

First Capital Mutual Fund Limited



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

**DECEMBER 31, 2007
(Un-Audited)**

First Capital Mutual Fund Limited





COMPANY INFORMATION

Board of Directors	Salmaan Taseer (Chairman) Kamran Hafeez (CEO) Mahmood Ali Athar Muhammad Naveed Tariq Khawaja Khalil Shah Ahmad Bilal Muhammad Musharraf Khan
Chief Financial Officer	Syed Kashan Kazmi
Audit Committee	Salmaan Taseer Muhammad Naveed Tariq Muhammad Musharraf Khan
Company Secretary	Amir Mahmood
Investment Committee	Kamran Hafeez 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 ☎ +92-21-5689021, +92-21-111-000-322





DIRECTORS' REVIEW

The Directors of First Capital Mutual Fund Limited ("the fund") are pleased to present the half year financial information for the period ended 31 December 2007.

Performance Review

Operating Results

The operating results for the half year ended 31 December 2007 are summarized as follows:

All figures in Rs.

	December 31, 2007	December 31, 2006
Capital gain on listed securities	8,071,029	3,066,267
Unrealized loss	(23,472,796)	(3,641,492)
Dividend income	6,982,073	6,701,606
Other income	1,734,567	956,011
Operating expenses	5,328,417	5,993,699
Net (loss)/income	(12,620,302)	753,613
Earnings per share	(0.42)	0.03
	31 December 2007	30 June 2007
Net assets value per share	12.26	12.68
KSE-100 Index	14,076	13,772

During the 1st Half FY-08, your fund has incurred a net loss of Rs. 12 million against a net profit of Rs. 0.7 million in the same period last year. This loss has mainly resulted from an unrealized loss of Rs. 23 million in 1st Half FY-08 as against unrealized loss of Rs 3.6 million in the same period last year. The unrealized loss has swelled by approximately 3 fold on the single trading day of December 31, 2007 when KSE-100 experienced a record plunge of 695 points due to the assassination of Benazir Bhutto. Excluding the impact of last day decline in values, the net profit would have been Rs. 2 million against existing net loss of Rs. 12 million.

The realized capital gains have improved significantly and stood at Rs. 8 million against Rs. 3 million in the same period last year. Dividend Income has steadily increased by 4% in the half year. Operating expenses are very much inline with operations however the last year included an additional item of take-up commission against the right issue.

During the 1st Half FY-08, net asset value per share of your fund has declined by 3.3 % against an increase of 2% in the benchmark KSE-100 index.

The major reason for underperformance of your fund is a structural change in the performance contribution of index. During the period under consideration, liquid and blue chip stocks lagged the relatively small cap, illiquid scrips which exhibited tremendous appreciation in value. Our Prudence based Investment Style restricted us from participating in such speculative activity. Continuing with our existing strategy, currently NAV of your fund has appreciated to 13.31 Rs per share.

Performance Rating

During the period your fund has been assigned a MFR of 4 star by Pakistan Credit Rating Agency Limited (PACRA) evidencing a good performance in the equity fund (closed end) category.



Market Outlook & Future Strategy

Pakistan's economy could not sustain its previous trend of growth in the initial months of FY08, mainly on account of political uncertainty and deteriorating law and order situation. Risks to the economy were perceived to be increased by certain degree as it became evident that neither the global nor the domestic economic environment is as kind as in past years.

By the time of this meeting, General Elections 2008 has been held in a peaceful manner and a considerable decrease in political turmoil is being anticipated. To relieve fiscal pressures, new Government. shall need to take difficult steps including phasing out the level of subsidies for various sectors with oil prices on top of the list. Privatization, and GDR issues are also likely to be decided as new government resumes its office.

We remain positive on the market performance in future and our top allocations include Commercial Banks, Oil Exploration and Production, Fertilizers and Cement Sector.

