

MPIC Fund I, LP

**Annual Report
2012**

“...Over time, markets will do extraordinary, even bizarre, things. A single, big mistake could wipe out a long string of successes. We therefore need someone genetically programmed to recognize and avoid serious risks, including those never before encountered. Certain perils that lurk in investment strategies cannot be spotted by use of the models commonly employed today by financial institutions.

Temperament is also important. Independent thinking, emotional stability, and a keen understanding of both human and institutional behavior is vital to long-term investment success. I've seen a lot of very smart people who have lacked these virtues...”

*- Warren Buffett
Berkshire Hathaway 2006 Annual Letter to Shareholders*

MPIC Fund I, LP

**Annual Report
2012**

MPIC Fund I, LP's Performance vs. the S&P 500

Year	Annual Percent Change		Relative Results (1)-(2)
	in Net Asset Value Per Share Of MPIC Fund I (1)	in S&P 500 with Dividends Included (2)	
2006	8.5%	9.6%	(1.1%)
2007	26.8%	5.5%	21.3%
2008	(19.1%)	(37.0%)	17.9%
2009	41.3%	26.5%	14.8%
2010	12.8%	15.1%	(2.3%)
2011	(8.5%)	2.1%	(10.6%)
2012	11.5%	16.0%	(4.5%)
Compounded Annual Gain – 2006-2012	9.3%	3.5%	5.8%
Overall Gain – 2006-2012	81.0%	25.6%	55.4%

Notes: Data are for calendar years with these exceptions: 2006, eight months ended 12/31.

Both, the S&P 500 and MPIC Fund I, LP, performances are pre-tax. MPIC Fund I, LP results are audited and after all expenses, including incentive allocation.

MPIC Fund I, LP

To the Partners of the MPIC Fund I, LP:

Our net return to partners for 2012 was +11.5%, while the S&P 500 Total Return was +16.0%. Since inception on May 1, 2006, the MPIC Fund I, LP's cumulative net return to partners is +81.0%, while the S&P 500 Total Return has gained +25.6%. During that same period, we have outperformed our comparative index by a +5.8% differential per annum, after all expenses including incentive allocation.

Our unconditional duty to you, our partners, is to **grow investment capital at an above average rate** while **avoiding any permanent loss**.

Commentary

For the last two months, and in particular the last three weeks, I've agonized over what to say to you. Some years, we have plenty to say, but this year it was frustrating trying to find something that you have not heard ad nauseam in the media, as the various pundits have been given more than enough exposure. So I waited to hear what the "Oracle" himself would discuss with his shareholders...waiting for a moment of inspiration!

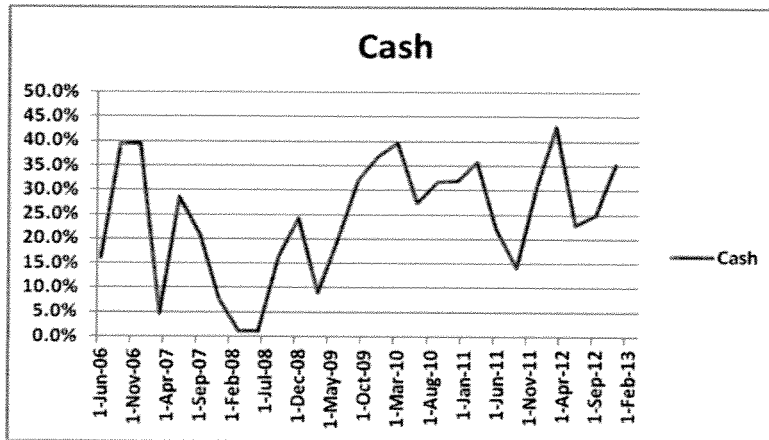
Many years ago, I remember listening to Michael Lee Chin, who owned AIC Mutual Funds, speak about what the annual letter meant to him. He said, "Mr. Buffett is like the magnetic north, and every year I read the annual letter to reset my compass, so that it points true north." Like Michael, I too needed to find "north" this year.

So, what you will get in this year's letter isn't punditry, lessons in value investing, or anything of that nature. It will go back to the root of why Buffett used to write letters to partners, and how they were meant to explain to his sisters exactly what happened this year...the highlights and the lowlights!

This is the third consecutive year that we have not surpassed the S&P500 Total Return. When markets are on a roll, we tend to trail, and when markets hit a rut in the road, we tend to quickly extend our lead. This occurs for two reasons:

- We generally like the flexibility of cash. When we cannot find good ideas with a significant margin of safety, we prefer to keep capital in very short-term U.S. treasuries. As such, when markets are booming, we are not fully invested, and when markets drop, we can put that cash to work into investments that have been devalued.
- The other reason this happens is because we often buy out of favor investments that do not track the market. Usually, these are turnaround situations and it takes time, or a catalyst of change is required to release the underlying value. These businesses follow their own timeline and markets usually have to catch up to them.

