



# Habib Funds

First Habib Islamic Income Fund

First Habib Islamic Stock Fund

First Habib Cash Fund

First Habib Stock Fund

First Habib Income Fund

Quarterly Report

September 2017

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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, 2017.

The stock market remained bearish during the quarter mainly due to political uncertainty coupled with mixed sentiments about PKR devaluation and the widening current account deficit. The PSX-100 index lost 4,156.02 points during the quarter to close at 42,409.27 points. The average daily volume stood at 85,615,619.52 shares as compared to 136,301,500.86 shares during the corresponding period last year.

The State Bank of Pakistan kept the Policy rate unchanged at 5.75% during the quarter ended 30th September, 2017. CPI Inflation for the quarter clocked in at 3.40% as compared to 3.86% during the corresponding period last year.

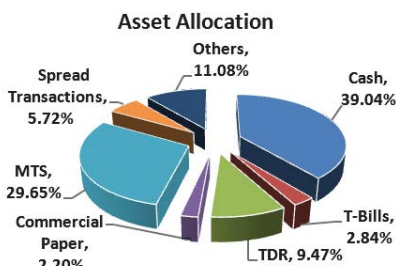
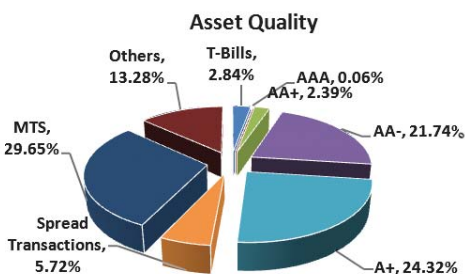
### HABIB ASSET FUNDS' PERFORMANCE

#### First Habib Income Fund (FHIF)

The Net Assets of the Fund as of September 30, 2017 were Rs.1.04 billion. During the First quarter of the Financial Year 2018, the Fund generated Gross Earnings of Rs.18.741 million yielding a Return of 4.97% p.a. The detail of the income generated from different avenues is given below:

	(Rs. In 000s)
	<b>1QFY18</b>
Profit on Bank Deposits	8,860
Income from Government Securities	454
Income from Margin Trading System	3,482
Profit on term deposit receipt	2,016
Profit on commercial paper	225
Income on margin deposit with National Clearing Company of Pakistan Limited	302
Dividend Income	1,087
Net Gain on sale and revaluation of Investments	2,315
	<b><u>18,741</u></b>

The Asset Quality and Asset Allocation of FHIF as at September 30, 2017, can be viewed as under:

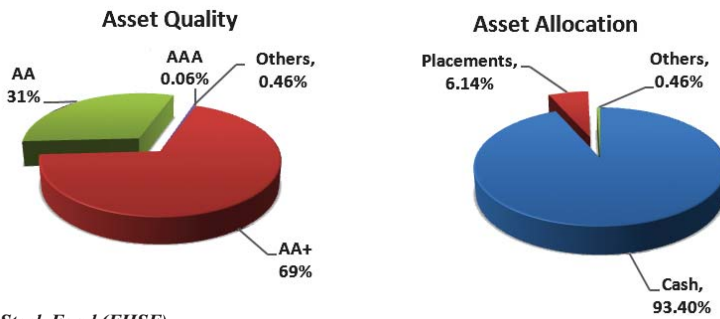


#### First Habib Cash Fund (FHCF)

The Fund's Net Assets at the Quarter end stood at Rs.1.60 billion. During the quarter under review, the Fund generated a Return of 5.33% p.a. and earned Gross Income of Rs.21.667 million, as detailed below:

	(Rs. In 000s)
	<b>1QFY18</b>
Profit on Bank Deposits	16,824
Income from Government Securities	3,821
Markup Income on Placements	1,028
Net Loss on sale and revaluation of Investments	(6)
	<b><u>21,667</u></b>

The Asset Quality and Asset Allocation of the Fund as at September 30, 2017, can be viewed as under:

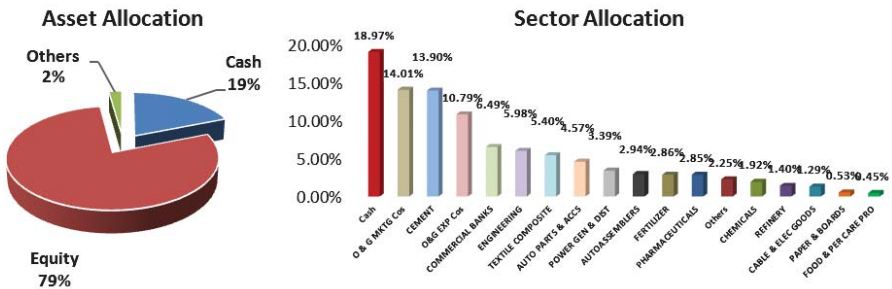


#### First Habib Stock Fund (FHSF)

The Fund's Net Assets as of September 30, 2017 stood at Rs.212.617 million. During the quarter under review, the Fund incurred a Gross loss of Rs.37.186 million, as detailed below.

	(Rs. In 000s)
	<b>1QFY18</b>
Profit on Bank Deposits	312
Dividend Income	1,441
Net Loss on sale and revaluation of Investments	(38,939)
	<b>(37,186)</b>

The Asset Allocation and Sector Allocation of FHSF as at September 30, 2017, can be viewed as under:

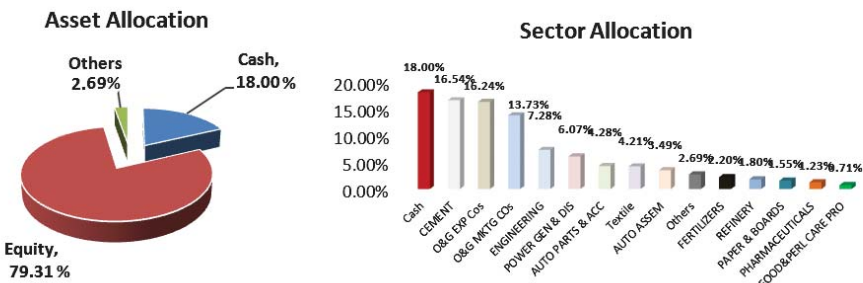


#### First Habib Islamic Stock Fund (FHISF)

The Fund's Net Assets stood at Rs.134.73 million as on September 30, 2017. During the quarter under review, the Fund incurred a Gross loss of Rs.22.139 million as detailed below:

	(Rs. In 000s)
	<b>1QFY18</b>
Profit on Bank Deposits	208
Dividend Income	746
Net Loss on sale and revaluation of Investments	(23,093)
	<b>(22,139)</b>

The Asset Allocation and Sector Allocation of FHISF as at September 30, 2017, can be viewed as under:

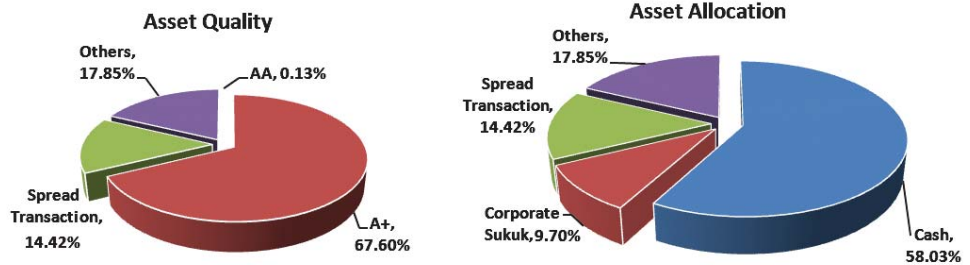


## First Habib Islamic Income Fund (FHIIF)

The Fund's Net Assets stood at Rs.105.704 million as at September 30, 2017. During the quarter under review, the Fund generated a return of 2.13% p.a. and earned Gross Income of Rs.1.337 million as detailed below:

	<i>(Rs. In 000s)</i>
	<b>1QFY18</b>
Profit on Deposits	824
Income from Sukuk Certificates	171
Dividend Income	219
Net Gain on sale and revaluation of Investments	123
	<b><u>1,337</u></b>

The Asset Quality and Asset Allocation of FHIIF as at September 30, 2017, can be viewed as under:



## Acknowledgement

The Board is indeed thankful to its valued Unit-holders, Central Depository Company of Pakistan 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 hard work.

For and On behalf of the Board of Directors  
Habib Asset Management Limited

October 19, 2017

Imran Azim  
Chief Executive Officer

# ڈائریکٹرز رپورٹ

حبیب ایسٹ پیمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر، 2017 کو ختم ہونے والی پہلی سہ ماہی کے لئے اپنے ذریعہ انتظام فنڈز کے مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

موجودہ سہ ماہی کے دوران اسٹاک مارکیٹ میں مندی کا رجحان دیکھا گیا جسکی بڑی وجہ ملک کے غیر یقینی سیاسی صورت حال، روپے کی قدر میں کمی اور موجودہ خسارے کے اکاؤنٹ میں اضافہ ہے۔ پاکستان اسٹاک ایکسچینج (PSX -100) انڈیکس میں 4,156.02 پوائنٹس کی کمی ہوئی اور انڈیکس 42,409.27 پوائنٹس پر بند ہوا۔ حصص کے اوسط روزانہ حجم 85,615,619.52 رہے جبکہ گزشتہ سہ ماہی میں یہ حجم 136,301,500.86 تھا۔

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے دوران بینک دولت پاکستان نے اپنی منافع کی شرح 5.75% پر برقرار رکھی۔ کنزیومر پرائس انڈیکس (سی پی آئی) کی شرح 3.40% جبکہ گزشتہ سہ ماہی میں یہ شرح 3.86% تھی۔

## حبیب ایسٹ فنڈز کی کارکردگی

### فرسٹ حبیب انکم فنڈ (FHIF)

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی پر فنڈز کے خالص اثاثہ جات 1.04 ملین روپے تھے رواں مالی سال 2018 کی پہلی سہ ماہی کے دوران فنڈ نے 18.741 ملین روپے کی مجموعی آمدنی حاصل کی جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 4.97% رہی۔

بینک ڈپازٹس پر منافع	8,860
گورنمنٹ سیکیورٹیز سے آمدنی	454
مارجن ٹریڈنگ سے آمدنی	3,482
نرم ڈپازٹس پر منافع	2,016
کمرشل بینک پر منافع	225
نیشنل کلئیرنگ ڈپازٹس پر منافع	302
ڈیویڈنڈ انکم	1,087
سرمایہ کاری کا غیر حاصل شدہ منافع	2,315
	<b>18,741</b>

### فرسٹ حبیب کیش فنڈ (FHCF)

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے دوران فنڈ کے خالص اثاثہ جات 1.60 ارب روپے تھے۔ اس دوران فنڈ نے مجموعی طور پر 21.667 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 5.33% رہی۔

بینک ڈپازٹس پر منافع	16,824
گورنمنٹ سیکیورٹیز سے آمدنی	3,821
پلیمنٹ سے آمدنی	1,028
سرمایہ کاری کا غیر حاصل شدہ منافع	(6)
	<b>21,667</b>

## فرسٹ حبیب اسٹاک فنڈ (FHSF)

30 ستمبر 2017 کو ختم ہونے والی سرمایہ پر فنڈ کے خالص اثاثہ جات 212.617 ملین روپے تھے اس دوران فنڈ کو مجموعی طور پر 37.186 ملین روپے کا نقصان ہوا جسکی (تفصیل درج ذیل ہے)۔

بینک ڈپازٹس پر منافع	312
ڈیوڈنڈ انکم	1,441
سرمایہ کاری کا غیر حاصل شدہ نقصان	(38,939)
	<b>(37,186)</b>