Subsequent to the period end, election of directors was held on 14 February 2008 and all the existing directors were re-appointed. The Company is in the process of conversion of closed end fund into open end fund subject to completion of necessary corporate and regulatory formalities. New Non Banking Finance Companies and Notified Entities Regulations, 2007 have been introduced by SECP along with amendments in the existing Non Banking Finance Companies (Establishment and Regulation) Rules, 2003. Further Crescent Commercial Bank Limited has closed its custodial services therefore the Company is in the process of appointing Central Depository Company of Pakistan (CDC) as its custodian subject to completion of necessary corporate and regulatory formalities.

Acknowledgement

We are obliged 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
February 27, 2008

Kamran Hafeez
Chief Executive Officer



INDEPENDENT REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF FIRST CAPITAL MUTUAL FUND LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Capital Mutual Fund Limited** (the "Fund") as at 31 December 2007 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of changes in equity, condensed interim statement of movement in reserves per share and condensed interim distribution statement, for the six months period ended 31 December 2007 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December 2006 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2007.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended 31 December 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Place : Lahore
Date : February 27, 2008

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

07



CONDENSED INTERIM STATEMENT OF ASSETS & LIABILITIES AS AT DECEMBER 31, 2007

	Note	(Un-Audited) December 31, 2007 Rupees	(Audited) June 30, 2007 Rupees
ASSETS			
Non current asset			
Long term deposit		37,500	37,500
Current assets			
Investments at fair value through profit or loss	5	308,829,113	352,440,327
Dividend and other receivables		8,921,538	16,780,420
Bank balances		56,377,071	50,812,785
Total assets		374,165,222	420,071,032
Current liabilities			
Due to investment adviser - an associated company	6	3,680,272	6,772,792
Trade and other payables		2,217,960	3,017,706
Provision for taxation		606,758	-
Dividend payable		-	30,000,000
Total liabilities		6,504,990	39,790,498
Net assets		367,660,232	380,280,534
Share capital and reserves			
Authorized capital			
35,000,000 (30 June 2007: 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
Undistributed income		67,660,232	80,280,534
Contingencies and commitments	7	367,660,232	380,280,534

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

08



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

Note	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 31, 2007 Rupees	December 31, 2006 Rupees	December 31, 2007 Rupees	December 31, 2006 Rupees
INCOME				
Capital gain on listed securities	8,071,029	3,066,267	9,544,906	2,106,012
Dividend income	6,982,073	6,701,606	4,185,723	5,004,106
Other income	1,734,567	956,011	824,571	767,285
Unrealized loss on listed securities	5 (23,472,796)	(3,641,492)	(12,217,513)	(9,217,079)
	(6,685,127)	7,082,392	2,337,687	(1,339,676)
Operating expenses				
Listing, regulatory and central depository company fee	251,514	528,384	77,343	82,767
Remuneration to the investment adviser	6 3,680,272	3,182,721	1,881,842	1,546,200
Securities and transaction cost	1,061,232	480,816	677,546	87,553
Legal and professional charges	80,000	115,000	80,000	-
Custodian fee	168,534	98,096	108,534	98,096
Auditors' remuneration	85,000	90,000	85,000	90,000
Bank charges	1,865	302	235	53
Take-up commission	-	1,498,380	-	-
	5,328,417	5,993,699	2,910,500	1,904,669
Net (loss) / income before taxation	(12,013,544)	1,088,693	(572,813)	(3,244,345)
Provision for taxation	606,758	335,080	602,158	250,205
Net (loss) / income for the period	(12,620,302)	753,613	(1,174,971)	(3,494,550)
Earnings per share - basic	8 (0.42)	0.03	(0.04)	(0.12)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

