

*First Capital Mutual Fund Limited*



*First Capital Mutual Fund Limited*



**CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE HALF YEAR ENDED**

**DECEMBER 31, 2006  
(Un-Audited)**



## COMPANY INFORMATION

Board of Directors	Salmaan Taseer (Chairman) Muhammad Faisal Potrik (CEO) Sardar Ali Wattoo Khawaja Khalil Shah Muhammad Naveed Tariq Mahmood Ali Athar Ahmad Bilal
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Salmaan Taseer Muhammad Naveed Tariq Ahmad Bilal
Company Secretary	Amir Mahmood
Investment Committee	Muhammad Faisal Potrik Syed Kashan Kazmi Muhammad Asim
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Adviser	Rehman Saleem & Tarar Advocates
Custodian	Crescent Commercial Bank Limited
Investment Advisers	First Capital Investments Limited 103-C/II, Gulberg-III, Lahore
Registered Office / Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi ☎ (021) 5689021, 111-000-322





## DIRECTORS' REVIEW

Directors of First Capital Mutual Fund Limited ("the Company") are pleased to present the half yearly financial statements for the period ended December 31, 2006.

### Performance Review

We have great pleasure in informing our shareholders, that your fund has been assigned '5-Star' rating by PACRA for the performance in FY06. Your fund is the only closed-end equity fund assigned with superior 5-Star Rating by PACRA. The rating reflects superior risk-adjusted return among the peer funds in closed end equity category.

### Operating Results

The operating results for the first half of FY07 are summarized as follows:

	December 31, 2006 Rs.	December 31, 2005 Rs.
Capital gain on sale of Listed securities	3,066,267	14,179,795
Dividend Income	6,701,606	3,815,250
Other Income	956,011	27,055
Unrealized gain due to change in fair value of listed securities	(3,641,492)	25,144,879
Operating Expenses	5,993,699	2,405,910
Profit after Taxation	753,613	40,560,837
Earnings per Share	0.03*	2.70
Net Asset Value	296,634,391	176,042,778
Net Asset Value (Per Share)	9.89**	11.74

\*Adjusted for rights

\*\*Adjusted for rights & dividend

Calendar Year 2006 remained a quiet year at KSE subsequent to consecutive star performances in the region over the period of last 34 years. Net Assets Value as on December 31, 2006 incorporates the impact of 100% rights issue and a 10% cash dividend declared during the period. In the first half FY-07, Company earned an after tax profit of Rs0.76 million (EPS: Rs 0.03) as compared to Rs 40.56 million (EPS: Rs 2.70) in the same period last year. Dividend income witnessed healthy growth on account of better payouts in September quarter. Realized Gains have declined mainly because of prevailing lower price levels that allowed little opportunity for profit taking. Similarly, Unrealized Gains have also declined significantly and depict the overall bearish spell at KSE. Increase in operating expenses is attributable to costs related to issuance of right shares & proportionate increase in expenses in relation to the fund size. In the first half FY07, your fund has marginally outperformed the KSE 100 Index by 0.1%. Effects of rights issue have been slickly absorbed and your fund is



now positioned to capitalize on the targeted benefits of increased fund size.

On absolute basis, performance in the recent quarter relative to first quarter FY07 depicts negative growth of 1.2% where NAV per share has declined from PRs. 10 (adjusted for dividend) to PRs. 9.89. However, on relative basis, an out performance by a wide margin of 3.3% is highly encouraging, given the fact that the benchmark, KSE-100 has declined by 4.5% from 10,513 as on Sep 29, 06 to 10,041 at period end. In the second quarter, the Company has incurred a loss of 3.5 million as against a net profit of 4.25 million in the first quarter. This significant decline in PAT is mainly caused by an unrealized loss of PRs 9.2 million as against an unrealized profit of 5.6 million in the earlier quarter. Contrary to an unrealized loss, realized gains, dividend income & other income have indicated a handsome growth of more than 175%, while operating expenses have also declined by more than 53%, due to non-recurring expenses arising from rights issue charged in the first quarter.

### Market Outlook & Future Strategy

An unrealized loss of PRs. 9.2 million in the second quarter reflects our belief in the market potential to stage a recovery and overcome the temporary factors aggravating the market decline. Various exogenous factors contributed in this decline, including overwhelming concerns on up-coming elections, currency depreciation, forensic investigations, risk management system & systematic improvements in market mechanism. Pakistan Equity markets are still among the most attractive in the region & valuations are compelling enough to attract foreign investors interest at local bourse.

