



**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED**

**31 DECEMBER 2010  
(Un-Audited)**



**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.



## COMPANY INFORMATION

<b>Board of Directors</b>	Aamna Taseer* (Chairman) Syed Kashan Hussain Kazmi (CEO) Omer Subhan Salamat Suliman Ahmed Said Al-Hoqani* Mahmood Ali Athar Nadeem Hussain* Ahmad Bilal
<b>Chief Financial Officer</b>	Syed Asad Abbas Ali Zaidi
<b>Audit Committee</b>	Ahmad Bilal (Chairman) Aamna Taseer Nadeem Hussain
<b>Company Secretary</b>	Tariq Majeed
<b>Investment Committee</b>	Syed Kashan Hussain Kazmi Omer Subhan Salamat Pardeep Kumar
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Adviser</b>	Mazhar Law Associates Advocates & Solicitors
<b>Custodian</b>	Central Depository Company of Pakistan Limited ("CDC")
<b>Asset Management Company</b>	First Capital Investments Limited 103-C/II, Gulberg-III, Lahore
<b>Registered / Head Office</b>	103-C/II, Gulberg-III Lahore, Pakistan Tel: +92 42 35757591-4 Fax: +92 42 35757590, 35877920
<b>Registrar and Shares Transfer Office</b>	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





## DIRECTORS' REVIEW

The Directors of First Capital Mutual Fund Limited ("the fund") are pleased to present the Six months ended financial statements for the period ended 31 December 2010 ("1HFY11").

### Financial Results

The operating results for the Six months ended 31 December 2010 are summarized as follows:

*All figures in Rs.*

	31 December 2010	31 December 2009
Capital gain on listed securities -realized	16,217,535	48,526,332
Unrealized gain/(loss) in value of investments at fair value through profit or loss net	6,164,185	894,993
Dividend income	5,387,682	4,949,646
Profit on bank deposits	4,193,083	1,375,004
Operating expenses	6,636,609	6,361,997
Profit after tax	23,409,500	48,889,013
Earnings/(loss) per share - basic & diluted	0.78	1.63
	<b>31 December 2010</b>	<b>30 June 2010</b>
Net assets value - per share	8.49	7.71
KSE-100 Index	12,022.46	9,721.91

During the 1HFY11, the net profit of the fund declined by 52.12 % to Rs.23.41 million against Rs.48.89 million in the corresponding period last year. This translated into an earning of Rs.0.78 per share as compared to Rs.1.63 in 1HFY10. The company posted capital gain of Rs.16.2 million in 1HFY11 (down by 67%) as compared to Rs.48.5 million during last year. Unrealized capital gain stood at Rs. 6.16 million against Rs. 0.89 million in the same period last year. The operating expenses were up by 4%YoY to Rs.6.6 million from Rs.6.3 million in 1HFY10. The market surged by 24% during 1HFY11 as compared to 27% in 1HFY10. The decline in earnings despite notable up tick in the index was due to the fact that almost half of the investment in equity portfolio was diverted to fixed investment instrument (TDR) during 2QFY11. This resulted in lower capital gains for the funds (down by 67%).

NAV has increased by 10.12% during the period from Rs. 7.71 per share at 30 June 2010 to Rs.8.49 per share at 31 December 2010; the performance of the fund was aligned with the market trend.

### Equity Market Review

The market posted a return of 24% during 1HFY11 to 12,022.46 points. At the start of 1HFY11 the market sentiment turned negative pushing investors to back foot due to the worst floods in Pakistan's history. The trading activity was characterized by volatility and low volumes. Despite the 1HFY11 was hammered by floods across the country, the financial performance of the listed companies remained intact contrary to market expectations. The factors hindering the upward march of the market were burgeoning fiscal deficit, rising inflation, tight monetary policy, implementation of RGST and non materialization of pledged foreign funds. However, positive events like approval of the Margin Trading System (MTS), mounting foreign investment and European Union concessions more than offset the impact of negative developments. According to NCCPL records, net foreign portfolio investment during 1QFY11 stood at USD249.8mn. The rise in FPI is attributable to increased foreigners' interest in the index heavy E&P sector.