## فرسٹ حبیب اسلامک اسٹاک فنڈ (FHISF)

30 ستمبر 2017 کو ختم ہونے والی سرمایہ پر فنڈ کے خالص اثاثہ جات 134.73 ملین روپے تھے اس دوران فنڈ کو مجموعی طور پر 22.139 ملین روپے کا نقصان ہوا جسکی (تفصیل درج ذیل ہے)۔

بینک ڈپازٹس پر منافع	208
ڈیوڈنڈ انکم	746
سرمایہ کاری کا غیر حاصل شدہ نقصان	(23,093)
	<b>22,139</b>

## فرسٹ حبیب اسلامک انکم فنڈ (FHIIF)

30 ستمبر 2017 کو ختم ہونے والی سرمایہ پر فنڈ کے خالص اثاثہ جات 105.704 ملین روپے تھے اس دوران فنڈ نے مجموعی طور پر 1.337 ملین روپے کمائے جسکی (تفصیل درج ذیل ہے) اسی طرح اس مدت میں سالانہ منافع کی شرح 2.13% رہی:

بینک ڈپازٹس پر منافع	824
مشارکہ سے آمدنی	171
ڈیوڈنڈ انکم	219
سرمایہ کاری کا غیر حاصل شدہ منافع	123
	<b>1,337</b>

## اعتراف نامہ

بورڈ یقیناً اپنے قابل قدر ریٹ ہو لڈرز، سینیٹرل ڈیپازٹری کمیٹی آف پاکستان کے بطور سٹی، بکیو ریٹیر اینڈ ایچسج کمیٹیشن آف پاکستان اور مینیجمنٹ آف پاکستان اسٹاک ایکسچینج کی حمایت اور تعاون کے لئے ان کے شکر گزار ہے۔

بورڈ مینیجمنٹ کمیٹی کے ملازمین کو ان کی لگن اور محنت کے لیے بھی سراہتا ہے۔

تاریخ: 19 اکتوبر 2017

حبیب ایسٹ مینیجمنٹ لمیٹڈ  
عمران عظیم  
چیف ایگزیکٹو آفیسر

**FIRST HABIB INCOME FUND**  
**First Quarterly Report**  
**September 2017**



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## FUND'S INFORMATION

### Management Company

Habib Asset Management Limited

### Board of Directors of the Management Company

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

### CFO and Company Secretary

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

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

### Human Resource Committee

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

### Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

### Auditors

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

### Registrar

JWAFFS Registrar Services  
(Pvt.) Limited  
407-408, 4th Floor,  
Al- 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  
Bank Islami Pakistan Limited  
JS bank Limited  
Khushali Microfinance Bank

### Rating

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

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

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 SEPTEMBER 2017**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	(Rupees in '000)	
Assets			
Bank balances	6	414,251	402,919
Term deposit receipts		100,000	100,000
Certificate of Commercial Paper		23,256	-
Investments	7	90,337	176,885
Fair value of derivatives		72	831
Receivable against Margin Trading System (MTS)		313,102	108,983
Income receivable	8	11,529	10,309
Receivable Against Sale of Investment		35,456	216,080
Deposits & prepayment	9	68,131	94,405
Total assets		1,056,134	1,110,412
Liabilities			
Payable to Habib Asset Management Limited - Management Company		2,085	2,047
Provision for Federal excies duty on remuneration of the - Management Company		8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee		168	169
Payable to Securities and Exchange Commission of Pakistan		199	918
Provision for Sindh Workers' Welfare Fund	10	2,257	1,985
Accrued expenses and other liabilities		1,328	9,356
Total liabilities		14,783	23,221
Net assets		1,041,351	1,087,191
Unit holders' funds (as per statement attached)		1,041,351	1,087,191
(Number of Units)			
Number of units in issue		10,103,765	10,680,529
(Rupees)			
Net asset value per unit		103.07	101.79

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 2017**

		Quarter ended 30 September	
	Note	2017 (Rupees in '000)	2016
<b>Income</b>			
Profit on bank deposits		8,860	11,733
Income from term finance certificates		-	97
Income from government securities		454	2,019
Income from Margin Trading System		3,482	-
Profit on term deposit receipt		2,016	-
Profit on commercial paper		225	-
Income on margin deposit with National Clearing Company of Pakistan Limited		302	
Income from clean placements		-	294
Dividend Income		1,087	3,623
- Capital gain on sale of investments classified as held for trading - net		6,121	5,666
- Net unrealised (loss) / gain on revaluation of investments classified as held for trading	7.3	(3,046)	15,735
- Unrealised (diminution) on derivative financial instruments		(760)	(15,443)
		2,315	5,958
<b>Total income</b>		18,741	23,723
<b>Expenses</b>			
Remuneration of Habib Asset Management Limited - Management Company		2,789	4,424
Sales Tax on management fee		365	575
Expenses allocated by the management company		221	221
Remuneration of Central Depository Company of Pakistan Limited - Trustee		497	564
Annual fee to Securities and Exchange Commission of Pakistan		199	251
Brokerage expense		596	2,239
Settlement and bank charges		411	350
Annual listing fee		13	13
Auditors' remuneration		100	105
Mutual fund rating fee		88	80
Printing charges		24	24
Provision for Sindh Wokrer's Welfare Fund		272	-
Fee and charges to National Clearing Company of Pakistan Limited		63	63
<b>Total operating expenses</b>		5,636	8,909
<b>Net income from operating activities</b>		13,104	14,814
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed		-	(792)
<b>Net income for the period before taxation</b>		13,104	14,023
Taxation		-	-
<b>Net income for the period after taxation</b>		13,104	14,023
<b>Allocation of Net Income for the period:</b>			
Income already paid on units redeemed		(1,923)	-
<b>Accounting Income available for distribution:</b>			
- Relating to capital gains		2,315	
- Excluding capital gains		8,866	
		11,181	14,023
Other comprehensive income		-	-
<b>Total comprehensive income</b>		11,181	14,023

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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	2017			2016		
	(Rupees in '000)					
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
- Realised income	-	19,423	-	-	10,636	-
- Unrealised income / (loss)	-	464	-	-	612	-
<b>Net assets at the beginning of the period</b>	<b>1,067,304</b>	<b>19,887</b>	<b>1,087,191</b>	<b>1,319,135</b>	<b>11,248</b>	<b>1,330,383</b>
Issue of 1,210,772 (2016: 3,643,578) units	123,887	-	123,887	369,247	-	369,247
Redemption of 1,787,536 (2016: 4,319,937) units	(180,908)	-	(180,908)	(438,331)	-	(438,331)
	(57,021)	-	(57,021)	(69,084)	-	(69,084)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	792	-	792
<b>Accounting income available for distribution for the period:</b>						
-Relating to capital gains	-	2,315	2,315	-	5,958	5,958
-Excluding capital gains	-	8,866	8,866	-	8,065	8,065
Total comprehensive income for the period	-	11,181	11,181	-	14,023	14,023
<b>Distribution during the period:</b>						
<b>Net assets at the end of the period</b>	<b>1,010,283</b>	<b>31,068</b>	<b>1,041,351</b>	<b>1,250,843</b>	<b>25,271</b>	<b>1,276,113</b>
- Realised income		34,114			9,535	
- Unrealised (loss) / income		(3,046)			15,735	
		<u>31,068</u>			<u>25,271</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**

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	Quarter ended 30 September	
	2017	2016
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	11,181	14,023
<b>Adjustments for non-cash items</b>		
Net unrealised loss on revaluation of investments classified as fair value through profit and loss	3,046	(15,735)
Unrealised appreciation on derivatives financial instruments	760	15,443
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	-	792
	<u>14,987</u>	<u>14,522</u>
<b>Decrease / (increase) in assets</b>		
Certificate of Commercial Paper	(23,256)	-
Investments	82,741	421,704
Fair value of derivatives	759	9,868
Receivable Against Sale of Units	-	43,898
Receivable Against Sale of Investment	180,624	(52,840)
Receivable Against Margine Trading System	(204,119)	-
Income receivable	(1,220)	351
Deposits & prepayment	26,274	(859)
	<u>61,803</u>	<u>422,122</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	38	(206)
Payable to Central Depository Company of Pakistan Limited - Trustee	(1)	(169)
Payable to Securities and Exchange Commission of Pakistan	(719)	(973)
Provision for Sindh Workers' Welfare Fund	272	-
Payable Against Purchase of Investment	-	(3,873)
Payable Against Redemption of Units	-	802
Accrued expenses and other liabilities	(8,028)	(9,106)
	<u>(8,438)</u>	<u>(13,525)</u>
<b>Net cash inflow from operating activities</b>	<u>68,352</u>	<u>423,119</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net payments from sale and redemption of units	(57,021)	(69,084)
Net increase / (decrease) in cash and cash equivalents during the period	<u>11,332</u>	<u>354,035</u>
Cash and cash equivalents at beginning of the period	<u>402,919</u>	<u>562,182</u>
Cash and cash equivalents at the end of the period	<u><u>414,251</u></u>	<u><u>916,217</u></u>
<b>Cash and cash equivalents at the end of the year comprise of :</b>		
Cash at bank - saving account	414,251	816,217
Term deposit receipts	-	100,000
	<u><u>414,251</u></u>	<u><u>916,217</u></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**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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

First Habib Income Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as 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, 2017.

**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 2017.

**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 2017.

**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 2017.

<b>6. BANK BALANCES</b>		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>30 September</b>	<b>30 June</b>
		<b>2017</b>	<b>2017</b>
<b>(Rupees in '000)</b>			
Current accounts	6.1	4,676	2,707
Saving accounts	6.2	409,576	400,212
		<b>414,251</b>	<b>402,919</b>

- 6.1** It represents Rs. 4.676 million (30 June 2017: Rs. 2.707 million) in current account with Bank AL Habib Limited, a related party.
- 6.2** Savings account carries profit rate ranging from 4.0% to 7% (2017: 4.0% to 8%) per annum. It includes balance of Rs. 10.450 million (30 June 2017: Rs 13.118 million) in savings account with Bank AL Habib Limited, a related party.

	<i>Note</i>	(Unaudited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
Government securities	7.1	29,948	24,865
Investment in Shares	7.2	60,389	152,020
		<u>90,337</u>	<u>176,885</u>

**7.1 Government securities**

Market Treasury Bills	7.1.1	29,948	24,865
		<u>29,948</u>	<u>24,865</u>

**7.1.1 Market Treasury Bills**

Issue date	Face Value				As at 30 September 2017		Market value as percentage of	
	As at 01 July 2017	Purchases during the period	Sold / Matured during the period	As at 30 September 2017	Carrying value	Market value	net assets	total investments
(Rupees in '000)								
Treasury Bills - 3 months *	-	30,000	-	30,000	29,947	29,948	2.88%	33.15%
Treasury Bills - 1 year	25,000	-	25,000	-	-	-		
<b>Total as at 30 September 2017</b>					<u>29,947</u>	<u>29,948</u>		
<b>Total as at 30 June 2017</b>					<u>24,866</u>	<u>24,865</u>		

**7.1.1.1** This represent Market Treasury Bill having a market value of Rs. 29.948 million pledge with National Clearing Company of Pakistan Limited.

