

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



Quarterly Report
September 2013



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 quarter ended September 30, 2013.

The State Bank of Pakistan in its monetary policy announced in September raised the discount rate by half percent to 9.50% due to persistent increase in inflation. The stock market remained volatile with KSE-100 index closing at 21833 points as on September 30, 2013.

FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

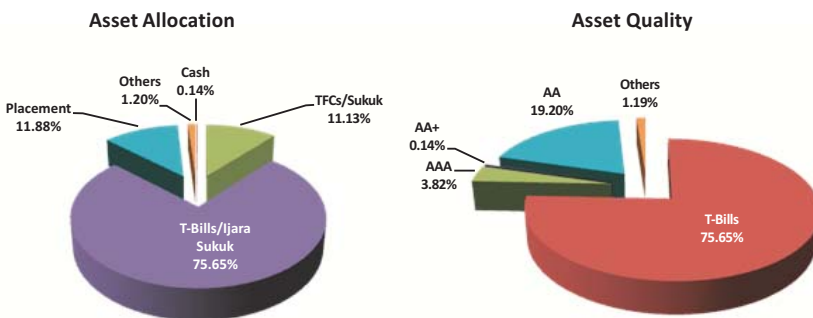
During the three months period ended September 30, 2013, the Fund generated net earnings of Rs. 11.53 million, an annualized return of 6.24%. The net assets of the Fund were Rs.614.50 million of which 75.65% were placed in T-bills/Ijara Sukuk, 11.13% in TFCs/Corporate Sukuk and 11.88% were placed in TDRs with banks.

Dividend Distribution

During the period under review, the Fund distributed three dividends on a monthly basis amounting to Rs. 1.65 per unit for class 'C' unit holders and 1.6489 bonus units per 100 units for all other unit holders. The breakup of dividend is given below:

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

The asset allocation and credit quality of FHIF as at September 30, 2013, is as under:

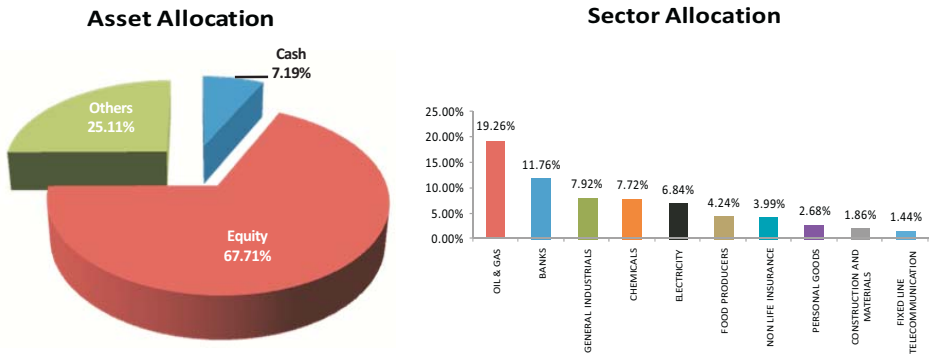


First Habib Stock Fund (FHSF)

As at September 30, 2013, the net assets of the Fund were Rs.214.11 million. The Fund's exposure in equities reduced to 67.71% as at September 30, 2013 as compared to 93.29% as at June 30, 2013.

The Fund earned a net income of Rs. 4.10 million during the quarter ended September 30, 2013 with a return of 1.95%.

The asset allocation and sector allocation of FHSF as at September 30, 2013, is as under:



First Habib Cash Fund (FHCF)

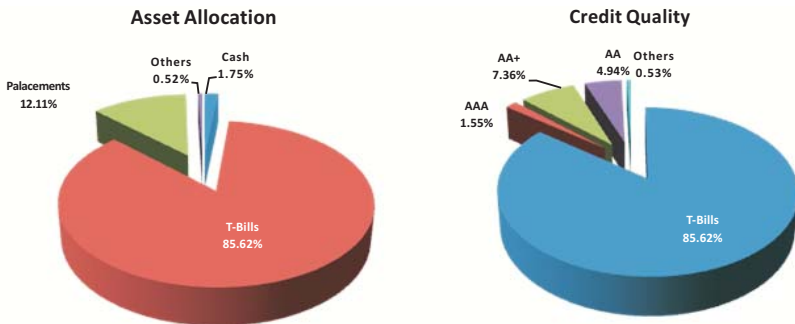
The net assets of the Fund were Rs. 4.03 billion as at September 30, 2013 and the Fund generated an annualized return of 7.38%. The major portion of the Fund i.e. 85.62% was invested in T-Bills and 12.11% were invested in TDRs. The gross and net income of the Fund was Rs. 81.10 million and Rs. 70.77 million respectively for the quarter ended September 30, 2013.

Dividend Distribution

The Fund distributed three dividends on a monthly basis for the financial year ending June 2014 amounting to Rs. 1.80 per unit for class 'C' unit holders and 1.7986 bonus units per 100 units for all other unit holders. The breakup of dividend is given below:

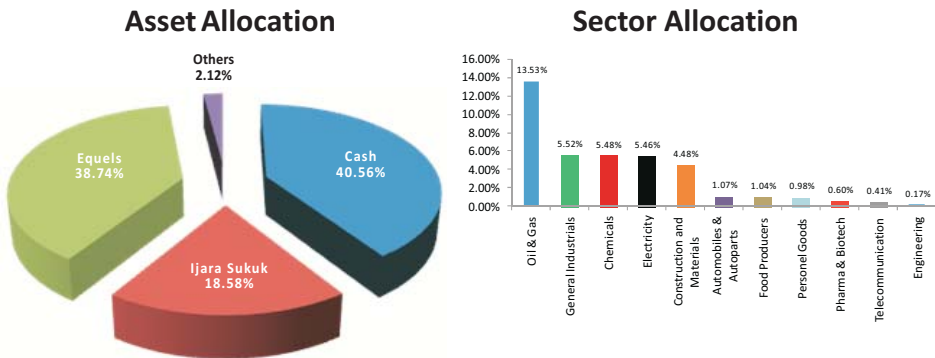
Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2013	Rs.0.50 per unit	0.5496 units per 100 units
August 2013	Rs. 0.55 per unit	0.6493 units per 100 units
September 2013	Rs. 0.60 per unit	0.5997 units per 100 units

The asset allocation and credit quality of FHCF as at September 30, 2013, is as under:



First Habib Islamic Balanced Fund (FHIBF)

As at September 30, 2013, the net assets of the Fund were Rs. 371.07 million and the exposure in Shariah compliant equity securities and Ijara Sukuk were 38.74% and 18.58% respectively. The gross and net loss of the Fund for the period under review was Rs. 0.14 million and Rs. 1.70 million respectively.



Future Outlook

We feel positive towards the measures taken by the Government to bring stability and growth in the economy and pray to Allah for the safety and prosperity of the people.

Acknowledgement

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.

October 24, 2013

On behalf of the Board of
Habib Asset Management Limited

FIRST HABIB INCOME FUND
First Quarterly Report
September 2013

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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
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.

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited

Legal Advisor

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

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

FIRST HABIB INCOME FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES***AS AT 30 SEPTEMBER 2013*

	<i>Note</i>	(Unaudited) 2013	(Audited) 2013
(Rupees in '000)			
Assets			
Bank balances	6	75,876	120,930
Investments	7	547,774	760,835
Income receivable	8	4,880	6,432
Deposits & prepayment	9	<u>2,632</u>	<u>2,600</u>
Total assets		631,162	890,797
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,148	1,580
Payable to Central Depository Company of Pakistan Limited - Trustee		97	140
Payable to Securities and Exchange Commission of Pakistan		146	811
Provision for Workers' Welfare Fund	10	13,999	13,763
Dividend payable		54	-
Redemptin payable		115	-
Accrued expenses and other liabilities		<u>1,097</u>	<u>992</u>
Total liabilities		16,656	17,286
Net assets		<u>614,506</u>	<u>873,511</u>
Unit holders' funds (as per statement attached)		<u>614,506</u>	<u>873,511</u>
(Number of Units)			
Number of units in issue		<u>6,147,103</u>	<u>8,674,471</u>
(Rupees)			
Net asset value per unit		<u>99.97</u>	<u>100.70</u>

