

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



Half Yearly Report

December 2013



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of **First Habib Income Fund (FHIF)**, **First Habib Stock Fund (FHSF)**, **First Habib Cash Fund (FHCF)** and **First Habib Islamic Balanced Fund (FHIBF)** for the half year ended December 31, 2013.

During the first half of current fiscal year; CPI increased from 5.9% in June 2013 to 7.9% in December 2013. Consequently, the State Bank of Pakistan raised the discount rate by 1%, in two tranches from 9% to 10%.

The Karachi Stock Exchange, the all important index for the economy, performed brilliantly during the six months closing at the KSE 100 index at 25261 points, recording an aggregate rise of 20%.

FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

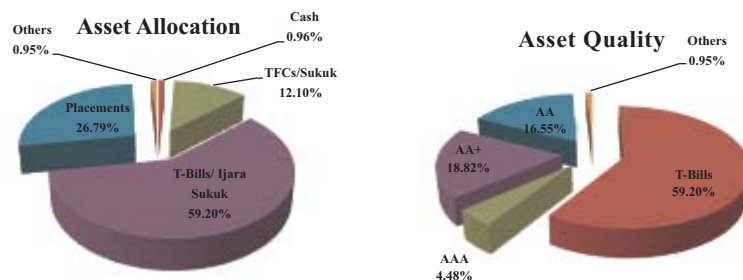
During the period under review, the fund recorded net earnings of Rs. 22.63 million with an annualized return of 7.00%. The net assets of the Fund were at Rs.543.29 million as on December 31, 2013. The primary investments of the fund remained in Tbills/Ijara Sukuk, TFCs/Corporate Sukuk and TDRs with banks.

Dividend Distribution

During the period under review, the Fund distributed six dividends on a monthly basis amounting to Rs. 3.85 per unit for class 'C' unit holders and 3.4977 bonus units per 100 units for all other unit holders. The breakup of dividend is given below:

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2013	Rs. 0.50 per unit	0.4997 units per 100 units
August 2013	Rs. 0.55 per unit	0.5495 units per 100 units
September 2013	Rs. 0.60 per unit	0.5997 units per 100 units
October 2013	Rs. 0.50 per unit	0.4995 units per 100 units
November 2013	Rs. 0.70 per unit	0.6996 units per 100 units
December 2013	Rs. 0.65 per unit	0.6497 units per 100 units

The asset allocation and credit quality of FHIF as at December 31, 2013, is as under:

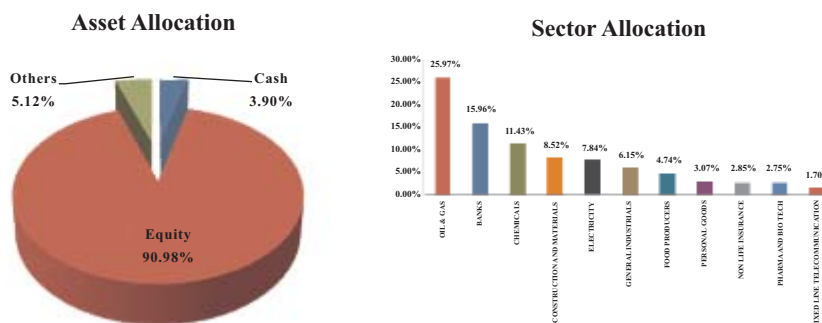


First Habib Stock Fund (FHSF)

As at December 31, 2013, the net assets of the fund were at Rs.170.79 million. The fund's exposure in equities increased to 90.98% as at December 31, 2013 as compared to 67.61% as at September 30, 2013.

During the six months period ended December 31, 2013; the fund recorded a net income of Rs. 18.88 million contributed largely by capital gains of Rs. 8.46 million and dividend income of Rs. 5.47 million.

The asset allocation and sector allocation of FHSF as at December 31, 2013, is as under:



First Habib Cash Fund (FHCF)

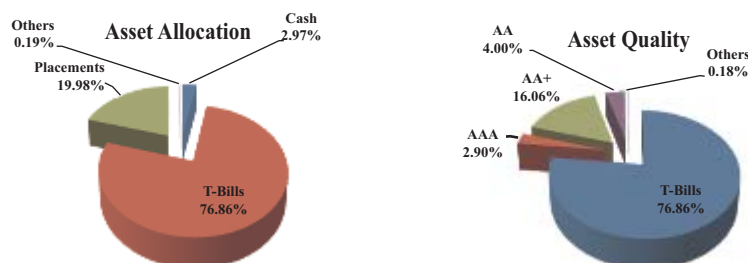
The net assets of the fund were Rs. 4.98 billion as at December 31, 2013 and the fund recorded an annualized return of 7.55% p.a. The major portion of the fund i.e. 76.86% was invested in T-Bills and 19.98% were invested in TDRs. The net income of the fund for the half year ended December 31, 2013 was Rs.159.73 million.

Dividend Distribution

The Fund distributed six dividends on a monthly basis for the financial year ending June 2014 amounting to Rs. 3.70 per unit for class 'C' unit holders and 3.6973 bonus units per 100 units for all other unit holders. The breakup of dividend is given below:

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2013	Rs. 0.55 per unit	0.5496 units per 100 units
August 2013	Rs. 0.65 per unit	0.6493 units per 100 units
September 2013	Rs. 0.60 per unit	0.5997 units per 100 units
October 2013	Rs. 0.55 per unit	0.5495 units per 100 units
November 2013	Rs. 0.70 per unit	0.6995 units per 100 units
December 2013	Rs. 0.65 per unit	0.6497 units per 100 units

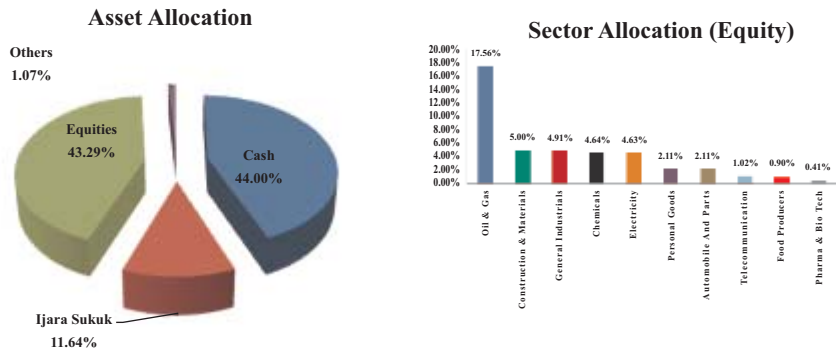
The asset allocation and credit quality of FHCF as at December 31, 2013, is as under:



Habib Islamic Balanced Fund (FHIBF)

As at December 31, 2013, the net assets of the Fund were Rs. 387.90 million with 43.29% exposure in Shariah compliant equity securities. While, 11.64% was invested in Ijara Sukuk and the remaining 45.07% was placed with banks. The net income of the Fund for the half year ended December 31, 2013 stood at Rs. 24.39 million.

The asset allocation and sector allocation of FHIBF as at December 31, 2013, is as under:



Future Outlook

Going forward, we are encouraged by certain positive factors influencing the economy of the country; the most important factor in our view, being the possible resolution of the energy crisis.

We pray to Allah for the stability and progress of the nation and the welfare of the people of Pakistan.

Acknowledgement

The Board is indeed thankful to its valued Unit-holders, Central Depository Company of Pakistan Limited as Trustee, the Securities and Exchange Commission of Pakistan and the management of Lahore Stock Exchange for their support and cooperation. The Board also appreciates the employees of the Management Company for their dedication and hard work.

On behalf of the Board of
Habib Asset Management Limited

February 17, 2014

FIRST HABIB INCOME FUND
Half Yearly Report
31 December 2013

FIRST HABIB INCOME FUND

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Internal Auditors

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

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited

Legal Advisor

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

Rating:

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

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

FIRST HABIB INCOME FUND



CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Income Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2014





Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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eyfrsh.khi@pk.ey.com
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Income Fund** (the Fund) as at 31 December 2013 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management Company (Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 17 February 2014

Karachi

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 DECEMBER 2013

	Note	31 December 2013 (Rupees in '000) (Un-Audited)	30 June 2013 (Audited)
Assets			
Bank balances	6	155,373	120,930
Investments	7	399,118	760,835
Income receivable	8	2,688	6,432
Deposits and prepayments	9	2,620	2,600
Total assets		559,799	890,797
Liabilities			
Payable to the Habib Asset Management Limited - Management Company	10	973	1,580
Payable to Central Depository Company of Pakistan Limited - Trustee		82	140
Payable to Securities and Exchange Commission of Pakistan		258	811
Workers' Welfare Fund	11	14,226	13,763
Accrued expenses and other liabilities		972	992
Total liabilities		16,511	17,286
Net assets		543,288	873,511
Unit holders' funds (as per the statement attached)		543,288	873,511
		(Number of Units)	
Number of units in issue		5,428,409	8,674,471
		(Rupees)	
Net asset value per unit		100.08	100.70

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013

Note	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Income				
Profit on bank deposits	3,808	5,541	1,537	3,549
Income from term finance certificates	6,612	7,392	2,971	3,538
Income on government securities	21,734	48,297	9,764	21,598
Income from placements	14	51	14	30
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain / (loss) on sale of investments classified as held for trading	(187)	2,693	112	2,179
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	498	1,398	834	(2,003)
-Net unrealized (loss) on revaluation of derivative financial instruments classified as held for trading	-	(79)	-	(79)
	311	4,012	946	97
Total income	32,479	65,293	15,232	28,812
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	5,156	8,233	2,238	4,086
Sales tax on management fee	957	1,317	415	653
Federal Excise Duty on management fee	825		358	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	585	894	254	445
Annual fee - Securities and Exchange Commission of Pakistan	258	412	112	205
Brokerage	15	124	8	112
Settlement and bank charges	145	180	73	94
Annual listing fee	20	20	10	10
Auditors' remuneration	219	210	114	105
Mutual fund rating fee	97	88	48	44
Printing charges	43	43	21	21
Provision against debt securities	-	3,371	-	1,786
Total expenses	8,320	14,892	3,651	7,561
Net Income from Operating Activities	24,159	50,401	11,581	21,251
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	(1,046)	(978)	(233)	(610)
Workers' Welfare Fund	(462)	(988)	(227)	(412)
	(1,508)	(1,966)	(460)	(1,022)
Net income for the period	22,651	48,435	11,121	20,229

