

First Capital Mutual Fund

Mission

“At First Capital Mutual Fund we would focus on creating the wealth for unit holders, 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.”

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First Capital Mutual Fund

FUND'S INFORMATION

Management Company

First Capital Investments Limited

Board of Directors of the Management Company

Mrs. Aamna Taseer	Chairman / Director
Mr. Shahzad Jawahar	CEO /Director
Syed Nadeem Hussain	Director
Syed Ghazanfar Ali Bukhari	Director

CFO & Company Secretary of the Management Company

Syed Asad Abbas Ali Zaidi	CFO
Mr. Addul Sattar	Company Secretary

Audit Committee

Syed Nadeem Hussain	Chairman
Mrs. Aamna Taseer	Member
Syed Ghazanfar Ali Bukhari	Member

Trustee

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

Bankers to the Fund

NIB Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited

Auditors

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

First Capital Mutual Fund

Legal advisor

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

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Karachi Office

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

First Capital Mutual Fund

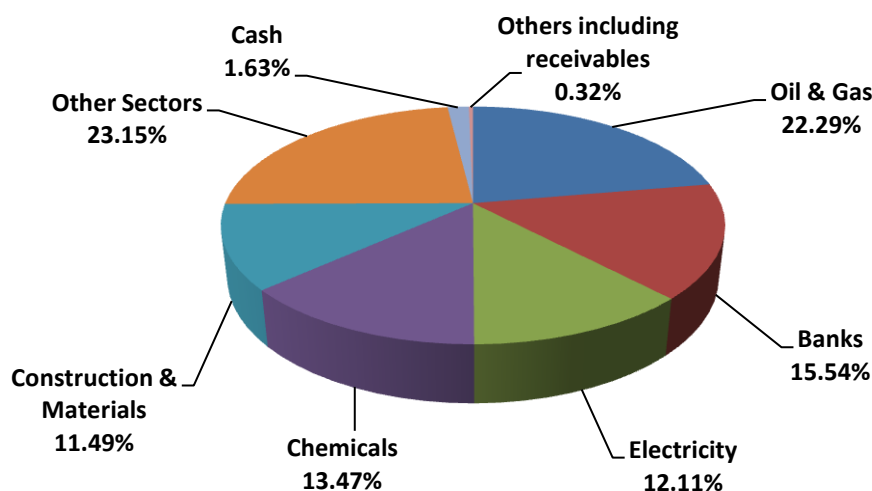
Directors' Report

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

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. 10.85, thus showing an increase of 7.32%, as compared to its Benchmark's (KSE-100 index) return of 8.35%, for the same period. Thus, the Fund has underperformed its Benchmark by 1.03%. The Fund reshuffled its exposure in equities with enhanced reliance on sectors that will most likely be beneficiaries of developments within the industry and in the economy. In consequence, exposure in the oil & gas and banking sector was reduced to realize profits whereas exposure in personal goods, chemicals and general industries sectors was increased on the back of handsome earnings growth and strong fundamental outlook. Going forward, the Fund intends to focus on sectors exhibiting positive corporate earnings growth and cheap valuations. In respect of its tactical strategy, the Fund seeks to keep sufficient cash reserve to capitalize on any likely correction in the market as well as to meet redemptions. The Fund size of FCMF at the end of the period stood at Rs. 273.877million.

The asset allocation of the Fund as on 31 December 2013 is as under:



KSE-100 index posted an increase of 8.35% during the period under review. During the month of August and September, the local bourse had posted 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. Rising interest rates negatively affected the local equity market's liquidity. During the period from October to December the market started exhibiting positive growth as the investor's activity remained more result oriented. The cement and oil stocks announced record earnings and significantly helped generating positive sentiment in the market. Furthermore, 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

First Capital Mutual Fund

of market. Abundant global liquidity and growing focus on frontier markets appear to be the key reasons for continued foreign interest in Pakistan's equities. Going forward, the sustainability of this bullish trend is contingent upon economic reforms against the backdrop of political and regulatory stability.

Income Distribution

The Board of Directors of the Management Company has decided to issue 6 bonus Units for every 100 Units i.e. 6% for the period ended December 31, 2013.