**7.1.1.2** Rate of return on above Treasury Bills ranges 5.81% (2017: 5.92%)

**7.2 Investment in Shares**

Name of the Investee	As at 1 July 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
COMMERCIAL BANKS										
Askari Bank Limited	-	25,500	-	25,500	-	-	-	-	0.00%	0.00%
Bank of Punjab Limited	1,373,000	344,500	-	1,717,500	-	-	-	-	0.00%	0.00%
Habib Bank Limited	-	22,000	-	22,000	-	-	-	-	0.00%	0.00%
National Bank of Pakistan Limited	100,000	-	-	100,000	-	-	-	-	0.00%	0.00%
						-	-	-		
CABLE & ELECTRICAL GOODS										
Pak Elektion Limited	465,500	1,711,000	-	1,676,500	500,000	40,877	37,975	(2,902)	3.65%	42.04%
Trakker Limited	25,000	70,000	-	50,000	45,000	406	408	2	0.04%	0.45%
						41,283	38,383	(2,900)		
CEMENT										
D.G Khan Cement Limited	-	2,000	-	2,000	-	-	-	-	0.00%	0.00%
Fauji Cement Company Limited	10,000	60,000	-	70,000	-	-	-	-	0.00%	0.00%
						-	-	-		
ENGINEERING										
International Steel Limited	127,000	311,500	-	438,500	-	-	-	-	0.00%	0.00%
						-	-	-		
FERTILIZER										
Engro Fertilizers Limited	75,500	120,000	-	195,500	-	-	-	-	0.00%	0.00%
Engro Corporation Limited	2,000	-	-	2,000	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Company Limited	70,500	147,500	-	70,500	147,500	12,285	12,263	(22)	1.18%	13.57%
						12,285	12,263	(22)		



## FIRST HABIB INCOME FUND

Name of the Investee	As at 1 July 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
FOOD AND PERSONAL CARE PRODUCTS										
Engro Foods Limited	-	15,000	-	15,000	-	-	-	-	0.00%	0.00%
Treet Corporation Limited	1,000	11,500	-	2,500	10,000	507	490	(17)	0.05%	0.54%
						507	490	(17)		
OIL & GAS EXPLORATION COMPANY										
Oil And Gas Development Company Ltd	86,500	37,500	-	96,500	27,500	4,164	4,088	(76)	0.39%	4.53%
						4,164	4,088	(76)		
OIL & GAS MARKETING COMPANIES										
Pakistan State Oil Company Limited	11,000	82,500	-	93,500	-	-	-	-	0.00%	0.00%
						-	-	-		
PERSONAL GOODS										
Nishat (Chunian) Limited	20,000	35,000	-	55,000	-	-	-	-	0.00%	0.00%
						-	-	-		
REFINERY										
Attock Refinery Limited	14,000	102,500	-	104,000	12,500	5,197	5,165	(32)	0.50%	5.72%
						5,197	5,165	(32)		
SUPPORT SERVICES										
TRG Pakistan Limited	584,000	1,229,500	-	1,813,500	-	-	-	-	0.00%	0.00%
						-	-	-		
TEXTILE COMPOSITE										
Nishat Mills Limited	30,000	8,000	-	38,000	-	-	-	-	0.00%	0.00%
						-	-	-		
Total as at 30 September 2017						63,436	60,389	(3,047)		
Total as at 30 June 2017						164,623	152,020	(12,603)		

7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss	Notes	(Unaudited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
Market Treasury Bills		1	(1)
Investment in Shares		(3,047)	(12,603)
		<b>(3,046)</b>	<b>(9,011)</b>

## 8. INCOME RECEIVABLE

Bank deposits	1,948	3,043
Term deposit receipts (TDRs)	7,299	5,282
Commercial Paper	225	-
Margin Trading System (MTS)	756	311
Dividend receivable	1,301	1,673
	<b>11,529</b>	<b>10,309</b>

## 9. DEPOSITS & PREPAYMENTS

Security Deposit with National Clearing Company of Pakitsan Limited (NCCPL)	2,500	2,500
Cash Margin To NCCPL against equity	39,000	39,000
Deliverables future contract margin with NCCPL	24,816	51,118
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with NCCPL against Margin trading system (MTS)	250	250
Prepayment against MTS account maintenance fee	38	101
Advance tax	1,336	1,336
Receivable Against Sale of Units	91	-
	<b>68,131</b>	<b>94,405</b>

9.1 This deposit carries return at the rate of 4% (30 June 2017: 4%) per annum.

**10. PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Management Company has recognised SWWF charge, amounting to Rs. 2.257 million (30 June 2017 Rs. 1.985 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.22 (30 June 2017 Rs 0.19).

**11. EARNINGS PER UNIT**

Earnings per unit (EPU) for the period ended 30 September 2017 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, 2017.

**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 2017, the categorisation of investments is shown below:

**30 September 2017**

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Market Treasury Bills	-	29,948	-	29,948
Investment in Shares	60,389	-	-	60,389
	<u>60,389</u>	<u>29,948</u>	<u>-</u>	<u>90,337</u>

As at 30 June 2017, the categorisation of investments is shown below:

**30 June 2017**

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Market Treasury Bills	-	24,865	-	24,865
Investment in Shares	152,020	-	-	152,020
	<u>152,020</u>	<u>24,865</u>	<u>-</u>	<u>176,885</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 Stock Fund and First Habib Islamic Income Fund being the Funds managed by common Management Company, Central Depository

## FIRST HABIB INCOME FUND

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 2017      2016 (Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
- Management fee	2,789	4,424
- Sales Tax	365	575
- Allocated Expenses	221	221
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
-Remuneration to the Trustee	497	564
<b>Bank AL Habib Limited</b>		
-Profit on Bank Balance	437	880
	(Unaudited) 30 September 2017	(Audited) 30 June 2017

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

<b>Habib Asset Management Limited - Management Company</b>		
- Management Company fee payable	2,085	2,047
- Federal Excise duty	8,746	8,746
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
-Remuneration payable	161	165
-Other CDC Charges payable	7	4
-Security deposit - Non interest bearing	100	100
<b>Bank AL Habib Limited</b>		
-Bank Balance	15,126	13,118

	(Unaudited) 30 September 2017		(Unaudited) 30 September 2016	
<u>Units sold to:</u>	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Management Company</b>				
Habib Asset Management Limited	19,632	2,000	1,333,265	137,074
<b>Associated Companies</b>				
- Habib Insurance Company Limited	341,748	35,000	97,212	10,000
<b>Other related parties:</b>				
- Directors and executives of the Management Company	-	-	9,713	1,002
- Habib Sugar Mills Limited	-	-	4,893,064	500,000
- Ghulamman-E-Abbas Educational & Medical Trust Endowment Fund	4,827	494	52,638	5,400
- Sukaina Education And Welfare Trust	98,133	10,000	-	-
- Mr. Qumail Habib	14,724	1,500	-	-
- Greenshield Insurance Brokers (Pvt) Ltd	7,820	800	-	-
- Mr. Munawar Ali Habib	13,988	1,425	-	-

	(Unaudited) 30 September 2017		(Unaudited) 30 September 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b><u>Units redeemed by:</u></b>				
<i><b>Management Company</b></i>				
Habib Asset Management Limited	19,627	2,000	597,541	61,094
<i><b>Associated Companies</b></i>				
- Habib Insurance Company Limited	97,179	10,000	593,590	15,000
<b>Other related parties</b>				
- Directors and executives of the Management Company	24,850	2,548	17,695	1,796
- Habib Asset Management Limited - Employees Provident Fund	17,132	1,750	5,704	579
- Greenshield Insurance Brokers (Pvt) Ltd	6,335	648	7,760	800
- Habib Sugar Mills Limited	-	-	4,893,064	505,196
- Apwa Ra'ana Liaquat Craftsmen Colony	38,774	3,972	-	-
<b><u>Units held by:</u></b>				
<i><b>Management Company</b></i>				
Habib Asset Management Limited	5,585	576	1,453,569	150,968
<i><b>Associated Companies</b></i>				
- Bank AL Habib Limited	1,363,808	140,562	1,357,162	140,955
- Habib Insurance Company Limited	244,568	25,207	1,198,592	124,486
<b>Other related parties</b>				
- Directors and executives of the Management Company	72,900	7,513	21,692	2,253
- Habib Insurance Company Limited- Employees Provident Fund	103,686	10,687	91,958	9,551
- Habib Asset Management Limited - Employees Provident Fund	24,260	2,500	-	-
- Greenshield Insurance Brokers (Pvt) Ltd	4,803	495	31,574	3,279
- Sukaina Education And Welfare Trust	1,214,942	125,219	915,407	95,074
- Apwa Ra'ana Liaquat Craftsmen Colony	24,418	2,517	57,648	5,987
- Ghulaman-E-Abbass Educational & Medical Trust Endowment Fund	306,341	31,573	58,653	6,092
- Dawood Habib Memorial Trust	436,304	44,968	579,004	60,135
- Mrs. Shama Sajjad Habib	226,285	23,322	203,437	21,129
- Mr. Qumail Habib	32,548	3,355	15,311	1,590
- Mr. Abas D Habib	19,040	1,962	15,311	1,590
- Mr. Ali Asad Habib	45,673	4,707	13,756	1,429
- Mrs. Hina Shoaib	183	19	165	17
- Mr. Munawar Ali Habib	32,879	3,389	4,665	484
- Mr. Sajjad Hssain	22,002	2,268	4,663	484
- Mr. Murtaza Habib	30,366	3,130	-	-

**15. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Management Company on **19 October 2017**.

**16. TOTAL EXPENSE RATIO (TER)**

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended September 30, 2017 is 0.54% which include 0.08% representing government levy, Sindh Worker Welfare Fund, SECP fee.

**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 Reportt**  
**September 2017**

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## FUND'S INFORMATION

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

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

**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. Imran Azim	Member

**Auditors**

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

**Registrar**

JWAFFS Registrar Services  
(Pvt.) Limited  
407-408, 4th Floor,  
Al- Aameera 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 2017**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	<i>Note</i>	----- <b>(Rupees in '000)</b> -----	
<b>Assets</b>			
Bank balances	6	<b>41,261</b>	3,395
Investments	7	<b>171,311</b>	200,921
Dividend and income receivable	8	<b>1,379</b>	919
Deposits, Advances and prepayments	9	<b>3,792</b>	3,927
Receivable against sale of Units		<b>-</b>	6,009
<b>Total assets</b>		<b>217,743</b>	215,171
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company		<b>516</b>	570
Provision for Federal Excise Duty on remuneration of the Management Company		<b>2,043</b>	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		<b>81</b>	80
Payable to Securities and Exchange Commission of Pakistan		<b>50</b>	160
Workers' Welfare Fund (WWF)	10	<b>945</b>	945
Accrued expenses and other liabilities		<b>1,501</b>	3,867
Payable against purchase of investment		<b>-</b>	-
<b>Total liabilities</b>		<b>5,136</b>	7,665
<b>Net assets</b>		<b>212,607</b>	207,506
<b>Unit holders' funds (as per the statement attached)</b>		<b>212,607</b>	207,506
		<b>(Number of Units)</b>	
<b>Number of units in issue</b>		<b>2,366,917</b>	1,971,495
		<b>(Rupees)</b>	
<b>Net asset value per unit - Rupees</b>		<b>89.82</b>	105.25

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 2017**

	Quarter ended 30 September	
	2017	2016
Note	(Rupees in '000)	
<b>Income</b>		
Profit on bank deposits	312	149
Dividend income	1,441	872
Net gain on investment at fair value through profit or loss		
- Net capital gain on sale of investments classified as held for trading	(15,011)	5,580
- Net unrealised gain / (loss) on revaluation of investment classified as held for trading	(23,928)	2,956
	(38,939)	8,536
<b>Total income/(loss)</b>	<b>(37,186)</b>	<b>9,557</b>
<b>Expenses</b>		
Remuneration of Habib Asset Management Limited		
- Management Company	1,054	583
Sales tax on management fee	137	76
Federal Excise Duty on management fee	-	-
Expenses allocated by on Management Fee	24	24
Remuneration of Central Depository Company of Pakistan Limited - Trustee	223	209
Annual fee - Securities and Exchange Commission of Pakistan	93	46
Brokerage expense	373	135
Settlement and bank charges	107	90
Annual listing fee	5	5
Auditors' remuneration	66	90
Mutual Fund Rating Fee	49	46
Printing charges	24	24
<b>Total expenses</b>	<b>2,155</b>	<b>1,328</b>
<b>Net income/ (loss) from operating activities</b>	<b>(39,341)</b>	<b>8,229</b>
Element of (loss) and capital / (losses) included in prices of units issued less those in units redeemed - net	-	(340)
<b>Net income for the period before taxation</b>	<b>(39,341)</b>	<b>7,889</b>
Taxation	-	-
<b>Net income for the period after taxation</b>	<b>(39,341)</b>	<b>7,889</b>
<b>Allocation of Net Income for the period:</b>		
Income already paid on units redeemed	(5,102)	-
<b>Accounting Income available for distribution:</b>		
- Relating to capital gains	(38,939)	
- Excluding capital gains	(5,504)	
	(44,443)	7,889
Other comprehensive income		-
<b>Total comprehensive income</b>	<b>(44,443)</b>	<b>7,889</b>

