

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



Quarterly Report
September 2015



Habib Asset Management Limited
(An Associate Company of Bank AL Habib Ltd.)

CONTENTS	Page No.
DIRECTORS' REPORT	3
FIRST HABIB INCOME FUND	6
FIRST HABIB STOCK FUND	23
FIRST HABIB CASH FUND	38
FIRST HABIB ISLAMIC BALANCED FUND	52

DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited has pleasure to present the Condensed Interim Financial Statements of the various Funds under its management for the Quarter ended September 30, 2015.

There are positive indicators in the performance of the National Economy with substantial reduction in Average Inflation Rates, down to 1.6%, increase in the Country's Foreign Exchange Reserves touching the highest levels of US\$ 18.359bn in Pakistan's history, while the Remittances showed an impressive rise by 16% to US\$1.77bn. The Current Account deficit drastically came down by 93% to \$109 million due to falling imports and rising foreign inflows. Furthermore, the State Bank of Pakistan brought down the Discount Rate to 6.5%. However, during the period July-September 2015, the Karachi Stock Exchange (KSE) 100 index fell 6.1%, to close at 32287.41 points. Such a decline was last seen when a price floor was imposed at the local bourse in 2008 following the global financial crisis.

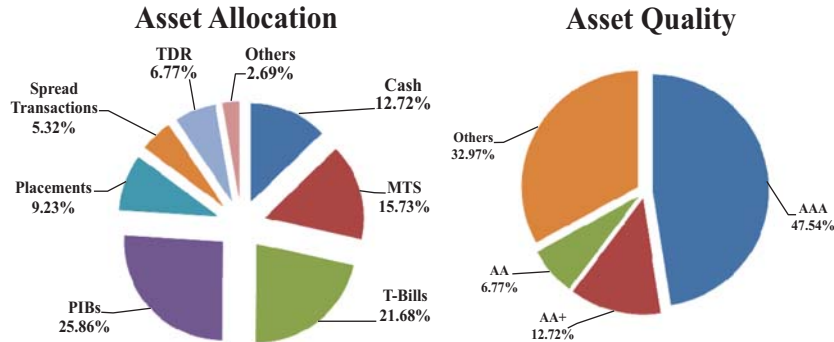
HABIB ASSETS FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The Net Assets of the Fund as of September 30, 2015 were Rs. 1.598 billion. During the First Quarter of the Financial Year 2016, the Fund generated Gross Earnings of Rs. 52.612 million (detailed below) and yielded a Return of 10.25% p.a.

	(Rs. In 000s)	
1QFY16		
Profit on Bank Deposits	3,052.00	6%
Income from Government Securities	15,767.00	30%
Income from Margin Trading System	12,252.00	23%
Income from Clean Placements	26.00	0%
Dividend Income	5,100.00	10%
Net Gain/Loss on sale and revaluation of Investments	16,415.00	31%
	52,612.00	

The Asset Allocation and Credit Quality of FHIF as at September 30, 2015, can be viewed as under:

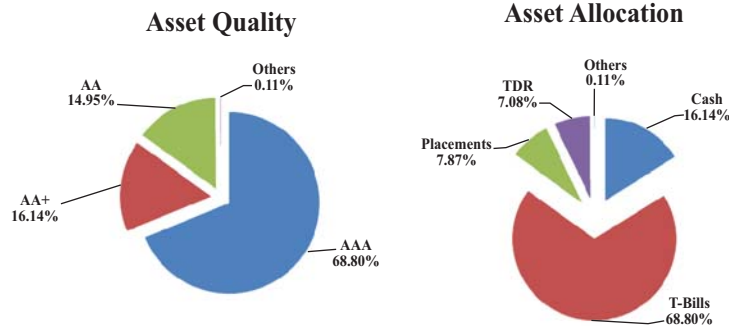


First Habib Cash Fund (FHCF)

The Fund's Net Assets at the Quarter end stood at Rs. 1.27 billion. During the Quarter under review, the Fund generated a Return of 5.81% p.a. and earned Gross Income of Rs. 24.219 million, as detailed below:

	(Rs. In 000s)	
1QFY16		
Profit on Bank Deposits	2444.00	10%
Income from Government Securities	19373.00	80%
Markup Income on Placements	1658.00	7%
Net Gain/Loss on sale and revaluation of Investments	744.00	3%
	24,219.00	

The Asset Allocation and Credit Quality of FHCF as at September 30, 2015, can be viewed as under:

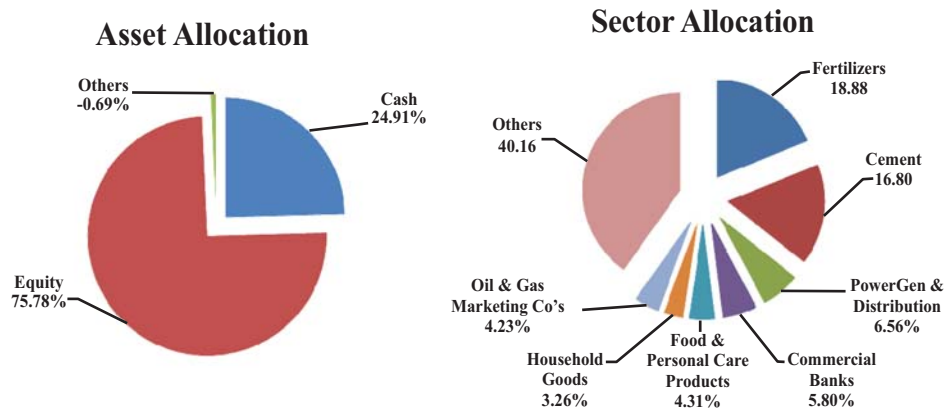


First Habib Stock Fund (FHSF)

The Fund's Net Assets as of September 30, 2015 stood at Rs. 160.59 million. During the period under review, the Fund's suffered Gross Loss of Rs. 9.27 million (due to Bearish Stock Market conditions) as detailed below:

(Rs. In 000s)		
1QFY16		
Profit on Bank Deposits	358.00	-4%
Income from Government Securities	-	0%
Dividend Income	1,365.00	-15%
Net Gain/Loss on sale and revaluation of Investments	(10,995.00)	119%
	(9,272.00)	

The Asset Allocation and Credit Quality of FHSF as at September 30, 2015, can be viewed as under:

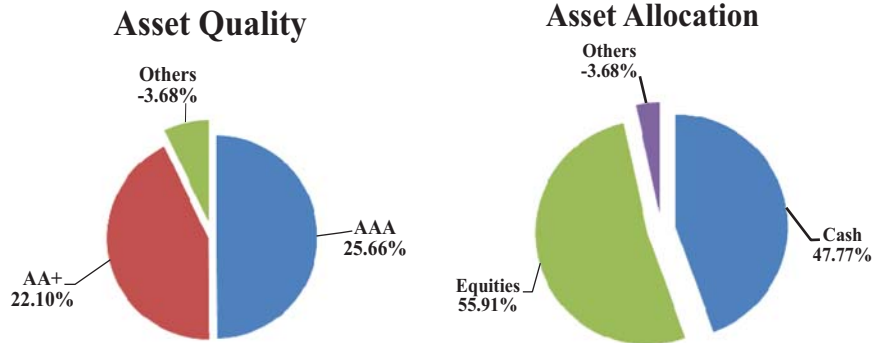


First Habib Islamic Balanced Fund (FHIBF)

The Fund's Net Assets stood at Rs. 104.10 million for the Quarter ended on September 30, 2015. During the Quarter under review, the Fund earned Gross Loss of Rs. 1.85 million as detailed below:

(Rs. In 000s)		
1QFY16		
Profit on Bank Deposits	309.00	-17%
Income from Ijara Sukuk Certificates	271.00	-15%
Dividend Income	747.00	-40%
Net Gain/Loss on sale and revaluation of Investments	(3,180.00)	172%
	(1,853.00)	

The Asset Allocation and Credit Quality of FHIBF as at September 30, 2015, can be viewed as under:



Future Outlook

We remain positive on the economic growth of Pakistan based on declining trend in Inflation with the hope that Interest Rate will further reduce. Moreover, we anticipate continuing impressive Corporate Pay outs.

We pray to Almighty Allah for Stability and Prosperity of the Country and well being of the common man.

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.

