

First Capital Mutual Fund Limited



**Condensed Interim Financial Information
for the nine months ended**

**31 March 2011
(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) Syed Kashan Hussain Kazmi (CEO) Omer Subhan Salamat Sulaiman Ahmed Saeed Al-Hoqani* Mahmood Ali Athar Nadeem Hussain* Ahmad Bilal
Chief Financial Officer	Syed Asad Abbas Ali Zaidi
Audit Committee	Ahmad Bilal (Chairman) Aamna Taseer Nadeem Hussain
Company Secretary	Tariq Majeed
Investment Committee	Syed Kashan Hussain 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 / 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

* Subject to approval of SECP





Directors' Review

The Directors of First Capital Mutual Fund Limited ("the fund" or "the Company") are pleased to present third quarter's condensed interim un-audited financial information for the period ended 31 March, 2011.

Performance Review

Operating Results

The operating results for the nine months ended 31 March 2011 are summarized as follows:

All figures in Rs.

	March 31, 2011	March 31, 2010
Capital gain/(loss) on listed securities	24,591,888	55,379,097
Unrealized gain / loss	1,595,702	(9,967,428)
Dividend income	10,422,839	8,842,408
Profit on bank deposits	6,889,893	2,850,500
Operating expenses	10,175,927	9,363,833
Net income/(loss)	29,822,922	46,856,502
Earning / (Loss) per share	0.99	1.56
	March 31, 2011	June 30, 2010
Net assets value per share	8.70	7.71
KSE-100 Index	11,810	9,722

During the period under review, the after tax profit of the company was recorded at Rs. 29.82 million as compared to Rs. 46.86 million in the corresponding period last year. This translated into EPS of Rs. 0.99, as against Rs. 1.56 in 9MFY10. The downward slide in earnings is attributable to a 56% decline in capital gain realized on listed securities to Rs. 24.6 million as compared to Rs. 55.4 million during the same period last year. The decrease in capital gains across the market is justified by the fact that KSE100 index surge by 21.5% in 9MFY11 whereas it posted a phenomenal 42% increase during 9MFY10 (2x higher than 9MFY11). The Company increased exposure in fixed investment instruments, particularly 3 months TDR, have resulted in reasonable return on bank deposits recorded at Rs. 6.9 million, 2.4x higher than Rs. 2.85 million booked during the corresponding period. Whereas, the reduced exposure in equity translated into relatively lower capital gains as compared to previous period 9MFY10.

The net asset value per share has increased by 12.8 % as compared to its benchmark KSE 100 return of 21.5%. The underperformance during the period was due to 1) a cautious fund strategy owing to high volatility in the capital markets amid adverse macro economic buildup and 2) a substantial portion of funds were diverted from equity market towards high yielding money market instruments. Though this strategy has led us to under perform the index by 770 basis (as compared to 1900 basis in 9MFY10), but it also provided us the safe cushion for restrained any travails of the market.

Equity Market Review

The stock market witnessed stellar performance during the 9MFY11 mainly due to robust inflows by the

foreign investors and improved corporate earnings/payouts which triggered KSE 100 index by 21.47% to close at 11,810 points despite some correction seen in the last quarter, as compared to a surge of 42% witnessed in 9MFY10. Average daily trading volumes during the period under review declined by 38% to 102 million shares as compared to 165 million shares in the corresponding period last year mainly due to imposition of capital gain tax (CGT) from July coupled with delay/ absence of a leverage product.. The foreign portfolio investment in 9MFY11 stood at Rs. 302 million as compared to Rs. 438 million during 9MFY10, down by 31% owing to floods in 1QFY11 and decline in foreigners' interest in the regional capital markets during 3QFY11.

