

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



Quarterly Report

March 2017



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

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited has pleasure to present the Condensed Interim Financial Statements of the Funds under its management for the nine months (July 2016 - Mar 2017) and Quarter ended March 31, 2017.

During the Quarter ended March 31 2017, the State Bank of Pakistan (SBP) maintained the Policy Rate at 5.75%. The Consumer Price Index (CPI) Inflation Rates averaged to 4.01% YoY vs. 2.64% YoY during the corresponding period. Pakistan Stock Exchange (PSX) benchmark KSE- 100-share index closed at 48,155.93 points on March 31, 2017, gaining 348.96 points from 47,806.97 points as on Dec 30, 2016. During the period average daily traded volume of 146.71mn shares was recorded.

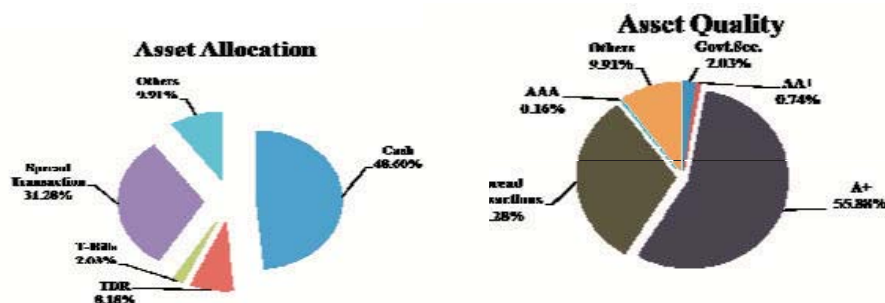
HABIB ASSETS FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The Net Assets of the Fund as of March 31, 2017 were Rs. 1.21 billion. During the nine months period ended March 31, 2017, the Fund generated Gross Earnings of Rs. 71.860 million yielding a Return of 6.76% p.a. as per details given below:

	<i>(Rs. In 000s)</i>	
	9MFY17	
Profit on bank deposits	37,003	51.49%
Income from Government Securities	4,015	5.59%
Income from Clean Placements	294	0.41%
Income from Margin Trading	3,076	4.28%
Dividend Income	8,188	11.39%
Net Gain on sale and revaluation of investments	19,284	26.84%
	71,860	

The Asset Allocation and Credit Quality of investment as at March 31, 2017, can be viewed as under:



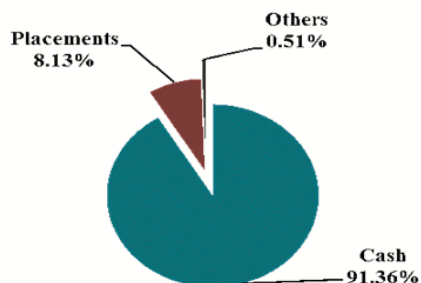
First Habib Cash Fund (FHCF)

The Fund's Net Assets as of March 31, 2017 were Rs. 1.22 billion. During the nine months period under review, the Fund posted a Return of 6.92% p.a. and earned Gross Income of Rs. 56.679 million, as detailed below:

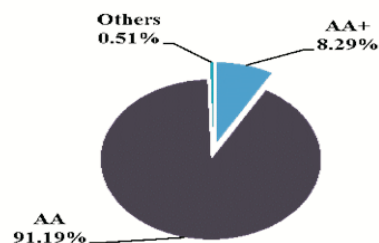
	<i>(Rs. In 000s)</i>	
	9MFY17	
Profit on bank deposits	45,214	79.77%
Income from Government Securities	4,322	7.63%
Mark-up Income on Clean Placements	7,150	12.61%
Net Loss on sale and revaluation of investments	(7)	-0.01%
	56,679	

The Asset Allocation and Credit Quality of Fund's assets as at March 31, 2017, can be viewed as under:

Asset Allocation



Asset Quality



First Habib Stock Fund (FHSF)

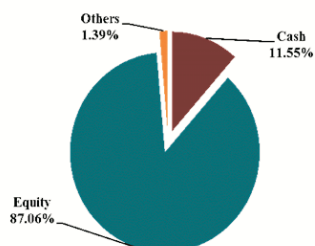
The Fund's Net Assets as of March 31, 2017 stood at Rs. 220.94 million. During the nine months period under review, the Fund generated a Return of 26.85% and earned Gross Income of Rs. 30.006 million, as detailed below.

(Rs. In 000s)

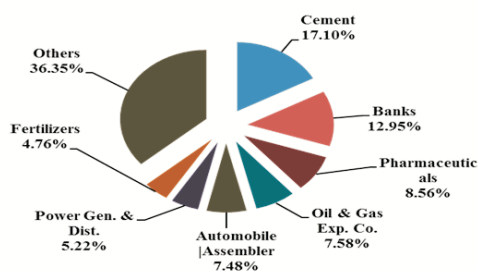
	9MFY17	
Profit on Bank Deposits	503	1.68%
Dividend Income	4,072	13.57%
Net Gain on sale and revaluation of Investments	25,431	84.75%
	30,006	

The Asset Allocation and Sector Allocation of FHSF as at March 31, 2017, can be viewed as under:

Asset Allocation



Sector Allocation



First Habib Islamic Balanced Fund (FHIBF)

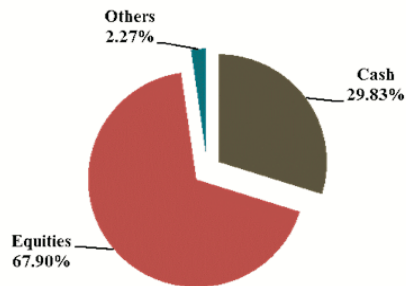
The Fund's Net Assets as of March 31, 2017 stood at Rs. 147.61 million. During the period under review, the Fund posted a return of 21.50% and earned Gross Income of Rs. 21.570 million as detailed below:

(Rs. In 000s)

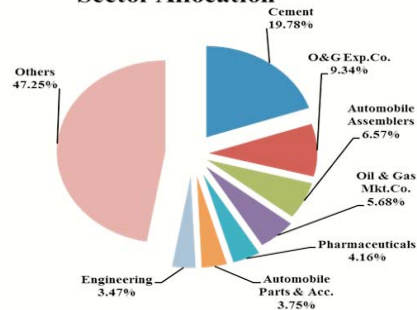
	9MFY17	
Profit on Bank Deposits	1,541	7.14%
Dividend Income	2,103	9.75%
Net Gain on sale and revaluation of Investments	17,926	83.11%
	21,570	

The Asset Allocation and Sector Allocation of FHIBF as at March 31, 2017, can be viewed as under:

Asset Allocation



Sector Allocation



First Habib Islamic Balanced Fund has been converted to First Habib Islamic Stock Fund (FHISF), a Shariah Compliant Equity Scheme with effect from April 01, 2017.

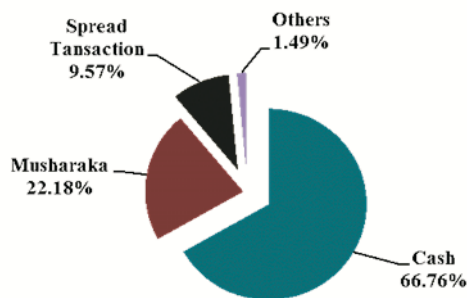
First Habib Islamic Income Fund (FHIIF)

The Fund was launched in January 2017. The Net Assets of the Fund as of March 31, 2017 stood at Rs. 180.19 million. During the period under review, the Fund generated Gross Earnings of Rs. 2.172 million as detailed below.

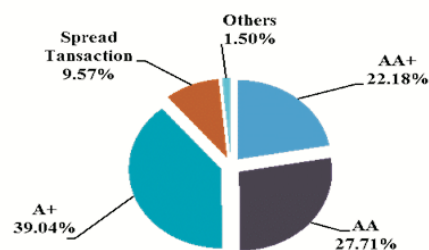
	<i>(Rs. In 000s)</i>	
	9MFY17	
Profit on bank deposits	1,836	84.53%
Income from Certificates of Musharaka	341	15.70%
Net Loss on revaluation of investments	(5)	-0.23%
	2,172	

The Asset Allocation and Credit Quality of Fund's Assets as at March 31, 2017, can be viewed as under:

Asset Allocation



Asset Quality



Future Outlook

The overall improvement in law and order situation, low interest rate scenario, heavy investment in infrastructure under CPEC, improvement in energy supply and will strengthen the Country's economy.

Acknowledgement

The Board is 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 Pakistan Stock Exchange for their support and cooperation.

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

On behalf of the Board of
Habib Asset Management Limited

April 25th, 2017

بینک ڈپازٹس پر منافع	1,541	7.14%
ڈیویڈنڈ انکم	2,103	9.75%
سرمایہ کاری کی خرید و فروخت میں نفع نقصان	17,726	83.11%
	21,570	

فرسٹ حبیب اسلامک بینکس فنڈ کو یکم اپریل ۲۰۱۷ء سے فرسٹ حبیب اسلامک اسٹاک فنڈ (FHISF) میں منتقل کیا جا رہا ہے جو کہ موافق شرعیہ منصوص ہے۔

فرسٹ حبیب اسلامک انکم فنڈ (FHIF):

اس فنڈ کا آغاز جنوری ۲۰۱۷ء سے کیا گیا تھا۔ ۳۱ مارچ ۲۰۱۷ء کے مطابق فنڈ کے خالص اثاثہ جات 180.19 ملین روپے تھے۔ زیر جائزہ عرصہ کے دوران فنڈ نے 2.172 ملین کی کل آمدن حاصل کی جسکی تفصیل درج ذیل ہے:

بینک ڈپازٹس پر منافع	1,836	85.53%
مشارکہ سے آمدنی	341	15.70%
سرمایہ کاری کی خرید و فروخت میں نفع نقصان	(5)	-0.23%
	2,172	

مستقبل کی توقعات:

اسن و ایمان کی صورتحال میں مجموعی بہتری، کم شرح سود کا منظر نامہ، سی پیک کے تحت انفراسٹرکچر میں بھاری سرمایہ کاری، توانائی کی فراہمی میں بہتری ملکی معیشت کہ مستحکم کریں گے۔

اظہار تشکر و اعتراف:

بورڈ تمام قابل قدر پونٹ، ہولڈرز، سٹیرل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ بطور سٹی، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ اگلے تعاون اور اشتراک کار کے لئے شکریہ ادا کرتا ہے۔

بورڈ مخلص کمیٹی کے ملازمین کی لگن اور محنت کے لئے انکے جذبہ کی قدر کی نگاہ سے دیکھتا ہے اور تہ دل سے معترف ہے۔

حبیب الہیٹ مینجمنٹ لمیٹڈ کے بورڈ کی طرف سے:

منتظم اعلیٰ

مورخہ 25 اپریل 2017

ڈائریکٹرز رپورٹ

حبیب الہیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی تیسری سہ ماہی کے لئے اپنے زیر انتظام مختلف فنڈز کے مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے دوران، بینک دولت پاکستان نے اپنی شرح منافع 5.75% پر برقرار رکھی۔ کنزیومر پرائس انڈیکس (سی پی آئی) کی شرح 4.01% جبکہ گزشتہ سہ ماہی میں یہ شرح 2.64% تھی۔

پاکستان اسٹاک ایکسچینج (PSX) شیئ مارک کے ایس ای 100 انڈیکس 31 مارچ 2017 پر 48,155.93 پوائنٹس پر بند ہوا۔ جبکہ کچھلی سہ ماہی میں 47,806.97 پوائنٹس پر بند ہوئی تھی اور یوں انڈیکس میں 348.96 پوائنٹس کا اضافہ ہوا۔ رواں سہ ماہی کے دوران 146.71 ملین حصص (shares) کا تجارتی حجم ریکارڈ کیا گیا۔

حبیب الہیٹ فنڈز کی کارکردگی:

فرسٹ حبیب انکم فنڈ (FHIF):

31 مارچ 2017 کو ختم ہونے والی سہ ماہی پر فنڈ کے خالص اثاثہ جات 1.21 ارب روپے تھے اس دوران فنڈ نے مجموعی طور پر 71.860 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 6.76% رہی:

مالی سال ۷ اے کے ۹ مہینے	فی صد (%)
بینک ڈپازٹس پر منافع	37,003
گورنمنٹ سکیورٹیز سے آمدنی	4,05
پلیسمنٹ سے آمدنی	294
مارجن ٹریڈنگ سے آمدنی	3,076
ڈیویڈنڈ انکم	8,188
سرمایہ کاری کی خرید و فروخت میں نفع نقصان	19,284
	71,860

فرسٹ حبیب کیش فنڈ (FHCF):

31 مارچ 2017 کو ختم ہونے والی سہ ماہی پر فنڈ کے خالص اثاثہ جات 1.22 ارب روپے تھے اس دوران فنڈ نے مجموعی طور پر 56.769 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 6.92% رہی:

بینک ڈپازٹس پر منافع	45,214
گورنمنٹ سکیورٹیز سے آمدنی	4,322
پلیسمنٹ سے آمدنی	7,150
سرمایہ کاری کی خرید و فروخت میں نفع نقصان	(7)
	56,679

فرسٹ حبیب اسٹاک فنڈ (FHSF):

31 مارچ 2017 کو ختم ہونے والی سہ ماہی پر فنڈ کے خالص اثاثہ جات 220.94 ملین روپے تھے اس دوران فنڈ نے مجموعی طور پر 30.006 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 26.85% رہی:

بینک ڈپازٹس پر منافع	503
ڈیویڈنڈ انکم	4,072
سرمایہ کاری کی خرید و فروخت میں نفع نقصان	25,431
	30,006

فرسٹ حبیب اسلامک بیلنس فنڈ (FHIBF):

31 مارچ 2017 کو ختم ہونے والی سہ ماہی پر فنڈ کے خالص اثاثہ جات 147.61 ملین روپے تھے اس دوران فنڈ نے مجموعی طور پر 21.570 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 21.50% رہی:

FIRST HABIB INCOME FUND
Third Quarterly Report
March 2017

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Sajjad Hussain Habib	Member
Mr. Imran Azim	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Registrar

JWAFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameer Centre, Shahrah-e-Iraq,
Saddar, Karachi.

