

First Capital Mutual Fund Limited



**CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED**

**SEPTEMBER 30, 2009
(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	Salmaan Taseer (Chairman) Syed Kashan Kazmi (CEO) Omer Subhan Salamat Muhammad Naveed Tariq Mahmood Ali Athar Suhail Ahmad * Ahmad Bilal
Chief Financial Officer	Muhammad Usman Sheikh
Audit Committee	Ahmad Bilal (Chairman) Muhammad Naveed Tariq Suhail Ahmad
Company Secretary	Shahzad Jawahar
Investment Committee	Syed Kashan Kazmi Omer Subhan Salamat Pardeep Kumar
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Mazhar Law Associates Advocates & Solicitors
Custodian	Central Depository Company of Pakistan Limited ("CDC")
Asset Management Company	First Capital Investments Limited 103-C/II, Gulberg-III, Lahore
Registered Office & Head Office	103-C/II, Gulberg-III Lahore, Pakistan Tel: +92 42 35757591-4 Fax: +92 42 35757590, 35877920
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi Tel: + 92 21 111-000-322

* Mr. Suhail Ahmed appointed as director by the Board of the fund subject to approval of SECP.





DIRECTORS' REVIEW

The Directors of First Capital Mutual Fund Limited ("the fund") are pleased to present the quarterly financial statements for the period ended September 30, 2009.

Performance & Market Review

Operating Results

The operating results for the first quarter ended September 30, 2009 are summarized as follows:

All figures in Rs.

	September 30, 2009	September 30, 2008
Capital gain/(loss) on sale of investments -net	38,401,745	(23,095,875)
Unrealized gain/(loss) on revaluation of investments at fair value through profit or loss -net	18,869,901	(78,336,417)
Dividend income	2,321,681	2,630,933
Other income	314,644	433,088
Operating expenses	2,979,705	1,853,649
Total Comprehensive income/(loss)	56,818,266	(100,373,501)
Earnings per share	1.89	(3.35)
	September 30, 2009	June 30, 2009
Net assets value per share	8.67	6.78
KSE-100 Index	9,349.68	7,162.18

During the first quarter of FY 2009-10, the fund has earned a net profit of Rs. 56.82 million against the net loss of Rs. 100.37 million in the corresponding period last year. Unrealized capital gain stood at Rs. 18.87 million against unrealized loss of Rs. 78.34 million in the same period last year. All has happened due to the buoyant performance of the KSE 100 index, which showed the positive return of 30.54% comparable to the negative return of 25.03% in the corresponding period of the last year. In tandem, your fund has posted a healthy return of 27.88%, which enables it to show the positives bottom line.

NAV has increased by 27.88% during the period from Rs. 6.78 per share at 30 June 2009 to Rs.8.67 per share at 30 September 2009; the performance of the fund was aligned with the market trend.

After insipid bout, the market started to rebound in the month of July by showing the positive 7.8% return amid at the successful talks with IMF for release of the IMF trenches, expected cut in discount rate & gradual increase of net foreign portfolio investment. The euphoria continued as the August, & September 2009 ended with the 12.4% & 8% Month on Month return The stellar performance was underpinned by exuberant foreign inflows, combined with the announcement of 100 bps cut in discount rate, additional funding of IMF, up gradation of credit rating, and expected introduction of leverage product in the equity market. The better results of security operation & expected solution of energy crisis has added value in the vibrancy of market.



Future Outlook

After a turbulent year FY 2009, the turnaround in our economy is underway as all its major macro indicators are heading towards greater stability. The inflation for the month of September increased by 10.12% a persistent declined trend, providing a cushion for further easing of monetary policy. The buoyant foreign inflows in lucrative sectors, the expected introduction of the leverage product, & favorable economic indicators will improve the investor confidence & provide the liquidity in the market. The possible inclusion of the KSE to MSCI emerging market index from the MSCI frontier markets will bolster the outlook of the market. Almost all the developed and emerging markets of the world have been recovering from the worst ever recession since 1930, & KSE is the one of the best performer among them. We reckon the trend will persist in future. The market is trading at 7.8 x PE & 50% regional discount which make it one of the cheapest in the region comparable to its peers. A number of above mentioned triggers exists which may drive the KSE, where in your fund is well positioned to capitalize the future opportunities.

We are fairly exposed to the defensive sectors for protecting our portfolio from any adversity & to the cyclical sectors for capitalizing the growth perspective. We will continue the existing strategy with a cautious stance to get the maximum return for our valued shareholders.