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
Note	----- (Rupees in '000) -----	
Income		
Profit on bank deposits	2,271	1,992
Income from term finance certificates	3,641	3,854
Income from government securities	11,970	26,699
Income from clean placements	-	21
Net gain / (loss) on investments designated at fair value through profit or loss		
- Net capital gain / (loss) on sale of investments classified as held for trading	(299)	514
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	7.4 (336)	3,401
	(635)	3,915
Total income	17,247	36,481
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	2,918	4,147
Federal Excise Duty on management fee	467	664
Sales Tax on management fee	542	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	331	449
Annual fee to Securities and Exchange Commission of Pakistan	146	207
Brokerage expense	7	12
Settlement and bank charges	72	86
Annual listing fee	10	10
Auditors' remuneration	105	105
Provision for Workers' Welfare Fund	10 235	576
Mutual fund rating fee	49	44
Printing charges	22	22
Provision against debt securities	-	1,585
Total expenses	4,904	7,907
Net income from operating activities	12,343	28,574
Net element of loss and capital loss included in prices of units issued less those in units redeemed	(813)	(368)
Net income for the period	11,530	28,206

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
	------(Rupees in '000)-----	
Net income for the period	11,530	28,206
Other comprehensive income for the period	-	-
Total comprehensive income for the period	11,530	28,206

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Undistributed income brought forward	6,204	10,243
Net income for the period	11,530	28,206
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 1.00/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	(10,090)
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	(7,742)
Interim cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit and bonus units @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	-	(10,541)
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	(8,147)
Final 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 30 June 2013	(5,638)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit and bonus units @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	(4,254)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.4993/- for class 'A' and 'B' unit holders for every 100 units held as at 30 Aug 2013	(4,115)	-
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 Sep 2013	(3,667)	-
Undistributed income carried forward	60	1,929

The annexed notes 1 to 16 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2013**

	Quarter ended 30 September	
	2013	2012
	------(Rupees in '000)-----	
Net assets at the beginning of the period	873,511	1,019,083
Amount received on sale of units	352,459	105,034
Amount paid on redemption of units	(623,617)	(124,138)
	(271,158)	(19,104)
Element of (income)/loss and capital (gains)/ loss included in prices of units issued less those in units redeemed	813	368
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit	-	(122)
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit	-	(85)
Interim cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit	-	(115)
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit	-	(97)
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit	(71)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit	(54)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit	(60)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit	(5)	-
Net income for the period	11,530	28,206
Net assets at the end of the period	614,506	1,028,134
	Number of Units	
Units at the beginning of the period	8,674,471	10,089,836
Number of Units Issued	3,506,972	1,044,921
Number of Units Redeemed	(6,209,073)	(1,232,284)
	(2,702,101)	(187,363)
Issue of bonus units on 5 July 2012 @ 1.00/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	99,678
Issue of bonus units on 28 July 2012 @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	76,535
Issue of bonus units on 25 August 2012 @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	-	104,248
Issue of bonus units on 28 September 2012 @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	80,390
Issue of bonus units on 05 July 2013 @ 0.6497/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	55,651	-
Issue of bonus units on 27 July 2013 @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	41,971	-
Issue of bonus units on 31 Aug 2013 @ 0.4993/- for class 'A' and 'B' unit holders for every 100 units held as at 30 Aug 2013	40,517	-
Issue of bonus units on 28 Sep 2013 @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 Sep 2013	36,594	-
Units at the end of the period	6,147,103	10,263,324

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	11,530	28,206
Adjustments for non-cash items		
Unrealised loss on revaluation of investments classified as held for trading	336	(3,401)
Provision against debt securities and Certificate of Investment	-	1,585
Workers' Welfare Fund	235	576
Net element of loss and capital loss included in prices of units issued less those in units redeemed	813	368
Amortisation of preliminary expenses and floatation costs	12,914	27,334
Decrease / (increase) in assets		
Placements	-	(19,000)
Investments	212,725	(96,953)
Income receivable	1,552	593
Security deposits and other receivables	(32)	(30)
	214,245	(115,390)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(432)	3
Payable to Central Depository Company of Pakistan Limited - Trustee	(43)	(1)
Payable to Securities and Exchange Commission of Pakistan	(665)	(791)
Accrued expenses and other liabilities	275	178
	(865)	(611)
Net cash inflow from operating activities	226,294	(88,667)
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	(271,158)	(19,007)
Dividend paid during the period	(190)	(322)
Net increase / (decrease) in cash and cash equivalents during the period	(45,054)	(107,996)
Cash and cash equivalents at beginning of the period	120,930	210,334
Cash and cash equivalents at the end of the period	75,876	102,338
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	876	2,338
Term deposit receipts	75,000	100,000
	75,876	102,338

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

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 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 Rule 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 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 '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 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 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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and 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

		(Unaudited) 30 September 2013	(Audited) 30 June 2013
6. BANK BALANCES	<i>Note</i>	------(Rupees in '000)-----	
Saving accounts	6.1	876	20,930
Term deposit receipts (TDRs)	6.2	<u>75,000</u>	<u>100,000</u>
		<u>75,876</u>	<u>120,930</u>

6.1 Savings accounts carry profit rates ranging from 6% to 8% (2013: 6% to 8.50 %) per annum.

6.2 Term deposit receipt (TDR) have tenor of 10 days(30 June 2013: 47 Days) and carry profit rate of 9.55% per annum. TDR will mature by 10 October 2013.

		(Unaudited) 30 September 2013	(Audited) 30 June 2013
7. INVESTMENTS - at fair value through profit or loss - held for trading	<i>Note</i>	------(Rupees in '000)-----	
Term Finance Certificates	7.1	130,336	120,991
Provision	7.2	-	-
		<u>130,336</u>	<u>120,991</u>
Government securities	7.5	<u>417,438</u>	<u>639,844</u>
		<u>547,774</u>	<u>760,835</u>

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				As at 30 September 2013		Market value as percentage of	
	As at 1 July 2013	Acquired during the period	Sold during the period	As at 30 September 2013	Carrying value	Market Value	net assets	total investments
					(Rupees in '000)			
Held for trading								
Aisha Steel Mills Limited PPTFC	4,000		4000	-	-	-	-	-
Allied Bank Limited - II TFC	2,000			2,000	9284	9,329	1.52	1.70
Bank Al Falah - V	5,000			5,000	25366	25,564	4.16	4.67
Faysal Bank Limited	3,000	-	-	3,000	11,277	11,265	1.83	2.06
Standard Chartered Bank PPTFC	5,000	-	-	5,000	24,841	24,094	3.92	4.40
United Bank Limited - IV	6,000	-	6,000	-	-	-	-	-
Total as at 30 September 2013					<u>70,768</u>	<u>70,252</u>		
Total as at 30 June 2013					<u>121,616</u>	<u>120,991</u>		

7.1.1 Significant terms and conditions of Term Finance Certificates outstanding as at year end:

Name of the investee company	Remaining principal (per TFC) as at 30 September 2013	Start date	Maturity	Installment payments	Credit rating	Mark-up Rate (Per annum)	Secured / Unsecured
Term Finance Certificates - Held for trading							
Allied Bank Limited - II TFC	4,992.00	28-Aug-09	28-Aug-19	Half yearly	AA-	6 Month KIBOR + 0.85	Unsecured
Bank Al Falah - V	4,999.00	20-Feb-13	20-Feb-21	Half yearly	AA-	6 Month KIBOR + 1.25	Unsecured
Faysal Bank Limited	3,742.50	12-Nov-07	12-Nov-14	Half yearly	AA-	6 Month KIBOR + 1.40	Unsecured
Standard Chartered Bank PPTFC	5,000.00	29-Jun-12	29-Jun-22	Half yearly	AAA	6 Month KIBOR + 0.75	Unsecured

FIRST HABIB INCOME FUND

7.2 Sukuks

Name of investee	Number of certificates				As at 30 September 2013		Market value as percentage of	
	As at 1 July 2013	Acquired during the period	Sold / Redeemed during the period	As at 30 September 2013	Carrying value	Market Value	net assets	total investments
(Rupees in '000)								
GoP Ijara 6	12,000	-	-	12,000	60,039	60,084	9.78	10.97
Total as at 30 September 2013					60,039	60,084		
Total as at 30 June 2013					60,197	60,084		

7.3 Provision

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
----- (Rupees in '000) -----		
Opening balance	-	22,153
Provision during the year	-	3,653
Reversal of provision	-	(25,806)
Closing balance	-	-

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

Term Finance Certificates	(471)	(2,452)
Government Securities	107	(261)
	(364)	(2,713)

