

First Habib Income Fund  
First Habib Stock Fund  
First Habib Cash Fund  
First Habib Islamic Balanced Fund



## Quarterly Report

March 2014



**Habib Asset Management Limited**

(An Associate Company of Bank AL Habib Ltd.)

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## DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of First Habib Income Fund (FHIF), First Habib Stock Fund (FHSF), First Habib Cash Fund (FHCF) and First Habib Islamic Balanced Fund (FHIBF) for the nine months and quarter ended March 31, 2014.

### MONEY MARKET REVIEW

The State Bank of Pakistan maintained the discount rate at 10.0% in the last two monetary policy announcements made during the period Jan - March 2014. During the quarter Jan - March 2014, the foreign exchange reserves maintained by State Bank of Pakistan increased by 54% to US\$5.36 billion from US\$3.48 billion, as on 31 December 2013. The reserves were augmented primarily due to three major inflows, viz., friendly aid of US\$ 1.5 billion from Saudi Arabia, receipt of the third tranche of US\$ 550 million from IMF and CSF inflows amounting to US\$350 million. This rise in reserves also resulted in the appreciation of Pakistan Rupee against the US Dollar by 7%.

### STOCK MARKET REVIEW

The KSE-100 index extended its bull run further by gaining 6,154 (29.30%) points during nine months period ended March 31, 2014 to close at 27,160 points. During the period under review, the benchmark KSE-100 index breached all its previous records. This phenomenal run can be attributed to heavy buying by local as well as foreign investors. During the nine months period under review the stock market attracted foreign portfolio investment of US\$ 28.44 million.

### FUNDS' PERFORMANCE

#### *First Habib Income Fund (FHIF)*

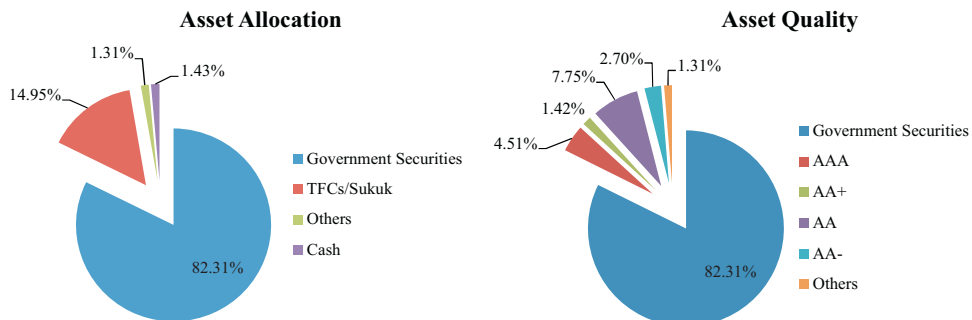
During the nine months period ended 31 March 2014, the fund earned an annualized return of 7.46%. The net assets of the fund at quarter end were Rs.539.68 million of which 82.31% were placed in risk free avenues of Tbill/PIB and 14.95% were invested in TFCs. The Fund generated net earnings of Rs.10.58 million and Rs.33.23 million for the quarter and nine month period ended March 31, 2014 respectively.

#### Dividend Distribution

During the nine month period under review, the Fund distributed nine dividends on monthly basis amounting to Rs. 5.35 per unit for class 'C' unit holders and 5.3462 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under:

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2013	Rs. 0.50 per unit	0.4997 units per 100 units
August 2013	Rs. 0.55 per unit	0.5495 units per 100 units
September 2013	Rs. 0.60 per unit	0.5997 units per 100 units
October 2013	Rs. 0.50 per unit	0.4995 units per 100 units
November 2013	Rs. 0.70 per unit	0.6996 units per 100 units
December 2103	Rs. 0.60 per unit	0.6497 units per 100 units
January 2014	Rs. 0.70 per unit	0.6994 units per 100 units
February 2014	Rs. 0.50 per unit	0.4998 units per 100 units
March 2014	Rs. 0.70 per unit	0.6991 units per 100 units

The asset allocation and asset quality of FHIF as of March 31, 2014, can be viewed as under:

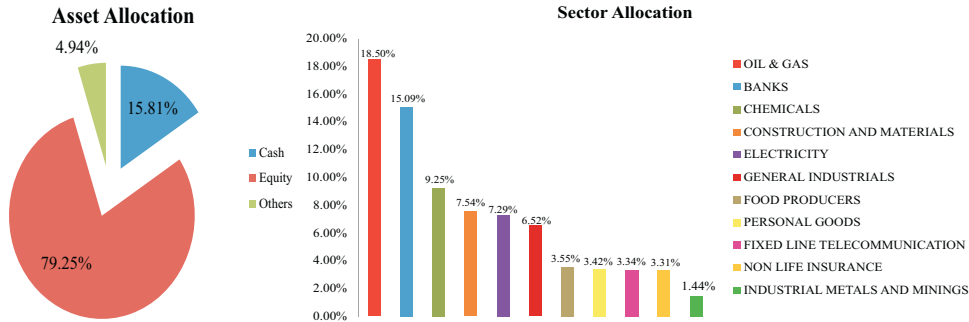


**First Habib Stock Fund (FHSF)**

The net assets of the fund at quarter end were Rs.165.12 million, where as the Fund generated a return of 15.61% for the nine months ended March 31, 2014.

During the nine month period under review, the Fund earned gross income of Rs. 27.74 million; of which Rs. 17.93 million was on account of realized capital gain.

For the quarter ended March 31, 2014, the Fund earned gross and net income of Rs.7.32 million and Rs.3.42 million respectively. Furthermore, the Fund realized capital gains on sale of securities of Rs.9.47 million during the quarter. The asset allocation and sector allocation of FHSF as on March 31, 2014, can be viewed as under:



**First Habib Cash Fund (FHCF)**

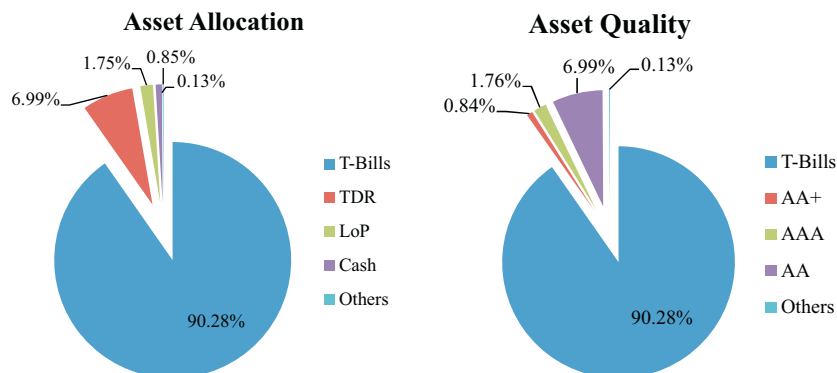
The net assets of the fund as on March 31, 2014 were Rs.4.24 billion. The major portion of the fund i.e. 90.28% was invested in T-Bills while 8.74% were invested in TD Rs and LoP. The Fund generated net earnings of Rs.252.67 million and Rs.92.75 million respectively for the nine months and for the quarter ended March 31, 2014.

**Dividend Distribution**

The Fund distributed nine dividends on monthly basis for the financial year ending June 2014 totaling Rs. 5.70 per unit for class 'C' unit holders and 5.6960 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under:

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2013	Rs. 0.55 per unit	0.5496 units per 100 units
August 2013	Rs. 0.65 per unit	0.6493 units per 100 units
September 2013	Rs. 0.60 per unit	0.5997 units per 100 units
October 2013	Rs. 0.55 per unit	0.5495 units per 100 units
November 2013	Rs. 0.70 per unit	0.6995 units per 100 units
December 2013	Rs. 0.65 per unit	0.6497 units per 100 units
January 2014	Rs. 0.70 per unit	0.6993 units per 100 units
February 2014	Rs. 0.70 per unit	0.6998 units per 100 units
March 2014	Rs. 0.60 per unit	0.5996 units per 100 units

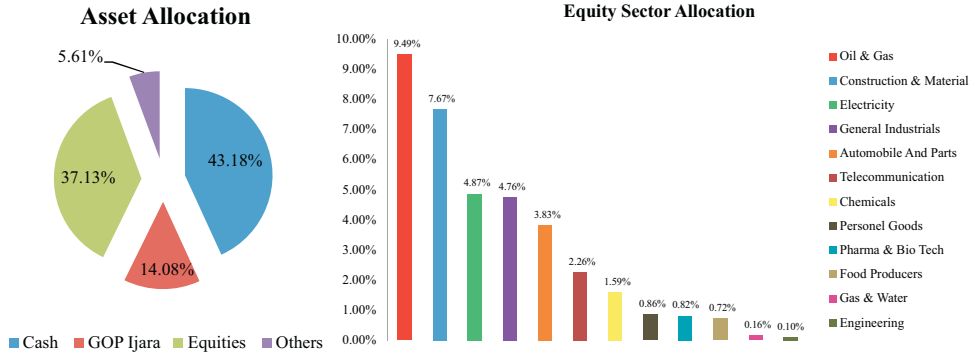
The asset allocation and credit quality of FHCF as on March 31, 2014, can be viewed as under:



**First Habib Islamic Balanced Fund (FHIBF)**

During the nine month period ended March 31, 2014; the fund generated a return of 9.23%. The fund had 37.13% investment in Shariah compliant equities and 14.08% in GOP Ijara Sukuk.

The Fund earned net income of Rs.27.81 million and Rs.3.42 million respectively for the nine month and quarter ended March 31, 2014. The Fund's earnings emanating from gains on the sale of investment were Rs.23.28 million and Rs.13.18 million respectively for nine months and quarter ended March 31, 2014.



**FUTURE OUTLOOK**

The increased foreign inflows witnessed during the quarter have positively impacted the investor confidence. Since the foreign exchange influx is expected to continue, we can foresee increased investors' activity. Further, expected positive steps including privatization and easing of monetary policy may stimulate economic activity and growth in the coming months.

**ACKNOWLEDGMENT**

The Board is indeed thankful to its valued Unit-holders, Central Depository Company of Pakistan Limited as Trustee, the Securities and Exchange Commission of Pakistan and the management of Lahore Stock Exchange for their support and cooperation.

The Board also appreciates the employees of the Management Company for their dedication and hard work.

On behalf of the Board of  
**Habib Asset Management Limited**

April 24, 2014

**Chief Executive**

**FIRST HABIB INCOME FUND**  
**Quarterly Report**  
**March 2014**

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**FUND'S INFORMATION**

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

**CFO and Company Secretary**

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary
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**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mohammad Ali Jameel	Member

**Human Resource Committee**

Mr. Liaquat Habib Merchant	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

**Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza,  
Beaumont Road, Karachi.

**Registrar**

JWAFFS Registrar Services  
(Pvt.) Limited  
Kashif Centre, Room No. 505,  
5th Floor, near Hotel Mehran,  
Shahrah-e-Faisal, Karachi.

**Trustee**

Central Depository Company  
of Pakistan Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S,  
Main Shakra-e-Faisal, Karachi.

**Legal Advisor**

Mohsin Tayebaly & Co.  
Barristers & Advocates,  
2nd Floor, DIME Centre, BC-4, Block 9,  
Kehkashan, Clifton, Karachi

**Bankers to the Fund**

Bank AL Habib Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited

**Rating**

AA-(F) Fund Stability Rating Rating by PACRA  
AM3 Management Company Quality Rating  
Assigned by PACRA.

**Registered Office:** 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT 31 MARCH 2014*

	Note	31 March 2014 (Un-Audited)	30 June 2013 (Audited)
<b>Assets</b>			
Bank balances	6	7,906	120,930
Investments	7	541,243	760,835
Income receivable	8	4,680	6,432
Deposits and prepayments	9	2,663	2,600
<b>Total assets</b>		<b>556,492</b>	<b>890,797</b>
<b>Liabilities</b>			
Payable to the Habib Asset Management Limited - Management Company	10	920	1,580
Payable to Central Depository Company of Pakistan Limited - Trustee		77	140
Payable to Securities and Exchange Commission of Pakistan Workers' Welfare Fund	11	14,441	13,763
Accrued expenses and other liabilities		1,020	992
<b>Total liabilities</b>		<b>16,815</b>	<b>17,286</b>
<b>Net assets</b>		<b>539,677</b>	<b>873,511</b>
<b>Unit holders' funds</b> (as per the statement attached)		<b>539,677</b>	<b>873,511</b>
		<b>(Number of Units)</b>	
<b>Number of units in issue</b>		<b>5,387,402</b>	<b>8,674,471</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>100.17</b>	<b>100.70</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB INCOME FUND**

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

Note	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>Income</b>				
Profit on bank deposits	5,009	9,687	1,201	4,146
Income from term finance certificates	8,490	12,000	1,878	4,608
Income on government securities	32,047	64,380	10,313	16,083
Income from placements	61	443	47	392
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain / (loss) on sale of investments classified as held for trading	(279)	(13,634)	(92)	(16,327)
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	1,290	495	792	(903)
-Net unrealized (loss) on revaluation of derivative financial instruments classified as held for trading	-	-	-	79
	1,011	(13,139)	700	(17,151)
<b>Total income</b>	<b>46,618</b>	<b>73,371</b>	<b>14,139</b>	<b>8,078</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited -				
Management Company	7,146	12,208	1,990	3,975
Sales tax on management fee	1,326	1,953	369	636
Federal Excise Duty on management fee	1,143	-	318	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	810	1,324	225	430
Annual fee - Securities and Exchange Commission of Pakistan	357	610	99	198
Brokerage	21	155	6	31
Settlement and bank charges	218	274	73	94
Annual listing fee	30	30	10	10
Auditors' remuneration	299	283	80	73
Mutual fund rating fee	159	139	62	51
Printing charges	64	64	21	21
Provision against debt securities	-	(22,153)	-	(25,524)
<b>Total expenses</b>	<b>11,573</b>	<b>(5,113)</b>	<b>3,253</b>	<b>(20,005)</b>
	35,045	78,484	10,886	28,083
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	(1,141)	(380)	(95)	598
Workers' Welfare Fund	(678)	(1,562)	(216)	(574)
<b>Net income for the period</b>	<b>33,226</b>	<b>76,542</b>	<b>10,575</b>	<b>28,107</b>

