

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



Quarterly Report
September 2016



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 various Funds under its management for the Quarter ended September 30, 2016.

The State Bank of Pakistan maintained the Discount Rate at 6.25%, though the Average General Inflation Rate grew to 3.86% as compared to 1.6% in the corresponding period. During the period July-September 2016, the Pakistan Stock Exchange (PSX) 100 index gained 7.30%, to close at 40,541.81 points.

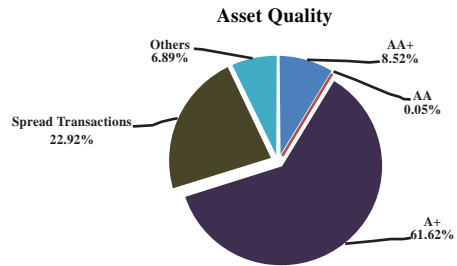
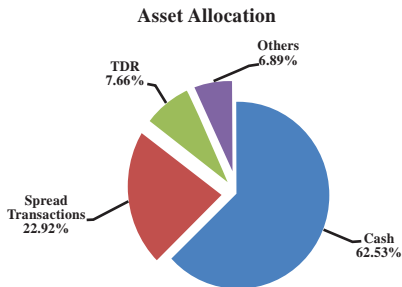
HABIB ASSETS FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The Net Assets of the Fund as of September 30, 2016 were Rs. 1.276 billion. During the First Quarter of the Financial Year 2017, the Fund generated Gross Earnings of Rs. 23.723 million (detailed below) yielding a Return of 4.41% p.a.

	(Rs. In 000s)	
	1QFY17	
Profit on Bank Deposits	11,733.00	49.46%
Income from Government Securities	2,019.00	8.51%
Income from Term Finance Certificates	97.00	0.41%
Income from Clean Placements	294.00	1.24%
Dividend Income	3,623.00	15.27%
Net Gain/Loss on sale and revaluation of Investments	5,958.00	25.11%
	23,723.00	

The Asset Allocation and Asset Quality of FHIF as at September 30, 2016, can be viewed as under:

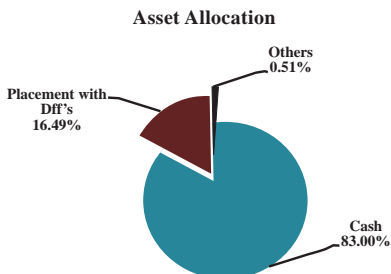
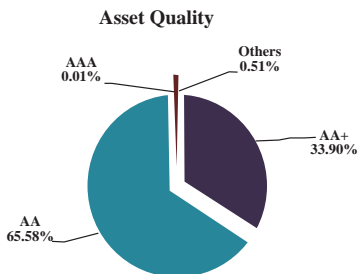


First Habib Cash Fund (FHCF)

The Fund's Net Assets at the Quarter end stood at Rs. 1.18 billion. During the Quarter under review, the Fund generated a Return of 5.22% p.a. and earned Gross Income of Rs. 17.265 million, as detailed below:

	(Rs. In 000s)	
	1QFY16	
Profit on Bank Deposits	9,789.00	56.70%
Income from Government Securities	4,226.00	24.48%
Markup Income on Placements	3,257.00	18.86%
Net Gain/Loss on sale and revaluation of Investments	(7.00)	-0.04%
	17,265.00	

The Asset Allocation and Credit Quality of FHCF as at September 30, 2016, can be viewed as under:

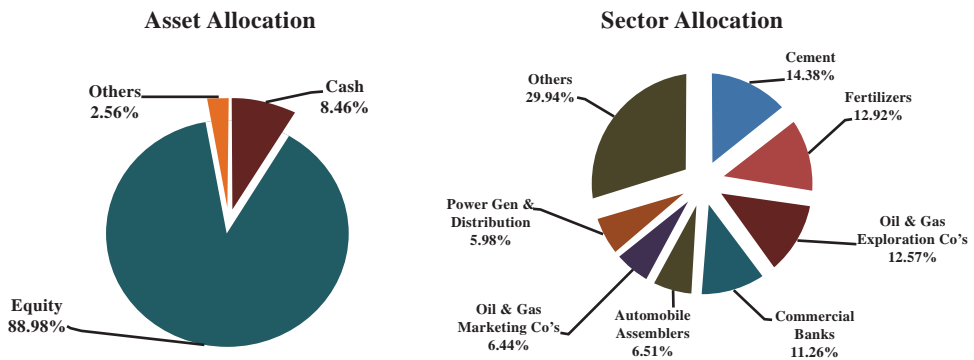


First Habib Stock Fund (FHSF)

The Fund's Net Assets as of September 30, 2016 stood at Rs. 120.18 million. During the period under review, the Fund generated a Return of 6.47% p.a. and earned Gross Income of Rs. 9.557 million, as detailed below.

	(Rs. In 000s)	
	1QFY17	
Profit on Bank Deposits	149.00	2%
Dividend Income	872.00	9%
Net Gain/Loss on sale and revaluation of Investments	8,536.00	89%
	9,557.00	

The Asset Allocation and Credit Quality of FHSF as at September 30, 2016, can be viewed as under:

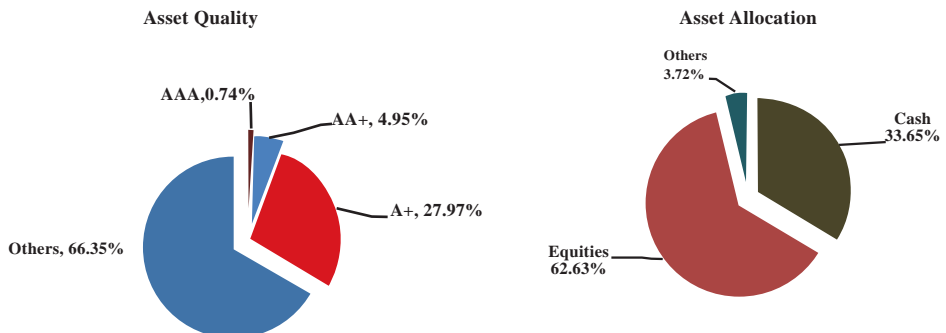


First Habib Islamic Balanced Fund (FHIBF)

The Fund's Net Assets stood at Rs. 105.59 million for the Quarter ended on September 30, 2016. During the Quarter under review, the Fund generated a return of 3.13% p.a. and earned Gross Income of Rs. 4.606 million as detailed below:

	(Rs. In 000s)	
	1QFY17	
Profit on Bank Deposits	502.00	11%
Dividend Income	407.00	9%
Net Gain/Loss on sale and revaluation of Investments	3,697.00	80%
	4,606.00	

The Asset Allocation and Credit Quality of FHIBF as at September 30, 2016, can be viewed as under:



Future Outlook

Prospects for Pakistan's economy look increasingly promising on the back of expected progress on China Pak Economic Corridor (CPEC) related projects, low interest rates and improving law and order situation.

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

Acknowledgement

The Board is indeed thankful to its valued Unit-holders, Central Depository Company of Pakistan Limited as Trustee, the Securities and Exchange Commission of Pakistan and the management of 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

ALI RAZA D. HABIB

Chairman

October 24th, 2016

Habib Asset Management Limited

ڈائریکٹر رپورٹ:

حبیب ایسیٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والی پہلی سرمایہ کے لئے اپنے زیر انتظام مختلف فنڈز کے مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔ حبیب اکاؤنٹ آپ جانتے ہیں بینک دولت پاکستان نے شرح منافع سود 6.25% پر بنی رقم اور رکھا، اگرچہ اس عرصے میں اوسط عمومی افراط زر کی شرح 3.86% رہی (جبکہ پچھلے سرمایہ میں 1.6% تھی)۔ جولائی سے ستمبر 2016ء کے عرصہ میں پاکستان اسٹاک ایکسچینج (PSX) 1100 انڈیکس میں 7.30% کا اضافہ دیکھا گیا اور انڈیکس بڑھ کر 40,541.81، پوائنٹس پر بند ہوا۔

حبیب ایسیٹ فنڈز کی کارکردگی:

فرسٹ حبیب انکم فنڈ:

30 ستمبر 2016ء کو ختم ہونے والی سرمایہ پر فنڈ کے خالص اثاثہ جات 1.276 ارب روپے تھے۔ اس دوران، فنڈ نے مجموعی طور پر 23.723 ملین روپے کمائے جسکی تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع 4.41% رہی۔

پہلی سرمایہ 2017ء		
000 روپے میں		
11,733.00	49.46%	بینک ڈپازٹس پر منافع
2,019.00	8.51%	گورنمنٹ سکیورٹیز سے آمدنی
97.00	0.41%	ٹرم ڈپازٹ سے آمدنی
2,94.00	1.24%	پلیسمنٹ سے آمدنی
3,623.00	15.27%	ڈیویڈنڈ انکم
5,958.00	25.11%	سرمایہ کار کی فروخت میں نفع نقصان
<u>23,723.00</u>		

فرسٹ حبیب کیش فنڈ:

پہلی سرمایہ کے اختتام پر فنڈ کے خالص اثاثہ جات 1.18 ارب روپے پر قائم رہے۔ زیر جائزہ سرمایہ کے دوران فنڈ نے 5.22% سالانہ کی شرح سے منافع کمایا اور 17.265 ملین روپے کی مجموعی آمدن حاصل کی جس کی تفصیل درج ذیل ہے:

پہلی سرمایہ 2017ء		
000 روپے میں		
9,789.00	56.70%	بینک ڈپازٹس پر منافع
4,226.00	24.48%	گورنمنٹ سکیورٹیز سے آمدنی
3,257.00	18.86%	پلیسمنٹ سے آمدنی
(7.00)	-0.04%	سرمایہ کار کی فروخت میں نفع نقصان
<u>17,265.00</u>		

فرسٹ حبیب اسٹاک فنڈ:

30 ستمبر 2016 کو ختم ہونے والی سرمایہ کے مطابق فنڈ کے خالص اثاثہ جات 120.18 ملین روپے تھے۔ زیر جائزہ سرمایہ کے دوران فنڈ نے 6.47% سالانہ کی شرح سے منافع کمایا اور 9.557 ملین روپے کی مجموعی آمدن حاصل کی جس کی تفصیل درج ذیل ہے۔

پہلی سرمایہ 2017ء		
000 روپے میں		
149.00	2%	بینک ڈپازٹس پر منافع
842.00	9%	ڈیویڈنڈ انکم
8,536.00	89%	سرمایہ کار کی فروخت میں نفع نقصان
<u>9,557.00</u>		

فرسٹ حبیب اسلامک فیلینس فنڈ:

پہلی سرمایہ کے اختتام 30 ستمبر 2016ء کے مطابق فنڈ کے خالص اثاثہ جات 105.59 ملین روپے رہے، مالی سال 2017ء کی پہلی سرمایہ کے دوران، فنڈ نے مجموعی طور پر 3.13% کی شرح سے سالانہ منافع کمایا اور 4.606 ملین روپے مجموعی آمدن حاصل کی جس کی تفصیل درج ذیل ہے:

پہلی سرمایہ 2017ء		
000 روپے میں		
502.00	11%	بینک ڈپازٹس پر منافع
407.00	9%	ڈیویڈنڈ انکم
3,697.00	80%	سرمایہ کار کی فروخت میں نفع نقصان
<u>4,606.00</u>		

مستقبل کی توقعات:

پاک چین اقتصادی راہداری (CPEC) سے وابستہ متوقع منصوبے، کم شرح سود اور امن وامان کی بہتر صورتحال کے تناظر میں پاکستان کی معاشی صورتحال میں بہتری کے قومی امکانات ہیں۔ ہم دُعا گوئیں کہ اللہ تعالیٰ وطن عزیز میں استحکام اور خوشحالی کا دور درودہ کر دے اور ہمارے عوام کو بہتر زندگی بسر آئے (آمین)۔

اعتراف:

بورڈ قابل قدر پونٹ ہولڈرز، سینڈل ڈپارٹری کمیٹی آف پاکستان لمیٹڈ بطور رٹنی (امین) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے تعاون اور سرپرستی کیلئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔
بورڈ مینٹ کمیٹی کے ملازمین کی لگن اور جانفشانی کو بھی حراج تسلیم پیش کرتا ہے۔

مفتاب بورڈ

حبیب الہیٹ مینٹ لمیٹڈ

علی رضا ڈی حبیب

چیرمین

حبیب الہیٹ مینٹ لمیٹڈ

مورخہ 24 اکتوبر 2016ء

FIRST HABIB INCOME FUND

First Quarterly Report

September 2016

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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

Auditors

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

Registrar

JWAFFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameera 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
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Rating

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

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

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2016

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
	Note	(Rupees in '000)	
Assets			
Bank balances	6	916,217	562,182
Investments	7	293,546	714,958
Fair value of derivatives		-	9,868
Income receivable	8	8,728	9,079
Receivable Against Sale of Units		-	43,898
Receivable Against Sale of Investment		52,840	-
Deposits & prepayment	9	34,007	33,148
Total assets		1,305,339	1,373,133
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,994	2,200
Provision for Federal excies duty on remuneration of the - Management Company		8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee		225	394
Payable to Securities and Exchange Commission of Pakistan		251	1,224
Provision for Workers' Welfare Fund	10	15,687	15,687
Payable Against Purchase of Investment		-	3,873
Payable Against Redemption of Units		802	-
Accrued expenses and other liabilities		1,520	10,626
Total liabilities		29,225	42,750
Net assets		1,276,113	1,330,383
Unit holders' funds (as per statement attached)		1,276,113	1,330,383
(Number of Units)			
Number of units in issue		12,499,535	13,175,894
(Rupees)			
Net asset value per unit		102.09	100.97

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
Note	2016	2015
	(Rupees in '000)	
Income		
Profit on bank deposits	11,733	3,052
Income from term deposit receipts	97	-
Income from government securities	2,019	15,767
Income from Margin Trading System	-	12,252
Income from clean placements	294	26
Dividend Income	3,623	5,100
Net gain / (loss) on investments designated at fair value through profit or loss		
- Net capital gain / (loss) on sale of investments classified as held for trading	5,666	16,699
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	15,735	1,025
- Unrealised (diminution) on derivative financial instruments	(15,443)	(1,309)
	5,958	16,415
Total income	23,723	52,612
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	4,424	6,197
Sales Tax on management fee	575	1,006
Federal Excise Duty on management fee	-	991
Expenses allocated by the management company	221	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	564	644
Annual fee to Securities and Exchange Commission of Pakistan	251	310
Brokerage expense	2,239	1,142
Settlement and bank charges	350	725
Annual listing fee	13	10
Auditors' remuneration	105	104
Mutual fund rating fee	80	137
Printing charges	24	22
Fee and charges to National Clearing Company of Pakistan Limited	63	62
Total expenses	8,909	11,350
Net income from operating activities	14,814	41,262
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(792)	(1,047)
Net income for the period	14,023	40,215

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Net income for the period	14,023	40,215
Other comprehensive income for the period	-	-
Total comprehensive income for the period	14,023	40,215

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward	11,248	14,462
Net income for the period	14,023	40,215
Undistributed income carried forward	<u>25,271</u>	<u>54,677</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Net assets at the beginning of the period [Rs 100.97 (2015: Rs 101.24) per unit]	1,330,383	1,203,225
Issuance of 3,643,578 units (2015:10,060,663 units)	369,247	1,031,186
Redemption of 4,319,937 units (2015:6,562,693 units)	(438,331)	(678,070)
	(69,084)	353,116
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	792	1,047
Net income for the period	14,023	40,215
Other comprehensive gain/(loss)	-	-
Total comprehensive income for the period	14,023	40,215
Net assets at the end of the period [Rs 102.09 (2015: Rs 103.86) per unit]	1,276,113	1,597,603

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	14,023	40,215
Adjustments for non-cash items		
Unrealised (loss) on revaluation of investments classified as held for trading	(15,735)	(1,025)
Unrealised appreciation / (diminution) on derivative financial instruments	15,443	1,309
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	792	1,047
	14,522	41,546
Decrease / (increase) in assets		
Placements	-	(150,000)
Investments	421,704	(176,970)
Fair value of derivatives	9,868	-
Receivable Against Sale of Units	43,898	1,947
Receivable Against Sale of Investment	(52,840)	-
Receivable Against Margine Trading System	-	150,720
Income receivable	351	202
Deposits & prepayment	(859)	(9,967)
	422,122	(184,068)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(206)	491
Provision for Federal excies duty on remuneration of the - Management Company	0	991
Payable to Central Depository Company of Pakistan Limited - Trustee	(169)	41
Payable to Securities and Exchange Commission of Pakistan	(973)	(704)
Payable Against Purchase of Investment	(3,873)	317
Payable Against Redemption of Units	802	-
Accrued expenses and other liabilities	(9,106)	(39,978)
	(13,525)	(38,842)
Net cash inflow from operating activities	423,119	(181,364)
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	(69,084)	353,116
Net increase / (decrease) in cash and cash equivalents during the period	354,035	171,752
Cash and cash equivalents at beginning of the period	562,182	145,029
Cash and cash equivalents at the end of the period	916,217	316,781
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	816,217	206,781
Term deposit receipts	100,000	110,000
	916,217	316,781

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Income Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 August 2006 under Regulation 44 of the NBFC and Notified Entities Regulations 2008.

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

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

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

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

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

2. BASIS OF PRESENTATION

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 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.

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 INCOME FUND

	Note	(Unaudited) 30 September 2016	(Audited) 30 June 2016
6. BANK BALANCES			
		(Rupees in '000)	
Current accounts	6.1	103,853	109,177
Saving accounts	6.1 & 6.2	712,365	328,005
Placements	6.3	-	125,000
Term Deposit Receipts (TDR's)	6.4	100,000	-
		916,217	562,182

6.1 It include balance of Rs. 7.326 Million (2016 40.670 Million) in saving account and Rs. 103.853 Million (2016 109.177 Million) in current account with Bank Al-Habib , a related party.