### Future Outlook

Pakistan economy was on the road of recovery during FY09 with robust improvement in all the major sectors. The outlook for FY10 was positive until the occurrence of country's worst tragic event. The disaster caused by the floods during Aug-Sept hammered down the economic indicators of the country. The floods have adversely affected the pace of recovery as all major indicators have been revised downward. The persistent rise in inflation coupled with rising fiscal deficit will keep the discount rate stagnant at 14% in the near term.



KSE index crashed to its lowest level in the aftermath of global financial crisis in 2008 where all the regional and global markets were struggling from the worst ever recession since 1930. However, the market has recorded a phenomenal recovery in the past two years as the KSE100 index has doubled from 5,865.01 points in Dec 2008 to 12,022.46 points in Dec 2010. The market is trading at FY10 PE 9.5x PE which still makes it one of the cheapest in the region comparable to its peers. Going forward, 2HFY11 will be the period of recovery as the corporate sector has absorbed the repercussions of floods to a greater extent which would bode well for the market sentiments. The upcoming result season, revamping external account and rising remittances, expectations regarding early implementation of leverage product, monetary policy and materialization of pledged foreign inflows will shape the direction of the market in the future.

The fund will continue to pursue a defensive strategy to shield the portfolio against any uncertain events while capitalizing the growth perspective. We will continue the existing strategy with a cautious stance to get the maximum return for our valued shareholders by investing in research supported scrips.

### Performance Rating

The Fund has been assigned a MFR of 3- Star ranking (short term) and 2- Star ranking (long term) for the year ended June 30, 2010 by Pakistan Credit Rating Agency Limited (PACRA) in the category of closed end equity funds.

### Declaration by Directors

As required under the Non Banking Finance Companies and Notified Entities Regulations, 2008 the Directors of Asset Management Company state that the financial statements of the fund for the half year ended 31 December 2010 give a true and fair view of the fund.

### Renewal of License

The Asset Management Company is required to renew its license on an annual basis. The renewal request has been submitted to Securities and Exchange Commission of Pakistan, which is in process.

### Election of Directors

The election of the Board of Directors was held in Extra Ordinary General Meeting of the Company held on 14 February 2011. Sheikh Suleman Ahmed Said Al-Hoqani, Mr. Nadeem Hussain and Mrs. Aamna Taseer have been appointed as new directors on the Board of Directors, for a period of three years. Mrs. Aamna Taseer has been appointed as new Chairman of the Board of Directors, in place of Mr. Salmaan Taseer, previous Chairman. The said appointments shall be the subject to the approval of Securities and Exchange Commission of Pakistan. Further, Syed Kashan Hussain Kazmi, the Chief Executive Officer was reappointed by the Board of Directors on 15 February 2011 for a period of three years on the previous terms and conditions.

### Cancellation / Winding up

The newly elected Board of Directors in their meeting held on 26 February 2011, have deferred the decision of cancellation/winding up of the fund, till further reconsideration.

### Acknowledgement

We are obliged to our shareholders and all other stakeholders for their support & confidence in the Fund and would like to thank the Securities and Exchange Commission of Pakistan and the Stock Exchanges for their guidance and support.

For and on behalf of the Board

Lahore  
February 26, 2011

**Syed Kashan Hussain Kazmi**  
Chief Executive Officer



# INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

## Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Capital Mutual Fund Limited** ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, condensed interim statement of movement in reserves per share, condensed interim distribution statement and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months ended 31 December 2010 and 31 December 2009 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Place : Lahore  
Date : 26 February 2011

KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANTS  
(KAMRAN IQBAL YOUSAFI)



