

First Capital Mutual Fund Limited



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR & QUARTER ENDED**

**DECEMBER 31, 2012
(Un-Audited)**

First Capital Mutual Fund Limited



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

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	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan. Tel: (042) 36623005/6/8 Fax: (042) 36623121-36623122	
Asset Management Company	First Capital Investments Limited 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan.	
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





DIRECTORS' REVIEW

The Directors of First Capital Mutual Fund Limited ("the fund") are pleased to present the half yearly financial statements for the six months period ended 31 December 2012.

Equity Market Review

The calendar year 2012 remained a very eventful year and turned out to be very positive for the equity markets. During the calendar year 2012, KSE 100 index managed to breach 17,000 psychological resistance level however closed at 16,905 points depicted a surge of 22.5% since 30 June 2012. The volumes at KSE also remained robust taking average daily volume to 148.35 million shares since 30 June 2012. The surge in market activity as well as index level was mainly attributed to healthy corporate results, resolution of Capital Gain Tax issue, significant decline in inflation, considerable cut in the discount rate, and foreign buying spree due to attractive valuations.

Simultaneously, the economic situation in 2012 was marked by deteriorating balance of payment, high trade and current account deficits, and steep devaluation of Pak Rupee against US dollar that posed an alarming situation to the economy whereas, a significant increase in workers' remittances, low inflation and declining interest rates remained the key positives of the economy in the outgoing year.

Performance Review

Operating Results

The operating results of the fund for the half year ended 31 December, 2012 are summarized as follows:

All figures in Rs.

	31 December 2012	31 December 2011
Capital gain on listed securities-realized	8,171,440	2,298,896
Unrealized (loss)/gain on revaluation of investments at fair value through profit or loss-net	15,225,296	(16,815,228)
Income on Market Treasury Bills	3,159,775	6,553,393
Dividend income	9,046,519	5,406,947
Income on bank deposits	298,642	774,368
Operating expenses	5,333,081	7,509,955
Profit (Loss) after tax	30,435,657	(9,492,080)
Earnings/(Loss) per share - basic & diluted	1.01	(0.32)

	31 December 2012	30 June 2012
Net assets value ("NAV")- per share	9.63	9.26
KSE-100 Index	16,905.33	13,801.41

The fund reported a net profit of Rs. 30.44 million as against net loss of Rs. 9.5 million in the corresponding period last year. Realized Capital gain tuned in at Rs. 8.2 million, 2.55 times higher YoY as compared to Rs. 2.3



million in the previous period. There is unrealized capital gain of Rs. 15.23 million against unrealized loss of Rs. 16.82 million in the same period last year. During the period under review, the fund recognized return on Treasury bills of Rs. 3.2 million as compared to Rs. 6.5 million in comparable period last year. The dividend income tuned in at Rs. 9.05 million for the period under review as compared to Rs. 5.4 million in the corresponding period last year. The earnings per share of the fund are Rs. 1.01, as compared to loss per share of Rs 0.32.

During the period of six months NAV of the fund has been increased from Rs. 9.26 per share at 30 June 2012 to Rs.9.63 per share at 31 December 2012. The fund has also made payment of dividend of Rs. 0.65 per share during the period which asserted some pressure on NAV. The cum dividend increase in NAV is 11.01% as compared with performance of the benchmark KSE 100 index of 22.5% during the same period. The reason for this under performance was that during the period under review the fund was in a transitional phase due to change in investment policy. During the period under review the fund channelized its major investments around 32% of the total NAV from Treasury Bills to Equity instruments. During the period under review the fund also adopted a conservative approach and invested only in blue chip low risk stocks. The mix of the fund's investments during the period under review is shown below:

	Equity (as % of total assets)	T-Bills and Bank deposits
30 June 2012	56%	44%
30 September 2012	80%	20%
31 December 2012	88%	12%

Moreover, the fund has adopted a "Buy and Hold" policy and avoided the high turnover of the stocks. Moreover, it is important to note that the rally in KSE 100 index benchmark was seen due to the activity in tier-III stocks however, the fund is focused on the investments in blue chip securities to keep its risk profile low. Hence, fund was unable to beat its benchmark.