7.5 Government Securities

Issue date	Tenor	Face Value				As at 30 September 2013		Market value as percentage of	
		As at 01 July 2013	Purchases during the period	Sold / Matured during the period	As at 30 September 2013	Carrying value	Market value	net assets	total investments
----- (Rupees in '000) -----									
3 Months									
18-Apr-13	3 Months	105,000	-	105,000	-	-	-	-	-
2-May-13	3 Months	248,000	-	248,000	-	-	-	-	-
7-Aug-13	3 Months	-	11,500	11,500	-	-	-	-	-
12-Jul-13	3 Months	-	21,500	21,500	-	-	-	-	-
19-Sep-13	3 Months	-	47,500	5,000	42,500	417,331	417,438	67.93	76.21
25-Jul-13	3 Months	-	37,500	37,500	-	-	-	-	-
6 Months									
10-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	-
24-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	-
1 Year									
04-Oct-12	1 Year	300,000	-	300,000	-	-	-	-	-
06-Sep-12	1 Year	-	10,500	10,500	-	-	-	-	-
Total as at 30 September 2013						417,331	417,438		
Total as at 30 June 2013						702,947	702,685		

8. INCOME RECEIVABLE

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
----- (Rupees in '000) -----		
Profit accrued on Term Finance Certificates	1,510	5,070
Profit receivable on Bank Deposits	1,122	90
Profit accrued on Government Securities	1,561	167
Profit receivable on Term deposit receipts (TDRs)	687	1,105
	4,880	6,432

9. DEPOSITS & PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	9.1	2,500	3,004
Deposit with Central Depository Company of Pakistan Limited	9.1	100	100
Lahore Stock Exchange (Guarantee) Limited		32	-
		2,632	3,104

9.1 These deposits are non remunerative.

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.

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. 13.999 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 2.277 per unit (30 June 2013: Rs.1.5866 per unit).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2013 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. 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.

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

FIRST HABIB INCOME FUND

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

30 September 2013

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Term finance certificates	-	130,336	-	130,336
Government securities	-	417,438	-	417,438
	-	547,774	-	547,774

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

30 June 2013

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Term finance certificates and sukuk certificates	-	120,991	-	120,991
Government securities	-	639,844	-	639,844
	-	760,835	-	760,835

14. 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 and First Habib Cash Fund being the Funds 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 Regulation 2008 and the Trust Deed respectively.

Details of of the transactions with connected persons are as follows:

	(Unaudited) 30 September	
	2013	2012
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	3,927	4,811
First Habib Cash Fund - Associated Undertaking		
Government security sold	-	99,216
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	331	499
Profit Bank AL Habib Limited		
Profit on bank balances	1,479	472

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
Habib Asset Management Limited - Management Company		
Management fee payable	1,148	1,580
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	97	140
Security deposit - non interest bearing	100	100
Bank AL Habib Limited		
-Bank Balance	867	20,921

FIRST HABIB INCOME FUND

Units sold to:	(Unaudited) 30 September 2013		(Unaudited) 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Associated Companies				
- Bank AL Habib Limited	3,471,130	348,867	-	-
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	2,730	274	3,484	348
Associated Companies				
- Bank AL Habib Limited	87,748	8,780	183,947	18,403
Other related parties				
- Directors and executives of the Management Company	28	3	359	102
- Greenshield insurance brokers	760	76	-	-
- Habib Insurance Company Limited- Employees Provident Fund	1,807	180	2,482	247
- Habib Asset Management Limited - Employees Provident Fund	39	3,933	-	-
- Mrs. Shama Sajjad Habib	4,034	404	5,538	554
- Mr. Salman Hussain D Habib			45	5
- Mr. Imran Ali Habib			-	-
- Mr. Murtaza Habib	304	30	417	42
- Mr. Asghar D. Habib			-	-
- Mr. Qumail Habib	304	30	417	42
- Mr. Abas D. Habib	304	30	417	42
- Mr. Ali Asad Habib	273	27	375	38
- Mrs. Razia Ali Habib	-	-	262	26
- Mrs. Hina Shoaib	3	1	-	-
- Mr. Sajjad Hssain	92	9,253	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	-	-	19,937	2,000
Associated Companies				
- Bank AL Habib Limited	4,703,441	472,692	-	-
- Habib Insurance Company Limited	99,582	10,000	-	-
Other related parties				
- Directors and executives of the Management Company	-	-	5,507	553
- Habib Asset Management Limited - Employees Provident Fund	2,143	215	-	-
- Greenshield insurance brokers	4,976	500	-	-
- Mr. Salman Hussain D Habib	-	-	1,730	173
Units held by:				
Management Company				
Habib Asset Management Limited	120,471	12,043	93,326	9,349
Associated Companies				
- Bank AL Habib Limited	3,058,850	305,783	5,450,129	545,969
- Habib Insurance Company Limited	9,003	900	108,585	10,878

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2013		(Unaudited) 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors and executives of the Management Company	1,214	121	7,619	763
- Habib Insurance Company Limited- Employees Provident Fund	79,755	7,973	73,504	7,363
- Habib Asset Management Limited - Employees Provident Fund	1,124	112	-	-
- Mrs. Shama Sajjad Habib	178,045	17,799	-	-
- Mr. Murtaza Habib	13,409	1,340	-	-
- Mr. Qumail Habib	13,400	1,340	-	-
- Mr. Abas D Habib	13,400	1,340	-	-
- Mr. Ali Asad Habib	12,039	1,203	-	-
- Mrs. Hina Shoaib	144	14	-	-
- Greenshield insurance brokers	29,846	2,984	-	-
- Mr. Sajjad Hssain	4,081	408	-	-

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on October 29, 2013.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

FIRST HABIB STOCK FUND
First Quarterly Report
September 2013

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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
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
------------------	--

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.

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2013**

		(Unaudited) 30 September 2013	(Audited) 30 June 2013
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	16,312	8,061
Investments	7	153,653	164,127
Dividend and income receivable		2,871	140
Deposits and prepayments		3,622	2,600
Receivable against sale of investments		50,278	-
Preliminary expenses and floatation costs		205	255
Total assets		226,941	175,183
Liabilities			
Payable to Habib Asset Management Limited - Management Company		759	569
Payable to Central Depository Company of Pakistan Limited - Trustee		71	64
Payable to Securities and Exchange Commission of Pakistan		48	152
Workers' Welfare Fund (WWF)	8	1,451	1,373
Accrued expenses and other liabilities		10,505	414
Payable against purchase of investment		-	4,273
Total liabilities		12,834	6,845
Net assets		214,107	168,338
Unit holders' funds (as per the statement attached)		214,107	168,338
		(Number of Units)	
Number of units in issue		2,079,834	1,261,174
		(Rupees)	
Net asset value per unit - Rupees		102.94	133.48

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
<i>Note</i>	<i>----- (Rupees in '000) -----</i>	
Income		
Profit on bank deposits	411	355
Income from Government Securities	101	18
Dividend income	2,773	1,216
Net gain / (loss) on investment designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	6,961	6,723
- Net unrealised (loss) / gain on revaluation of investment classified as held for trading	(11,585)	866
	(4,624)	7,589
Total (loss) / income	(1,339)	9,178
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	1,500	873
Sales tax on management fee	267	140
Federal Excise Duty on management fee	240	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	204	176
Annual fee - Securities and Exchange Commission of Pakistan	48	28
Brokerage expense	677	378
Settlement and bank charges	70	76
Annual listing fee	8	5
Auditors' remuneration	85	85
Amortisation of preliminary expenses and floatation costs	50	50
Mutual Fund Rating Fee	34	33
Federal Excise Duty	102	57
Printing charges	22	22
Workers' Welfare Fund	78	143
Total expenses	3,385	2,066
	(4,724)	7,112
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	8,814	(9)
Net (loss) / income for the period	4,090	7,103

The annexed notes 1 to 13 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 COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- (Rupees in '000) -----	
Net (loss) / income for the period	4,090	7,103
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	4,090	7,103

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Undistributed income / (loss) brought forward	42,260	4,128
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 af 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 af 30 June 2013	(40,988)	-
Net (loss) / income for the period	4,090	7,103
Undistributed (loss) / income carried forward	5,362	7,147

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013**

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	168,338	113,032
Cash received on issuance of units	91,520	33
Cash paid on redemption of units	(10,372)	(320)
	81,148	(287)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	(8,814)	9
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- unit declared on 05 July 2013 for the year ended 30 June 2013	(30,655)	-
Final dividend distribution for class 'C' unit holders @ Rs.3.75/- unit declared year on 4 July 2012 for the year ended 30 June 2012	-	(3,222)
Net (loss) / income for the period	4,090	7,103
Net assets at the end of the period	214,107	116,635
	----- (Number of Units) -----	
Units at the beginning of the period	1,261,174	1,089,073
Number of Units Issued	816,873	316
Number of Units Redeemed	(100,543)	(3,091)
	716,330	(2,775)
Issue of bonus units on 05 July 2013 @ 32.1853 for class 'A' and 'B' units	102,330	-
Issue of bonus units on 4 July 2012 @ 3.7486 for class 'A' and 'B' units	-	8,620
Units at the end of the period	2,079,834	1,094,918