On behalf of the Board of
Habib Asset Management Limited
ALI RAZA D. HABIB
Chairman
Habib Asset Management Limited

October 12th, 2015

FIRST HABIB INCOME FUND
First Quarterly Report
September 2015

CONTENTS	Page No.
Fund's Information	8
Condensed Interim Statement of Assets and Liabilities	9
Condensed Interim Income Statement	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Distribution Statement	12
Condensed Interim Statement of Movement in Unit Holders' Funds	13
Condensed Interim Cash Flow Statement	14
Notes to the Condensed Interim Financial Statements	15

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Rating

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2015

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
Note		(Rupees in '000)	
Assets			
	6	316,781	145,029
	7	150,000	-
	8	858,055	681,369
	9	264,872	415,592
	10	23,569	23,771
		-	1,947
	11	12,920	2,953
		<u>1,626,197</u>	<u>1,270,661</u>
Liabilities			
		2,696	2,205
		5,821	4,830
		277	236
		310	1,014
	12	15,687	15,687
		317	-
		3,486	43,464
		<u>28,594</u>	<u>67,436</u>
		<u>1,597,603</u>	<u>1,203,225</u>
		<u>1,597,603</u>	<u>1,203,225</u>
		(Number of Units)	
		<u>15,382,285</u>	<u>11,884,315</u>
		(Rupees)	
		<u>103.86</u>	<u>101.24</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Note	Quarter ended 30 September	
		2015	2014
(Rupees in '000)			
Income			
Profit on bank deposits		3,052	576
Income from term finance certificates		-	9,313
Income from government securities		15,767	6,931
Income from Margin Trading System		12,252	-
Income from clean placements		26	172
Dividend Income		5,100	-
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		16,699	(54)
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	8.3	1,025	(564)
- Unrealised (diminution) on derivative financial instruments	8.2.1	(1,309)	-
		16,415	(618)
Total income		52,612	16,374
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		6,197	2,227
Sales Tax on management fee		1,006	388
Federal Excise Duty on management fee		991	356
Remuneration of Central Depository Company of Pakistan Limited - Trustee		644	252
Annual fee to Securities and Exchange Commission of Pakistan		310	111
Brokerage expense		1,142	62
Settlement and bank charges		725	94
Annual listing fee		10	10
Auditors' remuneration		104	109
Provision for Workers' Welfare Fund	12	-	239
Mutual fund rating fee		137	59
Printing charges		22	22
Fee and charges to National Clearing Company of Pakistan Limited		62	-
Total expenses		11,350	3,929
Net income from operating activities		41,262	12,445
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed		(1,047)	(1,206)
Net income for the period		40,215	11,239

The annexed notes 1 to 18 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 2015

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
Net income for the period	40,215	11,239
Other comprehensive income for the period	-	-
Total comprehensive income for the period	40,215	11,239

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
Undistributed income brought forward	14,462	1,031
Net income for the period	40,215	11,239
Undistributed income carried forward	54,677	12,270

The annexed notes 1 to 18 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 2015**

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
Net assets at the beginning of the period [Rs 101.24 (2014: Rs 100.14) per unit]	1,203,225	508,412
Issuance of 10,060,663 units (2014: 1,188,945 units)	1,031,186	120,038
Redemption of 6,562,693 units (2014: 1,059,959 units)	(678,070)	(108,324)
	353,116	11,714
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	1,047	1,206
Net income for the period	40,215	11,239
Other comprehensive gain/(loss)	-	-
Total comprehensive income for the period	40,215	11,239
Net assets at the end of the period [Rs 103.86 (2014: Rs 102.30) per unit]	1,597,603	532,571

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 September	
	2015	2014
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	40,215	11,239
Adjustments for non-cash items		
Unrealised gain / (loss) on revaluation of investments classified as held for trading	(1,025)	564
Unrealised (diminution) on derivative financial instruments	1,309	-
Workers' Welfare Fund	-	239
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	1,047	1,206
	41,546	13,248
Decrease / (increase) in assets		
Placements	(150,000)	-
Investments	(176,970)	(25,048)
Receivable Against Margine Trading System	150,720	-
Income receivable	202	9,161
Receivable Against Sale of Investment	1,947	-
Deposits & prepayment	(9,967)	(15,030)
	(184,068)	(30,917)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	491	129
Provision for Federal excies duty on remuneration of the - Management Company	991	879
Payable to Central Depository Company of Pakistan Limited - Trustee	41	13
Payable to Securities and Exchange Commission of Pakistan	(704)	(348)
Payable Against Purchase of Investment	317	-
Accrued expenses and other liabilities	(39,978)	330
	(38,842)	1,003
Net cash inflow from operating activities	(181,364)	(16,666)
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	353,116	11,714
Net increase / (decrease) in cash and cash equivalents during the period	171,752	(4,952)
Cash and cash equivalents at beginning of the period	145,029	6,704
Cash and cash equivalents at the end of the period	316,781	1,752
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	206,781	1,752
Term deposit receipts	110,000	-
	316,781	1,752

The annexed notes 1 to 18 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 2015**

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 Regulation 44 of the NBFC and Notified Entities Regulations 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 ' 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, 2015.

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 2015.

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 2015.

FIRST HABIB INCOME FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

	Note	(Unaudited) 30 September 2015	(Audited) 30 June 2015
6. BANK BALANCES			
(Rupees in '000)			
Saving accounts	6.1	44,635	13,386
Current accounts	6.1 & 6.2	162,146	31,643
Term deposit receipts (TDRs)	6.3	110,000	100,000
		<u>316,781</u>	<u>145,029</u>

6.1 Savings accounts carry profit rates ranging from 4.5% to 6% (2015: 5.5% to 9%) per annum.

6.2 It include balance of Rs. 44.626 Million (2015 13.378 Million) in saving account and Rs. 162.146 Million (2015 31.643 Million) in current account with Bank Al-Habib , a related party.

6.3 Term deposit receipts (TDR) have tenure of 1 month (2015: 2 months) and carry profit rate of 7.20% (2015: 7.40%) This TDR will mature on 15 October 2015.

7. PLACEMENTS

Clean Placement carry profit rate @ 6.3% (June 2015: Nil) and will mature on 01 October 2015.

	Note	(Unaudited) 30 September 2015	(Audited) 30 June 2015
8. INVESTMENTS - at fair value through profit or loss - held for trading			
(Rupees in '000)			
Government securities	8.1	772,825	681,369
Investment in Shares	8.2	86,539	-
Derivatives	8.2.1	(1,309)	-
		<u>858,055</u>	<u>681,369</u>

8.1 Government securities

Market Treasury Bills	8.1.1	352,412	270,744
Pakistan Investment Bonds	8.1.2	420,413	410,625
		<u>772,825</u>	<u>681,369</u>

8.1.1 Market Treasury Bills

Issue date	Tenor	Face Value				As at 30 September 2015		Market value as percentage of	
		As at 01 July 2015	Purchases during the period	Sold / Matured during the period	As at 30 September 2015	Carrying value	Market value	net assets	total investments
(Rupees in '000)									
3 Months									
30-Apr-15	3 Months	25,000	-	25,000	-	-	-	-	-
25-Jun-15	3 Months	100,000	130,000	230,000	-	-	-	-	-
9-Jul-15	3 Months	-	180,000	180,000	-	-	-	-	-
6 Months									
5-Mar-15	6 Months	-	250,000	250,000	-	-	-	-	-
19-Mar-15	6 Months	-	125,000	125,000	-	-	-	-	-
29-Jun-15	6 Months	100,000	-	100,000	-	-	-	-	-
6-Aug-15	6 Months	-	400,000	400,000	-	-	-	-	-
1 Year									
8-Jan-15 *	1 Year	50,000	-	-	50,000	49,308	49,142	3.08	5.73
6-Aug-15	1 Year	-	350,000	350,000	-	-	-	-	-
3-Sep-15	1 Year	-	100,000	-	100,000	94,353	94,313	5.90	10.99
30-Oct-15	1 Year	-	380,000	170,000	210,000	208,919	208,957	13.08	24.35
Total as at 30 September 2015						<u>352,580</u>	<u>352,412</u>		
Total as at 30 June 2015						<u>270,375</u>	<u>270,744</u>		

* Investment Include Market Treasury Bill having a Market Value of Rs. 49.142 million (2015: 48.257 million) pledged with National Clearing Company of Pakistan Limited.