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

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

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

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

## FIRST HABIB STOCK FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017			2016		
	(Rupees in '000)					
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
- Realised income	-	19,843	-	-	3,111	-
- Unrealised income / (loss)	-	(10,314)	-	-	4,258	-
<b>Net assets at the beginning of the period</b>	<b>197,977</b>	<b>9,529</b>	<b>207,506</b>	<b>125,296</b>	<b>7,369</b>	<b>132,665</b>
Issue of 1,111,373 units (2016: 197,598 units) *	113,246	-	113,246	20,589	-	20,589
Redemption of 715,950 units (2016: 343,143 units)	(63,702)	-	(63,702)	(41,299)	-	(41,299)
	49,544	-	49,544	(20,710)	-	(20,710)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	340	-	340
<b>Accounting income available for distribution for the period:</b>						
-Relating to capital gains	-	(38,939)	(38,939)	-	5,580	5,580
-Excluding capital gains	-	(5,504)	(5,504)	-	2,309	2,309
Total comprehensive income for the period	-	(44,443)	(44,443)	-	7,889	7,889
<b>Distribution during the period:</b>						
<b>Net assets at the end of the period</b>	<b>247,521</b>	<b>(34,914)</b>	<b>212,607</b>	<b>104,926</b>	<b>15,258</b>	<b>120,184</b>
- Realised income		(10,986)			9,678	
- Unrealised (loss)/ income		(23,928)			5,580	
		(34,914)			15,258	

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 2017**

	Quarter ended	
	2017	2016
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	(44,443)	7,889
<b>Adjustments for non-cash items</b>		
Unrealised (diminution) / appreciation on investments at fair value through profit or loss - net	23,928	(2,956)
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net	-	340
	(20,515)	5,273
<b>Decrease / (increase) in assets</b>		
Investments	5,682	10,453
Dividend and income receivable	(460)	(543)
Deposits, Advances and prepayments	135	(21)
Receivable against sale of investments	6,009	35,998
	11,366	45,887
<b>Increase / (decrease) in liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	(54)	(4)
Provision for Federal Excises Duty on remuneration of the Management Company	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1	(8)
Payable to Securities and Exchange Commission of Pakistan	(110)	(129)
Payable against purchase of investments	-	1,379
Accrued expenses and other liabilities	(2,366)	(29,893)
	(2,529)	(28,655)
<b>Net cash flow from operating activities</b>	(11,678)	22,505
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net receipts / payable from sale and redemption of units	49,544	(15,490)
Dividend paid during the period	-	(5,220)
<b>Net cash (used) in / generated from financing activities</b>	49,544	(20,710)
Net increase in cash and cash equivalents during the period	37,866	1,795
Cash and cash equivalents at the beginning of the period	3,395	8,820
Cash and cash equivalents at the end of period	41,261	10,615

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 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under 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-VIS has assigned fund stability ranking of 'MFR 3-Star' for one year, 'MFR 4-Star' for three years and 'MFR 1-Star' for five years.

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 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 consensed 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 consensed 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 consensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2017 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 2017.

### 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 2017.

### 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 2017.

## 6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 5.25% (30 June 2017: 5.25%) per annum.

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

(Unaudited) (Audited)  
30 September 30 June  
2017 2017  
----- (Rupees in '000) -----

Equity securities	7.1	<b>171,311</b>	119,161
		<b>171,311</b>	119,161

### 7.1 Equity securities

Name of the Investee	As at 1 July 2017	Purchased/ bonus/ right shares received during the period	Disposed during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Market Value as a Percentage of:	
							Net Assets	Total Investments
	-----Number of shares-----			----- (Rupees in '000) -----				
<b>Commercial Banks</b>								
MCB Bank Limited	41,870	-	8,000	33,870	7,127	7,079	3.33%	4.13%
United Bank Limited	42,000	15,000	20,000	37,000	8,150	7,036	3.31%	4.11%
Habib Bank Limited	50,000	-	50,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited	27,500	-	27,500	-	-	-	0.00%	0.00%
<b>Oil &amp; Gas Marketing Companies</b>								
Sui Southern Gas Company Limited	-	-	-	-	-	-	0.00%	0.00%
Sui Nourthen Gas Pipelines Limited	10,000	250,000	190,000	70,000	10,656	9,370	4.41%	5.47%
Pakistan State Oil Company Limited	18,500	49,000	42,000	25,500	11,122	11,265	5.30%	6.58%
Hascol Petroleum Limited	-	68,700	33,700	35,000	12,050	9,838	4.63%	5.74%
<b>Engineering</b>								
Amerli Steel Limited	15,000	70,000	40,000	45,000	5,064	4,589	2.16%	2.68%
Mughal Iron and Steel Industries Limited	39,500	19,500	25,500	33,500	1,325	1,917	0.90%	1.12%
International Steels Limited	40,000	232,700	250,200	22,500	2,895	2,725	1.28%	1.59%
Crescent Steel and Allied Product Limited	11,500	8,700	5,500	14,700	3,288	2,325	1.09%	1.36%
<b>Cable &amp; Electrical Goods</b>								
Pak Elektron Limited	67,000	45,000	75,000	37,000	3,885	2,810	1.32%	1.64%
<b>Chemicals</b>								
Fauji Fertilizer Company Limited	-	-	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	65,000	-	65,000	-	-	-	0.00%	0.00%
Engro Polymer and Chemicals Limited	-	410,000	285,000	125,000	4,444	4,176	1.96%	2.44%
Engro Fertilizers Limited	-	59,000	38,500	20,500	6,470	6,213	2.92%	3.63%
Engro Corporation Limited	-	-	-	-	-	-	0.00%	0.00%
I.C.I. Pakistan Limited	-	-	-	-	-	-	0.00%	0.00%
<b>Oil &amp; Gas Exploration Companies</b>								
Oil and Gas Development Company Limited	84,000	10,000	35,000	59,000	8,358	8,769	4.12%	5.12%
Pakistan Oilfields Limited	16,500	1,500	5,000	13,000	6,029	6,916	3.25%	4.04%
Pakistan Petroleum Limited	22,000	1,300	13,300	10,000	1,504	1,747	0.82%	1.02%
Attock Refinery Limited	17,000	82,000	97,000	2,000	754	827	0.39%	0.48%
Mari Petroleum Company Limited	3,220	2,280	1,500	4,000	6,315	6,020	2.83%	3.51%
Pakistan Refinery Limited	-	86,500	40,000	46,500	2,665	2,208	1.04%	1.29%
<b>Construction and Materials (Cement)</b>								
Cherat Cement Company Limited	-	30,000	30,000	-	-	-	0.00%	0.00%
D.G. Khan Cement Company limited	62,000	35,000	29,500	67,500	13,780	9,913	4.66%	5.79%
Fauji Cement Company Limited	75,000	88,500	33,500	130,000	5,237	4,228	1.99%	2.47%
Kohat Cement Limited	9,000	-	9,000	-	-	-	0.00%	0.00%
Lucky Cement Limited	19,500	7,000	3,000	23,500	18,817	13,282	6.25%	7.75%
Maple Leaf Cement Factory Limited	60,500	43,563	67,500	36,563	3,539	2,801	1.32%	1.64%
Pioneer Cement Limited	7,000	35,000	42,000	-	-	-	0.00%	0.00%
<b>Automobiles and Parts</b>								
Honda Atlas Cars (Pakistan) Limited	7,350	7,000	14,200	150	115	81	0.04%	0.05%
Indus Motors Comany Limited	1,500	-	400	1,100	1,974	1,894	0.89%	1.11%

## FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2017	Purchased/ bonus/ right shares received during the period	Disposed during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Market Value as a Percentage of:	
							Net Assets	Total Investments
		-----Number of shares-----		----- (Rupees in '000) -----				
<b>Automobiles and Parts</b>								
Pak Suzuki Motor Company Limited	2,850	-	-	2,850	2,224	1,304	0.61%	0.76%
Al-Ghazi Tractor Limited	-	-	-	-	-	-	0.00%	0.00%
Millat Tractor Limited	2,000	500	-	2,500	3,346	3,121	1.47%	1.82%
Ghandara Industries Limited	6,150	-	6,150	-	-	-	0.00%	0.00%
<b>Automobiles Parts and Accessories</b>								
General Tyre & Rubber Company Limited	8,400	-	-	8,400	2,549	1,690	0.79%	0.99%
Thal Limited	-	5,500	1,000	4,500	2,727	2,481	1.17%	1.45%
Loads Limited	-	244,000	99,000	145,000	6,587	5,767	2.71%	3.37%
<b>Personal Goods (Textiles)</b>								
Nishat Mills Limited	44,000	65,000	28,000	81,000	12,878	11,753	5.53%	6.86%
<b>Food and Personal Care Products</b>								
Treet Corporation Limited	25,000	-	5,000	20,000	1,138	981	0.46%	0.57%
<b>Pharmaceutical</b>								
Glaxo Smith Kline Pakistan Limited	6,000	-	6,000	-	-	-	0.00%	0.00%
The Searl Company Limited	9,024	-	9,024	-	-	-	0.00%	0.00%
Ferozsons Laboratories Limited	14,500	-	9,500	5,000	1,932	1,506	0.71%	0.88%
Abbot Labortories Limied	8,950	-	3,000	5,950	5,561	4,695	2.21%	2.74%
<b>Power Generation and Distribution</b>								
Hub Power Company Limited	65,000	20,000	19,000	66,000	7,652	7,379	3.47%	4.31%
Kot Addu Power Company Limited	15,000	-	15,000	-	-	-	0.00%	0.00%
<b>Technology &amp; Communications</b>								
Avanceon Limited	17,500	875	18,375	-	-	-	0.00%	0.00%
<b>Paper and Board</b>								
Packages Limited	2,000	-	-	2,000	1,391	1,154	0.54%	0.67%
<b>Industrial Metals and Mining</b>								
International Industries Ltd.	-	5,000	-	5,000	1,691	1,451	0.68%	0.85%
<b>Total as at 30 September 2017</b>					<b>195,239</b>	<b>171,311</b>		
<b>Total as at 30 June 2017</b>					<b>211,235</b>	<b>200,921</b>		

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

	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	------(Number of Shares)-----	
D.G. Khan Cement Company Limited	12,500	12,500
Lucky Cement Limited	5,000	5,000
Indus Motors Limited	1,000	1,000
Fauji Cement Limited	35,000	35,000
Glaxo Smith Kline	-	2,000
The Hub Power Company Limited	13,500	13,500
	<b>67,000</b>	<b>69,000</b>
	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	(Rupees in '000)	
Dividend receivable	1,257	853
Profit receivable on saving account	122	66
	<b>1,379</b>	<b>919</b>

	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	(Rupees in '000)	
<b>9. DEPOSITS, ADVANCES AND PREPAYMENTS</b>		
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
Receivable against sale of units	-	113
Advance Tax	187	187
Prepayments	-	27
Listing Fee	7	-
Advance against Sale of Units	-	-
	<b>3,794</b>	<b>3,927</b>

#### 10. WORKERS' WELFARE FUND

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

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

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

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

- In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:
- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.