6.2 Savings accounts carry profit rates ranging from 8.0% to 4% (2016: 4.0% to 6.4%) per annum.

6.3 Placements have tenure of Nil days (2016: 14 days), carry profit rate of Nil% (2016: 6.6%) matured on Nil Date (2016: 14 July 2016).

6.4 Term deposit receipts (TDR) have tenure of 91 days, (2016 Nil) and carry profit rate of 7.10% (2016 Nil) This TDR will mature on 26 December 2016.

	Note	(Unaudited) 30 September 2016	(Audited) 30 June 2016
7. INVESTMENTS - at fair value through profit or loss - held for trading		(Rupees in '000)	
Government securities	7.1	-	204,324
Investment in Shares	7.2	299,122	510,634
Derivatives	7.2.1	(5,575)	-
		293,546	714,958

7.1 Government securities

Market Treasury Bills	7.1.1	-	99,678
Pakistan Investment Bonds	7.1.2	-	104,646
		-	204,324

7.1.1 Market Treasury Bills

Issue date	Face Value				As at 30 September 2016		Market value as percentage of	
	As at 01 July 2016	Purchases during the period	Sold / Matured during the period	As at 30 September 2016	Carrying value	Market value	net assets	total investments
------(Rupees in '000)-----								
Treasury Bills - 3 months	-	-	-	-	-	-	-	-
Treasury Bills - 6 months	100,000	-	100,000	-	-	-	-	-
Treasury Bills - 1 year	-	-	-	-	-	-	-	-
Total as at 30 September 2016					-	-		
Total as at 30 June 2016					99,679	99,678		

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

FIRST HABIB INCOME FUND

7.1.2 Pakistan Investment Bonds

Issue date	Face Value				As at 30 September 2016		Market value as percentage of	
	As at 01 July 2016	Purchases during the period	Sold / Matured during the period	As at 30 September 2016	Carrying value	Market value	net assets	total investments
------(Rupees in '000)-----								
Pakistan Investment Bond - 3 years	104,400	-	104,400	-	-	-	-	-
Pakistan Investment Bond - 5 years	-	-	-	-	-	-	-	-
Pakistan Investment Bond - 10 years	-	-	-	-	-	-	-	-
Total as at 30 September 2016					-	-		
Total as at 30 June 2016					104,633	104,646		

7.1.2.1 Rate of return on above Treasury Bills ranges Nil (2016: 6.39)

7.2 Investment in Shares

Name of the Investee	As at 1 July 2016	Purchased during the period	Sold during the period	As at 30 September 2016	Carrying value as at 30 September 2016	Market value as at 30 September 2016	Appreciation / (diminution)	Market Value as a Percentage of:	
								Net Assets	Total Investments
------(Rupees in '000)-----									
COMMERCIAL BANKS									
Askari Bank Ltd	-	-	-	-	-	-	-	0.00%	0.00%
Bank Alfalah Ltd	-	-	-	-	-	-	-	0.00%	0.00%
Bank of Punjab	150,000	22,000	162,000	10,000	107	133	26	0.01%	0.05%
Habib Bank Ltd	15,000	-	15,000	-	-	-	-	0.00%	0.00%
National Bank of Pakistan	-	24,500	17,000	7,500	506	549	43	0.04%	0.19%
United Bank Ltd	-	-	-	-	-	-	-	0.00%	0.00%
				17,500	613	682	69		
CABLE & ELECTRICAL GOODS									
Pak Elektion Ltd	1,434,000	946,000	1,558,500	821,500	58,985	58,138	(847)	4.56%	19.81%
Pak Elektion Ltd - R	-	-	-	-	-	-	-	0.00%	0.00%
Trakker Ltd	563,000	243,000	589,000	217,000	2,767	3,025	258	0.24%	1.03%
				1,038,500	61,752	61,163	(589)		
CEMENT									
Cherat Cement	-	43,500	43,500	-	-	-	-	0.00%	0.00%
Dewan Cement Ltd	1,330,500	45,000	1,375,500	-	-	-	-	0.00%	0.00%
D.G Khan Cement	9,000	22,000	9,000	22,000	4,382	4,089	(293)	0.32%	1.39%
Fauji Cement Co Ltd	-	-	-	-	-	-	-	0.00%	0.00%
Lucky Cement Ltd	-	-	-	-	-	-	-	0.00%	0.00%
Maple Leaf Cement Ltd	-	23,000	-	23,000	2,463	2,204	(259)	0.17%	0.75%
Pakcem Ltd	-	383,000	383,000	-	-	-	-	0.00%	0.00%
Power Cement Ltd	-	50,000	50,000	-	-	-	-	0.00%	0.00%
				45,000	6,845	6,293	(552)		
CHEMICALS									
Fatima Fertilizer	50,000	1,450,000	-	1,500,000	50,695	51,990	1,295	4.07%	17.71%
				1,500,000	50,695	51,990	1,295		
FERTILIZER									
Engro Fertilizer	958,000	21,500	954,500	25,000	1,685	1,542	(143)	0.12%	0.53%
Engro Corporation Ltd	45,000	22,000	47,000	20,000	5,944	5,825	(119)	0.46%	1.98%
Fauji Fertilizer Bin Qasim Ltd	-	33,500	33,500	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Company	-	-	-	-	-	-	-	0.00%	0.00%
				45,000	7,629	7,367	(262)		
ENGINEERING									
Amreli Steels L	-	15,000	15,000	-	-	-	-	0.00%	0.00%
				-	-	-	-		
INDUSTRIAL MATEL & MINING									
Inter.Steel LtdXD	-	91,500	91,500	-	-	-	-	0.00%	0.00%
				-	-	-	-		
INSURANCE									
Adamjee Insurance	78,500	-	78,500	-	-	-	-	0.00%	0.00%
				-	-	-	-		
OIL & GAS EXPLORATION COMPANIES									
Oil & Gas Development Co Ltd	-	46,000	46,000	-	-	-	-		
Pakistan Oilfield Ltd	-	1,500	-	1,500	597	602	5	0.05%	0.21%
				1,500	597	602	5		

FIRST HABIB INCOME FUND

Name of the Investee	As at 1 July 2016	Purchased during the period	Sold during the period	As at 30 September 2016	Carrying value as at 30 September 2016	Market value as at 30 September 2016	Appreciation / (diminution)	Market Value as a Percentage of:	
								Net Assets	Total Investments
------(Rupees in '000)-----									
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Ltd	-	2,500	-	2,500	552	551	(1)	0.04%	0.19%
Pakistan State Oil Co Ltd	37,500	76,500	22,000	92,000	37,960	38,101	141	2.99%	12.98%
Sui Northern Gas	3,209,000	856,500	4,065,500	-	-	-	-	0.00%	0.00%
Sui Southern Gas	100,000	592,500	692,500	-	-	-	-	0.00%	0.00%
				94,500	38,512	38,652	140		
PERSONAL GOODS									
Nishat (Chunian) Ltd	285,000	361,500	463,000	183,500	8,143	8,415	272	0.66%	2.87%
				183,500	8,143	8,415	272		
PHARMACEUTICALS									
The Searle Company	10,000	2,000	12,000	-	-	-	-	0.00%	0.00%
				-	-	-	-		
POWER GENERATION & DISTRIBUTION									
Hub Power Company Ltd	15,000	-	15,000	-	-	-	-		
K-Electric Ltd	366,000	761,500	118,500	1,009,000	9,086	9,293	207	0.73%	3.17%
				1,009,000	9,086	9,293	207		
REFINERY									
Attock Refinery Ltd	104,000	40,500	139,500	5,000	1,600	1,629	29	0.13%	0.55%
				5,000	1,600	1,629	29		
SUPPORT SERVICES									
TRG Pakistan	2,577,000	1,000	145,500	2,432,500	96,663	111,627	14,963	8.75%	38.03%
				2,432,500	96,663	111,627	14,963		
TECHNOLOGY AND COMMUNICATION									
P.T.C.L "A"	195,000	80,000	275,000	-	-	-	-	0.00%	0.00%
				-	-	-	-		
TEXTILE COMPOSITE									
Nishat Mills Ltd	290,000	64,000	344,000	10,000	1,251	1,409	158	0.11%	0.48%
				10,000	1,251	1,409	158		
Total as at 30 September 2016					283,386	299,122	15,735		
Total as at 30 June 2016					519,657	510,634	(9,023)		

7.2.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin and MTM losses for settlement of the Fund's trades as allowed in Circular 11 dated 23 October 2007 issued by SECP.