Earnings per unit

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) *FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013*

	Half-year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net income for the period	22,651	48,435	11,121	20,229
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	22,651	48,435	11,121	20,229

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013

	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Undistributed income brought forward	6,204	10,243	60	1,929
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 1.00/- for class 'A' and 'B' unit holders for ever 100 units held as at 30 June 2012	-	(10,090)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	(7,742)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit and bonus units @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	-	(10,541)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	(8,147)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	-	(8,953)	-	(8,953)
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5497/- for class 'A' and 'B' unit holders for every 100 units held as at 23 November 2012	-	(6,029)	-	(6,029)
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6999/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	-	(6,368)	-	(6,368)
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6497/- for class 'A' and 'B' unit holders for ever 100 units held as at 30 June 2013	(5,638)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit and bonus units @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	(4,254)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013	(4,115)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013	(3,667)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit and bonus units @ 0.4995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013	(3,060)	-	(3,060)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013	(4,133)	-	(4,133)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5999/- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013	(3,238)	-	(3,238)	-
Net income for the period	22,651	48,435	11,121	20,229
Undistributed income carried forward	750	808	750	808

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013

	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Net assets at the beginning of the period	873,511	1,019,083	614,505	1,028,134
Amount received on sale of units	352,909	216,679	450	111,645
Amount paid on redemption of units	(706,621)	(367,938)	(83,004)	(243,800)
	(353,712)	(151,259)	(82,554)	(132,155)
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	1,046	978	233	610
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit for the units held as at 30 June 2012	-	(122)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 27 July 2012	-	(85)	-	-
Final cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit for the units held as at 25 August 2012	-	(115)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for the units held as at 28 September 2012	-	(97)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for the units held as at 25 October 2012	-	(97)	-	(97)
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for the units held as at 23 November 2012	-	(67)	-	(67)
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 28 December 2012	-	(85)	-	(85)
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit for the units held as at 30 June 2013	(71)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit for the units held as at 26 July 2013	(54)	-	-	-
Final cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for the units held as at 30 August 2013	(60)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit for the units held as at 27 September 2013	(6)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit for the units held as at 25 October 2013	(6)	-	(6)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for the units held as at 29 November 2013	(6)	-	(6)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit for the units held as at 27 December 2013	(5)	-	(5)	-
Net income for the period	22,651	48,435	11,121	20,229
Net assets at the end of the period	543,288	916,569	543,288	916,569

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013

	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Number of Units)			
Units at the beginning of the period	8,674,471	10,089,836	6,147,102	10,263,324
Number of units issued	3,511,459	2,156,274	4,487	1,111,353
Number of units redeemed	(7,036,343)	(3,659,067)	(827,270)	(2,426,783)
	(3,524,884)	(1,502,793)	(822,783)	(1,315,430)
<i>Issue of bonus units:</i>				
Final bonus units distribution @ 1.00/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	99,678	-	-
Interim bonus units distribution @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	76,535	-	-
Final bonus units distribution @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	-	104,248	-	-
Interim bonus units distribution @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	80,390	-	-
Interim bonus units distribution @ 0.7995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	-	88,504	-	88,504
Interim bonus units distribution @ 0.5497/- for class 'A' and 'B' unit holders for every 100 units held as at 23 November 2012	-	59,598	-	59,598
Interim bonus units distribution @ 0.6999/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	-	62,829	-	62,829
Final bonus units distribution @ 0.6497/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	55,651	-	-	-
Interim bonus units distribution @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	41,971	-	-	-
Final bonus units distribution @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013	40,515	-	-	-
Interim bonus units distribution @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013	36,595	-	-	-
Interim bonus units distribution @ 0.4995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013	30,524	-	30,524	-
Interim bonus units distribution @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013	41,246	-	41,246	-
Interim bonus units distribution @ 0.5999/- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013	32,320	-	32,320	-
Units at the end of the period	5,428,409	9,158,825	5,428,409	9,158,825

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013

	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	22,651	48,435	11,121	20,229
Adjustments for non-cash items				
Unrealised gain on revaluation of investments at fair value through profit or loss - net	(498)	(1,398)	(834)	2,003
Net unrealised loss on revaluation of derivative financial instruments classified as held for trading	-	79	-	79
Workers' Welfare Fund	462	988	227	412
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	1,046	978	233	610
Provision against debt securities	-	3,371	-	1,786
	23,661	52,453	10,747	25,119
Decrease/(increase) in assets				
Placements	-	-	-	19,000
Term Deposit Receipts	-	(100,000)	-	(100,000)
Investments	362,216	162,395	149,491	259,348
Income receivable	3,744	(3,019)	2,192	(3,612)
Advances, deposits, prepayments and other receivables	(20)	(6,827)	12	(6,797)
	365,940	52,549	151,695	167,939
(Decrease)/increase in liabilities				
Payable to Management Company	(607)	(90)	(175)	(93)
Payable to Trustee	(58)	(4)	(15)	(3)
Payable to SECP	(553)	(586)	112	205
Accrued expenses and other liabilities	(25)	3,225	(300)	3,047
	(1,243)	2,545	(378)	3,156
Net cash flow from / (used in) operating activities	388,358	107,547	162,064	196,214
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	(353,712)	(151,259)	(82,554)	(132,252)
Dividend paid during the period	(203)	(583)	(13)	(261)
Net cash flow (used in)/ from financing activities	(353,915)	(151,842)	(82,567)	(132,513)
Net increase in cash and cash equivalents during the period	34,443	(44,295)	79,497	63,701
Cash and cash equivalents at beginning of the period	120,930	210,334	75,876	102,338
Cash and cash equivalents at end of the period	155,373	166,039	155,373	166,039
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	5,373	66,039	5,373	66,039
Term deposit receipts maturity of 3 months and less	150,000	100,000	150,000	100,000
	155,373	166,039	155,373	166,039

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
*FOR THE HALF-YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2013***1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Income Fund ("the Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 August 2006 under Regulation 67 of the Non-Banking Finance Companies and Notified Entities Regulations, 2003 (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 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. 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.

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

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013

The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013, except as described below:

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following amendments of IFRSs which became effective for the current year:

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

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

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.

FIRST HABIB INCOME FUND

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

6. BANK BALANCES

	Note	31 December 2013 (Rupees in '000) (Un-Audited)	30 June 2013 (Audited)
Savings accounts	6.1 & 6.2	5,314	20,828
Current Account		59	102
Term deposit receipts (TDR)	6.3	150,000	100,000
		<u>155,373</u>	<u>120,930</u>

6.1 Savings accounts carry profit rates at 8% (30 June 2013: 6% to 8%) per annum.

6.2 It includes balance of Rs. 5.30 million (30 June 2013: Rs. 20.82 million) having interest rate of 8% (30 June 2013: 8%) with Bank Al-Habib, a related party.

6.3 Term deposit receipts (TDRs) have tenure of one month to two months (30 June 2013: tenure of two months) and carry profit rate of 9.7% to 10.05% (30 June 2013: 9.6%) per annum. The TDRs will mature by 20 January 2014 and 30 January 2014. It includes TDRs of PKR 50 million (30 June 2013: Nil) with Bank AL-Habib, a related party.

7. INVESTMENTS

At fair value through profit or loss - held for trading

Term Finance Certificates	7.1	67,721	120,991
Government securities	7.2	331,397	639,844
		<u>399,118</u>	<u>760,835</u>

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				As at 31 December 2013		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2013	Acquired during the period	Sold/Redeemed during the period	As at 31 December 2013	Carrying value	Market Value		
Held for trading (Rupees in '000)							
Aisha Steel Mills Limited - PPTFC	4,000	-	4,000	-	-	-	-	-
Allied Bank Ltd - II	2,000	-	-	2,000	9,305	9,569	1.76	2.40
Bank Alfalah Limited - V	5,000	-	-	5,000	25,358	25,539	4.70	6.40
Faysal Bank Limited	3,000	-	-	3,000	7,516	7,519	1.38	1.88
GOP Ijara Sukuk	12,000	-	12,000	-	-	-	-	-
Standard Chartered Bank	5,000	-	-	5,000	24,844	25,094	4.62	6.29
United Bank Limited - IV	6,000	-	6,000	-	-	-	-	-
Total as at 31 December 2013					67,023	67,721		
Total as at 30 June 2013					121,616	120,991		

7.1.1 Significant terms and conditions of Term Finance Certificates outstanding as at period ended 31 December 2013.

Name of the investee company	Remaining principal (per TFC) as at 31 December 2013	Start date	Maturity	Installment payments	Credit rating	Mark-up Rate (Per annum)	Secured / Unsecured
Term Finance Certificates - Held for trading							
Allied Bank Ltd - II	4,992	28-Aug-09	28-Aug-19	Half yearly	AA	6 Months KIBOR + 0.85	Unsecured
Bank Alfalah Limited - V	4,999	20-Feb-13	20-Feb-21	Half yearly	AA-	6 Months KIBOR + 1.25	Unsecured
Faysal Bank Limited	2,495	12-Nov-07	12-Nov-14	Half yearly	AA-	6 Months KIBOR + 1.40	Unsecured
Standard Chartered Bank	5,000	29-Jun-12	29-Jun-22	Half yearly	AAA	6 Months KIBOR + 0.75	Unsecured