FIRST HABIB INCOME FUND

8.1.1.1 Rate of return on above Treasury Bills ranges from 6.52% to 6.94% (2015: 6.94% to 6.96%)

8.1.2 Pakistan Investment Bonds

Issue date	Tenor	Face Value				As at 30 September 2015		Market value as percentage of	
		As at 01 July 2015	Purchases during the period	Sold / Matured during the period	As at 30 September 2015	Carrying value	Market value	net assets	total investments
------(Rupees in '000)-----									
3 Years									
17-Jul-14	3 Years	100,000	50,000	150,000	-	-	-	-	-
26-Mar-15	3 Years	100,000	350,000	450,000	-	-	-	-	-
5 Years									
19-Jul-12	5 Years	50,000	-	50,000	-	-	-	-	-
17-Jul-14	5 Years	-	250,000	50,000	200,000	224,981	224,474	14.05	26.16
26-Mar-15	5 Years	50,000	650,000	512,500	187,500	193,666	195,939	12.26	22.84
10 Year									
26-Mar-15	10 Year	100,000	100,000	200,000	-	-	-	-	-
19-Jul-12	10 Year	-	50,000	50,000	-	-	-	-	-
Total as at 30 September 2015					418,647	420,413			
Total as at 30 June 2015					409,778	410,625			

8.1.2.1 Rate of return on above Treasury Bills ranges from 9.25% to 11.50% (2015: 7.94% to 9.97%)

8.2 Investment in Shares

Name of the Investee	As at 1 July 2015	Purchased during the period	Sold during the period	As at 30 September 2015	Carrying value as at 30 September 2015	Market value as at 30 September 2015	Appreciation / (diminution)	Market Value as a Percentage of:	
								Net Assets	Total Investments
------(Rupees in '000)-----									
COMMERCIAL BANKS									
Askari Bank Limited	-	515,000	515,000	-	-	-	-	-	-
CEMENT									
Fauji Cement	-	172,500	-	172,500	6,032	5,775	(257)	0.36	0.67
Maple Leaf Cement	-	1,024,500	205,000	819,500	55,793	56,169	376	3.52	6.55
FERTILIZER									
Engro Fertilizer	-	128,500	125,500	3,000	278	269	(9)	0.02	0.03
Engro Corporation	-	332,000	331,500	500	158	149	(9)	0.01	0.02
Fauji Fertilizer Bin Qasim	-	697,500	632,500	65,000	3,897	3,910	13	0.24	0.46
Fauji Fertilizer Company	-	133,000	133,000	-	-	-	-	-	-
CABLE & ELECTRICAL GOODS									
Pak Elektron	-	3,071,000	2,936,000	135,000	10,280	9,732	(548)	0.61	1.13
INSURANCE									
Adamjee Insurance	-	100,000	50,000	50,000	2,664	2,604	(60)	0.16	0.30
OIL & GAS MARKETING COMPANIES									
P.S.O.	-	27,500	-	27,500	8,010	7,931	(79)	0.50	0.92
Sui Southern Gas	-	570,500	570,500	-	-	-	-	-	-
TEXTILE COMPOSITE									
Nishat Mills	-	75,500	75,500	-	-	-	-	-	-
Total as at 30 September 2015					87,112	86,539	(573)		
Total as at 30 June 2015					-	-	-		

8.2.1 The diminution represents net unrealised loss on contract for future sale of 1,273,000 shares of FCCL, MLCF, PSO, EFERT, ENGRO, FFBL, PAEL & AICL with settlement date of 03 November 2015.

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
8.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
Market Treasury Bills	(168)	369
Pakistan Investment Bonds	1,766	847
Investment in Shares	(573)	-
	<u>1,025</u>	<u>1,216</u>

9. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading of eligible listed equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 10.16% to 14.58% (2015: 9.45% to 16.58%), the market value of listed shares held under the margin trading amounted to Rs. 249.164 million (2015: 509.946).

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
10. INCOME RECEIVABLE		
Profit accrued on Government Securities	5,026	14,950
Profit receivable on Bank Deposits	741	1,908
Profit receivable on Term Deposit Receipts (TDRs)	347	811
Profit receivable on Margin Trading Systems (MTS)	12,329	6,102
Profit receivable on Clean Placement	26	-
Dividend Receivable	5,100	-
	<u>23,569</u>	<u>23,771</u>

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
11. DEPOSITS & PREPAYMENTS		
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited Against MTS	10,250	250
Payment Against MTS Account Maintenance Fee	40	103
Annual listing fee Lahore Stock Exchange (Guarantee) Limited	30	-
	<u>12,920</u>	<u>2,953</u>

12. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them 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 Lahore High Court (LHC) bench judgment issued in August 2011.

However, as per the advice of legal counsel of MUFAP, the constitutional petitions filed by the CIS (as mentioned in the first paragraph) challenging the applicability of WWF contribution have not been affected by the SHC judgment.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision amounting to Rs. 2.332 million made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

13. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2015 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

14. TAXATION

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

15. 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, 2015.

Fair value hierarchy

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

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

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

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

As at 30 September 2015, the categorisation of investments is shown below:

30 September 2015

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Market Treasury Bills	-	352,412	-	352,412
Pakistan Investment Bonds	-	420,413	-	420,413
Investment in Shares	86,539	-	-	86,539
Derivatives	(1,309)	-	-	(1,309)
	<u>85,230</u>	<u>772,825</u>	<u>-</u>	<u>858,055</u>

FIRST HABIB INCOME FUND

As at 30 June 2015, the categorisation of investments is shown below:

30 June 2015

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Market Treasury Bills	-	270,744	-	270,744
Pakistan Investment Bonds	-	410,625	-	410,625
Investment in Shares	-	-	-	-
	<u>-</u>	<u>681,369</u>	<u>-</u>	<u>681,369</u>

16. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Stock Fund, First Habib Cash Fund & First Habib Islamic Balanced 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 the transactions with connected persons are as follows:

	(Unaudited) 30 September	
	2015	2014
	(Rupees in '000)	
Habib Asset Management Limited- Management Company		
- Management fee	6,197	2,227
- Sales Tax on management fee	1,006	388
- Federal Excise Duty on management fee	991	356
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	644	252
Bank AL Habib Limited		
-Profit on Bank Balance	2,205	576
	(Unaudited) 30 September 2015	(Audited) 30 June 2015

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

Habib Asset Management Limited - Management Company		
-Management Company fee payable	2,696	2,205
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	277	236
-Security deposit - Non interest bearing	100	100
Bank AL Habib Limited		
-Bank Balance	206,771	1,743

FIRST HABIB INCOME FUND

Units sold to:	(Unaudited) 30 September 2015		(Unaudited) 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	1,333,265	137,074	39,549	4,000
Associated Companies				
- Habib Insurance Company Limited	97,212	10,000	-	-
Other related parties:				
- Directors and executives of the Management Company	9,713	1,002	1,580	160
- Habib Sugar Mills Limited	4,893,064	500,000	-	-
- Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	52,638	5,400	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	597,541	61,094	-	-
Associated Companies				
- Habib Insurance Company Limited	593,590	15,000	-	-
Other related parties				
- Directors and executives of the Management Company	17,695	1,796	198	20
- Habib Asset Management Limited - Employees Provident Fund	5,704	579	5,912	598
- Greenshield Insurance Brokers (Pvt) Ltd	7,760	800	4,976	500
- Habib Sugar Mills Limited	4,893,064	505,196	-	-
- Mr. Murtaza Habib	-	-	14,185	1,421
Units held by:				
Management Company				
Habib Asset Management Limited	1,453,569	150,968	308,612	31,570
Associated Companies				
- Bank AL Habib Limited	1,357,162	140,955	2,696,602	275,854
- Habib Insurance Company Limited	1,198,592	124,486	9,003	921
Other related parties				
- Directors and executives of the Management Company	21,692	2,253	2,666	273
- Habib Insurance Company Limited- Employees Provident Fund	91,958	9,551	84,372	8,631
- Greenshield Insurance Brokers (Pvt) Ltd	31,574	3,279	26,598	2,721
- Sukaina Education And Welfare Trust	915,407	95,074	-	-
- Apwa Ra'ana Liaquat Craftsmen Colony	57,648	5,987	-	-
- Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	58,653	6,092	-	-
- Dawood Habib Memorial Trust	579,004	60,135	-	-
- Mrs. Shama Sajjad Habib	203,437	21,129	188,352	19,268
- Mr. Qumail Habib	15,311	1,590	14,175	1,450
- Mr. Abas D Habib	15,311	1,590	14,175	1,450
- Mr. Ali Asad Habib	13,756	1,429	12,735	1,303
- Mrs. Hina Shoaib	165	17	152	16
- Mr. Munawar Ali Habib	4,665	484	-	-
- Mr. Sajjad Hssain	4,663	484	4,317	442

FIRST HABIB INCOME FUND

17. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on **October 12, 2015.**

18. 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 2015

CONTENTS	Page No.
Fund's Information	25
Condensed Interim Statement of Assets and Liabilities	26
Condensed Interim Income Statement	27
Condensed Interim Statement of Comprehensive Income	28
Condensed Interim Distribution Statement	29
Condensed Interim Statement of Movement in Unit Holders' Funds	30
Condensed Interim Cash Flow Statement	31
Notes to the Condensed Interim Financial Statements	32