# CONDENSED INTERIM STATEMENT OF ASSETS & LIABILITIES AS AT 31 DECEMBER 2010

	Note	(Un-Audited) 31 December 2010 Rupees	(Audited) 30 June 2010 Rupees
<b>Assets</b>			
<b>Current assets</b>			
Bank balances		134,561,655	70,442,897
Investments at fair value through profit or loss	6	121,208,485	172,918,553
Dividend and other receivables		16,117,225	1,587,049
		<u>271,887,365</u>	<u>244,948,499</u>
<b>Non current assets</b>			
Long term deposit		137,500	137,500
		<u>137,500</u>	<u>137,500</u>
<b>Total assets</b>		<u>272,024,865</u>	<u>245,085,999</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payable to asset management company - an associated company	7	2,441,083	4,878,698
Trade and other payables		12,938,846	7,875,730
Income tax payable		2,006,217	1,102,352
		<u>17,386,146</u>	<u>13,856,780</u>
<b>Total liabilities</b>		<u>17,386,146</u>	<u>13,856,780</u>
<b>Net assets</b>		<u>254,638,719</u>	<u>231,229,219</u>
<b>Share capital and reserves</b>			
Authorized share capital 35,000,000 (2010: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital		300,000,000	300,000,000
Accumulated loss		(45,361,281)	(68,770,781)
		<u>254,638,719</u>	<u>231,229,219</u>
<b>Contingencies and commitments</b>	8	-	-
		<u>254,638,719</u>	<u>231,229,219</u>
Net assets value per share		<u>8.49</u>	<u>7.71</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR


**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

		Six months ended		Three months ended	
	Note	31 December 2010 Rupees	31 December 2009 Rupees	31 December 2010 Rupees	31 December 2009 Rupees
<b>Income</b>					
Capital gain on sale of investments - net		16,217,535	48,526,332	11,450,496	10,124,587
Dividend income		5,387,682	4,949,646	3,066,818	2,627,965
Profit on bank deposits		4,193,083	1,375,004	2,989,709	1,060,360
		<u>25,798,300</u>	<u>54,850,982</u>	<u>17,507,023</u>	<u>13,812,912</u>
Unrealized gain in value of investments at fair value through profit or loss - net	6	6,164,185	894,993	7,629,159	(17,974,908)
		<u>31,962,485</u>	<u>55,745,975</u>	<u>25,136,182</u>	<u>(4,161,996)</u>
<b>Operating expenses</b>					
Remuneration to asset management company	7	2,441,083	2,445,107	1,245,527	1,253,823
Securities transaction cost		2,256,917	2,311,328	993,879	1,095,924
Fee and subscription		338,868	408,643	144,565	284,557
Custodian fee		505,539	664,039	176,370	338,436
Printing		203,166	275,166	203,166	275,166
Auditors remuneration		147,500	107,500	147,500	107,500
Legal and professional charges		197,000	109,000	97,000	9,000
Workers' Welfare Fund		506,500	-	506,500	-
Bank charges		40,036	41,214	40,036	17,886
		<u>6,636,609</u>	<u>6,361,997</u>	<u>3,554,543</u>	<u>3,382,292</u>
<b>Profit/(loss) before taxation</b>		<u>25,325,876</u>	<u>49,383,978</u>	<u>21,581,639</u>	<u>(7,544,288)</u>
<b>Provision for taxation</b>					
Taxation - current year		1,916,376	494,965	1,207,586	384,965
<b>Profit/(loss) after taxation</b>		<u>23,409,500</u>	<u>48,889,013</u>	<u>20,374,053</u>	<u>(7,929,253)</u>
<b>Earnings/(loss) per share - basic and diluted</b>	9	<u>0.78</u>	<u>1.63</u>	<u>0.68</u>	<u>(0.26)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

09

DIRECTOR


**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

	Six months ended		Three months ended	
	31 December 2010 Rupees	31 December 2009 Rupees	31 December 2010 Rupees	31 December 2009 Rupees
Profit /(loss) after taxation	23,409,500	48,889,013	20,374,053	(7,929,253)
Other comprehensive income/(loss) for the Period	-	-	-	-
<b>Total comprehensive income /(loss) for the Period</b>	<u>23,409,500</u>	<u>48,889,013</u>	<u>20,374,053</u>	<u>(7,929,253)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