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 December 31, 2013 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

Aamna Taseer

Chairman / Director

Date: 14 February 2014

Place: Lahore

Shahzad Jawahar

Chief Executive Officer/Director

First Capital Mutual Fund

TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST CAPITAL MUTUAL FUND

Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Capital Mutual Fund Limited (the Fund) are of the opinion that the First Capital Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from July 30, 2013 to December 31, 2013 in accordance with the provisions of the following:

- I. Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- II. The pricing issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- III. The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 19, 2014

First Capital Mutual Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS OF FIRST CAPITAL MUTUAL FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Capital Mutual Fund** (the Fund) as at December 31, 2013 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the period July 30 to December 31, 2013. The Management Company (First Capital Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement, for the quarter ended December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period July 30 to December 31, 2013.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Lahore, February 14, 2014

Name of the engagement partner: Muhammad Masood

FIRST CAPITAL MUTUAL FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2013 (UN-AUDITED)

	Note	(Un-audited) December 31, 2013 Rupees
ASSETS		
Balances with banks		4,708,696
Investments	4	283,089,743
Dividend and profit receivable		309,146
Advances, deposits, prepayments and other receivable		621,936
Total assets		<u>288,729,521</u>
LIABILITIES		
Payable to First Capital Investments Limited (FCIL) - Management Company		846,811
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		59,452
Payable to Securities and Exchange Commission of Pakistan (SECP)		139,299
Payable against purchase of investments		819,428
Payable against redemption of units		77,170
Unclaimed dividend		6,021,227
WWF payable		6,470,160
Accrued expenses and other liabilities		419,029
Total liabilities		<u>14,852,576</u>
Net assets		<u><u>273,876,945</u></u>
Unit holders' funds (as per statement attached)		<u><u>273,876,945</u></u>
CONTINGENCIES AND COMMITMENTS		
	6	
NUMBER OF UNITS IN ISSUE		<u><u>25,240,620</u></u>
		Rupees
NET ASSET VALUE PER UNIT		<u><u>10.85</u></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

Director

FIRST CAPITAL MUTUAL FUND

CONDENSED INTERIM INCOME STATEMENT FOR THE PERIOD FROM JULY 30, 2013 TO DECEMBER 31, 2013 (UN-AUDITED)

	Note	For the period from July 30, 2013 to December 31, 2013 Rupees	For the quarter ended December 31, 2013 Rupees
INCOME			
Dividend income		10,271,261	3,983,398
Capital gain on sale of investments		956,853	1,852,388
Income from market treasury bills		416,747	151,234
Profit on savings accounts with banks		539,522	167,564
Back end load and other income		11,275,558	8,354,804
Unrealized appreciation on re-measurement of investments at fair value through profit or loss		2,654,688	33,762,316
		26,114,629	48,271,704
EXPENSES			
Remuneration to FCIL - Management Company		3,615,425	2,156,196
Punjab Sales Tax on Management Company's remuneration		578,307	247,868
Remuneration to CDC - Trustee		297,260	176,438
Annual fee to SECP		114,484	65,628
Conversion cost		2,618,726	444,972
Securities transaction costs		152,688	75,262
Bank and settlement charges		252,778	38,265
Auditors' remuneration		356,206	111,426
Fund's rating fee		46,131	46,131
Annual listing fee		43,372	15,059
Printing and postage charges		40,677	-
Total expenses		8,116,054	3,377,245
Net income from operating activities		17,998,575	44,894,459
Element of loss and capital losses included in prices of units redeemed		1,142,494	499,336
Provision for Workers' Welfare Fund	5	(382,821)	(382,821)
Net income for the period		18,758,248	45,010,974
Other comprehensive income for the period		-	-
Total comprehensive income for the period		18,758,248	45,010,974

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

FIRST CAPITAL MUTUAL FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE PERIOD FROM JULY 30, 2013 TO DECEMBER 31, 2013 (UN-AUDITED)

	For the period from July 30, 2013 to December 31, 2013 Rupees	For the quarter ended December 31, 2013 Rupees
Accumulated loss brought forward	-	(22,931,884)
Undistributed income transferred from First Capital Mutual Fund Limited	3,320,842	-
Net income for the period	18,758,248	45,010,974
Undistributed income carried forward	<u>22,079,090</u>	<u>22,079,090</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

Director

FIRST CAPITAL MUTUAL FUND

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD FROM JULY 30, 2013 TO DECEMBER 31, 2013 (UN-AUDITED)