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited

Rating

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

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

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2015**

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	41,336	1,892
Investments	7	125,723	90,514
Dividend and income receivable	8	1,240	429
Deposits, Advances and prepayments	9	3,666	13,624
Receivable against sale of Units		100	13,194
Total assets		172,065	119,653
Liabilities			
Payable to Habib Asset Management Limited - Management Company		292	244
Provision for Federal Excises Duty on remuneration of the Management Company		1,630	1,517
Payable to Central Depository Company of Pakistan Limited - Trustee		93	88
Payable to Securities and Exchange Commission of Pakistan		34	143
Workers' Welfare Fund (WWF)	10	2,332	2,332
Accrued expenses and other liabilities		936	1,257
Payable against purchase of investment		6,149	-
Total liabilities		11,466	5,581
Net assets		160,599	114,072
Unit holders' funds (as per the statement attached)		160,599	114,072
		(Number of Units)	
Number of units in issue		1,688,550	1,108,428
		(Rupees)	
Net asset value per unit - Rupees		95.11	102.91

The annexed notes 1 to 15 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 2015**

	Quarter ended 30 September	
	2015	2014
	<i>Note</i> ----- (Rupees in '000) -----	
Income		
Profit on bank deposits	358	340
Dividend income	1,365	1,810
Net gain / (loss) on investment at fair value through profit or loss		
- Net capital gain on sale of investments classified as held for trading	2,062	3,261
- Net unrealised (loss) / gain on revaluation of investment classified as held for trading	(13,057)	150
	(10,995)	3,411
Total (loss)/ income	(9,272)	5,561
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	708	1,205
Sales tax on management fee	115	198
Federal Excise Duty on management fee	113	193
Remuneration of Central Depository Company of Pakistan Limited - Trustee	242	194
Annual fee - Securities and Exchange Commission of Pakistan	34	38
Brokerage expense	764	293
Settlement and bank charges	84	53
Annual listing fee	5	5
Auditors' remuneration	89	62
Mutual Fund Rating Fee	70	42
Federal Excise Duty	94	44
Printing charges	22	22
Workers' Welfare Fund	-	8
	2,340	2,357
Net (loss)/ income from operating activities	(11,612)	3,204
Element of (loss) / income and capital / (loss) included in prices of units issued less those in units redeemed - net	(1,638)	(2,582)
Net (loss)/income for the period	(13,250)	622

The annexed notes 1 to 15 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 2015**

	Quarter ended 30 September	
	2015	2014
	----- (Rupees in '000) -----	
Net (loss)/income for the period	(13,250)	622
Other comprehensive income for the period	-	-
Total comprehensive (loss)/ income for the period	(13,250)	622

The annexed notes 1 to 15 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 2015

	Quarter ended 30 September	
	2015	2014
	----- (Rupees in '000) -----	
Undistributed income brought forward	4,281	5,044
Net (loss)/income for the period	(13,250)	622
Undistributed income carried forward	<u>(8,969)</u>	<u>5,666</u>

The annexed notes 1 to 15 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 2015**

	Quarter ended 30 September	
	2015	2014
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	114,072	147,628
Cash received on issuance of units	97,969	84,720
Cash paid on redemption of units	(39,830)	(103,758)
	58,139	(19,038)
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	1,638	2,582
Net (loss)/income for the period	(13,250)	622
Net assets at the end of the period	160,599	131,794
	----- (Number of Units) -----	
Units at the beginning of the period	1,108,428	1,424,626
Number of Units Issued	960,321	832,782
Number of Units Redeemed	(380,199)	(991,608)
	580,122	(158,826)
Units at the end of the period	1,688,550	1,265,800

The annexed notes 1 to 15 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 2015**

	Quarter ended 2014	
	2015	2014
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)/income for the period	(13,250)	622
Adjustments for non-cash items		
Unrealised (diminution) / appreciation on investments at fair value through profit or loss - net	13,057	(150)
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net	1,638	2,582
Workers' Welfare Fund	-	8
	1,445	3,062
Decrease / (increase) in assets		
Investments	(48,266)	26,264
Dividend and income receivable	(811)	(1,054)
Deposits, Advances and prepayments	9,958	1,090
Receivable against sale of investments	13,094	11,253
	(26,025)	37,553
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	48	224
Provision for Federal Excise Duty on remuneration of the Management Company	113	188
Payable to Central Depository Company of Pakistan Limited - Trustee	5	3
Payable to Securities and Exchange Commission of Pakistan	(109)	(133)
Payable against purchase of investments	6,149	4,123
Accrued expenses and other liabilities	(321)	(23,260)
	5,885	(18,855)
Net cash flow from operating activities	(18,695)	21,760
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	58,139	(8,988)
Net cash (used) in / generated from financing activities	58,139	(8,988)
Net increase in cash and cash equivalents during the period	39,444	12,772
Cash and cash equivalents at the beginning of the period	1,892	8,687
Cash and cash equivalents at the end of period	41,336	21,459

The annexed notes 1 to 15 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 2015

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 2015.

2.3 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2015 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 2015.

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 2015.

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 2015.

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 2015.

6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 5.5% (30 June 2015: 6.00%) per annum.

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

		(Unaudited)	(Audited)
		30 September	30 June
		2015	2015
		----- (Rupees in '000) -----	
Equity securities	7.1	125,723	90,514
		125,723	90,514

7.1 Equity securities

Name of the Investee	As at 1 July 2015	Purchased/ bonus/ right shares received during the period	Bonus/ right shares received during the period	Disposed during the period	As at 30 September 2015	Carrying value as at 30 September 2015	Market value as at 30 September 2015	Market Value as a Percentage of:	
								Net Assets	Total Investments
-----Number of shares----- (Rupees in '000)-----									
BANKS									
United Bank Limited	27,271	-	-	5,000	22,271	3,807	3,268	2.03%	2.60%
Askari Commercial Bank	-	90,000	-	15,000	75,000	1,758	1,636	1.02%	1.30%
MCB Bank Limited	8,070	15,000	-	2,500	20,570	5,375	4,720	2.94%	3.75%
National Bank Of Pakistan	-	30,000	-	30,000	-	-	-	0.00%	0.00%
Habib Bank Limited	-	10,000	-	10,000	-	-	-	0.00%	0.00%
CHEMICALS									
Engro Fertilizer Limited	12,500	425,000	-	339,000	98,500	9,330	8,845	5.51%	7.04%
Engro Corporation Limited	19,500	149,500	-	127,500	41,500	12,925	12,383	7.71%	9.85%
Fauji Fertilizer Bin Qasim Limited	85,000	351,000	-	340,000	96,000	5,952	5,774	3.60%	4.59%
Fauji Fertilizer Company Limited	20,000	37,000	-	22,000	35,000	5,091	4,321	2.69%	3.44%
Sitra Peroxide Limited	-	100,000	-	100,000	-	-	-	0.00%	0.00%
Archorma Pakistan Limited	-	12,400	-	12,400	-	-	-	0.00%	0.00%
I.C.I Pakistan Limited	3,150	12,100	-	7,750	7,500	3,659	3,610	2.25%	2.87%
CONSTRUCTION AND MATERIALS									
Cherat Cement Company Limited	32,000	70,000	-	62,500	39,500	3,614	3,406	2.12%	2.71%
Fauji Cement Company Limited	45,000	285,000	-	235,000	95,000	3,374	3,181	1.98%	2.53%
Pioneer Cement Limited	34,500	115,000	-	114,500	35,000	3,078	3,036	1.89%	2.41%
Javedan Corporation Limited	-	146,500	-	50,000	96,500	3,790	2,598	1.62%	2.07%
D. G. Khan Cement Company Limited	37,500	210,600	-	188,600	59,500	8,554	8,153	5.08%	6.48%
Lucky Cement Limited	7,100	48,500	-	53,200	2,400	1,248	1,264	0.79%	1.01%
Maple Leaf Cement Factory Limited	-	308,000	-	217,000	91,000	6,593	6,237	3.88%	4.96%
ELECTRICITY									
Hub Power Company Limited	58,000	145,000	-	152,000	51,000	5,163	5,010	3.12%	3.98%
Kot Addu Power Company	275,000	-	-	275,000	-	-	-	0.00%	0.00%
Altam Energy Limited	-	44,500	-	3,500	41,000	1,570	1,535	0.96%	1.22%
Nishat Chumian Power Limited	40,000	-	-	-	40,000	2,376	2,240	1.39%	1.78%
Nishat Power Limited	40,000	-	-	-	40,000	2,342	2,092	1.30%	1.66%
INDUSTRIAL ENGINEERING									
Honda Atlas Cars (Pakistan) Ltd.	14,500	8,500	-	23,000	-	-	-	0.00%	0.00%
CABLE AND ELECTRIC GOODS									
Tracker Pakistan Limited	-	858,000	-	708,000	150,000	2,679	2,373	1.48%	1.89%
ENGINEERING									
Mughal Iron and Steel Corporation Limited	-	65,000	-	65,000	-	-	-	0.00%	0.00%
FIXED LINE TELECOMMUNICATION									
P.T.C.L. "A"	115,000	285,000	-	200,000	200,000	4,296	3,478	2.17%	2.77%
FOOD AND PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	-	226,000	-	139,000	87,000	8,058	7,143	4.45%	5.68%
FOOD PRODUCERS									
Engro Foods Company Limited.	-	202,800	-	169,800	33,000	5,279	4,863	3.03%	3.87%
Nestle Pakistan Ltd.	3,900	-	-	3,900	-	-	-	0.00%	0.00%
HOUSE HOLD GOODS									
Pak Elektron Ltd.	-	470,000	-	395,000	75,000	6,585	5,407	3.37%	4.30%
GENERAL INDUSTRY									
Thal Limited	7,500	-	-	7,500	-	-	-	0.00%	0.00%
NON LIFE INSURANCE									
Adamjee Insurance Company Limited	-	94,000	-	64,000	30,000	1,685	1,562	0.97%	1.24%

FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2015	Purchased/ bonus/ right shares received during the period	Bonus/ right shares received during the period	Disposed during the period	As at 30 September 2015	Carrying value as at 30 September 2015	Market value as at 30 September 2015	Market Value as a Percentage of:	
								Net Assets	Total Investments
					-----Number of shares-----	------(Rupees in '000)-----			
OIL & GAS									
Hascol Petroleum Limited	-	50,400	4,000	25,400	29,000	3,777	3,468	2.16%	2.76%
Oil & Gas Development Company Limited	20,069	45,000	-	52,569	12,500	2,037	1,558	0.97%	1.24%
Pakistan Oilfields Limited	10,069	-	-	10,069	-	-	-	0.00%	0.00%
Pakistan Petroleum Limited	23,251	-	-	23,251	-	-	-	0.00%	0.00%
Pakistan State Oil Company Limited	11,500	28,000	-	39,500	-	-	-	0.00%	0.00%
Byco Petroleum Limited	-	305,000	-	185,000	120,000	3,347	2,984	1.86%	2.37%
Attock Refinery Limited	-	80,100	-	80,100	-	-	-	0.00%	0.00%
Mari Petroleum Company Limited	10,900	8,600	-	10,500	9,000	3,965	3,268	2.03%	2.60%
Shell Pakistan Limited	10,000	-	-	10,000	-	-	-	0.00%	0.00%
Pakistan Refinery Limited	-	77,500	-	77,500	-	-	-	-	-
TECHNOLOGY & COMMUNICATION									
Hum Network	150,000	247,500	-	310,000	87,500	1,484	1,428	0.89%	1.14%
OIL AND GAS MARKETING COMPANIES									
Sui Notheren Gas Pipeline Limited	-	25,000	-	25,000	-	-	-	0.00%	0.00%
Sui Southern Gas Company	-	133,000	-	87,500	45,500	2,264	1,687	1.05%	1.34%
FINANCIAL SERVICES									
Jahanger Siddiqui and Company	-	45,000	-	45,000	-	-	-	0.00%	0.00%
PHARMACEUTICALS									
Feroz Laboratories Limited	2,500	-	-	2,500	-	-	-	0.00%	0.00%
TRANSPORT									
Pakistan International Bulk Terminal	-	384,400	-	335,000	49,400	1,545	1,152	0.72%	0.92%
PERSONAL GOODS									
Nishat Mills Limited	-	71,100	-	61,500	9,600	1,139	953	0.59%	0.76%
PHARMA AND BIO TECHNOLOGY									
Glaxosmithkline Pakistan Limited	13,000	8,100	-	16,000	5,100	1,040	1,090	0.68%	0.87%
Searl Pakistan Ltd.	-	-	-	-	-	-	-	0.00%	0.00%
Total as at 30 September 2015						138,779	125,723		
Total as at 30 June 2015						88,554	90,514		

8. DIVIDEND AND INCOME RECEIVABLE

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
Dividend receivable	1,071	342
Profit receivable on saving account	169	87
	1,240	429

9. DEPOSITS, ADVANCES AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash margin to NCCPL against Equity Transaction	1,000	1,000
Deposit with Central Depository Company of Pakistan Limited	100	100
Advance against subscription of shares	-	9,500
Advance Tax	51	8
Listing Fee	15	-
Advance against Sale of Units	-	516
	3,666	13,624

10. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them 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 Lahore High Court (LHC) bench judgment issued in August 2011.

However, as per the advice of legal counsel of MUFAP, the constitutional petitions filed by the CIS (as mentioned in the first paragraph) challenging the applicability of WWF contribution have not been affected by the SHC judgment.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision amounting to Rs. 15.687 million made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the three months period ended 30 September 2015, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2015.

Fair value hierarchy

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

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

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

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

As at 30 September 2015, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	125,723	-	125,723
Government securities	-	-	-
	125,723	-	125,723

As at 30 June 2015, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	90,514	-	90,514
Government securities	-	-	-
	90,514	-	90,514

13. 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, 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.

FIRST HABIB STOCK FUND

Remuneration to management company and trustee is determined in accordance with the provisions of Non- Banking Finance Companies (Establishment and

Regulation) Rules,2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended 30 September	
	2015	2014
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	708	1,205
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	87	24
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	242	194
Bank Al Habib Limited		
Profit on Bank Balances	358	340

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	----- (Rupees in '000) -----	
Bank Al Habib Limited		
Bank Balance	41,336	21,459
Habib Asset Management Limited - Management Company		
Management fee payable	1,922	1,761
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	1	22
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	93	88
- Security deposit - non interest bearing	100	100

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

	Quarter ended 30 September 2015		Quarter ended 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	667,243	67,817	786,099	79,424
Other related parties				
- Directors of the Management Company	5,540	549	1,735	178
- Habib Asset Management Ltd.Emp.Provident Fund	12,476	1,279	1,529	148
- Mr. Abbas Qurban	-	-	1,978	200
- Mr. Junaid Kasbati	-	-	394	40
- Mrs. Ishrat Malik	5,084	540	-	-
- Mr. Haider Imran	4,306	418	289	30

FIRST HABIB STOCK FUND

	Quarter ended 30 September 2015		Quarter ended 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	197,798	20,991	379,784	39,846
Associated Companies				
- Habib Insurance Company Limited	-	-	572,156	59,595
Other related parties				
- Mr. Junaid Kasbati	-	-	480	50
- Mr. Haider Azim	4,212	405	-	-
- Mrs. Ishrat Malik	5,084	504	3,821	401
Units held by:				
Management Company				
Habib Asset Management Limited	591,266	56,236	450,625	46,918
Associated Companies				
- Bank AL Habib Limited	100,000	9,511	500,000	52,060
- Habib Insurance Company Limited	-	-	57,860	6,024
Other related parties				
- Directors of the Management Company	80,367	7,644	12,198	1,271
- Habib Asset Management Limited-Employees Provident Fund	12,476	1,187	2,660	277
- Mr. Abbas Qurban	-	-	1,978	206
- Mr. Junaid Kasbati	-	-	208	22
- Mr. Haider Imran	-	-	289	30
- Mrs. Razia Ali Habib	956	91	840	87
- Mr. Haider Azim	383	36	-	-
- Mrs. Fatima Ali Raza Habib	14,381	1,368	12,640	1,316
- Mr. Aun Muhammad Ali Raza Habib	17,670	1,681	17,670	1,840
- Mr. Sajjad Hussain	19,007	1,808	16,706	1,739

14. DATE OF AUTHORISATION FOR ISSUE

14.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **October 12, 2015**.