Future Outlook

The year 2013, being the election year, will be a major eventful year. We expect, the market would trade at attractive multiples (PE:~7.0x) in 2013 provided interest rates remain at prevailing low threshold and is expected to give a total return of 14.5 % where the stock market may see an upside of around 7.0% - 7.5% taking the KSE-100 index to around 18,000 level along with expected 7.5% return in the form of cash dividends. In 2013, macro economic situation is expected to remain in troubled waters especially on balance of payment and currency side. The currency is likely to witness further 8% devaluation however; any receipt of significant funds from US would somewhat stabilize the steep downward trend. The inflation, however, would continue to hover between 9.0% and 7.0% and consequently, the policy makers would resort to keep the discount rate between 10.5% and 8.5% while maintaining a conservative approach. The low interest rates scenario would keep equity market attractive for investors with higher equity valuations. We also expect to see improved foreign investors' interest in Pakistani capital markets as KSE-100 index outperforms other indices in the region in 2012 and there would be better hopes from the newly elected government to focus on economic growth, while Pak-US ties are also likely to remain stable in the election year. The Elections and the formation of new democratically elected government would remain the main game of the year 2013. We may see another coalition government with many new faces taking control of the government offices. Overall, a stable government is expected to turn out to be a big positive trigger for stock market as the new govt. is expected to focus on improving the economic situation and raise governance standards.

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, 2012 by Pakistan Credit Rating Agency Limited (PACRA) in the category of closed end equity funds.



Conversion of Fund in to Open End

Sub regulation 65 of NBFC and notified entities regulation 2008 required an Asset Management Company to seek approval from shareholders of Investment Company, either to convert into an open end scheme or wind up the investment company. An extra-ordinary general meeting of the shareholders of FCMF was convened on 31 January 2013, where the shareholders unanimously approved the conversion of fund in to an open end scheme. An application has been submitted to Securities and Exchange Commission of Pakistan for approval of scheme of conversion. The Asset Management Company has also filed an application to Securities and Exchange Commission for grant of licensee to manage an Open-End fund.

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 2012 give a true and fair view of the fund.

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 23, 2013

Aamna Taseer
Chairman

Shahzad Jawahar
Chief Executive Officer

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Capital Mutual Fund Limited** (the Fund) as at December 31, 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in shareholders' fund - per share, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year ended December 31, 2012. The Management Company (First Capital Investments Limited) 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. The figures of the condensed interim financial information for the quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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 condensed 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 condensed interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We also draw attention to note 5 to the accompanying condensed interim financial information 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 conclusion is not qualified in respect of this matter.

Place : Lahore
Date : February 23, 2013

A. F. FERGUSON & COMPANY
CHARTERED ACCOUNTANTS
(MUHAMMAD MASOOD)

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CONDENSED INTERIM STATEMENT OF ASSETS & LIABILITIES
AS AT DECEMBER 31, 2012