Below is a chart showing the amount of cash MPIC Fund I, LP has held on a quarterly basis since inception. You will notice that we have held significant amounts of cash, and that there was really only one period where we were fully invested, and that was during the credit crisis in 2008. Since then, as markets have risen, our relative cash balances have increased. We have a significant amount of cash at present that we will put to work when the opportunity arrives...but it has to have an adequate margin of safety.



Excluding the cash component of the fund, about 80% of our actual investments shot the lights out in 2012 and into early 2013.

- The biggest holding by far in the fund over the last year is Bank of America (BAC). We own significant equity, but an equal amount of Bank of America "A" warrants, which have a strike price of about \$13 and do not expire until 2019. These warrants, unlike most conventional warrants, fully adjust for any dividends paid or shares repurchased by Bank of America. The AIG warrants, that we held last year, were sold to purchase more Bank of America warrants, as we felt more comfortable with BAC's balance sheet, business and management. Our actual investment in the warrants was double our equity position, but we cut that in half through the year as Bank of America rose some 150%! We expect Bank of America to increase both dividends and share buybacks in 2013.

One enormous error of omission you should be aware of...probably the biggest error in the fund's life. When we originally purchased our equity position in BAC, we had several orders out...starting at \$5.60 and all the way down to \$5.05. We hit on all of the orders, but missed out on the \$5.05 order which was nearly double the other orders. Your Chairman had the opportunity to raise the price and acquire those shares at \$5.10, but was too cheap to increase the bid by a nickel, assuming that the market would come down to him...it never did that day! That nickel per BAC share ended up being over \$7 in gains, as BAC went over \$12 per share. Lowlight indeed!

- The second largest holding in the fund is the combination of Leucadia National (LUK) and Jefferies (JEF). As of writing, Leucadia has completed its acquisition of Jefferies, as well as spun off its Crimson Wine Group shares as a dividend. By acquiring Jefferies, Leucadia has resolved their succession issues, built a formidable vehicle that will now dominate the mid-market investment bank industry, and leveraged their company prudently to maximize their investment capabilities. We think both Jefferies and Leucadia will continue to thrive under new CEO Rich Handler.
- We've held on to the bulk of our stake in Wells Fargo (WFC). We sold a small portion to add to Leucadia in 2012. We believe it is the best run large bank in America, although Bank of America under Brian Moynihan's stewardship isn't far behind. Wells Fargo's loyal customer base and cross-selling of products is the exact model that Bank of America is now trying to emulate. We expect Wells to continue to raise its dividend, as its robust cash flows fill its coffers. U.S. banks in

general will do well in 2013, as housing continues to recover, interest rates have flat-lined, and cost efficiencies in the last two years become clearly apparent.

- In 2012, we parted with our investments in Berkshire Hathaway. We rarely pay up, so we've never been accused of premature accumulation, but as value investors, we've often been guilty of premature disposition. With Berkshire, guilty as charged! Our average cost was \$66 per "Berkshire B" share, and our average sale was at \$88. The stock presently sells around \$100 per "B" share. You can only be comforted by the fact that we put that capital to work in other investments that we thought were more undervalued and ended up providing even more lucrative returns.
- We modestly increased our investment in Fairfax Financial. We have owned the company for a very long time, and we expect Fairfax to continue to do well under Prem Watsa's leadership. Fairfax has a rock-solid balance sheet, with its investments positioned very conservatively and fully hedged. It's interesting to see the difference in current posture: Warren Buffett says he has his "foot to the floor", and Prem Watsa is prepared for a significant market correction. We fall somewhere in the middle! Regardless, long-term investors will be well-rewarded by Fairfax.

While we are trying to avoid any sort of macroeconomic analysis, we would just like to make a brief comment. We think the U.S. is in better shape than most of the world. We've thought that for the last two years. Unlike Europe, U.S. financial institutions have been fully restructured and well-capitalized. European banks have been given cheap access to capital, but have retained their debts, poor loan portfolio and are not well-capitalized. Finally, we think China is in the midst of one of the largest property bubbles in history...one that dwarfs the U.S. bubble based on China's average per capita income...we do not have a clue what the true loan portfolio looks like in Chinese banks!

- Overstock.com had its first full year of complete profitability...four quarters...all profitable! Patrick Byrne and the team at Overstock focused on getting the business operations very lean. Those improvements, along with very little in litigation costs, showed markets that the model works. Investors recognized the value of the business and it quickly rose in price from \$5 to \$16. Just as we average in, we averaged out a significant portion of our investment. We are comfortable with the portion we have retained.
- In 2012, we disposed of our entire investment in ITEX Corporation. As mentioned in last year's annual report, The Polonitza Group was interested in pursuing litigation, as our earlier proxy fight had only alleviated a few issues at the company. We chose not to pursue that avenue, as the potential for costs to balloon if the case went to discovery or trial, would far outweigh any net benefit. The Polonitza Group dissolved, and David filed a derivative class action lawsuit against ITEX on behalf of shareholders. ITEX tendered for 25% of its shares at \$4.20 a share, and we felt that we needed to dispose of our shares during the tender process, as the company is highly illiquid and we may not get another opportunity. Additionally, the company was repurchasing shares above book value, which we felt was not prudent, and our attempts to dissuade management did not work. On ethical grounds, we chose not to tender our shares to ITEX directly, and sold our shares into the open market at a very nominal discount to the tender price. Our original cost was well below book value, and we received significant dividends for the last three years.
- In 2012, Rainmaker had an agreement to sell their animation business to Chinese media company Xing Xing, shortly after the departure of CEO Catherine Winder. That deal was not