Earnings per unit

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The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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**FIRST HABIB INCOME FUND**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	<b>Nine months ended</b>		<b>Quarter ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	----- (Rupees in '000) -----			
<b>Net income for the period</b>	<b>33,226</b>	76,542	<b>10,575</b>	28,107
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>33,226</b>	76,542	<b>10,575</b>	28,107

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB INCOME FUND****CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
<b>Undistributed income brought forward</b>	<b>6,204</b>	10,243	<b>750</b>	808
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 1.00/-	-	(10,090)	-	-
Interim dividend 27 July 2012 Cash @ Rs. 0.70/- per unit and bonus units @ 0.6997/-	-	(7,742)	-	-
Interim dividend 25 August 2012 Cash @ Rs. 0.95/- per unit and bonus units @ 0.9499/-	-	(10,541)	-	-
Interim dividend 28 September 2012 Cash @ Rs. 0.80/- per unit and bonus units @ 0.7989/-	-	(8,147)	-	-
Interim dividend 25 October 2012 Cash @ Rs. 0.80/- per unit and bonus units @ 0.7995/-	-	(8,953)	-	-
Interim dividend 23 November 2012 Cash @ Rs. 0.55/- per unit and bonus units @ 0.5497/-	-	(6,029)	-	-
Interim dividend 28 December 2012 Cash @ Rs. 0.70/- per unit and bonus units @ 0.6999/-	-	(6,368)	-	-
Interim dividend 24 January 2013 Cash @ Rs. 1.50/- per unit and bonus units @ 1.4985/-	-	(14,318)	-	(14,318)
Interim dividend 23 Feb 2013 Cash @ Rs. 0.55/- per unit and bonus units @ 0.5498/-	-	(6,228)	-	(6,228)
Interim dividend 29 March 2013 Cash @ Rs. 0.65/- per unit and bonus units @ 0.6496/-	-	(7,083)	-	(7,083)
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6497/-	<b>(5,638)</b>	-	-	-
Interim dividend 26 July 2013 Cash @ Rs. 0.50/- per unit and bonus units @ 0.4997/-	<b>(4,254)</b>	-	-	-
Interim dividend 30 August 2013 Cash @ Rs. 0.55/- per unit and bonus units @ 0.5495/-	<b>(4,115)</b>	-	-	-
Interim dividend 27 September 2013 Cash @ Rs. 0.60/- per unit and bonus units @ 0.5997/-	<b>(3,667)</b>	-	-	-
Interim dividend 25 October 2013 Cash @ Rs. 0.50/- per unit and bonus units @ 0.4995/-	<b>(3,060)</b>	-	-	-
Interim dividend 29 November 2013 Cash @ Rs. 0.70/- per unit and bonus units @ 0.6996/-	<b>(4,133)</b>	-	-	-
Interim dividend 27 December 2013 Cash @ Rs. 0.60/- per unit and bonus units @ 0.5999/-	<b>(3,238)</b>	-	-	-
Interim dividend 31 January 2014 Cash @ Rs. 0.70/- per unit and bonus units @ 0.6994/-	<b>(3,687)</b>	-	<b>(3,687)</b>	-
Interim dividend 28 Feb 2014 Cash @ Rs. 0.50/- per unit and bonus units @ 0.4998/-	<b>(2,651)</b>	-	<b>(2,651)</b>	-
Interim dividend 28 March 2014 Cash @ Rs. 0.70/- per unit and bonus units @ 0.6991/-	<b>(3,746)</b>	-	<b>(3,746)</b>	-
Net income for the period	<b>33,226</b>	76,542	<b>10,575</b>	28,107
<b>Undistributed income carried forward</b>	<b>1,241</b>	1,286	<b>1,241</b>	1,286

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
------(Rupees in '000)-----				
<b>Net assets at the beginning of the period</b>	<b>873,511</b>	1,019,083	<b>543,288</b>	916,569
Amount received on sale of units	409,772	570,987	56,863	354,308
Amount paid on redemption of units	(777,750)	(568,179)	(71,129)	(200,241)
	<b>(367,978)</b>	2,808	<b>(14,266)</b>	154,067
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	<b>1,141</b>	380	<b>95</b>	(598)
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit for units held as at 30 June 2012	-	(122)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for units held as at 27 July 2012	-	(85)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit for units held as at 25 August 2012	-	(115)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for units held as at 28 September 2012	-	(97)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for units held as at 25 October 2012	-	(97)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for units held as at 23 November 2012	-	(67)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for units held as at 28 December 2012	-	(85)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.50/- per unit for units held as at 24 January 2013	-	(163)	-	(163)
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for units held as at 23 February 2013	-	(60)	-	(60)
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit for units held as at 29 March 2013	-	(70)	-	(70)
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit for the units held as at 30 June 2013	<b>(71)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit for the units held as at 26 July 2013	<b>(54)</b>	-	-	-
Final cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for the units held as at 30 August 2013	<b>(60)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit for the units held as at 27 September 2013	<b>(6)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit for the units held as at 25 October 2013	<b>(6)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 29 November 2013	<b>(6)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit for the units held as at 27 December 2013	<b>(5)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 31 January 2014	<b>(5)</b>	-	<b>(5)</b>	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit for the units held as at 28 February 2014	<b>(5)</b>	-	<b>(5)</b>	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 28 March 2014	<b>(5)</b>	-	<b>(5)</b>	-
Net income for the period	<b>33,226</b>	76,542	<b>10,575</b>	28,107
<b>Net assets at the end of the period</b>	<b>539,677</b>	1,097,852	<b>539,677</b>	1,097,852

(Continued on next page)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## FIRST HABIB INCOME FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Number of Units)-----			
Units at the beginning of the period	8,674,471	10,089,836	5,428,409	9,158,825
Number of units issued	4,076,399	5,674,189	564,940	3,517,915
Number of units redeemed	(7,742,836)	(5,641,658)	(706,494)	(1,982,591)
	(3,666,437)	32,531	(141,554)	1,535,324
<i>Issue of bonus units:</i>				
Final bonus units distribution @ 1.00/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	99,678	-	-
Interim bonus units distribution @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	76,535	-	-
Interim bonus units distribution @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	-	104,248	-	-
Interim bonus units distribution @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	80,390	-	-
Interim bonus units distribution @ 0.7995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	-	88,504	-	-
Interim bonus units distribution @ 0.5497/- for class 'A' and 'B' unit holders for every 100 units held as at 23 November 2012	-	59,598	-	-
Interim bonus units distribution @ 0.6999/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	-	62,829	-	-
Interim bonus units distribution @ 1.4985/- for class 'A' and 'B' unit holders for every 100 units held as at 24 January 2013	-	141,410	-	141,410
Interim bonus units distribution @ 0.5498/- for class 'A' and 'B' unit holders for every 100 units held as at 23 February 2013	-	61,411	-	61,411
Interim bonus units distribution @ 0.6496/- for class 'A' and 'B' unit holders for every 100 units held as at 29 March 2013	-	70,083	-	70,083
Final bonus units distribution @ 0.6497/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	55,651	-	-	-
Interim bonus units distribution @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	41,971	-	-	-
Interim bonus units distribution @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013	40,515	-	-	-
Interim bonus units distribution @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013	36,595	-	-	-
Interim bonus units distribution @ 0.4995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013	30,524	-	-	-
Interim bonus units distribution @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013	41,246	-	-	-
Interim bonus units distribution @ 0.5999/- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013	32,320	-	-	-
Interim bonus units distribution @ 0.6994/- for class 'A' and 'B' unit holders for every 100 units held as at 31 January 2014	36,778	-	36,778	-
Interim bonus units distribution @ 0.4998/- for class 'A' and 'B' unit holders for every 100 units held as at 28 February 2014	26,424	-	26,424	-
Interim bonus units distribution @ 0.6991/- for class 'A' and 'B' unit holders for every 100 units held as at 28 March 2014	37,345	-	37,345	-
<b>Units at the end of the period</b>	<b>5,387,402</b>	<b>10,967,053</b>	<b>5,387,402</b>	<b>10,967,053</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period	33,226	76,542	10,575	28,107
<b>Adjustments for non-cash items</b>				
Unrealised loss on revaluation of investments at fair value through profit or loss - net	(1,290)	(495)	(792)	903
Net unrealised loss on revaluation of derivative financial instruments classified as held for trading	-	-	-	(79)
Workers' Welfare Fund	678	1,562	216	574
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	1,141	380	95	(598)
Provision against debt securities	-	(22,153)	-	(25,524)
	<u>33,755</u>	<u>55,836</u>	<u>10,094</u>	<u>3,383</u>
<b>Decrease/(increase) in assets</b>				
Term Deposit Receipts	-	(300,000)	-	(200,000)
Investments	220,882	52,068	(141,334)	(110,327)
Income receivable	1,752	(5,585)	(1,992)	(2,566)
Advances, deposits, prepayments and other receivables	(63)	(3,008)	(43)	3,819
	<u>222,571</u>	<u>(256,525)</u>	<u>(143,369)</u>	<u>(309,074)</u>
<b>(Decrease)/increase in liabilities</b>				
Payable to Management Company	(660)	140	(53)	230
Payable to Trustee	(63)	8	(5)	12
Payable to SECP	(454)	(388)	99	198
Accrued expenses and other liabilities	28	146	53	(3,079)
	<u>(1,149)</u>	<u>(94)</u>	<u>94</u>	<u>(2,639)</u>
<b>Net cash flow from / (used in) operating activities</b>	<b>255,177</b>	<b>(200,783)</b>	<b>(133,181)</b>	<b>(308,330)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net (payments) / receipts from sale and redemption of units	(367,978)	2,808	(14,266)	154,067
Dividend paid during the period	(223)	(891)	(20)	(308)
Net cash flow (used in)/ from financing activities	(368,201)	1,917	(14,286)	153,759
Net increase in cash and cash equivalents during the period	(113,024)	(198,866)	(147,467)	(154,571)
Cash and cash equivalents at beginning of the period	120,930	210,334	155,373	166,039
Cash and cash equivalents at end of the period	<u>7,906</u>	<u>11,468</u>	<u>7,906</u>	<u>11,468</u>
<b>Cash and cash equivalents at the end of the period comprise of :</b>				
Bank Balance	7,906	11,468	7,906	11,468
Term deposit receipts having maturity of 3 months or less	-	300,000	-	300,000
	<u>7,906</u>	<u>311,468</u>	<u>7,906</u>	<u>311,468</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## **FIRST HABIB INCOME FUND**

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### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

#### **1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Income Fund ("the Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 August 2006 under Regulation 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3' and 'AA-(f)' to the Management Company and the Fund respectively.

The Fund invests in a diversified portfolio of term finance certificates, government securities, corporate debt securities, certificates of investments, term deposit receipts, continuous funding system and other money market instruments (including the clean placements). The Fund has been categorised as income scheme.

Title to the assets of the Fund are held in the name of Central Depository Company Limited (CDC) as a trustee of the Fund.

#### **2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

The condensed interim financial statements are unaudited.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Fund for the year ended 30 June 2013:

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

#### **5. FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.



**FIRST HABIB INCOME FUND**

6. BANK BALANCES	Note	31 March 2014	30 June 2013
		(Rupees in '000) (Un-Audited)	(Audited)
Savings accounts	6.1 & 6.2	7,884	20,828
Current account		22	102
Term Deposit Receipts		-	100,000
		<u>7,906</u>	<u>120,930</u>

6.1 Savings accounts carry profit rates at 8% (30 June 2013: 6% to 8%) per annum.

6.2 It includes balance of Rs. 7.875 million (30 June 2013: Rs. 20.82 million) having interest rate of 8% (30 June 2013: 8%) with Bank Al Habib, a related party.