	Note	(Un-Audited)	(Audited)
		December 31, 2012 Rupees	June 30, 2012 Rupees
Assets			
Current assets			
Bank balances		3,869,673	5,655,579
Investments at fair value through profit or loss	4	290,657,453	280,234,052
Receivable against sale of investments		169,906	12,322
Dividend, prepayments and other receivables		274,582	187,507
		<u>294,971,614</u>	<u>286,089,460</u>
Non-current assets			
Long-term deposit		137,500	137,500
TOTAL ASSETS		<u>295,109,114</u>	<u>286,226,960</u>
LIABILITIES			
Current liabilities			
Due to management company - an associated company		2,768,691	5,296,607
Payable against purchase of investments		-	16,514
Accrued expenses and other liabilities		451,462	721,629
Unclaimed dividend		3,135,754	1,784,244
Income tax payable		18,119	608,535
		<u>6,374,026</u>	<u>8,427,529</u>
NET ASSETS		<u>288,735,088</u>	<u>277,799,431</u>
SHARE HOLDER'S EQUITY			
Authorized capital			
35,000,000 (June 30, 2012: 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, 2012: 30,000,000) ordinary shares of Rs 10 each		300,000,000	300,000,000
Accumulated loss		(11,264,912)	(22,200,569)
		<u>288,735,088</u>	<u>277,799,431</u>
Contingencies and commitments	5	-	-
		<u>288,735,088</u>	<u>277,799,431</u>
Net assets value per share		<u>9.63</u>	<u>9.26</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Note	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	Rupees		Rupees	
Income				
Capital gain/(loss) on sale of investments - net	8,171,440	2,298,896	6,709,916	(1,477,869)
Unrealized gain/(loss) on re-measurement of investments at fair value through profit and loss - net	4.3	15,225,296	(16,815,228)	2,020,088
Income on market treasury bills	3,159,775	6,553,393	1,268,198	3,085,639
Income on bank deposits	298,642	774,368	147,383	558,272
Dividend income	9,046,519	5,406,947	4,535,180	1,983,191
Liabilities written back	37,491	-	37,491	-
	<u>35,939,163</u>	<u>(1,781,624)</u>	<u>14,718,256</u>	<u>(14,612,426)</u>
Operating expenses				
Remuneration to management company	2,872,849	2,576,017	1,188,231	1,277,980
Sales tax on remuneration to management company	459,655	-	459,655	-
Fee to custodian - Central Depository Company of Pakistan Limited (CDC)	196,358	915,640	45,881	660,450
Auditors' remuneration	277,328	175,000	277,328	175,000
Fees and subscription	292,238	203,722	69,423	21,422
Legal and professional charges	256,870	204,667	138,095	86,667
Securities transaction cost	280,408	2,993,191	75,528	1,519,034
Printing and postage	537,484	365,800	537,484	365,800
Travelling expenses	113,187	-	70,223	-
Bank charges	19,195	75,918	7,819	8,135
Advances written off	65,000	-	65,000	-
	<u>5,370,572</u>	<u>7,509,955</u>	<u>2,934,667</u>	<u>4,114,488</u>
Income / (loss) before taxation	<u>30,568,591</u>	<u>(9,291,579)</u>	<u>11,783,589</u>	<u>(18,726,914)</u>
Taxation	(132,934)	(200,501)	263,001	374,060
Income / (loss) after taxation	<u>30,435,657</u>	<u>(9,492,080)</u>	<u>12,046,590</u>	<u>(18,352,854)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>30,435,657</u>	<u>(9,492,080)</u>	<u>12,046,590</u>	<u>(18,352,854)</u>
Earnings / (loss) per share	<u>1.01</u>	<u>(0.32)</u>	<u>0.40</u>	<u>(0.61)</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	Share capital	Accumulated loss Rupees	Total Rupees
Balance as at September 30, 2011	300,000,000	(33,920,559)	266,079,441
Total comprehensive loss for the quarter ended December 31, 2011	-	(18,352,854)	(18,352,854)
Balance as at December 31, 2011	<u>300,000,000</u>	<u>(52,273,413)</u>	<u>247,726,587</u>
Balance as at June 30, 2011	300,000,000	(42,781,333)	257,218,667
Total comprehensive loss for the half year ended December 31, 2011	-	(9,492,080)	(9,492,080)
Balance as at December 31, 2011	<u>300,000,000</u>	<u>(52,273,413)</u>	<u>247,726,587</u>
Balance as at September 30, 2012	300,000,000	(23,311,502)	276,688,498
Total comprehensive income for the quarter ended December 31, 2012	-	12,046,590	12,046,590
Balance as at December 31, 2012	<u>300,000,000</u>	<u>(11,264,912)</u>	<u>288,735,088</u>
Balance as at June 30, 2012	300,000,000	(22,200,569)	277,799,431
Total comprehensive income for the half year ended December 31, 2012	-	30,435,657	30,435,657
Final dividend for the year ended June 30, 2012 @ 6.5%	-	(19,500,000)	(19,500,000)
Balance as at December 31, 2012	<u>300,000,000</u>	<u>(11,264,912)</u>	<u>288,735,088</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR-



**CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	Rupees		Rupees	
Cash flows from operating activities				
Net income / (loss) before taxation	30,568,591	(9,291,579)	11,783,589	(18,726,914)
Adjustment for non-cash and other items:				
- Capital gain on sale of investments - net	(8,171,440)	(2,298,896)	(8,171,440)	(2,298,896)
- Unrealized (gain)/loss on re-measurement of investments at fair value through profit and loss - net	(15,225,296)	16,815,228	(2,020,088)	18,761,659
- Income on market treasury bills	(3,159,775)	(6,553,393)	(3,159,775)	(6,553,393)
- Dividend income	(9,046,519)	(5,406,947)	(4,535,180)	(1,983,191)
- Liabilities written back	(37,491)	-	(37,491)	-
- Remuneration to management company	3,332,504	2,576,017	1,647,886	1,277,980
- Advances written off	65,000	-	65,000	-
Operating cash flows before working capital changes	(1,674,426)	(4,159,570)	(4,427,499)	(9,522,755)
Decrease / (increase) in assets				
Investments at fair value through profit and loss	16,133,110	1,482,469	2,551,263	21,960,796
Receivable against sale of investments and other receivables	(386,671)	(6,158,758)	(148,334)	4,304,424
	15,746,439	(4,676,289)	2,402,929	26,265,220
(Decrease) / increase in liabilities				
Payable against purchase of investments and other liabilities	(249,190)	(244,761)	596,609	2,763,775
Cash generated from / (used) in operations	13,822,823	(9,080,620)	(1,427,961)	19,506,240
Remuneration paid to management company	(5,860,420)	(5,008,853)	(563,813)	(5,008,853)
Taxes paid	(776,088)	(2,090,923)	(776,088)	(1,926,053)
Dividend received	9,176,269	5,569,561	7,949,719	2,419,926
Net cash inflow / (outflow) from operations	16,362,584	(10,610,835)	5,181,857	14,991,260
Cash flows from financing activities				
Dividend paid	(18,148,490)	-	(18,148,490)	-
Net cash used in financing activities	(18,148,490)	-	(18,148,490)	-
Net (decrease)/increase in cash and cash equivalents	(1,785,906)	(10,610,835)	(12,966,663)	14,991,260
Cash and cash equivalents at the beginning of the period	5,655,579	36,186,688	16,836,306	10,584,593
Cash and cash equivalents at the end of the period	<u>3,869,673</u>	<u>25,575,853</u>	<u>3,869,673</u>	<u>25,575,853</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM DISTRIBUTION STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	Rupees		Rupees	
Accumulated loss brought forward				
Realized loss	(37,863,909)	(63,937,612)	(52,180,050)	(57,023,269)
Unrealized income	15,663,340	21,156,279	28,868,548	23,102,710
	<u>(22,200,569)</u>	<u>(42,781,333)</u>	<u>(23,311,502)</u>	<u>(33,920,559)</u>
Less: Final cash dividend for the year ended June 30, 2012 @ 6.5% (June 30, 2011: Nil)	(19,500,000)	-	-	-
Net income / (loss) for the period	30,435,657	(9,492,080)	12,046,590	(18,352,854)
Accumulated loss carried forward	<u>(11,264,912)</u>	<u>(52,273,413)</u>	<u>(11,264,912)</u>	<u>(52,273,413)</u>
Accumulated loss comprises of:				
Realized loss	(42,153,548)	(56,614,464)	(42,153,548)	(56,614,464)
Unrealized income	30,888,636	4,341,051	30,888,636	4,341,051
	<u>(11,264,912)</u>	<u>(52,273,413)</u>	<u>(11,264,912)</u>	<u>(52,273,413)</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
EQUITY AND RESERVES - PER SHARE (UN-AUDITED)**
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	Rupees		Rupees	
Net assets value per share at the beginning of the period	9.26	8.57	9.22	8.87
Movement in net assets value per share from operating activities				
Capital gain/(loss) on sale of investments - net	0.27	0.08	0.22	(0.05)
Unrealized gain/(loss) of re-measurement of investments at fair value through profit or loss - net	0.51	(0.56)	0.07	(0.62)
Income on market treasury bills	0.11	0.22	0.05	0.10
Dividend income	0.30	0.18	0.15	0.07
Other operating income	0.01	0.02	0.01	0.02
Operating expenses	(0.18)	(0.25)	(0.09)	(0.13)
Net increase / (decrease) in net assets value per share from operating activities	1.02	(0.32)	0.41	(0.61)
Movement in net assets value per share from financing activities				
Final cash dividend for the year ended June 30, 2012 @ 6.5% (June 30, 2011: Nil)	(0.65)	-	-	-
Net assets value per share at the end of the period	<u>9.63</u>	<u>8.26</u>	<u>9.63</u>	<u>8.26</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore-Cantt., 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 NBFC Regulations). 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 (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 MFR at "2 Star", while short term MFR has been assigned at "3 Star" by PACRA.