Trustee

Central Depository Company
of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahr-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
Bank Islami Pakistan Limited
JS bank Limited
Khushali Microfinance Bank

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

FIRST HABIB INCOME FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 MARCH 2017**

	Note	31 March 2017 (Rupees in '000) (Un-Audited)	30 June 2016 (Audited)
Assets			
Bank balances	6	694,049	562,182
Investments	7	407,080	714,958
Fair value of derivatives		11,751	9,868
Dividend and Profit receivable		7,002	9,079
Receivable on issuance and conversion of units		1,006	43,898
Receivable against Sale of investment		9,187	-
Deposits, prepayments and other receivables		92,186	33,148
Total assets		1,222,261	1,373,133
Liabilities			
Payable to the Habib Asset Management Limited - Management Company		1,955	2,200
Provision for Federal excise duty on remuneration of the Management Company	8	8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee		180	394
Payable to Securities and Exchange Commission of Pakistan		706	1,224
Provision for Sindh Workers' Welfare Fund	9	2,088	15,687
Payable against purchase of investment		-	3,873
Accrued expenses and other liabilities		1,378	10,626
Total liabilities		15,053	42,750
Net assets		1,207,208	1,330,383
Unit holders' funds (as per the statement attached)		1,207,208	1,330,383
(Number of Units)			
Number of units in issue		11,434,627	13,175,894
(Rupees)			
Net asset value per unit		105.57	100.97

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

Note	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
(Rupees in '000)				
Income				
Profit on bank deposits	37,003	18,750	11,461	9,615
Income on government securities	4,015	37,827	624	3,472
Income from placements	294	342	-	26
Income from Margin Trading System	3,076	19,951	1,096	1,588
Dividend Income	8,188	7,340	577	802
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain on sale of investments classified as held for trading	24,230	35,761	17,294	12,946
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(16,697)	6,888	(18,651)	16,464
-Unrealized (diminution) on derivative financial instrument	11,751	(418)	13,565	(11,714)
	19,284	42,231	12,208	17,696
Total income	71,860	126,441	25,966	33,199
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	11,248	19,534	3,364	5,461
Sales tax on management fee	1,462	3,173	437	888
Federal Excises Duty on management fee	-	3,126	(443)	874
Expenses of CIS Max Upto 0.1%	659	155	659	155
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,625	1,990	518	594
Annual fee - Securities and Exchange Commission of Pakistan	706	977	219	273
Brokerage	6,938	7,609	2,564	3,028
Settlement and bank charges	1,088	1,913	382	513
Annual listing fee	38	30	13	10
Auditors' remuneration	237	325	80	70
Mutual fund rating fee	235	288	75	15
Printing charges	71	65	24	22
Fees and charges to National Clearing Company of Pakistan Ltd	187	230	61	104
Total expenses	24,494	39,415	7,953	12,007
	47,366	87,026	18,013	21,192
Element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed - net	(2,532)	(22,386)	1,264	(11,054)
Provision of Sindh Workers' Welfare Fund and Reversal of Workers' Welfare Fund - net	13,599	-	13,599	-
Net income for the period	58,433	64,640	32,876	10,138

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 INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period	58,433	64,640	32,876	10,138
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>58,433</u>	<u>64,640</u>	<u>32,876</u>	<u>10,138</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

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Undistributed income brought forward	11,248	14,462	30,874	68,964
Total comprehensive income for the period	58,433	64,640	32,876	10,138
Interim bonus units @ of Rs. 0.4896/- per bonus unit declared on 01 November 2016	(5,931)	-	-	-
Undistributed income carried forward	63,750	79,102	63,750	79,102

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 INCOME FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net assets at the beginning of the period [Rs 100.97 (2016: Rs 101.24) per unit]	1,330,383	1,203,225	1,120,938	1,464,030
Issuance of 8,891,760 units (2016: 28,168,396 units)	906,705	2,930,352	298,110	571,154
Redemption of 10,633,027 units (2016: 28,110,723 units)	(1,090,845)	(2,946,887)	(243,452)	(782,660)
	(184,140)	(16,535)	54,658	(211,506)
Element of income and capital gains included in prices of units issued less those in units redeemed	2,532	22,386	(1,264)	11,054
Net income for the period	58,433	64,640	32,876	10,138
Other comprehensive gain/(loss)	-	-	-	-
Total comprehensive income for the period	58,433	64,640	32,876	10,138
Net assets at the end of the period [Rs 105.57 (2016: Rs 106.66) per unit]	1,207,208	1,273,716	1,207,208	1,273,716

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	58,433	64,640	32,876	10,138
Adjustments for non-cash items				
Unrealised gain / (loss) on revaluation of investments at fair value through profit or loss - net	16,697	(6,888)	18,651	(16,464)
-Unrealised (diminution) on derivative financial instrument	(11,751)	418	(13,565)	11,714
Provision of Sindh Workers' Welfare Fund and Reversal of Workers' Welfare Fund - net	(13,599)	-	(13,599)	-
Net element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed	2,532	22,386	(1,264)	11,054
	52,312	80,556	23,099	16,442
increase / (Decrease) in assets				
Investments	302,932	65,922	54,016	401,646
Fair value of derivatives	(1,883)	-	(11,751)	-
Receivable Against Margine Trading System	-	207,617	135,375	(206,147)
Income receivable	2,077	17,133	4,068	10,442
Receivable Against Sale of Investment	(9,187)	(110,797)	(9,187)	(112,678)
Receivable Against Sale of Units	42,892	1,871	(1,006)	52,754
Advances, deposits, prepayments and other receivables	(59,038)	(30,182)	18,340	(206)
	277,793	151,564	189,855	145,811
increase / (Decrease)in liabilities				
Payable to Management Company	(245)	(148)	254	(534)
Provision for Federal excise duty	-	3,126	-	874
Payable to Trustee	(214)	(48)	(1)	(38)
Payable to SECP	(518)	(37)	219	273
Payable against Purchase of investment	(3,873)	-	(11,773)	-
Accrued expenses and other liabilities	(9,248)	(42,020)	(1,826)	(780)
	(14,098)	(39,127)	(13,127)	(205)
Net cash flow (used in)/from operating activities	316,007	192,993	199,827	162,048
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	(184,140)	(16,535)	54,658	(211,506)
Dividend paid during the period	-	-	-	-
Net cash flow (used in)/ from financing activities	(184,140)	(16,535)	54,658	(211,506)
Net increase in cash and cash equivalents during the period	131,867	176,458	254,485	(49,458)
Cash and cash equivalents at beginning of the period	562,182	145,029	439,564	370,945
Cash and cash equivalents at end of the period	694,049	321,487	694,049	321,487
Cash and cash equivalents at the end of the period comprise of :				
Bank Balance	594,049	321,487	594,049	321,487
Clean Placement	-	-	-	-
Term deposit receipts having maturity of 3 months or less	100,000	-	100,000	-
	694,049	321,487	694,049	321,487

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

- 1.3 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.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

- 2.1.1 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, Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

- 2.1.2 These condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2016. However, selected explanatory notes explanatory notes are included to explain events and transactions that are significant.

- 2.1.3 The condensed interim financial statements are unaudited.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Fund for the year ended 30 June 2016:

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 2016.

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 2016.

6. BANK BALANCES	Note	31 March 2017 (Un-Audited)	30 June 2016 (Audited)
		(Rupees in '000)	
Savings accounts	6.1 & 6.2	593,364	328,005
Current account		685	109,177
Placements		-	125,000
Term Deposit Receipts	6.3	100,000	-
		<u>694,049</u>	<u>562,182</u>

- 6.1 Savings accounts carry profit rates ranging from 4.0% to 7.5% (2016: 4.0% to 6.4%) per annum.
- 6.2 It include balance of Rs. 8.315 Million (2016 40.670 Million) in saving account which carry profit rate at 5.52% per annum and Rs. 0.685 Million (2016 109.177 Million) in current account which carry profit rate at 5.25% per annum with Bank Al-Habib , a related party.
- 6.3 Term deposit receipts have tenure of 1 Year (2016: Nil) and carry profit rate of 8.00% (2016: Nil) This TDR will mature on 02 November 2017.

		31 March 2017 (Un-Audited)	30 June 2016 (Audited)
7. INVESTMENTS	Note		
At fair value through profit or loss - held for trading			
Government Securities	7.1	24,782	204,324
Quoted Equity Securities (spread transactions)	7.2	382,298	510,634
		407,080	714,958

7.1 Government Securities

Market Treasury Bills	7.1.1	24,782	99,678
Pakistan Investment Bonds	7.1.2	-	104,646
		<u>24,782</u>	<u>204,324</u>

7.1.1 Government Securities - Treasury Bills

Issue date	Tenor	Face Value				As at 31 March 2017		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 01 July 2016	Purchases during the period	Sales / Matured during the period	As at 31 March 2017	Carrying value	Market value		
(Rupees in '000)									
3 Months									
15-Sep-15	3 Months	-	25,000	25,000	-	-	-	-	-
22-Dec-16	3 Months	-	25,000	25,000	-	-	-	-	-
2-Mar-17	3 Months	-	25,000	-	25,000	24,784	24,782	2.05	6.09
6 Months									
21-Jan-16	6 Months	100,000	-	100,000	-	-	-	-	-
11-Jul-16	6 Months	-	25,000	25,000	-	-	-	-	-
1 Year									
6-Aug-15	1 Year	-	100,000	100,000	-	-	-	-	-
Total as at 31 March 2017						24,784	24,782	-	-
Total as at 30 June 2016						99,679	99,678	-	-

* Investment Include Market Treasury Bill having a Market Value of Rs. 24.782 million (2016: 99.678 million) pledge with National Clearing Company of Pakistan Limited against exposure in Margin Trading System.