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

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

The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 June 2017, amounting to Rs. 0.945 million. Had the 'SWWF' not been provided, the NAV per unit of the Fund would have been higher by Re. 0.48.

#### **11. EARNINGS PER UNIT**

Earnings per unit (EPU) for the three months period ended 30 September 2017, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

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

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2017.

##### **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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	-----	<b>(Rupees)</b> -----	
Equity securities	<b>171,311</b>	-	<b>171,311</b>
Government securities	-	-	-
	<b>171,311</b>	-	<b>171,311</b>

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	-----	<b>(Rupees)</b> -----	
Equity securities	200,921	-	200,921
Government securities	-	-	-
	<b>200,921</b>	-	<b>200,921</b>

#### **13. TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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	
	2017	2016
	(Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	1,054	583
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>		
Brokerage	8	8
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	223	209
<b>Bank Al Habib Limited</b>		
Profit on Bank Balances	312	149

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	(Rupees in '000)	
<b>Bank Al Habib Limited</b>		
Bank Balance	41,261	10,615
<b>Habib Asset Management Limited - Management Company</b>		
Management fee payable	2,559	2,321
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>		
Brokerage payable	15	7
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
- Remuneration payable	81	66
- Security deposit - non interest bearing	100	100

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

Units sold to:

**Management Company**

- Habib Asset Management Limited

**Other related parties**

- Directors of the Management Company

- Habib Asset Management Ltd.Emp.Provident Fund

- Mr. Abbas Qurban

- Mrs. Razia Ali Habib

- Mrs. Fatima Ali Raza Habib

- Mrs. Ishrat Malik

- Mr. Haider Imran

	Quarter ended 30 September 2017		Quarter ended 30 September 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
	393,248	40,000	142,925	14,972
	2,768	275	1,848	184
	17,586	1,750	-	-
	-	-	637	64
	-	-	35	4
	-	-	530	53
	8,906	928	-	-
	4,951	490	-	-

Units redeemed by:

**Management Company**

- Habib Asset Management Limited

	392,501	400,000	261,629	27,419
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**Associated Companies**

- Habib Asset Management Ltd.Emp.Provident Fund

	-	-	10,104	1,051
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**Other related parties**

- Mr. Abbas Qurban

	-	-	17,907	1,872
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- Mrs. Ishrat Malik

	8,906	790	-	-
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**Units held by:**

**Management Company**

Habib Asset Management Limited

**Associated Companies**

- Bank AL Habib Limited

**Other related parties**

- Directors of the Management Company

- Habib Asset Management Limited-Employees Provident Fund

- Mr. Abbas Qurban

- Mr. Qumail Habib

- Mrs. Razia Ali Habib

- Mr. Haider Azim

- Mrs. Fatima Ali Raza Habib

- Mr. Aun Muhammad Ali Raza Habib

- Mr. Sajjad Hussain

Quarter ended 30 September 2017		Quarter ended 30 September 2016	
(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
826,280	74,220	169,761	18,095
100,000	8,982	100,000	10,659
41,192	3,700	51,986	5,541
17,586	1,580	-	-
22,723	2,041	-	-
27,285	2,451	-	-
1,123	101	991	106
4,951	445	397	42
16,894	1,517	14,911	1,589
17,670	1,587	17,670	1,883
22,329	2,006	-	-

**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 **19 October, 2017.**

**15. TOTAL EXPENSE RATIO (TER)**

In the current year, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 September 2017 is 1.01% which include 0.99% representing government levy, Sindh Worker Welfare Fund and SECP fee.

**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 2017**

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## FUND'S INFORMATION

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

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

**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. Imran Azim	Member

**Auditors**

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

**Registrar**

JWAFFS Registrar Services  
(Pvt.) Limited  
407-408, 4th Floor,  
Al- 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  
Habib Bank Limited  
Bank Al-falah Limited  
Allied Bank Limited

**Rating**

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

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

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 SEPTEMBER 2017**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	------(Rupees in '000)-----	
<b>Assets</b>			
Bank balance	5	1,523,873	1,063,544
Placements	6	100,000	-
Income receivable	8	3,985	5,518
Advance, Deposit and Prepayments		537	607
<b>Total assets</b>		<b>1,628,395</b>	<b>1,069,669</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company		1,811	1,329
Provision for Federal Excise Duty on remuneration of the Management Company		13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee		195	144
Payable to Securities and Exchange Commission of Pakistan		265	890
Provision for Workers' Welfare Fund	9	1,986	1,993
Accrued expenses and other liabilities		888	10,911
<b>Total liabilities</b>		<b>18,562</b>	<b>28,684</b>
<b>Net assets</b>		<b>1,609,833</b>	<b>1,040,985</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>1,609,833</b>	<b>1,040,985</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>15,821,561</b>	<b>10,368,238</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>101.75</b>	<b>100.40</b>

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 2017**

	<b>Quarter ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Income</b>		
Profit on bank deposits	<b>16,824</b>	9,789
Income from Government Securities	<b>3,821</b>	4,226
Markup income on Placements	<b>1,028</b>	3,257
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	<b>-</b>	3
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading	<b>(6)</b>	(10)
	<b>(6)</b>	(7)
	<b>21,667</b>	17,265
<b>Expenses</b>		
Remuneration of Habib Asset Management Limited - Management Company	<b>1,874</b>	1,850
Sales tax on management fee	<b>244</b>	241
Federal Excise Duty on management fee	<b>-</b>	-
Expense allocated by the Management Company	<b>189</b>	185
Remuneration of Central Depository Company of Pakistan Limited - Trustee	<b>513</b>	444
Annual fee - Securities and Exchange Commission of Pakistan	<b>265</b>	209
Brokerage & Commission	<b>7</b>	5
Bank charges	<b>5</b>	14
Auditors' remuneration	<b>91</b>	90
Annual listing fee	<b>1</b>	10
Mutual Fund Rating Fee	<b>66</b>	97
Printing charges	<b>23</b>	24
<b>Total operating expenses</b>	<b>3,278</b>	3,169
	<b>18,389</b>	14,096
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	<b>-</b>	1,237
<b>Net income for the period before taxation</b>	<b>18,389</b>	15,333
Taxation	<b>-</b>	-
<b>Net income for the period after taxation</b>	<b>18,389</b>	15,333
<b>Allocation of Net Income for the period:</b>		
Income already paid on units redeemed	<b>(2,154)</b>	-
<b>Accounting Income available for distribution:</b>		
- Relating to capital gains	<b>(6)</b>	
- Excluding capital gains	<b>16,241</b>	
	<b>16,235</b>	15,333
Other comprehensive income	<b>-</b>	-
<b>Total comprehensive income</b>	<b>16,235</b>	15,333

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 2017

	2017			2016		
	(Rupees in '000)					
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
- Realised income	-	8,550	-	-	7,773	-
- Unrealised income / (loss)	-	-	-	-	12	-
<b>Net assets at the beginning of the period</b>	<b>1,032,435</b>	<b>8,550</b>	<b>1,040,985</b>	<b>1,026,749</b>	<b>7,785</b>	<b>1,034,534</b>
Issue of 12,178,213 units (2016: 2,502,035 units)	<b>1,233,079</b>	-	<b>1,233,079</b>	252,862	-	252,862
Redemption of 6,724,890 units (2016:1,196,077 units)	<b>(680,466)</b>	-	<b>(680,466)</b>	(120,591)	-	(120,591)
	<b>552,613</b>	-	<b>552,613</b>	132,271.00		132,271
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	(1,237)		(1,237)
<b>Accounting income available for distribution for the period:</b>						
-Relating to capital gains	-	(6)	(6)	-	(7)	(7)
-Excluding capital gains	-	16,241	16,241	-	15,340	15,340
Total comprehensive income for the period		16,235	16,235	-	15,333	15,333
<b>Distribution during the period:</b>	-	-	-	-	-	-
<b>Net assets at the end of the period</b>	<b>1,585,048</b>	<b>24,785</b>	<b>1,609,833</b>	<b>1,157,783</b>	<b>23,118</b>	<b>1,180,901</b>
- Realised income		24,791			23,125	
- Unrealised (loss)/ income		(6)			(7)	
<b>Net income for the period</b>		<b>24,785</b>			<b>23,118</b>	

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 2017**

	<b>Quarter ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>------(Rupees in '000)-----</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	<b>16,235</b>	15,333
<b>Adjustments for non-cash items</b>		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	<b>(6)</b>	10
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed	<b>-</b>	(1,237)
Amortisation of preliminary expenses and floatation costs	<b>-</b>	-
	<b>16,229</b>	14,106
<b>Decrease / (increase) in assets</b>		
Investments	<b>-</b>	69,152
Placements	<b>(100,000)</b>	-
Income receivable	<b>1,533</b>	3,301
Advance, Deposit and Prepayments	<b>70</b>	(385)
	<b>(98,397)</b>	72,068
<b>Increase / (decrease) in liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	<b>482</b>	(221)
Provision for Federal Excise Duty on remuneration of the Management Company	<b>-</b>	-
Payable to Central Depository Company of Pakistan Limited - Trustee	<b>51</b>	(5)
Payable to Securities and Exchange Commission of Pakistan	<b>(626)</b>	(755)
Accrued expenses and other liabilities	<b>(10,023)</b>	(15,560)
	<b>(10,116)</b>	(16,541)
<b>Net cash flow from operating activities</b>	<b>(92,284)</b>	69,633
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net receipts/ (payments) from sale and redemption of units	<b>552,613</b>	132,271
Net increase in cash and cash equivalents during the period	<b>460,329</b>	201,904
Cash and cash equivalents at the beginning of the period	<b>1,063,544</b>	804,535
<b>Cash and cash equivalents at the end of the period</b>	<b>1,523,873</b>	1,006,439
<b>Cash and cash equivalents at the end of the period comprise of :</b>		
Cash and cash equivalents at end of the period	<b>1,523,873</b>	1,006,439
Term deposit receipts maturity of 3 months and less	<b>-</b>	-
	<b>1,523,873</b>	1,006,439

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 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as 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+' to the Management Company 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 2017.

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 2017.

### 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 2017.

**5. BANK BALANCES**

(Unaudited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)	

Savings account	5.1	<u>1,523,873</u>	<u>804,535</u>
		<u>1,523,873</u>	<u>804,535</u>

- 5.1** It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 5.25% (30 June 2017: 5.25% ) per annum and balance with three commerical banks which carry profit of 4.25% to 6.30% (30 June 2017: 4.25%to 6.35%)

**6. PLACEMENTS**

Clean Placement

6.1	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>-</u>

- 6.1** Clean Placement carry profit @ 6.15% (30 June 2017 : 6.15%) per annum and will be mature 30 October 2017.

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

(Unaudited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)	

Government securities	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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

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

**7.2 Government Securities**

Description	Note	Face Value				As at 30 September 2017			
		As at 01 July 2017	Purchases during the period	Sold / Matured during the period	As at 30 September 2017	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of Net Assets

Tbill 03 Months

03-August-2017	-	2,000	2,000	-	-	-	-	-	-
17-August-2017		2,000	2,000	-	-	-	-	-	-
31-August-2017		3,000	3,000	-	-	-	-	-	-

Total as at 30 September 2017

<u>-</u>	<u>-</u>	<u>-</u>
----------	----------	----------

Total as at 30 June 2017

<u>-</u>	<u>-</u>	<u>-</u>
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**8. INCOME RECEIVABLE**

(Unaudited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)	

Profit receivable on saving account	<u>2,957</u>	<u>5,518</u>
Profit receivable on Clean Placement	<u>1,028</u>	<u>-</u>
	<u>3,985</u>	<u>5,518</u>

**9. WORKERS' WELFARE FUND**

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 13.42 million. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2017 would have been higher by Rs. 1.29 per unit (30 June 2016: Rs. 1.3 per unit).