Our consistent strategy of 'value investment' paid-off well and KSE-100 has risen by about 15.6% from year-end to Feb 23-06. NAV of your fund has increased by 17% from 9.89 to 11.59 over the period, thus outperforming the benchmark by 1.5%.

Market has recovered at a stronger pace than anticipated and this comeback is led by various factors including increased foreign participation, deferment of Capital Gains Tax and stamp duty, smooth implementation of risk management system (client level netting, a part of the new risk management system has been re-scheduled for implementation in Mar-07), development on privatization front & most importantly star performance of banking sector on the back of better results expectations. We expect to market to continue its positive direction over the long term while it may witness technical corrections & higher sensitivity towards results announcements. Banking sector offers great potential on account of strong growth, record high levels of banking spreads, issuance of GDR's and the fame of potential mergers and acquisition. Int'l oil prices saw a decline at a much higher pace that was anticipated by local & int'l analysts. E&P stocks yet offer volumetric growth and potential for new discoveries that qualifies as an attractive investment. We also expect strong performance of Fertilizers, Autos, Telecoms and Power Sectors. Performance of Cement sector over long run shall remain highly dependent on the ability to efficiently shuffle excess supply to profitable markets through exports, while stabilizing reasonable margins in domestic market.

We consider deferment of Capital Gains Tax as a positive step while smooth implementation of Risk Management System has resulted structural improvements in the market that shall bode well for market stability over the long run.

Subsequent to the period-end, Mr. Faisal Potrik has resigned from the office of Chief Executive and Director of the company respectively. Mr. Salman Taseer has been appointed as CEO and Mr. Musharaf Khan has been appointed as Director in place of Mr. Faisal Potrik subject to approval from SECP.

### Acknowledgement

We are obliged to our shareholders for their support & confidence in the company and would like to thank the Securities and Exchange Commission of Pakistan (SECP) and the Stock Exchanges for their guidance and support.

For and on behalf of the Board

Lahore  
February 26, 2007

Salmaan Taseer  
Chairman

Muhammad Faisal Potrik  
Chief Executive



**REVIEW REPORT TO THE MEMBERS**

We have reviewed the annexed balance sheet of **First Capital Mutual Fund Limited** ("the Fund") as at 31 December 2006, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (here-in-after referred to as the "financial statements") for the six months period then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of condensed profit and loss account for the three months ended 31 December 2006 were not subject to review, as we were required to review on the cumulative figures for the six months period ended 31 December 2006.

Another firm of auditors have audited and reviewed the financial statements of the Fund for the year ended 30 June 2006 and for the six months period ended 31 December 2005 respectively, whose audit report dated 07 October 2006 and the review report dated 25 February 2006, were not modified.

Place : Lahore  
Date : February 26, 2007

**KPMG TASEER HADI & CO.**  
**CHARTERED ACCOUNTANTS**

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**CONDENSED BALANCE SHEET**  
**AS AT DECEMBER 31, 2006**

		(Un-Audited) December 31, 2006	(Audited) June 30, 2006
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non current asset</b>			
Long term deposit		37,500	37,500
<b>Current assets</b>			
Investments at fair value through profit or loss	5	291,187,574	173,922,693
Dividend and other receivables		4,221,608	896,658
Bank balances		8,694,441	6,573,863
		<u>304,103,623</u>	<u>181,393,214</u>
<b>Total assets</b>		<u>304,141,123</u>	<u>181,430,714</u>
<b>Current liabilities</b>			
Due to Investment Adviser - an associated company	6	3,182,721	3,474,750
Trade and other payables		3,988,931	1,913,186
Provision for taxation		335,080	-
		<u>7,506,732</u>	<u>5,387,936</u>
<b>Total liabilities</b>		<u>7,506,732</u>	<u>5,387,936</u>
<b>Net assets</b>		<u>296,634,391</u>	<u>176,042,778</u>
<b>Share capital and reserves</b>			
Authorized Share capital			
35,000,000 (30 June 2006: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	7	300,000,000	150,000,000
Share deposit money - right issue		-	162,000
Accumulated (loss)/unappropriated profit		(3,365,609)	25,880,778
		<u>296,634,391</u>	<u>176,042,778</u>
<b>Contingencies and commitments</b>	8		
		<u>296,634,391</u>	<u>176,042,778</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**CONDENSED PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31, 2006 Rupees	December 31, 2005 Rupees	December 31, 2006 Rupees	December 31, 2005 Rupees
<b>INVESTMENT INCOME</b>				
Capital gain on sale of listed securities	3,066,267	14,179,795	2,106,012	9,992,675
Dividend income	6,701,606	3,815,250	5,004,106	3,011,250
Other income	956,011	27,055	767,285	27,055
	10,723,884	18,022,100	7,877,403	13,030,980
Unrealized (loss)/gain due to change in fair value of listed securities	5 (3,641,492)	25,144,879	(9,217,079)	3,462,563
	7,082,392	43,166,979	(1,339,676)	16,493,543
<b>Operating expenses</b>				
Administrative expenses	831,782	326,660	270,916	255,567
Remuneration to the investment adviser	6 3,182,721	1,584,133	1,546,200	808,493
Take-up commission	1,498,380	-	-	-
Brokerage commission and capital value tax	480,816	495,117	87,553	196,747
	5,993,699	2,405,910	1,904,669	1,260,807
<b>Profit/(loss) before taxation</b>	1,088,693	40,761,069	(3,244,345)	15,232,736
Provision for taxation	335,080	200,232	250,205	160,032
<b>Profit/(loss) after taxation for the period</b>	753,613	40,560,837	(3,494,550)	15,072,704
<b>Earnings per share - basic</b>	9 0.03	2.70	(0.12)	1.00