The start of the fiscal year was initially bullish on the back of expectations of positive corporate results along with foreign investor's interest, which helped the market to post an extra ordinary gain 8.2 % for the month of July to close at 10,519 points. However, the market failed to carry the momentum owing to unexpected 50 bps increase in the discount rate by the State Bank in its monetary policy announced at the end of July, 2010. Whereas, the market witnessed lackluster performance during Aug and Sept, down by 4.5%, due to the occurrence of disastrous floods in one third of the country which adversely affected major sectors of the economy leading to 1- 2% percent cut in the GDP growth target of 4.5%. However, even after another 50 bps increase in discount rate in September 2010, the investors shunned macroeconomic concerns and the sentiments remained bullish due to positive flows and healthy corporate announcements contrary to market expectations post floods. Foreigners net buying position boosted optimism in market as the third hike in discount rate of 50 bps in fiscal year did not break the momentum of the market and KSE 100 index touched its highest of 12,768 in mid of January, 2011.



The market underwent a correction of 12% (1,522 points) during 3QFY11 and since then as there has been profit taking activity initiated by institutional investors due to slowdown in foreign investment during 3QFY11 which stood at net inflow of US\$ 52.5 as compare to US\$ 144 million in preceding quarter. The FIPI in KSE100 stood at net outflow of US\$ 16.2 million (first net outflow since May 2009 in March FY 2011).

Towards the end of the period under review, introduction of Margin Trading System (MTS) coupled with better than expected corporate results gave some support to the market and eventually helped KSE 100 index to close at 11,810 after touching high of 12,128 points. The market gained 2,301 points during 1HFY11 owing to strong foreign investment (US\$ 250 million in 1HFY11) and healthy corporate results but failed to carry the momentum by losing 213 points in 3QFY11. It is pertinent to note that the market lost 319 points during just last 20 days of March owing to sharp deterioration in FIPI (net outflow of US\$16.2 million)

Future Outlook

The fallout of energy crisis may become the next disaster (after floods) for the country unless timely and effective steps are not taken. Both the energy shortages and rising inflation have been adversely affecting the corporate and industrial sector and thus hindering the real economic growth. The government is further facing massive blockades to implement additional sources of tax to control the mounting deficit financing and inflationary pressure. Interestingly, the equity market of Pakistan has remained resilient despite deteriorating macro economic landscape. The market is trading at CY11E PE 7.4x which still makes it one of the cheapest in the region comparable to its peers. Alongside the budget, we expect the impact of MENA turmoil on oil prices, departing foreign portfolio investment Pak-US diplomatic ties, direction of inflation and interest rates, the severity of energy crisis in the upcoming summers, law-order situation and materialization of pledged foreign inflows will be the key variables in shaping the trajectory of the market. Additionally, the proactive steps such as revamping of tax/GDP ratios, building a conducive saving and investment environment, limiting inflationary borrowing, assuring credit flow to private sectors at concessionary rates, controlling the energy crisis and piling up of circular debt should be the focus of economic managers to pursue the long term sustainable growth.

We will continue to pursue the cautious strategy by keeping our focus on defensive and conservative investments to shield the portfolio against any uncertainties while capitalizing the growth perspective. The fund is committed to provide consistent long term returns to the investors by investing in research supported scrips

Performance rating

The fund has been assigned a MFR of 3-Star ranking (short term) and 2Star 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.

Election of Directors

During the period, Mrs. Aamna Taseer, Sheikh Suliaman Ahmed Saeed Al-Hoqani, Mr. Nadeem Hussain were appointed as directors of the Company in place of Mr. Salmaan Taseer, Mr. Muhammad Naveed Tariq and Mr. Suhail Ahmed and in Extra Ordinary General Meeting held on 15 February 2011. These appointments are subject to the approval of Securities and Exchange Commission of Pakistan ("SECP").

Mrs. Aamna Taseer and Syed Kashan Hussain Kazmi were appointed by the board of directors as Chairman and Chief Executive Officer of the Company, respectively.

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 nine months ended 31 March 2011 give a true and fair view of the fund.

Renewal of License

The renewal of license of Asset Management Company is under review of SECP.

Acknowledgement

We are grateful to our shareholders for their support and confidence in the fund and would like to thank the SECP and the Stock Exchanges for their guidance and support.