15. GENERAL

15.1 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 2015

CONTENTS	Page No.
Fund's Information	40
Condensed Interim Statement of Assets and Liabilities	41
Condensed Interim Income Statement	42
Condensed Interim Statement of Comprehensive Income	43
Condensed Interim Distribution Statement	44
Condensed Interim Statement of Movement in Unit Holders' Funds	45
Condensed Interim Cash Flow Statement	46
Notes to the Condensed Interim Financial Statements	47

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Audit Committee

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

CFO and Company Secretary

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

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2015

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
------(Rupees in '000)-----			
Assets			
Bank balance	5	295,129	555,465
Placements	6	100,000	200,000
Investments	7	874,220	640,002
Income receivable	8	1,051	5,978
Prepayments		105	122
Preliminary expenses and floatation costs		269	424
Total assets		1,270,774	1,401,991
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,018	2,216
Provision for Federal Excise Duty on remuneration of the Management Company		12,141	11,684
Payable to Central Depository Company of Pakistan Limited - Trustee		156	227
Payable to Securities and Exchange Commission of Pakistan		251	2,432
Provision for Workers' Welfare Fund	9	16,410	16,410
Payable on redemption of Units		50	-
Accrued expenses and other liabilities		1,407	90,817
Total liabilities		31,433	123,786
Net assets		1,239,341	1,278,205
Unit holders' funds (as per statement attached)		1,239,341	1,278,205
		(Number of units)	
Number of units in issue		12,129,580	12,692,998
		(Rupees)	
Net asset value per unit		102.18	100.70

The annexed notes 1 to 13 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 INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 September	
	2015	2014
	------(Rupees in '000)-----	
Income		
Profit on bank deposits	2,444	14,508
Income from Government Securities	19,373	70,481
Markup income on Placements	1,658	121
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	47	113
- Net unrealized gain/(loss) on revaluation of investments classified as held for trading	697	(121)
	<u>744</u>	<u>(8)</u>
	24,219	85,102
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	2,849	8,565
Sales tax on management fee	463	1,490
Federal Excise Duty on management fee	456	1,370
Remuneration of Central Depository Company of Pakistan Limited - Trustee	502	831
Annual fee - Securities and Exchange Commission of Pakistan	251	642
Brokerage	30	48
Settlement and bank charges	8	17
Auditors' remuneration	94	95
Amortisation of preliminary expenses and floatation costs	154	154
Annual listing fee	10	10
Mutual Fund Rating Fee	50	48
Printing charges	22	22
Provision for Workers' Welfare Fund	-	1,289
Total expenses	<u>4,889</u>	<u>14,581</u>
	19,330	70,521
Net element of income and capital gain included in prices of units issued less those in units redeemed	<u>(1,454)</u>	<u>4,820</u>
Net income for the period	<u>17,876</u>	<u>75,341</u>

The annexed notes 1 to 13 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 2015

	Quarter ended	
	30 September	
	2015	2014
	------(Rupees in '000)-----	
Net income for the period	17,876	75,341
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income for the period	<u>17,876</u>	<u>75,341</u>

The annexed notes 1 to 13 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 DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Quarter ended	
	30 September	
	2015	2014
	----- (Rupees in '000) -----	
Undistributed income brought forward	11,466	4,123
Net income for the period	17,876	75,341
Undistributed income carried forward	<u>29,342</u>	<u>79,464</u>

The annexed notes 1 to 13 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 2015**

	Quarter ended 30 September	
	2015	2014
	-----(Rupees in '000)-----	
Net assets at the beginning of the period	1,278,205	3,705,407
Amount received on issuance of units	213,000	628,473
Amount paid on redemption of units	(271,194)	(1,198,967)
	(58,194)	(570,494)
Net element of income and capital gain included in prices of units issued less those in units redeemed	1,454	(4,820)
Net income for the period	17,876	75,341
Net assets at the end of the period	1,239,341	3,205,434
	----- (Number of Units) -----	
Units at the beginning of the period	12,692,998	37,000,462
Number of Units Issued	4,729,621	6,202,418
Number of Units Redeemed	(5,293,039)	(11,850,948)
	(563,418)	(5,648,530)
Units at the end of the period	12,129,580	31,351,932

The annexed notes 1 to 13 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 CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 September	
	2015	2014
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	17,876	75,341
Adjustments for non-cash items		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	(697)	121
Workers' Welfare fund	-	1,289
Net element of loss/ (income) and capital loss/ (gain) included in prices of units issued less those in units redeemed	1,454	(4,820)
Amortisation of preliminary expenses and floatation costs	154	154
	<u>18,787</u>	<u>72,085</u>
Decrease / (increase) in assets		
Investments	(233,521)	323,077
Placements	100,000	-
Income receivable	4,927	(5,345)
Prepayments	17	18
Receivable against sale of units	-	(10,000)
	<u>(128,577)</u>	<u>307,750</u>
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(1,198)	834
Provision for Federal Excise Duty on remuneration of the Management Company	457	1,370
Payable to Central Depository Company of Pakistan Limited - Trustee	(71)	(46)
Payable to Securities and Exchange Commission of Pakistan	(2,181)	(2,556)
Accrued expenses and other liabilities	(89,409)	(2,859)
	<u>(92,402)</u>	<u>(3,257)</u>
Net cash flow from operating activities	<u>(202,192)</u>	<u>376,578</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts/ (payments) from sale and redemption of units	(58,144)	(566,867)
Net increase in cash and cash equivalents during the period	<u>(260,336)</u>	<u>(190,289)</u>
Cash and cash equivalents at the beginning of the period	555,465	707,907
Cash and cash equivalents at the end of the period	<u>295,129</u>	<u>517,618</u>
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	205,129	9,867
Term deposit receipts maturity of 3 months and less	90,000	507,751
	<u>295,129</u>	<u>517,618</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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 2015.

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2015 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 2015.

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 2015.

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 2015.

FIRST HABIB CASH FUND

5. BANK BALANCES		(Unaudited)	(Audited)
		30 September 2015	30 June 2015
(Rupees in '000)			
Savings account	5.1	205,129	305,465
Term Deposits Receipts (TDRs)	5.2	90,000	250,000
		<u>295,129</u>	<u>555,465</u>

5.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 5.5% (30 June 2015: 9% to 6%) per annum and balance with Habib Bank Limited which carry profit of 4.25% (30 June 2015: 9% to 6%)

5.2 Term Deposits Receipts (TDRs) has tenor of 30 days (June 2015: 2 months) and carry profit rate of 7.2% (30 June 2015: 7.00%) per annum. The TDR will mature on 15 October 2015.

6. PLACEMENTS

Clean Placement carry profit @ 7.10% (30 June 2015 : 7%) per annum and will be mature 16 November 2015.

7. INVESTMENTS - at fair value through profit or loss - held for trading		(Unaudited)	(Audited)
		30 September 2015	30 June 2015
(Rupees in '000)			
Government securities	6.2	874,220	640,002
		<u>874,220</u>	<u>640,002</u>

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

Government Securities		697	(245)
		<u>697</u>	<u>(245)</u>

7.2 Government Securities

Issue date	Tenor	Face Value				As at 30 September 2015		Appreciation / (diminution)	Market value as percentage of Net Assets
		As at 01 July 2015	Purchases during the period	Sold / Matured during the period	As at 30 September 2015	Carrying value	Market value		
(Rupees in '000)									
03 Months									
19-Jul-2015	3 MONTHS	-	290,000	105,000	185,000	185,000	185,000	-	14.93
23-Jul-2015	3 MONTHS	-	150,000	100,000	50,000	49,869	49,876	7	4.02
25-Jun-2015	3 MONTHS	-	170,000	170,000	-	-	-	-	-
06 Months									
14-May-2015	6 MONTHS	250,000	-	-	250,000	247,917	248,136	219	20.02
5-Mar-2015	6 MONTHS	-	325,000	325,000	-	-	-	-	-
6-Aug-2015	6 MONTHS	-	400,000	-	400,000	390,737	391,208	471	31.57
01 Year									
29-Jun-2015	OMO	400,000	-	400,000	-	-	-	-	-
30-Oct-2014	1 YEAR	-	200,000	200,000	-	-	-	-	-
Total as at 30 September 2015						<u>873,523</u>	<u>874,220</u>	<u>697</u>	
Total as at 30 June 2015						<u>640,247</u>	<u>640,002</u>	<u>(245)</u>	

8. INCOME RECEIVABLE	(Unaudited)	(Audited)
	30 September 2015	30 June 2015
(Rupees in '000)		
Profit receivable on saving account	183	2,549
Profit receivable on Term Deposit receipt	284	2,163
Profit receivable on Clean Placement	584	1,266
	<u>1,051</u>	<u>5,978</u>

9. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them 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 Lahore High Court (LHC) bench judgment issued in August 2011.

However, as per the advice of legal counsel of MUFAP, the constitutional petitions filed by the CIS (as mentioned in the first paragraph) challenging the applicability of WWF contribution have not been affected by the SHC judgment.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

10. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2015, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11. 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 2015.

12. 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.