The annexed notes 1 to 12 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**CONDENSED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	SIX MONTHS ENDED	
	December 31, 2006 Rupees	December 31, 2005 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,088,693	40,761,069
Adjustment for:		
Dividend income	(6,701,606)	(3,815,250)
Unrealized loss/(gain) on listed securities	3,641,492	(25,144,879)
	(3,060,114)	(28,960,129)
<b>Operating profit before working capital changes</b>	(1,971,421)	11,800,940
(Increase)/decrease in current assets		
Investments in listed securities	(120,906,371)	(22,057,677)
Other receivables	(2,772,470)	10,676,301
	(123,678,841)	(11,381,376)
Increase/(decrease) in current liabilities		
Due to investment adviser	(292,029)	(1,039,984)
Trade and other payables	844,106	(10,647,125)
	552,077	(11,687,109)
<b>Cash used in operations</b>	(125,098,185)	(11,267,545)
Tax paid	(108,580)	(5,925)
Dividend received	6,257,706	3,801,967
<b>Net cash used in operating activities</b>	(118,949,059)	(7,471,503)
<b>Cash flow from financing activities</b>		
Dividend paid	(28,768,363)	(9,474,707)
Proceeds against issue of right shares	149,838,000	-
<b>Net cash generated from/(used in) financing activities</b>	121,069,637	(9,474,707)
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,120,578	(16,946,210)
<b>Cash and cash equivalents at the beginning of the period</b>	6,573,863	25,609,014
<b>Cash and cash equivalents at the end of the period</b>	8,694,441	8,662,804

The annexed notes 1 to 12 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**CONDENSED DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	<b>SIX MONTHS ENDED</b>	
	<b>December 31, 2006</b>	December 31, 2005
	<b>Rupees</b>	Rupees
Unappropriated profit/(accumulated loss) brought forward	<b>25,880,778</b>	(7,388,587)
Profit for the half year ended	<b>753,613</b>	40,560,837
Final dividend @ Rs 1 per share for the year 2006 (2005:Rs 1 per share)	<b>(30,000,000)</b>	(15,000,000)
Accumulated (loss)/unappropriated profit carried forward	<b><u>(3,365,609)</u></b>	<u>18,172,250</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	Share capital Rupees	Share deposit money (right issue) Rupees	Accumulated (loss)/un- appropriated profit Rupees	Total Rupees
<b>Balance as at July 01, 2005</b>	150,000,000	-	(7,388,587)	<b>142,611,413</b>
Profit for the half year ended December 31, 2005	-	-	40,560,837	<b>40,560,837</b>
Final dividend @ Rs 1 per share for the year 2005	-	-	(15,000,000)	<b>(15,000,000)</b>
<b>Balance as at December 31, 2005</b>	<u>150,000,000</u>	<u>-</u>	<u>18,172,250</u>	<b><u>168,172,250</u></b>
<b>Balance as at July 01 2006</b>	150,000,000	162,000	25,880,778	<b>176,042,778</b>
Profit for the half year ended December 31, 2006	-	-	753,613	<b>753,613</b>
Share deposit money - right	-	149,838,000	-	<b>149,838,000</b>
Right shares issued	150,000,000	(150,000,000)	-	-
Final Dividend @ Rs 1 per share for the year 2006	-	-	(30,000,000)	<b>(30,000,000)</b>
<b>Balance as at December 31, 2006</b>	<u>300,000,000</u>	<u>-</u>	<u>(3,365,609)</u>	<b><u>296,634,391</u></b>