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	----Number of Shares----	
Adamjee Insurance Company Limited	-	78,500
Dewan Cement Limited	-	1,000,000
Engro Fertiliser Limited	-	500,000
Fatima Fertiliser Company Limited	-	50,000
Nishat (Chunian) Limited	-	285,000
Nishat Mills Limited	-	100,000
Pak Elektron Limited	-	1,000,000
Pakistan Telecommunication Company Limited	-	195,000
Sui Northern Gas Pipeline Limited	-	1,500,000
TPL Trakker Limited	-	250,000
TRG Pakistan Limited - Class 'A'	-	1,500,000
	-	6,458,500

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
	(Rupees in '000)	
Market Treasury Bills	-	(1)
Pakistan Investment Bonds	-	13
Investment in Shares	15,735	(9,023)
	<u>15,735</u>	<u>(9,011)</u>

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
8. INCOME RECEIVABLE		
	(Rupees in '000)	
Government Securities	-	5,398
Bank Deposits	5,088	2,458
Term Deposit Receipts (TDRs)	97	-
Clean Placement	-	23
Dividend Receivable	3,543	1,200
	<u>8,728</u>	<u>9,079</u>

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
9. DEPOSITS & PREPAYMENTS		
	(Rupees in '000)	
Deposit with National Clearing Company of Pakistan Limited	32,500	32,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited Against MTS	250	250
Payment Against MTS Account Maintenance Fee	21	84
Annual listing fee Pakistan Stock Exchange (PSX)	37	-
Withholding tax on Dividend Income	1,099	214
	<u>34,007</u>	<u>33,148</u>

10. WORKERS' WELFARE FUND

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

The Fund maintained a provision for WWF as on September 30, 2016 amounting to Rs. 15.687 million (June 30, 2016: 15.687 million).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2016 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

30 September 2016	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Market Treasury Bills	-	-	-	-
Pakistan Investment Bonds	-	-	-	-
Investment in Shares	299,122	-	-	299,122
Derivatives	(5,575)	-	-	(5,575)
	<u>293,546</u>	<u>-</u>	<u>-</u>	<u>293,546</u>

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

30 June 2016	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Market Treasury Bills	-	99,678	-	99,678
Pakistan Investment Bonds	-	104,646	-	104,646
Investment in Shares	-	-	-	-
	<u>-</u>	<u>204,324</u>	<u>-</u>	<u>204,324</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 Balanced Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of the transactions with connected persons are as follows:

	(Unaudited) 30 September	
	2016	2015
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
- Management fee	4,424	6,197
- Sales Tax on management fee	575	1,006
- Federal Excise Duty on management fee		991
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration to the Trustee	564	644
Bank AL Habib Limited		
- Profit on Bank Balance	880	2,205

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
Details of balances with connected persons at period end are as follows:		
Habib Asset Management Limited - Management Company		
- Management Company fee payable	1,994	2,200
- Federal Excise duty payable		4,830
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	184	177
- Other CDC Charges payable	41	117
- Security deposit - Non interest bearing	100	100
Bank AL Habib Limited		
- Bank Balance	111,179	40,670

Units sold to:	(Unaudited) 30 September 2016		(Unaudited) 30 September 2015	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Management Company</i>				
Habib Asset Management Limited	1,416,090	143,330	1,333,265	137,074
<i>Associated Companies</i>				
- Habib Insurance Company Limited	988,899	100,000	97,212	10,000
Other related parties:				
- Directors and executives of the Management Company	24,129	2,442	9,713	1,002
- Habib Sugar Mills Limited	-	-	4,893,064	500,000
- Ghulamam-E-Abbas Educational & Medical Trust Endowment Fund	24,621	2,500	52,638	5,400
- Sukaina Education And Welfare Trust	247,596	25,000	-	-
- Habib Asset Management Limited - Employees Provident Fund	45,291	4,581	-	-
Units redeemed by:				
<i>Management Company</i>				
Habib Asset Management Limited	1,970,619	199,680	597,541	61,094
<i>Associated Companies</i>				
- Habib Insurance Company Limited	736,533	75,000	593,590	15,000
Other related parties				
- Directors and executives of the Management Company	30,049	3,039	17,695	1,796
- Habib Asset Management Limited - Employees Provident Fund	52,321	5,307	5,704	579
- Greenshield Insurance Brokers (Pvt) Ltd	1,960	200	7,760	800
- Habib Sugar Mills Limited	-	-	4,893,064	505,196
Units held by:				
<i>Management Company</i>				
Habib Asset Management Limited	1,170,013	119,450	1,453,569	150,968
<i>Associated Companies</i>				
- Bank AL Habib Limited	1,357,163	138,557	1,357,162	140,955
- Habib Insurance Company Limited	953,464	97,341	1,198,592	124,486

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2016		(Unaudited) 30 September 2015	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors and executives of the Management Company	92,440	9,438	21,692	2,253
- Habib Insurance Company Limited-Employees Provident Fund	98,365	10,043	91,958	9,551
- Greenshield Insurance Brokers (Pvt) Ltd	23,256	2,374	31,574	3,279
- Sukaina Education And Welfare Trust	1,210,836	123,617	915,407	95,074
- Apwa Ra'ana Liaquat Craftsmen Colony	60,660	6,193	57,648	5,987
- Ghulamam-E-Abbas Educational & Medical Trust Endowment Fund	24,621	2,514	58,653	6,092
- Dawood Habib Memorial Trust	418,826	42,759	579,004	60,135
- Mrs. Shama Sajjad Habib	216,194	22,072	203,437	21,129
- Mr. Qumail Habib	31,153	3,181	15,311	1,590
- Mr. Abas D Habib	31,146	3,180	15,311	1,590
- Mr. Ali Asad Habib	29,494	3,011	13,756	1,429
- Mrs. Hina Shoaib	175	18	165	17
- Mr. Munawar Ali Habib	18,006	1,838	4,665	484
- Mr. Sajjad Hssain	14,879	1,519	4,663	484

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on **24 October 2016.**

16. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio means the ratio of the sum of all expenses, taxes of government levies charged to the Collective Investment scheme to average daily net assets value of that Collective Investment Scheme.

Average Net Assets	1,329,923,274
Total Expenses	8,908,861
Sales Tax On Management Fee	(575,179)
SECP Annual Fee	(251,410)
Expenses Excluding Allowable	8,082,272
Total Expenses Ratio (TER)	0.61%

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

FIRST HABIB STOCK FUND
First Quarterly Report
September 2016

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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

Auditors

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

Registrar

JWAFFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameera 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

Rating

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

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

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2016

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
	<i>Note</i>	----- (Rupees in '000) -----	
Assets			
Bank balances	6	10,615	8,820
Investments	7	111,664	119,161
Dividend and income receivable	8	799	256
Deposits, Advances and prepayments	9	3,790	3,769
Receivable against sale of Units		-	35,998
Total assets		126,868	168,004
Liabilities			
Payable to Habib Asset Management Limited - Management Company		278	282
Provision for Federal Excise Duty on remuneration of the Management Company		2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		66	74
Payable to Securities and Exchange Commission of Pakistan		28	157
Workers' Welfare Fund (WWF)	10	2,332	2,332
Accrued expenses and other liabilities		558	30,451
Payable against purchase of investment		1,379	-
Total liabilities		6,684	35,339
Net assets		120,184	132,665
Unit holders' funds (as per the statement attached)		120,184	132,665
		(Number of Units)	
Number of units in issue		1,127,519	1,273,063
		(Rupees)	
Net asset value per unit - Rupees		106.59	104.21

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 QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
<i>Note</i>	----- (Rupees in '000) -----	
Income		
Profit on bank deposits	149	358
Dividend income	872	1,365
Net gain on investment at fair value through profit or loss		
- Net capital gain on sale of investments classified as held for trading	5,580	2,062
- Net unrealised (loss) / gain on revaluation of investment classified as held for trading	2,956	(13,057)
	8,536	(10,995)
Total income/(loss)	9,557	(9,272)
Expenses		
Remuneration of Habib Asset Management Limited		
- Management Company	583	708
Sales tax on management fee	76	115
Federal Excise Duty on management fee	-	113
Expenses allocated by on Management Fee	24	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	209	242
Annual fee - Securities and Exchange Commission of Pakistan	46	34
Brokerage expense	135	858
Settlement and bank charges	90	84
Annual listing fee	5	5
Auditors' remuneration	90	89
Mutual Fund Rating Fee	46	70
Printing charges	24	22
Total expenses	1,328	2,340
Net income/ (loss) from operating activities	8,229	(11,612)
Element of (loss) / income and capital / (loss) included in prices of units issued less those in units redeemed - net	(340)	(1,638)
Net income/(loss) for the period	7,889	(13,250)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Net income/(loss) for the period	7,889	(13,250)
Other comprehensive income for the period	-	-
Total comprehensive (loss)/ income for the period	<u>7,889</u>	<u>(13,250)</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 QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Undistributed income brought forward	7,369	4,281
Final dividend distribution 11 July 2016 @ 4.10/- per unit for class "C" for the year ended 30 June 2016.	(5,220)	-
Net income/(loss) for the period	7,889	(13,250)
Undistributed income carried forward	<u>10,038</u>	<u>(8,969)</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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	132,665	114,072
Issue of 197,598 units (2015: 960,321 units)	20,589	97,969
Redemption of 343,143 units (2015: 380,199 units)	(36,079)	(39,830)
	(15,490)	58,139
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	340	1,638
Distribution to units holders in cash	(5,220)	-
Net income/(loss) for the period	7,889	(13,250)
Net assets at the end of the period	120,184	160,599

* Including 29,386 units issued as re-investment during the qtr (2015: Nil Units)

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 QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss) for the period	7,889	(13,250)
Adjustments for non-cash items		
Unrealised (diminution) / appreciation on investments at fair value through profit or loss - net	(2,956)	13,057
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net	340	1,638
	5,273	1,445
Decrease / (increase) in assets		
Investments	10,453	(48,266)
Dividend and income receivable	(543)	(811)
Deposits, Advances and prepayments	(21)	9,958
Receivable against sale of investments	35,998	13,094
	45,887	(26,025)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(4)	48
Provision for Federal Excises Duty on remuneration of the Management Company	-	113
Payable to Central Depository Company of Pakistan Limited - Trustee	(8)	5
Payable to Securities and Exchange Commission of Pakistan	(129)	(109)
Payable against purchase of investments	1,379	6,149
Accrued expenses and other liabilities	(29,893)	(321)
	(28,655)	5,885
Net cash flow from operating activities	22,505	(18,695)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	(15,490)	58,139
Dividend paid during the period	(5,220)	-
Net cash (used) in / generated from financing activities	(20,710)	58,139
Net increase in cash and cash equivalents during the period	1,795	39,444
Cash and cash equivalents at the beginning of the period	8,820	1,892
Cash and cash equivalents at the end of period	10,615	41,336

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+ ' to the Management Company and JCR assigned a performance ranking of 'MFR 1 - Star' to the Fund.