completed, and management chose to retain the animation business with the upcoming release of their largest production, "Escape From Planet Earth". "Escape" opened in theatres on February 15th, and earned \$21M over the Friday to Monday U.S. long-weekend. The movie surpassed its \$40M production cost by the end of the third week of release with over \$43M in domestic box office ticket sales. International releases are to occur through March and April. Rainmaker contains an operating animation business, with some substantial non-tangible assets, which if monetized properly could create a very interesting value proposition. There is a very significant core base of value investors holding the bulk of its shares, including MPIC Fund I, LP, and such an alignment rarely happens. The trio of core shareholders have back-stopped a recent convertible debenture offering of nearly \$6M. With no debt, cash in the bank and potential new business from the exposure of "Escape", we think Rainmaker has a very good chance of stabilizing and growing the animation business.

- We have held Chanticleer Holdings shares for a very long time. Through highs and lows, we've placed a significant amount of faith in CEO Mike Pruitt's obstinate ability to find a way through and get things done. Unfortunately, in September of 2012, a breakdown in internal controls allowed the CFO of their South African subsidiary to misappropriate \$128,000. At the time of the fraud, Chanticleer had to announce that their year-end 2011 and subsequent 2012 quarterly financials could not be relied upon, as the audit was never completed by the South African CFO. Nasdaq immediately halted the stock, and required Chanticleer's audit committee to perform a formal investigation into what happened. The CFO repaid \$41,000, and agreed to repay the remaining balance. The audit committee and management reported on their findings, and implemented new internal controls across the entire company to detect and prevent such fraud from occurring again. Chanticleer refilled their financials and the stock began trading in early January.

This is where "Generally Accepted Accounting Principles" (GAAP) takes a unique turn that really makes little sense to us. We spent the better part of the last two weeks discussing the issue below with the auditors. When Chanticleer's stock was halted, we took the conservative approach and valued it as a Level 3 asset at zero. Why? As the stock was halted, there was no quantitative input we could use to value it other than through previous financials which could not be relied upon. As a fraudulent act had occurred, we could not use any qualitative input as well, as the extent of the fraud did not become apparent until early December, and subsequent to that, there was no way of determining impairment. We chose to give it a zero value and halt any new capital from coming into the fund until Chanticleer's stock began trading again.

The issue the auditor's faced under GAAP, was if we were correct to value Chanticleer as a Level 3 asset? In our minds, the conservative approach in accounting is the correct method. Common sense would dictate that the shares at the time were worthless, as it is unlikely any institution would lend us capital using the stock as collateral. In the auditor's minds, and according to GAAP, they had to examine if there was any way to give the shares a value. The comparable analogy in real estate would be if the real estate agent knew that a property could be worthless, but the property inspector, that the buyer hired, insisted that some value be attributed to the property, even if he didn't know for sure.

If we chose the alternative, then our returns would have been better for 2012, in fact surpassing the index. In good conscious, we felt that our original valuation was the correct assessment based on the circumstances. After long discussions and emails, the auditors agreed that our method was appropriate. Only in the financial industry do you find yourself burnishing your results simply to accommodate GAAP's peculiarities.

- Like many stocks, Dell Inc. (DELL) had been on our radar for many years, yet was always overvalued in our mind. Then with the rise of tablets and the demise of desktops and laptops, a very significant crack in Dell's moat became apparent, and we had essentially disregarded DELL for the last couple of years. After revisiting the company earlier in 2012 as the stock fell, we came to the conclusion that a significant transformation had been occurring at DELL. The company had rapidly grown other business segments outside of its traditional computer business, including server & storage; software; and end to end support for corporations, extending from small businesses right up to many of the Fortune 500 companies. While the retail computer business was deteriorating, the other DELL businesses were growing - a couple of which were experiencing double digit annual growth. We started averaging into DELL in the summer, and ultimately ended with a 15% position by late fall. Shortly after, rumors began flying in the media that Michael Dell and a private equity firm, were attempting to take DELL private. As the stock rose from \$9 to \$14, we began to average out. The eventual offer price, of \$13.65 per share, was well below conservative estimates of DELL's intrinsic value. With Michael Dell a significant impediment to any competing offer, we felt that exiting the position was best. We enjoyed a fairly significant return in a short period of time.

Miscellaneous

Audit & Annual Report

Our audit for 2012 was once again conducted by Patke & Associates. We would like to thank Ron Niemaszyk, Shana Sparber and Lisa Clausen for their work. It was completed on time and on budget once again. There were no material issues. We will certainly use their services again next year. The partnership's tax return and partner K-1's were also handled by Patke & Associates. If you are looking for a good auditor, that provides excellent customer service and diligent oversight, give Ron a call at Patke & Associates – (847)382-1627.

