

*First Capital Mutual Fund*



**Condensed Interim Financial Information  
for the period from July 30, 2013  
to March 31, 2014  
(Un-audited)**

*First Capital Mutual Fund*



**MISSION**

“At First Capital Mutual Fund we would focus on creating the wealth for unitholders, to conduct ourselves with dignity and the highest ethical standards, to contribute as a good corporate citizen to the society and also to provide a good working environment that will surely stimulate talent and reward hard work”.

**VISION**

“To be a leader among Mutual Funds of the country through prudent investments in diversified portfolio for sustained best financial results and continuing maximum yield for the shareholders of First Capital Mutual Fund”.



## FUND'S INFORMATION

### Management Company

First Capital Investments Limited

### Board of Directors of the Management Company

Aamna Taseer	Chairman / Director	Non-Executive
Shahzad Jawahar	CEO /Director	Executive
Syed Nadeem Hussain	Director	Non-Executive
Awais Akbar	Director	Non-Executive

### CFO & Company Secretary of the Management Company

Syed Asad Abbas Ali Zaidi	CFO
Abdul Sattar	Company Secretary

### Audit Committee

Syed Nadeem Hussain	Chairman
Aamna Taseer	Member
Awais Akbar	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B,S.M.C.H.S., Main Shahra -e-Faisal , Karachi

### Registrar & Transfer Agent

IT MINDS Limited - A Subsidiary of CDC  
BPO Services, CDC House 99-Block B, SMCHS  
Main Shahrah-e-Faisal, Karachi-74400.  
Tel: 021-111-111-500 Ext: 1510

### Bankers to the Fund

Habib Metropolitan Bank Limited  
NIB Bank Limited

### Auditors

A.F. Ferguson & Co,  
Chartered Accountants  
23-C, Aziz Avenue, Canal Bank,  
Gulberg V, P.O. Box 39, Lahore 54660

### Legal advisor

Ebrahim Hosain  
156-1, Scotch Corner, Upper Mall, Lahore.



### Head Office & Registered Office:

2<sup>nd</sup> Floor, Pace Shopping Mall, Fortress Stadium,  
Lahore Cantt. Lahore.  
Tel: (042) 36623005-6-8  
Fax No. (042) 36623121-22

### Islamabad Office

Office No.221, 2nd floor, ISE Tower,  
Jinnah Avenue,  
Islamabad.  
Ph: (051) 8356031-34, (051) 2894201-4  
Fax: (051) 2894206

### Karachi Office

4th Floor, Lakson Square Building,  
No.1, Sarwar Shaheed Road,  
Karachi.  
Ph: (021) 111-226-226



## Directors' Review

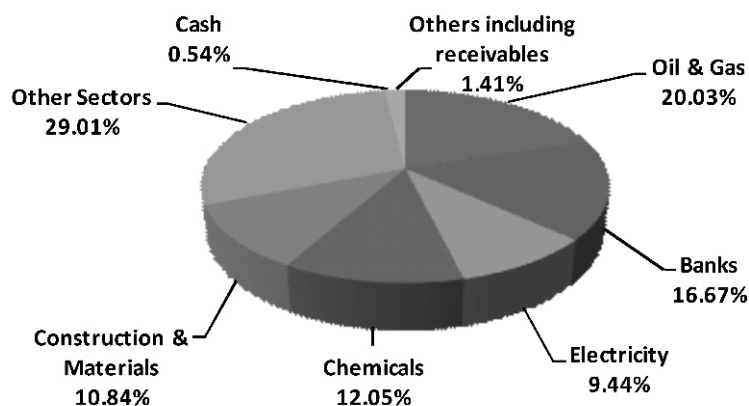
### Directors' Report

The Board of Directors of First Capital Investments Limited ("FCIL" or "Management Company") is pleased to present the financial statements of First Capital Mutual Fund ("FCMF" or "the Fund") for the period from July 30, 2013 to March 31, 2014.

### Fund's Performance

During the period under review the Net Asset Value (NAV) per unit of FCMF has increased from Rs.10.11 to Rs. 11.09, thus posting a return of 16.30%, as compared to its Benchmark's (KSE-100 index) return of 16.49%, for the same period. Thus, the Fund has performed in line with its Benchmark. The Fund remained exposed to equity securities that will most likely be beneficiaries of developments within the industry and in the economy. However, the subdued performance of power companies had exerted some pressure over NAV. Going forward, the Fund intends to focus on sectors exhibiting positive corporate earnings growth and cheap valuations. The Fund seeks to keep sufficient cash reserve to capitalize on any likely correction in the market. The Fund size of FCMF at the end of the period stood at Rs.295.112 million.