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	4,090	7,103
Adjustments for non-cash items		
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	11,585	(866)
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	(8,814)	9
Workers' Welfare Fund	78	143
Amortisation of preliminary expenses and floatation costs	50	50
	6,989	6,439
Decrease / (increase) in assets		
Investments	(1,111)	(34,687)
Dividend and income receivable	(2,731)	(455)
Deposits and prepayments	(1,022)	(15)
Receivable against sale of investments	(50,278)	3,232
Advance against subscription of shares	-	(3,600)
	(55,142)	(35,525)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	190	10
Payable to Central Depository Company of Pakistan Limited - Trustee	7	1
Payable to Securities and Exchange Commission of Pakistan	(104)	(77)
Payable against purchase of investments	(4,273)	-
Accrued expenses and other liabilities	10,091	122
	5,911	56
Net cash flow from operating activities	(42,242)	(29,030)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	81,148	(287)
Dividend paid during the period	(30,655)	(3,222)
Net cash (used) in / generated from financing activities	50,493	(3,509)
Net increase / (decrease) in cash and cash equivalents during the period	8,251	(32,539)
Cash and cash equivalents at the beginning of the period	8,061	34,130
Cash and cash equivalents at the end of period	16,312	1,591

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

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 Rule 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 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 JCR assigned a performance ranking of 'MFR 1 - 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 instruments. The fund has been categorised as an 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 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, 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 SECP prevail. These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

2.2 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 audited financial statements of the Fund for the year ended 30 June 2013.

2.3 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013.

4. ESTIMATES AND JUDGMENTS

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 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 and for the year ended 30 June 2013.

6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 7.5% (30 June 2013: 7.5%) per annum.

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

		(Unaudited) 30 September 2013	(Audited) 30 June 2013
	Note	----- (Rupees in '000) -----	
Equity securities	7.1	153,653	164,127
Government securities	7.2	-	-
		<u>153,653</u>	<u>164,127</u>

FIRST HABIB STOCK FUND

7.1 Equity securities

Name of the Investee	As at 1 July 2013	Purchased / bonus / right shares received during the period	Sold during the period	As at 30 September 2013	Carrying value as at 30 September 2013	Market value as at 30 September 2013	Market Value as a Percentage	
							Net Assets	Total Investments
		-----Number of shares-----			------(Rupees in '000)-----			
BANKS								
Bank Al-Falah Limited	-	423,000	369,500	53,500	1,194	1,120	0.52%	0.73%
United Bank Limited	-	121,900	62,700	59,200	8,854	7,852	3.67%	5.11%
Habib Metropolitan Bank Limited - a related party	-	45,000	45,000	-	-	-	-	-
MCB Bank Limited	5,500	72,700	58,700	19,500	5,876	5,129	2.40%	3.34%
National Bank of Pakistan	-	390,000	258,000	132,000	7,145	6,506	3.04%	4.23%
Allied Bank Limited	-	71,000	20,000	51,000	4,186	3,936	1.84%	2.56%
Habib Bank Limited	-	29,000	15,000	14,000	2,403	2,134	1.00%	1.39%
CHEMICALS								
Clariant Pakistan Limited	14,700	16,600	18,200	13,100	3,859	3,037	1.42%	1.98%
Dawood Hercules Chemicals Limited	102,500	40,000	125,000	17,500	900	872	0.41%	0.57%
Engro Corporation	70,900	54,500	125,400	-	-	-	-	-
Engro Polymer & Chemical Limited	-	150,000	150,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	191,500	80,000	111,500	4,653	4,192	1.96%	2.73%
Fauji Fertilizer Company Limited	134,647	30,000	121,800	42,847	4,562	4,343	2.03%	2.83%
I.C.I Pakistan Limited	-	38,500	10,000	28,500	5,639	5,076	2.37%	3.30%
CONSTRUCTION AND MATERIALS								
Attock Cement Pakistan Limited	-	14,050	10,600	3,450	419	454	0.21%	0.30%
D. G. Khan Cement Company Limited	86,000	182,500	250,000	18,500	1,511	1,274	0.60%	0.83%
Lucky Cement Limited	32,100	123,700	145,000	10,800	2,581	2,498	1.17%	1.63%
Meaple Leaf Cement Factory Limited	-	570,000	570,000	-	-	-	-	-
ELECTRICITY								
Hub Power Company Limited	192,078	220,000	280,000	132,078	8,917	8,417	3.93%	5.48%
Kot Addu Power Company	60,500	25,000	60,500	25,000	1,608	1,595	0.74%	1.04%
Karachi Electric Supply Corporation	200,000	100,000	-	300,000	2,014	1,668	0.78%	1.09%
Nishat Chumian Power Limited	75,000	50,000	105,000	20,000	681	719	0.34%	0.47%
Nishat Power Limited	-	200,000	98,500	101,500	3,452	3,126	1.46%	2.03%
INDUSTRIAL ENGINEERING								
Al Ghazi Tractors Limited	19,800	-	19,800	-	-	-	-	-
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	145,000	495,000	515,000	125,000	3,380	3,270	1.53%	2.13%
FOOD PRODUCERS								
Engro Foods Company Limited	12,000	128,500	140,500	-	-	-	-	-
Habib Sugar Mills Limited-a related party	494,000	-	237,500	256,500	6,059	7,762	3.63%	5.05%
Nestle Milk Pak Limited	760	500	960	300	1,796	1,860	0.87%	1.21%
GENERAL INDUSTRY								
Packages Limited	-	28,100	10,000	18,100	4,713	4,617	2.16%	3.00%
Thal Limited	90,000	44,800	23,800	111,000	14,372	13,352	6.24%	8.69%
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	92,000	83,000	149,500	25,500	2,212	1,890	0.88%	1.23%
IGI Insurance Limited	-	58,100	6,000	52,100	7,648	7,170	3.35%	4.67%
OIL & GAS								
National Refinery Limited	19,200	500	19,700	-	-	-	-	-
Oil & Gas Development Company Limited	27,769	79,500	60,500	46,769	11,354	10,992	5.13%	7.15%
Pakistan Oilfields Limited	27,269	44,650	50,550	21,369	10,486	9,162	4.28%	5.96%
Pakistan Petroleum Limited	54,626	88,625	98,000	45,251	9,006	8,625	4.03%	5.61%
Pakistan State Oil Company Limited	18,800	127,200	115,500	30,500	9,344	7,994	3.73%	5.20%
Attock Petroleum Limited	-	3,000	-	3,000	1,329	1,295	0.60%	0.84%
Attock Refinery Limited	31,700	53,000	75,700	9,000	2,253	1,822	0.85%	1.19%
Mari Petroleum Company Limited	-	31,900	6,800	25,100	3,985	3,819	1.78%	2.49%
PERSONAL GOODS								
Nishat Mills Limited	48,959	85,000	110,000	23,959	2,372	2,220	1.04%	1.44%
Nishat Chumian Limited	-	203,500	135,000	68,500	4,475	3,855	1.80%	2.51%
PHARMA AND BIO TECHNOLOGY								
Glaxo Smith Kline Pakistan Limited	-	32,000	32,000	-	-	-	-	-
Wyeth Pak Limited	500	-	500	-	-	-	-	-
SOFTWARE & COMPUTER SERVICES								
Netsol Technologies Limited	-	95,000	95,000	-	-	-	-	-
Total as at 30 September 2013					165,238	153,653		
Total as at 30 June 2013					160,344	164,127		

FIRST HABIB STOCK FUND

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

Issue date	Tenor	Face value			As at 30 September 2013			Market Value as a Percentage		
		As of 1 July 2013	Purchased during the period	Sold / matured during the period	As at 30 September 2013	Carrying value as at 30 September 2013	Market value as at 30 September 2013	Appreciation / (diminution)	Net Assets	Total Investments
------(Rupees in '000)-----										
19 September 2013	3 Months	-	750,000	750,000	-	-	-	-	-	-
						-	-	-		
						-	-	-		

8. 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 (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, in the month of March 2013, a larger bench of Sindh High Court (SHC) issued a judgement declaring that the amendments introduced in the WWF Ordinance through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and over-ruled a single-member LHC bench judgement issued in August 2011.