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 quarter ended 30 September 2009 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.

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
October 22, 2009

Syed Kashan Kazmi
Chief Executive Officer



CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Note	(Un-Audited) September 30, 2009 Rupees	(Audited) June 30, 2009 Rupees
Assets			
Non current asset			
Long term deposit		137,500	137,500
Current assets			
Investments at fair value through profit or loss	4	213,622,159	195,889,882
Dividend and other receivables		12,317,769	6,276,443
Bank balances		43,910,896	7,954,436
Total assets		269,988,324	210,258,261
Liabilities			
Current liabilities			
Payable to Asset Management Company - an associated company		1,191,284	4,144,100
Trade and other payables		7,995,434	2,240,821
Provision for taxation		677,559	567,559
Total liabilities		9,864,277	6,952,480
Net assets		260,124,047	203,305,781
Share capital and reserves			
Authorized share capital 35,000,000 (2009: 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		(39,875,953)	(96,694,219)
Contingencies and commitments	5	-	-
		260,124,047	203,305,781
Net assets value per share		8.67	6.78

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

LAHORE: October 22, 2009

CHIEF EXECUTIVE

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DIRECTOR



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Note	Jul-Sept 2009 Rupees	Jul-Sept 2008 Rupees
Income			
Capital gain/(loss) on sale of investments -net		38,401,745	(23,095,875)
Dividend income		2,321,681	2,630,933
Profit on bank deposits		314,644	433,088
		41,038,070	(20,031,854)
Unrealized gain/(loss) on revaluation of investments at fair value through profit or loss -net	4	18,869,901	(78,336,417)
		59,907,971	(98,368,271)
Operating expenses			
Remuneration to Asset Management Company	6	1,191,284	1,249,898
Securities transaction cost		1,215,404	257,277
Fee and subscription		124,086	317,529
Custodian fee		325,603	28,945
Legal and professional charges		100,000	-
Bank charges		23,328	-
		2,979,705	1,853,649
Profit/(loss) before taxation		56,928,266	(100,221,920)
Provision for taxation			
- Taxation		110,000	151,581
Total Comprehensive income/(loss)		56,818,266	(100,373,501)
Earnings/(loss) per share - basic & diluted		1.89	(3.35)

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

LAHORE: October 22, 2009

CHIEF EXECUTIVE

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DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

Note	Jul-Sept 2009 Rupees	Jul-Sept 2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	56,928,266	(100,221,920)
Adjustment for:		
Dividend income	(2,321,681)	(2,630,933)
Remuneration to Asset Management Company	1,191,284	1,249,898
Unrealized gain/(loss) on revaluation of investments at fair value through profit or loss -net	(18,869,901)	78,336,417
	<u>(20,000,298)</u>	<u>76,955,382</u>
Operating profit/(loss) before working capital changes	36,927,968	(23,266,538)
(Increase)/decrease in current assets		
Investments in listed securities	1,137,624	38,407,525
Dividend and other receivables	(6,022,500)	68,764
	<u>(4,884,876)</u>	<u>38,476,289</u>
Increase/(decrease) in current liabilities		
Trade and other payables	5,754,613	(525,303)
	<u>5,754,613</u>	<u>(525,303)</u>
Cash generated from operations	37,797,705	14,684,448
Paid remuneration to Asset Management Company	(4,144,100)	-
Tax Paid	(40,823)	(55,105)
Dividend Received	2,343,678	3,523,408
Net cash generated from operating activities	35,956,460	18,152,751
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,956,460	18,152,751
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,954,436	8,752,079
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	43,910,896	26,904,830

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

LAHORE: October 22, 2009

CHIEF EXECUTIVE

DIRECTOR

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CONDENSED INTERIM DISTRIBUTION STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Jul-Sept 2009 Rupees	Jul-Sept 2008 Rupees
Undistributed income brought forward	(96,694,219)	37,604,653
Total Comprehensive income/(loss) for the period	56,818,266	(100,373,501)
Undistributed income carried forward	<u>(39,875,953)</u>	<u>(62,768,848)</u>

The annexed notes 1 to 9 form an integral part of this interim financial statements.