	Issued, subscribed and paid up share capital	Accumulated (loss)/ undistributed income Rupees	Total Rupees
<b>Balance as at 01 July 2009</b>	300,000,000	(96,694,219)	203,305,781
Capital gain on sale of investments - net		48,526,332	48,526,332
Unrealized gain in value of investments at fair value through profit or loss - net		894,993	894,993
Other net operating loss for the period		(532,312)	(532,312)
Net income for the period ended 31 December 2009		48,889,013	48,889,013
<b>Balance as at 31 December 2009</b>	<u>300,000,000</u>	<u>(47,805,206)</u>	<u>252,194,794</u>
<b>Balance as at 01 July 2010</b>	300,000,000	(68,770,781)	231,229,219
Capital gain on sale of investments - net		16,217,535	16,217,535
Unrealized gain in value of investments at fair value through profit or loss - net		6,164,185	6,164,185
Other net operating income for the period		1,027,780	1,027,780
Net income for the period ended 31 December 2010		23,409,500	23,409,500
<b>Balance as at 31 December 2010</b>	<u>300,000,000</u>	<u>(45,361,281)</u>	<u>254,638,719</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

10



**CONDENSED INTERIM CASH FLOW STATEMENT**  
(UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	<b>Six months ended</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	<b>25,325,876</b>	49,383,978
Adjustment for non - cash items:		
Dividend income	<b>(5,387,682)</b>	(4,949,646)
Remuneration to asset management company	<b>2,441,083</b>	2,445,107
Unrealized gain in value of investments at fair value through profit or loss - net	<b>(6,164,185)</b>	(894,993)
	<b>(9,110,784)</b>	(3,399,532)
<b>Operating profit before working capital changes</b>	<b>16,215,092</b>	45,984,446
(Increase) / decrease in current assets		
Investments in listed securities	<b>57,874,253</b>	19,495,657
Other receivables	<b>(15,110,421)</b>	(13,582,630)
	<b>42,763,832</b>	5,913,027
Increase/(decrease) in current liabilities		
Trade and other payables	<b>5,063,114</b>	(182,409)
<b>Cash generated from operations</b>	<b>64,042,038</b>	51,715,064
Remuneration paid to asset management company	<b>(4,878,698)</b>	(404,842)
Tax paid	<b>(825,458)</b>	(4,144,100)
Dividend received	<b>5,780,876</b>	5,454,546
<b>Net cash generated from operating activities</b>	<b>64,118,758</b>	52,620,668
<b>Net increase in cash and cash equivalents</b>	<b>64,118,758</b>	52,620,668
<b>Cash and cash equivalents at the beginning of the Period</b>	<b>70,442,897</b>	7,954,436
<b>Cash and cash equivalents at the end of the Period</b>	<b>134,561,655</b>	60,575,104

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM DISTRIBUTION STATEMENT**  
(UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	<b>Six months ended</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>(Accumulated loss) / Undistributed income brought forward</b>		
Realised (loss) at 01 July	<b>(92,618,630)</b>	(130,293,601)
Unrealised gain at 01 July	<b>23,847,849</b>	33,599,382
	<b>(68,770,781)</b>	(96,694,219)
Total comprehensive income for the six months period	<b>23,409,500</b>	48,889,013
(Accumulated loss) / Undistributed income carried forward	<b>(45,361,281)</b>	(47,805,206)
<b>Represented by:</b>		
(Accumulated loss) / Undistributed income carried forward		
Realised (loss)	<b>(75,373,315)</b>	(82,299,580)
Unrealised gain	<b>30,012,034</b>	34,494,374
	<b>(45,361,281)</b>	(47,805,206)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
EQUITY AND RESERVES - PER SHARE (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	<b>Six months ended</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Net assets value per share as at 01 July</b>	<b>7.71</b>	6.78
Capital gain on sale of investments - net	<b>0.54</b>	1.62
Unrealized gain in value of investments at fair value through profit or loss - net	<b>0.21</b>	0.03
Other net operating (loss)/ income for the period	<b>0.03</b>	(0.02)
Net profit for the period - per share	<b>0.78</b>	1.63
<b>Net assets value per share as at 31 December</b>	<b>8.49</b>	8.41

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

**1 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 Notified Entity under the Non Banking Finance Companies and Notified Entities Regulations, 2008. The object 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 ("FCIL"), 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.

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

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

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

**2 Basis for preparation**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of movement in net assets per certificate, condensed interim distribution statement and notes thereto, for the six months period ended 31 December 2010.



**2.2 Functional and presentation currency**

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupees.

**3 Significant accounting policies**

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2010.

**4 Estimates**

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2010.