FIRST HABIB INCOME FUND

7.2 Government Securities - Treasury Bills

Issue date	Tenor	Face Value				As at 31 December 2013		Market value	Market value
		As at 01 July 2013	Purchases during the period	Sales / Matured during the period	As at 31 December 2013	Carrying value	Market value	as a percentage of net assets (%)	as a percentage of total investments (%)
------(Rupees in '000)-----									
3-Oct-13	3 Months	-	85,000	85,000	-	-	-	-	-
27-Jul-13	3 Months	-	375,000	375,000	-	-	-	-	-
31-Oct-13	3 Months	-	200,000	-	200,000	198,890	198,772	36.59	49.80
26-Dec-13	3 Months	-	90,000	45,000	45,000	44,068	44,047	8.11	11.04
7-Aug-13	3 Months	-	115,000	115,000	-	-	-	-	-
19-Sep-13	3 Months	-	485,000	485,000	-	-	-	-	-
12-Dec-13	3 Months	-	50,000	-	50,000	49,152	49,127	9.04	12.31
18-Apr-13	3 Months	105,000	-	105,000	-	-	-	-	-
28-Nov-13	3 Months	-	90,000	50,000	40,000	39,487	39,451	7.26	9.88
2-May-13	3 Months	248,000	-	248,000	-	-	-	-	-
12-Jul-13	3 Months	-	265,000	265,000	-	-	-	-	-
10-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	-
24-Jan-13	6 Months	100,000	-	100,000	-	-	-	-	-
6-Sep-12	1 Year	-	105,000	105,000	-	-	-	-	-
4-Oct-12	1 Year	30,000	-	30,000	-	-	-	-	-
Total as at 31 December 2013						331,597	331,397		
Total as at 30 June 2013						579,734	579,760		

7.2.1 Rate of return on above government securities ranges from 9.28% to 9.78% (30 June 2013: 8.17% to 9.6%)

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

		31 December 2013 (Rupees in '000) (Un-Audited)	30 June 2013 (Rupees in '000) (Audited)
Fixed income and debt securities - Term Finance Certificates		698	(626)
Government Securities		(200)	(87)
		498	(713)
8. INCOME RECEIVABLE	Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
		(Rupees in '000)	
Profit receivable on Term Finance Certificates		1,459	5,070
Profit accrued on Government Securities		-	167
Profit receivable on Bank Deposits		160	90
Profit receivable on term Deposit Receipts (TDRs)		1,069	1,105
		2,688	6,432
9. DEPOSITS AND PREPAYMENTS - non remunerative			
Deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		20	-
		2,620	2,600
10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration Payable to Management Company		723	1,244
Sales Tax payable on Management Fee		134	218
Federal Excise Duty payable on Management Fee	10.1	116	118
		973	1,580

FIRST HABIB INCOME FUND

- 10.1** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of December 2013.

11. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member bench judgment issued in August 2011.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 14.226 million (30 June 2013: Rs. 13.763 million) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 2.62 per unit (30 June 2013: Rs.1.59 per unit).

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the six months period ended 31 December 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule 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.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2013.

15. 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).

During the six months period ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 December 2013, all the investments were categorised in Level 2.

16. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

FIRST HABIB INCOME FUND

Details of the transactions with connected persons are as follows:

	Half-year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Habib Asset Management Limited - Management Company				
Management fee	5,156	8,233	2,238	4,086
Sales Tax on Management Fee	957	1,317	415	653
FED on Management Fee	825	-	358	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	585	894	254	445
Profit Bank AL Habib Limited				
Profit on bank balances	2,254	-	775	-

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

	31 December 2013	30 June 2013
	(Rupees in '000)	
	(Un-Audited)	(Audited)
Habib Asset Management Limited - Management Company		
Management fee	723	1,244
Sales Tax on Management Fee	134	218
FED on Management Fee	116	118
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	82	140
Bank AL Habib Limited		
Bank balance	55,305	20,920

16.1 Sale / Redemption of units for the period ended 31 December

	Half-year ended 31 December 2013		Half-year ended 31 December 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
<i>Associated Companies</i>				
Bank Al Habib Limited	3,471,130	348,867	-	-
Other related parties				
Habib Asset Management Limited - Employees Provident Fund	4,487	449	-	-
Bonus Units Issued:				
<i>Management Company</i>				
Habib Asset Management Limited	4,910	491	6,371	639
<i>Associated Companies</i>				
Bank Al Habib Limited	140,008	14,009	-	-
Other related parties				
Directors and Executives of the Management Company	49	5	444	111
Greenshield Insurance Brokers (Pvt) Ltd	1,300	130	-	-
Habib Insurance Company Limited				
Employees Provident Fund	3,250	325	3,998	398
Habib Asset Management Limited - Employees Provident Fund	118	12	-	-
Mrs. Shama Sajjad Habib	7,256	726	8,924	892
Mrs. Hina Shoaib	6	1	-	-
Mr. Muhammad Shakeel Musani	134	13	-	-
Mr. Murtaza Habib	546	55	672	68
Mr. Sajjad Hussain	166	17	-	-
Mr. Qumail Habib	546	55	672	68
Mr. Abbas D Habib	546	55	672	68
Mr. Ali Asad Habib	491	49	604	61
Mr. Salman Hussain D Habib	-	-	45	5
Mrs. Razia Ali Habib	-	-	423	42
Units redeemed by:				
<i>Management Company</i>				
Habib Asset Management Limited	-	-	19,937	2,000
<i>Associated Companies</i>				
Bank Al Habib Limited	5,219,380	524,480	-	-
Habib Insurance Company Limited	99,582	10,000	-	-

FIRST HABIB INCOME FUND

	Half-year ended 31 December 2013		Six months ended 31 December 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
Directors and Executives of the Management Company	-	-	6,465	650
Greenshield Insurance Brokers (Pvt) Ltd	4,976	500	-	-
Habib Asset Management Limited - Employees Provident Fund	2,143	215	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	122,650	12,275	113,317	11,340
Associated Companies				
Bank AL Habib Limited	2,595,171	259,731	5,562,566	556,674
Habib Insurance Company Limited	9,003	901	108,585	10,687
Other related parties				
Directors and Executives of the Management Company	1,236	124	4,225	423
Greenshield Insurance Brokers (Pvt) Ltd	30,387	3,041	-	-
Habib Insurance Company Limited	81,198	8,127	75,020	7,508
Employees Provident Fund	5,690	569	-	-
Habib Asset Management Limited - Employees Provident Fund	181,267	18,142	167,474	16,760
Mrs. Shama Sajjad Habib	147	15	-	-
Mrs. Hina Shoaib	3,337	334	-	-
Mr. Muhammad Shakeel Musani	13,652	1,366	12,613	1,262
Mr. Murtaza Habib	4,155	416	-	-
Mr. Sajjad Hussain	13,642	1,365	12,604	1,261
Mr. Qumail Habib	13,642	1,365	12,604	1,261
Mr. Abbas D Habib	12,256	1,227	11,324	1,133
Mr. Ali Asad Habib	-	-	7,939	794
Mrs. Razia Ali Habib	-	-	-	-

17. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 17, 2014.

19. GENERAL

19.1 Figures for the quarter ended 31 December 2013 and the corresponding figures for the quarter ended 31 December 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

Half Yearly Report

31 December 2013

FIRST HABIB STOCK FUND

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Internal Auditors

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

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

Rating:

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

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

FIRST HABIB STOCK FUND



CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-8, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com




TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Stock Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2014





Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Stock Fund** (the Fund) as at 31 December 2013 and the related condensed interim statements of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management Company (Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 17 February 2014

Karachi

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 DECEMBER 2013

	Note	31 December 2013 (Un-audited) ---- (Rupees in '000) ----	30 June 2013 (Audited)
Assets			
Bank balances	6	6,782	8,061
Investments	7	158,042	164,127
Dividend and Income receivable	8	372	140
Deposits and prepayments	9	3,615	2,600
Advance against subscription of shares		1,836	-
Receivable against sale of investments		2,904	-
Preliminary expenses and floatation costs		154	255
Total assets		173,705	175,183
Liabilities			
Payable to Habib Asset Management Limited - Management Company	10	617	569
Payable to Central Depository Company of Pakistan Limited - Trustee		59	64
Payable to Securities and Exchange Commission of Pakistan (SECP)		92	152
Workers' Welfare Fund	11	1,758	1,373
Accrued expenses and other liabilities		391	414
Payable against purchase of investments		-	4,273
Total liabilities		2,917	6,845
Net assets		170,788	168,338
Unit holders' funds (as per statement attached)		170,788	168,338
(Number of units)			
Number of units in issue		1,504,407	1,261,174
(Rupees)			
Net asset value per unit		113.53	133.48

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 INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
Note	(Rupees in '000)			
Income				
Profit on bank deposits	840	498	429	143
Income from Government Securities	101	18	-	-
Dividend income	5,473	3,139	2,700	1,923
Net gain on investment at fair value through Income Statement				
-Net capital gain / (loss) on sale of investment classified as held for trading	8,458	9,928	1,497	3,205
-Net unrealised gain / (loss) on revaluation of investment classified as held for trading	5,548	4,956	17,133	4,090
	14,006	14,884	18,630	7,295
Total income / (loss)	20,420	18,539	21,759	9,361
Expenses				
Remuneration of Habib Asset Management Limited				
- Management Company	2,892	1,925	1,392	1,052
Federal Excise Duty on management fee	463	-	223	-
Sales Tax on management fee	526	140	259	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	351	353	147	177
Annual fee - SECP	92	56	44	28
Brokerage expense	1,100	584	423	206
Settlement and bank charges	209	141	139	65
Annual listing fee	15	10	7	5
Auditors' remuneration	183	169	98	84
Amortisation of preliminary expenses and floatation costs	101	101	51	51
Mutual Fund Rating Fee	68	66	34	33
Federal excise duty	166	88	64	31
Printing charges	43	43	21	21
Total expenses	6,209	3,676	2,902	1,753
Net income / (loss) from operating activities	14,211	14,863	18,857	7,608
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	5,051	40	(3,763)	49
Worker Welfare Fund	(385)	(298)	(307)	(155)
Net income / (loss) for the period	18,877	14,605	14,787	7,502
Earning Per Unit				
	12			