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. 1,451,354 (30 June 2013: Rs. 1,373,106) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.70 per unit (30 June 2013: Rs. 0.38 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the six months period ended 30 September 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. 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 measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

FIRST HABIB STOCK FUND

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

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	153,653	-	153,653
	153,653	-	153,653

As at 30 June 2012, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	164,127	-	164,127
	164,127	-	164,127

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company,

First Habib Income Fund and First Habib Cash Fund, Al Habib Capital Markets (Private) Limited and Bank Al Habib Limited being companies under common

management, Central Depository Company 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 Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	1,500	873
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	60	98
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	204	176
Bank Al Habib Limited		
Profit on Bank Balances	411	355

Details of balances with connected persons are as follows:

	(Unaudited) 30 September	(Audited) 30 June
	2013	2013
	----- (Rupees in '000) -----	
Bank Al Habib Limited		
Bank Balance	16,312	8,061
Habib Asset Management Limited - Management Company		
Management fee payable	759	569
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	17	-
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	71	64
- Security deposit - non interest bearing	100	100

FIRST HABIB STOCK FUND

11.1 Sale / redemption of units for the period ended 30 September

	Quarter ended 30 September 2013		Quarter ended 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Other related parties				
- Directors of the Management Company	179	20	172	18
- Habib Insurance Company Limited	803,146	90,000	-	-
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	38,469	3,885	6,148	615
Other related parties				
- Directors of the Management Company	1,927	195	345	35
- Habib Asset Management Limited - Employees Provident Fund	348	35	39	4
- Mrs. Razia Ali Habib	6,085	614	-	-
- Mrs. Batool Ali Raza Habib	3,405	344	-	-
- Mrs. Fatima Ali Raza Habib	3,874	694	-	-
- Mr. Aun Muhammad Ali Raza Habib	8,332	841	-	-
- Mr. Sajjad Hussain	3,405	344	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	157,991	16,264	170,154	18,128
Associated Companies				
- Bank AL Habib Limited	500,000	51,472	500,000	53,270
- Habib Insurance Company Limited	1,149,238	118,307	359,109	38,259
Other related parties				
- Directors of the Management Company	8,094	833	9,734	1,037
- Habib Asset Management Limited-Employees Provident Fund	1,428	147	1,080	115
- Mrs. Razia Ali Habib	24,990	2,573	-	-
- Mrs. Batool Ali Raza Habib	35,198	3,623	-	-
- Mrs. Fatima Ali Raza Habib	28,233	2,906	-	-
- Mr. Aun Muhammad Ali Raza Habib	34,219	3,523	-	-
- Mr. Sajjad Hussain	13,984	1,440	-	-

12. DATE OF AUTHORISATION FOR ISSUE

12.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 29, 2013.

13. GENERAL

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

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

Chief Executive

Director

FIRST HABIB CASH FUND
First Quarterly Report
September 2013

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
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.

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Legal Advisor

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

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 30 SEPTEMBER 2013*

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
Note	------(Rupees in '000)-----	
Assets		
Bank balance	271,527	403,542
Placements	290,000	-
Investments	3,465,067	1,913,031
Income receivable	9,720	3,116
Prepayments	109	124
Preliminary expenses and floatation costs	1,493	1,647
Receivable against sale of units	10,000	-
Total assets	4,047,916	2,321,460
Liabilities		
Payable to Habib Asset Management Limited - Management Company	4,441	2,457
Payable to Central Depository Company of Pakistan Limited - Trustee	309	207
Payable to Securities and Exchange Commission of Pakistan	681	2,220
Workers' Welfare Fund	9,981	8,536
Payable on redemption of Units	745	-
Dividend payable	1,240	-
Accrued expenses and other liabilities	601	393
Total liabilities	17,998	13,813
Net assets	4,029,918	2,307,647
Unit holders' funds (as per statement attached)	4,029,918	2,307,647
	(Number of units)	
Number of units in issue	40,258,076	22,904,353
	(Rupees)	
Net asset value per unit	100.10	100.75

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- (Rupees in '000) -----	
Income		
Profit on bank deposits	16,250	3,793
Income from Government Securities	64,449	82,651
Markup income on Placements	138	930
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital / (loss) gain on sale of investments classified as held for trading	(112)	692
- Net unrealized / (loss) on revaluation of investments classified as held for trading	378	4,708
	266	5,400
	81,103	92,774
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	9,082	7,637
Sales tax on management fee	1,686	1,222
Federal Excise Duty on management fee	1,453	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	870	863
Annual fee - Securities and Exchange Commission of Pakistan	681	573
Brokerage	60	30
Settlement and bank charges	44	68
Auditors' remuneration	84	84
Amortisation of preliminary expenses and floatation costs	154	154
Annual listing fee	10	10
Mutual Fund Rating Fee	45	44
Printing charges	22	22
Provision for Workers' Welfare Fund	1,444	1,719
Total expenses	15,635	12,426
	65,468	80,348
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	5,299	3,892
Net income for the period	70,767	84,240

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- <i>(Rupees in '000)</i> -----	
Net income for the period	70,767	84,240
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income / (loss) for the period	70,767	84,240

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Undistributed income brought forward	16,734	21,001
Net income for the year / period	70,767	84,240
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)
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	(16,033)	-
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	(18,902)	-
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	(25,901)	-
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 27 September 2013	(23,958)	-
Undistributed income carried forward	2,707	4,304

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**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 QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended 30 September	
	2013	2012
	------(Rupees in '000)-----	
Net assets at the beginning of the period	2,307,647	2,026,950
Amount received on issuance of units	2,514,557	1,854,550
Amount paid on redemption of units	(854,363)	(783,072)
	1,660,194	1,071,478
Net element of income and capital gain included in prices of units issued less those in units redeemed	(5,299)	(3,892)
Final cash dividend for class C unit holders @ 1.05 per unit for units held as at 30 June 2012.	-	(3,897)
Interim cash dividend for class C unit holders @ 0.75 per unit for units held as at 27 July 2012.	-	(2,043)
Interim cash dividend for class C unit holders @ 1.00 per unit for units held as at 24 August 2012.	-	(2,921)
Interim cash dividend for class C unit holders @ 0.80 per unit for units held as at 28 September 2012.	-	(2,457)
Final cash dividend for class C unit holders @ 0.80 per unit for units held as at 30 June 2013.	(943)	-
Interim cash dividend for class C unit holders @ 0.55 per unit for units held as at 27 July 2013.	(988)	-
Interim cash dividend for class C unit holders @ 0.65 per unit for units held as at 31 August 2013.	(1,070)	-
Interim cash dividend for class C unit holders @ 0.60 per unit for units held as at 28 September 2013.	(390)	-
Net income for the period	70,767	84,240
Net assets at the end of the period	4,029,918	3,167,458
	------(Number of Units)-----	
Units at the beginning of the period	22,904,353	20,055,052
Number of Units Issued	25,044,823	18,452,893
Number of Units Redeemed	(8,504,538)	(7,779,082)
	16,540,285	10,673,811
Final Bonus units distribution @ 1.0498/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2012.	-	171,578
Interim Bonus units distribution @ 0.7497/- for calss 'A' and 'B' units holders for every 100 units held as at 27 July 2012.	-	181,673
Interim Bonus units distribution @ 0.9997/- for calss 'A' and 'B' units holders for every 100 units held as at 24 August 2012.	-	316,123
Interim Bonus units distribution @ 0.7991/- for calss 'A' and 'B' units holders for every 100 units held as at 28 September 2012.	-	226,377
Final Bonus units distribution @ 0.6996/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2013.	150,827	-
Interim Bonus units distribution @ 0.5496/- for calss 'A' and 'B' units holders for every 100 units held as at 27 July 2013.	178,998	-
Interim Bonus units distribution @ 0.6493/- for calss 'A' and 'B' units holders for every 100 units held as at 31 August 2013.	248,051	-
Interim Bonus units distribution @ 0.5997/- for calss 'A' and 'B' units holders for every 100 units held as at 28 September 2013.	235,562	-
Units at the end of the period	40,258,076	31,624,614

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter ended	
	30 September	
	2013	2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	70,767	84,240
Adjustments for non-cash items		
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	(378)	(4,708)
Workers' Welfare fund	1,445	1,719
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(5,299)	(3,892)
Amortisation of preliminary expenses and floatation costs	154	154
	66,689	77,513
Decrease / (increase) in assets		
Investments	(1,551,658)	(1,221,342)
Placements	(290,000)	(84,000)
Income receivable	(6,604)	97
Prepayments	15	14
	(10,000)	-
	(1,858,247)	(1,305,231)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	1,984	1,176
Payable to Central Depository Company of Pakistan Limited - Trustee	102	87
Payable to Securities and Exchange Commission of Pakistan	(1,539)	(375)
Accrued expenses and other liabilities	208	370
Payable against redemption of units	-	-
	755	1,258
Net cash flow from operating activities	(1,790,803)	(1,226,460)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / (payments) from sale and redemption of units	1,660,939	1,071,632
Dividend paid during the period	(2,151)	(9,028)
Net increase in cash and cash equivalents during the period	(132,015)	(163,856)
Cash and cash equivalents at the beginning of the period	403,542	365,576
Cash and cash equivalents at the end of the period	271,527	201,720
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	71,527	1,720
Term deposit receipts maturity of 3 months and less	200,000	200,000
	271,527	201,720

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

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 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 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 Securities and Exchange Commission of Pakistan 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, invest 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, 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 SECP prevail. These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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 audited financial statements of the Fund for the year ended 30 June 2013.