In accordance with Regulation 65(1) of the NBFC Regulations, 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 NBFC Regulations, and the NBFC Rules. Accordingly, a meeting of the shareholders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the shareholders present in the meeting who were entitled to vote. In this regard, a formal application in due course shall be made by the Management Company to the Securities and Exchange Commission of Pakistan under Regulation 65(3) of the NBFC Regulations for SECP's final approval for conversion of the Fund into an open-end scheme. Since the Management Company believes that the conversion will be approved by the SECP, this condensed interim financial information has been prepared on a 'going concern' basis.



2. Statement of compliance

This condensed interim financial information have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), directives issued by the SECP and 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, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2012.

This condensed interim financial information is unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Directors of the Fund declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2012.

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of annual published financial statements of the fund for the year ended June 30, 2012.

4. Investments at fair value through profit and loss account

		<u>December 31, 2012</u>	<u>June 30, 2012</u>
		(Rupees)	(Rupees)
- Listed equity securities	- note 4.1	260,970,625	159,445,629
- Market treasury bills	- note 4.2	29,686,828	120,788,423
		<u>290,657,453</u>	<u>280,234,052</u>



4.1 Listed equity securities - at fair value through profit and loss

Name of the Investee Company	Number of shares		Balance as at December 31, 2012		Percentage in relation to		
	As at July 01, 2012	Purchases during the period	Carrying Value	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 %
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise							
Oil and Gas Companies and Refineries							
Attock Refinery Limited	1,500	3,500	3,572,472	3,175,500	(996,972)	1.10	0.02
National Refinery Limited	16,163	5,000	16,163	16,163	0	0.04	0.00
Oil and Gas Development Company Limited	67,000	8,000	67,000	67,000	0	0.19	0.00
Pakistan State Oil Company Limited	29,000	42,500	16,867,843	19,041,220	2,173,377	6.59	0.04
Pakistan Oilfields Limited	38,000	25,000	11,190,288	24,864,700	13,674,412	8.33	0.02
Pakistan Petroleum Limited	15,098	41,791	13,125	11,837,000	1,723,875	4.29	0.00
	194,241	138,594	23,825	63,012,859	6,899,200	22.91	0.08
Chemicals							
AgriTech Limited	40,000	-	94,050	87,525	(6,525)	0.03	0.00
Alco Nobel Pakistan Limited	-	19,346	1,608,186	1,673,622	(64,436)	0.58	0.04
Air Habib Corporation Limited	95,000	-	2,938,352	2,500,540	(437,812)	0.87	0.02
Clariant Pakistan Limited	-	7,200	1,643,235	1,650,040	6,805	0.64	0.02
Engro Corporation Limited	60,000	7,200	6,600	1,629,400	1,622,800	2.71	0.02
Fertilizer Company Limited	167,000	20,000	1,670,000	1,629,400	(40,600)	4.93	0.02
Fuji Fertilizer Company Limited	33,000	-	22,333,160	23,428,000	1,094,840	8.11	0.02
Fujira Fertilizer Company Limited	88,000	2,000	2,454,200	2,840,000	385,800	0.91	0.00
ICI Pakistan Limited	10,000	8,912	1,223,639	1,406,423	182,784	0.49	0.00
Loite Pakistan PTA Limited	10,000	10,000	73,000	500	(72,500)	0.03	0.00
	480,400	124,146	42,503,830	42,669,730	165,900	14.77	0.12
Construction and Materials							
Alcock Cement Pakistan Limited	-	69,500	4,152,888	3,992,400	(160,488)	1.38	0.04
D.G.Road Cement Company Limited	40,000	70,400	1,323,827	1,396,332	62,705	0.48	0.01
Fajri Cement Company Limited	-	150,000	909,045	981,000	71,955	0.34	0.01
Lucky Cement Company Limited	40,000	375,900	12,478,549	14,396,300	1,917,651	4.99	0.03
	40,000	375,900	18,864,209	20,756,032	1,891,823	7.19	0.09
Pharmaceutical and Biotech							
Schering Plough Pakistan Limited	-	10,000	684,472	733,300	68,828	0.25	0.00
Highnoon Laboratories Limited	-	10,000	391,850	475,000	83,150	0.16	0.00
	-	20,000	1,076,322	1,208,300	151,978	0.41	0.06
Industrial Engineering							
Al-Ghaz Tractors Limited	-	5,400	1,165,870	1,287,282	121,412	0.45	0.01
(Ordinary shares of Rs 5 each)	-	4,400	7,424,000	6,640,000	(784,000)	6.00	0.44
Milist Tractors Limited	-	19,400	6,465,131	9,191,092	2,725,961	3.19	0.05
	-	19,400	13,889,131	15,831,374	1,942,243	0.16	0.01
Automobile and Parts							
Indus Motor Company Limited	-	17,300	4,699,090	4,671,000	(28,090)	1.62	0.02
Pak Suzuki Motor Company Limited	-	15,000	1,441,848	1,314,600	(127,248)	0.46	0.02
	-	32,300	6,140,938	5,985,600	(155,338)	2.08	0.04