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 COMPREHENSIVE INCOME (UNAUDITED) *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013*

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net income / (loss) for the period	18,877	14,605	14,787	7,502
Other comprehensive income	-	-	-	-
Total comprehensive income/ (loss) for the period	18,877	14,605	14,787	7,502

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 DISTRIBUTION STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Undistributed gain / (loss) brought forward	42,260	4,128	5,362	7,147
Final dividend distribution for class 'C' unit holders @ Rs.3.75/- per unit and bonus units @3,7486 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	(4,084)	-	-
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- per unit and bonus units @32,1853 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	(40,988)	-	-	-
Net income / (loss) for the period	18,877	14,605	14,787	7,502
Undistributed income/ (loss) carried forward	20,149	14,649	20,149	14,649

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 HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Net assets at the beginning of the period	168,338	113,032	214,107	116,635
Amount received on issuance of units	91,619	511	99	478
Amount paid on redemption of units	(72,340)	(338)	(61,968)	(18)
	19,279	173	(61,869)	460
Net Element of (income) / loss and capital (gains) / loss included in prices of units issued less those in units redeemed	(5,051)	(40)	3,763	(49)
Final dividend distribution 4 July 2012 @ Rs.3.75/- for class 'C' for the year ended 30 June 2012	-	(3,222)	-	-
Final dividend distribution 5 July 2013 @ Rs.32.50/- for class 'C' for the year ended 30 June 2013	(30,655)	-	-	-
Net income / (loss) for the period	18,877	14,605	14,787	7,502
Net assets at the end of the period	170,788	124,548	170,788	124,548
	(Number of Units)			
Units at the beginning of the period	1,261,174	1,089,073	2,079,834	1,094,918
Number of Units Issued	817,788	4,585	915	4,269
Number of Units Redeemed	(676,885)	(3,254)	(576,342)	(163)
	140,903	1,331	(575,427)	4,106
Issue of bonus units on 5 July 2013 @ 32.1853/- for class 'A' and 'B' units	102,330	-	-	-
Issue of bonus units on 4 July 2012 @ 3.748/- for class 'A' and 'B' units	-	8,620	-	-
Units at the end of the period	1,504,407	1,099,024	1,504,407	1,099,024

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 CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	18,877	14,605	14,787	7,502
Adjustments for non-cash items				
Unrealised (appreciation)/ diminution on investments at fair value through profit or loss - net	(5,548)	(4,956)	(17,133)	(4,090)
Net element of (loss)/ income and capital (loss)/ gains included in prices of units issued less those in units redeemed	(5,051)	(40)	3,763	(49)
Workers' Welfare fund	385	298	307	155
Amortisation of preliminary expenses and floatation costs	101	101	51	51
	8,764	10,008	1,775	3,569
(Increase) / decrease in assets				
Investments	11,633	(35,502)	12,744	(815)
Dividend and Income receivable	(232)	97	2,499	552
Deposits and prepayments	(1,015)	(10)	7	5
Receivable against sale of investments	(2,904)	4,641	47,374	1,409
Advance against subscription of shares	(1,836)	-	(1,836)	3,600
	5,646	(30,774)	60,788	4,751
Increase / (decrease) in liabilities				
Payable to Habib Asset Management Company Limited	48	40	(142)	30
Payable to Central Depository Company of Pakistan limited Trustee	(5)	-	(12)	(1)
Payable to Securities and Commission of Pakistan SECP	(60)	(49)	44	28
Payable against purchase of investments	(4,273)	-	-	-
Accrued expenses and other liabilities	(23)	47	(10,114)	(75)
	(4,313)	38	(10,224)	(18)
Net cash (utilized in) / generated from operating activities	10,097	(20,728)	52,339	8,302
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	19,279	173	(61,869)	460
Dividend paid during the period	(30,655)	(3,222)	-	-
	(11,376)	(3,049)	(61,869)	460
Net (decrease) / increase in cash and cash equivalents during the period	(1,279)	(23,777)	(9,530)	8,762
Cash and cash equivalents at the beginning of the period	8,061	34,130	16,312	1,591
Cash and cash equivalents at the end of period	6,782	10,353	6,782	10,353

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Half Year And Quarter Ended 31 December 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

The policy of the fund is to invest in equity securities of listed companies, cash and near cash instrument. The Fund has been categorized as equity scheme.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013

The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2013 except for the following IAS which become effective during the period.

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

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

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

FIRST HABIB STOCK FUND

6. BANK BALANCES

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

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

	31 December 2013 (Unaudited) Note	30 June 2013 (Audited)
	(Rupees in '000)	
Equity securities	7.1 158,042	164,127
Government securities	7.2 -	-
	<u>158,042</u>	<u>164,127</u>

7.1 Equity Securities

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2013	Carrying value as at 31 December 2013	Market value as at 31 December 2013	Market Value as a	
							Net Assets	Total Investment
Number of shares				(Rupees in '000)				
AUTOMOBILE AND PARTS								
Pak Suzuki Motor Company Limited.	-	27,500	27,500	-	-	-	-	-
BANKS								
Allied Bank Limited	-	74,000	74,000	-	-	-	-	-
Bank Al Falah Limited	-	603,000	498,000	105,000	2,673	2,839	1.66%	1.80%
Habib Bank Limited	-	39,000	39,000	-	-	-	-	-
Habib Metropolitan Bank	-	105,000	45,000	60,000	1,564	1,504	0.88%	0.95%
MCB Bank Limited	5,500	124,700	88,000	42,200	12,075	11,865	6.95%	7.51%
National Bank of Pakistan	-	572,500	475,000	97,500	5,607	5,661	3.31%	3.58%
United Bank Limited	-	129,400	85,200	44,200	6,454	5,859	3.43%	3.71%
CHEMICALS								
Clariant Pakistan Limited	14,700	27,000	41,700	-	-	-	-	-
Dawood Hercules Chemicals Limited	102,500	40,000	142,500	-	-	-	-	-
Engro Corporation Limited	70,900	144,500	185,400	30,000	4,730	4,751	2.78%	3.01%
Engro Polymer & Chemical Limited	-	187,500	187,500	-	-	-	-	-
Fatima Fertilizer Company Limited	-	57,000	7,000	50,000	1,443	1,428	0.84%	0.90%
Fauji Fertilizer Bin Qasim Limited	-	191,500	152,500	39,000	1,627	1,709	1.00%	1.08%
Fauji Fertilizer Company Limited	134,647	95,000	131,800	97,847	10,775	10,955	6.41%	6.93%
I.C.I Pakistan Limited	-	67,300	63,300	4,000	739	1,012	0.59%	0.64%
CONSTRUCTION AND MATERIALS (CEMENT)								
Attock Cement Pakistan Limited	-	22,550	16,550	6,000	868	856	0.50%	0.54%
Cherat Cement Company Limited	-	55,000	55,000	-	-	-	-	-
D.G Khan Cement Company Limited	86,000	330,000	366,000	50,000	3,746	4,287	2.51%	2.71%
Fauji Cement Company Limited	-	250,000	150,000	100,000	1,271	1,595	0.93%	1.01%
Lefarge Pakistan Cement Limited	-	300,000	250,000	50,000	389	418	0.24%	0.26%
Lucky Cement Limited	32,100	170,600	182,700	20,000	5,158	5,997	3.51%	3.79%
Maple Leaf Cement Factory Limited	-	730,000	670,000	60,000	1,561	1,646	0.96%	1.04%
ELECTRICITY								
Hub Power Company Limited	192,078	260,000	325,000	127,078	8,417	7,716	4.52%	4.88%
Kot Addu Power Company Limited	60,500	98,000	133,500	25,000	1,526	1,544	0.90%	0.98%
Karachi Electric Supply Corporation	200,000	100,000	300,000	-	-	-	-	-
Nishat Chunian Power Limited	75,000	204,000	213,500	65,500	2,318	2,278	1.33%	1.44%
Nishat Power Limited	-	274,500	205,500	69,000	2,214	2,074	1.21%	1.31%
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	145,000	815,000	856,000	104,000	3,073	2,958	1.73%	1.87%
FOOD PRODUCERS								
Engro Foods Company Limited	12,000	283,500	265,400	30,100	2,720	3,144	1.84%	1.99%
Habib Sugar Mills Limited - a related party	494,000	-	394,000	100,000	2,362	2,918	1.71%	1.85%
National Foods Limited	-	2,500	1,000	1,500	622	663	0.39%	0.42%
Nestle Pakistan Limited	760	1,000	1,560	200	1,642	1,510	0.88%	0.96%
GENERAL INDUSTRIALS								
Cherat Packaging Limited	-	58,500	58,500	-	-	-	-	-
Packages Limited	-	34,600	34,600	-	-	-	-	-
Thal Limited	90,000	50,800	94,200	46,600	5,991	6,443	3.77%	4.08%
Siemens Pakistan Engineering Co Limited	-	3,250	150	3,100	4,352	4,244	2.48%	2.69%
ENGINEERING								
Millat Tractors Limited	-	2,350	2,350	-	-	-	-	-
Al Ghazi Tractors Limited	19,800	-	19,800	-	-	-	-	-
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	92,000	168,306	210,000	50,306	1,815	1,880	1.10%	1.19%
I.G.I Insurance Limited	-	58,100	39,400	18,700	2,745	3,074	1.80%	1.95%
OIL AND GAS								
Attock Petroleum Limited	-	5,550	3,000	2,550	1,216	1,274	0.75%	0.81%
Attock Refinery Limited	31,700	77,800	99,700	9,800	2,035	2,035	1.19%	1.29%
Mari Petroleum Company Limited	-	76,900	76,900	-	-	-	-	-
National Refinery Limited	19,200	500	19,700	-	-	-	-	-
Oil & Gas Development Company Limited	27,769	98,500	75,000	51,269	12,904	14,169	8.30%	8.97%
Pakistan Oilfields Limited	27,269	57,550	68,550	16,269	7,883	8,097	4.74%	5.12%
Pakistan Petroleum Limited	54,626	123,625	118,000	60,251	12,366	12,891	7.55%	8.16%
Pakistan State Oil Company Limited	18,800	137,200	136,000	20,000	6,190	6,644	3.89%	4.20%
PERSONAL GOODS (TEXTILES)								
Nishat Chunian Limited	-	274,850	240,000	34,850	1,895	2,098	1.23%	1.33%
Nishat Mills Limited	48,959	166,500	190,000	25,459	2,744	3,239	1.90%	2.05%
PHARMA AND BIO TECH								
GlaxoSmithKline Pakistan Limited	-	172,500	137,500	35,000	4,784	4,767	2.79%	3.02%
Wyeth Pak Limited	500	-	500	-	-	-	-	-
SOFTWARE & COMPUTER SERVICES								
Netsol Technologies Limited	-	155,000	155,000	-	-	-	-	-
Total as at 31 December 2013					152,494	158,042	92.54%	100.00%
Total as at 30 June 2013					160,344	164,127		