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2013.

This condensed interim financial information is unaudited.

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013.

4. 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 for the year ended 30 June 2013.

FIRST HABIB CASH FUND

5. BANK BALANCES

	<i>Note</i>	(Unaudited) 30 September 2013	(Audited) 30 June 2013
(Rupees in '000)			
Savings account	5.1	71,527	203,542
Term Deposits Receipts (TDRs)	5.2	200,000	200,000
		<u>271,527</u>	<u>403,542</u>

5.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 8% (30 June 2013: 8%) per annum and balance with Habib Bank Limited which carry profit of 8.5% (30 June 2013: 8.5%)

5.2 Term Deposits Receipts (TDRs) has tenor of 45 days (June 2013: 2 months) and carry profit rate of 9.55% (June 2013: 9.6%) per annum. The TDR will mature on 10 October 2013.

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

Government securities	6.2	<u>3,465,067</u>	<u>1,913,030</u>
		<u>3,465,067</u>	<u>1,913,030</u>

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

Government Securities		<u>378</u>	<u>320</u>
		<u>378</u>	<u>320</u>

6.2 Government Securities

Issue date	Tenor	Face Value				As at 30 September 2013		Appreciation / (diminution)	Market value as percentage of Net Assets
		As at 01 July 2013	Purchases during the period	Sold / Matured during the period	As at 30 September 2013	Carrying value	Market value		
----- (Rupees in '000) -----									
9-Aug-2012	1 YEAR	3,050,000	-	3,050,000	-	-	-	-	-
20-Jun-2012	1 YEAR	-	244,000	244,000	-	-	-	-	-
12-Jul-2012	1 YEAR	3,850,000	-	3,850,000	-	-	-	-	-
26-Jul-2012	1 YEAR	1,000,000	-	1,000,000	-	-	-	-	-
18-Oct-2012	1 YEAR	-	646,000	646,000	-	-	-	-	-
6-Sep-2012	1 YEAR	-	1,950,000	1,950,000	-	-	-	-	-
5-Sep-2013	3 MONTHS	-	2,000,000	-	2,000,000	197,289	197,134	(155)	4.89
25-Jul-2013	3 MONTHS	-	22,400,000	19,724,000	2,676,000	266,590	266,521	(69)	6.61
7-Aug-2013	3 MONTHS	-	9,500,000	9,500,000	-	-	-	-	-
19-Sep-2013	3 MONTHS	-	27,500,000	400,000	27,100,000	2,660,909	2,661,676	767	66.05
18-Apr-2013	3 MONTHS	1,650,000	-	1,650,000	-	-	-	-	-
2-May-2013	3 MONTHS	6,570,000	-	6,570,000	-	-	-	-	-
12-Jul-2013	3 MONTHS	-	13,050,000	13,050,000	-	-	-	-	-
27-Jun-2013	6 MONTHS	-	450,000	-	450,000	44,037	44,036	(1)	1.09
21-Feb-2013	6 MONTHS	2,030,000	-	2,030,000	-	-	-	-	-
30-May-2013	6 MONTHS	-	6,000,000	3,000,000	3,000,000	295,912	295,700	(212)	7.34
24-Jan-2013	6 MONTHS	1,100,000	5,000,000	6,100,000	-	-	-	-	-
Total as at 30 September 2013					<u>35,226,000</u>	<u>3,464,737</u>	<u>3,465,067</u>	<u>330</u>	
Total as at 30 June 2013						<u>1,912,710</u>	<u>1,913,030</u>	<u>320</u>	

FIRST HABIB CASH FUND

7. INCOME RECEIVABLE	(Unaudited)	(Audited)
	30 September	30 June
	2013	2013
	(Rupees in '000)	
Profit receivable on saving account	7,813	166
Profit receivable on Term Deposit receipt	1,832	1,251
Profit receivable on Clean Placement	75	16
	9,720	1,433

8. 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.

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. 9,980,482 (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 0.2479 per unit (30 June 2013: Rs. 0.3727 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. 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 year ended 30 June 2013.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Stock Fund being the Funds managed by the 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.

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.

FIRST HABIB CASH FUND

Details of the transactions with connected persons and balances with them at year end are as follows:

	Quarter ended 30 September	
	2013	2012
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	9,082	7,637
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	870	863
Bank AL Habib Limited		
Profit on bank balances	4,006	715

Details of the balances with connected persons are as follows:

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	4,441	2,457
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	309	207
Bank AL Habib Limited		
Bank balances	7,865	147,743

	Quarter ended 30 September 2013		Quarter ended 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	146,519	14,700	93,214	9,400
Associated Companies				
- Bank AL Habib Limited	2,708,315	272,383	-	-
- Habib Insurance Company Limited	1,346,608	135,000	1,145,728	115,000
- Habib Suger Mill Limited	13,950,725	1,400,000	7,963,253	800,000
- Green Shield Insurance Brokers	-	-	24,972	2,500
Other related parties				
- Directors of the Management Company	5,678	570	1,497	150
- Executives of the Management Company	-	-	597	60
- Habib Asset Management Limited- Employees Provident Fund	-	-	2,490	250
- Sukaina Educational & Welfare Trust	84,573	8,500	49,969	5,002
- Ghulam-e-Abbas Trust	-	-	52,374	5,262
- Mr. Abas D Habib	9,930	1,000	-	-
- Mr. Ali Asad Habib	9,681	975	-	-
- Mr Haider Azim	50	5	-	-

FIRST HABIB CASH FUND

	Quarter ended 30 September 2013		Quarter ended 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Bonus units issued:				
Management Company				
Habib Asset Management Limited	39,269	3,930	19,492	2,149
Associated Companies				
- Bank AL Habib Limited	77,516	7,757	109,606	10,966
- Habib Suger Mill Limited	218,217	21,838	159,114	15,921
- Green Shield Insurance Brokers	7	1	200	20
Other related parties				
- Directors of the Management Company	642	64	1,382	137
- Executives of the Management Company	-	-	25	2
- Habib Asset Management Limited- Employees Provident Fund	111	11	205	20
- Sukaina Educational & Welfare Trust	8,544	855	7,142	715
- Greenshield Insurance Brokers	7	1	-	-
- Hasni Textiles Pvt Limited	45,862	4,589	-	-
- Hasni Knitwear Pvt Limited	13,139	1,314	-	-
- Dawood Habib Memorial Trust	6,909	691	-	-
- Ghulaman-e-Abbas Trust	3,346	335	7,112	712
- Mr. Imran Ali Habib	479	48	302	30
- Mr. Murtaza Habib	479	48	302	30
- Mr. Asghar D Habib	479	48	302	30
- Mr. Qumail Habib	478	48	301	30
- Mr. Abas D Habib	479	48	301	30
- Mr. Ali Asad Habib	472	48	302	30
- Mrs Razia Ali Habib	4,006	399	2,972	294
- Mrs Batool Ali Raza Habib	2,451	245	-	-
- Mrs Fatima Ali Raza Habib	3,889	389	-	-
- Mr. Sajjad Hussain	1,843	184	-	-
- Mr Aon Muhammad Ali Raza Habib	6,657	666	-	-
- Mrs. Samina Imran	3	1	-	-
- Mr. Haider Azim	10	1	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	112,468	11,300	142,495	14,300
Associated Companies				
- Bank AL Habib Limited	3,005,498	-	-	-
- Habib Insurance Company Limited	1,943,268	195,000	1,291,035	130,000
Other related parties				
- Directors of the Management Company	19,885	2,000	-	-
- Executives of the Management Company	-	-	1,738	175
- Habib Asset Management Limited- Employees Provident Fund	-	-	6,435	650
- Sukaina Educational & Welfare Trust	59,615	6,000	69,434	7,000
- Ghulaman-e-Abbas Trust	59,359	5,965	-	-
- Mr. Sajjad Hussain	49,804	5,000	-	-
- Mr Aon Muhammad Ali Raza Habib	348,631	34,999	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	1,628,652	163,032	504,104	50,490
Associated Companies				
- Bank AL Habib Limited	3,067,557	307,069	3,115,104	312,003
- Habib Insurance Company Limited	749,871	75,064	1,591,641	159,416
- Habib Suger Mill Limited	14,168,941	1,418,341	8,122,366	813,520
- Green Shield Insurance Brokers	265	27	25,172	2,521