Jason Romo & Charlene Donaghey of Wired Digital Print & Imaging (www.wire-it.ca) published the MPIC Fund I, LP's 2012 Annual Report once again. Jason does all of our print work for us. He does a fantastic job for a great price!

Directors

Corner Market Capital U.S. is the general partner for the MPIC Fund I, LP. The board of directors is composed of Alnesh Mohan, Andrew Cooke, Glen Rollins & Sanjeev Parsad. Andrew and Glen provide invaluable support and advice! They are also both minority shareholders in the general partner and terrific friends to the partnership.

- Andrew, as many of you already know, is a CA / CPA with previous experience at subsidiaries of Fairfax Financial and as Treasurer for Lumbermens Mutual Group (formerly Kemper Insurance). He has spent many years studying value investing.
- Glen was a director of Rollins Corporation and was Chief Executive Officer of the Orkin PCO pest control division for many years. Not only did he serve on the board of a NYSE-listed company, but he oversaw a multitude of franchisees and several thousand employees. He's been a Berkshire Hathaway shareholder for over 20 years.

Our existing and prospective partners are welcome to contact Andrew at cooke_work@hotmail.com and Glen at gwrollins@gmail.com. They receive no fees for their service, except for a box of cookies every Christmas!

Dorsey & Whitney LLP

Alan Bell, and his assistant Barb Allen, at Dorsey & Whitney LLP in Salt Lake City, handle all of Corner Market Capital U.S.'s and the MPIC Fund I, LP's legal requirements and filings. They've been helping us from our inception and do a great job making sure all our "i's are dotted and t's crossed"! If you need a good attorney for a U.S. corporation or partnership, give Alan a call at (801)933-7361.

Frequently Asked Questions & Ground Rules

Towards the end of the Annual Report, you will find our "Ground Rules" in Appendix A. These are the fundamental principles that our partnership tries to abide by and guide our conduct. We think these principles align our interests with your interests, and allow for a truly equitable partnership. In Appendix B, you will find our answers to some frequently asked questions. We will expand this as time goes by.

Operational Costs

Operational costs in 2012 were about 37% lower than in 2010 & 2011 relative to assets under management...and that is after excluding costs for the ITEX proxy in past years. We expect that 2013 operational costs will continue to decrease, as the fund continues to grow faster than expenses going forward.

UBS Private Wealth Management

As we've stated in our previous annual reports, Ajay Desai and his team of Qui Lam, Randy Bruns, Tim Dillow, Andrew Lindblom & Frank Pellicori are hands down our best service provider, and make your Chairman's day to day duties far easier with their execution, service and value.

In five plus years, there has not been a single day where I call their office and someone does not pick up the phone before the 3rd ring. We have never had a single issue with them that has not been rectified to our complete satisfaction. Whenever any new fund manager asks me for a recommendation regarding our service providers, the first name that I always tell them is Ajay's. We receive no discounts, special consideration or anything else to the surprise of those managers. Plain and simple, they are the best we have seen and we could not run the funds efficiently without them.

MPIC Funds AGM

The MPIC Funds Annual General Meeting is set for April 11, 2013. As usual, we will be holding it in the Pickering Room at Roy Thomson Hall immediately after the Fairfax Financial Annual General Meeting.

MPIC Funds Annual General Meeting
Thursday April 11, 2012
Roy Thomson Hall
60 Simcoe Street
Toronto, Ontario
The Pickering & Green Rooms

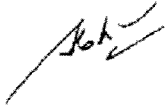
Meet & Greet: 1:00pm-1:30pm
Presentation: 1:30pm-2:00pm
Q & A: 2:00pm – 4:00pm
Light Refreshments Will Be Served

Our Promise To You

Finally, we cannot begin to explain how we feel about the fiduciary responsibility we've been entrusted with. For most of you, the capital invested within the MPIC Funds is due to a lifetime of effort, and all the challenges that you faced to get here. We will **never** take that responsibility lightly!

We thank you for your trust, friendship and confidence. As always, we keep an open door policy, and our partners can contact us at anytime about any subject. We wish you and your families well.

Sincerely,



Alnesh Mohan



Sanjeev Parsad

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In the following pages, you will find the Audited Financial Statements for the MPIC Fund I, LP ending December 31, 2012.

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MPIC FUND I, LP

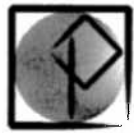
(A Delaware Limited Partnership)

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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Patke
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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To the Partners of
MPIC Fund I, LP
British Columbia, Canada

Report on the Financial Statements

We have audited the accompanying financial statements of MPIC Fund I, LP (a Delaware limited partnership), which comprise the statement of assets and liabilities, including the condensed schedules of investments, as of December 31, 2012, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPIC Fund I, LP as of December 31, 2012 and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Patke & Associates, Ltd.