The asset allocation of the Fund as on 31 March 2014 is as under:



KSE-100 index posted an increase of 16.49% during the period under review. The period started with a negative trend on the back of debate on military actions in Syria by US lead coalition, unexpected increase in discount rate, tough quantitative targets set by the IMF, fall in PKR/USD parity and increase in minimum deposit rate on savings deposits of banks. However later on, the announcement of incentive/amnesty package to revive economic activity & broaden tax net, announcement of the privatization of 12 state-owned entities, developments within the industry (like grant of EU's GSP+ status to Pakistan, increased measures to tackle grey telecom traffic), smooth change of command in the Army and Judiciary, improved foreign exchange reserves, and subdued inflationary pressures had catalyzed the positive performance of market.

The calendar year 2014 started with a positive sentiment on the back of declining short term inflation, stability in PKR US\$ parity and continued foreign interest in the market. State Bank of Pakistan also maintained the status quo stance on the policy rate of 10% that had also positively impacted the investors' interest in the market. Furthermore, the investors had warmly welcomed the peace talks between Government and Tehrik-e-Taliban Pakistan (TTP) but later on the targeted military operation against TTP had increased the investor's



concerns over the security situation of country. During March 2014, the fresh positive developments on the peace talks between Government of Pakistan and TTP had triggered the optimism in market. Moreover, the inflow of Coalition Support Fund of US\$350 million and unexpected healthy inflows from Saudi Arabia had improved the FX reserves position and a sharp appreciation was noticed in PKR that had positively impacted the market. Going forward, local bourse is expected to take direction from inflation & interest rates outlook, foreign investors' activity, foreign capital and financial inflows and domestic security situation.

### Performance Ranking

Pursuant to the Regulation 65 of the NBFC & NE Regulations 2008 the Fund was converted into open end scheme effective from 30 July 2013. FCIL has initiated the process of performance ranking as per the requirements of the Regulations and the performance ranking mandate has already been signed with PACRA.

### Conversion of the Fund into an open end scheme

Refer to the note 1 of financial statements, pursuant to the Regulation 65 of the NBFC & NE Regulations 2008 the Fund was converted into open end scheme effective from 30 July 2013.

### Declaration by Directors

As required under the Non Banking Finance Companies and Notified Entities Regulations, 2008, the directors of Asset Management Company state that the financial statements of the fund for the period from July 30, 2013 to March 31, 2014 give a true and fair view of the fund.

### Acknowledgment

The Board would like to take this opportunity to thank and appreciate all the unit-holders for their continued support. The board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan, Mutual Funds Association of Pakistan as well as the Stock Exchange. Finally, the board would like to appreciate the commitment, hard work and co-operation shown by the staff and the Trustee.

For and on behalf of the Board of  
First Capital Investments Limited

Lahore  
April 25, 2014

**Aamna Taseer**  
Chairperson/Director

**Shahzad Jawahar**  
Chief Executive Officer/Director



**Condensed Interim Statement of Assets & Liabilities** (Un-audited)  
As at March 31, 2014

	Note	Rupees
<b>ASSETS</b>		
Balances with banks		1,693,260
Investments	4	305,114,240
Dividend and profit receivable		3,744,319
Advances, deposits, prepayments and other receivable		649,020
<b>Total assets</b>		<b>311,200,839</b>
<b>LIABILITIES</b>		
Payable to First Capital Investments Limited (FCIL) - Management Company		2,465,111
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		59,452
Payable to Securities and Exchange Commission of Pakistan (SECP)		206,594
Payable against purchase of investments		114,830
Payable against redemption of units		-
Unclaimed dividend		6,020,054
WWF payable		6,952,538
Accrued expenses and other liabilities		270,554
<b>Total liabilities</b>		<b>16,089,133</b>
<b>Net assets</b>		<b>295,111,706</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>295,111,706</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	Number of units
<b>NUMBER OF UNITS IN ISSUE</b>		<b>26,604,180</b>
		Rupees
<b>NET ASSET VALUE PER UNIT</b>		<b>11.09</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For First Capital Investments Limited  
(Management Company)

Chief Executive

Director

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**Condensed Interim Income Statement** (Un-audited)  
For the period from July 30, 2013 to March 31, 2014