7. INVESTMENTS	Note	31 March 2014	30 June 2013
		(Rupees in '000) (Un-Audited)	(Audited)
<b>At fair value through profit or loss - held for trading</b>			
Term Finance Certificates	7.1	<u>83,207</u>	120,991
		83,207	120,991
Treasury Bills	7.3	322,531	639,844
Pakistan Investment Bond	7.4	135,505	-
		<u>541,243</u>	<u>760,835</u>

**7.1 Term Finance Certificates**

Name of the investee company	Number of certificates				Carrying Value	Market Value	Market value as a percentage of net assets (%)	Market value as a percentage of issued size
	As at 1 July 2013	Acquired during the period	Sold / Redeemed during the period	As at 31 March 2014				
<b>Held for trading</b>								
Aisha Steel Mills Ltd - PPTFC	4,000	-	4,000	-	-	-	-	-
Allied Bank Ltd - II	2,000	-	-	2,000	9,324	10,073	1.87	0.34
Bank Alfalah Limited- V TFC	5,000	-	-	5,000	25,344	25,480	4.72	0.51
Faysal Bank Limited	3,000	-	-	3,000	7,504	7,551	1.40	0.43
GOP Ijara Sukuk	12,000	-	12,000	-	-	-	-	-
Standard Chartered Bank	5,000	-	-	5,000	24,847	25,103	4.65	1.26
United Bank Limited - IV	6,000	-	6,000	-	-	-	-	-
NIB Bank Limited	-	3,000	-	3,000	15,000	15,000	2.78	0.38
<b>Total as at 31 March 2014</b>					<u>82,019</u>	<u>83,207</u>		
Total as at 30 June 2013					<u>121,616</u>	<u>120,991</u>		

7.1.1 All Term Finance Certificates have a face value of Rs 5,000 each.

7.1.2 Significant terms and conditions of Term Finance Certificates outstanding as at period ended 31 March 2014.

Name of the investee company	Note	Remaining principal (per TFC) as at 31 March 2014	Start date	Maturity	Installment payments	Credit rating	Mark-up Rate (Per annum)	Secured / Unsecured
<b>Term Finance Certificates - Held for trading</b>								
Allied Bank Limited - II TFC		4,991.00	28-Aug-09	28-Aug-19	Half-yearly	AA	6 Month+0.85	Unsecured
Bank Alfalah Limited- V TFC		4,998.00	20-Feb-13	20-Feb-21	Half-yearly	AA-	6 Month+1.25	Unsecured
Faysal Bank Limited		2,495.00	12-Nov-07	12-Nov-14	Half-yearly	AA-	6 Month+1.40	Unsecured
Standard Chartered Bank Limited		5,000.00	29-Jun-12	29-Jun-22	Half-yearly	AAA	6 Month+0.75	Unsecured
NIB Bank Limited		5,000.00	24-Mar-14	24-Mar-22	-	A+	11.23%	Unsecured

## FIRST HABIB INCOME FUND

### 7.3 Government Securities - Treasury Bills

Issue date	Tenor	Face Value			As at 31 March 2014		Market value as a percentage of net assets (%)	Market value as a percentage issued size	
		As at 01 July 2013	Purchases during the period	Sales / Matedured during the period	As at 31 March 2014	Carrying value			Market value
----- (Rupees in '000) -----									
18-Apr-13	3 Months	105,000	-	105,000	-	-	-	-	
2-May-13	3 Months	248,000	-	248,000	-	-	-	-	
12-Jul-13	3 Months	-	265,000	265,000	-	-	-	-	
25-Jul-13	3 Months	-	375,000	375,000	-	-	-	-	
7-Aug-13	3 Months	-	115,000	115,000	-	-	-	-	
19-Sep-13	3 Months	-	485,000	485,000	-	-	-	-	
3-Oct-13	3 Months	-	85,000	85,000	-	-	-	-	
31-Oct-13	3 Months	-	200,000	200,000	-	-	-	-	
28-Nov-13	3 Months	-	120,000	120,000	-	-	-	-	
12-Dec-13	3 Months	-	100,000	100,000	-	-	-	-	
26-Dec-13	3 Months	-	90,000	90,000	-	-	-	-	
30-Dec-13	3 Months	-	29,000	29,000	-	-	-	-	
23-Jan-14	3 Months	-	290,000	80,000	210,000	209,107	209,067	38.74	
20-Feb-14	3 Months	-	70,000	70,000	-	-	-	-	
28-Feb-14	3 Months	-	70,000	-	70,000	69,361	69,343	12.85	
20-Mar-14	3 Months	-	45,000	-	45,000	44,136	44,121	8.18	
10-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	
24-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	
6-Sep-12	1 Year	-	105,000	105,000	-	-	-	-	
4-Oct-12	1 Year	30,000	-	30,000	-	-	-	-	
<b>Total as at 31 March 2014</b>						<b>322,604</b>	<b>322,531</b>		
Total as at 30 June 2013						579,734	579,760		

### 7.4 Government Securities - Pakistan Investment Bonds (PIB)

Name of PIB	Tenor	As at 1 July 2013	Purchases during the period	Sales / Matedured during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market value as at 31 March 2014	Market Value as a Percentage of:	
								Net Assets	Issued size
----- (Rupees in '000) -----									
PIB 18-07-2013	3 Year	-	137,500	-	137,500	135,330	135,505	25.11	0.03
<b>Total as at 31 March 2014</b>						<b>135,330</b>	<b>135,505</b>		
Total as at 30 June 2013						-	-		

### 7.5 Net unrealised appreciation / (diminution) in fair value of investments classified as 'fair value through profit or loss' - held for trading

	31 March 2014 (Un-Audited)	30 June 2013 (Audited)
(Rupees in '000)		
Term Finance Certificates	1,188	(626)
Treasury Bills	(73)	(87)
Pakistan Investment Bond	175	-
	<b>1,290</b>	<b>(713)</b>

**FIRST HABIB INCOME FUND**

	<b>31 March 2014</b>	30 June 2013
	<b>(Rupees in '000)</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>8. INCOME RECEIVABLE</b>		
Profit receivable on Term Finance Certificates	4,590	5,070
Profit receivable on Government Securities	-	167
Profit receivable on Bank Deposits	90	90
Profit receivable on Term Deposit Receipts (TDRs)	-	1,105
	<b>4,680</b>	<b>6,432</b>
<b>9. DEPOSITS AND PREPAYMENTS</b>		
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	63	-
	<b>2,663</b>	<b>2,600</b>
<b>10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Remuneration payable to Management company	684	1,244
Sales Tax payable on Management Fee	127	218
Federal Excises Duty payable on Management Fee	11.1 109	118
	<b>920</b>	<b>1,580</b>

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of March 2014.

**11. WORKERS' WELFARE FUND**

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds 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 this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 14.441 million (30 June 2013: Rs. 13.763 million) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 2.68 per unit (30 June 2013: Rs.1.59 per unit).

**12. EARNINGS PER UNIT**

Earnings per unit (EPU) for the nine months period ended 31 March 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

**13. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation

## FIRST HABIB INCOME FUND

---

63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2013.

### 15. FAIR VALUE HIERARCHY

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 March 2014, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates	-	83,207	-	83,207
Government securities	-	322,531	-	322,531
Pakistan Investment Bonds		135,505	-	135,505
	<u>-</u>	<u>541,243</u>	<u>-</u>	<u>541,243</u>

As at 30 June 2013, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates and Sukuk certificates	-	120,991	-	120,991
Government securities	-	639,844	-	639,844
	<u>-</u>	<u>760,835</u>	<u>-</u>	<u>760,835</u>

### 16. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Stock Fund, First Habib Cash Fund and First Habib Islamic Balance Fund being the Fund managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to Management Company and Trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non - Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed respectively.

**FIRST HABIB INCOME FUND**

Details of the transactions with connected persons are as follows:

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	7,146	12,208	1,990	3,975
Sales tax on management fee	1,326	1,953	369	636
Federal Excises Duty on management fee	1,143	-	318	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	810	1,324	225	430
<b>Profit Bank Al Habib Limited</b>				
Profit on bank balances	2,803	549	1,045	441

Details of the balances with connected persons at period end are as follows:

	31 March 2014	30 June 2013
	(Rupees in '000)	
	(Un-Audited) (Audited)	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee payable	684	1,244
Sales tax on management fee	127	218
Federal Excises Duty on management fee	109	118
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	77	140
<b>Bank Al Habib Limited</b>		
Bank balances	7,897	20,920

**16.1 Sale / Redemption of units for the period ended 31 March**

	Nine months ended 31 March 2014		Nine months ended 31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<i>Associated Companies</i>				
Bank AL Habib Limited	3,471,130	348,867	-	-
<b>Other related parties</b>				
Habib Asset Management Limited - Employees Provident Fund	4,487	449	8,622	865
Greenshield Insurance Brookers	-	-	36,890	3,700
<b>Bonus Units Issued:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	7,252	726	9,453	947
<i>Associated Companies</i>				
Habib Insurance Company Limited	4,285	429	-	-
Bank AL Habib Limited	189,569	18,971	447,654	44,791

**FIRST HABIB INCOME FUND**

	Nine months ended 31 March 2014		Nine months ended 31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Other related parties</b>				
Directors of the Management Company	-	-	268	28
Executives of the Management Company	73	7	290	29
Habib Insurance Company Limited				
Employees Provident Fund	517	52	6,037	601
Habib Asset Management Limited -				
Employees Provident Fund	227	23	38	4
Greenshield Insurance Brookers	1,880	188	2,289	229
Mrs. Shama Sajjad Habib	10,718	1,073	13,478	1,347
Mr. Salman Hussain D Habib	-	-	45	5
Ms. Hina Shoaib	9	1	-	-
Mr. Murtaza Habib	807	81	1,015	102
Mr. Qumail Habib	807	81	1,015	102
Mr. Abas D Habib	807	81	1,015	102
Mr. Ali Asad Habib	725	73	912	92
Mrs. Razia Ali Habib	-	-	542	54
Mr. Sajjad Hussain	246	25	309	33
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	19,937	2,000
<b>Associated Companies</b>				
Habib Insurance Company Limited	99,582	10,000	-	-
Bank AL Habib Limited	5,219,380	524,480	-	-
<b>Other related parties</b>				
Directors of the Management Company	-	-	6,465	650
Executives of the Management Company	-	-	2,520	253
Habib Asset Management Limited -				
Employees Provident Fund	2,143	215	5,469	550
Greenshield Insurance Brooker	4,976	500	54,877	5,500
Mrs. Razia Ali Habib	-	-	8,058	810
Mr. Salman Hussain D Habib	-	-	1,730	173
<b>Units held by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	124,993	12,521	116,399	11,652
<b>Associated Companies</b>				
Bank AL Habib Limited	2,644,732	264,933	5,713,836	571,981
Habib Insurance Company Limited	9,003	902	108,585	10,870
<b>Other related parties</b>				
Directors of the Management Company	-	-	1,173	117
Executives of the Management Company	1,260	126	3,167	317
Habib Insurance Company Limited				
Employees Provident Fund	8,905	892	77,060	7,714
Habib Asset Management Limited -				
Employees Provident Fund	5,798	581	3,191	319
Greenshield Insurance Brooker	30,967	3,102	21,753	2,178
Mrs. Shama Sajjad Habib	184,729	18,505	172,028	17,221
Mrs Hina Shoaib	149	15	-	-
Mr. Murtaza Habib	13,912	1,394	12,956	1,297
Mr. Qumail Habib	13,903	1,393	12,947	1,296
Mr. Abas D Habib	13,903	1,393	12,947	1,296
Mr. Ali Asad Habib	12,491	1,251	11,632	1,164
Mr. Sajjad Hussain	4,234	424	3,943	395

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 24, 2014 .

**18. GENERAL**

**18.1** Figures have been rounded off to the nearest thousands of rupee.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**FIRST HABIB STOCK FUND**  
**Quarterly Report**  
**March 2014**



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**FUND'S INFORMATION**

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

**CFO and Company Secretary**

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary
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**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mohammad Ali Jameel	Member

**Human Resource Committee**

Mr. Liaquat Habib Merchant	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

**Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza,  
Beaumont Road, Karachi.

**Registrar**

JWAFFS Registrar Services  
(Pvt.) Limited  
Kashif Centre, Room No. 505,  
5th Floor, near Hotel Mehran,  
Shahrah-e-Faisal, Karachi.

**Trustee**

Central Depository Company  
of Pakistan Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S,  
Main Shakra-e-Faisal, Karachi.

**Legal Advisor**

Mohsin Tayebaly & Co.  
Barristers & Advocates,  
2nd Floor, DIME Centre, BC-4, Block 9,  
Kehkashan, Clifton, Karachi

**Bankers to the Fund**

Bank AL Habib Limited

**Rating**

MFR-1 Star Performing Ranking by JCR-VIS  
AM3 Management Company Quality Rating  
Assigned by PACRA.

**Registered Office:** 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES**  
*AS AT 31 MARCH 2014*

	<i>Note</i>	<b>31 March 2014 (Un-audited)</b>	30 June 2013 (Audited)
----- (Rupees in '000) -----			
<b>Assets</b>			
Bank balances	6	26,596	8,061
Investments	7	133,321	164,127
Dividend and Income receivable	8	1,381	140
Deposits and prepayments	9	3,607	2,600
Receivable against sale of investments		3,209	-
Preliminary expenses and floatation costs		105	255
<b>Total assets</b>		<b>168,219</b>	<b>175,183</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	10	567	569
Payable to Central Depository Company of Pakistan Limited - Trustee		64	64
Payable to Securities and Exchange Commission of Pakistan (SECP)		131	152
Workers' Welfare Fund	11	1,828	1,373
Accrued expenses and other liabilities		504	414
Payable against purchase of investment		-	4,273
<b>Total liabilities</b>		<b>3,094</b>	<b>6,845</b>
<b>Net assets</b>		<b>165,125</b>	<b>168,338</b>
<b>Unit holders' funds</b> (as per statement attached)		<b>165,125</b>	<b>168,338</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>1,414,462</b>	<b>1,261,174</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>116.74</b>	<b>133.48</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited**  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB STOCK FUND****CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
<i>Note</i> ----- (Rupees in '000) -----				
<b>Income</b>				
Profit on bank deposits	1,186	982	346	484
Income from Government Securities	101	18	-	-
Dividend income	7,869	6,863	2,396	3,724
Net gain on investment at fair value through profit or loss				
-Net capital gain on sale of investment classified as held for trading	17,926	30,201	9,468	20,273
-Net unrealised gain / (loss) on revaluation of investment classified as held for trading	656	1,310	(4,892)	(3,646)
	<b>18,582</b>	<b>31,511</b>	<b>4,576</b>	<b>16,627</b>
<b>Total income / (loss)</b>	<b>27,738</b>	<b>39,374</b>	<b>7,318</b>	<b>20,835</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited				
- Management Company	4,147	3,306	1,254	1,526
Federal excise duty on management fee	663	-	201	-
Sales tax on management fee	758	529	232	244
Remuneration of Central Depository Company of Pakistan Limited - Trustee	524	525	173	172
Annual fee - SECP	131	105	39	49
Brokerage expense	1,324	1,580	224	908
Settlement and bank charges	284	246	75	105
Annual listing fee	23	15	8	5
Auditors' remuneration	247	228	64	59
Amortisation of preliminary expenses and floatation costs	150	150	49	49
Mutual Fund Rating Fee	101	98	33	32
Federal excise duty	200	-	34	-
Printing charges	64	64	21	21
<b>Total expenses</b>	<b>8,616</b>	<b>6,846</b>	<b>2,407</b>	<b>3,170</b>
<b>Net income / (loss) from operating activities</b>	<b>19,122</b>	<b>32,528</b>	<b>4,911</b>	<b>17,665</b>
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	3,629	11,566	(1,422)	11,526
Workers' Welfare Fund	(455)	(882)	(70)	(584)
<b>Net income / (loss) for the period</b>	<b>22,296</b>	<b>43,212</b>	<b>3,419</b>	<b>28,607</b>