February 27, 2013
Lincolnshire, Illinois

MPIC FUND I, LP
(A Delaware Limited Partnership)

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2012

Assets

Investment in securities, at fair value (cost \$3,157,497)	\$ 3,199,908
Warrants purchased, at fair value (premiums paid \$225,887)	365,715
Cash at broker	395,214
Total assets	<u>3,960,837</u>

Liabilities

Accounts payable and accrued liabilities	8,203
Total liabilities	<u>8,203</u>

Net assets

\$ 3,952,634

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS - SECURITIES
DECEMBER 31, 2012

Description	Shares / Units	Fair Value	% of Net Assets
Investment in common stocks			
<u>United States</u>			
Financials			
Bank of America	27,500	\$ 319,275	
Wells Fargo	7,000	239,260	
Leucadia National Corp.	20,000	475,800	
Various		<u>185,700</u>	
		<u>1,220,035</u>	<u>30.9%</u>
Information technology			
Dell Inc.	35,000	<u>354,900</u>	<u>9.0%</u>
Consumer discretionary			
Overstock.Com, Inc.	14,000	<u>200,340</u>	<u>5.0%</u>
Total investment in United States common stocks (cost \$1,626,138)		<u>1,775,275</u>	<u>44.9%</u>
<u>Canada</u>			
Financials			
Fairfax Financial Holdings Limited	800	<u>288,800</u>	<u>7.3%</u>
Consumer discretionary			
Various		<u>136,200</u>	<u>3.5%</u>
Total investment in Canada common stocks (cost \$531,451)		<u>425,000</u>	<u>10.8%</u>
Total investment in common stocks (cost \$2,157,589)		<u>2,200,275</u>	<u>55.7%</u>
Investment in U.S. Treasury bills			
U. S. Treasury bills, due 2013	1,000,000	<u>999,633</u>	
Total U.S. Treasury bills (cost \$999,908)		<u>999,633</u>	<u>25.3%</u>
Total investment in securities (cost \$3,157,497)		<u>\$ 3,199,908</u>	<u>81.0%</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS – WARRANTS
DECEMBER 31, 2012

Warrants purchased					
<u>Description</u>	<u>Expiration Date</u>	<u>Warrants</u>	<u>Premiums Paid</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
<u>United States</u>					
Financials					
Bank of America	1/16/2019	67,500	\$ 223,973	\$ 365,715	
Various			<u>1,914</u>	<u>-</u>	
Total warrants purchased			<u>\$ 225,887</u>	<u>\$ 365,715</u>	<u>9.3%</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP
(A Delaware Limited Partnership)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

Investment income

Dividends (net of foreign withholding taxes of \$900)	\$ 29,595
Total investment income	<u>29,595</u>

Expenses

Professional fee expense	9,424
Other operating expenses	<u>3,073</u>
Total expenses	<u>12,497</u>
Net investment income	<u>17,098</u>

Realized and unrealized gain (loss) from investments

Net realized (loss) from investments	(36,800)
Net unrealized appreciation on investments	<u>424,992</u>
Net realized and unrealized gain from investments	<u>388,192</u>
Net increase in net assets resulting from operations	<u>\$ 405,290</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP
(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2012

	Partners' Capital		
	General Partner	Limited Partners	Total
Increase (decrease) in net assets from operations			
Net investment income	\$ 2,275	\$ 14,823	\$ 17,098
Net realized (loss) from investments	(4,895)	(31,905)	(36,800)
Net unrealized appreciation on investments	59,589	365,403	424,992
Net increase in net assets resulting from operations	<u>56,969</u>	<u>348,321</u>	<u>405,290</u>
Capital contributions	-	200,000	200,000
Capital withdrawals	-	(105,438)	(105,438)
Total increase in net assets	<u>56,969</u>	<u>442,883</u>	<u>499,852</u>
Net assets			
Beginning of year	<u>493,058</u>	<u>2,959,724</u>	<u>3,452,782</u>
End of year	<u>\$ 550,027</u>	<u>\$ 3,402,607</u>	<u>\$ 3,952,634</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2012**

ORGANIZATION OF PARTNERSHIP

MPIC Fund I, LP (the "Fund") is an investment fund organized on March 13, 2006, under the Revised Uniform Limited Partnership Act of the State of Delaware, for the purpose of engaging in buying and selling securities. The general partner of the Fund is Corner Market Capital US Inc. ("General Partner"). The General Partner is a wholly-owned subsidiary of Corner Market Capital Corporation, a corporation registered in British Columbia. The Fund will continue until May 1, 2036 unless terminated earlier or extended in accordance with the provisions of the Partnership Agreement.

The Fund's investment objective is to earn above market returns and long-term appreciation. The Fund seeks to achieve its investment objective by investing principally in marketable securities of U.S. and non-U.S. companies.

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT IN SECURITIES

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Securities transactions and any related gains and losses are reported on a trade date basis. Any unrealized gains or losses on open positions at the date of the financial statements would be stated on the statement of operations. The Fund records interest income in the period it is earned. Dividend income is recorded on the ex-dividend date.