Name of the Investee Company	Number of shares		Balance as at December 31, 2012		Percentage in relation to		
	As at July 01, 2012	Purchases during the period	Carrying Value	Market Value	Gain / (loss)	Net assets of the company (with market value of investments)	Paid up capital of investee company (with face value of investments)
Personal Goods							
Gadon Textiles Mills Limited	11,090	-	693,306	946,773	253,467	0.33	0.03
Ibrahim Fibres Limited	50,000	115,000	496,506	481,500	(15,006)	0.17	0.00
Nihari Mills Limited	61,090	135,000	6,650,078	7,174,773	524,695	1.89	0.03
	-	-	86,000	108,090	22,090	2.49	0.06
Fixed Line Telecommunication							
Pakistan Telecommunication Company Limited	250,000	175,000	4,982,010	5,295,000	222,990	1.80	0.01
WorldCall Telecom Limited	300,000	175,000	102,500	126,500	24,000	0.04	0.01
	-	-	5,084,510	5,331,500	246,990	1.84	0.02
Electricity							
Hus Power Company Limited	476,000	250,000	20,719,661	21,524,240	814,579	7.46	0.04
Kot Addu Power Company Limited	44,000	-	104,500	4,753,893	4,649,393	1.79	0.01
Nishat Chuanan Power Limited	-	50,000	2,097,779	1,260,642	(837,137)	0.44	0.02
Nishat Power Limited	-	80,000	1,314,000	1,560,000	246,000	0.54	0.08
Pak Gen Power Limited	351,000	440,000	5,247,069	6,248,880	1,001,811	2.16	0.02
	871,000	940,502	33,132,402	35,765,017	2,632,615	12.39	0.17
Gas Water and Multipulities							
Sui Northern Gas Pipelines Limited	-	10,000	96,260	116,250	20,000	0.04	0.00
Sui Southern Gas Company Limited	-	20,000	202,475	205,100	2,625	0.07	0.00
	-	20,000	298,735	321,350	22,625	0.11	0.01
Commercial Banks							
Allied Bank Limited	28,500	-	1,957,469	2,167,955	210,486	0.75	0.00
Bank Alfalah Limited	67,500	70,000	1,677,889	1,684,475	6,586	0.01	0.00
Bank Al-Habib Limited	57,500	-	1,637,025	1,824,475	187,450	0.63	0.00
Bank of Punjab Limited	673,148	352	7,840,121	7,711,970	(128,151)	2.87	0.03
Bank of Punjab Limited	-	30,000	254,601	321,000	66,399	0.11	0.01
Faysal Bank Limited	53,697	6,312	599,999	638,969	46,770	0.22	0.01
MCB Bank Limited	3,200	10,000	1,842,325	2,097,600	255,275	0.73	0.00
National Bank of Pakistan	110,000	90,000	8,958,160	9,878,000	919,840	3.42	0.01
United Bank Limited	83,900	26,500	7,904,271	8,400,468	496,197	2.91	0.01
	995,248	310,089	32,769,692	35,106,857	2,337,165	12.16	0.09
Non Life Insurance							
Adams Insurance Company Limited	8,500	23,500	778,573	851,750	73,177	0.29	0.01
Shaheen Insurance Company Limited	2,062,318	22,000	18,362,862	21,504,952	3,142,090	6.80	0.04
	2,070,818	23,500	19,141,435	22,356,702	3,215,267	7.74	0.05
	128,395	-	11,962,957	7,541,922	(4,421,035)	2.61	0.12
	128,395	-	11,962,957	7,541,922	(4,421,035)	2.61	0.12
Equity Investment Instrument							
Alpha Steel Mills Limited	9,500	9,500	95,000	95,380	380	0.03	0.00
	9,500	9,500	95,000	95,380	380	0.03	0.00
Beverages							
Engro Foods Limited	-	35,000	1,906,450	2,453,500	547,050	0.85	0.00
	-	35,000	1,906,450	2,453,500	547,050	0.85	0.00
	5,110,872	2,357,241	245,746,329	260,979,625	15,233,296		
Total - December 31, 2012			164,938,567	159,445,629	(5,492,939)		