09



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	SIX MONTHS ENDED	
	December 31, 2007 Rupees	December 31, 2006 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income before taxation	(12,013,544)	1,088,693
Adjustment for:		
Dividend income	(6,982,073)	(6,701,606)
Unrealized loss due to change in fair value of listed securities	23,472,796	3,641,492
	16,490,723	(3,060,114)
Operating profit / (loss) before working capital changes	4,477,179	(1,971,421)
(Increase) / decrease in current assets		
Investments in listed securities	20,138,418	(120,906,371)
Other receivables	7,970,504	(2,772,470)
	28,108,922	(123,678,841)
Increase / (decrease) in current liabilities		
Due to investment adviser	(3,092,520)	(292,029)
Trade and other payables	(891,101)	844,106
	(3,983,621)	552,077
Cash generated from operations / (used in)	28,602,480	(125,098,185)
Tax paid	(346,106)	(108,580)
Dividend received	7,216,557	6,257,706
Net cash generated from / (used in) operating activities	35,472,931	(118,949,059)
Cash flow from financing activities		
Dividend paid	(29,908,645)	(28,768,363)
Proceeds from issue of right shares	-	149,838,000
Net cash (used in) / generated from in financing activities	(29,908,645)	121,069,637
Net increase in cash and cash equivalents	5,564,286	2,120,578
Cash and cash equivalents at the beginning of the period	50,812,785	6,573,863
Cash and cash equivalents at the end of the period	56,377,071	8,694,441

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

10



CONDENSED INTERIM DISTRIBUTION STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	SIX MONTHS ENDED	
	December 31, 2007	December 31, 2006
	Rupees	Rupees
Undistributed income brought forward	80,280,534	25,880,778
Net (loss) / income for the period	(12,620,302)	753,613
Dividend of Re. nil (2006: Re. 1) per share	-	(30,000,000)
Undistributed income / accumulated (loss) carried forward	67,660,232	(3,365,609)

The annexed notes 1 to 11 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 HALF YEAR ENDED DECEMBER 31, 2007

	Issued, subscribed and fully paid up Share capital Rupees	Share deposit money (right issue) Rupees	Accumulated (loss)/un- distributed income Rupees	Total Rupees
Balance as at July 01, 2006	150,000,000	162,000	25,880,778	176,042,778
Income for the six months ended December 31, 2006	-	-	753,613	753,613
Share Deposit Money - right issue	-	149,838,000	-	149,838,000
Right shares issued	150,000,000	(150,000,000)	-	-
Final Dividend @ Rs 1/- per share for the year 2006	-	-	(30,000,000)	(30,000,000)
Balance as at December 31, 2006	300,000,000	-	(3,365,609)	296,634,391
Balance as at July 01, 2007	300,000,000	-	80,280,534	380,280,534
Loss for the six months ended December 31, 2007	-	-	(12,620,302)	(12,620,302)
Balance as at December 31, 2007	300,000,000	-	67,660,232	367,660,232

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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



CONDENSED INTERIM STATEMENT OF MOVEMENT
IN RESERVES - PER SHARE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	SIX MONTHS ENDED	
	31 December 2007	31 December 2006
	Rupees	Rupees
Net assets per share as at 01 July	12.67	11.74
Dilution due to issuance of 100% right shares at par i.e. Rs. 10 per share	-	(5.87)
Net gain from transactions in listed securities	0.27	0.10
Unrealized loss on listed securities	(0.78)	(0.12)
Net income for the year excluding net gain from sale of listed and unrealized loss on listed securities	0.09	0.04
(Loss) / income for the period - per share	(0.42)	0.03
Dividend of Re. nil (2006: Re. 1) per share	-	(1.00)
Proceeds from issue of right shares	-	4.99
	-	3.99
Net assets per share as at 31 December	12.25	9.89

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

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

This condensed interim financial information is un-audited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2007.

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 46 (f) of the NBFC and Notified Entities Regulations, 2007 (NBFC Regulations) and Listing Regulations of Lahore Stock Exchange.

On 21 November 2007, Securities and Exchange Commission of Pakistan (SECP) has notified NBFC Regulations containing revised disclosures for annual financial statements and interim financial information in schedule IV. However, as per a clarification received by Mutual Funds Association of Pakistan (MUFAP) from SECP, schedule IV is currently not applicable on the quarterly and half yearly financial information. Therefore, this condensed interim financial information is presented on the same basis as last.

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 June 30, 2007.

4 Estimates

The preparation of condensed interim financial information 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, 2007.