OPTIONS AND WARRANTS

When the Fund purchases an option or warrant, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current fair value of the contract purchased. Listed derivatives that are actively traded are valued based on quoted prices from the exchange. Premiums paid for purchased options or warrants that expire unexercised are treated by the Fund on the expiration date as realized losses from investments. Premiums paid for contracts that are sold prior to expiration are offset against the proceeds of the related sale transaction, net of brokerage commissions, to determine the realized gain or loss.

INCOME TAXES

The Fund prepares calendar year informational U.S. and applicable state tax returns and reports to the partners their allocable shares of the Fund's income, expenses and trading gains or losses. No provision for income taxes has been made in the accompanying financial statements as each partner is individually responsible for reporting income or loss based on such partner's respective share of the Fund's income and expenses as reported for income tax purposes.

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES (Continued)

Management has continued to evaluate the application of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. There are no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months. The 2009 through 2012 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

STATEMENT OF CASH FLOWS

The Fund has elected not to provide a statement of cash flows as permitted by ASC 230 "Statement of Cash Flows".

FAIR VALUE MEASUREMENTS AND DISCLOSURES

All investments are recorded at their estimated fair value. The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability, including the Fund's own assumptions used in determining the fair value of investments. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Equity securities and derivative financial instruments, such as options, which are listed on a national securities exchange or reported on the NASDAQ national market, are valued based on quoted prices from the exchange. To the extent these financial instruments are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

MPIC FUND I, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

SIGNIFICANT ACCOUNTING POLICIES (Continued)

One of the Fund's investments, Chanticleer Holdings, had their stock halted by NASDAQ on September 11, 2012 and trading resumed on January 16, 2013. As such, the General Partner determined this investment is a Level 3 asset. Included in Level 3 assets are securities that may be subject to significant impairments in valuation, due to a lack of liquidity. Absent observable inputs due to the halt in trading of Chanticleer Holdings, and unobservable inputs being unreliable as Chanticleer Holding's financials were being audited and restated due to fraudulent activities within a subsidiary, the General Partner valued these securities at zero at December 31, 2012, until acceptable inputs for valuation become available.

The following table summarizes the inputs used to value the Fund's assets and liabilities measured at fair value as of December 31, 2012.

Description	Level 1	Level 2	Level 3	Total
Common stocks				
Financials	\$ 1,508,835	\$ -	\$ -	\$ 1,508,835
Information technology	354,900	-	-	354,900
Consumer discretionary	336,540	-	-	336,540
Total common stocks	2,200,275	-	-	2,200,275
U.S. Treasury bills	999,633	-	-	999,633
Warrants purchased	365,715	-	-	365,715
Total	<u>\$ 3,565,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,565,623</u>

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

	Common Stocks Level 3
Beginning balance - January 1, 2012	\$ -
Transfer from level 1	200,200
Net unrealized (depreciation) on investments	(200,200)
Ending balance - December 31, 2012	<u>\$ -</u>

The total change in unrealized depreciation attributable to Level 3 assets still held at December 31, 2012 is \$200,200, which is included in net unrealized appreciation on investments on the statement of operations. The Fund's policy is to recognize transfers into and out of Level 3 as of the date of the transaction or change in circumstances that caused the transfer.

MPIC FUND I, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCY

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The derivatives held or sold by the Fund are used for speculative trading purposes, and therefore are not designated as hedging instruments pursuant to GAAP.

The fair value of the Fund's derivatives by instrument type, as well as the location of those instruments on the statement of assets and liabilities, as of December 31, 2012, is as follows:

Instrument Type	Statement of Assets and Liabilities Location	Asset Derivatives at Fair Value	Liability Derivatives at Fair Value	Net
Warrants	Warrants purchased	\$ 365,715	\$ -	\$ 365,715

The gain from investments of the Fund's derivatives by instrument type, as well as the location of those gains and losses on the statement of operations, for the year ended December 31, 2012 is as follows:

Instrument Type	Statement of Operations Location	Amount of Gain (Loss)
Options	Net realized (loss) from investments	\$ 75,429
Options	Net unrealized appreciation on investments	(25,610)
Warrants	Net realized (loss) from investments	(46,068)
Warrants	Net unrealized appreciation on investments	370,490

MPIC FUND I, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

LIMITED PARTNERSHIP AGREEMENT

CAPITAL ACCOUNT

A capital account shall be established for each partner. The initial balance of each partner's capital account shall be the amount of the initial contribution to the Fund.

PROFIT AND LOSS ALLOCATION

Partners share in the profits and losses of the Fund in the proportion in which each partner's capital account bears to all partners' capital accounts.

FEDERAL INCOME TAX ALLOCATION

As of the end of each fiscal year, the Fund's realized capital gain or loss and ordinary income or loss shall be allocated among the partners, after having given effect to the fees and expenses of the Fund.

PARTNER REDEMPTIONS

A limited partner may, upon sixty (60) calendar days' advance written notice to the General Partner, withdraw all or part of its capital account as of the last day of any calendar quarter. Partial withdrawals may not be made without the consent of the General Partner if they would reduce a limited partner's capital account balance below \$100,000 and must be made in minimum increments of \$20,000. The General Partner, in its sole discretion, may waive the foregoing restrictions and allow the withdrawal of all or any part of the capital account of any limited partner at any time and for any reason.

