u></u>	<u><u>(68,857,218)</u></u>	<u><u>81,142,782</u></u>

The annexed notes form an integral part of these accounts.

Lahore:

Chief Executive

Director

### Notes to the Accounts (un-audited)

for the quarter ended September 30, 2002

- 1- First Capital Mutual Fund Limited (FCMF) was incorporated in Pakistan on January 8, 1995 as public limited company and commenced its operations on March 14, 1995. It has been registered as an investment company under the Investment Companies and Investment Advisers Rules, 1971 and listed on Karachi and Lahore Stock Exchanges.

The objective of the company is to carry on the business of a closed-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the Stock Exchanges.

- 2- Accounting policies adopted for the preparation of these quarterly accounts are the same as those applied in preparation of the preceding annual accounts of the company for the year ended June 30, 2002.
- 3- These un-audited accounts are being submitted to the shareholders in accordance with SRO 764(I)/2001 dated November 5, 2001 of the Securities and Exchange Commission of Pakistan and have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 "Interim Financial Reporting".
- 4- The statement of the Income and Expenditure of the Investment Adviser in relation to the Investment Company has not been included in these accounts as the income of the Investment Adviser can only be determined after the annual accounts of the company have been finalized as per Rule 11 of the Investment Companies and Investment Advisers Rules, 1971.

July-Sept  
2002

July-Sept  
2001

- 5- **Transactions with associated companies**

Transactions of shares through stock brokerage

Investment advisory fee (Rupees)	429,412	375,181
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All transactions with associated company were at an arm's length basis.

- 6- Contingencies and Commitments Nil
- 7- Figures have been rounded off to the nearest rupee

Lahore

Chief Executive

Director

## MARKETABLE SECURITIES

NAME OF COMPANY	BALANCE AS AT SEPTEMBER 30,2002					PERCENTAGE IN RELATION TO		
	No. of Shares	Carrying Value	Market Value	Unrealized		Own net assets (with carrying value of investment)	Paid-up capital of Investee company (with face value of investment)	Total carrying value of investment
				Appreciation	Loss			
			R	U	P	E	E	S
I.C.P S.E.M.F	160,000	3,095,735	4,480,000	1,384,265	-	0.04	0.37	3.65
First Capital Securities Corp. Ltd.	121,800	791,700	730,800	-	(60,900)	0.01	0.23	0.93
International General Insurance Co. of Pakistan Ltd.	20,194	1,465,075	1,736,684	271,609	-	0.02	1.51	1.73
Shaheen Insurance Co. Ltd	504,487	2,623,333	2,522,435	-	(100,898)	0.03	3.28	3.09
Adamjee Insurance Co. Ltd.	12	444	537	93	-	0.00	0.00	0.00
Nishat Mills Ltd.	900	14,109	14,535	426	-	0.00	0.00	0.02
Chakwal Cement	32,000	89,858	66,400	-	(23,458)	0.00	0.00	0.11
Lucky Cement Ltd.	50,000	468,175	490,000	21,825	-	0.01	0.02	0.55
Pakland Cement Ltd.	41,512	211,711	211,711	-	-	0.00	0.03	0.25
Hub Power Co. Ltd.	600,000	14,895,111	14,460,000	-	(435,111)	0.17	0.13	17.55
Karachi Electric Supply Corporation Ltd.	175,000	905,625	813,750	-	(91,875)	0.01	0.02	1.07
Pakistan State Oil Co. Ltd.	26,000	5,019,525	5,170,750	151,225	-	0.06	0.35	5.92
Pak Oil Fields	2,000	305,900	270,900	-	(35,000)	0.00	0.04	0.36
Sui Northern Gas Pipelines Co. Ltd.	75,000	1,172,566	1,164,375	-	(8,191)	0.01	0.02	1.38
General Tyres	4,500	185,238	256,500	71,262	-	0.00	0.11	0.22
Sazgar Engineering Works Ltd	501,500	10,431,200	4,663,950	-	(5,767,250)	0.12	14.56	12.29
Pakistan Telecommunication Co. Ltd. "A"	357,700	6,477,334	7,225,540	748,206	-	0.07	0.02	7.63
WorldCALL Communications Ltd. (Formerly WorldCALL Payphones Ltd.)	1,227,700	15,561,097	15,315,558	-	(245,540)	0.18	3.11	18.34
WorldCALL Multimedia Ltd. (*)	1,500,000	15,937,500	14,850,000	-	(1,087,500)	0.18	8.61	18.78
Engro Chemicals (Pakistan) Ltd.	7,500	495,226	475,313	-	(19,914)	0.01	0.04	0.58
Pakistan PTA Ltd.	10,000	53,750	58,000	4,250	-	0.00	0.00	0.06
Wazir Ali Industries Ltd	214,513	1,952,069	1,834,086	-	(117,983)	0.02	3.76	2.30
Unilever Pakistan Ltd. (Formerly Lever Brothers Pakistan Ltd.)	476	426,972	437,444	10,472	-	0.00	0.06	0.50
Nestle Milkpak Ltd.	78	14,818	14,976	158	-	0.00	0.00	0.02
Packages Ltd.	178	13,787	13,314	-	(473)	0.00	0.00	0.02
Treet Corporation Ltd.	8,477	510,739	829,051	318,312	-	0.01	1.22	0.60
Zulfiqar Industries Ltd.	100,000	1,450,000	2,600,000	1,150,000	-	0.02	3.63	1.71
Diamond Industries Ltd.	43,500	282,750	261,000	-	(21,750)	0.00	0.31	0.33
<b>Total</b>		<b>84,851,347</b>	<b>80,967,608</b>	<b>4,132,103</b>	<b>(8,015,841)</b>			

(\*) Subsequently the shares of WorldCALL Multimedia Limited (WCML) have been converted into the shares of WorldCALL Communications Limited (WCL) under swap arrangement offered by WCL.