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

The policy of the fund is to invest in equity securities of listed companies, cash and near cash instruments. The fund has been categorised as an equity scheme.

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

2. BASIS OF PREPARATION

- 2.1** These consensed interin financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, the NBFC Regulations and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. These consensed interin financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 2.2** These consensed interin financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2016.
- 2.3** These consensed interin financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016.

4. ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended 30 June 2016.

FIRST HABIB STOCK FUND

6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 5.25% (30 June 2016: 5.25%) per annum.

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

		(Unaudited) 30 September 2016 ----- (Rupees in '000) -----	(Audited) 30 June 2016 -----
Equity securities	7.1	<u>111,664</u>	<u>119,161</u>
		<u>111,664</u>	<u>119,161</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 30 September 2016	Carrying value as at 30 September 2016	Market value as at 30 September 2016	Market Value as a Percentage of:	
							Net Assets	Total Investments
-----Number of shares----- (Rupees in '000)-----								
Commercial Banks								
Habib Bank Limited	27,900	1,000	17,900	11,000	2,187	2,429	2.02%	2.18%
Bank of Punjab Limited	-	100,000	-	100,000	1,318	1,332	1.11%	1.19%
MCB Bank Limited	33,370	1,000	9,000	25,370	5,572	5,602	4.66%	5.02%
United Bank Limited	41,000	1,000	18,000	24,000	4,266	4,770	3.97%	4.27%
Oil & Gas Marketing Companies								
Sui Southern Gas Company Limited	-	150,000	150,000	-	-	-	0.00%	0.00%
Sui Nourthen Gas Pipelines Limited	-	155,000	155,000	-	-	-	0.00%	0.00%
Engineering								
Amerli Steel Limited	39,500	-	29,500	10,000	470	713	0.59%	0.64%
Mughal Iron & Steel Industries Limited	34,000	5,000	22,000	17,000	1,164	1,454	1.21%	1.30%
Cable & Electrical Goods								
Pak Elektron Limited	34,500	65,000	29,500	70,000	4,950	4,954	4.12%	4.44%
Singer Pakistan Limited	-	35,000	35,000	-	-	-	0.00%	0.00%
TPL Trakker Limited	-	270,000	140,000	130,000	1,665	1,812	1.51%	1.62%
Chemicals								
Fauji Fertilizer Company Limited	32,000	10,500	3,000	39,500	4,497	4,107	3.42%	3.68%
Fauji Fertilizer Bin Qasim Limited	74,500	20,000	74,500	20,000	1,039	1,028	0.86%	0.92%
Dawood Hercules Corporation	-	-	-	-	-	-	0.00%	0.00%
Engro Fertilizers Limited	80,000	17,000	52,000	45,000	2,908	2,775	2.31%	2.49%
Engro Corporation Limited	25,000	13,000	9,500	28,500	9,412	8,301	6.91%	7.43%
I.C.I. Pakistan Limited	5,000	-	5,000	-	-	-	0.00%	0.00%
Oil and Gas								
Oil and Gas Development Company Limited	61,500	1,000	23,500	39,000	5,387	5,508	4.58%	4.93%
Pakistan Oilfields Limited	15,000	-	7,400	7,600	2,641	3,050	2.54%	2.73%
Pakistan Petroleum Limited	18,000	-	6,000	12,000	1,861	1,964	1.63%	1.76%
Pakistan State Oil Company Limited	17,500	9,500	7,500	19,500	7,681	8,076	6.72%	7.23%
Shell Pakistan Limited	-	-	-	-	-	-	0.00%	0.00%
Mari Petroleum Company Limited	2,500	3,500	500	5,500	5,143	5,250	4.37%	4.70%
Construction and Materials (Cement)								
Cherat Cement Company Limited	18,000	2,500	5,500	15,000	1,799	1,930	1.61%	1.73%
D.G. Khan Cement Company limited	29,700	12,000	5,700	36,000	6,906	6,692	5.57%	5.99%
Lucky Cement Limited	7,200	3,000	5,200	5,000	3,287	3,386	2.82%	3.03%
Maple Leaf Cement Factory Limited	48,000	9,500	11,000	46,500	4,838	4,455	3.71%	3.99%
Pioneer Cement Limited	17,500	2,000	4,500	15,000	1,615	1,585	1.32%	1.42%
Automobiles & Parts								
Dewan Farooque Motors Limited	30,000	-	-	30,000	1,364	1,161	0.97%	1.04%
Honda Atlas Cars (Pakistan) Limited	6,000	10,500	7,500	9,000	3,689	5,506	4.58%	4.93%
Indus Motors Company Limited	-	2,000	1,000	1,000	1,191	1,500	1.25%	1.34%
Pak Suzuki Motor Company Limited	5,500	-	5,500	-	-	-	0.00%	0.00%
Personal Goods (Textiles)								
Nishat Mills Limited	25,000	7,000	22,000	10,000	1,104	1,409	1.17%	1.26%
Treet Corporation Limited	45,000	2,000	16,000	31,000	1,542	1,693	1.41%	1.52%
Pharma And Bio Tech								
Glaxo Smith Kline Pakistan Limited	8,000	9,000	10,000	7,000	1,531	1,511	1.26%	1.35%
The Searl Company Limited	5,500	12,800	8,000	10,300	5,806	5,907	4.91%	5.29%
Electricity								
Hub Power Company Limited	36,500	5,000	11,500	30,000	3,611	3,575	2.97%	3.20%
Kot Addu Power Company Limited	15,000	32,000	-	47,000	4,152	3,933	3.27%	3.52%
Technology & Communications								
Sys Limited	-	10,000	6,000	4,000	256	280	0.23%	0.25%
Paper and Boards								
Packages Limited	8,000	1,050	3,050	6,000	3,857	4,016	3.34%	3.60%
Miscellaneous								
Pace Pakistan Limited	-	150,000	150,000	-	-	-	0.00%	0.00%
Total as at 30 September 2016					108,709	111,664		
Total as at 30 June 2016					114,903	119,161		

7.2 Following shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	----(Number of Shares) ----	
D.G. Khan Cement Company Limited	17,500	17,500
Engro Corporation Limited	9,500	9,500
Fauji Fertilizers Company Limited	15,000	15,000
The Hub Power Company Limited	13,500	13,500
	<u>55,500</u>	<u>55,500</u>

8. DIVIDEND AND INCOME RECEIVABLE

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	(Rupees in '000)	
Dividend receivable	755	230
Profit receivable on saving account	44	26
	<u>799</u>	<u>256</u>

9. DEPOSITS, ADVANCES AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash margin to NCCPL against Equity Transaction	1,000	1,000
Deposit with Central Depository Company of Pakistan Limited	100	100
Advance Tax	162	162
Mutual Fund Rating Fee	-	7
Annual Listing Fee	28	-
	<u>3,790</u>	<u>3,769</u>

10. WORKERS' WELFARE FUND

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

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 2.332 million (30 June 2015: Rs. 2.332 million) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.83 per unit (30 June 2015: Rs. 2.10 per unit)

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

FIRST HABIB STOCK FUND

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the three months period ended 30 September 2016, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Level 1 -----	Level 2 (Rupees) -----	Total -----
Equity securities	111,664	-	111,664
Government securities	-	-	-
	<u>111,664</u>	<u>-</u>	<u>111,664</u>

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

	Level 1 -----	Level 2 (Rupees) -----	Total -----
Equity securities	119,161	-	119,161
Government securities	-	-	-
	<u>119,161</u>	<u>-</u>	<u>119,161</u>

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Cash Fund, First Habib Islamic Fund and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of transactions with connected persons are as follows:

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	583	708
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	8	87
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	209	242
Bank Al Habib Limited		
Profit on Bank Balances	149	358

FIRST HABIB STOCK FUND

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	------(Rupees in '000)-----	
Bank Al Habib Limited		
Bank Balance	<u>10,615</u>	<u>41,336</u>
Habib Asset Management Limited - Management Company		
Management fee payable	<u>2,321</u>	<u>1,922</u>
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	<u>7</u>	<u>1</u>
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	<u>66</u>	<u>93</u>
- Security deposit - non interest bearing	<u>100</u>	<u>100</u>