Payments of withdrawals are made as soon as practicable after the withdrawal date; however, the General Partner has the right to delay payments in extraordinary circumstances. In the event of a total withdrawal, part of the withdrawal payment will be retained, pending final reconciliation of valuations (generally not to exceed 120 days). The General Partner has the discretion to (a) waive or increase the required minimum amounts of withdrawals of capital or the required minimum capital account balances following partial withdrawals of capital, and (b) otherwise modify the Fund's procedures and requirements for capital withdrawals.

Notwithstanding the foregoing, the General Partner may limit or prohibit withdrawals if, in its opinion, the withdrawal would have an adverse or disproportionate effect on the Fund's assets or performance because of illiquidity of the Fund's investments or the magnitude of the withdrawal compared with the total capital accounts for all partners, or if the Fund's ability to liquidate assets to fund the requested withdrawal is delayed for reasons beyond its reasonable control.

INVOLUNTARY LIQUIDATION OF A LIMITED PARTNER'S INTEREST

The General Partner may, in its sole discretion, upon 15 days advance written notice to any limited partner, terminate the interest of any limited partner in the Fund, as of any month-end.

MPIC FUND I, LP
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS

The General Partner serves as the trading advisor. At the end of each calendar month (or at the time of a withdrawal, in respect to the amount withdrawn), the General Partner will be allocated an amount equal to 25% of the amount by which the net profits of each limited partner's capital account exceeds an annualized rate of return of 6%, in excess of those profits allocated to restore any previously allocated losses. The incentive allocation is calculated at the end of each calendar month and will be reallocated and credited to the capital account of the General Partner. The net profit is equal to the current month's profit less any loss carry-forward from previous months.

No incentive allocation was earned for the year ending December 31, 2012. The General Partner may, at its sole discretion, waive the incentive allocation, in whole or in part, with respect to any or all limited partners.

Administrative expenses are paid by the Fund. Also, the General Partner may pay for Fund expenses, which are to be reimbursed by the Fund. As of December 31, 2012, the amount to be reimbursed was \$955, which is included in accounts payable and accrued liabilities on the statement of assets and liabilities.

TRADING ACTIVITIES AND RELATED RISKS

The Fund's trading activities involve financial instruments, primarily securities and derivative financial instruments. These financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of assets and liabilities.

MARKET RISK

All financial instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. As the instruments are recognized at fair value, those changes directly affect reported income. Theoretically, the investments owned by the Fund directly are exposed to a market risk (loss) equal to the notional value of the financial instruments purchased and unlimited liability on certain financial instruments sold short.

Generally, financial instruments can be closed out at the discretion of the General Partner. However, if the market is not liquid, it could prevent the timely close-out of any unfavorable positions or require the Fund to hold those positions to maturity, regardless of the changes in their value or the trading advisor's investment strategies.

CREDIT RISK

Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Fund's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Fund has a gain.

MPIC FUND I, LP
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

TRADING ACTIVITIES AND RELATED RISKS (Continued)

INSOLVENCY RISK

The Fund has a substantial portion of its assets on deposit with financial institutions. In the event of a financial institution's insolvency, recovery of Fund assets on deposit may be limited to account insurance or other protection afforded such deposits.

INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of any future obligation under these indemnifications to be remote.

SUBSEQUENT EVENTS

The General Partner evaluated subsequent events through February 27, 2013, the date the financial statements were available to be issued. There were no subsequent events to disclose.

FINANCIAL HIGHLIGHTS

Total return and ratios to average net assets are calculated for the limited partner class taken as a whole. An individual partner's return and ratios may vary from those percentages based on different incentive allocation arrangements and the timing of capital transactions. Financial highlights for the year ended December 31, 2012 are as follows:

Total return:

Total return before and after incentive allocation	<u>11.55 %</u>
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Ratios to average net assets:

Operating expenses before and after incentive allocation	<u>0.34 %</u>
Net investment income before and after incentive allocation	<u>0.46 %</u>

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Appendix A

The Ground Rules

1. View the partnership as one whole entity.

While legally each partner is solely responsible only for their allocated investment, we believe that partners should view the fund as a whole. Anything that is good for the partnership is good for all partners. Anything that is not in the best interest of the partnership is not in the best interest of all partners.

2. We eat our own cooking.

The general partner, Corner Market Capital U.S., is the largest investor in the MPIC Fund I, LP. Regardless of what the future holds, we will always reinvest the majority of the performance fee paid back into the MPIC Fund I, LP.

3. When you look good, we look good!

We receive a performance fee only when our partners have achieved at least a 6% annualized return. If we don't perform, we don't get paid. It's that simple!

4. We will not utilize margin or debt to leverage our balance sheet.

We have no intention, nor any desire, to utilize margin trading or debt to leverage our returns. We also avoid any behavior where our liability is unlimited, such as shorting stocks or writing options.

5. We only buy investments with a significant margin of safety.

Partners should never correlate activity with success. We allocate capital only when a significant discount to the underlying intrinsic value of an investment is offered. For superior returns, you need a superior discount. We will often be out of step with our "value" peers, let alone the investment industry, because we will not pay up.