The annexed notes 1 to 12 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

**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 was registered with the Securities and Exchange Commission of Pakistan ('Commission') as an Investment Company under the Investment Companies and Investment Advisor's Rules, 1971. The Investment Companies and Investment Advisor's Rules, 1971, have been repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Subsequently, the Fund has been registered with the Commission as an investment company under the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003. The object of the fund is to carry on the business of a close-ended mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the stock exchange.

The Fund has an agreement with First Capital Investments Limited, an associated company, to provide investment advisory services. The custodian of the fund is Crescent Commercial Bank Limited.

**2 Basis of preparation**

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders under section 245 of the Companies Ordinance 1984 and are in accordance with the directives issued by Securities and Exchange Commission of Pakistan.

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Statements".

**3 Significant accounting policies**

Accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2006.

**4 Estimates**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumption 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 judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2006.

5. Investments at fair value through profit or loss

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

NAME OF COMPANY	BALANCE AS AT 31, DECEMBER 2006										Percentage in relation to				
	NUMBER OF SHARES/CERTIFICATES					Own net assets					Total Investment				
	Opening	Purchase	Bonus/ Right	Sale	Closing	Cost RUPEES	Carrying Amount RUPEES	Market Value RUPEES	Unrealized gain/(Loss) RUPEES	At Cost %	Market Value %	Number of shares of investee company %	At Cost %	Market Value %	
<b>Investment Companies / Banks</b>															
First Capital Equities Limited	215,000	-	107,500	-	322,500	5,223,547	14,480,250	16,447,500	1,967,250	1.76	5.54	1.34	1.94	5.65	
First Capital Equities Limited - right	-	-	161,250	-	161,250	2,418,750	2,418,750	8,223,750	5,805,000	0.81	2.77	0.67	0.90	2.82	
PICIC	-	100,000	9,000	-	109,000	6,753,950	6,753,956	6,807,050	53,094	2.27	2.29	0.04	2.51	2.34	
<b>Commercial Banks</b>															
National Bank of Pakistan	60,000	65,000	-	25,000	100,000	11,145,000	22,180,100	22,425,000	244,900	3.75	7.55	0.01	4.14	7.70	
The Bank of Punjab	110,400	34,600	1,255	15,000	131,255	11,699,852	11,157,377	13,289,569	2,132,192	3.94	4.48	0.05	4.35	4.56	
MCB Bank Limited	-	105,000	-	10,000	95,000	21,981,444	21,967,435	23,378,500	1,418,065	7.40	7.87	0.02	8.16	8.03	
Union Bank Limited	140,452	-	-	140,452	-	-	-	-	-	-	-	-	-	-	
Bank Al Fajrah Limited	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Faysal Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	-	-	-	
United Bank Limited	5,000	-	-	5,000	-	-	-	-	-	-	-	-	-	-	
<b>Textile Composite</b>															
Nishat Mills Limited	105,000	60,000	-	-	165,000	15,554,066	15,350,215	14,487,000	(663,215)	5.24	4.88	0.11	5.78	4.98	
<b>Synthetic &amp; Rayon</b>															
Dewan Salman Fibre Limited	-	100,000	-	-	100,000	1,374,025	1,374,030	765,000	(609,030)	0.46	0.26	0.03	0.51	0.26	
<b>Jute</b>															
Thal Limited	30,000	100	6,020	16,100	20,020	4,011,086	2,821,645	3,293,290	471,645	1.35	1.11	0.14	1.49	1.13	
<b>Cement</b>															
Dewan Cement Limited	41,512	-	-	-	41,512	599,932	655,890	435,876	(220,014)	0.20	0.15	0.03	0.22	0.15	
Dandot Cement Limited	-	75,000	-	75,000	-	-	-	-	-	-	-	-	-	-	
D.G.Khan Cement Company Limited	65,000	154,950	20,005	19,900	220,055	21,059,590	18,556,556	13,852,463	(4,704,093)	7.09	4.67	0.12	7.83	4.76	
D.G.Khan Cement Company Limited (R)	11,250	-	-	11,250	-	-	-	-	-	-	-	-	-	-	
Lucky Cement Limited	125,000	50,000	-	20,000	155,000	16,091,441	16,268,459	9,284,500	(6,983,959)	5.42	3.13	0.06	5.98	3.19	
Fajji Cement Company Limited	-	100,000	-	-	100,000	2,093,600	2,093,600	1,510,000	(583,600)	0.71	0.51	0.03	0.78	0.52	
<b>Power Generation and Distribution</b>															
Kot Addu Power Company Limited	150,000	100,000	-	-	250,000	10,153,725	10,766,750	10,175,000	(598,750)	3.42	3.43	0.03	3.77	3.49	
<b>Oil &amp; Gas Marketing Companies</b>															
Attock Petroleum Limited	-	20,000	-	-	20,000	6,738,175	6,738,174	7,759,000	1,020,826	2.27	2.61	0.01	2.50	2.66	
Pakistan State Oil Company Limited	7,500	27,500	-	15,000	20,000	6,761,382	6,274,478	5,880,000	(394,478)	2.28	1.98	0.01	2.51	2.02	
						143,638,555	159,853,665	138,014,488	(1,139,167)						