For and on behalf of the Board

Lahore
April 26, 2011

Syed Kashan Hussain Kazmi
Chief Executive Officer



Condensed Interim Statement of Assets & Liabilities
As at 31 March 2011

	Note	(Un-Audited) 31 March 2011 Rupees	(Audited) 30 June 2010 Rupees
Assets			
Non current assets			
Long term deposits		137,500	137,500
Current assets			
Investments at fair value through profit or loss	6	243,287,844	172,918,553
Dividend and other receivables		20,514,631	1,587,049
Bank balances		21,396,120	70,442,897
Total assets		285,336,095	245,085,999
Liabilities			
Current liabilities			
Due to Asset Management Company - an associated company	7.1	3,719,581	4,878,698
Trade and other payables		16,973,058	7,875,730
Provision for taxation		3,591,315	1,102,352
Total liabilities		24,283,954	13,856,780
Net assets		261,052,141	231,229,219
Share capital and reserves			
Authorized share capital 35,000,000 (2010: 35,000,000)		350,000,000	350,000,000
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital		300,000,000	300,000,000
Accumulated loss		(38,947,859)	(68,770,781)
Contingencies and commitments	8.1	-	-
		261,052,141	231,229,219
Net assets value per share		8.70	7.71

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

Lahore

Chief Executive

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Director



Condensed Interim Income Statement (Un-audited)
For the nine months ended 31 March 2011

Note	Nine months ended		Three months ended	
	31 March 2011 Rupees	31 March 2010 Rupees	31 March 2011 Rupees	31 March 2010 Rupees
Income				
Capital gain on listed securities -realized	24,591,888	55,379,097	8,374,353	6,852,765
Dividend income	10,422,839	8,842,408	5,035,157	3,892,762
Profit on bank deposits	6,889,893	2,850,500	2,696,810	1,475,496
	41,904,620	67,072,005	16,106,320	12,221,023
Unrealized gain/(loss) on revaluation of investments at fair value through profit or loss -net	6.1	1,595,702	(9,967,428)	(4,568,483)
	43,500,322	57,104,577	11,537,837	1,358,602
Operating expenses				
Remuneration to Asset Management Company	7.1	3,719,581	3,695,552	1,278,498
Securities transaction cost		3,901,161	3,533,991	1,644,244
Fee and subscription		399,597	485,039	60,729
Custodian fee		825,631	1,016,741	320,092
Auditors remuneration		152,500	137,500	5,000
Printing charges		264,926	317,166	61,760
Legal and professional charges		197,000	109,000	-
Workers' Welfare Fund		666,479	-	159,979
Bank charges		49,052	68,845	9,016
		10,175,927	9,363,833	3,539,318
Profit/(loss) before taxation		33,324,395	47,740,743	7,998,519
				(1,643,235)
Provision for taxation				
- Taxation-current period		3,501,473	884,241	1,585,097
				389,276
Profit/(loss) after taxation		29,822,922	46,856,502	6,413,422
				(2,032,511)
Earnings/(loss) per share - basic & diluted				
	9.1	0.99	1.56	0.21
				(0.07)

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

Lahore

Chief Executive

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Director



Condensed interim statement of Comprehensive income (un-audited)
For the Nine months ended 31 March 2011

	31 March 2011 Rupees	31 March 2010 Rupees
Profit after taxation	29,822,922	46,856,502
Other comprehensive income/(loss) for the period	-	-
Total comprehensive income for the period	29,822,922	46,856,502

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 Nine months ended 31 March 2011

	Issued, subscribed and paid up share capital	Accumulated (loss)/ undistributed income Rupees	Total Rupees
Balance as at 01 July 2009	300,000,000	(96,694,219)	203,305,781
Capital gain on sale of investments - net		55,379,097	55,379,097
Unrealized diminution in value of investments at fair value through profit or loss - net		(9,967,428)	(9,967,428)
Other net operating profit for the period		1,444,834	1,444,834
Net profit for the year ended 31 March 2010		46,856,502	46,856,502
Balance as at 31 March 2010	300,000,000	(49,837,717)	250,162,283
Balance as at 01 July 2010	300,000,000	(68,770,781)	231,229,219
Capital gain on sale of investments - net		24,591,888	24,591,888
Unrealized gain in value of investments at fair value through profit or loss - net		1,595,702	1,595,702
Other net operating loss for the period		3,635,332	3,635,332
Net profit for the year ended 31 March 2011		29,822,922	29,822,922
Balance as at 31 March 2011	300,000,000	(38,947,859)	261,052,141