**10. EARNINGS PER UNIT**

Earnings per unit (EPU) for the quarter ended 30 September 2017, 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 2017.

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

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

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

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

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

	<b>Quarter ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	<u><b>1,874</b></u>	<u><b>1,850</b></u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	<u><b>513</b></u>	<u><b>444</b></u>
<b>Bank AL Habib Limited</b>		
Profit on bank balances	<u><b>191</b></u>	<u><b>166</b></u>
<b>Details of the balances with connected persons are as follows:</b>		
	<b>(Unaudited) 30 September 2017</b>	<b>(Audited) 30 June 2017</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	<u><b>15,228</b></u>	<u><b>14,471</b></u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	<u><b>195</b></u>	<u><b>146</b></u>
<b>Bank AL Habib Limited</b>		
Bank balances	<u><b>15,271</b></u>	<u><b>11,005</b></u>

	Quarter ended 30 September 2017		Quarter ended 30 September 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	992,329	99,889
<b>Other related parties</b>				
- Directors of the Management Company	-	-	-	-
- Habib Asset Management Limited- Employees Provident Fund	-	-	7,436	750
- Habib Metropolitan Bank	3,945,669	400,000	-	-
- Mrs. Ishrat Malik	7,803	790	-	-
- Mr Samina Imran	49	5	-	-
- Mr Aun Muhammad Ali Raza Habib	17	2	-	-
- Mr Junaid Kasbati	-	-	3,489	350
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	893,430	89,984
<b>Associated Companies</b>				
- Habib Insurance Company Limited	-	-	-	-
<b>Other related parties</b>				
- Directors of the Management Company	3,966	400	4,953	500
- Executives of the Management Company	-	-	-	-
- Habib Asset Management Limited- Employees Provident Fund	-	-	27,543	2,780
- Habib Metropolitan Bank	3,945,669	400,595	-	-
- Mr Junaid Kasbati	-	-	3,489	351
- Mr Abbas D Habib	40,565	4,108	-	-
- Mr Imran Ali Habib	-	-	40,592	4,082
- Mr. Haider Azim	2,680	270	-	-
<b>Units held by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	2,747	279	98,899	10,053
<b>Associated Companies</b>				
- Bank AL Habib Limited	1,392,189	141,654	1,392,189	141,523
- Habib Insurance Company Limited	-	-	-	-
<b>Other related parties</b>				
- Directors of the Management Company	6,534	665	86,663	8,810
- Employees Provident Fund	-	-	-	-
- Mr. Munawar Ali Habib	46,439	4,725	43,876	4,460
- Mr. Abbas	-	-	-	-
- Mr. Imran Ali Habib	-	-	-	-
- Mr. Murtaza Habib	37,590	3,825	37,590	3,821
- Mr. Asghar D Habib	-	-	20,658	2,100
- Mr. Qumail Habib	21,593	2,197	40,571	4,124
- Mr. Abas D Habib	-	-	-	-
- Mr. Ali Asad Habib	40,302	4,101	40,302	4,097
- Mrs Razia Ali Habib	37,986	3,865	35,889	3,648
- Mrs Batool Ali Raza Habib	6,746	686	6,373	648
- Mrs. Ishrat Malik	23,707	2,412	-	-
- Mrs Fatima Ali Raza Habib	12,289	1,250	11,610	1,180
- Mr. Sajjad Hussain	38,292	3,896	-	-
- Mr Aon Muhammad Ali Raza Habib	5,230	532	5,214	530
- Mr. Haider Azim	1,940	197	-	-
- Mrs. Samina Imran	80	8	29	3
- Mrs. Hina Shoaib	27	3	27	3

13. TOTAL EXPENSE RATIO (TER)

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 September, 2017 is 0.23% which include 0.32% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on 19 October, 2017.

For Habib Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC STOCK FUND**  
**(Formerly Islamic Balanced Fund)**  
**First Quarterly Report**  
**September 2017**



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**FUND'S INFORMATION**

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

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

**CFO and Company Secretary**

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

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

**Human Resource Committee**

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

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

**Auditors**

KPMG Taseer Hadi & C0. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi.	JWAFS Registrar Services (Pvt.) Limited 407-408, 4th Floor, Al- Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi.
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**Trustee**

Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shahra-e-Faisal, Karachi.	Mohsin Tayebaly & Co. Barristers & Advocates, 2nd Floor, DIME Centre, BC-4, Block 9, Kehkashan, Clifton, Karachi
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**Bankers to the Fund**

Bank AL Habib Limited  
Habib Bank Limited  
Bank Islami Pakistan Limited

**Registrar**

**Legal Advisor**

**Rating**

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

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

**FIRST HABIB ISLAMIC STOCK FUND**  
(Formerly Islamic Balanced Fund)

**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES**  
*AS AT 30 SEPTEMBER 2017*

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	<i>Note</i>	------(Rupees in '000)-----	
<b>Assets</b>			
Bank balances	6	24,846	8,905
Investments	7	109,450	146,377
Income receivable	8	1,016	890
Deposits and other receivables	9	2,853	2,852
Preliminary expenses and floatation costs		22	73
<b>Total assets</b>		<b>138,186</b>	<b>159,097</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company		362	695
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		67	65
Payable to Securities and Exchange Commission of Pakistan		29	105
Provision for Sindh Workers' Welfare Fund (SWWF)	10	504	504
Accrued expenses and other liabilities		1,020	2,576
<b>Total liabilities</b>		<b>3,460</b>	<b>5,423</b>
<b>Net assets</b>		<b>134,726</b>	<b>153,674</b>
<b>Unit holders' funds (as per the statement attached)</b>		<b>134,726</b>	<b>153,674</b>
		(Number of Units)	
<b>Number of units in issue</b>		<b>1,525,680</b>	<b>1,475,200</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>88.31</b>	<b>104.17</b>

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

		Quarter ended 30 September	
		2017	2016
	Note	(Rupees in '000)	
<b>Income</b>			
Profit on bank deposits		208	502
Income from ijara sukuk certificates		-	-
Dividend income		746	407
Net gain on investments designated at fair value through income statement			
- Net capital (loss) / gain on sale of investments classified as held for trading		(6,656)	2,567
- Net unrealized (loss) / gain on revaluation of investments classified as held for trading	7.3	(16,437)	1,130
		(23,093)	3,697
<b>Total (loss) / income</b>		(22,139)	4,606
<b>Expenses</b>			
Remuneration of Habib Asset Management Limited			
- Management Company		683	332
Sales tax on management fee		89	43
Expenses allocated by the Management Company		22	22
Remuneration of Central Depository Company of Pakistan Limited - Trustee		210	199
Annual fee - Securities and Exchange Commission of Pakistan		29	21
Brokerage expense		162	68
Settlement and bank charges		109	81
Annual listing fee		8	8
Auditors' remuneration		99	103
Amortisation of preliminary expenses and floatation costs		52	52
Other expenses		3	-
Mutual Fund Rating Fee		31	30
Charity Expenses		9	5
Printing charges		24	24
<b>Total operating expenses</b>		1,530	988
<b>Net (loss) / income from operating activities</b>		(23,669)	3,618
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net		-	(154)
<b>Net (loss) / income for the period before taxation</b>		(23,669)	3,464
Taxation		-	-
<b>Net (loss) / income for the period after taxation</b>		(23,669)	3,464
<b>Allocation of Net Income for the period:</b>			
Income already paid on units redeemed		842	-
<b>Accounting Income available for distribution:</b>			
- Relating to capital gains		(23,093)	
- Excluding capital gains		266	
		(22,826)	3,464
Other comprehensive income		-	-
<b>Total comprehensive income</b>		(22,826)	3,464

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 STOCK FUND**  
(Formerly Islamic Balanced Fund)

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	2017			2016		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
- Realised income	-	19,676	19,676	-	6,070	
- Unrealised income / (loss)	-	(9,832)	(9,832)	-	2,779	
<b>Net assets at the beginning of the period</b>	<b>143,830</b>	<b>9,844</b>	<b>153,674</b>	<b>105,084</b>	<b>8,849</b>	<b>113,933</b>
Issue of 311,808 (2016: 316,659) units	31,021	-	31,021	32,742	-	32,742
Redemption of 261,328 (2016: 395,088) units	(27,142)	-	(27,142)	(41,013)	-	(41,013)
	3,879	-	3,879	(8,271)	-	(8,271)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	154	-	154
<b>Accounting income available for distribution for the period:</b>						
-Relating to capital gains	-	(23,093)	(23,093)	-	3,697	3,697
-Excluding capital gains	-	266	266	-	(233)	(233)
Total comprehensive income for the period	-	(22,826)	(22,826)	-	3,464	3,464
<b>Distribution during the period:</b>						
Distribution to units holders in cash					(3,688)	(3,688)
<b>Net assets at the end of the period</b>	<b>147,709</b>	<b>(12,982)</b>	<b>134,726</b>	<b>96,967</b>	<b>8,625</b>	<b>105,592</b>
- Realised income		3,454			7,495	
- Unrealised (loss)/ income		(16,437)			1,130	
		(12,982)			8,625	

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 2017**

	<b>Quarter ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(22,826)	3,464
<b>Adjustments for non-cash items</b>		
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	16,437	(1,130)
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	-	154
Amortisation of preliminary expenses and floatation costs	52	52
	<u>(6,338)</u>	<u>2,540</u>
<b>Decrease / (increase) in assets</b>		
Investments	20,490	(3,530)
Income receivable	(126)	(303)
Deposits and other receivables	(1)	18,327
	<u>20,364</u>	<u>14,494</u>
<b>Decrease / (increase) in liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	(333)	18
Payable to Central Depository Company of Pakistan Limited - Trustee	2	4
Payable to Securities and Exchange Commission of Pakistan	(76)	(67)
Accrued expenses and other liabilities	(1,556)	(6,181)
	<u>(1,964)</u>	<u>(6,226)</u>
<b>Net cash flow from operating activities</b>	<u>12,063</u>	<u>10,808</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net receipts / payable from sale and redemption of units	3,879	(8,271)
Dividend paid during the period	-	(3,688)
<b>Net cash (used) in / generated from financing activities</b>	<u>3,879</u>	<u>(11,959)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>15,941</u>	<u>(1,151)</u>
Cash and cash equivalents at the beginning of the period	8,905	38,294
Cash and cash equivalents at the end of period	<u>24,846</u>	<u>37,143</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 2017***

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

First Habib Islamic Stock Fund (formerly 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. During the year, the Fund revised its Trust Deed (the Deed) dated 6 December 2016, under the Trusts Act, 1882 entered into and between Habib Asset Management Limited (Wakeel), the Management Company, and Central Depository Company of Pakistan Limited, the Trustee. Trust Deed was approved by SECP on 24 November 2016.

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 revised its investment objectives in order to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws. Previously, the Fund has been investing to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

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

The '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 2017.
- 2.3** These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2017.