FIRST HABIB CASH FUND

	Quarter ended 30 September 2013		Quarter ended 30 September 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	19,807	1,983	40,444	4,051
- Habib Asset Management Limited- Employees Provident Fund	4,509	451	4,524	453
- Sukaina Educational & Welfare Trust	356,069	35,643	187,771	18,807
- Hasni Textiles Pvt Limited	1,864,580	186,648	-	-
- Hasni Knitwear Pvt Limited	534,181	53,473	-	-
- Dawood Habib Memorial Trust	280,898	28,118	-	-
- Ghulam-an-e-Abbas Trust	119,287	11,941	228,847	22,921
- Mr. Imran Ali Habib	19,469	1,949	8,584	860
- Mr. Murtaza Habib	19,457	1,948	8,573	859
- Mr. Asghar D Habib	19,457	1,948	8,584	860
- Mr. Qumail Habib	19,450	1,947	8,566	858
- Mr. Abas D Habib	19,455	1,947	8,573	859
- Mr. Ali Asad Habib	19,200	1,922	8,573	859
- Mrs Razia Ali Habib	129,947	13,008	84,462	8,460
- Mrs Batool Ali Raza Habib	99,629	9,973	-	-
- Mrs Fatima Ali Raza Habib	158,114	15,828	-	-
- Mr. Sajjad Hussain	36,962	3,700	-	-
- Mr Aon Muhammad Ali Raza Habib	4,914	492	-	-
- Mrs. Samina Imran	97	10	-	-
- Mr. Haider Azim	402	40	-	-
- Mrs. Hina Shoaib	26	3	-	-

12. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on October 29, 2013.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

First Quarterly Report

September 2013

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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
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.

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Legal Advisor

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

Shariah Advisor

Mufti Dr. Ismat Ullah

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 30 SEPTEMBER 2013

		(Unaudited)	(Audited)
		30 September	30 June
		2013	2013
	<i>Note</i>	------(Rupees in '000)-----	
Assets			
Bank balances	6	153,236	145,793
Investments	7	216,585	202,673
Income receivable		4,550	1,603
Deposits and prepayments		2,622	2,600
Receivable against sale of investments		-	6,541
Preliminary expenses and floatation costs		847	899
Total assets		377,840	360,109
Liabilities			
Payable to Habib Asset Management Limited - Management Company		418	354
Payable to Central Depository Company of Pakistan Limited - Trustee		58	55
Payable to Securities and Exchange Commission of Pakistan		80	167
Workers' Welfare Fund (WWF)	8	747	747
Accrued expenses and other liabilities		5,464	385
Total liabilities		6,767	1,708
Net assets		371,073	358,401
Unit holders' funds (as per the statement attached)		371,073	358,401
		(Number of Units)	
Number of units in issue		3,699,273	3,242,477
		(Rupees)	
Net asset value per unit		100.31	110.53

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013*

	Quarter ended 30 September 2013
	(Rupees in '000)
Income	
Profit on bank deposits	2,846
Income from ijara sukuk certificates	1,623
Dividend income	2,280
Net gain on investments designated at fair value through income statement	
- Net capital gain on sale of investments classified as held for trading	7,424
- Net unrealized gain on revaluation of investments classified as held for trading	(14,314)
	(6,890)
Total (loss) / income	(141)
Expenses	
Remuneration of Habib Asset Management Limited - Management Company	940
Federal excise duty on management fee	150
Sales tax on management fee	174
Remuneration of Central Depository Company of Pakistan Limited - Trustee	188
Annual fee - Securities and Exchange Commission of Pakistan	80
Brokerage expense	514
Settlement and bank charges	86
Annual listing fee	8
Auditors' remuneration	88
Amortisation of preliminary expenses and floatation costs	52
Printing charges	22
Total expenses	2,302
	(2,443)
Element of income and capital gain included in prices of units issued less those in units redeemed - net	746
Net (loss) for the period	(1,697)

The annexed notes 1 to 13 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 COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	<u>Quarter ended</u> <u>30 September</u> 2013 (Rupees in '000)
Net (loss) / income for the period	(1,697)
Other comprehensive income for the period	-
Total comprehensive (loss) for the period	<u>(1,697)</u>

The annexed notes 1 to 13 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 DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	<u>Quarter ended</u> <u>30 September</u> 2013 (Rupees in '000)
Undistributed income brought forward	34,124
Final dividend distribution for class 'C' unit holders @ Rs.9.75/- per unit and bonus units @9.6742 units for class 'A' and 'B' unit holders for every 100 units held as af 30 June 2013	(31,668)
Net (loss) for the period	(1,697)
Undistributed income carried forward	<u><u>759</u></u>

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013

	<u>Quarter ended</u> <u>30 September</u> 2013 (Rupees in '000)	
Net assets at the beginning of the period	358,401	
Cash received on issuance of units	<table border="1"><tr><td style="text-align: right;">31,175</td></tr></table>	31,175
31,175		
Cash paid on redemption of units	<table border="1"><tr><td style="text-align: right;">(3,072)</td></tr></table>	(3,072)
(3,072)		
	28,103	
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	(746)	
Final dividend distribution for class 'C' unit holders @ Rs.9.75 unit declared on 5 July 2013 for the year ended 30 June 2013	(12,988)	
Net (loss) for the period	(1,697)	
Net assets at the end of the period	<u><u>371,073</u></u>	
	(Number of Units)	
Units at the beginning of the period	3,242,477	
Number of Units Issued	<table border="1"><tr><td style="text-align: right;">301,391</td></tr></table>	301,391
301,391		
Number of Units Redeemed	<table border="1"><tr><td style="text-align: right;">(29,410)</td></tr></table>	(29,410)
(29,410)		
Issue of bonus units on 5 July 2013 @ 9.6742 for class 'A' and 'B' units	184,815	
Units at the end of the period	<u><u>3,699,273</u></u>	

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013*

	Quarter ended 30 September 2013 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Net (loss) for the period	(1,697)
Adjustments for non-cash items	
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	14,314
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	(746)
Amortisation of preliminary expenses and floatation costs	52
	<u>11,923</u>
Decrease / (increase) in assets	
Investments	(28,226)
Income receivable	(2,947)
Deposits and prepayments	(22)
Receivable against sale of investments	6,541
	<u>(24,654)</u>
Decrease / (increase) in liabilities	
Payable to Habib Asset Management Limited - Management Company	64
Payable to Central Depository Company of Pakistan Limited - Trustee	3
Payable to Securities and Exchange Commission of Pakistan	(87)
Accrued expenses and other liabilities	5,079
	<u>5,059</u>
Net cash flow from operating activities	<u>(7,672)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Net receipts / payable from sale and redemption of units	28,103
Dividend paid during the period	(12,988)
Net cash (used) in / generated from financing activities	<u>15,115</u>
Net increase / (decrease) in cash and cash equivalents during the period	7,443
Cash and cash equivalents at the beginning of the period	145,793
Cash and cash equivalents at the end of period	<u><u>153,236</u></u>

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2013***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.

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 -' to the Management Company, while the Fund is currently not rated.

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

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, invests primarily in shariah compliant equity and debt securities.

The 'Title' to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 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, 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 SECP prevail. These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

2.2 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 audited financial statements of the Fund for the year ended 30 June 2013.

2.3 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013.

4. ESTIMATES AND JUDGMENTS

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 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 and for the year ended 30 June 2013.

FIRST HABIB ISLAMIC BALANCED FUND

6. BANK BALANCES

	(Unaudited) 30 September 2013	(Audited) 30 June 2013
Note	(Rupees in '000)	
Current account	11,909	1,645
Savings account	141,327	144,148
	<u>153,236</u>	<u>145,793</u>

6.1 Savings account carry profit rate of 6.27% and 8.25% per annum; and includes a balance of Rs. 1.61 million having interest rate of 6.27% with Bank Al-Habib, a related party.