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

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**



Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended 31 March 2011

	Nine months ended	
	31 March 2011 Rupees	31 March 2010 Rupees
Cash flow from operating activities		
Profit before taxation	33,324,395	47,740,743
Adjustment for:		
Dividend income	(10,422,839)	(8,842,408)
Remuneration to Asset Management Company	3,719,581	3,695,552
Unrealized gain/(loss) on revaluation of investments at fair value through profit or loss -net	(1,595,702)	9,967,428
	(8,298,960)	4,820,572
Operating profit before working capital changes	25,025,435	52,561,315
(Increase)/decrease in current assets		
Investments in listed securities	(68,773,590)	(24,176,919)
Dividend and other receivables	(14,542,048)	1,816,632
	(83,315,638)	(22,360,287)
Increase/(decrease) in current liabilities		
Trade and other payables	9,097,329	8,493,448
	9,097,329	8,493,448
Cash generated from/(used in) operations	(49,192,874)	38,694,476
Paid remuneration to Asset Management Company	(4,878,698)	(4,144,100)
Tax paid	(1,320,581)	(562,809)
Dividend received	6,345,376	6,461,390
Net cash generated from/(used in) operating activities	(49,046,777)	40,448,957
Cash flow from financing activities		
Dividend paid	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(49,046,777)	40,448,957
Cash and cash equivalents at the beginning of the period	70,442,897	7,954,436
Cash and cash equivalents at the end of the period	21,396,120	48,403,393

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

Lahore **Chief Executive** **Director**

First Capital Mutual Fund Limited



Condensed Interim Distribution Statement (Un-audited)
For the nine months ended 31 March 2011

	<u>31 March 2011</u> Rupees	<u>31 March 2010</u> Rupees
(Accumulated loss) / Undistributed income brought forward		
Undistributed income/(loss) at the beginning of the period (realized)	(92,618,630)	(130,293,601)
Accumulated income/(loss) at the beginning of the Period (unrealized)	23,847,849	33,599,382
	(68,770,781)	(96,694,219)
Total Comprehensive income/(loss) for nine months ended 31 March 2011	29,822,922	46,856,502
Accumulated loss carried forward	(38,947,859)	(49,837,717)
Represented by:	(64,391,409)	(73,469,670)
Undistributed income/(loss) at the end of the period (realized)	25,443,551	23,631,954
Accumulated income/(loss) at the end of the period (unrealized)	(38,947,859)	(49,837,717)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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First Capital Mutual Fund Limited



Condensed Interim Statement of Movement in Equity and Reserves - Per Share (Un-audited)
For the nine months ended 31 March 2011

	<u>31 March 2011</u> Rupees	<u>31 March 2010</u> Rupees
Net assets per share as at July 01	7.71	6.78
Net gain/(loss) from transactions in listed securities	0.82	1.85
Unrealized loss on revaluation of investments at fair value through profit or loss -net	0.05	(0.33)
Other net operating income for the period	0.12	0.05
Net gain/(loss) for the period - per share	0.99	1.56
Net assets per share as at March 31	8.70	8.34

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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Notes to the Condensed Interim Financial Information
(Un-audited)

For the nine months ended 31 March 2011

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 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 March 2011 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 nine months period ended 31 March 2011.



The condensed interim financial information is un-audited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and as required under Regulation 38(g) of the NBFC and Notified Entities Regulations, 2008 (NBFC Regulations) and Listing Regulations of Karachi Stock Exchange.

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 information for the year ended 30 June 2010.