LAHORE: October 22, 2009

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Issued, subscribed and fully paid up Share capital Rupees	Accumulated (loss)/un-appropriated profit Rupees	Total Rupees
Balance as at June 30, 2008	300,000,000	37,604,653	380,280,534
Total Comprehensive loss for the period ended September 30, 2008	-	(100,373,501)	(100,373,501)
Balance as at September, 2008	<u>300,000,000</u>	<u>(62,768,848)</u>	<u>279,907,033</u>
Balance as at June 30, 2009	300,000,000	(96,694,219)	203,305,781
Total Comprehensive income for the period ended September 30, 2009	-	56,818,266	56,818,266
Balance as at September 30, 2009	<u>300,000,000</u>	<u>(39,875,953)</u>	<u>260,124,047</u>

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

LAHORE: October 22, 2009

CHIEF EXECUTIVE

DIRECTOR

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN RESERVES - PER SHARE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Jul-Sept 2009	Jul-Sept 2008
	Rupees	Rupees
Net assets per share as at July 01	6.78	11.25
Net loss from transactions in listed securities	1.28	(0.77)
Unrealized loss on listed securities	0.63	(2.61)
Net profit for the period excluding net loss from sale of listed securities and unrealized loss on listed securities	(0.02)	0.04
Net loss for the period - per share	1.89	(3.34)
Net assets per share as at September, 30	8.67	7.91

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



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

1 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 Fund is registered as Notified Entity under the Non Banking Finance Companies and Notified Entities Regulations, 2008. SECP at the time of registration as notified entity vide its letter No. NBFC/FM-RS/FMCFL/2009/807 dated 27 August 2009 specified the condition that the Fund to ensure to meet the minimum equity requirement of Rs. 250 million latest by March 2010. 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. FCIL is duly licensed under the NBFC Rules to provide asset management services to closed end funds only.

FCIL has been assigned rating of "AM4+" 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.

2 The condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and as required under Regulation 52 of the NBFC and Notified Entities Regulations, 2008 (NBFC Regulations) and Listing Regulations of Karachi and Lahore Stock Exchanges.

3 Accounting policies adopted for the preparation of these condensed financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2009. Revised International Accounting Standard (IAS) 1 " Presentation of Financial Statements" which is applicable for accounting years beginning on or after January 01, 2009, requires 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

Since, there is no other comprehensive income, the company preferred to present single statement for profit and loss and profit after tax represent total comprehensive income of the fund.



5 Contingencies and commitments

These are same as reported in the annual financial statements of the Fund for the year ended June 30, 2009.

	<u>Jul-Sept 2009</u> Rupees	<u>Jul-Sept 2008</u> Rupees
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6 Remuneration to the investment adviser

Average annual net assets after charging remuneration of Investment Adviser and annual fee to SECP

	<u>238,256,894</u>	<u>249,979,588</u>
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Remuneration @ 2% of annual average net assets

	<u>1,191,284</u>	<u>1,249,898</u>
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7 Transactions with related parties and connected persons

The transactions with related parties and connected persons are as follows:

**First Capital Investments Limited -
Asset management Company**

Remuneration to Asset Management Company

	<u>1,191,284</u>	1,249,898
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**Central Depository Company of Pakistan Limited -
custodian of the Fund**

Custodian fee

	<u>325,603</u>	28,945
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Custodian fee payable

	<u>152,305</u>	-
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8 Date of authorisation for issue

These financial statements were authorised for issue on 22 October 2009 by the board of directors.

9 General

- Figures have been rounded off to the nearest rupee.



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
IN RELATION TO INVESTMENT ADVISER (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	<u>Jul-Sept 2009</u> Rupees	<u>Jul-Sept 2008</u> Rupees
INCOME		
Investment advisory fee	1,737,568	1,850,464
Unrealized gain/(loss) on remeasurement of investments at fair value through profit or loss	4,309	(34,470)
Profit on bank deposits	1,384,325	1,189,529
	<u>3,126,202</u>	<u>3,005,523</u>
EXPENDITURES		
Operating expenses	1,332,418	4,093,811
Finance cost	13,696	27,477
OPERATING PROFIT/ (LOSS)	<u>1,780,089</u>	<u>(1,115,765)</u>
Other income/charges	88,000	-
Share of profit/(loss) from associates	12,394,235	(10,022,192)
PROFIT/(LOSS) BEFORE TAXATION	<u>14,262,324</u>	<u>(11,137,957)</u>
Taxation	625,090	(369,510)
Share of taxation from associates	23,949	15,158
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>13,613,285</u>	<u>(10,783,605)</u>
Earnings/(loss) per share- Basic and Diluted	<u>3.58</u>	<u>(2.84)</u>