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	Number of Shares/certificates				Balance as at 31, December 2007				Percentage in relation to					
	Holding at the beginning of the period	Purchased during the period	Bonus/Right received during the period	Sale during the period	Holding at the end of the period	Cost Rupees	Carrying Amount Rupees	Market Value Rupees	Unrealized gain/(Loss) Rupees	Own net assets		Total Investment		
										At Cost %	At market Value %	At Cost %	At Market Value %	
Investment Companies / Banks														
First Capital Equities Limited	483,750	-	36,150	423,500	86,400	1,091,248	4,241,600	5,539,180	1,236,880	0.30	1.51	0.18	0.38	1.79
Arif Habb Securities Limited	60,000	31,000	-	90,000	-	-	-	-	-	-	-	-	-	-
Pakistan Industrial Credit Investment Corporation Limited	50,000	-	-	50,000	-	-	-	-	-	-	-	-	-	-
Commercial Banks														
Bank Al Falah Limited	-	75,000	-	75,000	-	-	-	-	-	-	-	-	-	-
BankIslami Pakistan Limited	-	148,500	-	148,500	-	-	-	-	-	-	-	-	-	-
Askari Bank Limited (Formerly Ashari Commercial Bank Limited)	80,000	-	-	80,000	-	-	-	-	-	-	-	-	-	-
National Bank of Pakistan	83,500	75,000	-	85,500	73,000	9,052,000	18,952,953	16,946,950	(2,006,003)	2.46	4.61	0.01	3.13	5.49
United Bank Limited	40,000	95,000	-	100,000	125,000	25,081,250	24,982,450	21,617,500	(3,349,950)	6.82	5.88	0.02	8.66	7.00
The Bank of Punjab	104,344	115,000	8,934	90,000	138,278	12,320,569	14,274,756	13,923,588	(751,168)	3.35	3.68	0.03	4.25	4.38
MCB Bank Limited	64,750	105,200	-	130,000	39,950	11,424,901	16,017,074	15,978,003	(39,072)	3.11	4.35	0.01	3.94	5.17
Mezzan Bank Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-
Allied Bank Limited	-	60,000	-	60,000	-	-	-	-	-	-	-	-	-	-
NIB Bank Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-
Insurance Companies														
Metropolitan Life Assurance Company Limited	-	17,500	-	17,500	-	-	-	-	-	-	-	-	-	-
Adampje Insurance Company Limited	-	10,000	-	10,000	10,000	3,869,200	3,869,195	3,593,500	(285,695)	1.05	0.97	0.01	1.34	1.16
E F U General Insurance Company Limited	-	20,000	-	20,000	-	-	-	-	-	-	-	-	-	-
Pakistan reinsurance Company Limited	-	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-
New Jubilee Life Insurance Company Limited	-	40,000	-	40,000	-	-	-	-	-	-	-	-	-	-
Textile Composite														
Nishat Mills Limited	80,000	170,000	-	45,000	205,000	21,512,700	25,344,273	21,566,000	(3,778,273)	5.85	5.87	0.13	7.43	6.98
Azgard Nine Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-
Synthetic & Rayon														
Dewan Saiman Fibers Limited	-	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-
Sugar and Allied Industries														
J.D.W Sugar Mills Limited	-	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-
Cement														
Fauji Cement Co. Limited	-	100,000	-	50,000	100,000	2,123,000	2,122,500	1,490,000	(632,500)	0.58	0.41	0.03	0.73	0.48
Al-Abbas Cement Industries Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-
Dewan Cement Limited	41,512	-	-	41,512	599,848	720,233	682,872	(37,361)	0.16	0.19	0.01	0.21	0.22	
D.G.Khan Cement	150,055	35,000	-	20,000	165,055	18,732,405	15,630,709	(3,101,697)	4.37	4.25	0.07	5.54	5.06	
Lucky Cement Company Limited	145,000	251,500	-	275,000	121,500	13,475,565	15,883,403	14,154,750	(1,728,653)	3.67	3.85	0.05	4.65	4.58
Refinery														
Attock Refinery Limited	-	68,500	-	48,500	20,000	5,265,000	5,265,000	5,026,000	(239,000)	1.43	1.37	0.03	1.82	1.63
National Refinery Limited	-	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-
Tobacco														
Pakistan Tobacco Limited	-	30,000	-	-	30,000	4,955,100	4,955,049	4,665,000	(290,049)	1.35	1.27	0.01	1.71	1.51
Power Generation and Distribution														
Hub Power Company Limited	100,000	-	-	-	175,000	5,843,250	6,433,735	5,337,500	(1,096,235)	1.59	1.45	0.02	2.02	1.73
Kot Ader Power Company Limited	-	10,000	-	5,000	5,000	234,000	234,000	242,250	8,250	0.06	0.07	0.00	0.08	0.08
Balance C/F						135,813,630	164,923,202	148,795,802	(16,123,400)					