5 Financial risk management

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

	<u>Note</u>	<u>31 March 2011</u> Rupees	<u>30 June 2010</u> Rupees
6 Investment at fair value through profit or loss			
Equity Securities	6.1	198,978,240	172,918,553
Government Securities - Treasury Bills	6.2	44,309,604	-
		<u>243,287,844</u>	<u>172,918,553</u>



6.1 Investments at fair value through profit or loss

Equity Securities

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

Sector-wise Exposure & Name of Company	Opening	Purchase	No. of Shares Bonus/Right	Sales	Closing Balance	Book Value	Value of Shares Market Value	Appreciation/ (Depreciation)	Net assets	Percentage in relation to Invested Co's Paid-up Capital	
	1	2	3	4	5	6	7	8	9	10	11
Oil and Gas											
Attock Petroleum Limited	7,578	26,422	1,800		35,800						
Attock Refinery Limited	10,000	176,500			176,500	1,299,276	1,360,920	61,344		0.50	0.01
Chenab Cement Company Limited	36,000	176,500			281,462	2,522,855	2,434,118	(87,737)		0.97	0.07
Chenab Gas Limited	4,000	16,000			4,000						
Mar Gas Company Limited	4,000	19,000			19,000						
National Refinery Limited	62,500	229,065			291,565						
Oil and Gas Development Company Limited	23,000	140,700			163,700						
Pakistan State Oil Company Limited	14,500	174,000	9,800		35,300	11,586,149	11,549,626	(36,464)		4.43	0.02
Pakistan Petroleum Limited		14,500			7,500	1,587,221	1,585,575	(2,146)		0.61	0.00
Shell Gas LPG Limited		10,000			10,000						
Chemicals											
Ari Habib Corporation Limited		675,000			408,655	6,670,690	6,770,430	99,799		2.56	0.07
Chemical Industries Mills Limited		29,500			29,500	1,045,110	1,045,110			6.13	0.02
Envirotech Limited	53,650	300,000	17,200		63,300	16,015,169	17,120,896	1,105,437		6.13	0.02
Fertilizer Company Limited	105,000	1,303,600			292,000	12,108,276	12,094,640	(13,636)		4.64	0.03
Fuji Fertilizer Bin Qasim Limited	81,000	512,250	17,250		538,300	9,541,256	9,885,996	344,791		3.65	0.01
Falima Fertilizer Company Limited	528,099	400,000	50,250		95,000	1,155,217	1,271,100	114,894		0.44	0.00
ICI Pakistan Limited	176,500	176,500			12,000	1,977,008	1,982,160	5,152		0.76	0.01
ICI Pakistan Limited	75,000	4,150,000			960,260	15,662,216	15,464,408	(329,164)		3.61	0.01
Nineer Industrial Chemical Limited		150,000			73,500						
Shera Peroxide Limited	73,500										
Industrial Metals and Mining											
Chenab Steel & Allied Products Limited	62,195				62,195						
Chenab Steel Limited	69,500				69,500						
Construction Materials											
Attock Cement Pakistan Limited	11,550	26,000			39,550						
D.G. Khan Cement Company Limited	228,000	869,500			1,067,500						
Fuji Cement Company Limited	125,000	250,000			25,000	108,348	106,000	(2,348)		0.04	0.00
Large Pakistan Cement Limited	87,500					7,645,453	7,759,200	114,747		2.93	0.04
Maple Leaf Cement Factory Limited	125,000				125,000						
General Industrials											
Packages Limited	787				787						
Forestry and Paper											
Forest Products Board Mills Limited		128,600			128,600						
Forest Products Limited	6,900				6,900						
Security Services											
Industrial Engineering											
Milat Tractors Limited	4,700	300			5,000						
K.S.B. Pumps Company Limited	10,000				10,000						
Shanara Industries Limited	134,100	46,000			180,100						
Shanara Industries Limited											
TRG Pakistan Limited		350,000			350,000						
Automobile and Parts											
General Tyre & Rubber Company of Pakistan Ltd.	31,135				31,135						
Agriates Industries Limited	10,000				10,000						
Agriates Industries Limited	6,400	7,000			13,400						
Suzar Engineering Works Limited	8,939				8,939						
Food Producers											
Haseeb Waqas Sugar Mills Limited	1,998	133,593			133,593	1,049,867	993,815	(16,052)		0.42	0.62
Chenab Sugar Mills & Distillery Limited	152,600	181,700			334,300	497,170	324,000	(173,170)		0.20	0.11
Household Goods											
Tanj Glass Limited		25,000			25,000						