	For the period from July 30, 2013 to March 31, 2014 Rupees	For the quarter ended March 31, 2014 Rupees
<b>INCOME</b>		
Dividend income	15,773,959	5,502,698
Capital gain on sale of investments	6,776,684	5,819,831
Income from market treasury bills	416,747	-
Profit on savings accounts with banks	605,838	66,316
Back end load and other income	11,822,616	547,058
Unrealized appreciation on re-measurement of investments at fair value through profit or loss	17,205,201	14,550,513
<b>Total income</b>	<b>52,601,045</b>	<b>26,486,416</b>
<b>EXPENSES</b>		
Remuneration to FCIL - Management Company	5,740,522	2,125,097
Punjab Sales Tax on Management Company's remuneration	918,322	340,015
Remuneration to CDC - Trustee	469,863	172,603
Annual fee to SECP	181,779	67,295
Conversion cost	2,618,726	-
Securities transaction costs	282,943	130,255
Bank and settlement charges	283,664	30,886
Auditors' remuneration	563,035	206,829
Fund's rating fee	72,917	26,786
Annual listing fee	58,104	14,732
Printing and postage charges	40,677	-
<b>Total expenses</b>	<b>11,230,552</b>	<b>3,114,498</b>
<b>Net income from operating activities</b>	<b>41,370,493</b>	<b>23,371,918</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	1,889,432	746,938
Provision for Workers' Welfare Fund	(865,199)	(482,378)
<b>Net income for the period</b>	<b>42,394,726</b>	<b>23,636,478</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>42,394,726</b>	<b>23,636,478</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For First Capital Investments Limited  
(Management Company)

Chief Executive

Director

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**Condensed Interim Distribution Statement (Un-audited)**  
For the period from July 30, 2013 to March 31, 2014

	For the period from July 30, 2013 to March 31, 2014 Rupees	For the quarter ended March 31, 2014 Rupees
Undistributed income brought forward	-	22,079,090
Undistributed income transferred from First Capital Mutual Fund Limited	<b>3,320,842</b>	-
Net income for the period	<b>42,394,726</b>	23,636,478
Less: Issue of 1,506,054 bonus units against interim distribution for the period ended to December 31, 2013	<b>(16,183,752)</b>	(16,183,752)
Undistributed income carried forward	<b><u>29,531,816</u></b>	<b><u>29,531,816</u></b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For First Capital Investments Limited  
(Management Company)

Chief Executive

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Director



**Condensed Interim Cash Flow Statement (Un-audited)**  
For the period from July 30, 2013 to March 31, 2014

	For the period from July 30, 2013 to March 31, 2014 Rupees	For the quarter ended March 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period	42,394,726	23,636,478
<b>Adjustments for:</b>		
- Dividend income	(15,773,959)	(5,502,698)
- Back end load and other income	(11,822,616)	(547,058)
- Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	(1,889,432)	(746,938)
- Profit on savings accounts with banks	(605,838)	(66,316)
- Provision for WWF	865,199	482,378
Unrealized appreciation on re-measurement of investments at fair value through profit or loss	(17,205,201)	(14,550,513)
	<b>(46,431,847)</b>	<b>(20,931,145)</b>
<b>Decrease / (increase) in assets</b>		
Investments	27,052,549	(7,473,017)
Advances, deposits, prepayments and other receivables	(224,640)	(27,084)
	<b>26,827,909</b>	<b>(7,500,101)</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to First Capital Investments Limited (FCIL) - Management Company	1,859,097	1,618,300
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	59,452	-
Payable to Securities and Exchange Commission of Pakistan (SECP)	(108,482)	67,295
Payable against purchase of investments	114,830	(704,598)
Accrued expenses and other liabilities	(453,123)	(148,475)
	1,471,774	832,522
Profit received on saving accounts with banks	708,508	73,637
Dividend received	12,060,261	2,060,203
<b>Net cash generated / (used in) from operating activities</b>	<b>37,031,331</b>	<b>(1,828,406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(42,047,243)	(1,173)
Payments against redemption of units	(45,892,780)	(1,185,857)
<b>Net cash used in financing activities</b>	<b>(87,940,023)</b>	<b>(1,187,030)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(50,908,692)</b>	<b>(3,015,436)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	-	4,708,696
<b>Cash and cash equivalents transferred from First Capital Mutual Fund Limited</b>	<b>52,601,952</b>	-
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,693,260</u></b>	<b><u>1,693,260</u></b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For First Capital Investments Limited  
(Management Company)