FIRST HABIB STOCK FUND

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

Issue date	Tenor	Face value				As at 31 December 2013			Market value as a percentage of net assets
		As at 1 July 2013	Purchased during the period	Disposed / Matured during the period	As at 31 December 2013	Carrying value as at 31 December 2013	Market value as at 31 December 2013	Appreciation / (diminution)	
(Rupees in '000)									
9-Sep-13	3 Months	-	750,000	750,000	-	-	-	-	-
Total as at 31 December 2013						-	-	-	
Total as at 30 June 2013						-	-	-	

8. DIVIDEND AND INCOME RECEIVABLE

	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Dividend receivable	285	79
Profit receivable on saving account	87	61
	<u>372</u>	<u>140</u>

9. DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash margin to NCCPL against Equity Transaction	1,000	-
Deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	15	-
	<u>3,615</u>	<u>2,600</u>

10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED

Remuneration Payable to Management Company	10.1	459	440
Sales Tax payable on Management Fee		73	88
Federal Excise Duty payable on Management Fee		85	41
		<u>617</u>	<u>569</u>

10.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of December 2013.

11. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member bench judgment issued in August 2011.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 1.758 million (30 June 2013: Rs. 1.373 million) in these condensed interim financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.17 per unit (30 June 2013: Rs. 1.09 per unit).

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the six months period ended 31 December 2013 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2013.

FIRST HABIB STOCK FUND

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

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

During the six months period ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 December 2013, all the investments were categorized in Level 1.

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part 1 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 among the unit holders. Furthermore, as per regulation 63 of the Non- Banking Finance Companies and Notified Entities' Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital 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 statements.

15. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of transactions with connected persons are as follows:

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	2,892	1,925	1,392	1,052
Sales Tax on Management Fee	526	140	259	-
Federal Excise Duty on Management fee	463	-	223	-
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	96	57	36	26
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	351	353	147	177
Bank Al Habib Limited				
Profit on Bank Balances	840	498	429	143

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

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	6,782	8,061
Habib Asset Management Limited - Management Company		
Management Fee payable	459	440
Sales Tax on Management fee payable	85	88
Federal Excise Duty on Management Fee payable	73	41
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	59	64
- Security deposit - Non interest bearing	100	100

FIRST HABIB STOCK FUND

15.1 Sale / Redemption of units for the period ended 31 December

	Half Year ended 31 December 2013		Half Year ended 31 December 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Other related parties				
- Directors of the Management Company	276	30	338	36
- Habib Insurance Company Limited	305,290	35,000	-	-
	80,345	90,000		
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	38,469	3,885	6,148	615
Other related parties				
- Directors of the Management Company	1,927	195	345	35
- Habib Asset Management Limited - Employees Provident Fund	348	35	39	4
- Mrs. Razia Habib	6,085	614	-	-
- Mr. Sajjad Hussain	3,405	344	-	-
- Mr. Aun Mohammad Ali Raza Habib	8,332	841	-	-
- Mrs. Batool Ali Raza Habib	8,570	865	-	-
- Mrs. Fatima Ali Raza Habib	6,874	694	-	-
Units redeemed by:				
Other related parties				
- Habib Insurance	616,362	66,000	-	-
- Mrs. Razia Habib	24,286	2,500	-	-
- Mr. Aun Mohammad Ali Raza Habib	19,429	2,000	-	-
- Mrs. Batool Ali Raza Habib	35,198	3,996	-	-
- Mrs. Fatima Ali Raza Habib	17,653	2,004	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	157,991	17,936	170,154	19,284
Associated Companies				
- Bank AL Habib Limited	500,000	56,763	500,000	56,665
- Habib Insurance Company Limited	630,016	71,523	359,109	40,698
Other related parties				
- Directors of the Management Company	8,190	930	9,900	1,122
- Habib Asset Management Limited-Employees Provident Fund	1,428	162	1,080	122
- Mrs. Razia Habib	703	80	-	-
- Mr. Sajjad Hussain	13,984	1,588	-	-
- Mr. Aun Mohammad Ali Raza Habib	14,790	1,679	-	-

16. GENERAL

- 16.1 Figures for the quarter ended December 31, 2013 and the corresponding figures for the quarter ended December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 16.2 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on February 17, 2014.
- 16.3 Figures have been rounded off to the nearest thousand rupees.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND
Half Yearly Report
31 December 2013

FIRST HABIB CASH FUND

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Internal Auditors

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

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Habib Bank Limited

Legal Advisor

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

Rating:

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

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

FIRST HABIB CASH FUND



CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB CASH FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Cash Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2014





Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530,
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Cash Fund** (the Fund) as at 31 December 2013 and the related condensed interim statements of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management Company (Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 17 February 2014

Karachi

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES AS AT 31 DECEMBER 2013

	Note	31 December 2013 (Unaudited) ------(Rupees in '000)-----	30 June 2013 (Audited)
Assets			
Bank balances	6	1,148,768	403,542
Investments	7	3,847,387	1,913,031
Income receivable	8	7,911	3,116
Prepayments		53	124
Preliminary expenses and floatation costs		1,339	1,647
Total assets		5,005,458	2,321,460
Liabilities			
Payable to Habib Asset Management Limited - Management Company	9	5,558	2,457
Payable to Central Depository Company of Pakistan Limited - Trustee		373	207
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,551	2,220
Workers' Welfare Fund	10	11,799	8,536
Accrued expenses and other liabilities		1,975	393
Total liabilities		21,256	13,813
Net assets		4,984,202	2,307,647
Unit holders' funds (as per statement attached)		4,984,202	2,307,647
		(Number of units)	
Number of units in issue		49,790,357	22,904,353
		(Rupees)	
Net asset value per unit		100.10	100.75

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 CASH FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half Year ended 31 December		Quarter ended 31 December	
Note	2013	2012	2013	2012
	------(Rupees in '000)-----			
Income				
Profit on bank deposits	26,891	13,379	10,641	9,586
Income from Government Securities	162,060	166,525	97,611	83,874
Markup income on Placements	528	1,620	390	690
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain on sale of investment classified as held for trading	633	2,031	707	1,339
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	(2,301)	1,703	(2,679)	(3,005)
	(1,668)	3,734	(1,972)	(1,666)
Total income	187,811	185,258	106,670	92,484
Expenses				
Remuneration of Habib Asset Management Limited -				
Management Company	20,676	16,887	11,594	9,250
Sales tax on management fee	3,838	2,702	2,152	1,480
Federal Excise Duty on management fee	3,308	-	1,855	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,929	1,864	1,059	1,001
Annual fee - SECP	1,551	1,267	870	694
Brokerage	152	71	92	41
Settlement and bank charges	86	137	42	69
Auditors' remuneration	181	169	97	85
Amortisation of preliminary expenses and floatation costs	311	309	157	155
Annual listing fee	20	20	10	10
Mutual Fund Rating Fee	91	88	46	44
Printing charges	43	43	21	21
Total expenses	32,186	23,557	17,995	12,850
Net Income from Operating Activities	155,625	161,701	88,675	79,634
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	7,560	3,182	2,261	(710)
Workers' Welfare Fund	(3,263)	(3,298)	(1,819)	(1,579)
	4,297	(116)	442	(2,289)
Net income for the period	159,922	161,585	89,117	77,345

Earnings per unit

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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 CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013*

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
Net income for the period	159,922	161,585	89,117	77,345
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	159,922	161,585	89,117	77,345

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 CASH FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Undistributed income brought forward	16,734	21,001	2,746	4,304
Final cash dividend for class 'C' unit holders @ Rs. 1.05/- per unit and bonus units @ 1.0498/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	-	(21,057)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7497/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	-	(20,216)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 0.9997/- for class 'A' and 'B' unit holders for every 100 units held as at 24 August 2012	-	(34,544)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7991/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	-	(25,120)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7994/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	-	(30,651)	-	(30,651)
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5996/- for class 'A' and 'B' unit holders for every 100 units held as at 24 November 2012	-	(22,437)	-	(22,437)
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7494/- for class 'A' and 'B' unit holders for every 100 units held as at 25 December 2012	-	(24,112)	-	(24,112)
Final cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	(16,033)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5496/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	(18,901)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6493/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013.	(25,901)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013.	(23,958)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013.	(23,945)	-	(23,945)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6995/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013.	(32,555)	-	(32,555)	-
Interim cash dividend for class 'C' unit holders @ Rs.0.65/- per unit and bonus units @0.6497 /- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013.	(32,046)	-	(32,046)	-
Net income for the period	159,922	161,585	89,117	77,345
Undistributed Income carried forward	3,317	4,449	3,317	4,449