FIRST HABIB INCOME FUND

7.1.1.1 Rate of return on above Treasury Bills ranges 5.95% (2016: 5.90%)

7.1.2 Government Securities - Pakistan Investment Bonds

Name of PIB	Tenor	As at 1 July 2016	Purchases during the period	Sales / Matured during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
								Net Assets	Total Investment
(Rupees in '000)									
3 Years									
18-Jul-13	3 Years	104,400	-	104,400	-	-	-	-	-
5 Years									
26-Mar-15	5 Years	-	50,000	50,000	-	-	-	-	-
21-Apr-16	5 Years	-	450,000	450,000	-	-	-	-	-
10 Years									
19-Jul-12	10 Years	-	100,000	100,000	-	-	-	-	-
Total as at 31 March 2017						-	-		
Total as at 30 June 2016						104,633	104,646		

7.2 Quoted Equity Securities (spread transactions)

Name of the Investee	As at 1 July 2016	Purchases during the period	Sales / Matured during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Appreciation / (diminution)	Market Value as a Percentage of:	
								Net Assets	Total Investment
COMMERCIAL BANKS									
Askari Bank Limited	-	41,000	41,000	-	-	-	-	-	-
Bank of Punjab	150,000	4,847,000	1,147,000	3,850,000	65,510	55,594	(9,916)	4.61	13.66
Habib Bank Limited	15,000	4,000	19,000	-	-	-	-	-	-
National Bank of Pakistan	-	99,000	99,000	-	-	-	-	-	-
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,434,000	1,499,500	2,239,500	694,000	62,612	63,917	1,305	5.29	15.70
TPL Trakker Limited	563,000	1,723,500	178,500	2,108,000	30,400	29,660	(740)	2.46	7.29
CEMENT									
Cherat Cement Company Limited	-	43,500	43,500	-	-	-	-	-	-
Dewan Cement Limited	1,330,500	-	1,330,500	-	-	-	-	-	-
D.G Khan Cement	9,000	28,000	7,000	30,000	6,962	6,972	10	0.58	1.71
Fauji Cement Co Limited	-	202,500	202,500	-	-	-	-	-	-
Pioneer Cement Co Limited	-	50,000	50,000	-	-	-	-	-	-
Maple Leaf Cement	-	55,000	55,000	-	-	-	-	-	-
Pakcem Limited	-	383,000	383,000	-	-	-	-	-	-
Power Cement Co Limited	-	88,000	-	88,000	1,750	1,753	3	0.15	0.43
FERTILIZER									
Arif Habib Corporation	-	-	-	-	-	-	-	-	-
Engro Fertilizer Limited	958,000	807,000	1,765,000	-	-	-	-	-	-
Engro Corporation Limited	45,000	54,500	99,500	-	-	-	-	-	-
Fatima Fertilizer Company Limited	50,000	250,000	-	300,000	11,433	11,697	264	0.97	2.87
Fauji Fertilizer Bin Qasim	-	33,500	33,500	-	-	-	-	-	-
Fauji Fertilizer Company	-	-	-	-	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCT									
Engro Foods Limited	-	-	-	-	-	-	-	-	-
Treet Corporation Limited	-	210,500	23,500	187,000	14,138	13,602	(536)	1.13	3.34
INSURANCE									
Adamjee Insurance Co Limited	78,500	-	78,500	-	-	-	-	-	-

FIRST HABIB INCOME FUND

Name of the Investee	As at 1 July 2016	Purchases during the period	Sales / Matured during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Appreciation / (diminution)	Market Value as a Percentage of:	
								Net Assets	Total Investment
OIL & GAS EXPLORATION COMPANIES									
Pakistan Petroleum Limited	-	45,000	45,000	-	-	-	-	-	-
Oil & Gas Development Co Limited	-	46,000	46,000	-	-	-	-	-	-
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	-	5,500	5,500	-	-	-	-	-	-
Pakistan State Oil Co Limited	37,500	91,500	80,000	49,000	21,434	20,752	(682)	1.72	5.10
Sui Northern Gas Pipelines Limited	3,209,000	856,500	4,065,500	-	-	-	-	-	-
Sui Southern Gas Company Limited	100,000	592,500	692,500	-	-	-	-	-	-
TEXTILE COMPOSITE									
Nishat Mills Limited	290,000	93,000	383,000	-	-	-	-	-	-
Nishat (Chunian) Limited	285,000	1,137,500	1,422,500	-	-	-	-	-	-
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	15,000	-	15,000	-	-	-	-	-	-
K-Electric Limited	366,000	4,811,500	1,762,500	3,415,000	31,818	27,935	(3,883)	2.31	6.86
REFINERY									
Attock Refinery Limited	104,000	89,000	193,000	-	-	-	-	-	-
TECHNOLOGY & COMMUNICATION									
Pakistan Telecommunication Company Limited	195,000	80,000	275,000	-	-	-	-	-	-
TRG Pakistan Limited	2,577,000	1,491,500	2,162,000	1,906,500	100,041	99,291	(750)	0.08	0.24
ENGINEERING									
Amreli Steel Limited	-	53,000	53,000	-	-	-	-	-	-
International Steel Limited	-	1,039,500	643,000	396,500	52,897	51,125	(1,772)	0.04	0.13
Total as at 31 March 2017					398,995	382,298	(16,697)		
Total as at 30 June 2016					519,657	510,634	(9,023)		

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

	31 March 2017	31 March 2016
	(Rupees in '000)	
	(Un-Audited)	(Un-Audited)
Market Treasury Bills	(2)	(2)
Pakistan Investment Bonds	-	4,286
Investment in Shares	(16,695)	2,604
	(16,697)	6,888

08. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2016.

09. PROVISION FOR SINDH WORKERS' WELFARE FUND & REVERSAL OF WWF

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

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Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

10. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the second schedule to the Income Tax Ordinance, 2011 subject to that not less than 90% of the accounting income for the year as reduced by capital gain whether realised or unrealised is distributed as cash dividend amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gain to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

11. DERIVATIVE INSTRUMENTS

The Fund has been involved in derivative transactions involving equity futures.

Operational procedures and control have been established to facilitate complete, accurate and timely processing of transaction. These controls include appropriate segregation of duties, regular reconciliation of accounts, and the valuation of assets and positions.

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, 2016.

13. 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:

FIRST HABIB INCOME FUND

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

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

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

As at 31 March 2017, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Government securities	-	24,782	-	24,782
Investment in Shares	382,298	-	-	382,298
Derivatives	11,751	-	-	11,751
	<u>394,049</u>	<u>24,782</u>	<u>-</u>	<u>418,831</u>

As at 30 June 2016, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Investment in Shares	510,634	-	-	510,634
Government securities	-	204,324	-	204,324
	<u>510,634</u>	<u>204,324</u>	<u>-</u>	<u>714,958</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons are as follows:

	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	<u>11,248</u>	<u>19,534</u>	<u>3,364</u>	<u>7,606</u>
Sales tax on management fee	<u>1,462</u>	<u>3,173</u>	<u>437</u>	<u>1,324</u>
Federal Excises Duty on management fee	<u>-</u>	<u>3,126</u>	<u>(443)</u>	<u>1,217</u>
Expenses of CIS Max Upto 0.1%	<u>659</u>	<u>155</u>	<u>659</u>	<u>-</u>
Purchased of Pakistan Investment Bonds (PIB's)	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	<u>1,438</u>	<u>1,746</u>	<u>458</u>	<u>641</u>
Sales tax on Trustee fee	<u>187</u>	<u>244</u>	<u>60</u>	<u>-</u>
Profit Bank Al Habib Limited				
Profit on bank balances	<u>1,554</u>	<u>6,500</u>	<u>237</u>	<u>4,735</u>

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

	31 March 2017 (Un-Audited)	30 June 2016 (Audited)
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee payable	1,148	1,947
Sales tax on management fee	149	253
Re-imbursment of Expenses of CIS Max Upto 0.1%	658	388
Federal Excies Duty on management fee	8,746	8,746
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	180	394
Bank Al Habib Limited		
Bank balances	9,000	149,847

14.1 Sale / Redemption of units for the period ended 31 March

	Nine months ended 31 March 2017		Nine months ended 31 March 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	1,463,860	148,330	1,380,063	141,974
Associated Companies				
Bank AL Habib Limited	332	33	-	-
Habib Insurance Company Limited	1,517,156	155,000	3,056,769	321,284
Other related parties				
Habib Asset Management Limited - Employees Provident Fund	45,291	4,581	19,532	2,041
Habib Sugar Mills Limited	-	-	12,085,037	1,250,000
Sukaina Education and Welfare Trust	247,596	25,000	-	-
Executives of the Management Company	23,930	2,421	73,815	7,718
Ghulaman-E-Abbas Education & Medical Trust				
Endowment Fund	362,177	37,927	81,807	8,460
Mrs Samina Imran	198	20	-	-
Mr Haider Azim	2,152	225	-	-
Units sold to Connected Parties holding 10% or more of the units in issue:				
EFU General Insurance Ltd	-	-	3,730,880	391,633
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	58	6	-	-
Associated Companies				
Bank Al Habib Limited	6,313	645	-	-
Habib Insurance Company Limited	3,072	314	-	-
Other related parties				
Executives of the Management Company	252	26	-	-
Greenshield Insurance Brokers (Pvt) Ltd	97	10	-	-
Habib Insurance Company Limited Employees Provident Fund	458	47	-	-
Habib Asset Management Limited - Employees Provident Fund	-	-	-	-
Sukaina Education And Welfare Trust	5,632	575	-	-
Apwa Ra'ana Liaquat Craftsmen Colony	282	29	-	-
Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	283	29	-	-
Dawood Habib Memorial Trust	1,948	199	-	-
Mr Ali Raza D. Habib	109	11	-	-
Mr Abbas D. Habib	145	15	-	-
Mrs. Shama S Habib	1,006	103	-	-
Mrs. Hina Shoaib	1	0	-	-
Mr. Murtaza Habib	69	7	-	-
Mr. Sajjad Hussain	69	7	-	-
Mr. Qumail Habib	145	15	-	-
Mr Munawar Ali Habib	84	9	-	-
Mr. Ali Asad Habib	137	14	-	-

FIRST HABIB INCOME FUND

	Nine months ended 31 March 2017		Nine months ended 31 March 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
Management Company				
Habib Asset Management Limited	3,128,221	317,853	1,336,529	138,406
Associated Companies				
Habib Insurance Company Limited	1,748,290	180,000	4,162,756	391,216
Other related parties				
Executive of the Management Company	32,573	3,164	19,261	1,961
Habib Asset Management Limited -				
Employees Provident Fund	52,321	5,307	24,700	2,579
Greenshield Insurance Broker	14,113	1,452	15,369	1,600
Habib Sugar Mills Ltd	-	-	12,085,037	1,257,932
Ghulaman-E-Abbas Education & Medical Trust				
Endowment Fund	74,170	7,705	84,430	8,817
Dawood Habib Memorial Trust	-	-	180,977	18,827
Sukaina Education and Welfare Trust	299,366	30,821	-	-
Mr Imran Ali Habib	13,047	1,320	-	-
Mr. Ali Raza D Habib	-	-	47,486	4,997
Mr Qumail Habib	14,230	1,499	-	-
Units sold to Connected Parties holding 10% or more of the units				
in issue:				
EFU General Insurance Ltd	-	-	1,994,824	210,461
Units held by:				
Management Company				
Habib Asset Management Limited	60,187	6,354	761,379	81,208
Associated Companies				
Bank AL Habib Limited	1,363,808	143,984	1,357,163	144,753
Habib Insurance Company Limited	473,035	49,941	588,985	62,820
Other related parties				
Executive of the Management Company	22,626	2,389	28,216	3,009
Habib Insurance Company Limited				
Employees Provident Fund	98,823	10,433	91,959	9,808
Habib Asset Management Limited -				
Employees Provident Fund	-	-	535	57
Greenshield Insurance Broker	11,200	1,182	23,964	2,556
Sukaina Education and Welfare Trust	917,102	96,823	915,407	97,636
Mr. Munawar Ali Habib	18,090	1,910	4,665	498
-Ghulaman-E-Abbas Education & Medical Trust				
Endowment Fund	288,291	30,436	3,392	362
Dawood Habib Memorial Trust	420,774	44,423	398,028	42,453
Mrs. Shama Sajjad Habib	217,199	22,931	203,437	21,698
Mrs Hina Shoaib	176	19	165	18
Apwa Ra'ana Liaquat Craftsmen Colony	60,942	6,434	57,648	6,149
Mr. Qumail Habib	17,068	1,802	15,311	1,633
Mr. Abas D Habib	31,292	3,304	15,311	1,633
Mr. Ali Asad Habib	29,631	3,128	13,756	1,467
Mr. Sajjad Hussain	14,948	1,578	4,663	497
Mr. Ali Raza D Habib	23,521	2,483	8,527	909
Mr Murtaza Habib	14,954	1,579	-	-
Mrs Samina Imran	52	6	-	-
Mr Haider Azim	7,232	764	-	-
Units held to Connected Parties holding 10% or more of the units				
in issue:				
EFU General Insurance Ltd	-	-	1,736,056	185,545

15. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20,2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended March 31, 2017 is 1.00% which include 0.19% representing government levy, Workers' Welfare Fund and SECP fee.

FIRST HABIB INCOME FUND

16. GENERAL

- 16.1** In compliance with schedule V of the NBFC Regulations, 2008, the Directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs As at 31st March, 2017.
- 16.2** These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on 25th April, 2017.

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

Chief Executive

Director

FIRST HABIB STOCK FUND
Third Quarterly Report
March 2017

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Sajjad Hussain Habib	Member
Mr. Imran Azim	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Registrar

JWAFFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameer Centre, Shahr-e-Iraq,
Saddar, Karachi.