**Earning Per Unit**

11

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**\_\_\_\_\_  
Chief Executive\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine month ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income / (loss) for the period	22,296	43,212	3,419	28,607
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/ (loss) for the period</b>	<u>22,296</u>	<u>43,212</u>	<u>3,419</u>	<u>28,607</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB STOCK FUND**

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**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine month Ended 31 March		Quarter ended 31 march	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>Undistributed gain / (loss) brought forward</b>	<b>42,260</b>	4,128	<b>20,149</b>	14,649
Final dividend distribution for class 'C' unit holders @ Rs.3.75/- per unit and bonus units @3.7486 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	(4,084)	-	-
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- per unit and bonus units @32.1853 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	<b>(40,988)</b>	-	-	-
Net income / (loss) for the period	<b>22,296</b>	43,212	<b>3,419</b>	28,607
<b>Undistributed income/ (loss) carried forward</b>	<b>23,568</b>	43,256	<b>23,568</b>	43,256

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB STOCK FUND**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine month ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>Net assets at the beginning of the period</b>	<b>168,338</b>	113,032	<b>170,788</b>	124,548
Amount received on issuance of units	<b>92,681</b>	105,257	<b>1,062</b>	104,746
Amount paid on redemption of units	<b>(83,906)</b>	(5,499)	<b>(11,566)</b>	(5,161)
	<b>8,775</b>	99,758	<b>(10,504)</b>	99,585
Net Element of (income) / loss and capital (gains) / loss included in prices of units issued less those in units redeemed	<b>(3,629)</b>	(11,566)	<b>1,422</b>	(11,526)
Final dividend distribution 4 July 2012 @ Rs.3.75/- for class 'C'	-	(3,222)	-	-
Final dividend distribution 5 July 2013 @ Rs.32.50/- for class 'C'	<b>(30,655)</b>	-	-	-
Net income / (loss) for the period	<b>22,296</b>	43,212	<b>3,419</b>	28,607
<b>Net assets at the end of the period</b>	<b>165,125</b>	241,214	<b>165,125</b>	241,214
----- (Number of Units) -----				
<b>Units at the beginning of the period</b>	<b>1,261,174</b>	1,089,073	<b>1,504,407</b>	1,099,024
Number of Units Issued	<b>826,776</b>	928,643	<b>8,988</b>	924,058
Number of Units Redeemed	<b>(775,818)</b>	(46,672)	<b>(98,933)</b>	(43,418)
	<b>50,958</b>	881,971	<b>(89,945)</b>	880,640
Issue of bonus units on 4 July 2012 @ 3.7486 for class 'A' and 'B'	-	8,620	-	-
Issue of bonus units on 5 July 2013 @ 32.1853 for class 'A' and 'B'	<b>102,330</b>	-	-	-
<b>Units at the end of the period</b>	<b>1,414,462</b>	1,979,664	<b>1,414,462</b>	1,979,664

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB STOCK FUND****CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period	22,296	43,212	3,419	28,607
<b>Adjustments for non-cash items</b>				
Unrealised (appreciation)/ diminution on investments at fair value through profit or loss - net	(656)	(1,310)	4,892	3,646
Net element of (loss)/ income and capital (loss)/ gains included in prices of units issued less those in units redeemed	(3,629)	(11,566)	1,422	(11,526)
Workers' Welfare fund	455	882	70	584
Amortisation of preliminary expenses and floatation costs	150	150	49	49
	<u>18,616</u>	<u>31,368</u>	<u>9,852</u>	<u>21,360</u>
<b>(Increase) / decrease in assets</b>				
Investments	31,462	(156,148)	19,829	(120,646)
Dividend and Income receivable	(1,241)	(3,262)	(1,009)	(3,359)
Deposits and prepayments	(1,007)	(5)	8	5
Receivable against sale of investments	(3,209)	4,641	(305)	-
Advance against subscription of shares	-	-	1,836	-
	<u>26,005</u>	<u>(154,774)</u>	<u>20,359</u>	<u>(124,000)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Management Company	(2)	384	(50)	344
Payable to Trustee	-	10	5	10
Payable to SECP	(21)	-	39	49
Payable against purchase of investments	(4,273)	-	-	-
Accrued expenses and other liabilities	90	1,318	113	1,271
	<u>(4,206)</u>	<u>1,712</u>	<u>107</u>	<u>1,674</u>
<b>Net cash (utilized in) / generated from operating activities</b>	<b>40,415</b>	<b>(121,694)</b>	<b>30,318</b>	<b>(100,966)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts from sale and redemption of units	8,775	99,758	(10,504)	99,585
Dividend paid during the period	(30,655)	(3,222)	-	-
	<u>(21,880)</u>	<u>96,536</u>	<u>(10,504)</u>	<u>99,585</u>
Net (decrease) / increase in cash and cash equivalents during the period	18,535	(25,158)	19,814	(1,381)
Cash and cash equivalents at the beginning of the period	8,061	34,130	6,782	10,353
Cash and cash equivalents at the end of period	<u>26,596</u>	<u>8,972</u>	<u>26,596</u>	<u>8,972</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014****1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3' to the Management Company and a performance ranking of 'MFR 2-Star' to the Fund.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The policy of the fund is to invest in equity securities of listed companies, cash and near cash instrument. The Fund has been categorized as equity scheme.

Title of the assets of the Fund are held in the name of CDC as a trustee of the Fund.

**2. BASIS OF PREPARATION****2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013

The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013, except as described below:

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following amendments of IFRSs which became effective for the current year:

"IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)"

"IFRS 7 – Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities"

**improvements to Accounting Standards Issued by the IASB**

"IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information"

## FIRST HABIB STOCK FUND

"IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities"

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the interim condensed financial statements.

### 5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

### 6. BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 7.5% (30 June 2013: 7.5%) per annum.

<b>7. INVESTMENTS - at fair value through profit or loss - held for trading</b>	<i>Note</i>	<b>31 March</b>	<b>30 June</b>
		<b>2014</b>	<b>2013</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
Equity securities	<i>7.1</i>	<b>133,321</b>	<b>164,127</b>
		<b>133,321</b>	<b>164,127</b>

#### 7.1 Equity securities

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market value as at 31 March 2014	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
	-----Number of shares-----			-----Rupees in '000-----				
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>								
Atlas Battery Limited	-	1,100	1,100	-	-	-	-	-
Pak Suzuki Motor Co. Limited	-	27,500	27,500	-	-	-	-	-
<b>BANKS</b>								
Allied Bank Limited	-	74,000	74,000	-	-	-	-	-
Bank Al Falah Limited	-	603,000	603,000	-	-	-	-	-
Faysal Bank Limited	-	320,000	15,000	305,000	4,020	4,282	2.59	0.04
Habib Bank Limited	-	39,000	39,000	-	-	-	-	-
Habib Metropolitan Bank	-	105,000	45,000	60,000	1,564	1,601	0.97	0.11
MCB Bank Limited	5,500	129,200	90,000	44,700	12,751	12,353	7.48	-
National Bank of Pakistan	-	595,500	595,500	-	-	-	-	-
United Bank Limited	-	129,400	85,200	44,200	6,454	7,153	4.33	0.06
<b>CHEMICALS</b>								
Clariant Pakistan Limited	14,700	27,000	41,700	-	-	-	-	-
Dawood Hercules Chemicals Limited	102,500	57,000	159,500	-	-	-	-	-
Engro Fertilizer Company Limited	-	106,800	65,000	41,800	2,396	2,495	1.51	0.02
Engro Corporation Limited	70,900	192,500	232,900	30,500	5,685	5,687	3.44	0.11
Engro Polymer & Chemical Limited	-	197,500	197,500	-	-	-	-	-
Fatima Fertilizer Company Limited	-	57,000	57,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	191,500	162,500	29,000	1,210	1,248	0.76	0.01
Fauji Fertilizer Company Limited	134,647	95,000	174,300	55,347	6,095	6,135	3.72	0.05
I.C.I Pakistan Limited	-	67,300	67,300	-	-	-	-	-
<b>CONSTRUCTION AND MATERIALS</b>								
Attock Cement Pakistan Limited	-	25,800	17,550	8,250	1,292	1,274	0.77	0.11
Cherat Cement Company Limited	-	105,000	85,000	20,000	1,821	1,782	1.08	0.17
D.G Khan Cement Company Limited	86,000	382,000	456,000	12,000	1,080	1,104	0.67	0.03
Fauji Cement Company Limited	-	275,000	175,000	100,000	1,378	1,709	1.03	0.01
Lefarge Pakistan Cement Limited	-	300,000	300,000	-	-	-	-	-
Lucky Cement Limited	32,100	192,600	203,200	21,500	6,458	6,814	4.13	0.21
Maple Leaf Cement Factory Limited	-	730,000	730,000	-	-	-	-	-
<b>ELECTRICITY</b>								
Hub Power Company Limited	192,078	265,000	340,000	117,078	7,701	6,225	3.77	0.05
Kot Addu Power Company Limited	60,500	98,000	133,500	25,000	1,526	1,487	0.90	0.02
Karachi Electric Supply Corporation	200,000	100,000	300,000	-	-	-	-	-
Nishat Chumian Power Limited	75,000	204,000	213,500	65,500	2,318	2,364	1.43	0.06
Nishat Power Limited	-	274,500	205,500	69,000	2,214	2,181	1.32	0.06
<b>ENGINEERING</b>								
Millat Tractors Limited	-	2,350	2,350	-	-	-	-	-
Al Ghazi Tractors Limited	19,800	-	19,800	-	-	-	-	-
<b>FIXED LINE TELECOMMUNICATION</b>								
Pakistan Telecommunication Corporation Limited	145,000	1,075,000	1,036,000	184,000	5,598	5,625	3.41	0.01
<b>FOOD PRODUCERS</b>								
Engro Foods Company Limited	12,000	301,000	313,000	-	-	-	-	-
Habib Sugar Mills Limited - a related party	494,000	25,000	409,000	110,000	2,845	3,662	2.22	0.49
National Foods Limited	-	4,500	2,500	2,000	1,122	1,102	0.67	0.21
Nestle Pakistan Limited	760	1,080	1,700	140	1,259	1,203	0.73	0.27
<b>GENERAL INDUSTRIALS</b>								
Cherat Packaging Limited	-	58,500	58,500	-	-	-	-	-
Packages Limited	-	34,600	34,600	-	-	-	-	-
Thal Limited	90,000	65,600	112,700	42,900	5,885	7,282	4.41	1.80
Siemens Pakistan Engineering Co Limited	-	3,250	350	2,900	4,071	3,683	2.23	4.47
<b>INDUSTRIAL METALS AND MINNG</b>								
Crescent Steel and Allied Products Limited	-	50,000	33,000	17,000	896	825	0.50	0.13
International Steel Limited	-	100,000	35,000	65,000	1,568	1,599	0.97	0.04

## FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market value as at 31 March 2014	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
		-----Number of shares-----			----- (Rupees in '000) -----			
<b>NON LIFE INSURANCE</b>								
Adamjee Insurance Company Limited	92,000	178,306	235,000	35,306	1,297	1,657	1.00	0.05
IGI Insurance Limited	-	84,300	63,200	21,100	4,348	3,916	2.37	0.35
<b>OIL &amp; GAS</b>								
Attock Petroleum Limited	-	7,550	6,500	1,050	519	568	0.34	0.07
Attock Refinery Limited	31,700	96,300	109,500	18,500	4,158	4,086	2.47	0.48
Mari Petroleum Company Limited	-	97,300	82,300	15,000	3,283	3,267	1.98	0.36
National Refinery Limited	19,200	10,500	29,700	-	-	-	-	-
Oil & Gas Development Company Limited	27,769	129,200	125,000	31,969	8,327	7,709	4.67	0.02
Pakistan Oilfields Limited	27,269	61,550	78,650	10,169	5,044	5,534	3.35	0.23
Pakistan Petroleum Limited	54,626	120,000	150,000	24,626	6,018	6,545	3.96	0.03
Pakistan State Oil Company Limited	18,800	155,700	166,500	8,000	3,164	3,414	2.07	0.14
<b>PERSONAL GOODS</b>								
Ellcot Spinning Mills Limited	-	28,000	16,000	12,000	1,679	1,067	0.65	0.97
Gull Ahmed Textile	-	21,000	21,000	-	-	-	-	-
Hira Textile Mills Limited	-	150,000	150,000	-	-	-	-	-
Nishat Chunian Limited	-	283,000	275,000	8,000	552	467	0.28	0.02
Nishat Mills Limited	48,959	200,000	242,500	6,459	815	753	0.46	0.02
Sapphire Fibres	-	19,300	10,700	8,600	3,037	2,623	1.59	1.33
Shams Textile	-	16,000	-	16,000	1,213	840	0.51	0.97
<b>PHARMA AND BIOTECH</b>								
GlaxoSmithKline Pakistan Limited	-	195,000	195,000	-	-	-	-	-
Wyeth Pak Limited	500	-	500	-	-	-	-	-
<b>SOFTWARE &amp; COMPUTER SERVICES</b>								
Netsol Technologies	-	155,000	155,000	-	-	-	-	-
<b>Total as at 31 March 2014</b>					<u>132,665</u>	<u>133,321</u>		
<b>Total as at 30 June 2013</b>					<u>160,344</u>	<u>164,127</u>		

### 7.2 Investment in government securities - 'At fair value through profit or loss'

Issue date	Tenor	Face value				As at 31 March 2014			Market value as a percentage of Issued Size
		As at 1 July 2013	Purchased during the period	Disposed / Matured during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market value as at 31 March 2014	Appreciation / (diminution)	
----- (Rupees in '000) -----									
19-Sep-13	3 Months	-	750,000	750,000	-	-	-	-	
					<u>-</u>	<u>-</u>	<u>-</u>		
<b>Total as at 30 June 2013</b>					<u>-</u>	<u>-</u>	<u>-</u>		
					<b>31 March 2014</b>		<b>30 June 2013</b>		
					<b>(Unaudited)</b>		<b>(Audited)</b>		
					<b>(Rupees in '000)</b>				

### 7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss

Equity Securities	<u>656</u>	<u>3,783</u>
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### 8. DIVIDEND AND INCOME RECEIVABLE

Dividend receivable	1,144	79
Profit receivable on saving account	237	61
	<u>1,381</u>	<u>140</u>

### 9. DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash Margin to NCCPL against Equity Transaction	1,000	-
Deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	7	-
	<u>3,607</u>	<u>2,600</u>

### 10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED

Remuneration payable to Management company	421	440
Sales tax payable on management fee	78	88
Federal excise duty payable on management fee	67	41
	<u>566</u>	<u>569</u>

## **FIRST HABIB STOCK FUND**

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### **11. WORKERS' WELFARE FUND**

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds 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 this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.1,828,123 (30 June 2013: Rs.1,373,106) in these condensed interim financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs.1.29 per unit (30 June 2013: Rs.1.09 per unit).