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Net assets at the beginning of the period	2,307,647	2,026,950	4,029,956	3,167,458
Amount received on issuance of units	4,309,034	3,070,153	1,794,477	1,215,603
Amount paid on redemption of units	(1,777,068)	(1,995,477)	(922,705)	(1,212,405)
	2,531,966	1,074,676	871,772	3,198
Net element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	(7,560)	(3,182)	(2,261)	710
Final cash dividend for class C unit holders @ 1.05 per unit	-	(3,897)	-	-
Interim cash dividend for class C unit holders @ 0.75 per unit	-	(2,043)	-	-
Interim cash dividend for class C unit holders @ 1.00 per unit	-	(2,921)	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit	-	(2,457)	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit	-	(2,259)	-	(2,259)
Interim cash dividend for class C unit holders @ 0.60 per unit	-	(2,053)	-	(2,053)
Final cash dividend for class C unit holders @ 0.75 per unit	-	(2,081)	-	(2,081)
Interim cash dividend for class C unit holders @ 0.70 per unit	(943)	-	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	(988)	-	-	-
Interim cash dividend for class C unit holders @ 0.65 per unit	(1,070)	-	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit	(390)	-	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	(1,125)	-	(1,125)	-
Interim cash dividend for class C unit holders @ 0.70 per unit	(1,467)	-	(1,467)	-
Interim cash dividend for class C unit holders @ 0.65 per unit	(1,790)	-	(1,790)	-
Net income for the period	159,922	161,585	89,117	77,345
Net assets at the end of the period	4,984,202	3,242,318	4,984,202	3,242,318

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Number of Units)			
Units at the beginning of the period	22,904,353	20,055,052	40,258,076	31,624,614
Number of Units Issued	42,920,696	30,549,725	17,875,873	12,096,832
Number of Units Redeemed	(17,689,206)	(19,836,849)	(9,184,668)	(12,057,767)
	25,231,490	10,712,876	8,691,205	39,065
Final Bonus units distribution @ 1.0498/- for class 'A' and 'B' units holders for every 100 units held as at 30 June 2012.	-	171,578	-	-
Interim Bonus units distribution @ 0.7497/- for class 'A' and 'B' units holders for every 100 units held as at 27 July 2012.	-	181,673	-	-
Interim Bonus units distribution @ 0.9997/- for class 'A' and 'B' units holders for every 100 units held as at 24 August 2012.	-	316,123	-	-
Interim Bonus units distribution @ 0.7991/- for class 'A' and 'B' units holders for every 100 units held as at 28 September 2012.	-	226,377	-	-
Interim Bonus units distribution @ 0.7994/- for class 'A' and 'B' units holders for every 100 units held as at 25 October 2012.	-	283,714	-	283,714
Interim Bonus units distribution @ 0.5996/- for class 'A' and 'B' units holders for every 100 units held as at 24 November 2012.	-	203,702	-	203,702
Interim Bonus units distribution @ 0.7494/- for class 'A' and 'B' units holders for every 100 units held as at 28 December 2012.	-	220,130	-	220,130
Final Bonus units distribution @ 0.6996/- for class 'A' and 'B' units holders for every 100 units held as at 30 June 2013.	150,827	-	-	-
Interim Bonus units distribution @ 0.5496/- for class 'A' and 'B' units holders for every 100 units held as at 26 July 2013.	178,998	-	-	-
Interim Bonus units distribution @ 0.6493/- for class 'A' and 'B' units holders for every 100 units held as at 30 August 2013.	248,051	-	-	-
Interim Bonus units distribution @ 0.5997/- for class 'A' and 'B' units holders for every 100 units held as at 27 September 2013.	235,562	-	-	-
Interim Bonus units distribution @ 0.5495/- for class 'A' and 'B' units holders for every 100 units held as at 25 October 2013.	227,981	-	227,981	-
Interim Bonus units distribution @ 0.6995/- for class 'A' and 'B' units holders for every 100 units held as at 29 November 2013.	310,665	-	310,665	-
Interim Bonus units distribution @ 0.6497/- for class 'A' and 'B' units holders for every 100 units held as at 27 December 2013.	302,430	-	302,430	-
Units at the end of the period	49,790,357	32,371,225	49,790,357	32,371,225

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 CASH FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	159,922	161,585	89,117	77,345
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	2,301	(1,703)	2,679	3,005
Workers' Welfare fund	3,263	3,298	1,818	1,579
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(7,560)	(3,182)	(2,261)	710
Amortisation of preliminary expenses and floatation costs	311	309	157	155
	158,237	160,307	91,510	82,794
(Increase) / decrease in assets				
Investments	(1,936,660)	(575,908)	(385,002)	645,434
Term deposit receipts	-	(300,000)	-	(300,000)
Placements	-	25,000	290,000	109,000
Income receivable	(4,795)	(6,912)	1,809	(7,009)
Receivable against sale of units	-	-	10,000	-
Prepayments	71	69	56	55
	(1,941,384)	(857,751)	(83,137)	447,480
Increase / (decrease) in liabilities				
Payable to Habib Asset Management Company Limited	3,101	1,477	1,117	301
Payable to Central Depository Company of Pakistan Limited Trustee	166	111	64	24
Payable to Securities and Exchange Commission of Pakistan SECP	(669)	319	870	694
Payable against redemption of units	-	-	-	(154)
Accrued expenses and other liabilities	(208)	189	(416)	(181)
	2,390	2,096	1,635	684
Net cash (utilized in) / generated from operating activities	(1,780,757)	(695,348)	10,008	530,958
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	2,531,966	1,074,676	871,027	3,198
Dividend paid during the period	(5,983)	(15,630)	(3,832)	(6,602)
	2,525,983	1,059,046	867,195	(3,404)
Net increase in cash and cash equivalents during the period	745,226	363,698	877,203	527,554
Cash and cash equivalents at the beginning of the period	403,542	365,576	271,565	201,720
Cash and cash equivalents at the end of the period	1,148,768	729,274	1,148,768	729,274
Cash and cash equivalents at the end of the period comprise of:				
Bank balances	148,768	29,274	148,768	29,274
Term deposit receipts maturity of 3 months and less	1,000,000	700,000	1,000,000	700,000
	1,148,768	729,274	1,148,768	729,274

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013, except as described below:

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following amendments of IFRSs which became effective for the current year:

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

"IFRS 7 – Financial Instruments : Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities"

Improvements to Accounting Standards Issued by the IASB

"IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information"

"IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities"

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

FIRST HABIB CASH FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

6. BANK BALANCES

	Note	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited) (Rupees in '000)
Savings accounts	6.1	148,768	203,542
Term deposit receipts	6.2	1,000,000	200,000
		1,148,768	403,542

6.1 Savings accounts carry profit rate ranging ranging from 5.25% to 10%. It includes balance of Rs. 3.7 million (30 June 2013: Rs. 147.7 million) with Bank AL-Habib Limited, a related party.

6.2 Term Deposit receipts (TDRs) have tenor ranging from one month to two months (30 June 2013 : two months) and carry profit rate ranging from 9.7% to 10.05 % (30 June 2013 : 9.6%). These TDRs will mature from 20 January 2014 to 27 January 2014 (30 June 2013 : 5 July 2013). It includes TDRs of PKR 400 million (30 June 2013: Nil) with Bank AL-Habib, a related party.

		31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited) (Rupees in '000)
7. INVESTMENTS - at fair value through profit or loss - held for trading			
Government securities	7.2	3,847,387	1,913,031
		3,847,387	1,913,031

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

Government Securities	(2,301)	320
	(2,301)	320

7.2 Government Securities - Treasury Bills

Issue date	Face Value				As at 31 December 2013			Market value as percentage of	
	As at 01 July 2013	Purchases during the period	Sold / Matured during the period	As at 31 December 2013	Carrying value	Market value	Appreciation/ (diminution)	Net Assets	Total Investments

(Rupees in '000)

3 Months									
21-Oct-13	-	585,000	585,000	-	-	-	-	-	-
12-Jul-2013	-	1,305,000	1,305,000	-	-	-	-	-	-
5-Sep-2013	-	900,000	900,000	-	-	-	-	-	-
25-Jul-2013	-	2,240,000	2,240,000	-	-	-	-	-	-
31-Oct-2013	-	950,000	-	950,000	944,722	944,167	(555)	18.94	24.54
26-Dec-2013	-	645,000	-	645,000	631,616	631,346	(270)	12.67	16.41
7-Aug-2013	-	950,000	950,000	-	-	-	-	-	-
19-Sep-2013	-	3,204,295	3,204,295	-	-	-	-	-	-
12-Dec-2013	-	1,250,000	-	1,250,000	1,228,819	1,228,185	(634)	24.64	31.92
18-Apr-2013	165,000	-	165,000	-	-	-	-	-	-
28-Nov-2013	-	1,000,000	290,000	710,000	701,134	700,254	(880)	14.05	18.20
2-May-2013	657,000	-	657,000	-	-	-	-	-	-
3-Oct-2013	-	1,510,000	1,510,000	-	-	-	-	-	-
30-Dec-2013	-	190,000	-	190,000	188,775	188,781	6	3.79	4.91
6 Months									
12-Jul-2013	-	305,000	150,000	155,000	154,622	154,654	32	3.10	4.02
2-May-2013	-	85,000	85,000	-	-	-	-	-	-
27-Jun-2013	-	100,000	100,000	-	-	-	-	-	-
21-Feb-2013	203,000	-	203,000	-	-	-	-	-	-
30-May-2013	-	609,835	609,835	-	-	-	-	-	-
24-Jan-2013	110,000	500,000	610,000	-	-	-	-	-	-
1 Year									
9-Aug-2012	305,000	-	305,000	-	-	-	-	-	-
12-Jul-2012	385,000	-	385,000	-	-	-	-	-	-
29-Nov-2012	-	5,000	5,000	-	-	-	-	-	-
26-Jul-2012	100,000	-	100,000	-	-	-	-	-	-
18-Oct-2012	-	64,600	64,600	-	-	-	-	-	-
6-Sep-2012	-	195,000	195,000	-	-	-	-	-	-
20-Sep-2012	-	24,400	24,400	-	-	-	-	-	-

Total as at 31 December 2013 **3,849,688** **3,847,387** **(2,301)**

Total as at 30 June 2013 **1,912,711** **1,913,031** **320**

Rate of return on the above government securities ranges from 9.13% to 10.16% (30 June 2013: 8.16% to 11.76%)

FIRST HABIB CASH FUND

8. INCOME RECEIVABLE

	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Profit receivable on saving account	1,047	3,116
Profit receivable on Term deposit receipts	6,864	-
	<u>7,911</u>	<u>3,116</u>

9. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Remuneration Payable to Management Company	4,130	1,934
Sales Tax payable on Management Fee	767	339
Federal Excise Duty payable on Management Fee	661	184
	<u>5,558</u>	<u>2,457</u>

- 9.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of December 2013.

10. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member bench judgment issued in August 2011.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 11,799,379 (30 June 2013: Rs. 8,536,156) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.24 per unit (30 June 2013: Rs.0.37 per unit).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 December 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2013.

Fair Value Hierarchy

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

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

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

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

During the six months period ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 December 2013, all the investments were categorised in level 2.

FIRST HABIB CASH FUND

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part 1 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 realized or unrealized is distributed among the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by the fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

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

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

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

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

Details of the transactions with connected persons are as follows:

	Half Year ended 31 December		Quarter Ended 31 December	
	2013	2012	2013	2012
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	20,676	16,887	11,594	9,250
Sales Tax on Management Fee	3,838	2,702	2,152	1,480
FED on Management Fee	3,308	-	1,855	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,929	1,864	1,059	1,001
Bank AL Habib Limited				
Profit on bank balances	4,387	1,464	381	749

Details of the balances with connected persons are as follows:

	31 December 2013		30 June 2013	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee Payable	4,130	1,934		
Sales Tax on Management Fee Payable	767	339		
FED on Management Fee Payable	661	184		
Central Depository Company of Pakistan Limited - Trustee				
Remuneration Payable	373	207		
Bank AL Habib Limited				
Bank balances	403,734	147,743		
	Half Year ended 31 December 2013		Half Year ended 31 December 2012	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	221,375	22,200	219,813	22,100
Associated Companies				
- Bank AL-Habib Limited	2,708,315	272,383	-	-
- Habib Insurance Company Limited	3,947,493	396,000	1,991,740	200,000
- Habib Sugar Mill Limited	15,938,690	1,600,000	9,948,630	1,000,000
- Green Shield Insurance Brokers	-	-	24,972	2,500
Other related parties				
- Directors and Executives of the Management Company	13,443	1,350	2,094	210
- Habib Asset Management Limited- Employees Provident Fund	4,992	500	4,783	480
- Sukaina Educational & Welfare Trust	124,532	12,500	49,969	5,002
- Ghulam-e-Abbas Trust	1,248	125	62,351	6,265
- Hasni Textiles (Pvt) Ltd	-	-	1,493,121	150,000

FIRST HABIB CASH FUND

	Half Year ended 31 December 2013 (Unaudited)		Half Year ended 31 December 2012 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
- Hasni Knitwear (Pvt) Ltd.	-	-	497,707	50,000
- Mr Ali Asad Habib	9,681	975	-	-
- Mr Abbas D. Habib	9,930	1,000	-	-
- Mr Haider Azim	50	5	-	-
- Mrs Razia Ali Raza Habib	8,426	846	-	-
Bonus units issued:				
Management Company				
Habib Asset Management Limited	68,914	6,896	30,380	14,849
Associated Companies				
- Bank Al-Habib Limited	136,129	13,622	177,008	17,711
- Habib Sugar Mill Limited	515,858	51,622	377,816	37,807
- Green Shield Insurance Brokers	12	1	205	20
Other related parties				
- Directors and Executives of the Management Company	1,245	125	2,147	212
- Habib Asset Management Limited-				
Employees Provident Fund	265	26	345	34
- Sukaina Educational & Welfare Trust	15,347	1,536	11,205	1,122
- Ghulam-an-e-Abbas Trust	5,650	565	10,904	1,091
- Dawood Habib Memorial Trust	12,276	1,228	-	-
- Hasni Textiles (Pvt) Ltd	80,971	8,103	20,209	2,023
- Hasni Knitwear (Pvt) Ltd.	21,338	2,135	6,736	675
- Mrs Hina Shoaib	1	-	-	-
- Mr Asghar D. Habib	851	85	488	49
- Mr Murtaza Habib	850	85	487	49
- Mr Imran Ali Habib	851	85	488	49
- Mr Ali Asad Habib	839	84	487	49
- Mr Abbas D. Habib	850	85	487	49
- Mr Qumail Habib	850	85	487	49
- Mrs Razia Ali Raza Habib	5,031	503	4,799	481
- Mr Sajjad Hussain	2,211	221	-	-
- Mrs Samina Imran	4	-	-	-
- Mr Haider Azim	17	2	-	-
- Mrs Batool Ali Raza Habib	3,071	307	-	-
- Mr Aun Mohammad Ali Raza Habib	6,751	676	-	-
- Mrs Fatima Ali Raza Habib	5,424	543	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	317,404	31,900	255,932	25,700
Associated Companies				
- Bank Al-Habib Limited	3,005,498	302,272	-	-
- Habib Insurance Company Limited	2,540,500	255,000	1,938,194	195,000
- Green Shield Insurance Brokers	-	-	24,927	2,500
Other related parties				
- Directors and Executives of the Management Company	22,972	2,310	11,705	1,175
- Habib Asset Management Limited-				
Employees Provident Fund	-	-	6,435	650
- Sukaina Educational & Welfare Trust	59,615	6,000	69,434	7,000
- Ghulam-an-e-Abbas Trust	59,359	5,965	74,656	7,499
- Hasni Textiles (Pvt) Ltd	79,759	8,000	-	-
- Hasni Knitwear (Pvt) Ltd.	309,068	31,000	-	-
- Mr Sajjad Hussain	74,753	7,500	-	-
- Mrs Batool Ali Raza Habib	94,806	9,500	-	-
- Mr Aun Mohammad Ali Raza Habib	348,631	34,999	-	-
- Mrs Razia Ali Raza Habib	143,140	14,346	-	-
- Mrs Fatima Ali Raza Habib	149,733	15,000	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	1,528,217	152,980	528,155	52,900

FIRST HABIB CASH FUND

	Half Year ended 31 December 2013		Half Year ended 31 December 2012	
	(Unaudited)		(Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Associated Companies				
- Bank Al-Habib Limited	3,126,169	312,941	3,182,506	318,760
- Habib Insurance Company Limited	2,753,524	275,638	1,790,495	179,336
- Habib Sugar Mill Limited	16,454,547	1,647,163	10,326,447	1,034,297
- Green Shield Insurance Brokers	270	27	250	25
Other related parties				
- Directors and Executives of the Management Company	28,507	2,854	31,217	31,217
- Habib Asset Management Limited-			-	-
Employees Provident Fund	9,654	966	6,958	697
- Sukaina Educational & Welfare Trust	402,831	40,325	191,834	19,214
- Ghulamam-e-Abbas Trust	122,838	12,297	167,959	16,823
- Dawood Habib Memorial Trust	286,265	28,656	-	-
- Hasni Textiles (Pvt) Ltd	1,819,929	182,182	1,513,330	151,575
- Hasni Knitwear (Pvt) Ltd.	233,311	23,355	504,443	50,525
- Mrs Hina Shoaib	26	3	-	-
- Mr Asghar D. Habib	19,841	1,986	-	-
- Mr Murtaza Habib	19,829	1,985	8,758	877
- Mr Imran Ali Habib	19,841	1,986	8,770	878
- Mr Ali Asad Habib	19,567	1,959	8,758	877
- Mr Abbas D. Habib	19,826	1,985	8,758	877
- Mr Qumail Habib	19,822	1,984	8,752	877
- Mrs Razia Ali Raza Habib	44,792	4,484	86,289	8,643
- Mr Sajjad Hussain	12,382	1,239	-	-
- Mrs Samina Imran	99	10	-	-
- Mr Haider Azim	410	41	-	-
- Mrs Batool Ali Raza Habib	5,443	545	-	-
- Mr Aun Mohammad Ali Raza Habib	5,008	501	-	-
- Mrs Fatima Ali Raza Habib	9,916	993	-	-

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 17, 2014.

16. GENERAL

16.1 Figures for the quarter ended December 31, 2013 and the corresponding figures for the quarter ended December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

Half Yearly Report

31 December 2013

FIRST HABIB ISLAMIC BALANCED FUND

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FIRST HABIB ISLAMIC BALANCED FUND

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Internal Auditors

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

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Legal Advisor

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

Shariah Advisor

Mufti Dr. Ismat Ullah

Rating

AM3 Management Company Quality Rating
Assigned by PACRA

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

FIRST HABIB ISLAMIC BALANCED FUND



CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ISLAMIC BALANCED FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Balanced Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2014



FIRST HABIB ISLAMIC BALANCED FUND



Ernst & Young Ford Rhodes Sidat Hyder
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Islamic Balanced Fund (the Fund) as at 31 December 2013 and the related condensed interim statements of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management Company (Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 17 February 2014

Karachi

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

	Note	31 December 2013 (Un-audited) ----- (Rupees in '000) -----	30 June 2013 (Audited)
Assets			
Bank balances	6	171,695	145,793
Investments	7	215,877	202,673
Income receivable	8	2,760	1,603
Deposits and prepayments	9	2,615	2,600
Receivable against sale of investment		-	6,541
Preliminary expenses and floatation costs		795	899
Total assets		393,742	360,109
Liabilities			
Payable to the Habib Asset Management Limited - Management Company	10	449	354
Payable to Central Depository Company of Pakistan Limited - Trustee		66	55
Payable to Securities and Exchange Commission of Pakistan - SECP		162	167
Workers' Welfare Fund	11	1,246	747
Accrued expenses and other liabilities		306	385
Payable against purchase of investments		3,610	-
Total liabilities		5,839	1,708
Net assets		387,903	358,401
Unit holders' funds (as per the statement attached)		387,903	358,401
(Number of Units)			
Number of units in issue		3,606,929	3,242,477
(Rupees)			
Net asset value per unit		107.54	110.53