Trustee

Central Depository Company
of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahr-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 31 MARCH 2017**

		31 March 2017	30 June 2016
	Note	(Un-audited)	(Audited)
----- (Rupees in '000) -----			
Assets			
Bank balances	6	26,107	8,820
Investments	7	196,749	119,161
Dividend and Income receivable	9	1,361	256
Deposits and prepayments		3,615	3,769
Receivable against sale of investments		-	35,998
Total assets		227,832	168,004
Liabilities			
Payable to Habib Asset Management Limited - Management Company		463	282
Provision for Federal Excise Duty on Remuneration of the Management Company	8	2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		69	74
Payable to Securities and Exchange Commission of Pakistan (SECP)		97	157
Provision for Sindh Workers' Welfare Fund	12	761	2,332
Accrued expenses and other liabilities		3,460	30,451
Total liabilities		6,893	35,339
Net assets		220,939	132,665
Unit holders' funds (as per statement attached)		220,939	132,665
(Number of units)			
Number of units in issue		1,739,875	1,273,063
(Rupees)			
Net asset value per unit		126.99	104.21

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended		Quarter ended	
	31 March		31 March	
	2017	2016	2017	2016
Note	(Rupees in '000)			
Income				
Profit on bank deposits	503	1,592	221	679
Dividend income	4,072	6,014	1,464	3,114
Net gain on investment at fair value through profit or (loss)				
-Net capital gain /(loss) on sale of investment classified as held for trading	18,270	(6,373)	7,111	(3,765)
-Net unrealised gain/ (loss) on revaluation of investment classified as held for trading	7.2 7,161	(2,689)	(7,535)	5,281
	25,431	(9,062)	(424)	1,516
Total income/ (loss)	30,006	(1,456)	1,261	5,309
Expenses				
Remuneration of Habib Asset Management Limited				
- Management Company	2,035	2,506	870	941
Federal excise duty on management fee	-	401	-	150
Sales tax on management fee	265	407	113	152
Expenses Allocated to Management Company	72	16	24	16
Remuneration of Central Depository Company of Pakistan Limited - Trustee	594	601	195	200
Annual fee - SECP	100	119	42	45
Brokerage expense	377	1,697	137	385
Settlement and bank charges	254	306	77	87
Annual listing fee	15	15	5	5
Auditors' remuneration	252	238	72	60
Mutual Fund Rating Fee	136	153	45	41
Federal excise duty	45	198	15	50
Printing charges	71	64	24	21
Total expenses	4,216	6,721	1,619	2,153
Net income / (loss) from operating activities	25,790	(8,177)	(358)	3,156
Net Element of gain/ (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	17,490	(2,999)	17,730	(155)
Provision of Sindh Workers' Welfare Fund and reversal of workers welfare fund - net	12 1,571	-	1,571	-
Net income / (loss) for the period	44,851	(11,176)	18,943	3,001

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine month ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income / (loss) for the period	44,851	(11,176)	18,943	3,001
Total comprehensive income / (loss) for the period	<u>44,851</u>	<u>(11,176)</u>	<u>18,943</u>	<u>3,001</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine month Ended 31 March		Quarter ended 31 march	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Undistributed gain / (loss) brought forward	7,369	4,281	28,057	(9,896)
Net income / (loss) for the period	44,851	(11,176)	18,943	3,001
Final Dividend distribution 11 July 2016 @ 4.10/- for Class "C" for the year ended 30 June 2016	(5,220)	-	-	-
Undistributed income carried forward	47,000	(6,895)	47,000	(6,895)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

	Nine month ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	(Rupees in '000)			
Net assets at the beginning of the period [Rs. 104.91 (2016:102.91) per unit]	132,665	114,072	128,083	183,445
Issuance of 1,855,716 units (2016:1,800,428 units)	231,525	183,728	179,865	38,236
Redemption of 1,388,904 units (2016: 867,803 units)	(165,392)	(87,089)	(88,222)	(22,303)
	66,133	96,639	91,643	15,933
Net Element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed	(17,490)	2,999	(17,730)	155
Final Dividend distribution 11 July 2016 @ 4.10/- for Class "C" for the year ended 30 June 2016	(5,220)	-	-	-
Net income / (loss) for the period	44,851	(11,176)	18,943	3,001
Net assets at the end of the period [Rs.126.99 (2016: Rs. 96.40 per unit)]	220,939	202,534	220,939	202,534

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine months ended		Quarter ended	
	31 March		31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	44,851	(11,176)	18,943	3,001
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	(7,161)	2,689	7,535	(5,281)
Net element of (loss) / gain and capital (loss) / gains included in prices of units issued less those in units redeemed	(17,490)	2,999	(17,730)	155
Workers' Welfare fund	(1,571)	-	(1,571)	-
Amortisation of preliminary expenses and floatation costs	-	-	-	-
	18,629	(5,488)	7,177	(2,125)
decrease in assets				
Investments	(70,427)	(82,494)	(99,972)	(21,199)
Dividend and Income receivable	(1,105)	(2,201)	(1,002)	(2,328)
Deposits and prepayments	154	10,019	194	66
Receivable against sale of investments	35,998	13,162	535	2,769
Advance against subscription of shares	-	-	800	25
	(35,380)	(61,514)	(99,445)	(20,667)
Increase / (decrease) in liabilities				
Payable to Management Company	181	164	195	55
Provision for Federal Excise Duty	-	401	-	151
Payable to Trustee	(5)	(20)	2	-
Payable to SECP	(60)	(24)	42	45
Accrued expenses and other liabilities	(26,991)	(460)	2,637	327
	(26,875)	61	2,876	578
Net cash (utilized in) / generated from operating activities	(43,626)	(66,941)	(89,392)	(22,214)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	66,133	96,639	91,643	15,933
Dividend paid during the period	(5,220)	-	-	-
	60,913	96,639	91,643	15,933
Net increase / (decrease) in cash and cash equivalents during the period	17,287	29,698	2,251	(6,281)
Cash and cash equivalents at the beginning of the period	8,820	1,892	23,856	37,871
Cash and cash equivalents at the end of period	26,107	31,590	26,107	31,590

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company and a performance ranking of 'MFR 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 instrument. The Fund has been categorized as equity scheme.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016

The condensed interim financial statements are unaudited.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2015, except as described below:

New, Revised and Amended Standards and Interpretations

The company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund expects that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

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 2016.

6. BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 5.25% (30 June 2016: 7.5%) per annum.

7. INVESTMENTS - at fair value through profit or loss - held for trading	31 March 2017	30 June 2016
	Note	(Rupees in '000)
	(Unaudited)	(Audited)
Equity securities	7.1	
	196,749	119,161
	196,749	119,161

7.1 Equity securities

Name of the Investee	As at 1 July 2016	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
							Net Assets	Total Investment
-----Number of shares----- (Rupees in '000)-----								
Commercial Banks								
Habib Bank Limited	27,900	54,800	33,800	48,900	12,413	13,183	5.97	11.06%
Habib Metro Bank Limited	-	35,000	-	35,000	1,341	1,105	0.50	0.93%
Bank of Punjab Limited	-	100,000	100,000	-	-	-	-	-
MCB Bank Limited	33,370	12,000	14,500	30,870	6,907	7,021	3.18	5.89%
United Bank Limited	41,000	23,000	29,000	35,000	6,945	7,967	3.61	6.69%
Bank Alfalah Limited	-	40,000	40,000	-	-	-	-	-
Oil & Gas Marketing Companies								
Sui Southern Gas Company Limited	-	197,500	197,500	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	155,000	155,000	-	-	-	-	-
Engineering								
Amerli Steel Limited	39,500	62,500	56,500	45,500	4,088	4,320	1.96	3.63%
Mughal Iron & Steel Industries Limited	34,000	20,000	34,500	19,500	1,540	2,750	1.24	2.31%
International Steels Limited	-	30,000	9,000	21,000	2,772	2,708	1.23	2.27%
Cable & Electrical Goods								
Pak Elektron Limited	34,500	116,500	121,000	30,000	2,496	2,763	1.25	2.32%
Aisha Steel Limited	-	120,000	70,000	50,000	1,208	1,273	0.58	1.07%
Crescent Steel & Allied Product Limited	-	11,000	6,000	5,000	1,033	1,252	0.57	1.05%
Singer Pakistan Limited	-	30,500	30,500	-	-	-	-	-
TPL Trakker Limited	-	285,000	285,000	-	-	-	-	-
Chemicals								
Fauji Fertilizer Company Limited	32,000	10,500	22,500	20,000	2,277	2,072	-	-
Fauji Fertilizer Bin Qasim Limited	74,500	92,000	77,500	89,000	4,750	4,648	2.10	3.90%
Engro Polymer and Chemical Pakistan Limited	-	75,000	75,000	-	-	-	-	0.00%
Engro Fertilizers Limited	80,000	26,000	71,000	35,000	2,305	2,193	0.99	1.84%
Engro Corporation Limited	25,000	17,000	37,000	5,000	1,654	1,840	0.83	1.54%
I.C.I. Pakistan Limited	5,000	-	5,000	-	-	-	-	0.00%

FIRST HABIB STOCK FUND

7.1 Equity securities

Name of the Investee	As at 1 July 2016	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
							Net Assets	Total Investment
<div><div></div><div>Number of shares</div><div>(Rupees in '000)</div></div>								
Oil and Gas								
Oil and Gas Development Company Limited	61,500	30,000	34,000	57,500	8,175	8,528	3.86	7.16%
Pakistan Oilfields Limited	15,000	14,800	17,300	12,500	5,496	5,563	2.52	4.67%
Pakistan Petroleum Limited	18,000	-	18,000	-	-	-	-	0.00%
Pakistan State Oil Company Limited	17,500	22,000	21,500	18,000	7,377	7,623	3.45	6.40%
Mari Petroleum Company Limited	2,500	7,040	7,540	2,000	2,445	3,041	1.38	2.55%
Construction and Materials (Cement)								
Cherat Cement Company Limited	18,000	2,500	20,500	-	-	-	-	0.00%
D.G Khan Cement Company limited	29,700	39,500	22,200	47,000	10,043	10,923	4.94	9.17%
Fauji Fertilizer Company Limited	-	246,000	66,000	180,000	7,247	7,682	3.48	6.45%
Kohat Cement Limited	-	11,500	2,500	9,000	2,567	2,370	1.07	1.99%
Lucky Cement Limited	7,200	12,000	9,700	9,500	7,513	7,956	3.60	6.68%
Maple Leaf Cement Factory Limited	48,000	68,000	58,500	57,500	7,456	7,133	3.23	5.99%
Pioneer Cement Limited	17,500	22,000	21,500	18,000	2,489	2,574	1.17	2.16%
Automobiles & Parts								
Devan Farooque Motors Limited	-	30,000	30,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	6,000	18,000	16,500	7,500	4,688	5,639	2.55	4.73%
Indus Motors Company Limited	-	6,900	2,600	4,300	6,768	6,844	3.10	5.74%
Pak Suzuki Motor Company Limited	5,500	8,900	10,600	3,800	2,101	2,356	1.07	1.98%
Sazgar Engineering Works Limited	-	8,500	8,500	-	-	-	-	0.00%
Ghandara Industries Limited	-	11,400	9,000	2,400	1,922	2,066	0.94	1.73%
General Tyre & Rubber Company Limited	-	22,000	2,000	20,000	5,568	5,422	2.45	4.55%
Thall Limited	-	8,500	1,500	7,000	3,535	3,710	1.68	3.11%
Personal Goods (Textiles)								
Nishat Mills Limited	25,000	46,500	34,400	37,100	5,842	6,129	2.77	5.14%
Engro Food Limited	-	18,000	-	18,000	3,391	2,924	1.32	2.45%
Treet Corporation Limited	45,000	57,500	47,500	55,000	3,209	4,000	1.81	3.36%
Nishat Chunian Limited	-	100,000	45,000	55,000	3,397	3,331	1.51	2.80%
Pharma And Bio Tech								
Glaxo Smith Kline Pakistan Limited	8,000	15,500	12,500	11,000	2,614	2,482	1.12	2.08%
The Searl Company Limited	5,500	18,866	16,842	7,524	4,032	4,755	2.15	3.99%
Ferozsons Laboratories	-	9,000	-	9,000	6,031	5,068	2.29	4.25%
Abbot Laboratories Limited	-	8,500	1,000	7,500	7,367	7,046	3.19	5.91%
Electricity								
Hub Power Company Limited	36,500	14,000	18,000	32,500	3,906	4,259	1.93	3.57%
Kot Addu Power Company Limited	15,000	106,500	49,000	72,500	5,994	5,815	2.63	4.88%
Pace Pakistan Limited	-	250,000	250,000	-	-	-	-	0.00%
K-Electric Limited	-	305,000	95,000	210,000	1,961	1,718	0.78	1.44%
Technology & Communications								
Sys Limited	-	10,000	10,000	-	-	-	-	-
Avanceon Limited	-	35,000	10,000	25,000	1,407	1,373	0.62	1.15%
Paper and Boards								
Packages Limited	8,000	3,550	10,550	1,000	756	868	0.39	0.73%
Transport								
Pakistan National Shipping Corporation Limited	-	16,000	2,000	14,000	2,562	2,456	1.11	2.06%
Total as at 31 March 2016					189,588	196,749		
Total as at 30 June 2016					114,903	119,161		

FIRST HABIB STOCK FUND

7.1.1 Investment includes 12,500 shares of D.G Khan Cement Company Limited (MV Rs. 9,699,156), 35,000 shares of Fauji Cement Company Limited (MV Rs. 14,395,920), 13,500 shares of The Hub Power Limited (MV Rs. 4,652,030) and 15,000 shares of Fauji Fertilizer Company Limited (MV Rs.6,915,150) which have been deposited with National Clearing Company of Pakistan Limited as Collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in circular no. 11 dated 23 October 2007 issued by SECP.