**5 Financial risk management**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2010.



Ordinary fully paid shares have a face value of Rs. 10/- each unless stated otherwise

First Capital Mutual Fund Limited



Sector/ Name of Investee Company	Holding at the beginning of the period	Purchase during the period	Bribe/Right received during the period	Sale during the period	Holding as at end of the period	Balance as at 31 December 2010		Unrealized gain/(loss)	Market value as percentage of net assets	Shareholder's Paid up capital of the investee company	Market value as percentage of total investments
						Cost-carrying value	Marked Value				
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees					
<b>Oil and Gas Companies and Refineries</b>											
Affiliated Petroleum Corporation Limited.	7,579	23,422	1,800	32,900	-	-	-	-	0.00%	0.00%	0.00%
Attock Refinery limited	10,000	77,200	-	77,200	10,000	1,253,683	1,246,800	(6,883)	0.48%	0.01%	1.03%
Bayco petroleum limited	58,000	299,700	-	357,700	-	-	-	-	0.00%	0.00%	0.00%
Mari Gas Company Limited.	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.00%
National Refinery Limited	19,000	-	-	19,000	-	-	-	-	0.00%	0.00%	0.00%
Oil and Gas Development Company limited	62,500	133,749	-	190,499	5,500	871,738	939,565	67,827	0.37%	0.00%	0.78%
Orangi Industries Private Limited	23,500	146,800	-	170,300	23,000	5,069,568	5,069,568	-	0.00%	0.00%	0.00%
Pak Oil Refining Company Limited	23,500	146,800	-	147,300	23,000	8,069,958	8,592,840	522,882	3.37%	0.01%	7.68%
Pakistan Petroleum Limited	14,500	107,000	9,800	120,800	10,500	1,924,522	2,290,075	365,553	1.88%	0.00%	1.88%
Shell Gas (LPG) Pakistan	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
	<b>299,718</b>	<b>897,071</b>	<b>11,600</b>	<b>945,249</b>	<b>72,500</b>	<b>17,198,480</b>	<b>18,214,930</b>	<b>1,016,450</b>	<b>7.16%</b>	<b>150,936</b>	<b>150,936</b>
<b>Chemicals</b>											
Agricultural Chemicals Corporation Limited	39,600	-	-	99,000	25,400	642,307	607,000	(35,247)	0.54%	0.00%	0.59%
Dawood Hercules Chemicals Limited	73,200	205,000	-	77,500	-	-	-	-	0.00%	0.00%	0.00%
Dawood Hercules Chemical Limited	7,900	-	-	7,900	-	-	-	-	0.00%	0.00%	0.00%
Decon Oxychem limited	170,000	-	-	170,000	-	-	-	-	0.00%	0.00%	0.00%
Down Saltsan Fiber Limited	94,545	-	-	94,545	-	-	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	53,550	121,500	-	170,150	5,000	973,500	969,050	(4,450)	0.38%	0.00%	0.80%
Fertilizer Corporation Limited	105,000	537,600	-	642,600	-	4,560,566	4,573,440	228,874	1.80%	0.01%	5.77%
Fertilizer Corporation Limited	181,000	537,600	-	514,600	-	228,000	10,320,520	633,868	4.05%	0.01%	8.51%
Fertilizer Corporation Limited	81,000	165,000	-	184,000	82,000	9,686,652	10,320,520	633,868	4.05%	0.01%	8.51%
Ghani Gases Limited.	-	164,000	-	164,000	-	-	-	-	0.00%	0.00%	0.00%
Grain Fertilizer Company Limited	528,099	60,000	50,250	578,349	60,000	644,358	676,800	32,442	0.27%	0.00%	0.56%
ICI Pakistan Company Limited.	74,080	74,080	-	74,080	-	-	-	-	0.00%	0.00%	0.00%
Kalshani Chemicals Limited.	75,000	1,860,000	-	1,860,000	208,000	2,917,728	2,822,200	(95,528)	0.00%	0.00%	0.00%
Shara Provides Limited	73,500	-	-	73,500	-	-	-	-	0.00%	0.00%	0.00%
	<b>1,244,549</b>	<b>4,184,225</b>	<b>90,250</b>	<b>4,972,624</b>	<b>508,400</b>	<b>18,645,111</b>	<b>19,969,070</b>	<b>1,423,959</b>	<b>7.85%</b>	<b>16,476</b>	<b>16,476</b>
<b>Forestry and Paper</b>											
Century Paper limited	-	128,600	-	128,600	-	-	-	-	0.00%	0.00%	0.00%
Security Paper limited	6,500	-	-	6,500	-	-	-	-	0.00%	0.00%	0.00%
	<b>6,500</b>	<b>128,600</b>	<b>-</b>	<b>135,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Industrial metals and Mining</b>											
Crescent Steel & Allied Products Limited	62,195	-	-	62,195	-	-	-	-	0.00%	0.00%	0.00%
Best Steels Limited	69,500	-	-	69,500	-	-	-	-	0.00%	0.00%	0.00%
	<b>121,695</b>	<b>-</b>	<b>-</b>	<b>121,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Construction and Materials</b>											
Alkaram Cement Company Limited	11,550	28,000	-	39,550	-	-	-	-	0.00%	0.00%	0.00%
O.G Khan Cement Company Limited	229,000	612,000	-	841,000	-	-	-	-	0.00%	0.00%	0.00%
Fuji Cement Company Limited	125,000	225,000	-	350,000	-	-	-	-	0.00%	0.00%	0.00%
Lafarge Pakistan Cement Company Limited	717,500	717,500	-	717,500	-	-	-	-	0.00%	0.00%	0.00%
Lotus Cement Company Limited	71,500	381,210	-	452,710	1,000	74,560	73,790	1,100	0.00%	0.00%	0.00%
Shajee Gulf Cement Factory Limited	125,000	-	-	125,000	-	-	-	-	0.00%	0.00%	0.00%
	<b>562,650</b>	<b>1,995,710</b>	<b>-</b>	<b>2,564,760</b>	<b>1,000</b>	<b>74,660</b>	<b>76,790</b>	<b>1,130</b>	<b>0.03%</b>	<b>0.00%</b>	<b>0.06%</b>
<b>General Industries</b>											
General Industries Packages Limited	787	-	-	787	-	-	-	-	0.00%	0.00%	0.00%
	<b>787</b>	<b>-</b>	<b>-</b>	<b>787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Industrial Engineering</b>											
Industrial Engineering Packages Limited	134,100	46,000	-	180,100	-	-	-	-	0.00%	0.00%	0.00%
K.S.B Pumps Co Limited.	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Milch Tractors Limited.	3,700	300	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
	<b>138,800</b>	<b>56,300</b>	<b>-</b>	<b>195,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Support Services</b>											
Support Services Pakistan Limited	-	200,000	-	200,000	-	-	-	-	0.00%	0.00%	0.00%