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

	Quarter ended	
	30 September	
	2015	2014
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	2,849	8,565
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	502	831
Bank AL Habib Limited		
Profit on bank balances	860	1,134

FIRST HABIB CASH FUND

Details of the balances with connected persons are as follows:

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
------(Rupees in '000)-----		
Habib Asset Management Limited - Management Company		
Management fee	13,159	11,474
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	156	260
Bank AL Habib Limited		
Bank balances	17,789	8,374

	Quarter ended 30 September 2015		Quarter ended 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	-	-	977,715	99,463
Associated Companies				
- Habib Insurance Company Limited	841,743	85,000	1,931,133	195,000
Other related parties				
- Bank AL Habib Limited	1,392,189	142,247	3,254,839	277,321,808
- Directors of the Management Company	9,930	1,000	1,476	150
- Sukaina Educational & Welfare Trust	-	-	79,133	8,000
- Ghulam-an-e-Abbas Trust	-	-	196,357	20,000
- Mr. Abas D Habib	9,930	1,000	-	-
- Mr. Ali Asad Habib	9,930	1,000	-	-
- Mrs Ishrat Malik	-	-	3,969	401
- Mr Sajid Hussain	9,930	1,000	-	-
- Mr Haider Azim	-	-	794	80
Units redeemed by:				
Management Company				
Habib Asset Management Limited	985,930	99,810	1,492,114	151,169
Associated Companies				
- Bank AL Habib Limited	490,786	50,000	1,822,811	185,000
- Habib Insurance Company Limited	-	-	14,925	1,500
- Green Shield Insurance Brokers	-	-	-	-
Other related parties				
- Directors of the Management Company	12,292	1,243	-	-
- Habib Asset Management Limited-				
Employees Provident Fund	-	-	10,967	1,100
- Mr. Murtaza Habib	-	-	2,994	300
- Mrs Ishrat Malik	-	-	1,277	130
- Mr. Haider Azim	4,001	408	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	7,507	767	1,297,057	132,612
Associated Companies				
- Habib Insurance Company Limited	140,482	14,354	2,148,304	219,643
- Habib Suger Mill Limited	-	-	-	-
- Green Shield Insurance Brokers	-	-	349	36

FIRST HABIB CASH FUND

	Quarter ended 30 September 2015		Quarter ended 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	106,477	10,879	27,670	2,829
- Employees Provident Fund	394	40	366	37
- Sukaina Educational & Welfare Trust	-	-	765,068	72,221
- Dawood Habib Memorial Trust	-	-	312,541	31,954
- Ghulaman-e-Abbas Trust	-	-	324,824	33,210
- Mr. Munawar Ali Habib	41,721	4,263	-	-
- Mr. Abbas	11,744	1,200	-	-
- Mr. Imran Ali Habib	40,592	4,147	61,314	6,268
- Mr. Murtaza Habib	37,590	3,841	27,650	2,827
- Mr. Asghar D Habib	20,658	2,111	20,658	2,112
- Mr. Qumail Habib	40,571	4,145	30,637	3,132
- Mr. Abas D Habib	40,565	4,144	5,522	565
- Mr. Ali Asad Habib	40,302	4,118	61,006	6,237
- Mrs Razia Ali Habib	-	-	31,913	3,263
- Mrs Batool Ali Raza Habib	6,060	619	5,667	579
- Mrs Fatima Ali Raza Habib	11,040	1,128	10,324	1,055
- Mr. Sajjad Hussain	34,401	3,515	22,884	2,340
- Mr. Aon Muhammad Ali Raza Habib	5,214	532	5,214	533
- Mrs. Samina Imran	123	13	103	10
- Mr. Haider Azim	-	-	1,220	125
- Mrs. Hina Shoaib	27	3	27	3
- Mrs. Ishrat Malik	-	-	7,022	718
- Mr. Mansoor Ali	-	-	5,889	602

13. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on **October 12, 2015**.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND
First Quarterly Report
September 2015

CONTENTS	Page No.
Fund's Information	54
Condensed Interim Statement of Assets and Liabilities	55
Condensed Interim Income Statement	56
Condensed Interim Statement of Comprehensive Income	57
Condensed Interim Distribution Statement	58
Condensed Interim Statement of Movement in Unit Holders' Funds	59
Condensed Interim Cash Flow Statement	60
Notes to the Condensed Interim Financial Statements	61

FIRST HABIB ISLAMIC BALANCED FUND

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary
------------------	--

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

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

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

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2015

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
Assets	<i>Note</i>	----- (Rupees in '000) -----	
Bank balances	6	51,507	27,288
Investments	7	60,279	41,744
Income receivable	8	891	806
Deposits and other receivables	9	2,632	43,550
Preliminary expenses and floatation costs		435	487
Total assets		115,744	113,875
Liabilities			
Payable to Habib Asset Management Limited - Management Company		124	153
Provision for federal excise duty on remuneration of Habib Asset Management Limited - the Management Company		1,310	1,253
Payable to Central Depository Company of Pakistan Limited - Trustee		65	58
Payable to Securities and Exchange Commission of Pakistan		22	216
Workers' Welfare Fund (WWF)	10	1,604	1,604
Payable Against Purchase of Investment		7,920	-
Accrued expenses and other liabilities		597	651
Total liabilities		11,642	3,935
 Net assets		 104,102	 109,940
 Unit holders' funds (as per the statement attached)		 104,102	 109,940
		(Number of Units)	
 Number of units in issue		 1,057,798	 1,079,878
		(Rupees)	
 Net asset value per unit		 98.41	 101.81

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 September	
	2015	2014
Note	(Rupees in '000)	
Income		
Profit on bank deposits	309	2,041
Income from ijara sukuk certificates	271	788
Dividend income	747	1,834
Net gain on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	1,333	5,228
- Net unrealized (loss) on revaluation of investments classified as held for trading	(4,513)	(731)
	(3,180)	4,497
Total (loss) / income	(1,853)	9,160
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	356	1,005
Federal Excise Duty on management fee	57	161
Sales tax on management fee	58	175
Remuneration of Central Depository Company of Pakistan Limited - Trustee	201	176
Annual fee - Securities and Exchange Commission of Pakistan	22	63
Brokerage expense	354	333
Settlement and bank charges	175	99
Annual listing fee	5	8
Auditors' remuneration	78	69
Amortisation of preliminary expenses and floatation costs	52	52
Mutual Fund Rating Fee	50	50
Charity Expenses	9	-
Printing charges	22	22
Workers' Welfare Fund	-	166
Total expenses	1,439	2,379
	(3,292)	6,781
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	(1,146)	(1,038)
Net (loss) / income for the period	(4,438)	5,743

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

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Quarter ended	
	30 September	
	2015	2014
	(Rupees in '000)	
Net (loss) / income for the period	(4,438)	5,743
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	(4,438)	5,743

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
Undistributed Income brought forward	6,605	7,005
Net (loss) / income for the period	(4,438)	5,743
Undistributed Income carried forward	2,167	12,748

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
Net assets at the beginning of the period [Rs 101.81 (2014: Rs 102.16) per unit]	109,940	332,877
Issuance of 263,985 units (2014: 1,110,723 units)	26,464	114,051
Redemption of 286,065 units (2014: 1,563,443 units)	(29,010)	(161,341)
	(2,546)	(47,290)
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	1,146	1,038
Net income for the period	(4,438)	5,743
Other comprehensive gain/(loss)	-	-
Total comprehensive income for the period	(4,438)	5,743
Net assets at the end of the period [Rs 98.41 (2014: Rs 104.21) per unit]	104,102	292,368

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 2015**

	Quarter ended 30 September	
	2015	2014
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(4,438)	5,743
Adjustments for non-cash items		
Unrealised (diminution) on investments at fair value through profit or loss - net	4,513	731
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	1,146	1,038
Workers' Welfare Fund	-	166
Amortisation of preliminary expenses and floatation costs	52	52
	<u>1,273</u>	<u>7,730</u>
Decrease / (increase) in assets		
Investments	(23,048)	38,344
Income receivable	(85)	(910)
Deposits and other receivables	40,918	(7,212)
	<u>17,785</u>	<u>30,222</u>
Decrease / (increase) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(29)	66
Provision for federal excise duty on remuneration of Habib Asset Management	57	160
Payable to Central Depository Company of Pakistan Limited - Trustee	7	-
Payable to Securities and Exchange Commission of Pakistan	(194)	(245)
Payable against purchase of investments	7,920	3,317
Accrued expenses and other liabilities	(54)	(752)
	<u>7,707</u>	<u>2,546</u>
Net cash flow from operating activities	<u>26,765</u>	<u>40,498</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	(2,546)	(47,290)
Net cash (used) in / generated from financing activities	<u>(2,546)</u>	<u>(47,290)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>24,219</u>	<u>(6,792)</u>
Cash and cash equivalents at the beginning of the period	<u>27,288</u>	<u>144,817</u>
Cash and cash equivalents at the end of period	<u><u>51,507</u></u>	<u><u>138,025</u></u>

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

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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, and a performance ranking of 'MFR 2-Star' to the fund.

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 2015.

2.3 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2015.

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 2015.

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 2015.

FIRST HABIB ISLAMIC BALANCED FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended 30 June 2015.