### **12. EARNINGS PER UNIT**

Earnings per unit (EPU) for the six months period ended 31 March 2014 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

### **13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2013.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

No transfers between any level of the Fair Value Hierarchy took place during the period.

During the six months period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2014, all the investments were categorized in Level 1.

### **14. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part 1 of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed among the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

### **15. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, First Habib Income Fund and First Habib Cash Fund, First Habib Islamic Balanced Fund being the Fund managed by common Management Company, Central Depository Company Limited being the Trustee of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

## FIRST HABIB STOCK FUND

Remuneration to management company and trustee is determined in accordance with the provisions of Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Nine Month Ended		Quarter ended	
	31 March		31 March	
	2014	2013	2014	2013
	(Rupees in '000)			
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	4,147	3,306	1,254	1,526
Sales Tax on Management Fee	758	529	232	244
Federal Excise Duty on Management Fee	663	-	201	-
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>				
Brokerage	168	168	72	23
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	524	525	173	172
<b>Bank Al Habib Limited</b>				
Profit on Bank Balances	1,186	982	346	484

Details of the balances with connected persons at period end are as follows:

	31 March	30 June
	2014	2013
	(Unaudited)	(Audited)
	(Rupees in '000)	
<b>Bank Al Habib Limited</b>		
Bank Balance	26,596	8,061
<b>Habib Asset Management Limited - Management Company</b>		
Management fee payable	421	440
Sales Tax payable on Management Fee	78	88
Federal Excise Duty payable on Management Fee	67	41
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>		
Brokerage payable	3	3
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
- Remuneration payable	64	64
- Security deposit - Non interest bearing	100	100

### 15.1 Sale / Redemption of units for the period ended 31 March

	Nine months ended		Nine months ended	
	31 March 2014		31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	2,098	250.00	-	-
<b>Associated Companies</b>				
- Habib Insurance Company Limited	803,146	90,000	883,741	100,000
<b>Other related parties</b>				
- Directors of the Management Company	844	96	441	48
- Executives of the Management Company	-	-	5,002	600
- Habib Asset Management Limited - Employees Provident Fund	585	70.00	-	-
- Sukaina Educational and Welfare Trust	52,851	6,000	-	-
<b>Bonus Units Issued:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	38,469	3,885	6,148	615

## FIRST HABIB STOCK FUND

	Nine months ended 31 March 2014		Nine months ended 31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Other related parties</b>				
- Directors of the Management Company	1,927	195	345	35
- Habib Asset Management Limited - Employees Provident Fund	348	35	39	4,00
- Mrs. Razia Habib	6,085	614	-	-
- Mr. Sajjad Hussain	3,405	344	-	-
- Mr. Aun Mohammad Ali Raza Habib	8,332	841	-	-
- Mrs. Batool Ali Raza Habib	6,874	865	-	-
- Mrs. Fatima Ali Raza Habib	6,874	694	-	-
<b>Units redeemed by:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	42,667	5,000	-	-
<b>Associated Companies</b>				
- Habib Insurance Company Limited	616,362	66,000	-	-
<b>Other related parties</b>				
- Sukaina Educational and Welfare Trust	52,581	6,151	-	-
- Habib Asset Management Limited - Employees Provident Fund	1,067	125	-	-
- Mrs. Razia Habib	24,286	2,500	-	-
- Mr. Aun Mohammad Ali Raza Habib	19,429	2,000	-	-
- Mrs. Batool Ali Raza Habib	35,198	3,996	-	-
- Mrs. Fatima Ali Raza Habib	17,653	2,004	-	-
<b>Units held by:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	117,412	13,707	170,154	20,733
<b>Associated Companies</b>				
- Bank AL Habib Limited	500,000	58,370	500,000	60,923
- Habib Insurance Company Limited	630,016	73,548	1,242,849	151,436
<b>Other related parties</b>				
- Directors of the Management Company	8,758	1,022	10,003	1,219
- Habib Asset Management Limited-Employees Provident Fund	947	111	1,080	132
- Mrs. Razia Habib	703	82	-	-
- Mr. Sajjad Hussain	13,984	1,632	-	-
- Mr. Aun Mohammad Ali Raza Habib	14,790	1,727	-	-
- Mrs. Fatima Ali Raza Habib	10,580	1,235	-	-

### 16. GENERAL

16.1 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on April 24, 2014.

16.2 Figures have been rounded off to the nearest thousand rupees.

For Habib Asset Management Limited  
(Management Company)

Chief Executive

Director

**FIRST HABIB CASH FUND**  
**Quarterly Report**  
**March 2014**

**FIRST HABIB CASH FUND**

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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mohammad Ali Jameel	Member

**CFO and Company Secretary**

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary
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**Human Resource Committee**

Mr. Liaquat Habib Merchant	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

**Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza,  
Beaumont Road, Karachi.

**Registrar**

JWAFS Registrar Services  
(Pvt.) Limited  
Kashif Centre, Room No. 505,  
5th Floor, near Hotel Mehran,  
Shahrah-e-Faisal, Karachi.

**Trustee**

Central Depository Company  
of Pakistan Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S,  
Main Shakra-e-Faisal, Karachi.

**Legal Advisor**

Mohsin Tayebaly & Co.  
Barristers & Advocates,  
2nd Floor, DIME Centre, BC-4, Block 9,  
Kehkashan, Clifton, Karachi

**Bankers to the Fund**

Bank AL Habib Limited  
Habib Bank Limited

**Rating**

AA (f) Fund Stability Rating by JCR-VIS  
AM3 Management Company Quality Rating  
Assigned by PACRA.

**Registered Office:** 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**FIRST HABIB CASH FUND****CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31 MARCH 2014**

	31 March 2014 (Unaudited)	30 June 2013 (Audited)
	----- (Rupees in '000) -----	
<b>Assets</b>		
Bank balances	6 336,480	403,542
Placements	75,000	-
Investments	7 3,873,656	1,913,031
Income receivable	8 4,027	3,116
Prepayments	183	124
Preliminary expenses and floatation costs	1,188	1,647
Receivable against sale of units	2	-
<b>Total assets</b>	<b>4,290,536</b>	<b>2,321,460</b>
<b>Liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	9 4,943	2,457
Payable to Central Depository Company of Pakistan Limited - Trustee	339	207
Payable to Securities and Exchange Commission of Pakistan (SECP)	2,416	2,220
Workers' Welfare Fund	10 13,691	8,536
Interim Dividend Payable	2,127	-
Payable against Redemption of Units	25,053	-
Accrued expenses and other liabilities	496	393
<b>Total liabilities</b>	<b>49,065</b>	<b>13,813</b>
<b>Net assets</b>	<b>4,241,471</b>	<b>2,307,647</b>
<b>Unit holders' funds</b> (as per statement attached)	<b>4,241,471</b>	<b>2,307,647</b>
	<b>(Number of units)</b>	
<b>Number of units in issue</b>	<b>42,358,207</b>	<b>22,904,353</b>
	<b>(Rupees)</b>	
<b>Net asset value per unit</b>	<b>100.13</b>	<b>100.75</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

Note	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>Income</b>				
Profit on bank deposits	37,742	26,508	10,851	13,129
Income from Government Securities	263,805	218,440	101,745	51,915
Markup income on Placements	1,684	2,629	1,156	1,009
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain / (loss) on sale of investment classified as held for trading	(13)	2,001	(646)	(30)
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	(934)	(555)	1,367	(2,258)
	(947)	1,446	721	(2,288)
<b>Total income</b>	<b>302,284</b>	<b>249,023</b>	<b>114,473</b>	<b>63,765</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	32,213	23,887	11,537	7,000
Federal Excise Duty on management fee	5,156	-	1,318	-
Sales tax on management fee	5,979	3,822	2,671	1,120
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,979	2,668	1,050	804
Annual fee - SECP	2,416	1,792	865	525
Brokerage	253	79	101	8
Settlement and bank charges	140	194	54	57
Auditors' remuneration	244	227	63	58
Amortisation of preliminary expenses and floatation costs	462	459	151	150
Annual listing fee	30	30	10	10
Mutual Fund Rating Fee	141	123	50	35
Printing charges	64	64	21	21
<b>Total expenses</b>	50,077	33,345	17,891	9,788
	252,207	215,678	96,582	53,977
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	5,617	(864)	(1,943)	(4,046)
Workers' Welfare Fund	10 (5,155)	(4,296)	(1,892)	(998)
<b>Net income for the period</b>	<b>252,669</b>	<b>210,518</b>	<b>92,747</b>	<b>48,933</b>

Earnings per unit 11

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB CASH FUND**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine Months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Net income for the period	252,669	210,518	92,747	48,933
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>252,669</b>	<b>210,518</b>	<b>92,747</b>	<b>48,933</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine Months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
<b>Undistributed income brought forward</b>	<b>16,734</b>	21,001	<b>3,317</b>	4,449
Final cash dividend for class 'C' unit holders @ Rs. 1.05/- per unit and bonus units @ 1.0498/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	(21,057)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7497/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	(20,216)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 0.9997/- for class 'A' and 'B' unit holders for every 100 units held as at 24 August 2012	-	(34,544)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7991/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	(25,120)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7994/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	-	(30,651)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5996/- for class 'A' and 'B' unit holders for every 100 units held as at 24 November 2012	-	(22,437)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7494/- for class 'A' and 'B' unit holders for every 100 units held as at 25 December 2012	-	(24,112)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5996/- for class 'A' and 'B' unit holders for every 100 units held as at 25 January 2013	-	(18,901)	-	(18,901)
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 23 February 2013	-	(16,536)	-	(16,536)
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6994/- for class 'A' and 'B' unit holders for every 100 units held as at 30 March 2013	-	(15,651)	-	(15,651)
Final cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	<b>(16,033)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5496/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	<b>(18,901)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6493/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013.	<b>(25,901)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013.	<b>(23,958)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013.	<b>(23,945)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6995/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013.	<b>(32,555)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.65/- per unit and bonus units @0.6497 /- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013.	<b>(32,046)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.70/- per unit and bonus units @0.6993 /- for class 'A' and 'B' unit holders for every 100 units held as at 31 January 2014.	<b>(34,818)</b>	-	<b>(34,818)</b>	-
Interim cash dividend for class 'C' unit holders @ Rs.0.70/- per unit and bonus units @0.6998 /- for class 'A' and 'B' unit holders for every 100 units held as at 28 February 2014.	<b>(31,746)</b>	-	<b>(31,746)</b>	-
Interim cash dividend for class 'C' unit holders @ Rs.0.60/- per unit and bonus units @0.5996 /- for class 'A' and 'B' unit holders for every 100 units held as at 28 March 2014.	<b>(25,302)</b>	-	<b>(25,302)</b>	-
Net income for the period	<b>252,669</b>	210,518	<b>92,747</b>	48,933
<b>Undistributed Income carried forward</b>	<b>4,198</b>	2,294	<b>4,198</b>	2,294

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## FIRST HABIB CASH FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine Months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
<b>Net assets at the beginning of the period</b>	<b>2,307,647</b>	2,026,950	<b>4,984,202</b>	3,242,318
Amount received on issuance of units	<b>6,029,874</b>	3,793,962	<b>1,720,840</b>	723,809
Amount paid on redemption of units	<b>(4,328,254)</b>	(3,759,008)	<b>(2,551,186)</b>	(1,763,531)
	<b>1,701,620</b>	34,954	<b>(830,346)</b>	(1,039,722)
Net element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	<b>(5,617)</b>	864	<b>1,943</b>	4,046
Final cash dividend for class C unit holders @ 1.05 per unit for class 'C'	-	(3,897)	-	-
Interim cash dividend for class C unit holders @ 0.75 per unit for class 'C'	-	(2,043)	-	-
Interim cash dividend for class C unit holders @ 1.00 per unit for class 'C'	-	(2,921)	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit for class 'C'	-	(2,457)	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit for class 'C'	-	(2,259)	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	-	(2,053)	-	-
Interim cash dividend for class C unit holders @ 0.75 per unit for class 'C'	-	(2,081)	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	-	(1,016)	-	(1,016)
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	-	(387)	-	(387)
Interim cash dividend for class C unit holders @ 0.70 per unit for class 'C'	-	(766)	-	(766)
Interim cash dividend for class C unit holders @ 0.70 per unit	<b>(943)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	<b>(988)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.65 per unit	<b>(1,070)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit	<b>(390)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	<b>(1,125)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.70 per unit	<b>(1,467)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.65 per unit	<b>(1,790)</b>	-	-	-
Interim cash dividend for class C unit holders @ 0.70 per unit	<b>(2,092)</b>	-	<b>(2,092)</b>	-
Interim cash dividend for class C unit holders @ 0.70 per unit	<b>(2,731)</b>	-	<b>(2,731)</b>	-
Interim cash dividend for class C unit holders @ 0.60 per unit	<b>(2,252)</b>	-	<b>(2,252)</b>	-
Net income for the period	<b>252,669</b>	210,518	<b>92,747</b>	48,933
<b>Net assets at the end of the period</b>	<b>4,241,471</b>	2,253,406	<b>4,241,471</b>	2,253,406