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

	31 March 2017 (Unaudited) (Rupees in '000)	31 March 2016 (Unaudited)
Equity Securities	7,161	(2,689)

8. Federal Excise Duty payable on Management Fee

There is no change in the status of petition pending with SHC as reported in note 13 to the annual financial statements of the Fund for the year ended 30 June 2016.

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
--	--	------------------------------

9. DIVIDEND AND INCOME RECEIVABLE

Dividend receivable	1,096	230
Profit receivable on saving account	78	26
Advance tax on Dividend	187	-
	1,361	256

10. DEPOSITS 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	-	-
Advance against sale of units	-	-
Advance tax On Dividend	-	162
Prepayments	15	6
	3,615	3,769

11. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED

Remuneration payable to Management company	347	282
Sales tax payable on management fee	45	-
Expenses Allocated to Management Company	71	-
Federal excise duty payable on management fee	2,043	-
	2,506	282

12. SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before

FIRST HABIB STOCK FUND

the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

13. EARNINGS PER UNIT

Earnings per unit (EPU) for the six months period ended 31 March 2017 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

14. 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 period ended 30 June 2016.

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, 2016 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).

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

During the nine months period ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2016, all the investments were categorized in Level 1.

16. TAXATION

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

FIRST HABIB STOCK FUND

63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. 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.

17. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of transactions with connected persons are as follows:

	Nine Month Ended 31 March		Quarter ended 31 March	
	2017 (Rupees in '000)	2016	2017 (Rupees in '000)	2016
Habib Asset Management Limited - Management Company				
Management fee	2,035	2,506	870	941
Sales Tax on Management Fee	265	407	113	152
Federal Excise Duty on Management Fee	-	401	-	150
CIS Max up to 0.1%	72	16	24	16
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	29	143	16	74
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	594	601	195	200
Bank Al Habib Limited				
Profit on Bank Balances	503	1,592	221	1,017

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

	31 March 2017 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
Bank Al Habib Limited		
Bank Balance	26,107	8,820
Habib Asset Management Limited - Management Company		
Management fee payable	347	209
Sales Tax payable on Management Fee	45	34
Federal Excise Duty payable on Management Fee	2,043	2,043
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	31	31
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	69	68
- Security deposit - Non interest bearing	100	100

17.1 Sale / Redemption of units for the period ended 31 March

	Nine months ended 31 March 2017		Nine months ended 31 March 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
<i>Management Company</i>				
- Habib Asset Management Limited	650,914	78,420	1,164,280	114,338

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	Nine months ended 31 March 2017		Nine months ended 31 March 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Associated Companies				
- Habib Insurance Company Limited	-	-	-	-
Other related parties				
- Directors of the Management Company	2,919	315	7,690	749
- Habib Asset Management Limited - Employees Provident Fund	11,995	1,550	16,862	1,679
- Mr. Qumail Habib	27,285	3,494		
- Mrs. Razia Ali Habib	35	4		
- Mrs. Fatima Ali Raza Habib	530	53		
- Mr. Haider Azim	3,288	399	4,306	418
- Mr. Abbas	16,683	2,202	19,373	1,825
- Mrs. Ishrat Malik	27,449	3,545	5,084	540
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	525,624	56,359	1,061,183	104,538
Other related parties				
- Directors of the Management Company	-	-	6,099	599
- Habib Asset Management Limited - Employees Provident Fund	10,104	1,051	7,661	779
- Mrs. Ishrat Malik	19,536	2,573	6,407	680
- Mr. Abbas	17,907	1,872	15,029	1,425
- Executives of the Management Company	-	-	-	-
- Mr. Haider Azim	631	75	4,212	408
- Mr. Ali Raza D Habib	-	-	51,879	5,000
Units held by:				
Management Company				
- Habib Asset Management Limited	413,754	52,540	1,088,303	104,912
Associated Companies				
- Bank AL Habib Limited	100,000	12,699	100,000	9,640
Other related parties				
- Directors of the Management Company	53,057	6,737	24,774	2,388
- Habib Asset Management Limited-Employees Provident Fund	11,995	1,523	16,862	1,625
- Mr. Ali Raza D Habib			5,865	565
- Mrs. Razia Habib	991	126	956	92
- Mr. Sajjad Hussain			19,007	1,832
- Mr. Aun Mohammad Ali Raza Habib	17,670	2,244	17,670	1,703
- Mr. Qumail Habib	27,285	3,465	-	-
- Mrs. Ishrat Malik	7,913	1,005	-	-
- Mr. Abbas	16,046	2,038	17,270	1,665
- Mr. Haider Azim	3,055	388	383	37
- Mrs. Fatima Ali Raza Habib	14,911	1,893	14,381	1,386

18. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that collective investment scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / TER of the Fund for the period ended 31 March 2017 is 1.63% which include 0.22% representing government levy, worker welfare Fund and SECP fee.

19. DATE OF AUTHORISATION FOR ISSUE

19.1 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on 25 April, 2017

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

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

Chief Executive

Director

FIRST HABIB CASH FUND
Third Quarterly Report
March 2017

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Human Resource Committee

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

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Sajjad Hussain Habib	Member
Mr. Imran Azim	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Registrar

JWAFFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameer Centre, Shahr-e-Iraq,
Saddar, Karachi.

Trustee

Central Depository Company
of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahr-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
Bank Al-falah Limited
Allied Bank Limited

Rating

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

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

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2017

	Note	31 March 2017 (Unaudited)	30 June 2016 (Audited)
Assets			
Bank balances and Term Deposit Receipt	6	1,135,641	804,535
Placements	7	101,019	200,000
Investments	8	-	69,162
Income receivable		5,795	9,064
Prepayments		676	143
Preliminary expenses and floatation costs		-	-
Total assets		1,243,131	1,082,904
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,186	1,275
Provision for Federal Excise Duty on remuneration of Management Company	9	13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee		160	151
Payable to Securities and Exchange Commission of Pakistan (SECP)		677	956
Provision for Sindh Workers' Welfare Fund	10	2,017	16,410
Payable against Redemption of Units		500	-
Accrued expenses, Brokerage Expense and other liabilities		2,217	16,161
Total liabilities		20,174	48,370
Net assets		1,222,957	1,034,534
Unit holders' funds (as per statement attached)		1,222,957	1,034,534
(Number of units)			
Number of units in issue		11,586,586	10,310,803
(Rupees)			
Net asset value per unit		105.55	100.33

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

Note	Nine months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	45,214	6,590	18,487	1,223
Profit on Certificate of Investments				
Income from Government Securities	4,322	53,579	11	15,757
Markup income on Placements	7,150	5,834	1,121	2,433
Markup income on TDR	-			
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain on sale of investment classified as held for trading	(7)	312	(11)	16
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	-	67	-	(19)
	(7)	379	(11)	(3)
Total income	56,679	66,382	19,608	19,410
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	5,218	8,320	1,685	2,540
Expenses of CIS Max upto 1%	556	125	186	125
Federal Excise Duty on management fee	-	1,331	-	392
Sales tax on management fee	679	1,351	219	426
Expenses Allocated by Management Company				
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,407	1,479	479	468
Annual fee - SECP	685	734	237	224
Brokerage	5	62	-	12
Settlement and bank charges	63	36	43	18
Auditors' remuneration	252	252	66	66
Amortisation of preliminary expenses and floatation costs	-	424	-	116
Sindh Worker Welfare Fund	511	-	511	-
Annual listing fee	35	30	10	10
Mutual Fund Rating Fee	182	169	(46)	68
Printing charges	71	64	24	21
Total expenses	9,664	14,377	3,414	4,486
	47,015	52,005	16,194	14,924
Net element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed	(1,501)	(5,747)	(5,707)	(4,096)
Provision of Sindh Worker's Welfare Fund and reversal of worker's welfare fund - Net	14,393	-	14,393	-
Net income for the period	59,907	46,258	24,880	10,828

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine Months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period	59,907	46,258	24,880	10,828
Total comprehensive income for the period	<u>59,907</u>	<u>46,258</u>	<u>24,880</u>	<u>10,828</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine Months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	------(Rupees in '000)-----			
Undistributed income brought forward	7,785	11,466	42,812	46,896
Net income for the period	59,907	46,258	24,880	10,828
Undistributed Income carried forward	67,692	57,724	67,692	57,724

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017**

	Nine Months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net assets at the beginning of the period [Rs. 105.55 (2016: Rs. 100.70) per unit]	1,034,534	1,278,205	1,348,859	1,428,920
Issuance of Units 8,321,032 (2016 : 10,525,049 Units)	855,356	1,078,042	222,312	30,019
Redemption of 7,045,249 Units (2016 : 11,918,564 Units)	(728,341)	(1,224,118)	(378,801)	(289,729)
	127,015	(146,076)	(156,489)	(259,710)
Net element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed	1,501	5,747	5,707	4,096
Net income for the period	59,907	46,258	24,880	10,828
Net assets at the end of the period [Rs. 105.55 (2016 : Rs. 104.80) per unit]	1,222,957	1,184,134	1,222,957	1,184,134

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

	Nine Months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	<hr/> (Rupees in '000) <hr/>			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	59,907	46,258	24,880	10,828
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	-	(67)	-	19
Workers' Welfare fund	(14,393)	-	(14,393)	-
Net element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed	1,501	5,747	5,707	4,096
Amortisation of preliminary expenses and floatation costs	-	424	-	116
	47,015	52,362	16,194	15,059
(Increase) / decrease in assets				
Investments	69,162	129,778	-	362,438
Placements	98,981	99,448	(101,019)	(337)
Income receivable	3,269	1,030	763	(2,284)
Prepayments	(533)	(83)	(190)	(161)
	170,879	230,173	(100,446)	359,656
Increase / (decrease) in liabilities				
Payable to Management Company	(89)	(1,102)	161	55
Provision for Federal Excise Duty	-	1,332	-	407
Payable to Trustee	9	(71)	(2)	(7)
Payable to SECP	(279)	(1,698)	237	224
Payable against Redemption of Units	500	97	15,185	97
Accrued expenses and other liabilities	(13,944)	(90,036)	(13,944)	(374)
	(13,803)	(91,478)	1,637	402
Net cash (utilized in) / generated from operating activities	204,091	191,057	(82,615)	375,117
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	127,015	(146,076)	(156,490)	(259,710)
	127,015	(146,076)	(156,490)	(259,710)
Net increase in cash and cash equivalents during the period	331,106	44,981	(239,105)	115,407
Cash and cash equivalents at the beginning of the period	804,535	555,465	1,374,746	485,039
Cash and cash equivalents at the end of the period	1,135,641	600,446	1,135,641	600,446
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	1,135,641	600,446	1,135,641	600,446
Term deposit receipts maturity of 3 months and less	-	-	-	-
Clean Placement	-	-	-	-
	1,135,641	600,446	1,135,641	600,446

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

The condensed interim financial statements are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016, except as described below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

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 2016.

FIRST HABIB CASH FUND

6. BANK BALANCES		31 March 2017 (Rupees in '000) (Unaudited)	30 June 2016 (Audited)
	Note		
Savings account	6.1	1,135,641	804,535
		<u>1,135,641</u>	<u>804,535</u>

- 6.1 This includes balance of Rs.1.896 million with Bank Al Habib Limited, a related party, carrying profit rate of 5.25% (30 June 2016: 5.25% to 6.00%) per annum and balances with other commercial banks carrying profit rates ranging from 5.25% to 6.15% (30 June 2016: 4.25% to 6.50%) per annum.