Chief Executive

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Director



**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-audited)**  
For the period from July 30, 2013 to March 31, 2014

	For the period from July 30, 2013 to March 31, 2014 Rupees	For the quarter ended March 31, 2014 Rupees
<b>Net assets at the beginning of the period</b>	-	273,876,945
Issue of 30,900,000 units against cancellation of 30,900,000 shares of First Capital Mutual Fund Limited upon conversion of First Capital Mutual Fund Limited into First Capital Mutual Fund (open-end fund) as per scheme of arrangement	312,320,842	-
Issue of nil units	-	-
Redemption of 5,801,873 units and 142,493 units for the period July 30 to March 31, 2014 and quarter ended March 31, 2014 respectively	(57,714,430)	(1,654,779)
Issue of 1,506,054 bonus units against interim distribution for the period ended to December 31, 2013	16,183,752	16,183,752
	<u>270,790,164</u>	<u>14,528,973</u>
	270,790,164	288,405,918
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	(1,889,432)	(746,938)
Capital gain on sale of investments	6,776,684	5,819,831
Other net income for the period	35,618,042	17,816,647
Issue of 1,506,054 bonus units against interim distribution for the period ended to December 31, 2013	(16,183,752)	(16,183,752)
	<u>26,210,974</u>	<u>7,452,726</u>
<b>Net assets at the end of the period</b>	<u>295,111,706</u>	<u>295,111,706</u>
<b>Net asset value per unit at the beginning of the period - Rupees</b>	-	10.85
<b>Net asset value per unit at the end of the period - Rupees</b>	<u>11.09</u>	<u>11.09</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

**For First Capital Investments Limited  
(Management Company)**

Chief Executive

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Director



**Notes to and Forming Part of Condensed Interim Financial Information**  
For the period from July 30, 2013 to March 31, 2014

**1 Legal status and nature of business**

First Capital Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of First Capital Mutual Fund Limited into an Open End Scheme under a Trust Deed executed between First Capital Investments Limited (FCIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 06, 2013 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2013 in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulation, 2008 (NBFC Regulations).

The Management Company has been licensed by the SECP to act as an asset management company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd and 3rd floor, Pace Mall, Fortress Stadium, Lahore, Pakistan.

The Fund has been formed to augment the wealth of investors through investments geared towards securing maximum returns whilst simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them. The Fund shall invest its net assets in high quality dividend yielding stocks. While the remaining assets shall be invested in cash and/or near cash instruments.

As per the Trust Deed, the Fund shall become operative from the "effective date" upon conversion of First Capital Mutual Fund Limited to an open end scheme. Therefore, these condensed interim financial information have been prepared from July 30, 2013 i.e the "effective date" of conversion.

As per the scheme of arrangement for conversion of investment company into an open end fund, at a swap ratio of 1:1, shareholder whose name was entered in the register of members of First Capital Mutual Fund Limited (FCMFL) on the effective date was issued one unit of open end fund for every fully paid-up share of the par value of Rs. 10 of First Capital Mutual Fund Limited in the electronic form, physical certificates of FCMFL stand automatically cancelled. Hence the initial issuance of 30,900,000 units of First Capital Mutual Fund was made at the net asset value received against each unit (i.e. Rs 10.11 per unit). Redemption of Initial Units before the expiry of twelve (12) months from the Effective Date of conversion shall be subject to a Back End Load of 20% as per the offering document.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund and the Fund is listed on Lahore Stock Exchange.

The units are transferable and can be redeemed by submitting them to the Fund. The management company of the Fund has been given a quality rating of AM4+ from PACRA.

**2 Basis of measurement**

**2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the

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approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

In compliance with Schedule V of the NBFC Regulations, the directors of the management company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2014.

This is the first set of condensed interim financial information of First Capital Mutual Fund (an open-end scheme) ("FCMF") after the conversion, so there is no corresponding figures to be presented.

## 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments Recognition and Measurement.'

## 2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim financial information are set out below:

### 3.1 Financial assets

#### 3.1.1 Classification

The Fund classifies its financial assets into the following categories: 'loans and receivables', 'at fair value through profit or loss', 'held to maturity' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### b) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-



term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

#### c) Held to maturity

These are securities acquired by the fund with the intention and ability to hold them up to maturity.

#### d) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) financial assets at fair value through profit or loss or (c) held to maturity investments.

### 3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Fund commits to purchase or sell the asset.

### 3.1.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

### 3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

#### a) Financial assets 'at fair value through profit or loss'

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

#### Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

#### Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

#### b) Available for sale

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of



comprehensive income' is transferred to the 'income statement'.

**c) Loans and receivables**

Subsequent to initial recognition financial assets classified as 'Loans and receivables' are carried at amortized cost using the effective interest method.

Gain or loss is also recognized in the 'income statement' when financial assets carried at amortized cost are derecognized or impaired, and through the amortization process.

**3.1.5 Impairment**

When there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement - is reclassified from unit holders' fund to the income statement. Impairment losses recognized on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

**3.1.6 Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

**3.1.7 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**3.2 Cash and cash equivalents**

Cash and cash equivalents include demand deposits with banks and other short term highly liquid investments with maturities of three months or less.