## First Capital Mutual Fund Limited

[illegible]





Sector/ Name of Investee Company	Holding at the beginning of the period	Purchase during the period	No. of Shares Bought/Sold received during the period	Sales during the period	Holding as at end of the period	Balance as at 31 December 2010		Market value as a percentage of net assets	Percentage of paid up capital of the investee company	Market value as a percentage of total investments
						Cost Carrying value	Unrealized gain/(loss)			
						Rupees	Rupees			
<b>Non Life Insurance</b>										
Adamiye Insurance Company Limited	248,288	128,500	-	127,000	1,500	107,717	23,534	0.05%	0.00%	0.11%
Shahen Insurance Company Limited	248,288	1,117,005	-	-	1,365,293	18,815,785	(520,559)	7.18%	6.83%	15.09%
						<b>18,923,502</b>	<b>(197,025)</b>	<b>7.23%</b>		<b>15.20%</b>
<b>Financial Services</b>										
Arif Habib Inv. Limited	-	125,000	-	125,000	124,000	-	-	0.00%	0.00%	0.00%
First Capital Equities Limited	124,000	335,000	-	335,000	-	15,934,000	828,320	6.58%	0.11%	13.84%
Jahangir Siddiqui & Company Limited	124,000	460,000	-	460,000	124,000	-	-	0.00%	0.00%	0.00%
						<b>15,934,000</b>	<b>828,320</b>	<b>6.58%</b>		<b>13.84%</b>
<b>Software and Computer Services</b>										
Infocore Technologies Limited	20,000	77,000	-	97,000	-	-	-	0.00%	0.00%	0.00%
						<b>115,044,300</b>	<b>6,164,185</b>	<b>47.61%</b>		<b>100.00%</b>
<b>Total</b>	<b>8,196,267</b>	<b>15,091,505</b>	<b>86,594</b>	<b>19,718,602</b>	<b>3,655,945</b>					

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

The percentage in relation to the own net assets (of the Fund) has been calculated in relation to the market value of the respective investments.