7 PLACEMENTS

Placements	101,019	-
	<u>101,019</u>	<u>-</u>

- 7.1 This represents certificate of investment with Pak Oman Investment Company Limited having mark-up rate of 6.15% and will mature on 20 June 2017 (30 June 2016 : Nill)

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

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	Note	
Government securities - Treasury Bills	-	69,162
	<u>-</u>	<u>69,162</u>

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

Government securities -Pakistan Investment Bonds	-	12
	<u>-</u>	<u>12</u>

8.2 Government Securities - Pakistan Investment Bonds

Issue date	Face Value				As at 31 March 2017			Market value as percentage of	
	As at 01 July 2016	Purchases during the period	Sold / Matured during the period	As at 31 March 2017	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Investment
(Rupees in '000)									
03 Years									
18-Jul-2013	69,000	-	69,000	-	-	-	-	-	-
					<u>-</u>	<u>-</u>	<u>-</u>		

9. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 13 to the annual financial statements of the Fund for the year ended 30 June 2016.

10. SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

FIRST HABIB CASH FUND

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of “industrial establishment” subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers’ Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers’ Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value per unit of the Fund by Rs 1.14.

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2017, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund’s accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2016.

Fair Value Hierarchy

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

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

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

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

FIRST HABIB CASH FUND

During the nine months period ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2016, all the investments were categorised in level 2.

13. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the second schedule to the Income Tax Ordinance, 2011 subject to that not less than 90% of the accounting income for the year as reduced by capital gain whether realised or unrealised is distributed as cash dividend amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gain to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

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

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

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

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

Details of the transactions with connected persons are as follows:

	Nine Months ended 31 March		Quarter ended 31 March	
	2017	2016	2017	2016
	(Rupees in '000)			
Habib Asset Management Limited - Management Company				
Management fee	5,218	8,320	1,685	2,540
Expenses of CIS Max upto 1%	556	125	186	125
Sales tax on management fee	679	1,351	219	426
Federal Excise Duty on management fee	-	1,331	-	392
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,407	1,479	479	468
Bank AL Habib Limited				
Profit on bank balances	487	1,850	160	534

Details of the balances with connected persons are as follows:

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee payable	558	851
Expenses of CIS Max upto 1%	556	125
Sales Tax payable on Management Fee	72	138
Federal Excise Duty payable on Management Fee	13,417	13,016
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	160	156
Bank AL Habib Limited		
Bank balances	1,896	151,203

FIRST HABIB CASH FUND

	Nine Months ended 31 March 2017 (Unaudited)		Nine Months ended 31 March 2016 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	992,329	99,889	239,246	24,814
Associated Companies				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	-	-	1,723,126	176,216
Other related parties				
- Habib Asset Management Limited- Employees Provident Fund	7,436	750	4,873	500
- Mrs. Ishrat Malik	48,972	5,073	-	-
- Mr. Junaid Kasbati	3,489	350	-	-
- Mr. Ali Raza D Habib	-	-	9,930	1,000
- Mr. Sajjad Hussain	-	-	9,930	1,000
- Mr. Abbas	-	-	1,998	204
- Mrs. Samina Imran	-	-	20	2,000
- Mr. Ali Asad Habib	-	-	9,930	1,000
- Mr. Abbas D. Habib	-	-	9,930	1,000
- Mr. Haider Azim	3,879	399	-	-
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	942,423	94,966	985,930	99,810
Associated Companies				
- Habib Insurance Company Limited	-	-	1,723,126	155,655
Other related parties				
- Directors of the Management Company	4,953	500	7,370	749
- Executives of the Management Company	-	-	-	-
- Habib Asset Management Limited- Employees Provident Fund	27,543	2,780	5,267	541
- Mrs. Ishrat Malik	33,871	3,545	-	-
- Mr. Asghar D. Habib	20,658	2,126	-	-
- Mr. Ali Raza D. Habib	-	-	57,241	5,866
- Mr. Qumail Habib	18,977	1,995	-	-
- Mr. Haider Azim	-	-	4,001	408
- Mr. Abbas	-	-	13,742	1,425
- Mr. Mansoor Ali	-	-	5,889	594
- Mr. Junaid Kasbati	3,489	351	-	-
- Mr. Imran Ali Habib	40,592	4,082	-	-
Units held by:				
Management Company				
- Habib Asset Management Limited	49,905	5,267	246,753	25,859
Associated Companies				
- Bank AL Habib Limited	1,392,189	146,945	1,392,189	145,895
Other related parties				
- Directors of the Management Company	46,098	4,865	14,143	1,482
- Mrs. Ishrat Malik	15,101	1,594	-	-
- Mr. Munawar Ali Habib	43,876	4,631	41,721	4,372
- Mr. Imran Ali Habib	-	-	40,592	4,254
- Mr. Murtaza Habib	37,590	3,968	37,590	3,939
- Mr. Asghar D Habib	-	-	20,658	2,165
- Mr. Qumail Habib	21,593	2,279	40,571	4,252
- Mr. Abbas D Habib	40,565	4,282	40,565	4,251
- Mr. Ali Asad Habib	40,302	4,254	40,302	4,233
- Mrs Razia Ali Habib	35,889	3,788	34,126	3,576
- Mrs. Batool Ali Raza Habib	6,373	673	6,060	635
- Mrs. Fatima Ali Raza Habib	11,610	1,225	11,040	1,157
- Mr. Sajjad Hussain	-	-	34,401	3,605
- Mr. Aun Muhammad Ali Raza Habib	5,214	550	5,214	546
- Mrs. Samina Imran	29	3	123	13
- Mr. Haider Azim	3,879	409	-	-
- Mrs. Hina Shoaib	27	3	27	3

15. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended March 31, 2017 is -0.55% which include 0.09% representing government levy, Worker Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 25th April, 2017

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND
Third Quarterly Report
March 2017

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Sajjad Hussain Habib	Member
Mr. Imran Azim	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Registrar

JWAFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameer Centre, Shahrah-e-Iraq,
Saddar, 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
Bank Islami Pakistan Limited

Rating

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

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

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES AS AT 31 MARCH 2017

	Note	31 March 2017 (Un-audited) ----- (Rupees in '000) -----	30 June 2016 (Audited)
Assets			
Bank balances	6	44,941	38,294
Investments	7	102,301	64,465
Income receivable	8	550	267
Deposits and prepayments	9	2,859	21,634
Preliminary expenses and floatation costs		126	280
Total assets		150,777	124,940
Liabilities			
Payable to the Habib Asset Management Limited - Management Company	10	255	173
Provision for federal excies duty on remuneration of Habib Asset Management Ltd - Management Company		1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee		68	65
Payable to Securities and Exchange Commission of Pakistan - SECP		69	88
Sindh Workers' Welfare Fund	11	613	1,604
Accrued expenses and other liabilities		564	7,599
Payable against purchase of investments (Brokerage)		116	-
Total liabilities		3,163	11,007
Net assets		147,614	113,933
Unit holders' funds (as per the statement attached)		147,614	113,933
(Number of Units)			
Number of units in issue		1,213,127	1,100,842
(Rupees)			
Net asset value per unit		121.68	103.50

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
Note	(Rupees in '000)			
Income				
Profit on bank deposits	1,541	1,356	549	591
Income from Ijara Sukuk Certificates	-	271	-	-
Dividend income	2,103	2,548	479	1,113
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain on sale of investments classified as held for trading	10,447	(1,344)	3,573	(661)
-Net unrealized gain on revaluation of investments classified as held for trading	7,479	(2,700)	(900)	812
	17,926	(4,044)	2,673	151
Total income	21,570	131	3,701	1,855
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	1,092	1,055	425	342
Sales tax on management fee	142	171	55	55
Federal Excise Duty on management fee	-	169	-	55
Expenses allocated by the Management Company	66	16	22	16
Remuneration of Central Depository Company of Pakistan Limited - Trustee	593	600	194	199
Annual fee - Securities and Exchange Commission of Pakistan	69	66	27	21
Brokerage	218	785	62	196
Settlement and bank charges	251	396	80	106
Annual listing fee	23	15	8	5
Auditors' remuneration	343	314	82	56
Amortisation of preliminary expenses and floatation costs	155	155	51	51
Mutual fund rating fee	90	170	30	50
Charity Expense	34	45	8	23
Printing charges	72	65	25	22
Total expenses	3,148	4,022	1,069	1,197
Net Income / (Loss) from Operating Activities	18,422	(3,891)	2,632	658
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed	6,332	(389)	6,101	(84)
Provision of Sindh Workers' Welfare Fund and Reversal of Workers' Welfare Fund - net	992	-	992	-
Net income / (loss) for the period	25,746	(4,280)	9,725	574
Earnings per unit				

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	----- (Rupees in '000) -----			
Net income / (loss) for the period	25,746	(4,280)	9,725	574
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	25,746	(4,280)	9,725	574

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	(Rupees in '000)			
Undistributed income brought forward	8,849	6,605	21,182	1,751
Total comprehensive income / (loss) for the period	25,746	(4,280)	9,725	574
Final dividend distribution 11 July 2016 @ 3.35/- per unit for class "C" for the year ended 30 June 2016.	(3,688)	-	-	-
Undistributed income carried forward	30,907	2,325	30,907	2,325

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	(Rupees in '000)			
Net assets at the beginning of the period [Rs.103.50 (2016: Rs 101.81) per unit]	113,933	109,940	104,739	103,013
Issance of 935,571 Units (2016: 327,110 Units)	105,528	32,507	44,533	5,291
Redemption of 823,286 units (2016: 350,491 Units)	(87,573)	(35,290)	(5,282)	(5,696)
	17,955	(2,783)	39,251	(405)
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed	(6,332)	389	(6,101)	84
Final dividend distribution 11 July 2016 @ 3.35/- per unit for class "C" for the year ended 30 June 2016.	(3,688)	-	-	-
Net income for the period	25,746	(4,280)	9,725	574
Other Comprehensive gain / (loss)	-	-	-	-
Total Comprehensive income for the period	25,746	(4,280)	9,725	574
Net assets at the end of the period [Rs.121.68 (2016: Rs 97.74) per unit]	147,614	103,266	147,614	103,266

* Including 12,518 units issued as re-investment during the period (2016 : Nil Units)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / income for the period	25,746	(4,280)	9,725	574
Adjustments for non-cash items				
Unrealised (loss) / gain on revaluation of investments at fair value through profit or loss - net	(7,479)	2,700	900	(812)
Provision of Sindh Workers' Welfare Fund and Reversal of Workers' Welfare Fund - net	(992)	-	(992)	-
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(6,332)	389	(6,101)	84
Amortisation of preliminary expenses and floatation costs	155	155	51	51
	11,098	(1,036)	3,583	(103)
(Increase) in assets				
Investments	(30,357)	(28,204)	(40,152)	(14,463)
Income receivable	(283)	74	(228)	(421)
Receivable against sale of investment	-	-	-	-
Advances, deposits, prepayments and other receivables	18,775	40,840	8	3,479
	(11,865)	12,710	(40,372)	(11,405)
Increase in liabilities				
Payable to - Management Company	82	(2)	96	14
Provision for federal excise duty on remuneration of Habib Asset Management Ltd	-	169	-	55
Payable to - Trustee	3	11	1	1
Payable to - SECP	(19)	(150)	27	21
Accrued expenses and other liabilities	(7,035)	(229)	(380)	65
Payable against purchase of investments	116	4,915	(3,345)	4,915
	(6,853)	4,714	(3,601)	5,071
Net cash flow from / (used in) operating activities	(7,620)	16,388	(40,390)	(6,437)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payments) from sale and redemption of units	17,955	(2,783)	39,251	(405)
Dividend paid during the period	(3,688)	-	-	-
Net cash flow from/ (used in) financing activities	14,267	(2,783)	39,251	(405)
Net increase in cash and cash equivalents during the period	6,647	13,605	(1,139)	(6,842)
Cash and cash equivalents at beginning of the period	38,294	27,288	46,080	47,735
Cash and cash equivalents at end of the period	44,941	40,893	44,941	40,893
Cash and cash equivalents				
Cash and cash equivalents at end of the period	44,941	40,893	44,941	40,893
Term Deposit receipts maturity of 3 months and less	-	-	-	-
	44,941	40,893	44,941	40,893

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 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.
- 1.3 The Fund is an open-end mutual fund and is listed on the Pakistan 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.
- 1.4 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.
- 1.5 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.
- 1.6 The Fund has been categorized as an Open -End Shariah Compliant (Islamic) Balanced Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes(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, invest primarily in shariah compliant equity and debt securities.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

- 2.1.1 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, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of Trust deed, the NBFC Rules, the NBFC regulations or the directives issued by the SECP shall prevail.
- 2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements.
- 2.1.3 This condensed interim financial information is unaudited.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016, except for the following IAS which become effective during the period.