**3.3 Derivatives**

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognized in the income statement.



**3.4 Financial liabilities**

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

**3.5 Provisions**

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

**3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed among the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year.

**3.7 Redemption of units**

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

**3.8 Element of income / (loss) and capital gains / (losses) included in prices of units redeemed**

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.



Upon redemption of units, the "element of income/ (loss) and capital gains/ (losses) in prices of units redeemed" account is debited /credited with the amount representing net income/ (loss) and capital gains/(losses) accounted for in the net asset value and included in the redemption price.

The net "element of income/ (loss) and capital gains/ (losses) in prices of units redeemed" during an accounting period is transferred to the income statement.

### 3.9 Dividends

Dividend declared (including distribution in the form of bonus units) is recognised in the period in which it is authorised or approved.

### 3.10 Net asset value per unit

The Net Asset Value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

### 3.11 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.

- Dividend income is recognized when the right to receive the dividend is established.

- Unrealized capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss ' are included in the income statement in the year in which they arise.

-Income on government securities and bank deposits is recognized on an accrual basis.

## 4 Investments at fair value through profit or loss

- Listed equity securities
- Market treasury bills

- note 4.1	<b>305,114,240</b>
- note 4.2	-
	<b><u>305,114,240</u></b>

March 31,  
2014  
Rupees

#### 4.1 Listed equity securities - at fair value through profit or loss

Name of the Investee Company	Transferred from First Capital Mutual Fund Limited	Number of shares		Balance as at March 31, 2014		Percentage in relation to						
		Purchases during the period	Bonus/right issue	Sales during the period	As at March 31, 2014	Carrying Value	Market Value	Appreciation/ (Diminution)	Net assets of the Fund (with market value of investments)	Market value of investments of the Fund	Paid up capital of investee company (with face value of investments)	
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
<b>Oil and Gas</b>												
Attock Petroleum Limited	-	25,200	-	4,500	20,300	10,274,862	10,880,879	706,017	-	3,72	3,60	0,02
Attock Refinery Limited	-	7,500	-	7,500	-	-	-	-	-	-	-	0,01
Mari Petroleum Company Limited	-	5,000	-	5,000	-	1,341,450	1,144,100	(197,350)	0,39	0,37	0,01	
National Refinery Limited	7,500	-	-	-	7,500	13,624,500	13,624,500	551,450	2,41	1,98	0,01	
Pakistan Gas Development Company Limited	-	40,000	-	15,000	25,000	13,624,500	13,624,500	551,450	4,16	4,04	0,01	
PCL	90,000	-	-	81,000	9,000	11,638,527	12,362,048	625,521	4,16	4,02	0,02	
Pakistan State Oil Company Limited	42,400	51,500	-	42,300	51,000	14,580,225	18,305,859	3,745,634	6,20	6,00	0,02	
	179,900	140,000	20,000	166,000	173,000	57,565,467	62,255,636	4,789,169	21,12	20,43	0,03	
<b>Chemicals</b>												
Archroma Pakistan Limited	15,000	8,500	-	12,500	11,000	3,445,958	3,245,990	(199,868)	1,10	1,06	0,02	
Engro Fertilizers Limited	20,000	75,500	6,150	34,000	61,500	9,886,045	11,487,905	1,601,860	3,89	3,76	0,01	