**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 2017.

**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 2017.

**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 2017.

**FIRST HABIB ISLAMIC STOCK FUND**  
(Formerly Islamic Balanced Fund)

**6. BANK BALANCES**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	----- (Rupees in '000) -----	
Current account		<b>10</b>	10
Savings account	6.1	<b>24,836</b>	8,895
		<b>24,846</b>	8,905

**6.1** Savings account carry profit rate of 4.74% to 5.60% per annum (2017 4.74% to 5.60%); and includes a balance of Rs. 0.776 million (2017: Rs 1.963 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 2017	(Audited) 30 June 2017
		----- (Rupees in '000) -----	
Equity securities	7.1	<b>109,450</b>	146,377
		<b>109,450</b>	146,377

**7.1 Equity securities**

Name of the Investee	As at 1 July 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Market Value as a Percentage	
								Net Assets	Total Investments
	-----Number of shares-----					----- (Rupees in '000) -----			
<b>AUTOMOBILE ASSEMBLER</b>									
Ghandhara Industries Limited	9,500	-	-	9,500	-	-	-	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	3,000	5,000	-	6,250	1,750	1,294	944	0.70%	0.86%
Millat Tractors Limited	1,500	500	-	-	2,000	2,657	2,497	1.85%	2.28%
Pak Suzuki Motor Company Limited	4,000	-	-	1,000	3,000	2,341	1,373	1.02%	1.25%
<b>TOTAL</b>	<b>18,000</b>	<b>5,500</b>	<b>-</b>	<b>16,750</b>	<b>6,750</b>	<b>6,292</b>	<b>4,814</b>		
<b>FERTILIZER</b>									
Engro Fertilizers Limited	7,500	-	-	7,500	-	-	-	0.00%	0.00%
Engro Corporation Limited	-	32,500	-	22,500	10,000	3,126	3,031	2.25%	2.77%
<b>TOTAL</b>	<b>7,500</b>	<b>32,500</b>	<b>-</b>	<b>30,000</b>	<b>10,000</b>	<b>3,126</b>	<b>3,031</b>		
<b>CEMENT</b>									
Cherat Cement Company Limited	13,000	-	-	13,000	-	-	-	0.00%	0.00%
D.G.K.Cement Company Limited	-	36,000	-	5,000	31,000	6,037	4,553	3.38%	4.16%
Fauji Cement Company Limited	170,000	20,000	-	40,000	150,000	6,128	4,878	3.62%	4.46%
Lucky Cement Limited	21,500	-	-	1,000	20,500	17,143	11,586	8.60%	10.59%
Maple Leaf Cement Factory Limited	80,000	11,000	2,625	70,000	23,625	2,343	1,810	1.34%	1.65%
Pioneer Cement Limited	18,000	5,900	-	23,900	-	-	-	0.00%	0.00%
<b>TOTAL</b>	<b>302,500</b>	<b>72,900</b>	<b>2,625</b>	<b>152,900</b>	<b>225,125</b>	<b>31,651</b>	<b>22,827</b>		
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	58,200	25,000	-	8,300	74,900	8,695	8,375	6.22%	7.65%
<b>TOTAL</b>	<b>58,200</b>	<b>25,000</b>	<b>-</b>	<b>8,300</b>	<b>74,900</b>	<b>8,695</b>	<b>8,375</b>		
<b>ENGINEERING</b>									
Amreli Steels Limited	12,500	12,500	-	9,500	15,500	1,794	1,581	1.17%	1.44%
Crescent Steel and Allied Products Limited	20,000	10,600	-	6,000	24,600	5,750	3,891	2.89%	3.56%
International Steel Limited	43,000	50,100	-	85,700	7,400	885	896	0.67%	0.82%
Mughal Iron And Steel Industries Limited	43,000	23,000	-	27,000	39,000	2,141	2,232	1.66%	2.04%
International Industries Limited	-	5,000	-	-	5,000	1,695	1,451	1.08%	1.33%
<b>TOTAL</b>	<b>118,500</b>	<b>101,200</b>	<b>-</b>	<b>128,200</b>	<b>91,500</b>	<b>12,265</b>	<b>10,051</b>		
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Avancon Limited	15,000	750	-	15,750	-	-	-	0.00%	0.00%
<b>TOTAL</b>	<b>15,000</b>	<b>750</b>	<b>-</b>	<b>15,750</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Engro Foods Limited	5,000	-	-	5,000	-	-	-	0.00%	0.00%
Treet Corporation Limited	30,000	-	-	10,000	20,000	1,138	981	0.73%	0.90%
<b>TOTAL</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>20,000</b>	<b>1,138</b>	<b>981</b>		
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Loads Limited	-	60,000	-	-	60,000	2,600	2,386	1.77%	2.18%
General Tyre and Rubber Company of Pakistan Limited	17,500	-	-	-	17,500	5,311	3,523	2.61%	3.22%
<b>TOTAL</b>	<b>17,500</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>77,500</b>	<b>7,911</b>	<b>5,909</b>		



**FIRST HABIB ISLAMIC STOCK FUND**  
(Formerly Islamic Balanced Fund)

Name of the Investee	As at 1 July 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Market Value as a Percentage	
								Net Assets	Total Investments
-----Number of shares-----					----- (Rupees in '000) -----				
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	10,000	30,000	-	40,000	-	-	-	0.00%	0.00%
TPL Trakker Limited	-	-	-	-	-	-	-	0.00%	0.00%
<b>TOTAL</b>	<b>10,000</b>	<b>30,000</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>PAPER &amp; BOARD</b>									
Packages Limited	4,700	-	-	1,000	3,700	2,574	2,135	1.58%	1.95%
<b>TOTAL</b>	<b>4,700</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>3,700</b>	<b>2,574</b>	<b>2,135</b>		
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	500	3,260	-	-	3,760	6,089	5,659	4.20%	5.17%
Oil and Gas Development Company Limited	61,000	10,000	-	15,000	56,000	7,936	8,324	6.18%	7.61%
Pakistan Oilfields Limited	7,000	7,550	-	2,000	12,550	5,870	6,677	4.96%	6.10%
Pakistan Petroleum Limited	15,500	-	-	5,500	10,000	1,481	1,747	1.30%	1.60%
<b>TOTAL</b>	<b>84,000</b>	<b>20,810</b>	<b>-</b>	<b>22,500</b>	<b>82,310</b>	<b>21,376</b>	<b>22,407</b>		
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Hascol Petroleum Limited	10,000	24,000	-	20,000	14,000	4,768	3,935	2.92%	3.60%
Pakistan State Oil Company Limited	23,000	30,500	-	35,500	18,000	7,514	7,952	5.90%	7.27%
Sui Northern Gas Pipelines Limited	45,000	90,000	-	85,000	50,000	7,421	6,693	4.97%	6.12%
Sui Southern Gas Company Limited	35,000	10,000	-	35,000	10,000	393	362	0.27%	0.33%
<b>TOTAL</b>	<b>113,000</b>	<b>154,500</b>	<b>-</b>	<b>175,500</b>	<b>92,000</b>	<b>20,096</b>	<b>18,942</b>		
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	-	48,200	-	8,200	40,000	6,465	5,804	4.31%	5.30%
<b>TOTAL</b>	<b>-</b>	<b>48,200</b>	<b>-</b>	<b>8,200</b>	<b>40,000</b>	<b>6,465</b>	<b>5,804</b>		
<b>PHARMACEUTICALS</b>									
Abbott Lab (Pakistan) Limited	2,150	-	-	-	2,150	2,009	1,696	1.26%	1.55%
Ferozsons (Lab) Limited	8,700	-	-	8,700	-	-	-	0.00%	0.00%
Glaxo Smith Kline Pakistan Limited	5,800	-	-	5,800	-	-	-	0.00%	0.00%
The Searle Company Limited	10,946	-	-	10,946	-	-	-	0.00%	0.00%
<b>TOTAL</b>	<b>27,596</b>	<b>-</b>	<b>-</b>	<b>25,446</b>	<b>2,150</b>	<b>2,009</b>	<b>1,696</b>		
<b>REFINERY</b>									
Attock Refinery Limited	22,000	32,000	-	48,000	6,000	2,289	2,478	1.84%	2.26%
<b>TOTAL</b>	<b>22,000</b>	<b>32,000</b>	<b>-</b>	<b>48,000</b>	<b>6,000</b>	<b>2,289</b>	<b>2,478</b>		
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation	25,000	-	-	25,000	-	-	-	0.00%	0.00%
	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total as at 30 September 2017</b>						<b>125,887</b>	<b>109,450</b>		
<b>Total as at 30 June 2017</b>						<b>156,209</b>	<b>146,377</b>		

	(Unaudited)	(Audited)
7.2 Unrealised appreciation / (diminution) on investments at fair value through profit or loss	30 September 2017	30 June 2017
	(Rupees in '000)	
Equity securities	(16,437)	(9,832)
	<u>(16,437)</u>	<u>(9,832)</u>
8. INCOME RECEIVABLE		
Profit receivable on saving account	151	135
Dividend receivable	865	755
	<u>1,016</u>	<u>890</u>
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
Advance Tax on dividend & Bank deposits	253	252
	<u>2,853</u>	<u>2,852</u>

#### 10. PROVISION OF SINDH WORKERS' WELFARE FUND

The Management Company has provided for SWWF, amounting to Rs. 0.504 million (30 June 2017 Rs. 0.504 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs.0.33 (30 June 2017 Rs. 0.34).

#### 11. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2017, 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, 2017.

##### 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 2017, the categorisation of investments is shown below:

	Level 1 -----	Level 2 (Rupees) -----	Total
Equity securities	<u>109,450</u>	-	<u>109,450</u>
	<u>109,450</u>	-	<u>109,450</u>

As at 30 June 2017, the categorisation of investments is shown below:

	Level 1 -----	Level 2 (Rupees) -----	Total
Equity securities	<u>146,377</u>	-	<u>146,377</u>
	<u>146,377</u>	-	<u>146,377</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, First Habib Cash Fund, First Habib Stock Fund, First Habib Islamic Income 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.

**FIRST HABIB ISLAMIC STOCK FUND**  
(Formerly Islamic Balanced Fund)

Details of transactions with connected persons are as follows:

	Quarter ended 30 September 2017	Quarter ended 30 September 2016
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	683	332
Sales tax on management fee	89	43
Expenses allocated by the Management Company	22	22
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	210	199
<b>Bank Al Habib Limited</b>		
Profit on Bank Balances	24	87
<b>Details of balances with connected persons are as follows:</b>	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
<b>Bank Al Habib Limited</b>		
Bank Balance	23,834	23,834
<b>Habib Asset Management Limited - Management Company</b>		
Management fee payable	362	695
FED Payable	1,478	1,478
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
- Remuneration payable	67	65
- Security deposit - non interest bearing	100	100

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

	Quarter ended 30 September 2017		Quarter ended 30 September 2016	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	197,106	20,000	208,487	20,929
<b>Other related parties</b>				
- Directors of the Management Company	534	53	5,736	594
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	246,889	25,000	98,225	10,211
<b>Units held by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	580,497	51,261	208,486	20,519
<b>Other related parties</b>				
- Directors of the Management Company	40,894	3,611	56,779	5,587
<b>Associated Companies</b>				
- Bank AL Habib Limited	100,929	8,913	100,929	9,933
- Habib Insurance Company Limited	-	-	-	-
<b>Other related parties</b>				
- Habib Insurance Company Ltd - Employees Provident Fund	16,952	1,497	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 **19 October, 2017.**

**TOTAL EXPENSE RATIO (TER)**

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the Qtr ended September 30, 2017 is 1.13% which include 0.10% representing government levy, Sindh Worker Welfare Fund and SECP fee.