New, Revised and Amended Standards and Interpretations

FIRST HABIB ISLAMIC BALANCED FUND

The Fund has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund expects that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

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 2016.

6. BANK BALANCES	Note	31 March 2017	30 June 2016
		(Rupees in '000) (Un-Audited)	(Rupees in '000) (Audited)
Current account		10	445
Savings account	6.1	44,931	37,849
		<u>44,941</u>	<u>38,294</u>

- 6.1 Saving account carry profit rate ranging from 4.25% to 5.60% (30 June 2016: 4.74% and 6.25%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 3.288 million (30 June 2016: 23.231 million) carrying profit rate ranging from 4.74% (30 June 2016: 4.74% to 4.86%)

7. INVESTMENTS - at fair value through profit or loss - held for trading		31 March 2017	30 June 2016
		(Rupees in '000) (Un-Audited)	(Rupees in '000) (Audited)
Listed Equity securities	7.1	102,301	64,465
		<u>102,301</u>	<u>64,465</u>

7.1 Equity Securities

Name of the Investee	As at 1 July 2016	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
							Net Assets	Total Investment
<div>-----Number of shares-----</div> <div>------(Rupees in '000)-----</div>								
AUTOMOBILE & PARTS								
Ghandhara Industries Limited	-	9,600	6,000	3,600	2,883	3,099	2.10	3.03
Ghandhara Nissan Limited	-	4,000	4,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	3,000	7,500	6,000	4,500	2,460	3,384	2.29	3.31
Pak Suzuki Motor Company Limited	3,500	5,500	3,500	5,500	3,108	3,410	2.31	3.33
General Tyre and Rubber Company of Thall Limited	-	13,000	-	13,000	3,593	3,524	2.39	3.44
	-	5,000	1,000	4,000	2,012	2,120	1.44	2.07
CABLE & ELECTRICAL GOODS								
Pak Elektron Limited	22,500	24,000	26,500	20,000	1,408	1,842	1.25	1.80
TPL Trakker Limited	-	270,000	270,000	-	-	-	-	-
CHEMICALS								
Engro Fertilizers Limited	43,000	5,000	18,000	30,000	1,949	1,880	1.27	1.84
Engro Corporation Limited (Note 7.1.1)	16,000	10,000	17,000	9,000	2,897	3,312	2.24	3.24
Fatima Fertilizer Company Limited	-	10,000	10,000	-	-	-	-	-

FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2016	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
							Net Assets	Total Investment
<div>-----Number of shares----- (Rupees in '000)-----</div>								
CONSTRUCTION AND MATERIALS (CEMENT)								
Pioneer Cement Limited	14,000	33,500	24,500	23,000	2,961	3,289	2.23	3.22
Fauji Cement Limited	-	170,000	60,000	110,000	4,763	4,695	3.18	4.59
Cherat Cement Limited	22,500	14,500	24,000	13,000	1,910	2,486	1.68	2.43
D. G. Khan Cement Limited (Note 7.1.1)	26,500	24,500	51,000	-	-	-	-	-
Lucky Cement Limited	13,900	10,050	7,950	16,000	12,386	13,398	9.08	13.10
Maple Leaf Cement Limited	29,500	40,500	27,500	42,500	5,201	5,273	3.57	5.15
Kohat Cement Limited	-	5,000	2,500	2,500	700	658	0.45	0.64
ENGINEERING								
Mughal Iron & Steel Industry Limited	20,500	42,500	50,000	13,000	1,378	1,833	1.24	1.79
Amreli Steels Limited	-	42,500	20,000	22,500	1,956	2,136	1.45	2.09
Crescent Steel Limited	-	7,000	2,000	5,000	1,061	1,252	0.85	1.22
Inter.Steel Limited	-	10,000	-	10,000	1,320	1,289	0.87	1.26
FOOD & PERSONAL CARE PRODUCTS								
Engro Foods Limited	-	15,000	15,000	-	-	-	-	-
Treet Corporation Limited	35,000	17,000	22,000	30,000	1,533	2,182	1.48	2.13
PAPER & BOARD								
Packages Limited	1,600	4,000	4,100	1,500	1,178	1,302	0.88	1.27
OIL & GAS								
Hascol Petroleum Limited	4,500	10,000	13,500	1,000	311	300	0.20	0.29
Mari Petroleum Company Limited	2,000	5,650	5,150	2,500	2,998	3,801	2.57	3.72
Sui Northern Gas Pipelines Limited	-	183,000	152,000	31,000	3,990	4,426	3.00	4.33
Pakistan Oilfields Limited	13,000	5,500	9,000	9,500	4,002	4,228	2.86	4.13
Pakistan Petroleum Limited (Note 7.1.1)	25,000	17,000	25,000	17,000	2,769	2,633	1.78	2.57
Pakistan State Oil Company Limited	-	16,000	10,000	6,000	2,548	2,541	1.72	2.48
Oil & Gas Development Company Limited	-	23,000	-	23,000	3,567	3,411	2.31	3.33
Sui Southern Gas Co Limited	-	154,000	119,000	35,000	1,366	1,293	0.88	1.26
POWER GENERATION & DISTRIBUTION								
Hub Power Company Limited (Note 7.1.1)	62,500	7,300	31,300	38,500	4,616	5,046	3.42	4.93
Kot Addu Power Company Limited	-	37,500	37,500	-	-	-	-	-
K-Electric Limited	72,500	-	72,500	-	-	-	-	-
PHARMA AND BIO TECH								
Abbott Lab Limited	-	500	-	500	510	470	0.32	0.46
Ferozsons (Lab) Limited	-	5,500	1,800	3,700	2,528	2,083	1.41	2.04
GlaxoSmithKline Limited	8,000	7,500	11,500	4,000	893	902	0.61	0.88
Searl Company Limited	4,800	7,183	7,537	4,446	2,167	2,810	1.90	2.75
TEXTILE COMPOSITE								
Nishat Mills Limited	25,000	11,500	36,500	-	-	-	-	-
REFINERY								
Attock Refinery Limited	3,200	11,500	7,700	7,000	2,985	3,142	2.13	3.07
Technology & Communication								
Avencon Limited	-	20,000	-	20,000	1,138	1,098	0.74	1.07
Transport								
Pakistan National Shipping Corporation	-	10,000	-	10,000	1,777	1,753	1.19	1.71
Total as at 31 March 2017					94,822	102,301		
Total as at 30 June 2016					61,686	64,465		

7.1.1 Investment includes 8,000 shares of Engro Corporation Limited (MV Rs. 2,944,160), 20,000 shares of Hub Power Company limited (MV Rs. 2,621,200), 5,000 Shares of Lucky Cement Limited (MV Rs.4,186,950) and 5,000 shares of Pakistan Petroleum Limited (MV Rs. 774,550) which have been deposited with National Clearing Company of Pakistan Limited as Collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in circular no. 11 dated 23 October 2007 issued by SECP.

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

value through profit or loss		31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
	Note		
		(Rupees in '000)	
Equity securities		7,479	(2,700)
		7,479	(2,700)

FIRST HABIB ISLAMIC BALANCED FUND

	31 March 2017 (Unaudited) (Rupees in '000)	30 June 2016 (Audited)
8. INCOME RECEIVABLE		
Profit receivable on saving account	252	134
Dividend receivable	298	133
	550	267
9. DEPOSITS AND PREPAYMENTS		
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	-	18,804
Advance Tax on Dividend	252	230
Prepayments	7	-
	2,859	21,634
10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED -		
Remuneration Payable to Management Company	168	115
Sales Tax payable on Management Fee	22	19
Reimbursement of Expenses to CIS Max Upto 0.1%	65	39
	255	173

11. SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said

judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

FIRST HABIB ISLAMIC BALANCED FUND

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds. MUFAP has recommended the following to all its members on 12 January 2017:

based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2017, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

13. TAXATION

The Fund's income is exempt from income Tax as per Clause 99 of Part I of the second schedule to the Income Tax Ordinance, 2011 subject to that not less than 90% of the accounting income for the year as reduced by capital gain whether realised or unrealised is distributed as cash dividend amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gain to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

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

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

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

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

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

	Nine Months ended 31 March 2017	Nine Months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	(Rupees in '000)			
Habib Asset Management Limited - Management Company				
Management fee	1,092	1,055	425	342
Sales Tax on Management Fee	142	171	55	55
Federal Excise Duty on Management fee	-	169	-	55
Expenses allocated by the management company	66	16	22	16
AL Habib Capital Markets (Private) Limited - Brokerage House				
Brokerage	18	70	10	34
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	593	600	194	199
Bank AL Habib Limited				
Profit on Bank Balances	251	336	118	40

Details of the balances with connected persons are as follows:

FIRST HABIB ISLAMIC BALANCED FUND

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	3,288	23,231
Habib Asset Management Limited - Management Company		
Management Company Fee payable	168	154
Sales Tax on Management fee payable	22	19
Reimbursement of Expenses to CIS Max Upto 0.1%	65	39
Federal Excise Duty on Management Fee payable	1,478	1,478
Al Habib Capital Markets (Private) Limited - Brokerage House		
Brokerage payable	32	15
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	68	67
Security Deposit - Non Interest bearing	100	100
	Nine months ended 31 March 2017	Nine months ended 31 March 2016
Sale / Redemption of units		
	(Units)	(Rupees in '000)
Units sold to:		
Management Company		
Habib Asset Management Limited	713,107	79,396
	229,465	22,915
Other related parties		
- Directors of the Management Company	1,013	109
	5,736	594
Connected Parties holding 10% or more of the Units in issue:		
-Pioneer Cables Ltd	5,275	528
	-	-
Units Redeemed By:		
Management Company		
Habib Asset Management Limited	633,508	66,576
	98,224	10,211
Other related parties		
- Directors of the Management Company	19,415	2,000
	-	-
Units held by:		
Management Company		
Habib Asset Management Limited	398,867	48,534
	229,465	22,429
Associated Companies		
- Bank Al Habib Limited	100,929	12,281
	100,929	9,865
Other related parties		
- Directors of the Management Company	38,376	4,669
- Habib Insurance Company Limited - Employees Provident Fund	16,952	2,063
	16,952	1,657
Connected Parties holding 10% or more of the Units in issue:		
-Pioneer Cables Ltd	215,527	26,225
	210,252	20,551

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 30 June 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 prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 March 2016.

FIRST HABIB ISLAMIC BALANCED FUND

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Equity securities	102,301	-	-	102,301
	102,301	-	-	102,301

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

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Equity securities	64,465	-	-	64,465
	64,465	-	-	64,465

During the nine months period ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements.

16. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended March 31, 2017 is 2.00% which include 0.26% representing government levy, Workers' Welfare Fund and SECP fee.

17. GENERAL

- 17.1** Figures for the quarter ended March 31, 2017 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 17.2** These condensed interim financial information were authorised for issue on 25th April, 2017 by the board of directors of the Management Company.
- 17.3** Figures have been rounded off to the nearest thousand rupees.
- 17.4** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND
Third Quarterly Report
March 2017

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Sajjad Hussain Habib	Member
Mr. Imran Azim	Member

Auditors

KPMG Taseer Hadi & C0.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Registrar

JWAFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameer Centre, Shahrah-e-Iraq,
Saddar, 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
Bank Islami Pakistan Limited

Rating

AM3+ Management Company Quality Rating
Assigned by PACRA.