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.



Note	Un-audited 31 December 2010 Rupees	Audited 30 June 2009 Rupees

## 7 Payable to Asset Management Company

Remuneration @ 2% of annual average net assets	7.1	<u>2,441,083</u>	<u>4,878,698</u>
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7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Asset Management Company of the Fund is entitled to a remuneration, during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Asset Management Company has charged its remuneration for the current period at the rate of two percent per annum.

## 8 Contingencies and commitments

8.1 Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. The Central Depository Company of Pakistan on behalf of funds under its trusteeship along with a few Collective Investment Schemes (CISs) filed a petition before the Honorable High Court of Sindh on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law ibid. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and we understand that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.



In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 1,085,200 upto 31 December 2010.

	Six months ended	
	Un-audited 31 December 2010 Rupees	Un-audited 31 December 2009 Rupees
<b>9 Earnings / (loss) per share - basic and diluted</b>		
Net income/ (loss) attributable to ordinary shareholders (Rupees)	<b>23,409,500</b>	48,889,013
Weighted average number of ordinary shares (Number)	<b>30,000,000</b>	30,000,000
Earnings/(loss) per share - basic and diluted	<b>0.78</b>	1.63

#### 10 Transactions with related parties and connected persons

##### 10.1 Transactions during the year:

###### First Capital Investment Limited - Asset Management Company

Remuneration for the period **2,441,083** 2,445,107

###### Central Depository Company of Pakistan Limited - Custodian

Custodian fee **505,539** 664,039

##### 10.2 Amounts outstanding as at year end:

###### First Capital Investment Limited - Asset Management Company

Remuneration payable **2,441,083** 2,445,107

###### Central Depository Company of Pakistan Limited - Custodian

Custodian fee payable - 57,325

#### 11 Date of authorization for issue

This condensed interim financial information was authorized for issue on 26 February 2011 by the board of directors of the fund.

#### 12 General

Figures have been rounded off to the nearest rupee.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT IN RELATION TO INVESTMENT ADVISER (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Half year ended		Quarter ended	
	31 December 2010 Rupees	31 December 2009 Rupees	31 December 2010 Rupees	31 December 2009 Rupees
<b>Income</b>				
Investment advisory fee	2,441,083	3,597,001	1,245,227	1,859,433
Unrealized gain on remeasurement of investments at fair value through profit or loss	732,496	508,439	323,160	504,130
	<b>3,173,579</b>	<b>4,105,440</b>	<b>1,568,387</b>	<b>2,363,563</b>
<b>EXPENDITURES</b>				
Operating expenses	6,826,759	2,890,396	3,797,850	1,557,978
Finance cost	17,453	33,102	8,469	19,407
<b>OPERATING PROFIT/ (LOSS)</b>	<b>(3,670,632)</b>	<b>1,181,941</b>	<b>(2,237,931)</b>	<b>786,178</b>
Other income/charges	2,681,062	2,766,771	1,380,926	1,296,446
Share of profit/(loss) from associates	5,513,866	10,751,715	4,714,726	(1,642,520)
<b>PROFIT BEFORE TAXATION</b>	<b>4,524,296</b>	<b>14,700,428</b>	<b>3,857,721</b>	<b>440,104</b>
Taxation	(448,022)	1,175,718	(265,617)	550,628
Share of taxation from associates	417,227	107,762	262,912	83,813
<b>PROFIT AFTER TAXATION</b>	<b>4,555,091</b>	<b>13,416,948</b>	<b>3,860,426</b>	<b>(194,338)</b>
<b>Earnings/(loss) per share- Basic and Diluted</b>	<b>0.44</b>	<b>1.31</b>	<b>0.38</b>	<b>(0.02)</b>

LAHORE

CHIEF EXECUTIVE

DIRECTOR