Name of Company	Number of Shares/certificates				Balance as at 31, December 2007				Percentage in relation to								
	Holding at the beginning of the period	Purchased during the period	Bonus/Right received during the period	Sale during the period	Holding at the end of the period	Cost Rupees	Carrying Amount Rupees	Market Value Rupees	Unrealized gain/(Loss) Rupees	Own net assets		Number of shares of investee company					
										At Cost	At market Value	%	%	At Cost	At Market Value	%	%
Balance B/F						135,813,630	164,823,202	148,799,802	(16,123,400)								
Oil & Gas Marketing Companies																	
Pakistan State Oil Limited	55,000	60,000	-	105,000	10,000	4,318,000	4,318,000	4,066,000	(252,000)	1.17	1.11	0.01	0.01	1.49	1.32	-	-
Attock Petroleum Limited	-	24,700	-	24,700	-	-	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas Exploration Companies																	
Pak Oil Fields Limited	60,000	135,000	-	140,000	55,000	17,079,700	18,902,653	18,392,000	(510,653)	4.65	5.00	0.03	0.03	5.90	5.96	-	-
Oil & Gas Development Company Limited	285,000	95,000	-	120,000	260,000	27,547,000	31,620,966	31,057,000	(563,966)	7.49	8.45	0.01	0.01	9.51	10.06	-	-
Pakistan Petroleum Limited	70,000	225,000	9,500	210,000	94,500	28,199,750	23,711,156	23,157,225	(553,931)	6.31	6.30	0.01	0.01	8.01	7.50	-	-
Engineering																	
Crescent Steel and Allied Products Limited	-	80,000	-	35,000	45,000	4,036,950	4,037,692	4,383,000	345,308	1.10	1.19	0.09	0.09	1.39	1.42	-	-
Sazgar Engineering Works Limited	-	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Assembler																	
Indus Motors Limited	25,000	10,000	-	5,100	29,900	9,031,893	9,241,235	9,544,080	302,845	2.46	2.60	0.04	0.04	3.12	3.09	-	-
Pakistan Suzuki Motor Company Limited	15,000	8,700	-	9,000	14,700	4,593,603	5,732,119	4,845,855	(866,264)	1.25	1.32	0.02	0.02	1.59	1.57	-	-
Technology & Communication																	
Pakistan Telecommunication Co. Limited - A	260,000	90,000	-	60,000	290,000	16,712,700	16,087,547	12,194,500	(3,893,047)	4.55	3.32	0.01	0.01	5.77	3.95	-	-
TRG Pakistan Limited	50,000	125,000	-	175,000	-	2,859,500	2,863,747	2,450,000	(513,747)	0.78	0.67	0.05	0.05	0.99	0.79	-	-
Fertilizer																	
Enrgo Chemicals Limited	93,495	75,000	-	127,900	40,595	9,601,935	11,006,888	10,788,121	(218,767)	2.61	2.93	0.02	0.02	3.32	3.49	-	-
Fauji Fertilizer Company Limited	146,500	85,000	-	115,000	116,500	12,810,340	14,254,381	13,834,375	(420,006)	3.48	3.76	0.02	0.02	4.42	4.48	-	-
Fauji Fertilizer Bn. Qasim Limited	325,000	345,500	-	341,000	329,500	11,769,740	14,902,791	13,855,475	(1,047,316)	3.20	3.77	0.04	0.04	4.06	4.49	-	-
Chemical																	
ICI Pakistan Limited	-	10,000	-	-	10,000	2,155,100	2,155,055	1,966,500	(188,555)	0.59	0.53	0.01	0.01	0.74	0.64	-	-
Berger Paints Limited	-	900	-	900	-	-	-	-	-	-	-	-	-	-	-	-	-
Silara Chemicals Limited	-	7,000	-	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Abbot Laboratories (Pakistan) Limited	-	12,900	-	12,900	-	-	-	-	-	-	-	-	-	-	-	-	-
Paper & Board																	
Packages Limited	-	57,900	-	31,800	26,100	8,088,651	8,444,477	9,495,180	1,050,703	2.20	2.58	0.04	0.04	2.79	3.07	-	-
Glass & Ceramics																	
Ghani Glass Limited	-	64,700	3,235	67,935	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous																	
Ti-Pack Films Limited	20,000	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total						289,618,492	332,301,909	308,829,113	(23,472,796)								
30 June 2007						266,333,505	293,947,610	352,440,327	58,492,717								