ENGRO	20,000	75,500	6,150	34,000	61,500	9,886,045	11,487,905	1,601,860	3,89	3,76	0,01	
Fertilizer Company Limited	30,000	5,000	-	30,000	-	1,471,500	1,596,400	124,900	0,51	0,49	-	
Fertilizer Company Limited	200,000	5,000	-	200,000	-	15,337,050	15,462,180	125,130	5,24	5,07	0,01	
Fertilizer Company Limited	9,500	5,000	-	70,000	139,500	15,337,050	15,462,180	125,130	5,24	5,07	0,01	
ICI Pakistan Limited	10,088	5,000	-	5,400	9,888	1,929,170	3,520,135	1,590,965	1,19	1,15	0,01	
Lotte Chemical Pakistan Limited	50,000	-	-	50,000	-	384,000	353,500	(30,500)	0,12	0,12	-	
LOTICHEM	375,098	103,500	6,150	121,500	362,898	337,22,263	37,497,265	3,775,002	12,70	12,29	0,01	
<b>Industrial Metals &amp; Mining</b>												
Asiatic Portland Cement Company Limited	9,500	15,000	-	15,000	-	76,475	80,750	4,275	0,03	0,03	0,01	
CS&P	9,500	15,000	-	15,000	-	76,475	80,750	4,275	0,03	0,03	0,01	
International steel limited	96,500	-	-	96,500	-	2,282,454	2,273,900	(8,554)	0,27	0,26	0,01	
ISL	9,500	111,500	1,500	122,500	-	3,356,424	3,254,900	(101,524)	1,10	1,07	0,02	
<b>Construction and Materials</b>												
AGPL	25,000	-	-	5,000	20,000	3,695,500	3,382,763	(312,737)	1,14	1,10	0,02	
Attock Cement Pakistan Limited	29,346	-	-	19,000	10,346	883,146	1,232,933	349,787	0,42	0,40	0,02	
AKZO	20,000	27,500	-	27,500	-	4,344,405	4,589,750	245,345	1,59	1,53	0,02	
FCCL	200,000	75,000	-	275,000	-	540,750	524,800	(15,950)	0,18	0,17	0,02	
FECL	200,000	75,000	-	275,000	-	540,750	524,800	(15,950)	0,18	0,17	0,02	
FECFC	10,000	-	-	10,000	-	65,500	67,80,341	7,664,810	894,469	2,60	2,51	0,04
KOHC	75,000	-	-	15,000	60,000	3,119,600	3,174,900	61,300	1,08	1,04	0,02	
Kohat Cement Limited	200,000	85,000	-	285,000	-	3,726,889	4,754,250	1,027,361	1,61	1,56	0,02	
Lafarge Pakistan Cement Limited	20,000	3,100	-	8,100	15,000	1,271,410	1,268,630	(2,780)	0,41	0,40	0,01	
LUCK	41,000	-	-	41,000	-	3,037,557	3,145,153	1,075,596	11,44	11,05	0,01	
Milap Lest Cement Factory Limited	640,248	200,800	16,750	56,000	362,898	3,037,557	3,145,153	1,075,596	11,44	11,05	0,01	
<b>Pharmaceutical and Biotech</b>												
ABOT	5,000	-	-	5,000	-	2,045,000	2,095,350	50,350	0,71	0,69	0,01	
Abbott Laboratories (Pakistan) Limited	17,200	-	-	5,000	22,200	3,290,858	3,610,164	319,307	1,22	1,18	0,01	
GLAXO	10,000	-	-	5,000	5,000	750,000	738,900	(11,100)	0,25	0,24	0,03	
GloSmithKline Pakistan Limited	19,200	-	-	19,200	-	2,925,725	2,893,096	(32,629)	0,97	0,94	0,03	
HIGHMOON	10,000	48,400	-	5,000	51,400	3,009,562	3,512,510	502,948	3,15	3,05	0,03	
HIGHMOON LABORATORIES LIMITED	10,000	48,400	-	5,000	51,400	3,009,562	3,512,510	502,948	3,15	3,05	0,03	
SEARL	10,000	-	-	5,000	5,000	3,009,562	3,512,510	502,948	3,15	3,05	0,03	
<b>Industrial Engineering</b>												
AGTL	5,400	-	-	1,890	7,290	1,109,382	1,511,071	407,689	0,51	0,50	0,01	
AGTL (Ordinary Shares of Rs 5 each)	20,060	-	-	2,096	12,006	4,798,279	4,890,152	(91,873)	1,59	1,54	0,02	
Milal Tractors Limited	25,460	-	-	3,896	12,000	5,901,651	6,201,222	299,572	2,10	2,04	0,02	
<b>Automobile and Parts</b>												
HQAR	60,000	-	-	60,000	-	2,882,479	3,393,600	417,121	1,12	1,08	0,04	
HQAR (Ordinary Shares of Rs 5 each)	20,000	-	-	3,500	23,500	1,433,396	1,433,396	-	0,87	0,87	0,02	
HQAR Motor Company Limited	40,000	-	-	56,500	-	1,449,083	1,960,204	511,121	1,25	1,21	0,04	
PSMC	5,500	7,000	-	3,500	9,000	11,767,384	13,683,091	1,915,707	4,64	4,48	0,02	
Pakistan Motor Company Limited	25,500	70,100	-	3,500	99,600	11,767,384	13,683,091	1,915,707	4,64	4,48	0,02	