For Habib Asset Management Limited  
(Management Company)

(Continued on next page)

Chief Executive

Director

**FIRST HABIB CASH FUND**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

<b>Units at the beginning of the period</b>	<b>22,904,353</b>	20,055,052	<b>49,790,357</b>	32,371,225
Number of Units Issued	<b>60,062,345</b>	37,763,240	<b>17,141,649</b>	7,213,515
Number of Units Redeemed	<b>(43,110,353)</b>	(37,404,226)	<b>(25,421,147)</b>	(17,567,377)
	<b>16,951,992</b>	359,014	<b>(8,279,498)</b>	(10,353,862)
Final Bonus units distribution @ 1.0498/- as at June 2012.	-	171,578	-	-
Interim Bonus units distribution @ 0.7497/- as at July 2012.	-	181,673	-	-
Interim Bonus units distribution @ 0.9997/- as at August 2012.	-	316,123	-	-
Interim Bonus units distribution @ 0.7991/- as at September 2012.	-	226,377	-	-
Interim Bonus units distribution @ 0.7994/- as at October 2012.	-	283,714	-	-
Interim Bonus units distribution @ 0.5996/- as at November 2012.	-	203,702	-	-
Interim Bonus units distribution @ 0.7494/- as at December 2012.	-	220,130	-	-
Interim Bonus units distribution @ 0.7494/- as at January 2013.	-	178,725	-	178,725
Interim Bonus units distribution @ 0.7494/- as at February 2013.	-	161,405	-	161,405
Interim Bonus units distribution @ 0.7494/- as at March 2013.	-	148,725	-	148,725
Final Bonus units distribution @ 0.6996/- as at June 2013.	<b>150,827</b>	-	-	-
Interim Bonus units distribution @ 0.5496/- as at July 2013.	<b>178,998</b>	-	-	-
Interim Bonus units distribution @ 0.6493/- as at August 2013.	<b>248,051</b>	-	-	-
Interim Bonus units distribution @ 0.5997/- as at September 2013.	<b>235,562</b>	-	-	-
Interim Bonus units distribution @ 0.5495/- as at October 2013.	<b>227,981</b>	-	-	-
Interim Bonus units distribution @ 0.6995/- as at November 2013.	<b>310,665</b>	-	-	-
Interim Bonus units distribution @ 0.6497/- as at December 2013.	<b>302,430</b>	-	-	-
Interim Bonus units distribution @ 0.6993/- as at January 2014.	<b>326,913</b>	-	<b>326,913</b>	-
Interim Bonus units distribution @ 0.6998/- as at February 2014.	<b>290,079</b>	-	<b>290,079</b>	-
Interim Bonus units distribution @ 0.5996/- as at March 2014.	<b>230,356</b>	-	<b>230,356</b>	-
<b>Units at the end of the period</b>	<b>42,358,207</b>	<b>22,506,218</b>	<b>42,358,207</b>	<b>22,506,218</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**FIRST HABIB CASH FUND**
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine Months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period	252,669	210,518	92,747	48,933
<b>Adjustments for non-cash items</b>				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	934	555	(1,367)	2,258
Workers' Welfare fund	5,155	4,296	1,892	998
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(5,617)	864	1,943	4,046
Amortisation of preliminary expenses and floatation costs	462	459	151	150
	<b>253,603</b>	<b>216,692</b>	<b>95,366</b>	<b>56,385</b>
<b>(Increase) / decrease in assets</b>				
Investments	(1,961,561)	93,464	(24,901)	669,372
Term deposit receipts	-	-	-	300,000
Placements	(75,000)	25,000	(75,000)	-
Income receivable	(911)	(12,107)	3,884	(5,195)
Receivable against sale of units	(2)	-	(2)	-
Prepayments	(59)	111	(130)	42
	<b>(2,037,533)</b>	<b>106,468</b>	<b>(96,149)</b>	<b>964,219</b>
<b>Increase / (decrease) in liabilities</b>				
Payable to Management Company	2,486	397	(615)	(1,080)
Payable to Trustee	132	32	(34)	(79)
Payable to SECP	196	844	865	525
Payable against Redemption of Units	25,053	-	25,053	-
Accrued expenses and other liabilities	(23)	119	185	(70)
	<b>27,844</b>	<b>1,392</b>	<b>25,454</b>	<b>(704)</b>
<b>Net cash (utilized in) / generated from operating activities</b>	<b>(1,756,086)</b>	<b>324,552</b>	<b>24,671</b>	<b>1,019,900</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts from sale and redemption of units	1,701,620	34,954	(830,346)	(1,039,722)
Dividend paid during the period	(12,596)	(19,114)	(6,613)	(3,484)
	<b>1,689,024</b>	<b>15,840</b>	<b>(836,959)</b>	<b>(1,043,206)</b>
Net increase in cash and cash equivalents during the period	(67,062)	340,392	(812,288)	(23,306)
Cash and cash equivalents at the beginning of the period	403,542	365,576	1,148,768	729,274
<b>Cash and cash equivalents at the end of the period</b>	<b>336,480</b>	<b>705,968</b>	<b>336,480</b>	<b>705,968</b>
<b>Cash and cash equivalents at the end of the period comprise of :</b>				
Cash and cash equivalents at end of the period	36,480	5,968	36,480	5,968
Term deposit receipts maturity of 3 months and less	300,000	700,000	300,000	700,000
	<b>336,480</b>	<b>705,968</b>	<b>336,480</b>	<b>705,968</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 July 2010 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed to undertake Asset Management Services as a Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3' and JCR-VIS has assigned fund stability rating of 'AA(f)' to the Fund.

The Fund has been categorized as an Open -End Money Market Scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes(CIS).

The objective of the Fund is to earn consistent returns with a high level of liquidity through a blend of money market and sovereign debt instruments. The Fund, in line with its investment objective, invests primarily in treasury bills, government securities and cash and near cash instruments.

Title of the assets of the Fund are held in the name of CDC as a trustee of the Fund.

**2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013, except as described below:

**New, Revised and Amended Standards and Interpretations**

The Fund has adopted the following amendments of IFRSs which became effective for the current year:

"IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)"

"IFRS 7 – Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities"

## FIRST HABIB CASH FUND

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### Improvements to Accounting Standards Issued by the IASB

"IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information"

"IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities"

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the interim condensed financial statements.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

#### 5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

6. BANK BALANCES	Note	31 March	30 June
		2014	2013
		(Unaudited)	(Audited)
		(Rupees in '000)	
Savings account	6.1	36,480	203,542
Term deposit receipts	6.2	300,000	200,000
		<u>336,480</u>	<u>403,542</u>

6.1 It includes balance with Bank AL Habib Limited amounting Rs.35,899/- (Rs. in thousand), a related party, which carries profit rate of 8% (30 June 2013: 8%) per annum.

6.2 Term Deposit receipts (TDRs) have tenor of 42 days (30 June 2013 : two month) and carry profit rate of 10.00% (30 June 2013 : 9.60%). This TDRs will mature on 03 April 2014. (30 June 2013 : 05 July 2013).

#### 7. INVESTMENTS - at fair value through profit or loss - held for trading

Government securities	7.2	3,873,656	1,913,031
		<u>3,873,656</u>	<u>1,913,031</u>

#### 7.1 Unrealised appreciation / (diminution) on investments at fair value through profit or loss

Government Securities		(934)	320
		<u>(934)</u>	<u>320</u>

**FIRST HABIB CASH FUND**

7.2 Government Securities - Treasury Bills

Issue date	Face Value				As at 31 March 2014			Market value as percentage of	
	As at 01 July 2013	Purchases during the period	Sold / Matured during the period	As at 31 March 2014	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Issued Size
------(Rupees in '000)-----									
<b>3 Months</b>									
3-Oct-13	-	1,510,000	1,510,000	-	-	-	-	-	-
5-Sep-13	-	900,000	900,000	-	-	-	-	-	-
12-Jul-13	-	1,305,000	1,305,000	-	-	-	-	-	-
28-Feb-14	-	1,100,000	-	1,100,000	1,089,919	1,089,676	(243)	25.69	0.38
31-Oct-13	-	1,205,000	1,205,000	-	-	-	-	-	-
26-Dec-13	-	1,145,000	1,145,000	-	-	-	-	-	-
25-Jul-13	-	2,240,000	2,240,000	-	-	-	-	-	-
20-Mar-14	-	250,000	-	250,000	245,200	245,117	(83)	5.78	1.00
19-Sep-13	-	3,204,295	3,204,295	-	-	-	-	-	-
12-Dec-13	-	1,680,000	1,680,000	-	-	-	-	-	-
7-Aug-13	-	950,000	950,000	-	-	-	-	-	-
18-Apr-13	165,000	-	165,000	-	-	-	-	-	-
23-Jan-14	-	2,303,650	350,000	1,953,650	1,945,340	1,944,970	(370)	45.86	0.31
28-Nov-13	-	2,542,000	2,542,000	-	-	-	-	-	-
6-Feb-14	-	100,000	-	100,000	99,174	99,143	(31)	2.34	0.52
30-Dec-13	-	1,247,000	1,247,000	-	-	-	-	-	-
2-May-13	657,000	-	657,000	-	-	-	-	-	-
6-Mar-14	-	50,000	-	50,000	49,217	49,207	(10)	1.16	0.03
9-Jan-14	-	129,400	129,400	-	-	-	-	-	-
21-Oct-13	-	610,000	610,000	-	-	-	-	-	-
20-Feb-14	-	981,000	530,000	451,000	445,740	445,543	(197)	10.50	0.16
<b>6 Months</b>									
12-Jul-13	-	305,000	305,000	-	-	-	-	-	-
2-May-13	-	85,000	85,000	-	-	-	-	-	-
27-Jun-13	-	100,000	100,000	-	-	-	-	-	-
21-Feb-13	203,000	-	203,000	-	-	-	-	-	-
30-May-13	-	609,835	609,835	-	-	-	-	-	-
24-Jan-13	110,000	500,000	610,000	-	-	-	-	-	-
<b>1 Year</b>									
20-Jun-12	-	24,400	24,400	-	-	-	-	-	-
9-Aug-12	305,000	-	305,000	-	-	-	-	-	-
29-Nov-12	-	5,000	5,000	-	-	-	-	-	-
12-Jul-12	385,000	-	385,000	-	-	-	-	-	-
18-Oct-12	-	64,600	64,600	-	-	-	-	-	-
26-Jul-12	100,000	-	100,000	-	-	-	-	-	-
6-Sep-12	-	195,000	195,000	-	-	-	-	-	-
<b>Total as at 31 March 2014</b>				<b>3,904,650</b>	<b>3,874,590</b>	<b>3,873,656</b>	<b>(934)</b>		
Total as at 30 June 2013					1,912,711	1,913,031	320		

## FIRST HABIB CASH FUND

8. INCOME RECEIVABLE	31 March	30 June
	2014	2013
	(Unaudited)	(Audited)
	(Rupees in '000)	
Profit receivable on saving account	719	3,116
Profit receivable on Term deposit receipts	3,288	-
Profit receivable on Placements	20	-
	<u>4,027</u>	<u>3,116</u>
9. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED		
Remuneration payable to Management company	3,670	1,934
Sales tax payable on management fee	682	339
Federal excise duty payable on management fee	589	184
	<u>4,941</u>	<u>2,457</u>

## 10. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds 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 this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 13,691,406 (30 June 2013: Rs. 8,536,156) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.3232 per unit (30 June 2013: Rs.0.3727 per unit).

## 11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2013.

### *Fair Value Hierarchy*

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

During the nine months period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2014, all the investments were categorised in level 2.

**14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)**

Connected persons include Habib Asset Management Limited being the Management Company, First Habib Income Fund, First Habib Stock Fund, First Habib Islamic Balance Fund, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to Management Company and Trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008 and the Trust Deed.