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Personal Goods											
Angkor Nine Limited	229,000	935,001			729,001	4,915,544	3,754,050	(1,161,494)		1.88	0.10
Amir Limited	383,120	349,365	24,744		374,729						
Hira Textile Mills Limited	69,500	69,500			35,500	2,476,152	2,264,255	(211,897)		0.55	0.02
Gulistan Textiles Limited	20,000	20,000			20,000	216,946	288,000	(61,440)		0.68	0.09
Nishat Mills Limited	1,043,475	1,043,475			1,088,475						
Nishat Chunian Limited	10,19,860	10,19,860			79,450	5,103,908	5,163,556	59,548		1.96	0.02
Prosperity Weaving Mills Limited	268,362	199,200			467,662						
Raw Textiles Mills Limited	89,000				89,000						
Service Industries Limited	9,824	2,110			9,824	406,526	375,601	(30,925)		0.16	0.02
Thal Limited	27,700	17,000			44,700						
Treet Corporation Limited	10,500	5,592			16,092						
Pharma and Bio Tech											
Pharmaceuticals Limited		2,984			2,984						
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	150,000	1,275,000			1,275,000	3,243,846	3,145,000	(89,846)		1.24	0.00
Wordcall Telecom Limited		123,000			123,000						
Electricity											
Hub Power Company Limited	965,295	871,600			581,936	21,667,371	21,383,708	(283,663)		8.30	0.05
Karachi Electric Supply Company Limited	173,000	270,000			270,000						
Kot Addu Power Company Limited	110,661	258,460			347,661	923,487	884,546	(38,941)		0.35	0.00
Nishat Chunian Power Limited	297,000	297,000			297,000						
Nishat Power Limited	428,500	384,153			812,653						
Gas and Utilities											
Shah Wali Gas Pipeline Limited		146,500			146,500						
Sul South Gas Company Limited		214,500			214,500						
Banks											
Allied Bank Limited	34,761	31,500	1,500		66,261	90,900	89,145	(1,755)		0.03	0.00
Ari Habib Bank Limited	225,000	575,000			365,000	3,295,223	2,196,550	(1,198,673)		1.27	0.00
Bank Alfalah Limited	100,000	305,000			160,000	1,201,049	1,571,200	(370,151)		0.65	0.07
Habb Bank Limited	4,000	52,000			56,000						
Habb Metropolitan Bank Limited		21,000			21,000						
JS Bank Limited	774,506	190,000			190,000	765,100	269,444	(505,656)		0.59	0.02
MCB Bank Limited	13,000	225,999	2,299		18,299	2,866,846	3,320,440	333,995		1.14	0.00
Meezan Bank Limited		56,000			56,000						
Mybank Limited	441,173	971,500	47,875		224,375	13,314,480	12,793,683	(520,797)		5.10	0.01
National Bank of Pakistan	77,922	100,000			177,922	301,377	275,680	(25,697)		0.12	0.00
NIB Bank Limited	1,652,500	16,000			1,668,500						
Open Bank Limited		16,000			16,000						
United Bank Limited	44,000	353,000			397,000	6,015,989	5,842,200	(173,488)		2.30	0.00
Non Life Insurance											
Adamiye Insurance Company Limited	245,700	1,467,000			1,712,700						
Shahen Insurance Company Limited		1,147,163			1,395,451	19,198,957	19,599,055	310,348		7.35	6.98
Shahen Insurance Company Limited (Right)					341,259	3,413,259	4,717,696	1,306,466		1.31	6.83
Financial Services											
Ari Habib Investment Limited		125,000			125,000						
First Capital Equities Limited	124,000	485,500			609,500						
Ari Habib Securities Limited	73,500				73,500	15,884,000	16,998,000	1,064,000		6.10	0.11
Software and Computer Services											
Niswac Technologies Limited	20,000	77,000			97,000						
Total	7,941,467	27,244,464	5,565,541	26,892,215	6,820,287	197,403,993	195,978,240	(1,575,148)			