**16. GENERAL**

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

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

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

\_\_\_\_\_  
Director

**FIRST HABIB ISLAMIC INCOME FUND**  
**First Quarterly Report**  
**September 2017**

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

Habib Asset Management Limited

**Board of Directors of the Management Company**

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

**CFO and Company Secretary**

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

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

**Human Resource Committee**

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

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

**Auditors**

KPMG Taseer Hadi & C0. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi.	JWAFFS Registrar Services (Pvt.) Limited 407-408, 4th Floor, Al- Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi.
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**Trustee**

Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shahra-e-Faisal, Karachi.	Mohsin Tayebaly & Co. Barristers & Advocates, 2nd Floor, DIME Centre, BC-4, Block 9, Kehkashan, Clifton, Karachi
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**Bankers to the Fund**

Sindh Bank  
Bank Islami Pakistan Limited

**Registrar****Legal Advisor****Rating**

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 2017**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	6	59,611	34,410
Investments	7	25,384	51,314
Fair value of derivatives		-	383
Dividend and profit receivable	8	768	620
Preliminary expenses and floatation costs		1,456	1,541
Receivale against sale of investment		1,967	-
Deposits, prepayments and other receivables	9	17,172	18,643
<b>Total assets</b>		<b>106,358</b>	<b>106,911</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company		101	105
Payable to Central Depository Company of Pakistan Limited - Trustee		18	16
Payable to Securities and Exchange Commission of Pakistan		20	51
Provision for Sindh Workers' Welfare Fund	10	46	30
Payable against purchase of investment		-	4,211
Accrued expenses and other liabilities		469	550
<b>Total liabilities</b>		<b>654</b>	<b>4,963</b>
<b>Net assets</b>		<b>105,704</b>	<b>101,948</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>105,704</b>	<b>101,948</b>
<b>(Number of Units)</b>			
<b>Number of units in issue</b>		<b>1,051,025</b>	<b>1,019,094</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>100.57</b>	<b>100.04</b>

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 2017**

	<b>Quarter ended</b>
	<b>30 September</b>
<i>Note</i>	<b>2017</b>
	<b>(Rupees in '000)</b>
<b>Income</b>	
Profit on deposits	824
Income from sukuk certificate	171
Dividend income	219
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	648
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	87
- Unrealised (diminution) on derivative financial instruments	(611)
	123
<b>Total income</b>	<b>1,337</b>
<b>Expenses</b>	
Remuneration of Habib Asset Management Limited - Management Company	283
Sales Tax on management fee	37
Remuneration of Central Depository Company of Pakistan Limited - Trustee	50
Annual fee to Securities and Exchange Commission of Pakistan	20
Brokerage expense	82
Settlement and bank charges	76
Annual listing fee	6
Auditors' remuneration	79
Amortization of formation cost	85
Mutual fund rating fee	30
Printing charges	24
Provision for Sindh Woker's Welfare Fund	17
Charity Expenses	-
<b>Total operating expenses</b>	<b>789</b>
<b>Net income from operating activities</b>	<b>548</b>
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	-
<b>Net income for the period before taxation</b>	<b>548</b>
Taxation	-
<b>Net income for the period after taxation</b>	<b>548</b>
<b>Allocation of Net Income for the period:</b>	
Income already paid on units redeemed	(3)
<b>Accounting Income available for distribution:</b>	
- Relating to capital gains	123
- Excluding capital gains	422
	545
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>545</b>

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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	2017		
	(Rupees in '000)		
	Capital Value	Un distributed income	Net Asset
- Realised income	-	38	38
- Unrealised income / (loss)	-	-	-
<b>Net assets at the beginning of the period</b>	<b>101,910</b>	<b>38</b>	<b>101,948</b>
Issue of 64,218 units	6,445	-	6,445
Redemption of 32,287 units	(3,234)	-	(3,234)
	3,211	-	3,211
<b>Accounting income available for distribution for the period:</b>			
-Relating to capital gains	-	123	123
-Excluding capital gains	-	422	422
Total comprehensive income for the period	-	545	545
<b>Distribution during the period:</b>	-	-	-
<b>Net assets at the end of the period</b>	<b>105,121</b>	<b>583</b>	<b>105,704</b>

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 2017**

	<b>Quarter ended 30 September 2017 (Rupees in '000)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net income for the period	545
<b>Adjustments for non-cash items</b>	
Net unrealised loss on revaluation of investments classified as fair value through profit and loss	(87)
Unrealised appreciation on derivatives financial instruments	611
	<u>1,070</u>
<b>Decrease / (increase) in assets</b>	
Investments	25,406
Fair value of derivatives	383
Dividend and profit receivable	(148)
Preliminary expenses and floatation costs	85
Receivable against sale of investment	(1,967)
Deposits, prepayments and other receivables	1,471
	<u>25,229</u>
<b>Increase / (decrease) in liabilities</b>	
Payable to Habib Asset Management Limited - Management Company	(4)
Payable to Central Depository Company of Pakistan Limited - Trustee	2
Payable to Securities and Exchange Commission of Pakistan	(31)
Provision for Sindh Workers' Welfare Fund	16
Payable Against Purchase of Investment	(4,211)
Accrued expenses and other liabilities	(81)
	<u>(4,309)</u>
<b>Net cash inflow from operating activities</b>	<u>21,990</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Net payments from sale and redemption of units	3,211
Net increase / (decrease) in cash and cash equivalents during the period	<u>25,201</u>
Cash and cash equivalents at beginning of the period	<u>34,410</u>
Cash and cash equivalents at the end of the period	<u><u>59,611</u></u>
<b>Cash and cash equivalents at the end of the year comprise of :</b>	
Cash at bank - saving account	59,611
	<u><u>59,611</u></u>

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

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

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**Chief Executive**

---

**Director**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
***FOR THE QUARTER ENDED 30 SEPTEMBER 2017***

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

First Habib Islamic Income Fund ("the Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 30 August 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 August 2016 under Regulation 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

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

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company.

**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, 2017.

**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 2017.

**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 2017.

**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 2017.

FIRST HABIB ISLAMIC INCOME FUND

6. BANK BALANCES	Note	(Unaudited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
Saving accounts	6.1	59,611	39,307
		59,611	39,307

6.1 Savings account carries profit rate ranging from 4.0% to 5.60% (2017: 4.0% to 5.60%) per annum.

7. INVESTMENTS - at fair value through profit or loss - held for trading	Note	(Unaudited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
Investment in Sukuk Certificate	7.1	10,300	10,515
Quoted Equity Securities (spread transactions)	7.2	15,313	40,799
Derivatives		(229)	-
		25,384	51,314

7.1 Sukuk Certificate

Investment in Sukuk Certificate	7.1.1	10,300	10,515
		10,300	10,515

7.1.1 Sukuk Certificate

Name of the Investee	Face Value				As at 30 September 2017		Market value as percentage of	
	As at 01 July 2017	Purchases during the period	Sold / Matured during the period	As at 30 September 2017	Carrying value	Market value	net assets	total investments
(Rupees in '000)								
TPL Traker Limited - Sukuk	10,000	-	-	10,000	10,447	10,300	9.74%	40.58%
Total as at 30 September 2017					10,447	10,300		
Total as at 30 June 2017					10,332	10,515		

7.2 Investment in Shares

Name of the Investee	As at 1 July 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2017	Carrying value as at 30 September 2017	Market value as at 30 September 2017	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
CABLE AND ELECTRICAL GOODS										
Pak Elektron Limited	83,000	253,500	-	336,500	-	-	-	-	0.00%	0.00%
TPL Trakker Limited	108,000	162,000	-	108,000	162,000	1,468	1,468	-	1.39%	5.78%
ENGINEERING										
International Steel Limited	60,500	27,500	-	88,000	-	-	-	-	0.00%	0.00%
FERTILIZERS										
Engro Fertilizers Limited	129,500	9,000	-	138,500	-	-	-	-	0.00%	0.00%
Engro Corporation Limited	10,000	-	-	10,000	-	-	-	-	0.00%	0.00%
OIL AND GAS EXPLORATION COMPANIES										
Oil and Gas Development Company Limited	72,000	22,000	-	72,000	22,000	3,320	3,270	(50)	3.09%	12.88%
Pakistan Petroleum Limited	-	8,500	-	-	8,500	1,482	1,485	3	1.40%	5.85%
OIL AND GAS MARKETING COMPANIES										
Pakistan State Oil Company of Pakistan	-	14,500	-	14,500	-	-	-	-	0.00%	0.00%
REFINERY										
Attock Refinery Limited	6,000	22,500	-	6,000	22,500	8,809	9,090	281	8.60%	35.81%
Total as at 30 September 2017						15,079	15,313	234		
Total as at 30 June 2017						41,851	40,799	(1,052)		

<b>7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss</b>	<i>Note</i>	<b>(Unaudited) 30 September 2017 (Rupees in '000)</b>	<b>(Audited) 30 June 2017</b>
Investment in Sukuk Certificate		<b>(147)</b>	183
Quoted Equity Securities		<b>234</b>	(1,052)
		<b>87</b>	<b>(869)</b>

**8. DIVIDEND AND PROFIT RECEIVABLE**

Profit accrued on sukuk certificate	<b>264</b>	205
Profit receivable on bank deposits	<b>285</b>	269
Dividend receivable	<b>219</b>	146
	<b>768</b>	<b>620</b>

**9. DEPOSITS AND PREPAYMENTS & OTHER RECEIVABLES**

Deposit with National Clearing Company of Pakistan Limited	<b>11,000</b>	8,500
Deliverable Future Contracts (DFC) Margin with National Clearing Company of Pakistan Limited	<i>11.1</i> <b>5,833</b>	9,822
Deposit with Central Depository Company of Pakistan Limited	<b>100</b>	100
Withholding tax deducted on income	<b>96</b>	78
Receivable from Habib Asset Management Limited (formation cost)	<b>143</b>	143
	<b>17,172</b>	<b>18,643</b>

**11.1** This deposit carries return at the rate of 4% (30 June 2017: 4%) per annum.

**10. PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Management Company has recognised SWWF charge, amounting to Rs. 0.05 million (30 June 2017 Rs. 0.03 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.045 (30 June 2017 Rs 0.029).

**11. EARNINGS PER UNIT**

Earnings per unit (EPU) for the period ended 30 September 2017 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, 2017.

**Fair value hierarchy**

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

## FIRST HABIB ISLAMIC INCOME FUND

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

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

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

As at 30 September 2017, the categorisation of investments is shown below:

30 September 2017

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Market Treasury Bills	-	10,300	-	10,300
Investment in Shares	15,313	-	-	15,313
Derivatives	(229)	-	-	(229)
	<u>15,084</u>	<u>10,300</u>	<u>-</u>	<u>25,384</u>

As at 30 June 2017, the categorisation of investments is shown below:

30 June 2017

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Market Treasury Bills	-	10,515	-	10,515
Investment in Shares	40,799	-	-	40,799
	<u>40,799</u>	<u>10,515</u>	<u>-</u>	<u>51,314</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, First Habib Stock Fund, First Habib Cash Fund and First Habib Islamic Stock 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 2017 (Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
- Management fee		283
- Sales Tax		37
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
-Remuneration to the Trustee		50
	(Unaudited) 30 September 2017	(Audited) 30 June 2017
<b>Details of balances with connected persons at period end are as follows:</b>		
<b>Habib Asset Management Limited - Management Company</b>		
- Management Company fee payable	101	105
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
-Remuneration payable	18	16
-Other CDC Charges payable	2	1
-Security deposit - Non interest bearing	100	100

	(Unaudited) 30 September 2017	
<u>Units sold to:</u>	(Units)	(Rupees in '000)
<i>Management Company</i>		
Habib Asset Management Limited	19,959	2,000
<u>Units redeemed by:</u>		
<i>Associated Companies</i>		
- Bank AL Habib Limited	3,497	351
<u>Units held by:</u>		
<i>Management Company</i>		
Habib Asset Management Limited	344,851	34,682
<i>Associated Companies</i>		
- Bank AL Habib Limited	250,421	25,185
<b>Other related parties</b>		
- Directors and executives of the Management Company	3,041	306

**15. TOTAL EXPENSE RATIO (TER)**

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended September 30, 2017 is 0.83% which include 0.08% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

**16. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Management Company on 19 October, 2017.

**17. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

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

\_\_\_\_\_  
Director



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# Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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