	For the period from July 30, 2013 to December 31, 2013 Rupees	For the quarter ended December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	18,758,248	45,010,974
Adjustments		
- Dividend income	(10,271,261)	(3,983,398)
- Back end load and other income	(11,275,558)	(8,354,804)
- Element of loss and capital losses included in prices of units redeemed	(1,142,494)	(499,336)
- Profit on savings accounts with banks	(539,522)	(167,564)
- Provision for WWF	382,821	382,821
Unrealized appreciation on re-measurement of investments at fair value through profit or loss	(2,654,688)	(33,762,316)
	(25,500,702)	(46,384,597)
Decrease / (increase) in assets		
Investments	34,525,566	27,030,209
Advances, deposits, prepayments and other receivables	(197,556)	46,457
	34,328,010	27,076,666
Decrease / (increase) in liabilities		
Payable to First Capital Investments Limited (FCIL) - Management Company	240,797	(1,548,871)
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	59,452	(61,370)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(175,777)	65,631
Payable against purchase of investments	819,428	819,428
Accrued expenses and other liabilities	(304,648)	(2,107,262)
	639,252	(2,832,444)
Profit received on saving accounts with banks	634,871	202,592
Dividend received	10,000,058	7,899,446
Net cash generated from operating activities	38,859,737	30,972,637
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(42,046,070)	(1,331,786)
Payments against redemption of units	(44,706,923)	(33,813,120)
Net cash used in financing activities	(86,752,993)	(35,144,906)
Net decrease in cash and cash equivalents	(47,893,256)	(4,172,269)
Cash and cash equivalents at the beginning of the period	-	8,880,965
Cash and cash equivalents transferred from First Capital Mutual Fund Limited	52,601,952	-
Cash and cash equivalents at the end of the period	4,708,696	4,708,696

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

FIRST CAPITAL MUTUAL FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE PERIOD FROM JULY 30, 2013 TO DECEMBER 31, 2013 (UN-AUDITED)

	For the period from July 30, 2013 to December 31, 2013 Rupees	For the quarter ended December 31, 2013 Rupees
Net assets at the beginning of the period	-	270,821,191.34
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	312,320,842.00	-
Issue of nil units	-	-
Redemption of 5,659,380 units and 1,508,480 units for the period July 30 to December 31, 2013 and quarter ended December 31, 2013 respectively	(56,059,651)	(41,455,884)
	256,261,191	(41,455,884)
	256,261,191	229,365,307
Element of loss and capital losses included in prices of units redeemed	(1,142,494)	(499,336)
Capital gain on sale of investments	956,853	1,852,388
Other net income for the period	17,801,395	43,158,586
	18,758,248	45,010,974
Net assets at the end of the period	273,876,945	273,876,945
Net asset value per unit at the beginning of the period - Rupees	-	9.21
Net asset value per unit at the end of the period - Rupees	10.85	10.85

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

FIRST CAPITAL MUTUAL FUND

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD FROM JULY 30, 2013 TO DECEMBER 31, 2013

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 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 December 31, 2013.

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 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.

3.10 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.

		December 31, 2013 Rupees
4. Investments at fair value through profit or loss		
- Listed equity securities	- note 4.1	283,089,743
- Market treasury bills	- note 4.2	-
		<u>283,089,743</u>