Details of the transactions with connected persons are as follows:

	Nine Months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
------(Rupees in '000)-----				
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	32,213	23,887	11,537	7,000
Sales tax on management fee	5,979	3,822	2,671	1,120
Federal Excise Duty on management fee	5,156	-	1,318	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	2,979	2,668	1,050	804
<b>Bank AL Habib Limited</b>				
Profit on bank balances	5,208	1,833	821	369

Details of the balances with connected persons are as follows:

	31 March 2014	30 June 2013
	(Unaudited)	(Audited)
------(Rupees in '000)-----		
<b>Habib Asset Management Limited - Management Company</b>		
Management fee payable	3,671	1,934
Sales Tax payable on Management Fee	682	339
Federal Excise Duty payable on Management Fee	589	184
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	339	207
<b>Bank AL Habib Limited</b>		
Bank balances	35,889	147,743

	Nine Months ended 31 March 2014		Nine Months ended 31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	453,700	45,500	304,479	30,600
<b>Associated Companies</b>				
- Bank AL Habib Limited	2,708,315	272,383	-	-
- Habib Insurance Company Limited	4,879,672	489,500	3,636,915	365,000
<b>Other related parties</b>				
- Directors of the Management Company	10,660	1,070	1,497	150
- Executives of the Management Company	9,656	970	9,519	955
- Habib Asset Management Limited-				
Employees Provident Fund	6,239	625	4,783	480
- Habib Sugar Mills Limited	15,938,690	1,600,000	9,948,630	1,000,000
- Sukaina Educational & Welfare Trust	275,360	27,620	149,808	15,002
- Green Shield Insurance Brokers	-	-	24,972	2,500
- Ghulamman-e-Abbas Trust	1,799	180	79,345	7,975
- Hasni Textiles Pvt Limited	198,610	20,000	1,742,055	175,000
- Hasni Knitwear Pvt Limited	-	-	497,707	50,000
- Dawood Habib Memorial Trust	14,018	1,410	31	3
- Mr. Ali Asad Habib	9,681	975	-	-
- Mr. Abbas D. Habib	9,930	1,000	-	-
- Mr. Haider Azim	50	5	120	12

## FIRST HABIB CASH FUND

	Nine Months ended 31 March 2014		Nine Months ended 31 March 2013	
	(Unaudited)		(Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Bonus units issued:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	101,363	10,143	41,295	4,134
<b>Associated Companies</b>				
- Bank AL Habib Limited	199,029	19,916	237,817	23,797
<b>Other related parties</b>				
- Directors of the Management Company	1,874	188	3,045	303
- Executives of the Management Company	359	36	377	36
- Habib Asset Management Limited-				
Employees Provident Fund	466	47	407	40
- Habib Sugar Mills Limited	684,093	68,459	472,121	47,244
- Sukaina Educational & Welfare Trust	25,105	2,512	15,158	1,517
- Green Shield Insurance Brokers	17	2	210	21
- Ghulam-e-Abbas Trust	8,132	814	13,267	1,327
- Hasni Textiles Pvt Limited	120,178	12,026	52,369	5,241
- Hasni Knitwear Pvt Limited	26,032	2,605	16,375	1,640
- Dawood Habib Memorial Trust	18,219	1,823	19,822	1,984
- Mr. Imran Ali Habib	1,250	125	655	65
- Mr. Murtaza Habib	1,249	125	654	65
- Mr. Asghar D Habib	1,250	125	655	65
- Mr. Qumail Habib	1,249	125	654	65
- Mr. Abas D Habib	1,249	125	654	65
- Mr. Ali Asad Habib	1,233	123	654	65
- Mrs Razia Ali Habib	5,199	152	6,525	654
- Mrs. Batool Ali Raza Habib	3,180	319	6,740	675
- Mrs. Fatima Ali Raza Habib	5,624	563	6,289	627
- Mr. Sajjad Hussain	2,460	246	4,193	420
- Mr. Aun Muhammad Ali Raza Habib	6,851	686	7,075	708
- Mrs. Samina Imran	6	-	23	3
- Mr. Haider Azim	25	3	86	8
- Mrs. Hina Shoaib	2	-	2	1

	Nine Months ended 31 March 2014		Nine Months ended 31 March 2013	
	(Unaudited)		(Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units redeemed by:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	374,010	37,600	291,797	29,300
<b>Associated Companies</b>				
- Bank AL Habib Limited	3,005,498	302,272	-	-
- Habib Insurance Company Limited	4,382,349	440,000	4,279,680	430,000
<b>Other related parties</b>				
- Directors of the Management Company	19,885	2,000	14,940	1,500
- Executives of the Management Company	3,087	310	13,920	1,400
- Habib Asset Management Limited-				
Employees Provident Fund	-	-	11,901	1,200
- Habib Sugar Mills Limited	16,622,783	1,667,001	10,420,752	1,045,615
- Sukaina Educational & Welfare Trust	79,542	7,979	189,076	19,000
- Green Shield Insurance Brokers	-	-	24,927	2,500
- Ghulam-e-Abbas Trust	59,359	5,965	130,466	13,099
- Hasni Textiles Pvt Limited	79,759	8,000	-	-
- Hasni Knitwear Pvt Limited	309,068	31,000	-	-
- Mrs Razia Ali Habib	143,140	14,070	5,129	515
- Mrs. Batool Ali Raza Habib	94,806	9,500	99,840	100
- Mrs. Fatima Ali Raza Habib	149,734	15,001	-	-
- Mr. Sajjad Hussain	74,753	7,500	-	-
- Mr. Aun Muhammad Ali Raza Habib	348,631	34,999	-	-
<b>Units held by:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	1,736,385	173,870	587,871	58,860
<b>Associated Companies</b>				
- Bank AL Habib Limited	3,189,069	319,332	3,243,315	324,733
- Habib Insurance Company Limited	1,843,854	184,631	1,094,184	109,554

## FIRST HABIB CASH FUND

	Nine Months ended 31 March 2014		Nine Months ended 31 March 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Other related parties</b>				
- Directors of the Management Company	31,435	3,148	32,117	3,216
- Executives of the Management Company	10,346	1,036	513	51
- Habib Asset Management Limited-				
Employees Provident Fund	11,103	1,112	1,553	156
- Sukaina Educational & Welfare Trust	543,489	54,421	175,985	17,620
- Green Shield Insurance Brokers	275	28	255	26
- Ghulam-an-e-Abbas Trust	125,871	12,604	131,507	13,167
- Hasni Textiles Pvt Limited	2,057,746	206,049	1,794,424	179,664
- Hasni Knitwear Pvt Limited	238,006	23,832	514,082	51,472
- Dawood Habib Memorial Trust	306,226	30,663	270,329	27,066
- Mr. Imran Ali Habib	20,241	2,027	8,938	895
- Mr. Murtaza Habib	20,228	2,025	8,926	894
- Mr. Asghar D Habib	20,241	2,027	8,938	895
- Mr. Qumail Habib	20,220	2,025	8,919	893
- Mr. Abas D Habib	20,225	2,025	8,926	894
- Mr. Ali Asad Habib	19,961	1,999	8,926	894
- Mrs Razia Ali Habib	31,268	3,131	93,927	9,404
- Mrs. Batool Ali Raza Habib	5,553	556	16,183	1,620
- Mrs. Fatima Ali Raza Habib	10,115	1,013	85,768	8,587
- Mr. Sajjad Hussain	12,631	1,265	57,190	5,726
- Mr. Aun Muhammad Ali Raza Habib	5,108	512	96,489	9,661
- Mrs. Samina Imran	101	10	316	32
- Mr. Haider Azim	418	42	1,279	128
- Mrs. Hina Shoaib	27	3	25	2

### 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 24, 2014.

### 16. RECLASSIFICATION OF COMPARATIVES

Comparative figures have been reclassified for better presentation.

### 17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC BALANCED FUND**  
**Quarterly Report**  
**March 2014**



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**FUND'S INFORMATION**

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

**CFO and Company Secretary**

Mr. Abbas Qurban

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mohammad Ali Jameel	Member

**Human Resource Committee**

Mr. Liaquat Habib Merchant	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

**Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza,  
Beaumont Road, Karachi.

**Registrar**

JWAFFS Registrar Services  
(Pvt.) Limited  
Kashif Centre, Room No. 505,  
5th Floor, near Hotel Mehran,  
Shahrah-e-Faisal, Karachi.

**Trustee**

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

**Legal Advisor**

Mohsin Tayebaly & Co.  
Barristers & Advocates,  
2nd Floor, DIME Centre, BC-4, Block 9,  
Kehkashan, Clifton, Karachi

**Bankers to the Fund**

Bank AL Habib Limited  
Habib Bank Limited

**Rating**

MFR 2 Star Performance Ranking By PACRA.  
AM3 Management Company Quality Rating  
Assigned by PACRA.

**Registered Office:** 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**FIRST HABIB ISLAMIC BALANCED FUND**

**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES**  
*AS AT 31 MARCH 2014*

		31 March 2014	30 June 2013
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	6	140,386	145,793
Investments	7	166,471	202,673
Income receivable	8	3,541	1,603
Deposits and prepayments	9	2,607	2,600
Receivable against sale of investment		11,331	6,541
Preliminary expenses and floatation costs	10	744	899
<b>Total assets</b>		<b>325,080</b>	<b>360,109</b>
<b>Liabilities</b>			
Payable to the Habib Asset Management Limited - Management Company	11	498	354
Payable to Central Depository Company of Pakistan Limited - Trustee		59	55
Payable to Securities and Exchange Commission of Pakistan - SECP		238	167
Workers' Welfare Fund	12	1,315	747
Accrued expenses and other liabilities		384	385
<b>Total liabilities</b>		<b>2,494</b>	<b>1,708</b>
<b>Total Net assets</b>		<b>322,586</b>	<b>358,401</b>
<b>Unit holders' funds</b> (as per the statement attached)		<b>322,586</b>	<b>358,401</b>
		<b>(Number of Units)</b>	
<b>Number of units in issue</b>		<b>2,925,492</b>	<b>3,242,477</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>110.27</b>	<b>110.53</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC BALANCED FUND**

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine Months ended 31 March 2014	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
<b>Note</b>	----- (Rupees in '000) -----			
<b>Income</b>				
Profit on bank deposits	9,057	5,196	3,133	2,171
Income from Ijara Sukuk Certificates	4,240	2,625	1,092	1,771
Dividend income	7,050	1,829	1,985	1,825
Income from term deposit receipts	-	363	-	316
Income from term certificate of musharaka	-	99	-	99
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain on sale of investments classified as held for trading	23,284	6,693	13,181	6,649
-Net unrealized gain on revaluation of investments classified as held for trading	(3,072)	2,304	(8,215)	1,463
	20,212	8,997	4,966	8,112
<b>Total income</b>	<b>40,559</b>	<b>19,109</b>	<b>11,176</b>	<b>14,294</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited -				
Management Company	3,112	1,190	1,208	747
Sales tax on management fee	578	190	225	119
Federal Excise Duty on management fee	498	-	193	-
Remuneration of Central Depository Company of Pakistan Limited -				
Trustee	564	238	183	149
Annual fee - Securities and Exchange Commission of Pakistan	238	101	76	63
Brokerage	1,107	340	281	255
Settlement and bank charges	232	120	74	77
Annual listing fee	23	57	8	38
Auditors' remuneration	284	122	74	59
Amortisation of preliminary expenses and floatation costs	155	81	51	52
Mutual fund rating fee	-	80	-	51
Charity Expense	132	-	22	-
Printing charges	64	43	21	27
<b>Total expenses</b>	<b>6,987</b>	<b>2,562</b>	<b>2,416</b>	<b>1,637</b>
	33,572	16,547	8,760	12,657
Net element of income and capital gain included in prices of units issued less those in units redeemed	(5,194)	7	(5,275)	(346)
Workers' Welfare Fund	(568)	(331)	(69)	(246)
<b>Net income for the period</b>	<b>27,810</b>	<b>16,223</b>	<b>3,416</b>	<b>12,065</b>
<b>Earnings per unit</b>	13			

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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**FIRST HABIB ISLAMIC BALANCED FUND**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	<b>Nine Months ended 31 March 2014</b>	From 09 November 2012 to 31 March 2013	<b>Quarter ended 31 March 2014</b>	Quarter ended 31 March 2013
	----- (Rupees in '000) -----			
<b>Net income for the period</b>	<b>27,810</b>	16,223	<b>3,416</b>	12,065
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>27,810</u></u>	<u><u>16,223</u></u>	<u><u>3,416</u></u>	<u><u>12,065</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC BALANCED FUND**

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**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	<b>Nine Months ended 31 March 2014</b>	<b>From 09 November 2012 to 31 March 2013</b>	<b>Quarter ended 31 March 2014</b>	<b>Quarter ended 31 March 2013</b>
	----- (Rupees in '000) -----			
<b>Undistributed income brought forward</b>	<b>34,124</b>	-	<b>26,904</b>	1,661
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit bonus units @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012.	-	(2,497)	-	-
Final Dividend distribution for Class 'C' unit holders @ Rs. 9.75/- per unit and bonus units @ 9.6472 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013.	<b>(31,614)</b>	-	-	-
Net income for the period	<b>27,810</b>	16,223	<b>3,416</b>	12,065
<b>Undistributed income carried forward</b>	<b><u>30,320</u></b>	<b><u>13,726</u></b>	<b><u>30,320</u></b>	<b><u>13,726</u></b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC BALANCED FUND**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	<b>Nine Months ended 31 March 2014</b>	From 09 November 2012 to 31 March 2013	<b>Quarter ended 31 March 2014</b>	Quarter ended 31 March 2013
----- (Rupees in '000) -----				
<b>Net assets at the beginning of the period</b>	<b>358,401</b>	-	<b>387,903</b>	336,269
Amount received on sale of units	<b>33,888</b>	365,257	<b>715</b>	30,987
Amount paid on redemption of units	<b>(89,719)</b>	(87,982)	<b>(74,723)</b>	(86,970)
	<b>(55,831)</b>	277,275	<b>(74,008)</b>	(55,983)
Element of (income) and capital (gain) included in prices of units issued less those in units redeemed	<b>5,194</b>	(7)	<b>5,275</b>	346
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit	-	(794)	-	-
Final Dividend distribution for Class 'C' unit holders @ Rs. 9.75/- per unit and bonus units @ 9.6472 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013.	<b>(12,988)</b>	-	-	-
Net income for the period	<b>27,810</b>	16,223	<b>3,416</b>	12,065
<b>Net assets at the end of the period</b>	<b>322,586</b>	292,697	<b>322,586</b>	292,697
----- (Number of Units) -----				
<b>Units at the beginning of the period</b>	<b>3,242,477</b>	-	<b>3,606,929</b>	3,345,998
Number of units issued	<b>357,675</b>	3,642,293	<b>37,135</b>	303,151
Number of units redeemed	<b>(859,474)</b>	(869,530)	<b>(718,571)</b>	(859,436)
	<b>(501,800)</b>	2,772,763	<b>(681,437)</b>	(556,285)
<i>Issue of bonus units:</i>				
Interim bonus units distribution @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	-	-	-	-
Issuance of bonus units on 5 July 2013 @9.672 for class 'A' and 'B' units	<b>184,815</b>	16,950	-	-
<b>Units at the end of the period</b>	<b>2,925,492</b>	2,789,713	<b>2,925,492</b>	2,789,713