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First Capital Mutual Fund Limited



First Capital Mutual Fund Limited



NAME OF COMPANY	BALANCE AS AT 31, DECEMBER 2006										Percentage in relation to			
	NUMBER OF SHARES/CERTIFICATES					Own net assets					Total Investment			
	Opening	Purchase	Bonus/ Right	Sale	Closing	Cost RUPEES	Carrying Amount RUPEES	Market Value RUPEES	Unrealized gain/(Loss) RUPEES	At Cost %	Market Value %	Number of shares of investee company %	At Cost %	Market Value %
<b>Oil &amp; Gas Exploration Companies</b>														
Pakistan Oilfields Limited	47,000	38,000	-	-	85,000	24,293,898	28,894,450	29,728,751	834,301	8.18	10.00	0.04	9.03	10.21
Oil & Gas Development Company Limited	125,000	115,000	-	45,000	195,000	20,254,689	26,996,800	22,366,500	(4,622,300)	6.82	7.53	0.00	7.53	7.66
Pakistan Petroleum Limited	27,500	47,500	-	5,000	70,000	15,850,662	16,125,382	16,240,000	114,618	5.34	5.47	0.01	5.89	5.58
<b>Automobile Assembler</b>														
Indus Motor Company Limited	30,000	15,000	-	-	45,000	6,977,795	9,014,567	8,775,000	(239,567)	2.35	2.96	0.06	2.59	3.01
Pak Suzuki Motor Company Limited	15,100	24,400	-	-	39,500	13,159,642	13,428,104	16,590,000	3,161,896	4.43	5.59	0.07	4.89	5.70
<b>Cable &amp; Electrical Goods</b>														
Pak Elektron Limited	100,000	10,000	-	110,000	-	-	-	-	-	-	-	-	-	-
<b>Technology &amp; Communication</b>														
Pakistan Telecommunication Company Limited	120,000	225,000	-	-	345,000	19,999,896	14,826,272	15,283,500	457,228	6.74	5.15	0.01	7.43	5.25
Calimote Telpe Telecom Limited	-	75,000	-	75,000	-	-	-	-	-	-	-	-	-	-
<b>Fertilizer</b>														
Enpro Chemical Limited	-	40,000	-	25,000	15,000	2,784,236	2,784,237	2,535,000	(249,237)	0.94	0.85	0.01	1.03	0.87
Fajji Fertilizer Company Limited	71,500	-	-	-	71,500	7,289,385	8,651,500	7,546,825	(1,104,675)	2.46	2.54	0.01	2.71	2.59
Fajji Fertilizer Br Dasm Limited	230,000	265,000	-	-	495,000	14,817,938	14,262,089	14,107,500	(154,589)	4.99	4.75	0.05	5.51	4.84
<b>31 December 2006</b>						268,076,786	294,823,066	291,187,574	(3,641,492)					
<b>30 June 2006</b>						145,352,866	160,446,447	173,922,693	13,476,246					

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5.1 Net assets are as defined in rule 2 (XXXIV) of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003.

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

5.3 The percentage in relation to the investee company's paid up capital has been calculated with reference to the number of shares held in that investee company.