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

	Quarter ended 30 September 2016		Quarter ended 30 September 2015	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<u>Units sold to:</u>				
<i>Management Company</i>				
- Habib Asset Management Limited	<u>142,925</u>	<u>14,972</u>	<u>667,243</u>	<u>67,817</u>
Other related parties				
- Directors of the Management Company	<u>1,848</u>	<u>184</u>	<u>5,540</u>	<u>549</u>
- Habib Asset Management Ltd.Emp.Provident Fund	<u>-</u>	<u>-</u>	<u>12,476</u>	<u>1,279</u>
- Mr. Abbas Qurban	<u>637</u>	<u>64</u>	<u>-</u>	<u>-</u>
- Mrs. Razia Ali Habib	<u>35</u>	<u>4</u>	<u>-</u>	<u>-</u>
- Mrs. Fatima Ali Raza Habib	<u>530</u>	<u>53</u>	<u>-</u>	<u>-</u>
- Mrs. Ishrat Malik	<u>-</u>	<u>-</u>	<u>5,084</u>	<u>540</u>
- Mr. Haider Imran	<u>-</u>	<u>-</u>	<u>4,306</u>	<u>418</u>
<u>Units redeemed by:</u>				
<i>Management Company</i>				
- Habib Asset Management Limited	<u>261,629</u>	<u>27,419</u>	<u>197,798</u>	<u>20,991</u>
<i>Associated Companies</i>				
- Habib Asset Management Ltd.Emp.Provident Fund	<u>10,104</u>	<u>1,051</u>	<u>-</u>	<u>-</u>
Other related parties				
- Mr. Abbas Qurban	<u>17,907</u>	<u>1,872</u>	<u>-</u>	<u>-</u>
- Mr. Haider Azim	<u>-</u>	<u>-</u>	<u>4,212</u>	<u>405</u>
- Mrs. Ishrat Malik	<u>-</u>	<u>-</u>	<u>5,084</u>	<u>504</u>
<u>Units held by:</u>				
Management Company				
Habib Asset Management Limited	<u>169,761</u>	<u>18,095</u>	<u>591,266</u>	<u>56,236</u>
Associated Companies				
- Bank AL Habib Limited	<u>100,000</u>	<u>10,659</u>	<u>100,000</u>	<u>9,511</u>
Other related parties				
- Directors of the Management Company	<u>51,986</u>	<u>5,541</u>	<u>80,367</u>	<u>7,644</u>
- Habib Asset Management Limited-Employees Provident Fund	<u>-</u>	<u>-</u>	<u>12,476</u>	<u>1,187</u>
- Mrs. Razia Ali Habib	<u>991</u>	<u>106</u>	<u>956</u>	<u>91</u>
- Mr. Haider Azim	<u>397</u>	<u>42</u>	<u>383</u>	<u>36</u>
- Mrs. Fatima Ali Raza Habib	<u>14,911</u>	<u>1,589</u>	<u>14,381</u>	<u>1,368</u>
- Mr. Aun Muhammad Ali Raza Habib	<u>17,670</u>	<u>1,883</u>	<u>17,670</u>	<u>1,681</u>
- Mr. Sajjad Hussain	<u>-</u>	<u>-</u>	<u>19,007</u>	<u>1,808</u>

14. DATE OF AUTHORISATION FOR ISSUE

14.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 24 , 2016.

15. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio means the ratio of the sum of all expenses, taxes of government levies charged to the Collective Investment scheme to average daily net assets value of that Collective Investment Scheme.

Average Net Assets	115,425,506
Total Expenses	1,310,961.31
Sales Tax On Management Fee	(75,747.75)
SECP Annual Fee	(30,701.66)
Expenses Excluding Allowable	1,204,511.90
Toal Expenses Ratio (TER)	<u><u>1.04%</u></u>

16. GENERAL

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND
First Quarterly Report
September 2016

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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

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

Registrar

JWAFFS 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 Al-falah Limited

Rating

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2016

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
	Note	------(Rupees in '000)-----	
Assets			
Bank balance	5	1,006,439	804,535
Placements	6	200,000	200,000
Investments	7	-	69,162
Income receivable	8	5,763	9,064
Advance, Deposit and Prepayments		528	143
Total assets		1,212,730	1,082,904
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,054	1,275
Provision for Federal Excise Duty on remuneration of the Management Company		13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee		146	151
Payable to Securities and Exchange Commission of Pakistan		201	956
Provision for Workers' Welfare Fund	9	16,410	16,410
Accrued expenses and other liabilities		601	16,161
Total liabilities		31,829	48,370
Net assets		1,180,901	1,034,534
Unit holders' funds (as per statement attached)		1,180,901	1,034,534
		(Number of units)	
Number of units in issue		11,616,760	10,310,803
		(Rupees)	
Net asset value per unit		101.65	100.33

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	------(Rupees in '000)-----	
Income		
Profit on bank deposits	9,789	2,444
Income from Government Securities	4,226	19,373
Markup income on Placements	3,257	1,658
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	3	47
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(10)	697
	(7)	744
	17,265	24,219
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	1,850	2,849
Sales tax on management fee	241	463
Federal Excise Duty on management fee	-	456
Expense allocated by the Management Company	185	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	444	502
Annual fee - Securities and Exchange Commission of Pakistan	209	251
Brokerage & Commission	5	30
Bank charges	14	8
Auditors' remuneration	90	94
Amortisation of preliminary expenses and floatation costs	-	154
Annual listing fee	10	10
Mutual Fund Rating Fee	97	50
Printing charges	24	22
Total expenses	3,169	4,889
	14,096	19,330
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	1,237	(1,454)
Net income for the period	15,333	17,876

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	------(Rupees in '000)-----	
Net income for the period	15,333	17,876
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income for the period	<u>15,333</u>	<u>17,876</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Undistributed income brought forward	7,785	11,466
Net income for the period	15,333	17,876
Undistributed income carried forward	<u>23,118</u>	<u>29,342</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended	
	30 September	
	2016	2015
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	1,034,534	1,278,205
Issue of 2,502,035 units (2015: 4,729,621 units)	252,862	213,000
Redemption of 1,196,077 units (2015: 5,293,039 units)	(120,591)	(271,194)
	132,271	(58,194)
Net element of income / (loss) and capital gain included in prices of units issued less those in units redeemed	(1,237)	1,454
Net income for the period	15,333	17,876
Net assets at the end of the period	1,180,901	1,239,341

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended	
	30 September	
	2016	2015
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	15,333	17,876
Adjustments for non-cash items		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	10	(697)
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed	(1,237)	1,454
Amortisation of preliminary expenses and floatation costs	-	154
	14,106	18,787
Decrease / (increase) in assets		
Investments	69,152	(233,521)
Placements	-	100,000
Income receivable	3,301	4,927
Advance, Deposit and Prepayments	(385)	17
	72,068	(128,577)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(221)	(1,198)
Provision for Federal Excise Duty on remuneration of the Management Company	-	457
Payable to Central Depository Company of Pakistan Limited - Trustee	(5)	(71)
Payable to Securities and Exchange Commission of Pakistan	(755)	(2,181)
Accrued expenses and other liabilities	(15,560)	(89,409)
	(16,541)	(92,402)
Net cash flow from operating activities	69,633	(202,192)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts/ (payments) from sale and redemption of units	132,271	(58,144)
Net increase in cash and cash equivalents during the period	201,904	(260,336)
Cash and cash equivalents at the beginning of the period	804,535	555,465
Cash and cash equivalents at the end of the period	1,006,439	295,129
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	1,006,439	205,129
Term deposit receipts maturity of 3 months and less	-	90,000
	1,006,439	295,129

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, the NBFC Regulations and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2016.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016.

4. ESTIMATES AND JUDGEMENTS

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

FIRST HABIB CASH FUND

5. BANK BALANCES

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
		(Rupees in '000)	
Savings account	5.1	<u>1,006,439</u>	<u>804,535</u>
		<u>1,006,439</u>	<u>804,535</u>

5.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 5.5% (30 June 2016: 5.25% to 6.00%) per annum and balance with three commerical banks which carry profit of 4.25% to 6.15% (30 June 2016: 4.25% to 6.00%) .

6. PLACEMENTS

Clean Placement	6.1	<u>200,000</u>	<u>200,000</u>
		<u>200,000</u>	<u>200,000</u>

6.1 Clean Placement carry profit @ 6.15% (30 June 2016 : 6.45%) per annum and will be mature 12 & 26 December 2016.

7. INVESTMENTS - at fair value through profit or loss - held for trading	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	(Rupees in '000)	

Government securities	<u>-</u>	<u>69,162</u>
	<u>-</u>	<u>69,162</u>

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

Government Securities	<u>-</u>	<u>12</u>
	<u>-</u>	<u>12</u>

7.2 Pakistan Investment Bonds

Description	Note	Face Value				As at 30 September 2016			
		As at 01 July 2016	Purchases during the period	Sold / Matured during the period	As at 30 September 2016	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of Net Assets

------(Rupees in '000)-----

03 Months

Pakistan Investment Bonds - 3 Years	69,000	-	69,000	-	-	-	-	-	
-------------------------------------	--------	---	--------	---	---	---	---	---	--

Total as at 30 September 2016						<u>-</u>		<u>-</u>	
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Total as at 30 June 2016						<u>69,150</u>	<u>69,162</u>	<u>12</u>	
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8. INCOME RECEIVABLE

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	(Rupees in '000)	
Profit receivable on saving account	5,662	3,063
Profit Government Securites	-	3,509
Profit receivable on Term Deposit receipt	-	-
Profit receivable on Clean Placement	<u>101</u>	<u>2,492</u>
	<u>5,763</u>	<u>9,064</u>

FIRST HABIB CASH FUND

9. WORKERS' WELFARE FUND

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made till June 30, 2016 has not been reversed as the lawsuit is pending in the SHC.