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

Name of the Investee Company	Number of shares					Balance as at December 31, 2013			Percentage in relation to		
	Transferred from First Capital Mutual Fund Limited	Purchases during the period	Bonus /right issue	Sales during the period	As at December 31, 2013	Carrying Value	Market Value	Appreciation/ (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments of the Fund
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise											
Oil and Gas											
Attock Petroleum Limited	-	12,500	-	4,900	7,600	3,568,290	3,797,644	229,354	1.39	0.01	1.34
Attock Refinery Limited	-	7,500	-	2,500	5,000	1,019,867	1,038,350	18,483	0.38	0.01	0.37
Mari Petroleum Company Limited	-	5,000	-	5,000	-	-	-	-	-	-	-
National Refinery Limited	7,500	-	-	-	7,500	2,012,175	1,616,400	(395,775)	0.59	0.01	0.57
Oil and Gas Development Company Limited	-	10,600	-	-	10,600	2,808,005	2,929,416	121,411	1.07	-	1.03
Pakistan State Oil Company Limited	42,400	34,500	-	10,000	66,900	22,328,598	22,225,518	(103,080)	8.12	0.03	7.85
Pakistan Oilfields Limited	40,000	-	-	-	40,000	20,911,600	19,908,400	(1,003,200)	7.27	0.02	7.03
Pakistan Petroleum Limited	90,000	10,000	20,000	60,000	60,000	12,531,221	12,837,600	306,379	4.69	-	4.53
	<u>179,900</u>	<u>80,100</u>	<u>20,000</u>	<u>82,400</u>	<u>197,600</u>	<u>65,179,756</u>	<u>64,353,328</u>	<u>(826,428)</u>	<u>23.51</u>	<u>0.08</u>	<u>22.72</u>
Chemicals											
Archroma Pakistan Limited	15,000	3,000	-	10,000	8,000	2,366,198	2,158,240	(207,958)	0.79	0.02	0.76
Engro Corporation Limited	20,000	44,000	-	14,000	50,000	7,477,446	7,919,000	441,554	2.89	0.01	2.80
Fauji Fertilizer Bin Qasim Limited	30,000	-	-	-	30,000	1,259,100	1,314,300	55,200	0.48	-	0.46
Fauji Fertilizer Company Limited	200,000	-	-	-	200,000	21,998,000	22,392,000	394,000	8.18	0.02	7.91
Fatima Fertilizer Company Limited	50,000	-	-	-	50,000	1,288,500	1,428,000	139,500	0.52	-	0.50
ICI Pakistan Limited	10,088	3,000	-	-	13,088	2,419,471	3,311,526	892,055	1.21	0.01	1.17
Lotte Chemical Pakistan Limited	50,000	-	-	-	50,000	384,000	367,000	(17,000)	0.13	-	0.13
	<u>375,088</u>	<u>50,000</u>	<u>-</u>	<u>24,000</u>	<u>401,088</u>	<u>37,192,715</u>	<u>38,890,066</u>	<u>1,697,351</u>	<u>14.20</u>	<u>0.06</u>	<u>13.73</u>
Industrial Metals & Mining											
Aisha Steel Mills Limited - preference shares	9,500	-	-	-	9,500	76,475	75,905	(570)	0.03	-	0.03
Crescent Steel and Allied Products Limited	-	15,000	1,500	-	16,500	997,495	778,140	(219,355)	0.28	0.03	0.27
	<u>9,500</u>	<u>15,000</u>	<u>1,500</u>	<u>-</u>	<u>26,000</u>	<u>1,073,970</u>	<u>854,045</u>	<u>(219,925)</u>	<u>0.31</u>	<u>0.03</u>	<u>0.30</u>
Construction and Materials											
Akzo Nobel Pakistan Ltd	29,346	-	-	16,500	12,846	848,221	1,601,768	753,547	0.58	0.03	0.57
Attock Cement Pakistan Limited	25,000	-	3,750	5,000	23,750	3,695,500	3,387,463	(308,038)	1.24	0.02	1.20
D.G.Khan Cement Company Limited	49,900	22,500	-	-	72,400	6,250,006	6,206,852	(43,154)	2.27	0.02	2.19
Fauji Cement Company Limited	200,000	75,000	-	-	275,000	4,344,405	4,386,250	41,845	1.60	0.02	1.55
Lafarge Pakistan Cement Limited	200,000	-	-	-	200,000	2,148,000	1,672,000	(476,000)	0.61	0.02	0.59
Lucky Cement Company Limited	20,000	-	-	-	20,000	4,760,400	5,997,400	1,237,000	2.19	0.01	2.12
Kohat Cement Limited	75,000	-	15,000	-	90,000	9,316,500	8,799,300	(517,200)	3.21	0.06	3.11
Maple Leaf Cement Factory Limited	41,000	-	-	-	41,000	1,271,410	1,124,630	(146,780)	0.41	0.01	0.40
	<u>640,246</u>	<u>97,500</u>	<u>18,750</u>	<u>21,500</u>	<u>734,996</u>	<u>32,634,442</u>	<u>33,175,662</u>	<u>541,220</u>	<u>12.11</u>	<u>0.19</u>	<u>11.73</u>
Pharmaceutical and Biotech											
GlaxoSmithKline Pakistan Limited	10,000	5,000	-	-	15,000	2,005,100	2,043,150	38,050	0.75	0.01	0.72
	<u>10,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>2,005,100</u>	<u>2,043,150</u>	<u>38,050</u>	<u>0.75</u>	<u>0.01</u>	<u>0.72</u>
Industrial Engineering											
Al-Ghazi Tractors Limited (Ordinary Shares of Rs 5 each)	5,400	-	-	-	5,400	1,103,382	1,147,122	43,740	0.42	0.01	0.41
Millat Tractors Limited	20,060	-	2,006	12,000	10,066	4,798,279	4,856,845	58,566	1.77	0.02	1.72
	<u>25,460</u>	<u>-</u>	<u>2,006</u>	<u>12,000</u>	<u>15,466</u>	<u>5,901,661</u>	<u>6,003,967</u>	<u>102,306</u>	<u>2.19</u>	<u>0.03</u>	<u>2.13</u>