	Note	Un-audited December 31, 2006 Rupees	Audited June 30, 2005 Rupees
<b>6 Due to investment adviser - an associated company</b>			
Remuneration @ 2% of average annual net assets	6.1	<u>3,182,721</u>	<u>3,474,750</u>

6.1 The remuneration of the investment Advisor First Capital Investments Limited, an associated company, has been calculated as required under Rule 53 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 which entitles the Investment Advisor to a remuneration @ 2% of the average annual net assets of the Fund.

	Un-audited December 31, 2006 Rupees	Audited June 30, 2005 Rupees
<b>7 Issued, subscribed and paid up capital</b>		
30,000,000 (June 30, 2006: 15,000,000) ordinary shares of Rs. 10 each fully paid in cash	<b>300,000,000</b>	150,000,000

First Capital Investments Limited, an associated company, holds 3,430,880 (June 30, 2006: 1,954,500) ordinary shares of Rs. 10 each representing 11.44% (June 30, 2006: 13.03%) of the issued and paid up capital of the Fund.

**8 Contingencies and commitments**

There are no contingencies or commitments at the balance sheet date. (June 30, 2006: Nil).

	Un-audited December 31, 2006 Rupees	Un-audited December 31, 2005 Rupees
<b>9 Earning per share - Basic</b>		
Profit attributable to ordinary shareholders	<b>Rupees 753,613</b>	40,560,837
Weighted average number of shares	<b>Shares 27,863,014</b>	15,000,000
Earnings per share	<b>Rupees 0.03</b>	2.70



**10 Transactions with related parties**

The related parties comprise directors and key management personnel and associated companies. The nature of transactions with associated companies is as follows:

		SIX MONTHS ENDED	
		Un-audited December 31, 2006 Rupees	Un-audited December 31, 2005 Rupees
<b>Associates</b>			
Take-up commission		<b>973,947</b>	-
Fee to investment adviser	10.1	<b>3,182,721</b>	1,584,133

10.1 Amount due to related party at the year end is disclosed in note 6 of these financial statements.

**11 Date of authorization**

These financial statements were authorized for issue on February 26, 2007 by the Board of Directors.

**12 General**

- Figures have been rounded off to the nearest of rupee.

- There was a change in accounting policy in the financial statements for the year ended June 30, 2006 with respect to transaction costs incurred in relation to acquisition of investments, classified as 'investment at fair value through profit or loss'. Consequently, corresponding figures of capital gain on sale of listed securities, unrealized (loss)/gain due to change in fair value of listed securities and brokerage commission and capital value tax in the profit and loss account have been restated.



**STATEMENT OF INCOME & EXPENDITURE  
IN RELATION TO THE INVESTMENT COMPANY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2006 (UN-AUDITED)**

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31, 2006 Rupees	December 31, 2005 Rupees	December 31, 2006 Rupees	December 31, 2005 Rupees
<b>REVENUE</b>				
Investment advisory fee	4,413,544	2,183,755	2,171,346	1,187,424
Dividend Income	3,430,880	-	3,430,880	-
Capital loss on listed securities	(708,674)	-	(738,374)	-
Take up commission	149,838	-	-	-
Unrealized loss on investments at fair value through profit and loss	(129,264)	-	(129,264)	-
	<b>7,156,324</b>	<b>2,183,755</b>	<b>4,734,588</b>	<b>1,187,424</b>
<b>ADMINISTRATIVE EXPENSES</b>				
	5,123,466	2,823,001	3,430,550	1,583,771
<b>OPERATING PROFIT / (LOSS)</b>	<b>2,032,858</b>	<b>(639,246)</b>	<b>1,304,038</b>	<b>(396,347)</b>
<b>OTHER (LOSS)/INCOME</b>				
	(64,962)	1,824,073	(21,630)	1,558,914
	<b>1,967,896</b>	<b>1,184,827</b>	<b>1,282,408</b>	<b>1,162,567</b>
Financial Expenses	89,036	1,086	89,036	1,086
<b>OPERATING PROFIT BEFORE TAX</b>	<b>1,878,860</b>	<b>1,183,741</b>	<b>1,193,372</b>	<b>1,161,481</b>
<b>TAXATION</b>				
	186,528	-	186,528	-
<b>PROFIT AFTER TAXATION</b>	<b>1,692,332</b>	<b>1,183,741</b>	<b>1,006,844</b>	<b>1,161,481</b>
Earnings per share- Basic	<b>0.45</b>	<b>0.31</b>	<b>0.26</b>	<b>0.31</b>

LAHORE

CHIEF EXECUTIVE

DIRECTOR