The Fund maintained a provision for WWF as on June 30, 2016 amounting to Rs. 16.410 million (2016: Rs 16.410 million).

10. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2016, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for year ended 30 June 2016.

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

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Stock Fund and First Habib Islamic Fund beings the Funds managed by the common Management Company, Central Depository Company Limited being the trustee of the Fund.

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

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

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

	Quarter ended 30 September	
	2016	2015
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	1,850	2,849
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	444	502
Bank AL Habib Limited		
Profit on bank balances	166	860

Details of the balances with connected persons are as follows:

	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	14,471	13,159
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	146	156
Bank AL Habib Limited		
Bank balances	11,005	17,789

FIRST HABIB CASH FUND

	Quarter ended 30 September 2016		Quarter ended 30 September 2015	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<u>Units sold to:</u>				
<i>Management Company</i>				
Habib Asset Management Limited	992,329	99,889	-	-
<i>Associated Companies</i>				
- Habib Insurance Company Limited	-	-	841,743	85,000
Other related parties				
- Directors of the Management Company	-	-	9,930	1,000
- Habib Asset Management Limited- Employees Provident Fund	7,436	750	-	-
- Mr. Abas D Habib	-	-	9,930	1,000
- Mr. Ali Asad Habib	-	-	9,930	1,000
- Mr Sajid Hussain	-	-	9,930	1,000
- Mr Junaid Kasbati	3,489	350	-	-
<u>Units redeemed by:</u>				
<i>Management Company</i>				
Habib Asset Management Limited	893,430	89,984	985,930	99,810
<i>Associated Companies</i>				
- Habib Insurance Company Limited	-	-	490,786	50,000
Other related parties				
- Directors of the Management Company	4,953	500	12,292	1,243
- Habib Asset Management Limited- Employees Provident Fund	27,543	2,780	-	-
- Mr Junaid Kasbati	3,489	351	-	-
- Mr Imran Ali Habib	40,592	4,082	-	-
- Mr. Haider Azim	-	-	4,001	408
<u>Units held by:</u>				
<i>Management Company</i>				
Habib Asset Management Limited	98,899	10,053	7,507	767
<i>Associated Companies</i>				
- Bank AL Habib Limited	1,392,189	141,523	1,392,189	142,247
- Habib Insurance Company Limited	-	-	140,482	14,354
Other related parties				
- Directors of the Management Company	86,663	8,810	106,477	10,879
- Employees Provident Fund	-	-	394	40
- Mr. Munawar Ali Habib	43,876	4,460	41,721	4,263
- Mr. Abbas	-	-	11,744	1,200
- Mr. Imran Ali Habib	-	-	40,592	4,147
- Mr. Murtaza Habib	37,590	3,821	37,590	3,841
- Mr. Asghar D Habib	20,658	2,100	20,658	2,111
- Mr. Qumail Habib	40,571	4,124	40,571	4,145
- Mr. Abas D Habib	-	-	40,565	4,144
- Mr. Ali Asad Habib	40,302	4,097	40,302	4,118
- Mrs Razia Ali Habib	35,889	3,648	-	-
- Mrs Batool Ali Raza Habib	6,373	648	6,060	619
- Mrs Fatima Ali Raza Habib	11,610	1,180	11,040	1,128
- Mr. Sajjad Hussain	-	-	34,401	3,515
- Mr Aon Muhammad Ali Raza Habib	5,214	530	5,214	532
- Mrs. Samina Imran	29	3	123	13
- Mrs. Hina Shoaib	27	3	27	3

FIRST HABIB CASH FUND

13. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio means the ratio of the sum of all expenses, taxes of government levies charged to the Collective Investment scheme to average daily net assets value of that Collective Investment Scheme.

Average Net Assets	1,080,346,377
Total Expenses	3,168,896
Sales Tax On Management Fee	(241,144)
SECP Annual Fee	(209,255)
Expenses Excluding Allowable	2,718,497
Toal Expenses Ratio (TER)	<u><u>0.25%</u></u>

14. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on **October 24, 2016.**

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

First Quarterly Report

September 2016

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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

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

Registrar

JWAFS Registrar Services
(Pvt.) Limited
407-408, 4th Floor,
Al- Ameera 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 Shakra-e-Faisal, Karachi.

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited
Bank Islami Pakistan Limited

Rating

MFR 1 Star Performance Ranking By PACRA.
AM3 Management Company Quality Rating
Assigned by PACRA.

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

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES AS AT 30 SEPTEMBER 2016

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	37,143	38,294
Investments	7	69,125	64,465
Income receivable	8	570	267
Deposits and other receivables	9	3,307	21,634
Preliminary expenses and floatation costs		228	280
Total assets		110,373	124,940
Liabilities			
Payable to Habib Asset Management Limited - Management Company		191	173
Provision for federal excise duty on remuneration of Habib Asset Management Limited - the Management Company		1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee		69	65
Payable to Securities and Exchange Commission of Pakistan		21	88
Workers' Welfare Fund (WWF)	10	1,604	1,604
Accrued expenses and other liabilities		1,418	7,599
Total liabilities		4,781	11,007
Net assets		105,592	113,933
Unit holders' funds (as per the statement attached)		105,592	113,933
		(Number of Units)	
Number of units in issue		1,022,413	1,100,842
		(Rupees)	
Net asset value per unit		103.28	103.50

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
<i>Note</i>	(Rupees in '000)	
Income		
Profit on bank deposits	502	309
Income from ijara sukuk certificates	-	271
Dividend income	407	747
Net gain on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	2,567	1,333
- Net unrealized (loss) on revaluation of investments classified as held for trading	1,130	(4,513)
	3,697	(3,180)
Total income / (loss)	4,606	(1,853)
Expenses		
Remuneration of Habib Asset Management Limited		
- Management Company	332	356
Federal Excise Duty on management fee	-	57
Sales tax on management fee	43	58
Expenses allocated by the Management Company	22	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	199	201
Annual fee - Securities and Exchange Commission of Pakistan	21	22
Brokerage expense	68	354
Settlement and bank charges	81	175
Annual listing fee	8	5
Auditors' remuneration	103	78
Amortisation of preliminary expenses and floatation costs	52	52
Mutual Fund Rating Fee	30	50
Charity Expenses	5	9
Printing charges	24	22
Total expenses	988	1,439
	3,618	(3,292)
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net	(154)	(1,146)
Net income / (loss) for the period	3,464	(4,438)

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

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Net income / (loss) for the period	3,464	(4,438)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	3,464	(4,438)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Undistributed Income brought forward	8,849	6,605
Final dividend distribution 11 July 2016 @ 3.34/- per unit for class "C" for the year ended 30 June 2016.	(3,688)	-
Net income / (loss) for the period	3,464	(4,438)
Undistributed Income carried forward	8,625	2,167

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
Net assets at the beginning of the period [Rs 103.50 (2015: Rs 101.81) per unit]	113,933	109,940
Issuance of 316,659 units (2015: 263,985 units) *	32,742	26,464
Redemption of 395,088 units (2015: 286,065 units)	(41,014)	(29,010)
	(8,271)	(2,546)
Distribution to units holders in cash	(3,688)	-
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	154	1,146
Net income for the period	3,464	(4,438)
Other comprehensive gain/(loss)	-	-
Total comprehensive income for the period	3,464	(4,438)
Net assets at the end of the period [Rs 103.28 (2015: Rs 98.41) per unit]	105,592	104,102

* Including 12,516 units issued as re-investment during the qtr (2015: Nil Units)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Quarter ended 30 September	
	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	3,464	(4,438)
Adjustments for non-cash items		
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	(1,130)	4,513
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	154	1,146
Amortisation of preliminary expenses and floatation costs	52	52
	<u>2,540</u>	<u>1,273</u>
Decrease / (increase) in assets		
Investments	(3,530)	(23,048)
Income receivable	(303)	(85)
Deposits and other receivables	18,327	40,918
	<u>14,494</u>	<u>17,785</u>
Decrease / (increase) in liabilities		
Payable to Habib Asset Management Limited - Management Company	18	(29)
Provision for federal excise duty on remuneration of Habib Asset Management	-	57
Payable to Central Depository Company of Pakistan Limited - Trustee	4	7
Payable to Securities and Exchange Commission of Pakistan	(67)	(194)
Payable against purchase of investments	-	7,920
Accrued expenses and other liabilities	(6,181)	(54)
	<u>(6,226)</u>	<u>7,707</u>
Net cash flow from operating activities	<u>10,808</u>	<u>26,765</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	(8,271)	(2,546)
Dividend paid during the period	(3,688)	-
Net cash (used) in / generated from financing activities	<u>(11,959)</u>	<u>(2,546)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>(1,151)</u>	<u>24,219</u>
Cash and cash equivalents at the beginning of the period	38,294	27,288
Cash and cash equivalents at the end of period	<u>37,143</u>	<u>51,507</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company, and a performance ranking of 'MFR 1-Star' to the fund.