Automobile and Parts											
Honda Atlas Cars (Pakistan) Limited	-	21,000	-	-	21,000	1,007,399	882,840	(124,559)	0.32	0.01	0.31
Indus Motor Company Limited	20,000	3,100	-	-	23,100	8,033,515	7,692,300	(341,215)	2.81	0.03	2.72
Pak Suzuki Motor Company Limited	5,500	-	-	-	5,500	844,415	846,395	1,980	0.31	0.01	0.30
	<u>25,500</u>	<u>24,100</u>	<u>-</u>	<u>-</u>	<u>49,600</u>	<u>9,885,329</u>	<u>9,421,535</u>	<u>(463,794)</u>	<u>3.44</u>	<u>0.05</u>	<u>3.33</u>
Food Producers											
Engro Foods Limited	25,000	-	-	-	25,000	3,678,250	2,611,000	(1,067,250)	0.95	-	0.92
	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>3,678,250</u>	<u>2,611,000</u>	<u>(1,067,250)</u>	<u>0.95</u>	<u>-</u>	<u>0.92</u>
Personal Goods											
Nishat Mills Limited	-	70,000	-	2,500	67,500	6,643,214	8,588,700	1,945,486	3.14	0.02	3.03
Gadoon Textiles Mills Ltd	4,590	6,200	-	-	10,790	1,940,881	2,334,417	393,536	0.85	0.05	0.82
Ibrahim Fibre Limited	500	-	-	500	-	-	-	-	-	-	-
Packages Limited	-	2,500	-	-	2,500	672,500	681,575	9,075	0.25	-	0.24
Nishat Chunian Limited	100,000	-	10,000	-	110,000	6,469,000	6,622,000	153,000	2.42	0.05	2.34
	<u>105,090</u>	<u>78,700</u>	<u>10,000</u>	<u>3,000</u>	<u>190,790</u>	<u>15,725,595</u>	<u>18,226,692</u>	<u>2,501,097</u>	<u>6.66</u>	<u>0.12</u>	<u>6.43</u>
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	514,000	35,000	-	299,000	250,000	6,823,555	7,110,000	286,445	2.60	0.66	2.51
	<u>514,000</u>	<u>35,000</u>	<u>-</u>	<u>299,000</u>	<u>250,000</u>	<u>6,823,555</u>	<u>7,110,000</u>	<u>286,445</u>	<u>2.60</u>	<u>0.66</u>	<u>2.51</u>
Electricity											
Hub Power Company Limited	260,500	35,500	-	-	296,000	19,931,769	17,973,120	(1,958,649)	6.56	0.03	6.35
Kot Addu Power Company Limited	100,000	-	-	-	100,000	5,966,000	6,175,000	209,000	2.25	0.01	2.18
Nishat Chunian Power Limited	100,002	-	-	-	100,002	3,563,071	3,478,070	(85,001)	1.27	0.03	1.23
Nishat Power Limited	100,000	-	-	-	100,000	3,450,000	3,006,000	(444,000)	1.10	0.03	1.06
Pak Gen Power Limited	200,000	-	-	-	200,000	4,926,000	4,342,000	(584,000)	1.59	0.05	1.53
	<u>760,502</u>	<u>35,500</u>	<u>-</u>	<u>-</u>	<u>796,002</u>	<u>37,836,840</u>	<u>34,974,190</u>	<u>(2,862,650)</u>	<u>12.77</u>	<u>0.15</u>	<u>12.35</u>
Commercial Banks											
Allied Bank Limited	99,450	-	-	25,000	74,450	5,859,215	6,700,500	841,285	2.45	0.01	2.37
Askari Bank Limited	26,270	-	-	-	26,270	392,211	367,780	(24,431)	0.13	-	0.13
Bank Al-Habib Limited	102,000	-	-	50,000	52,000	1,663,480	2,160,600	497,120	0.79	0.01	0.76
Bank Alfalah Limited	475,000	-	-	290,000	185,000	3,942,350	5,002,400	1,060,050	1.83	0.01	1.77
Faysal Bank Limited	59,999	40,000	12,499	-	112,498	1,121,389	1,281,352	159,963	0.47	0.01	0.45
Habib Bank Limited	25,000	42,500	-	12,500	55,000	9,108,740	9,164,650	55,910	3.35	-	3.24
Habib Metropolitan Bank Limited	-	43,000	-	-	43,000	1,001,900	1,078,010	76,110	0.39	-	0.38
MCB Bank Limited	-	17,500	-	-	17,500	4,988,673	4,920,475	(68,198)	1.80	-	1.74
National Bank of Pakistan	345,250	-	-	235,000	110,250	6,086,903	6,401,115	314,212	2.34	0.01	2.26
Bank of Punjab Limited	99,859	-	-	-	99,859	1,337,112	1,100,446	(236,666)	0.40	0.01	0.39
United Bank Limited	50,400	-	-	-	50,400	6,072,696	6,680,520	607,824	2.44	-	2.36
	<u>1,283,228</u>	<u>143,000</u>	<u>12,499</u>	<u>612,500</u>	<u>826,227</u>	<u>41,574,669</u>	<u>44,857,848</u>	<u>3,283,179</u>	<u>16.39</u>	<u>0.06</u>	<u>15.85</u>
Non-Life Insurance											
Adamjee Insurance Company Limited	-	30,000	42,074	22,000	50,074	1,443,869	1,871,265	427,396	0.68	0.01	0.66
Shaheen Insurance Company Limited	2,005,818	-	-	186,500	1,819,318	13,335,601	12,553,294	(782,307)	4.58	6.06	4.43
	<u>2,005,818</u>	<u>30,000</u>	<u>42,074</u>	<u>208,500</u>	<u>1,869,392</u>	<u>14,779,470</u>	<u>14,424,559</u>	<u>(354,911)</u>	<u>5.26</u>	<u>6.07</u>	<u>5.09</u>
Financial Services											
First Capital Equities Limited - a related party	128,395	-	-	-	128,395	6,143,701	6,143,701	-	2.24	0.12	2.17
	<u>128,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,395</u>	<u>6,143,701</u>	<u>6,143,701</u>	<u>-</u>	<u>2.24</u>	<u>0.12</u>	<u>2.17</u>
Total - December 31, 2013	6,087,727	593,900	106,829	1,262,900	5,525,556	280,435,053	283,089,743	2,654,688			