6. We manage a very concentrated portfolio.

There will be times when we have perhaps 10-12 ideas in the fund, and other times we may only have 5-6 ideas. The better the idea, the more likely it will make up a larger portion of the fund. Concentration in the fund can be directly correlated with greater certainty in our decision-making.

7. Where we can avoid taxes, we will!

Often, we will let our best ideas grow unfettered, so that the unrealized gains can compound for years without any taxable income being triggered. A concentrated portfolio in great businesses, with very low turnover, will allow the fund to behave tax-efficiently.

8. We will be candid in our assessment.

When we strikeout, we will tell you. When we hit a homerun, we will tell you. Whether the fund succeeds or fails, we will always give you the truth.

9. We will only discuss the portfolio as much as warranted.

While we promise to be truthful with our partners, we will only discuss the investment portfolio where we feel information is pertinent and doesn't compromise our positions.

10. We keep an open-line of communication with our partners.

We encourage partners to contact us whenever necessary. Our door is always open to you!

Appendix B

Frequently Asked Questions

How is Corner Market Capital associated with the MPIC Fund I, LP?

Corner Market Capital U.S. is the general and managing partner to the MPIC Fund I, LP. Corner Market Capital U.S. is a Delaware registered U.S. corporation. It is a subsidiary of Corner Market Capital Corporation, a Canadian corporation controlled by Alnesh Mohan and Sanjeev Parsad.

How is the managing partner compensated?

The general partner, Corner Market Capital U.S., is solely compensated by a performance fee that is calculated and paid monthly. The performance fee is 25% of the profits (after all operating expenses) generated above a 6% annualized hurdle that is carried from year to year.

Does the managing partner participate as an investor in the MPIC Fund I, LP?

The managing partner, Corner Market Capital U.S., is the largest investor in the fund. The managing partner expects to reinvest the majority of its performance fees after taxes into the fund for the foreseeable future.

What happens to my investments if something happens to both Alnesh & Sanjeev?

All partnership funds are held in a cash account at UBS under MPIC Fund I, LP. The accounts are monitored by Ajay Desai and his staff at UBS Private Wealth Management in Chicago. Andrew Cooke and Glen Rollins, who are directors of the general partner for MPIC Fund I, LP, are aware of all administrative and investment events at the fund.

If something were to happen, UBS Private Wealth Management, along with our attorneys at Dorsey & Whitney and the input of our two directors, will liquidate the fund and disperse all proceeds and unrealized gains to our partners. As the fund's size increases, we will also have an outside administrator who will monitor the accounts and assist partners in such an event.

Are my investments guaranteed from losses?

Investment capital is allocated into a broad range of investments. As the partnership utilizes a cash account, the assets in the MPIC Fund I, LP account are segregated from UBS's own equity. While we attempt to preserve capital by buying investments with a large margin of safety, these investments will fluctuate with market conditions and there is no guarantee from potential losses.

How is your fund different than most of the other funds out there?

Preservation of capital is our most important concern. We buy investments with a large margin of safety, often below their liquidation value, so that we are protected from permanent loss. We do not short individual stocks, trade on margin, utilize debt or allocate more than 25% of capital into any single idea. Our compensation is based solely on performance, and achieving a minimum return for our partners. We are more efficient and flexible than most of our industry peers.

Can I add funds to my limited partnership account?

Yes, you should contact us as far ahead as possible and let us know of your intentions. We will send you a deposit slip that needs to be signed and sent back to us. Existing partners can add to their account in increments of \$20,000. You can also access all documents, including deposit slips, for the fund on our website (www.cornermarketcapital.com) under the "Client Log-In". The username is "Corner" and the password is "Market".

Can I withdraw funds from my account?

Yes, by contacting us with sixty days notice. You can withdraw funds from your account in \$20,000 increments, with a minimum remaining balance of \$100,000. The general partner at their sole discretion can lower these limits.

Why is 60 days notice required?

Investment capital is often allocated into investments that may not be readily liquid. It may take a bit of time for us to selectively liquidate a portion of the portfolio to meet any requested redemption. We will try to accommodate partners as quickly as we can, as we normally maintain a considerable amount of liquidity.

If you have a very good investment idea, does the MPIC Fund I, LP or the MPIC Canadian LP get invested first?

We send the orders to UBS and RBC Dominion at the same time. We have no control over which order gets filled first, but we try and have relatively close allocations in ideas between the two funds. Depending on when capital comes into each fund, it is allocated to the cheapest ideas available at that time.

Do you have a client website?

Corner Market Capital Corporation has a website at www.cornermarketcapital.com, which provides information regarding the MPIC Funds, its management and contact information. There is a Client Log-In that can be accessed under the username "Corner" and the password "Market". All documents relating to the MPIC Funds are available there, as well as the quarterly "Letter to Partners" since inception.

Can I contact you if I have a question?

Yes, we absolutely insist that our partners contact us directly with any query or concern they may have. The buck stops here!

MPIC Fund I, LP

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