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

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2017

		31 March 2017
	Note	(Rupees in '000)
Assets		
Bank balances	6	120,394
Certificate of Musharaka		40,000
Investments	7	17,253
Fair value of derivatives		12
Income receivable	8	1,032
Deposits and prepayments	9	9,260
Preliminary expenses and floatation costs	10	1,625
Total assets		189,576
Liabilities		
Payable to the Habib Asset Management Limited - Management Company	11	181
Payable to Central Depository Company of Pakistan Limited - Trustee	12	31
Payable to Securities and Exchange Commission of Pakistan - SECP	13	30
Sindh Workers' Welfare Fund	14	25
Accrued expenses and other liabilities	16	9,121
Total liabilities		9,388
Net assets		180,188
Unit holders' funds (as per the statement attached)		180,188
		(Number of Units)
Number of units in issue		1,789,630
		(Rupees)
Net asset value per unit		100.68

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

	Note	Rupees in '000
Income		
Profit on bank deposits		1,836
Income from Certificates of Musharaka		341
Net gain / loss on investments designated at fair value through income statement		
-Unrealised appreciation on derivative financial instrument		12
-Net unrealized loss on revaluation of investments classified as held for trading	7.3	(17)
		(5)
Total income		2,172
Expenses		
Remuneration of Habib Asset Management Limited - Management Company		394
Sales tax on management fee		51
Remuneration of Central Depository Company of Pakistan Limited - Trustee		76
Annual fee - Securities and Exchange Commission of Pakistan		30
Brokerage		25
Settlement and bank charges		8
Annual listing fee		11
Auditors' remuneration		2
Amortisation of preliminary expenses and floatation costs		63
Sindh Workers' Welfare Fund	14	25
Legal expense		31
Total expenses		716
		1,456
Net element of income and capital gain included in prices of units issued less those in units redeemed		(234)
Net income for the period		1,222
Earnings per unit	16	

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

	Rupees in '000
Net income for the period	1,222
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>1,222</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

	Rupees in '000
Undistributed income brought forward	-
Net income for the period	1,222
Undistributed income carried forward	<u>1,222</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

	Rupees in '000
Net assets at the beginning of the period	-
Amount received on sale of units	236,104
Amount paid on redemption of units	(57,372)
	178,732
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	234
Net income for the period	1,222
Net assets at the end of the period	180,188
	Number of Units
Units at the beginning of the period	-
Number of units issued	2,361,002
Number of units redeemed	(571,373)
	1,789,630
Units at the end of the period	1,789,630

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

	Rupees in '000
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period before taxation	1,222
Adjustments for non-cash items	
Unrealized (loss) on revaluation of investments classified as held for trading	17
Sindh Workers' Welfare Fund	25
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	234
Amortisation of preliminary expenses and floatation costs	63
	<u>1,561</u>
decrease in assets	
Investments	(17,270)
Fair value of derivatives	(12)
Income receivable	(1,032)
Deposits and prepayments	(9,260)
	<u>(27,574)</u>
Increase in liabilities	
Payable to - Management Company	181
Payable to - Trustee	31
Payable to - SECP	30
Accrued expenses and other liabilities	7,433
	<u>7,675</u>
Net cash flow from / (used in) operating activities	(18,338)
CASH FLOW FROM FINANCING ACTIVITIES	
Net receipts / (payments) from sale and redemption of units	<u>178,732</u>
Net cash flow from/ (used in) financing activities	178,732
Net increase in cash and cash equivalents during the period	<u>160,394</u>
Cash and cash equivalents at end of the period	<u><u>160,394</u></u>
Cash and cash equivalents	
Cash and cash equivalents at end of the period	120,394
Certificate of Musarka maturity of 3 months and less	40,000
	<u><u>160,394</u></u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC INCOME FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD FROM 23 JANUARY 2017 TO 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Islamic 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 30 August 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 August 2016 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 Pakistan 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 investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instruments while taking into account liquidity considerations"

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

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

3. Basis of measurement

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are as follows:

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

4.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy.

Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in Income Statement.

b) Available-for-sale

Available for sale financial assets are non-derivative that are either designated in this category or not classified in any other category.

c) Loans and receivables originated

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

d) Financial liabilities

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instrument at fair value through profit or loss are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as at 'fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Statement of Comprehensive Income until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Fund are included in the Income Statement.

Basis of valuation of Government Securities

The investment of the Fund in government securities are valued at their fair values (determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page), based on the remaining tenor of the security.

Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

FIRST HABIB ISLAMIC INCOME FUND

Offsetting of financial instruments

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

4.2 Derivative financial instruments

Derivative instruments that are held by the Fund primarily comprise of futures contracts in the capital market and are classified in held for trading investments, subcategory under investment 'at fair value through profit or loss'. These are measured initially and of each subsequent measurement at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures contract. All derivatives in a net receivables positions (positive fair values) and reported as financial asset held for trading. All derivatives in a net payable position (negative fair values) are reported as financial liabilities held for trading. The resultant gains and losses are included in the income currently. Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard 39: Financial Instruments; Recognition and Measurement, consequently hedge accounting is not used.

4.3 Securities under resale agreements

Transactions of purchase under resale (reverse-repo) of the securities purchased under continuous funding system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are recognised as receivable against continuous funding system. The difference between purchase and resale price is treated as income from continuous funding system and accrued over the life of the agreement.

All Continuous Funding System transactions are accounted for on the settlement date.

4.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

4.5 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Fund, applicable for the day on which fund(s) have been realised in the bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

4.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

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

The Element is arrived at by comparing the unit prices with opening Ex-NAV at the beginning of the financial year. The Element so computed is recognised in the income statement except to the extent that the amount represented by unrealised appreciation / diminution arising on available for sale securities is included in distribution statement.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the income statement.

4.7 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.8 Taxation

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

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

The Fund intends to avail tax exemption by distributing at least ninety percent of its accounting income for the year

as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

4.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on the revaluation of derivatives to fair value are taken to the Income Statement in the period in which they arise.
- Income on reverse repurchase transactions, term finance certificates, clean placements and government securities is recognised on an accrual basis using the effective interest rate method.
- Profit on bank deposit is recognised on time proportion basis taking in to account effective yield.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

4.10 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

4.11 Provisions

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

4.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of five years commencing from 23 January 2017 as per the Trust Deed of the Fund.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and term deposits receipts maturing within three months. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.14 Other assets

Other assets are stated at cost less impairment losses, if any.

4.15 Dividend Distribution and Appropriations

Dividends declared (including distribution in the form of bonus units) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

5. Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment are discussed below:

FIRST HABIB ISLAMIC INCOME FUND

Classification and fair value of investments

The Management Company has determined fair value of investments classified as 'at fair value through profit or loss' by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Other assets

Judgement is also involved in assessing the realisability of assets balances.

Sindh workers' welfare fund

For details refer note 14 to these financial statements.

		(Unaudited) 31 March 2017 (Rupees in '000)
6. BANK BALANCES	Note	
Savings account	6.1	120,394
		<u>120,394</u>

6.1 Savings account carry profit rate of 5.6% to 4.00% per annum.

		(Unaudited) 31 March 2017 (Rupees in '000)
7. INVESTMENTS - at fair value through profit or loss - held for trading		
Equity securities	7.1	17,253
		<u>17,253</u>

7.1 Equity Securities

Name of the Investee	As at 1 July 2016	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2017	Carrying value as at 31 March 2017	Market value as at 31 March 2017	Market Value as a Percentage of:	
							Net Assets	Total Investment
(Rupees in '000)								
CABLE AND ELECTRICAL GOODS								
Trakker Pakistan Limited	-	85,000	-	85,000	1,189	1,196	0.66	6.93
FOOD AND PERSONAL CARE PRODUCTS								
Treet Corporation Limited	-	138,500	-	138,500	10,052	10,074	5.59	58.39
INDUSTRIAL METALS AND MINING								
International Steel Limited	-	29,000	-	29,000	3,762	3,739	2.08	21.67
REFINERY								
Attock Refinery Limited	-	5,000	-	5,000	2,267	2,244	1.25	13.01
Total as at 31 March 2017					17,270	17,253		

		(Unaudited) 31 March 2017 (Rupees in '000)
7.3 Unrealised (diminution) / appreciation on investments at fair value through profit or loss		
Equity securities		(17)
		<u>(17)</u>

		(Unaudited) 31 March 2017 (Rupees in '000)
8. INCOME RECEIVABLE	Note	
Profit receivable on saving account		691
Profit receivable on certificate of musharaka		341
		<u>1,032</u>

FIRST HABIB ISLAMIC INCOME FUND

	(Unaudited) 31 March 2017 (Rupees in '000)
9. DEPOSITS AND PREPAYMENTS	
Deposit with Central Depository Company of Pakistan Limited	100
Deposit with National Clearing Company of Pakistan Limited	7,500
Prepayments	157
DFC Margin with National Clearing Company of Pakistan Limited	<u>1,503</u>
	<u>9,260</u>
10. PRELIMINARY EXPENSES AND FLOATATION COST	
Preliminary expenses and floatation cost incurred	10.1 1,688
Amortization for the period	<u>(63)</u>
Balance as at 31 March 2017	<u>1,625</u>
10.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 23 January 2017, i.e. after the close of initial period of the Fund.	
11. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	
Management fee	11.1 <u>181</u>
	<u>181</u>
11.1 Under the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such net assets of the Fund. The Management Company has charged its remuneration at the rate of maximum 1.5% and minimum 1.00% per annum for the current year in accordance with the Trust Deed.	
12. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	
The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily Net Asset Value of the Fund.	
13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)	
This represents annual fee payable to SECP at the rate of 0.075% of the average daily net assets of the Fund in accordance with regulation 62 of NBFC regulations 2008.	
14. SINDH WORKERS' WELFARE FUND	
as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.	
the provision in respect of SWWF should be made on a prudent basis Accordingly, the provision for SWWF is being made on a daily basis going forward.	
16 ACCRUED EXPENSES AND OTHER LIABILITIES	(Unaudited) 31 March 2017 (Rupees in '000)
Payable against settlements & Brokerage	9,084
Others	<u>37</u>
	<u>9,121</u>

FIRST HABIB ISLAMIC INCOME FUND

15. CLASS OF UNITS IN ISSUE

The Fund has three classes of units as per the Trust Deed. Class 'A' units pertain to core investors. Such core units are invested in the scheme for a period of two years or life of collective investment scheme whichever is earlier from the date of the closure of initial offer period. Class 'B' units are issued and redeemed in the usual course of business on a daily basis. Class 'C' units are entitled to cash dividend only even if the distribution to other classes is in the form of bonus units.

Units in issue as at March 31 in each class are:

	2017 (Number of units)
Type 'A' Units	-
Type 'B' Units	1,789,630
Type 'C' Units	-
	<u>1,789,630</u>

16. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2017, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

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

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

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

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

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

	(Unaudited) 31 March 2017 (Rupees in '000)
Habib Asset Management Limited - Management Company	
Management fee	<u>445</u>
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	<u>76</u>
Details of the balances with connected persons are as follows:	
	(Rupees in '000)
Habib Asset Management Limited - Management Company	<u>181</u>
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	<u>31</u>

	For the period from 23 January to 31 March 2017	
	(Units)	(Rupees in '000)
Sale / Redemption of units		
Units sold to:		
Management Company		
Habib Asset Management Limited	<u>1,001,784</u>	<u>100,178</u>
Associated Companies		
- Bank AL Habib Limited	<u>250,421</u>	<u>25,042</u>
Other related parties		
- Executives of the Management Company	<u>3,003</u>	<u>300</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>15,010</u>	<u>1,501</u>
- Habib Sugar Mills Ltd.	<u>100,084</u>	<u>10,008</u>
Units sold to Connected Parties holding 10% or more of the units in issue:		
Treet Corporation Ltd-Group Employees Superannuation Fund	<u>300,202</u>	<u>30,020</u>
Habib Metropolitan Bank Ltd.	<u>200,168</u>	<u>20,017</u>
Attock Cement Pak Ltd.(Employees Provident Fund)	<u>200,101</u>	<u>20,010</u>

FIRST HABIB ISLAMIC INCOME FUND

	For the period from 23 January to 31 March 2017	
	(Units)	(Rupees in '000)
Units redeemed by:		
Management Company		
Habib Asset Management Limited	378,307	37,958
Other related parties		
- Habib Sugar Mills Ltd.	100,084	10,028
Units redeemed by Connected Parties holding 10% or more of the units in issue:		
Attock Cement Pak Ltd.(Employees Provident Fund)	200,101	20,159
Units held by:		
Management Company		
Habib Asset Management Limited	623,476	62,774
Associated Companies		
- Bank AL Habib Limited	250,421	25,213
Other related parties		
- Executives of the Management Company	3,003	302
- Habib Asset Management Limited - Employees Provident Fund	15,010	1,511
Units held to Connected Parties holding 10% or more of the units in issue:		
Treet Corporation Ltd-Group Employees Superannuation Fund	300,202	30,253
Habib Metropolitan Bank Ltd.	200,168	20,172

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 4.1 .

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 prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Equity securities	17,253	-	-	17,253
	-	-	-	17,253

19. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20,2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended March 31, 2017 is 1.26% which include 0.16% representing government levy, Workers' Welfare Fund and SECP fee.

FIRST HABIB ISLAMIC INCOME FUND

20. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund is of the view that the fair market value of the financial assets and liabilities are not significantly different from their carrying values as its assets and liabilities are essentially short term in nature and / or frequently repriced.

21. GENERAL

- 20.1** These condensed interim financial information were authorised for issue on 25th April, 2017 by the board of directors of the Management Company.

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

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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