5.1 Net assets are as defined in rule 2 (XIV) of the Non Banking Finance Companies Notified Entities Regulations, 2007.

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	Audited
	December 31, 2007	June 30, 2006
	Rupees	Rupees

6 Due to investment adviser - an associated company

Remuneration @ 2% of average annual net assets	6.1	3,680,272	6,772,792
--	-----	------------------	------------------

6.1 The remuneration of the investment Advisor First Capital Investments Limited, an associated company, has been calculated as required under Rule 70 of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 which entitles the Investment Advisor to a remuneration @ 2% of the average annual net assets of the Fund.

7 Contingencies and commitments

There are no contingencies or commitments at the balance sheet date. (June 30, 2007: Nil).

8 Earning per share - Basic

	Rupees	Six months ended	
		Un-audited December 31, 2007	Un-audited December 31, 2006
(Loss) / income attributable to ordinary shareholders	Rupees	(12,620,302)	753,613
Weighted average number of shares	Shares	30,000,000	27,863,014
Earnings per share	Rupees	(0.42)	0.03

9 Transactions with related parties

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

	Rupees	SIX MONTHS ENDED	
		Un-audited December 31, 2007	Un-audited December 31, 2006

Associates

Take-up commission	-	973,947
Fee to investment adviser	9.1	3,680,272
		3,182,721

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



10 Date of authorization

These financial statements were authorized for issue on February 27, 2008 by the Board of Directors.

11 General

- Figures have been rounded off to the nearest of rupee.
- Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. Listing, regulatory and central depository company fee, legal and professional charges, custodian fee, auditors' remuneration and bank charges have been shown on the face of income statement, previously these have been disclosed in administrative expenses.



**STATEMENT OF INCOME AND EXPENDITURE
IN RELATION TO THE INVESTMENT COMPANY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	December 2007 Rupees	December 2006 Rupees	December 2007 Rupees	December 2006 Rupees
INCOME				
Investment advisory fee	5,242,433	4,413,544	2,694,746	2,171,346
Dividend income	-	430,880	-	430,880
Capital Loss	-	(708,674)	-	(738,374)
Take-up commission	-	149,838	-	-
Unrealized loss on remeasurement of investments at fair value through profit or loss	(517,056)	(129,264)	(538,596)	(129,264)
	4,725,377	4,156,324	2,156,150	1,734,588
EXPENDITURES				
Operating expenses	7,277,796	5,123,466	4,956,875	3,430,550
OPERATING LOSS	(2,552,419)	(967,142)	(2,800,725)	(1,695,962)
Other charges/(income)	5,247	153,997	7,358	110,666
Share of (loss)/profit from associates	(1,201,354)	108,869	(57,281)	(324,435)
LOSS BEFORE TAXATION	(3,759,019)	(1,012,270)	(2,865,363)	(2,131,063)
Taxation	(695,227)	186,528	(720,272)	186,528
Share of taxation from associates	60,676	33,508	60,216	25,021
LOSS AFTER TAXATION	(3,124,468)	(1,232,306)	(2,205,307)	(2,342,612)
Earnings per share- Basic and Diluted	(0.82)	(0.32)	(0.58)	(0.62)