6. BANK BALANCES

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
	Note	----- (Rupees in '000) -----	
Current account		19,503	825
Savings account	6.1	32,004	26,463
		<u>51,507</u>	<u>27,288</u>

6.1 Savings account carry profit rate of 4.16% to 5.63% per annum (2015 5.63% to 8.5%); and includes a balance of Rs. 23.834 million (2015: Rs 25.909 million) having interest rate of 5.63% (2015: 5.63%) with Bank Al-Habib, a related party.

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

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
		----- (Rupees in '000) -----	
Equity securities	7.1	60,279	23,812
Debt Securities	7.2	-	17,932
		<u>60,279</u>	<u>41,744</u>

7.1 Equity securities

Name of the Investee	As at 1 July 2015	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2015	Carrying value as at 30 September 2015	Market value as at 30 September 2015	Market Value as a Percentage of	
								Net Assets	Total Investments
-----Number of shares-----						----- (Rupees in '000) -----			
AUTOMOBILE ASSEMBLER									
Atlas Honda	5,700	-	-	5,700	-	-	-	-	-
Ghandhara Nissan	-	15,000	-	15,000	-	-	-	-	-
Honda Atlas Cars	-	17,000	-	17,000	-	-	-	-	-
Pak Suzuki	-	4,000	-	4,000	-	-	-	-	-
FERTILIZER									
Fauji Fert.	3,500	60,000	-	38,500	25,000	3,650	3,086	2.96%	5.12%
Engro Fert.	13,500	257,000	-	203,500	67,000	6,105	6,017	5.78%	9.98%
Engro Corp	5,000	74,000	-	63,000	16,000	5,227	4,774	4.59%	7.92%
Fauji Fert Bin	12,000	291,000	-	243,000	60,000	3,648	3,609	3.47%	5.99%
CHEMICALS									
ICI Pakistan	-	3,500	-	-	3,500	1,713	1,685	1.62%	2.80%
Archroma Pak	-	8,300	-	8,300	-	-	-	-	-
Sitara Peroxide	-	91,000	-	91,000	-	-	-	-	-
CONSTRUCTION AND MATERIALS									
Fauji Cement	-	285,000	-	212,000	73,000	2,587	2,444	2.35%	4.05%
Cherat Cement	20,000	144,000	-	124,000	40,000	3,458	3,449	3.31%	5.72%
Lucky Cement	2,000	13,200	-	12,200	3,000	1,607	1,580	1.52%	2.62%
MapleLeafCement	10,000	195,000	-	140,000	65,000	4,760	4,455	4.28%	7.39%
Pioneer Cement	22,500	168,500	-	140,500	50,500	4,380	4,380	4.21%	7.27%
POWER GENERATION & DISTRIBUTION									
Altern Energy	-	104,000	-	65,000	39,000	1,380	1,460	1.40%	2.42%
Hub Power Co.	-	135,500	-	95,500	40,000	3,965	3,930	3.78%	6.52%
K-Electric Ltd.	150,000	-	-	150,000	-	-	-	-	-
Kohinoor Energy	-	15,000	-	-	15,000	761	743	0.71%	1.23%
Attock Refinery	-	55,500	-	55,500	-	-	-	-	-
TECHNOLOGY & COMMUNICATION									
P.T.C.L. "A"	90,000	180,000	-	150,000	120,000	2,522	2,087	2.00%	3.46%
FOOD & PERSONAL CARE PRODUCTS									
Engro Foods Ltd.	-	111,500	-	92,000	19,500	3,013	2,874	2.76%	4.77%
National Food Limited	3,750	-	-	3,750	-	-	-	-	-
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited	7,000	9,000	-	7,000	9,000	2,300	2,277	2.19%	3.78%
CABLE & ELECTRICAL GOODS									
Pak Elektron	10,000	289,000	-	249,000	50,000	4,642	3,605	3.46%	5.98%
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum	5,000	9,200	-	6,700	7,500	3,313	2,723	2.62%	4.52%
Pak Petroleum	6,600	5,000	-	11,600	-	-	-	-	-

FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2015	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2015	Carrying value as at 30 September 2015	Market value as at 30 September 2015	Market Value as a Percentage of	
								Net Assets	Total Investments
-----Number of shares-----					----- (Rupees in '000) -----				
OIL & GAS MARKETING COMPANIES									
Haseel Petrol	-	40,300	2,500	25,300	17,500	2,282	2,092	2.01%	3.47%
P.S.O.	-	10,400	-	10,400	-	-	-	-	-
Sui North Gas	-	185,000	-	165,000	20,000	608	629	0.60%	1.04%
FOODS & PERSONAL CARE PRODUCTS									
Treet Corp	-	40,000	-	-	40,000	2,871	2,380	2.29%	3.95%
PHARMACEUTICALS									
The Searle Comp	-	5,000	-	5,000	-	-	-	-	-
Ferozsons (Lab)	2,000	-	-	2,000	-	-	-	-	-
Sanofi-aventis	1,000	-	-	1,000	-	-	-	-	-
Total as at 30 September 2015						64,792	60,279		
Total as at 30 June 2015						24,290	23,812		

7.1.2 Following Shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(No. of shares)	
Engro Corp	5,000	5,000
Fauji Fert Bin	-	12,000
Fauji Fert.	13,500	3,500
Lucky Cement	-	2,000
Mari Petroleum	5,000	5,000
Pak Petroleum	-	6,600
P.T.C.L. "A"	50,000	-
	73,500	34,100

7.2 Debt Securities

Name of the investee company	Note	Number of certificates			As at 30 September 2015		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 1 July 2015	Acquired during the period	Sold/Redeemed during the period	As at 30 September 2015	Carrying value		
Al Baraka Bank (Pakistan) Ltd		20	-	20	-	-	0.00%	0.00%
Total as at 30 September 2015								
Total as at 30 June 2015						18,571	17,932	

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss	(Rupees in '000)	
Equity securities	(4,513)	(479)
Debt Securities	-	(639)
	(4,513)	(1,118)

8. INCOME RECEIVABLE

Profit receivable on saving account	163	84
Profit receivable on debt securities	-	449
Dividend receivable	728	273
	891	806

9. DEPOSITS AND OTHER RECEIVABLES

Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Receivable against sale of investments	-	3,764
Receivable against sale of Units	-	37,180
Advance Tax on Dividend	17	6
Annual listing fee Lahore Stock Exchange (Guarantee) Limited	15	-
	2,632	43,550

FIRST HABIB ISLAMIC BALANCED FUND

10. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them 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 Lahore High Court (LHC) bench judgment issued in August 2011.

However, as per the advice of legal counsel of MUFAP, the constitutional petitions filed by the CIS (as mentioned in the first paragraph) challenging the applicability of WWF contribution have not been affected by the SHC judgment.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision amounting to Rs. 1.601 million made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2015, 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 income of the fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in this financial statements.

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, 2015.

Fair value hierarchy

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

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

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

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

As at 30 September 2015, the categorisation of investments is shown below:

	Level 1 ----- (Rupees)	Level 2 (Rupees)	Total -----
Equity securities	60,279	-	60,279
Debt Securities	-	-	-
	<u>60,279</u>	<u>-</u>	<u>60,279</u>

FIRST HABIB ISLAMIC BALANCED FUND

As at 30 June 2015, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	23,812	-	23,812
Debt Securities	-	17,932	17,932
	23,812	17,932	41,744

14. 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, 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 2015	Quarter ended 30 September 2014
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	356	1,005
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	19	6
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	201	176
Bank Al Habib Limited		
Profit on Bank Balances	199	278

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	23,834	25,909
Habib Asset Management Limited - Management Company		
Management fee payable	124	153
FED Payable	1,310	1,253
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	60	56
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	65	58
- Security deposit - non interest bearing	100	100

FIRST HABIB ISLAMIC BALANCED FUND

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

	Quarter ended 30 September 2015		Quarter ended 30 September 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	208,487	20,929	343,285	34,974
Other related parties				
- Directors of the Management Company	5,736	594	586	60
Units redeemed by:				
Management Company				
Habib Asset Management Limited	98,225	10,211	289,484	30,111
Units held by:				
Management Company				
Habib Asset Management Limited	208,486	20,519	103,071	10,741
Other related parties				
- Directors of the Management Company	56,779	5,587	39,470	4,113
Associated Companies				
- Bank AL Habib Limited	100,929	9,933	252,322	26,294
- Habib Insurance Company Limited	-	-	706,724	73,646
Other related parties				
- Habib Insurance Company Ltd - Employees Provident Fund	16,952	1,668	16,952	1,766

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **October 12, 2015**.

16. GENERAL

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
UAN: (92-21) 111-342-242 (111-D-Habib) Fax: (92-21) 35223710 Website: www.habibfunds.com