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6.2 Investments at fair value through profit or loss
Government Securities - Treasury Bills

Date of Issue	Tenor	Face value				Percentage in relation to	
		Opening	Purchase during the period	Sales/matured during the period	Closing	Market Value	Appreciation/(depreciation)
Treasury Bills 24-02-2011	3 Months	-	24,547,250	-	24,547,250	24,561,460	14,210
10-02-2011	3 Months	-	19,741,800	-	19,741,800	19,748,144	6,344
	Total	-	44,289,050	-	44,289,050	44,309,604	20,554
							Market Value as percentage of net assets
							0.09
							0.08
							Market Value as percentage of Total Investments
							0.10
							0.08



Note	31 March 2011 Rupees	30 June 2010 Rupees
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7 Due to Asset management company-
an associated company

Remuneration @ 2% of annual average net assets	7.1	<u>3,719,581</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 year at the rate of two percent per annum.

8 Contingencies and commitments

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. 1,245,179 upto 31 March 2011.

	31 March 2011 Rupees	31 March 2010 Rupees
9 Loss per share - basic and diluted		
Earnings/(loss) attributable to ordinary shareholders	<u>29,822,922</u>	<u>46,856,502</u>
Weighted average number of shares	<u>30,000,000</u>	<u>30,000,000</u>
Earnings/(loss) per share - basic	<u>0.99</u>	<u>1.56</u>

There is no dilutive effect on the basic earnings per share of the Fund.

10 Transactions with related parties and connected persons

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

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

Remuneration to Asset Management Company	3,719,581	3,695,552
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First Capital Securities Corporation Limited

Commission	1,748	-
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Al-Hoqani Securities & Investment Corporation (Pvt.) Limited

Commission	24,606	-
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**Central Depository Company of Pakistan Limited -
custodian of the Fund**

Custodian fee	825,631	1,016,741
Custodian fee payable	-	137,856

11 Date of authorization for issue

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

12 General

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

Lahore

Chief Executive

Director



**Condensed Interim Profit and Loss Account
In Relation to Investment Adviser (Un-audited)
For the nine months ended 31 March 2011**

	Nine Months Ended		Three Months Ended	
	31 March 2011 Rupees	31 March 2010 Rupees	31 March 2011 Rupees	31 March 2010 Rupees
Income				
Investment advisory fee	3,719,581	5,463,987	1,278,498	1,866,986
Unrealized gain/(loss) on remeasurement of investments at fair value through profit or loss	64,632	224,058	(667,864)	(284,381)
	<u>3,784,213</u>	<u>5,688,045</u>	<u>610,634</u>	<u>1,582,605</u>
Expenditure				
Operating expenses	10,519,120	5,793,128	3,782,847	2,902,732
Finance cost	21,150	42,879	3,697	9,776
	<u>10,540,270</u>	<u>5,836,007</u>	<u>3,786,544</u>	<u>2,912,508</u>
Operating loss	<u>(6,756,057)</u>	<u>(147,962)</u>	<u>(3,175,910)</u>	<u>(1,329,903)</u>
Other income/charges	3,873,039	4,362,516	1,191,977	1,595,744
Workwers' Welfare Fund	(87,484)	-	3,002	-
Share of profit/(loss) from associates	7,255,276	10,393,955	1,741,410	(357,760)
Profit/(loss) before taxation	<u>4,284,774</u>	<u>14,608,509</u>	<u>(239,521)</u>	<u>(91,919)</u>
Taxation	(951,895)	1,381,513	(503,873)	205,795
Share of taxation from associates	762,329	192,514	345,102	84,752
Total Comprehensive income/(loss)	<u>4,474,340</u>	<u>13,034,482</u>	<u>(80,750)</u>	<u>(382,466)</u>
Earnings/(loss) per share- Basic and Diluted	<u>0.44</u>	<u>1.27</u>	<u>(0.01)</u>	<u>(0.04)</u>

Lahore

Chief Executive

Director