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

4.2 Market treasury bills

Date of issue	Term	Face value	Cost		Market value		Percentage in relation to			
			As at July 01, 2012	Purchases during the period	Sales during the period	As at Dec 31, 2012	As at December 31, 2012	Market value as percentage of net assets	Market value as percentage of total investments	Effective rate of return
19-Apr-12	3 Months	15,900,000	15,477,060	-	15,477,060	-	-	-	-	-
3-May-12	3 Months	24,660,000	24,004,044	-	24,004,044	-	-	-	-	-
17-May-12	3 Months	26,200,000	25,593,080	-	25,593,080	-	-	-	-	-
31-May-12	3 Months	9,450,000	9,198,630	-	9,198,630	-	-	-	-	-
14-Jun-12	3 Months	21,100,000	20,538,740	-	20,538,740	-	-	-	-	-
28-Jun-12	3 Months	25,370,000	24,692,621	-	24,692,621	-	-	-	-	-
26-Jul-12	3 Months	20,900,000	17,406,180	-	17,406,180	-	-	-	-	-
20-Sep-12	3 Months	10,500,000	10,257,450	-	10,257,450	-	-	-	-	-
18-Oct-12	3 Months	10,000,000	9,783,000	-	9,783,000	-	9,783,000	9,976,003	0.03	9.53
29-Nov-12	3 Months	10,000,000	9,791,000	-	9,791,000	-	9,791,000	9,872,710	0.03	9.18
13-Dec-12	3 Months	10,000,000	9,791,000	-	9,791,000	-	9,791,000	9,838,115	0.03	9.18
Total - December 31, 2012			119,414,175	66,798,630	156,847,805	29,365,000	29,686,828			
Total - June 30, 2012						119,414,175	120,788,423			

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First Capital Mutual Fund Limited



4.3 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - net

Note	Half year ended	
	December 31 (Unaudited) 2012	December 31 (Unaudited) 2011
4.1 - Listed equity securities	15,225,296	(16,792,716)
4.2 - Market treasury bills	-	(22,512)
	<u>15,225,296</u>	<u>(16,815,228)</u>

5. 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 this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, a clarification was 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. However, on December 14, 2010 the Ministry filed its response against the constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

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 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. 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 December 31, 2012 amounted to Rs 4.713 billion (including Rs 0.608 million for the current period (June 30, 2012 : Rs.4.105 billion)).

6. Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders. The Fund has not recorded a provision for taxation in respect of income relating to the current period as the Fund intends to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its shareholders.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

7. Transactions with connected persons

Connected persons include First Capital Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the Custodian, First Capital Securities Corporation Limited being the holding company of the Management Company, Al-Hoqani Securities & Investment Corporation (Pvt.) Limited and First Capital Equities Limited being the beneficial owner of more than ten percent capital of the Fund and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at agreed rates and terms.

Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations.

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First Capital Mutual Fund Limited





Details of the transactions carried out by the Fund with connected persons and balances with them as at the end of the period are as follows:

	Unaudited Half year ended December 31,	
	2012 Rupees	2011 Rupees
7.1 Transactions during the period:		
First Capital Investments Limited - Management Company		
Remuneration for the period	<u>2,872,849</u>	<u>2,576,017</u>
Sales tax on remuneration for the period	<u>459,655</u>	<u>-</u>
Al-Hoqani Securities & Investment Corporation (Pvt.) Limited		
Purchase of investments	<u>-</u>	<u>7,818,908</u>
Sale of investments	<u>-</u>	<u>13,268,440</u>
First Capital Equities Limited		
Purchase of investments	<u>15,899,392</u>	<u>-</u>
Sale of investments	<u>4,810,970</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Custodian		
Custodian fee	<u>162,608</u>	<u>881,890</u>
Annual fee	<u>33,750</u>	<u>33,750</u>
7.2 Balances outstanding at the period / year end:		
First Capital Investments Limited - Management Company		
Remuneration payable	<u>2,768,691</u>	<u>5,296,607</u>
Shares in issue (No. of shares: December 31, 2012: 6,962,380; June 30, 2012: 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>16</u>
Shares in issue (No. of shares: December 31, 2012: 6,000,000; June 30, 2012: 6,000,000)	<u>60,000,000</u>	<u>60,000,000</u>



	Unaudited Half year ended December 31,	
	2012 Rupees	2011 Rupees
First Capital Equities Limited		
Shares in issue (No. of shares: December 31, 2012: 3,735,330; June 30, 2012: 3,735,330)	<u>37,353,300</u>	<u>37,353,300</u>
Investment in listed equity securities (No. of shares: December 31, 2012: 128,395; June 30, 2012: 128,395)	<u>7,541,922</u>	<u>11,362,957</u>
Central Depository Company of Pakistan Limited - Custodian		
Custodian fee payable	<u>18,103</u>	<u>24,040</u>
Prepaid annual fee	<u>33,750</u>	<u>33,750</u>
Long term deposit	<u>137,500</u>	<u>137,500</u>
8. Date of authorization for issue		
This condensed interim financial information have been authorized for issue on February 23, 2013 by the Board of Directors of the fund.		
9. General		
Corresponding figures have been re-arranged wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.		



**CONDENSED INTERIM INCOME AND EXPENDITURE
IN RELATION TO MANAGEMENT COMPANY (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	Half year ended		Quarter ended	
	31 December 2012 Rupees	31 December 2011 Rupees	31 December 2012 Rupees	31 December 2011 Rupees
Income				
Asset management fee	2,872,849	2,576,016	1,419,165	1,277,979
Unrealized (loss)/gain on remeasurement of investments at fair value through profit or loss	672,173	353,322	(206,822)	323,322
	3,545,022	2,929,338	1,212,343	1,601,301
EXPENDITURE				
Operating expenses	6,439,907	6,114,187	3,215,688	3,266,332
Finance cost	4,092	2,448	1,662	882
OPERATING Loss	(2,898,977)	(3,187,297)	(2,005,007)	(1,665,913)
Other income / charges	627,569	59,378	584,475	49,463
Share of Profit/ (loss) from associates	6,706,750	(2,022,932)	2,680,044	(4,077,161)
Dividend Income	280,072	-	-	-
PROFIT BEFORE TAXATION	4,715,414	(5,150,851)	1,259,512	(5,693,611)
Taxation	(14,520)	20,831	-	90,772
Share of taxation from associates	(29,167)	(43,652)	(29,167)	81,440
PROFIT AFTER TAXATION	4,671,727	(5,173,672)	1,230,345	(5,521,399)
Earnings per share- Basic and Diluted	0.41	(0.46)	0.11	(0.49)