Date of Issue	Term	Face value	Amortized cost	Cost/ Amortized cost		Market Value		Percentage in relation to			
			Transferred from First Capital Mutual Fund Limited	Purchases during the period	Matured/Sales during the period	As at December 31, 2013	As at December 31, 2013	Market Value as percentage of net assets	Market Value as percentage of total investments	Effective Rate of Return	
		Rupees						%			
16-May-13	3 Months	18,000,000	17,826,855	-	17,826,855	-	-	-	-	-	
30-May-13	3 Months	14,625,000	14,434,477	-	14,434,477	-	-	-	-	-	
22-Aug-13	3 Months	14,625,000	-	14,329,575	14,329,575	-	-	-	-	-	
Total - December 31, 2013		47,250,000	32,261,332	14,329,575	46,590,907	-	-	-	-	-	

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 December 31, 2013 Rupees
8.1 Transactions during the period	
First Capital Investments Limited - management company	
Remuneration for the period	<u>4,193,732</u>
First Capital Equities Limited	
Brokerage on purchase of investments	<u>3,650</u>
Brokerage on sale of investments	<u>8,195</u>
Redemption of 984,474 units	<u>10,227,110</u>
Central Depository Company of Pakistan Limited - Trustee	
Remuneration for the period	<u>297,260</u>
Settlement charges	<u>111,261</u>
Al - Hoqani Securities & Investment Corporation (Private) Limited	
Redemption of 1,500,000 units	<u>14,514,300</u>
	December 31, 2013 Rupees
8.2 Balances outstanding at the period end	
First Capital Investments Limited - management company	
Remuneration payable	<u>846,811</u>
Receivables	<u>211,363</u>
Units issued : 7,578,101 units	<u>82,227,265</u>
Al-Hoqani Securities & Investment Corporation (Pvt.) Limited	
Units issued : 4,680,000 units	<u>50,781,007</u>
Sulaiman Ahmed Saeed Al-Hoqani	
Units issued : 2,551,979 units	<u>27,690,612</u>
Sisley Group Company Limited	
Units issued : 3,089,485 units	<u>33,522,897</u>
Central Depository Company of Pakistan Limited - Trustee	
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 _____ 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