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

Equity securities	7.1	146,392	122,543
Debt Securities	7.2	70,193	80,130
		<u>216,585</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 period	Sold during the period	As at 30 September 2013	Carrying value as at 30 September 2013	Market value as at 30 September 2013	Market Value as a Percentage	
							Net Assets	Total Investments
Number of shares				(Rupees in '000)				
AUTOMOBILE & PARTS								
Exide Pakistan Limited	1,000	600	-	1,600	633	480	0.13%	0.22%
Pak Suzuki Motor Company Limited	-	25,500	-	25,500	3,571	3,570	0.96%	1.65%
CHEMICALS								
Clariant Pakistan Ltd	2,500	10,000	5,000	7,500	2,186	1,738	0.47%	0.80%
Fauji Fertilizer Bin Qasim Limited	-	187,500	44,000	143,500	5,704	5,395	1.45%	2.49%
Fauji Fertilizer Company Limited	190,000	7,000	107,000	90,000	9,695	9,123	2.46%	4.21%
ICI Pakistan Limited	11,000	27,000	13,100	24,900	4,770	4,434	1.19%	2.05%
CONSTRUCTION AND MATERIALS (CEMENT)								
Lafarge Pakistan Cement Ltd	75,000	25,000	100,000	-	-	-	-	-
Cherat Cement Company Limited	35,000	129,000	94,000	70,000	4,786	3,462	0.93%	1.60%
D. G. Khan Cement Company Limited	54,500	200,500	157,500	97,500	7,912	6,715	1.81%	3.10%
Kohat Cement Company Limited	-	182,000	177,000	5,000	440	463	0.12%	0.21%
Lucky Cement Limited	25,000	132,800	137,800	20,000	4,676	4,626	1.25%	2.14%
Maple Leaf Cement Factory	-	523,500	446,500	77,000	1,979	1,646	0.44%	0.76%
ELECTRICITY								
Hub Power Company Limited	300,000	255,000	257,500	297,500	19,716	18,959	5.11%	8.75%
Karachi Electrical Supply Company	100,000	200,000	-	300,000	2,015	1,668	0.45%	0.77%
ENGINEERING								
Millat Tractors Limited	400	7,750	6,750	1,400	697	663	0.18%	0.31%
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	-	205,000	145,000	60,000	1,583	1,569	0.42%	0.72%
FOOD PRODUCERS								
Engro Foods Limited	9,000	30,200	39,200	-	-	-	-	-
National Food Limited	-	10,900	-	10,900	4,073	3,921	1.06%	1.81%
GENERAL INDUSTRIALS								
Thal Limited	66,000	91,200	27,200	130,000	17,389	15,638	4.21%	7.22%
Packages Limited	-	26,500	6,000	20,500	5,375	5,229	1.41%	2.41%
MULTIUTILITIES (GAS AND WATER)								
Sui Northern Gas Pipelines	110,000	-	110,000	-	-	-	-	-
OIL & GAS								
Attock Refinery Limited	30,000	72,500	72,500	30,000	7,166	6,072	1.64%	2.80%
Mari Gas Company Limited	-	15,400	5,000	10,400	1,657	1,582	0.43%	0.73%
National Refinery Limited	27,000	14,900	21,900	20,000	4,655	4,134	1.11%	1.91%
Oil & Gas Development Company Limited	25,800	60,900	45,000	41,700	10,078	9,800	2.64%	4.52%
Pakistan Oilfields Limited	33,600	39,450	48,500	24,550	11,931	10,525	2.84%	4.86%
Pakistan Petroleum Limited	39,000	90,800	95,600	34,200	6,867	6,518	1.76%	3.01%
Pakistan State Oil Company Limited	35,460	109,200	97,000	47,660	14,903	12,491	3.37%	5.77%
PERSONAL GOODS (TEXTILE)								
Nishat Mills Limited	13,000	312,800	285,700	40,100	3,960	3,716	1.00%	1.72%
PHARMA AND BIO TECH								
GlaxoSmithKline Pakistan Limited	-	23,500	2,500	21,000	2,386	2,248	0.61%	1.04%
The Searl Company Ltd.	3,000	-	3,000	-	-	-	-	-
SOFTWARE AND COMPUTER SERVICES								
Netsol Technologie	-	91,000	91,000	-	-	-	-	-
Total as at 30 September 2013					<u>160,803</u>	<u>146,392</u>		
Total as at 30 June 2013					<u>117,808</u>	<u>122,543</u>		

FIRST HABIB ISLAMIC BALANCED FUND

7.2 Debt Securities

Name of the investee company	Note	Number of certificates				As at 30 September 2013		Market Value as a Percentage	
		As at 1 July 2013	Acquired during the period	Sold/Redeemed during the period	As at 30 September 2013	Carrying value	Market Value	Net Assets %	Total Investments %
(Rupees in '000)									
GOP IJARA - 6 (20-12-2010)	7.2.1	5,000	-	-	5,000	25,016	25,035	6.75%	11.56%
GOP IJARA - 9 (26-12-2011)	7.2.2	9,000	-	-	9,000	45,079	45,158	12.17%	20.85%
AISHA STEEL MILLS LIMITED - PPTFC	2,000	-	-	2,000	-	-	-	-	-
						<u>70,095</u>	<u>70,193</u>		

7.2.1 The GOP Ijara Sukuk 6 carries a profit rate of 9.22% at 30 September, 2013. The certificates mature on 20 December, 2013.

7.2.2 The GOP Ijara Sukuk 9 carries a profit rate of 9.22% at 30 September, 2013. The certificates mature on 26 December, 2014.

7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss	(Unaudited) 30 September 2013	(Audited) 30 June 2013
	(Rupees in '000)	
Equity securities	(14,411)	4,735
Debt Securities	97	(237)
	<u>(14,314)</u>	<u>4,498</u>

8. 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, 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 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 (LHC) issued a judgement 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, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011.

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. 746,949 in these Financial Statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs. 0.20 per unit.

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. 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).

FIRST HABIB ISLAMIC BALANCED FUND

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 30 September 2013, the categorisation of investments is shown below:

	Level 1 -----	Level 2 (Rupees) -----	Total
Equity securities	146,392	-	146,392
Debt Securities	-	70,193	70,193
	<u>146,392</u>	<u>70,193</u>	<u>216,585</u>

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

	Level 1 -----	Level 2 (Rupees) -----	Total
Equity securities	122,543	-	122,543
Debt Securities	-	80,130	80,130
	<u>122,543</u>	<u>80,130</u>	<u>202,673</u>

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund and First Habib Cash Fund, First Habib Stock Fund, Al Habib Capital Markets (Private) Limited and Bank Al Habib Limited being companies under common management, Central Depository Company 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 Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended <u>30 September</u> 2013 (Rupees in '000)
Habib Asset Management Limited - Management Company	
Management fee	<u>940</u>
AL Habib Capital Markets (Private) Limited - Brokerage house	
Brokerage	<u>55</u>
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	<u>188</u>
Bank Al Habib Limited	
Profit on Bank Balances	<u>16</u>

Details of balances with connected persons are as follows:

	(Unaudited) <u>30 September</u> 2013	(Audited) 30 June 2013
	----- (Rupees in '000) -----	
Bank Al Habib Limited		
Bank Balance	<u>1,555</u>	<u>1,766</u>
Habib Asset Management Limited - Management Company		
Management fee payable	<u>418</u>	<u>354</u>
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	<u>68</u>	<u>4</u>
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	<u>58</u>	<u>55</u>
- Security deposit - non interest bearing	<u>100</u>	<u>100</u>

FIRST HABIB ISLAMIC BALANCED FUND

11.1 Sale / redemption of units for the period ended 30 September

	Quarter ended 30 September 2013	
	(Units)	(Rupees in '000)
Units sold to:		
Management Company		
Habib Asset Management Limited	9,735	1,000
Other related parties		
- Directors of the Management Company	983	100
- Habib Insurance Company Ltd - Employees Provident Fund	4,745	500
- Hamdard Laboratories Waqf Pakistan	241,516	25,000
Bonus Units Issued:		
Management Company		
Habib Asset Management Limited	17,445	1,758
Other related parties		
- Directors of the Management Company	2,609	263
- Habib Asset Management Limited - Employees Provident Fund	391	39
- Habib Insurance Company Ltd - Employees Provident Fund	931	94
- Pioneer Cables Ltd	116,533	11,745
Units redeemed by:		
Other related parties		
- Directors of the Management Company	14,229	1,497
Units held by:		
Management Company		
Habib Asset Management Limited	207,509	20,815
Associated Companies		
- Bank AL Habib Limited	252,322	25,310
- Habib Insurance Company Limited	706,724	70,891
Other related parties		
- Habib Asset Management Limited-Employees Provident Fund	4,433	445
- Habib Insurance Company Ltd - Employees Provident Fund	15,296	1,534
- Pioneer Cables Ltd	1,321,108	132,520
- Hamdard Laboratories Waqf Pakistan	614,566	61,647

12. DATE OF AUTHORISATION FOR ISSUE

12.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 29, 2013.

13. GENERAL

13.1 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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