4.1 Listed equity securities - at fair value through profit or loss

Name of the Investee Company	Number of shares				Balances as at March 31, 2014				Percentage in relation to		
	Transferred from First Capital Mutual Fund Limited	Purchases during the period	Bonus /right issue	Sales during the period	As at March 31, 2014	Carrying Value	Market Value	Appreciation/ (diminution)	Net assets of Fund (with market value of investments)	Market value of total investments of the Fund	Paid up capital of investee company (with face value of investments)
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise											
<b>General Industrials</b>											
Packages Limited	-	10,000	-	-	10,000	2,938,300	3,437,200	498,900	498,900	1.16	1.13
		10,000	-	-	10,000	2,938,300	3,437,200	498,900	498,900	1.16	1.13
<b>Food Producers</b>											
Engro Foods Limited	25,000	-	-	-	25,000	3,878,250	2,959,000	(729,250)	(729,250)	1.00	0.98
	25,000	-	-	-	25,000	3,878,250	2,959,000	(729,250)	(729,250)	1.00	0.98
<b>Personal Goods</b>											
Gadon Toiletries Mills Ltd	4,590	10,200	-	-	14,790	2,925,756	3,062,122	136,366	136,366	1.04	1.00
IBFL	500	-	-	500	100,000	5,837,493	4,798,000	(1,099,493)	(1,099,493)	1.61	1.55
Nehat Fibre Limited	100,000	10,000	-	-	110,000	8,414,270	9,358,965	944,695	944,695	3.17	3.07
Nehat Chunan Limited	82,800	-	-	2,500	85,300	17,177,619	17,177,619	-	-	5.82	5.82
Nishat Mills Limited	-	-	-	-	-	-	-	-	-	-	-
	105,990	10,000	-	23,000	148,990	17,177,619	17,177,619	-	-	5.82	5.82
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited	514,000	178,000	-	299,000	393,000	11,043,981	12,014,010	970,029	970,029	4.07	3.94
	514,000	178,000	-	299,000	393,000	11,043,981	12,014,010	970,029	970,029	4.07	3.94
<b>Electricity</b>											
HUEC	260,500	35,500	-	55,000	241,000	16,228,229	12,813,970	(3,414,259)	(3,414,259)	4.34	4.20
KAPCO	100,000	-	-	-	100,000	5,996,000	5,948,000	(48,000)	(48,000)	2.02	1.96
NCPPL	100,002	-	-	-	100,002	3,883,071	3,869,072	(14,000)	(14,000)	1.22	1.18
Nehat Power Limited	200,000	-	-	-	200,000	4,926,000	3,854,000	(1,072,000)	(1,072,000)	1.31	1.26
Pak Gen Power Limited	760,522	35,500	-	55,000	741,022	34,133,300	29,369,042	(4,747,258)	(4,747,258)	9.96	9.63
<b>Commercial Banks</b>											
ABL	98,450	15,000	8,945	25,000	96,395	7,274,170	9,537,427	2,263,257	2,263,257	3.23	3.13
ANBL	26,270	-	-	16,270	10,000	149,300	173,500	24,200	24,200	0.06	0.06
Bank Alfalah Limited	475,000	50,000	-	290,000	200,000	4,550,801	5,344,000	993,070	993,070	1.81	1.75
Bank Aljazira Limited	6,000	-	5,800	30,000	41,800	1,181,268	1,543,918	362,650	362,650	0.51	0.49
Bank of Punjab Limited	99,859	-	47,324	-	147,183	1,811,268	2,808,000	1,036,732	1,036,732	0.92	0.91
FABL	127,502	12,499	-	200,000	230,001	2,306,241	2,808,000	501,759	501,759	0.95	0.92
HBL	25,000	42,500	5,000	17,500	55,000	8,280,673	9,587,050	1,306,377	1,306,377	3.25	3.14
Habb Metropolitan Bank Limited	48,000	-	1,000	43,000	87,000	1,001,800	1,147,670	145,770	145,770	0.39	0.38
HMB	345,250	-	-	7,500	27,800	7,132,352	6,964,194	(168,158)	(168,158)	2.29	2.29
MCB Bank Limited	34,300	-	-	305,000	40,250	2,222,203	2,179,915	(42,288)	(42,288)	0.74	0.71
NBP	50,400	4,500	-	62,400	62,400	7,700,046	10,098,182	2,398,136	2,398,136	3.42	3.31
National Bank of Pakistan Limited	50,400	4,500	-	62,400	62,400	7,700,046	10,098,182	2,398,136	2,398,136	3.42	3.31
United Bank Limited	1,263,228	300,602	80,565	711,270	953,325	44,332,464	51,863,369	7,530,906	7,530,906	17.58	17.02
<b>Non-Life Insurance</b>											
Alamil Bank Limited	-	42,000	42,074	22,000	62,074	1,983,345	2,913,754	930,409	930,409	0.99	0.95
Adamiye Insurance Company Limited	-	30,000	-	-	30,000	596,455	708,600	202,145	202,145	0.24	0.23
Habb Insurance Company Limited	2,056,818	-	185,500	1,213,319	13,535,901	13,535,901	13,535,901	248,319	248,319	4.59	4.44
Shahreen Insurance Company Limited	2,056,818	72,000	42,074	238,500	1,211,536	13,625,401	17,769,273	4,143,872	4,143,872	3.82	3.68
<b>Financial Services</b>											
First Capital Equities Limited - a related party	128,395	-	-	-	128,395	6,143,701	4,755,751	(1,387,950)	(1,387,950)	1.61	1.56
	128,395	-	-	-	128,395	6,143,701	4,755,751	(1,387,950)	(1,387,950)	1.61	1.56
<b>Software &amp; Computer Services</b>											
NETSOL	-	10,000	-	-	10,000	419,695	344,700	(74,995)	(74,995)	0.12	0.11
	-	10,000	-	-	10,000	419,695	344,700	(74,995)	(74,995)	0.12	0.11
<b>Total - March 31, 2014</b>	<b>6,087,727</b>	<b>1,381,402</b>	<b>192,335</b>	<b>1,682,670</b>	<b>5,989,394</b>	<b>287,909,039</b>	<b>305,114,240</b>	<b>17,205,201</b>	<b>17,205,201</b>		