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC BALANCED FUND**

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

	Nine Months ended 31 March 2014	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period	27,810	16,223	3,416	12,065
<b>Adjustments for non-cash items</b>				
Unrealised loss on revaluation of investments at fair value through profit or loss - net	3,072	(2,304)	8,215	(1,463)
Workers' Welfare Fund	568	331	69	246
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	5,194	(7)	5,275	346
Amortisation of preliminary expenses and floatation costs	155	81	51	52
	<u>36,799</u>	<u>14,324</u>	<u>17,026</u>	<u>11,246</u>
<b>(Increase)/ decrease in assets</b>				
Investments	33,130	(198,198)	41,191	(57,922)
Income receivable	(1,938)	(5,154)	(781)	(3,128)
Certificate of musharaka	-	(10,000)	-	(10,000)
Receivable against sale of investment	(4,790)	-	(11,331)	-
Advances, deposits, prepayments and other receivables	(7)	(2,638)	8	38
	<u>26,395</u>	<u>(215,990)</u>	<u>29,087</u>	<u>(71,012)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to - Management Company	144	1,316	49	(46)
Payable to - Trustee	4	49	(7)	(8)
Payable to - SECP	71	101	76	63
Accrued expenses and other liabilities	(1)	(526)	78	-
Payable against purchase of investments	-	-	(3,610)	(7,402)
	<u>218</u>	<u>940</u>	<u>(3,414)</u>	<u>(7,393)</u>
<b>Net cash flow from / (used in) operating activities</b>	<b>63,412</b>	<b>(200,726)</b>	<b>42,699</b>	<b>(67,159)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net (payments) / receipts from sale and redemption of units	(55,831)	277,275	(74,008)	(55,983)
Dividend paid during the period	(12,988)	(794)	-	(794)
Net cash flow (used in) / from financing activities	(68,819)	276,481	(74,008)	(56,777)
Net (decreased) / increase in cash and cash equivalents during the period	(5,407)	75,755	(31,309)	(123,936)
Cash and cash equivalents at beginning of the period	145,793	-	171,695	199,691
Cash and cash equivalents at end of the period	<u>140,386</u>	<u>75,755</u>	<u>140,386</u>	<u>75,755</u>
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at end of the period	140,386	75,755	140,386	75,755
Term Deposit receipts maturity of 3 months and less	-	-	-	-
	<u>140,386</u>	<u>75,755</u>	<u>140,386</u>	<u>75,755</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Islamic Balanced Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 24 November 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 November 2011 under Regulation 44(3) of the Non-Banking Finance Companies & Notified Entities Regulation, 2008.

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3' to the Management Company and a Star performance ranking of 'MFR 2-Star' to the Fund.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The Fund has been categorized as an Open -End Shariah Compliant (Islamic) Balanced Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes(CFS).

The objective of the Fund is to provide long term capital growth and income by investing in shariah compliant equity and debt securities. The Fund, in line with its investment objective, invest primarily in shariah compliant equity and debt securities.

Title of the assets of the Fund are held in the name of Central Depository Company Limited (CDC) as trustee of the Fund.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of Trust deed, the NBFC Rules, the NBFC regulations or the directives issued by the SECP shall prevail.

**Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that investments classified as 'at fair value through profit or loss' are measured at fair value.

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Fund as at and for the year ended June 30, 2013.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgements about the carrying values of assets and liabilities that are readily not apparent from other sources. Actual results may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

## FIRST HABIB ISLAMIC BALANCED FUND

### 5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

### 6. BANK BALANCES

		31 March 2014	30 June 2013
		(Rupees in '000)	
	Note	(Unaudited)	(Audited)
Current account		12,192	1,645
Savings account	6.1	128,194	144,148
		<u>140,386</u>	<u>145,793</u>

- 6.1 Saving account carry profit rate ranging from 6.27% to 8.5% (30 June 2013: 6.27% and 8.5%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 1.128 million (30 June 2013: 1.766 million)

### 7. INVESTMENTS - at fair value through profit or loss - held for trading

		31 March 2014	30 June 2013
		(Rupees in '000)	
		(Unaudited)	(Audited)
Equity securities	7.1	120,693	122,543
Sukuk certificates	7.2	45,778	80,130
		<u>166,471</u>	<u>202,673</u>

#### 7.1 Equity Securities

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the	Disposed during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market Value as a % of		
						Market value as at 31 March 2014	Net Assets	Issued Capital
(Rupees in '000)								
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>								
Exide Pakistan Limited	1,000	2,100	1,800	1,300	470	481	0.15	0.62
Indus Motor Company Limited	-	10,600	10,600	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	57,500	57,500	-	-	-	-	-
Atlas Honda Limited	-	40,000	200	39,800	11,616	11,645	3.61	1.13
Atlas Battery Limited	-	16,100	15,300	800	306	324	0.10	0.19
<b>BANKS</b>								
Meezan Bank Ltd.	-	104,500	104,500	-	-	-	-	-
<b>CHEMICALS</b>								
Archroma Pak Limited	-	4,000	4,000	-	-	-	-	-
Clariant Pakistan Limited	2,500	11,700	14,200	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	341,000	311,000	30,000	1,194	1,291	0.40	0.01
Fauji Fertilizer Company Limited	190,000	47,200	202,200	35,000	3,797	3,879	1.20	0.03
I.C.I Pakistan Limited	11,000	40,100	51,100	-	-	-	-	-
Ghani Gases Limited.	-	35,500	35,500	-	-	-	-	-
Sitara Chemical Industries Limited	-	8,000	8,000	-	-	-	-	-
<b>CONSTRUCTION AND MATERIALS (CEMENT)</b>								
Attock Cement Pakistan Limited	-	35,000	7,800	27,200	3,962	3,851	1.19	0.34
Cherat Cement Company Limited	35,000	173,650	204,500	4,150	268	308	0.10	0.03
D.G Khan Cement Company Limited	54,500	470,500	446,500	78,500	7,132	7,224	2.24	0.16
Kohat Cement Company Limited	-	214,000	212,000	2,000	231	234	0.07	0.02
Lefarge Pakistan Cement Limited	75,000	175,000	250,000	-	-	-	-	-
Lucky Cement Limited	25,000	222,500	205,500	42,000	13,553	13,312	4.13	0.41
Maple Leaf Cement Factory Limited	-	599,000	599,000	-	-	-	-	-
<b>ELECTRICITY</b>								
Hub Power Company Limited	300,000	255,000	257,500	297,500	19,716	15,818	4.90	0.14
Karachi Electric Supply Corporation	100,000	200,000	300,000	-	-	-	-	-
<b>FIXED LINE TELECOMMUNICATION</b>								
Pakistan Telecommunication Corporation Limited	-	807,500	567,500	240,000	7,278	7,337	2.27	0.02
<b>FOOD PRODUCERS</b>								
Engro Foods Company Limited	9,000	146,700	155,700	-	-	-	-	-
Habib Sugar Limited	-	86,500	16,000	70,500	2,516	2,347	0.73	0.31
National Foods Limited	-	16,125	16,125	-	-	-	-	-
<b>GENERAL INDUSTRIALS</b>								
Cherat Packaging Limited	-	50,000	50,000	-	-	-	-	-
Packages Limited	-	31,500	31,500	-	-	-	-	-
Thal Limited	66,000	110,200	101,600	74,600	10,249	12,663	3.93	3.13
Siemens Pakistan Engineering Co Limited	-	2,420	200	2,220	3,178	2,819	0.87	3.42
<b>ENGINEERING</b>								
Milatt Tractors Limited	400	7,750	7,450	700	349	326	0.10	0.07
<b>MULTIUTILITIES (GAS AND WATER)</b>								
Sui Northern Gas Pipelines	110,000	-	110,000	-	-	-	-	-

## FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the	Disposed during the period	As at 31 March 2014	Carrying value as at 31 March 2014	Market Value as a % of		Issued Capital
						Market value as at 31 March 2014	Net Assets	
(Rupees in '000)								
<b>OIL AND GAS</b>								
Attock Petroleum Limited	-	28,500	28,500	-	-	-	-	-
Attock Refinery Limited	30,000	121,200	125,200	26,000	5,655	5,742	1.78	0.67
Mari Petroleum Company Limited	-	64,600	64,600	-	-	-	-	-
National Refinery Limited	27,000	22,900	49,900	-	-	-	-	-
Oil & Gas Development Company Limited	25,800	179,200	169,500	35,500	9,530	8,560	2.65	0.02
Pakistan Oilfields Limited	33,600	101,700	119,500	15,800	7,822	8,598	2.67	0.36
Pakistan Petroleum Limited	39,000	144,900	167,400	16,500	3,505	3,692	1.14	0.02
Pakistan State Oil Company Limited	35,460	170,700	196,160	10,000	4,051	4,267	1.32	0.17
<b>PERSONAL GOODS (TEXTILE)</b>								
Nishat Mills Limited	13,000	458,700	471,700	-	-	-	-	-
Ellicot Spinning.	-	31,500	-	31,500	4,661	2,800	0.87	2.56
<b>PHARMA AND BIO TECH</b>								
GlaxoSmithKline Pakistan Limited	-	53,000	53,000	-	-	-	-	-
The Searle Company Limited	3,000	37,600	24,500	16,100	2,525	2,405	0.75	0.39
Abbott Laboratories.	-	600	-	600	244	251	0.08	0.03
<b>SOFTWARE &amp; COMPUTER SERVICES</b>								
Netsol Technologies Limited	-	220,000	205,000	15,000	689	517	0.16	0.06
<b>Total as at 31 March 2014</b>					<u>124,496</u>	<u>120,693</u>		
Total as at 30 June 2013					<u>117,808</u>	<u>122,543</u>		

### 7.2 Sukuk certificates

Name of the investee company	As at 1 July 2013	Number of certificates		As at 31 March 2014	As at 31 March 2014		Market Value as a %	
		Acquired during the period	Sold / Redeemed during the period		Carrying value	Market Value	Net Assets	Issued Size
(Rupees in '000)								
GOP Ijara Sukuk 9	9,000	-	-	9,000	45,047	45,778	14.19	0.07
<b>Total as at 31 March 2014</b>					<u>45,047</u>	<u>45,778</u>		
Total as at 30 June 2013					<u>80,367</u>	<u>80,130</u>		

### 7.3 Unrealised (diminution) / appreciation on investments at fair value through profit or loss

	31 March 2014 (Unaudited)	30 June 2013 (Audited)
Equity securities	(3,803)	4,735
Sukuk certificates	731	(237)
	<u>(3,072)</u>	<u>4,498</u>

### 8. INCOME RECEIVABLE

	31 March 2014 (Unaudited)	30 June 2013 (Audited)
Profit receivable on saving account	811	887
Profit receivable on debt securities	1,180	671
Dividend receivable	1,550	45
	<u>3,541</u>	<u>1,603</u>

### 9. DEPOSITS AND PREPAYMENTS

Deposit with Central Depository Company	100	100
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Prepayments	7	-
	<u>2,607</u>	<u>2,600</u>

### 10. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost incurred	10.1	899	1,032
Amortization for the period		(155)	(133)
Balance as at 31 March 2014		<u>744</u>	<u>899</u>

## FIRST HABIB ISLAMIC BALANCED FUND

10.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 09 November 2012, i.e. after the close of initial period of the Fund.

		31 March 2014 (Unaudited)	30 June 2013 (Audited)
		(Rupees in '000)	
<b>11. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>		
Remuneration payable to Management company		370	277
Sales Tax payable on Management Fee		69	49
Federal Excises Duty payable on Management Fee	11.1	59	28
		<u>498</u>	<u>354</u>

11.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of March 2014.

## 12. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year have been brought within the scope of WWF Ordinance thus rendering them liable to pay contribution to WWF @ 2% of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in their Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member bench judgment issued in August 2011.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in Court, the Management Company, as a matter of abundant caution, has decided to create a provision of Rs. 1.315 million (30 June 2013: Rs. 0.747 million) in these Condensed Interim Financial Statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs. 0.45 per unit (30 June 2013: Rs. 0.23 per unit).

## 13. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

## FIRST HABIB ISLAMIC BALANCED FUND

### 15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons include Habib Asset Management Limited being the Management Company, First Habib Income Fund, First Habib Stock Fund, First Habib Cash Fund, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of the transactions with connected persons at period end are as follows:

	Nine Months ended 31 March 2014	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	3,112	1,190	1,208	747
Sales Tax on Management fee	578	190	225	119
Federal Excises Duty on Management fee	498	-	193	-
<b>Al Habib Capital Markets (Private) Limited - Brokerage House</b>				
Brokerage	108	27	33	14
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	564	238	183	149
<b>Bank Al Habib Limited</b>				
Profit on Bank Balances	57	-	57	-

Details of the balances with connected persons are as follows:

	31 March 2014	30 June 2013
	(Rupees in '000)	
	(Unaudited)	(Audited)
<b>Bank Al Habib Limited</b>		
Bank Balance	1,128	1,766
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	370	277
Sales Tax on Management fee	69	49
Federal Excises Duty on Management fee	59	28
<b>Al Habib Capital Markets (Private) Limited - Brokerage House</b>		
Brokerage Payable	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	59	55
Security Deposit - Non Interest bearing	100	100



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**FIRST HABIB ISLAMIC BALANCED FUND**

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Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

No transfers between any level of the Fair Value Hierarchy took place during the period.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 March 2014.

	Level 1	Level 2	Level 3	Total
	------(Rupees)-----			
Equity securities	120,693	-	-	120,693
Sukuk certificates	-	45,778	-	45,778
	<u>-</u>	<u>45,778</u>	<u>-</u>	<u>166,471</u>

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on April 24, 2014 by the board of directors of the Management Company.

**18. GENERAL**

18.1 Figures have been rounded off to the nearest thousands of rupee.

**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



# Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

1st Floor, Imperial Court, Ziauddin Ahmed Road, Karachi-75530, Pakistan

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