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

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

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

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, the NBFC Regulations and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2016.
- 2.3 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016.

4. ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended 30 June 2016.

FIRST HABIB ISLAMIC BALANCED FUND

6. BANK BALANCES

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
	Note	----- (Rupees in '000) -----	
Current account		445	445
Savings account	6.1	36,698	37,849
		<u>37,143</u>	<u>38,294</u>

6.1 Savings account carry profit rate of 4.74% to 6.25% per annum (2016 4.74% to 6.25%); and includes a balance of Rs. 5.457 million (2016: Rs 23.231 million) in saving account with Bank Al-Habib, a related party.

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

		(Unaudited) 30 September 2016	(Audited) 30 June 2016
		----- (Rupees in '000) -----	
Equity securities	7.1	69,125	64,465
		<u>69,125</u>	<u>64,465</u>

7.1 Equity securities

Name of the Investee	As at 1 July 2016	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2016	Carrying value as at 30 September 2016	Market value as at 30 September 2016	Market Value as a Percentage of:	
								Net Assets	Total Investments
<div>-----Number of shares-----</div> <div>----- (Rupees in '000) -----</div>									
AUTOMOBILE ASSEMBLER									
Atlas Honda	-	-	-	-	-	-	-	0.00%	0.00%
Ghandhara Nissan	-	-	-	-	-	-	-	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	3,000	4,000	-	3,500	3,500	1,412	2,141	2.03%	3.10%
Pak Suzuki Motor Company Limited	3,500	-	-	3,500	-	-	-	0.00%	0.00%
FERTILIZER									
Engro Fertilizers Limited	43,000	5,000	-	13,000	35,000	2,273	2,158	2.04%	3.12%
Engro Corporation Limited	16,000	4,000	-	2,000	18,000	5,935	5,242	4.96%	7.58%
Fatmia Fertilizer	-	10,000	-	10,000	-	-	-	0.00%	0.00%
CONSTRUCTION AND MATERIALS (CEMENT)									
Fauji Cement	-	20,000	-	-	20,000	711	705	0.67%	1.02%
Cherat Cement Company Limited	22,500	2,500	-	8,500	16,500	1,987	2,123	2.01%	3.07%
D.G. Khan Cement Company Limited	26,500	12,000	-	11,500	27,000	5,234	5,019	4.75%	7.26%
Lucky Cement Limited	13,900	1,050	-	5,950	9,000	5,852	6,095	5.77%	8.82%
Maple Leaf Cement Factory Limited	29,500	7,500	-	7,000	30,000	3,179	2,874	2.72%	4.16%
Pioneer Cement Limited	14,000	2,500	-	2,000	14,500	1,571	1,533	1.45%	2.22%
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited.	62,500	7,300	-	9,800	60,000	7,194	7,150	6.77%	10.34%
Kot Adu Power Company Limited	-	37,500	-	-	37,500	3,361	3,138	2.97%	4.54%
Attock Refinery	3,200	-	-	1,200	2,000	560	652	0.62%	0.94%
KE Limited	72,500	-	-	72,500	-	-	-	0.00%	0.00%
FOOD & PERSONAL CARE PRODUCTS									
Engro Foods Ltd.	-	15,000	-	5,000	10,000	1,426	1,463	1.39%	2.12%
Treet Corporation Limited	35,000	-	-	12,000	23,000	1,137	1,256	1.19%	1.82%
CABLE & ELECTRICAL GOODS									
Pak Elektron	22,500	24,000	-	16,500	30,000	2,112	2,123	2.01%	3.07%
Traker Pakistan Limited	-	170,000	-	45,000	125,000	1,604	1,743	1.65%	2.52%
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum	2,000	3,550	-	650	4,900	4,631	4,677	4.43%	6.77%
Pakistan Oilfield Limited	13,000	-	-	6,000	7,000	2,432	2,809	2.66%	4.06%
Pakistan Petroleum Limited	25,000	-	-	3,000	22,000	3,411	3,601	3.41%	5.21%
TEXTILE COMPOSITE									
Nishat Mills Limited	25,000	9,500	-	20,400	14,100	1,655	1,987	1.88%	2.87%
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	4,500	3,000	-	2,500	5,000	1,055	1,101	1.04%	1.59%
Pakistan State Oil Company Limited	-	8,500	-	1,000	7,500	3,050	3,106	2.94%	4.49%
Sui Northern Gas Pipelines Limited	-	60,000	-	60,000	-	-	-	0.00%	0.00%
Sui Southern Gas Company Limited	-	114,000	-	104,000	10,000	306	405	0.38%	0.59%

FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2016	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2016	Carrying value as at 30 September 2016	Market value as at 30 September 2016	Market Value as a Percentage of:	
								Net Assets	Total Investments
-----Number of shares-----									

7.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited) 30 September 2016 (No. of shares)	(Audited) 30 June 2016
Engro Corporation Limited	-	8,000
Fauji Fert Bin Qasim Limited	-	18,500
	-	26,500

7.2 Debt Securities

Name of the investee company	Note	Number of certificates				As at 30 September 2016		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 1 July 2016	Acquired during the period	Sold/Redeemed during the period	As at 30 September 2016	Carrying value	Market Value		
(Rupees in '000)									
Al Baraka Bank (Pakistan) Ltd		20	-	20	-	-	-	0.00%	0.00%
Total as at 30 September 2016						-	-		
Total as at 30 June 2016						18,571	17,932		

	(Unaudited) 30 September 2016 (Rupees in '000)	(Audited) 30 June 2016
7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
Equity securities	1,130	2,779
	1,130	2,779

8. INCOME RECEIVABLE

Profit receivable on saving account	184	134
Dividend receivable	386	133
	570	267

9. DEPOSITS AND OTHER RECIEVABLES

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	432	18,804
Advance Tax on dividend & Bank deposits	253	230
Annual listing fee Pakistan Stock Exchange Limited	22	-
	3,307	21,634

10. WORKERS' WELFARE FUND

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made till June 30, 2016 has not been reversed as the lawsuit is pending in the SHC.

The Fund maintained a provision for WWF as on September 30, 2016 amounting to Rs.1.604 million (2016: 1.604 million).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2016, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Level 1 ----- (Rupees)	Level 2 (Rupees)	Total
Equity securities	69,125	-	69,125
	<u>69,125</u>	<u>-</u>	<u>69,125</u>

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

	Level 1 ----- (Rupees)	Level 2 (Rupees)	Total
Equity securities	64,465	-	64,465
	<u>64,465</u>	<u>-</u>	<u>64,465</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 Income Fund and First Habib Cash Fund, First Habib Stock Fund, and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of transactions with connected persons are as follows:

	Quarter ended 30 September 2016	Quarter ended 30 September 2015
Habib Asset Management Limited - Management Company		
Management fee	332	356
Sales tax on management fee	43	58
Expenses allocated by the Management Company	22	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	199	201
Bank Al Habib Limited		
Profit on Bank Balances	87	199

FIRST HABIB ISLAMIC BALANCED FUND

Details of balances with connected persons are as follows:	(Unaudited) 30 September 2016	(Audited) 30 June 2016
	------(Rupees in '000)-----	
Bank Al Habib Limited		
Bank Balance	5,459	23,231
Habib Asset Management Limited - Management Company		
Management fee payable	191	173
FED Payable	1,478	1,478
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	69	58
- Security deposit - non interest bearing	100	100

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

Units sold to:	Quarter ended 30 September 2016		Quarter ended 30 September 2015	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	269,779	27,949	208,487	20,929
Other related parties				
- Directors of the Management Company	587	58,834	5,736	594
Units redeemed by:				
Management Company				
Habib Asset Management Limited	269,471	27,920	98,225	10,211
Other related parties				
- Directors of the Management Company	19,415	2,000	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	319,576	33,005	208,486	20,519
Other related parties				
- Directors of the Management Company	37,950	3,919	56,779	5,587
Associated Companies				
- Bank AL Habib Limited	100,929	10,424	100,929	9,933
Other related parties				
- Habib Insurance Company Ltd				
- Employees Provident Fund	16,952	1,751	16,952	1,668

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **October 24, 2016**.

16. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio means the ratio of the sum of all expenses, taxes of government levies charged to the Collective Investment scheme to average daily net assets value of that Collective Investment Scheme.

Average Net Assets	97,469,274
Total Expenses	987,974
Sales Tax On Management Fee	(43,117)
SECP Annual Fee	(20,883)
Expenses Excluding Allowable	923,975
Total Expenses Ratio (TER)	0.95%

16. GENERAL

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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

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