4.2 Market treasury bills

Date of issue	Term	Face value	Amortized cost		Purchases during the period	Cost	Market Value		Market Value as percentage of net assets	Market Value as percentage of total investments	Effective Rate of Return
			Transferred from First Capital Mutual Fund Limited	Face value			As at March 31, 2014	As at March 31, 2014			
16-May-13	3 Months	18,000,000	17,826,855	-	-	17,826,855	-	-	-	-	-
30-May-13	3 Months	14,825,000	14,434,477	-	-	14,434,477	-	-	-	-	-
22-Aug-13	3 Months	14,825,000	-	14,329,575	-	14,329,575	-	-	-	-	-
<b>Total - March 31, 2014</b>		<b>47,650,000</b>	<b>32,261,332</b>	<b>14,329,575</b>	<b>46,690,907</b>	<b>46,690,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5 Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court (SHC) challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were issued by the Ministry of Labor and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR, also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition has been filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustees and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass-through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

The Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company has accounted for WWF in the condensed interim financial information.

## 6 Contingencies and commitments

### 6.1 Contingencies - Nil

### 6.2 Commitments - Nil

## 7 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 if not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realized or unrealized) to its unit holders.

## 8 Transactions with connected persons

Connected persons include First Capital Investments Limited (FCIL) being the management company, Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, First Capital Equities Limited (FCEL), Sisley Group Company Limited, Sulaiman Ahmed Saeed Al-Hoqani and Al - Hoqani Securities & Investment Corporation (Private) Limited.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

	For the period from July 30, 2013 to March 31, 2014 Rupees
<b>8.1 Transactions during the period</b>	
<b>First Capital Investments Limited - management company</b>	
Remuneration for the period	<u>6,658,844</u>
590,237 bonus units issued	<u>6,342,569</u>
<b>First Capital Equities Limited</b>	
Brokerage on purchase of investments	<u>9,945</u>
Brokerage on sale of investments	<u>10,605</u>
Redemption of 984,474 units	<u>10,227,110</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration for the period	<u>469,863</u>
Settlement charges	<u>127,665</u>
<b>Sulaiman Ahmed Saeed Al-Hoqani</b>	
153,119 bonus units issued	<u>1,645,386</u>
<b>Al - Hoqani Securities &amp; Investment Corporation (Private) Limited</b>	
Redemption of 1,500,000 units	<u>14,514,300</u>
280,800 bonus units issued	<u>3,017,421</u>
	March 31, 2014 Rupees
<b>8.2 Balances outstanding at the period end</b>	
<b>First Capital Investments Limited - management company</b>	
Remuneration payable	<u>2,465,111</u>
Receivables	<u>211,363</u>
Units issued : 10,427,518 units	<u>115,669,329</u>
<b>Al-Hoqani Securities &amp; Investment Corporation (Private) Limited</b>	
Units issued : 4,960,800 units	<u>55,028,666</u>
<b>Sulaiman Ahmed Saeed Al-Hoqani</b>	
Units issued : 2,705,098 units	<u>30,006,841</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Trustee fee payable	<u>59,452</u>
Long term deposit	<u>237,500</u>



**9 Date of authorization for issue**

This condensed interim financial information has been authorized for issue on April 25, 2014 by the Board of Directors of the Management Company.

**10. General**

Figures have been rounded off to the nearest rupee.

**For First Capital Investments Limited  
(Management Company)**

**Chief Executive**

**Director**