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December	Quarter ended 31 December	For the period from 09 November 2012 to 31 December 2012
Note	2013	2013	2012
	(Rupees in '000)		
Income			
Profit on bank deposits	5,924	3,078	3,025
Income from Ijara Sukuk Certificates	3,148	1,525	854
Dividend income	5,065	2,785	4
Income from term deposit receipts	-	-	47
Net gain / loss on investments designated at fair value through income statement			
-Net capital gain on sale of investments classified as held for trading	10,103	2,679	44
-Net unrealized gain on revaluation of investments classified as held for trading	5,143	19,457	841
	15,246	22,136	885
Total income	29,383	29,524	4,815
Expenses			
Remuneration of Habib Asset Management Limited - Management Company	1,904	964	443
Sales tax on management fee	353	179	71
Federal Excise Duty on management fee	305	155	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	381	193	89
Annual fee - Securities and Exchange Commission of Pakistan	162	82	38
Brokerage	826	312	85
Settlement and bank charges	158	72	43
Annual listing fee	15	7	19
Auditors' remuneration	210	122	63
Amortisation of preliminary expenses and floatation costs	104	52	29
Mutual fund rating fee	-	-	29
Charity Expense	110	110	-
Printing charges	43	21	16
Total expenses	4,571	2,269	925
Net Income from Operating Activities	24,812	27,255	3,890
Net element of income and capital gain included in prices of units issued less those in units redeemed	81	(665)	353
Workers' Welfare Fund	(499)	(499)	(85)
Net income for the period	24,394	26,091	4,158
Earnings per unit			

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013*

	Half year ended 31 December 2013	Quarter ended 31 December 2013	For the period from 09 November 2012 to 31 December 2012
	----- (Rupees in '000) -----		
Net income for the period	24,394	26,091	4,158
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	24,394	26,091	4,158

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December 2013	Quarter ended 31 December 2013	For the period from 09 November 2012 to 31 December 2012
	----- (Rupees in '000) -----		
Undistributed income brought forward	34,124	813	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit bonus units @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012			(2,497)
Final Dividend distribution for Class 'C' unit holders @ Rs. 9.75/- per unit and bonus units @ 9.6742 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	(31,614)	-	-
Net income for the period	24,394	26,091	4,158
Undistributed income carried forward	26,904	26,904	1,661

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December 2013	Quarter ended 31 December 2013	For the period from 09 November 2012 to 31 December 2012
	(Rupees in '000)		
Net assets at the beginning of the period	358,401	371,073	-
Amount received on sale of units	33,173	1,998	334,270
Amount paid on redemption of units	(14,996)	(11,924)	(1,012)
	18,177	(9,926)	333,258
Element of (income) and capital (gain) included in prices of units issued less those in units redeemed	(81)	665	(353)
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit	-	-	(794)
Final dividend distribution for class 'C' unit holders @ Rs. 9.75 per unit declared on 5 July 2013 for the year ended 30 June 2013	(12,988)	-	
Net income for the period	24,394	26,091	4,158
Net assets at the end of the period	387,903	387,903	336,269
	(Number of Units)		
Units at the beginning of the period	3,242,477	3,699,273	-
Number of units issued	320,540	19,149	3,339,142
Number of units redeemed	(140,903)	(111,493)	(10,094)
	179,637	(92,344)	3,329,048
<i>Issue of bonus units:</i>			
Interim bonus units distribution @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	-	-	16,950
Issue of bonus units on 5 July 2013 @9.672 for class 'A' and 'B' units	184,815	-	-
Units at the end of the period	3,606,929	3,606,929	3,345,998

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December 2013	Quarter ended 31 December 2013	For the period from 09 November 2012 to 31 December 2012
	(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period	24,394	26,091	4,158
Adjustments for non-cash items			
Unrealised loss on revaluation of investments at fair value through profit or loss - net	(5,143)	(19,457)	(841)
Workers' Welfare Fund	499	499	85
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(81)	665	(353)
Amortisation of preliminary expenses and floatation costs	104	52	29
	19,773	7,850	3,078
(Increase) in assets			
Investments	(8,061)	20,165	(140,276)
Income receivable	(1,157)	1,790	(2,026)
Receivable against sale of investment	6,541	-	-
Advances, deposits, prepayments and other receivables	(15)	7	(2,676)
	(2,692)	21,962	(144,978)
Increase in liabilities			
Payable to - Management Company	95	31	1,362
Payable to - Trustee	11	8	57
Payable to - SECP	(5)	82	38
Accrued expenses and other liabilities	(79)	(5,158)	6,876
Payable against purchase of investments	3,610	3,610	-
	3,632	(1,427)	8,333
Net cash flow from / (used in) operating activities	20,713	28,385	(133,567)
CASH FLOW FROM FINANCING ACTIVITIES			
Net receipts / (payments) from sale and redemption of units	18,177	(9,926)	333,258
Dividend paid during the period	(12,988)	-	-
Net cash flow from/ (used in) financing activities	5,189	(9,926)	333,258
Net increase in cash and cash equivalents during the period	25,902	18,459	199,691
Cash and cash equivalents at beginning of the period	145,793	153,236	-
Cash and cash equivalents at end of the period	171,695	171,695	199,691
Cash and cash equivalents			
Cash and cash equivalents at end of the period	171,695	171,695	154,691
Term Deposit receipts maturity of 3 months and less	-	-	45,000
	171,695	171,695	199,691

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013*

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements.

This condensed interim financial information is unaudited but subject to limited scope review by the auditors.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013, except for the following IAS which become effective during the period.

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

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

IFRS 7 – Financial Instruments : Disclosures – (Amendments)
– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

FIRST HABIB ISLAMIC BALANCED FUND

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

6. BANK BALANCES	Note	31 December 2013 (Rupees in '000) (Un-Audited)	30 June 2013 (Audited)
Current account		1,230	1,645
Savings account	6.1	<u>170,465</u>	<u>144,148</u>
		<u>171,695</u>	<u>145,793</u>

Saving account carry profit rate ranging from 6.27% to 10% (30 June 2013: 6.27% and 8.5%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 0.506 million (30 June: 1.766 million)

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

Equity securities	7.1	170,449	122,543
Debt Securities	7.2	<u>45,428</u>	<u>80,130</u>
		<u>215,877</u>	<u>202,673</u>

7.1 Equity Securities

Name of the Investee	As at 1 July 2013	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2013	Carrying value as at 31 December 2013	Market value as at 31 December 2013	Market Value as a Percentage of:	
							Net Assets	Total Investment
							-----Number of shares-----	
							(Rupees in '000)	
AUTOMOBILE PARTS & ACCESSORIES								
Exide Pakistan Limited	1,000	1,100	300	1,800	671	687	0.18	0.32
Indus Motor Company Limited	-	10,600	3,600	7,000	2,349	2,331	0.60	1.08
Pak Suzuki Motor Company Limited	-	57,500	17,800	39,700	5,633	6,109	1.57	2.83
Atlas Honda Limited	-	500	-	500	122	131	0.03	0.06
Atlas Battery Limited	-	12,100	12,100	-	-	-	-	-
CHEMICALS								
Archroma Pak Limited	-	4,000	-	4,000	1,113	1,079	0.28	0.50
Clariant Pakistan Limited	2,500	11,700	14,200	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	339,000	269,000	70,000	2,781	3,067	0.79	1.42
Fauji Fertilizer Company Limited	190,000	47,200	124,500	112,700	12,226	12,618	3.25	5.84
I.C.I Pakistan Limited	11,000	40,100	51,100	-	-	-	-	-
Sitara Chemical Industries Limited	-	5,500	-	5,500	1,317	1,348	0.35	0.62
CONSTRUCTION AND MATERIALS (CEMENT)								
Attock Cement Pakistan Limited	-	26,000	-	26,000	3,850	3,708	0.96	1.72
Cherat Cement Company Limited	35,000	139,500	109,000	65,500	4,328	4,145	1.07	1.92
D.G Khan Cement Company Limited	54,500	365,500	355,500	64,500	4,882	5,530	1.43	2.56
Kohat Cement Company Limited	-	207,000	207,000	-	-	-	-	-
Lefarge Pakistan Cement Limited	75,000	175,000	250,000	-	-	-	-	-
Lucky Cement Limited	25,000	164,400	169,000	20,400	5,266	6,117	1.58	2.83
Maple Leaf Cement Factory Limited	-	523,500	523,500	-	-	-	-	-
ELECTRICITY								
Hub Power Company Limited	300,000	255,000	257,500	297,500	19,716	18,064	4.66	8.37
Karachi Electric Supply Corporation	100,000	200,000	300,000	-	-	-	-	-
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	-	447,500	307,500	140,000	4,164	3,982	1.03	1.84
FOOD PRODUCERS								
Engro Foods Company Limited	9,000	146,700	128,700	27,000	2,588	2,820	0.73	1.31
National Foods Limited	-	16,125	14,525	1,600	638	707	0.18	0.33
GENERAL INDUSTRIALS								
Cherat Packaging Limited	-	50,000	46,500	3,500	161	167	0.04	0.08
Packages Limited	-	31,500	14,500	17,000	4,404	4,635	1.19	2.15
Thal Limited	66,000	95,100	57,200	103,900	13,879	14,365	3.70	6.65
Siemens Pakistan Engineering Co Limited	-	1,500	-	1,500	2,168	2,054	0.53	0.95
ENGINEERING								
Millat Tractors Limited	400	7,750	6,750	1,400	697	676	0.17	0.31
MULTIUTILITIES (GAS AND WATER)								
Sui Northern Gas Pipelines	110,000	-	110,000	-	-	-	-	-
OIL AND GAS								
Attock Petroleum Limited	-	7,000	-	7,000	3,521	3,498	0.90	1.62
Attock Refinery Limited	30,000	111,200	98,000	43,200	9,255	8,971	2.31	4.16
Mari Petroleum Company Limited	-	43,300	43,300	-	-	-	-	-
National Refinery Limited	27,000	14,900	31,900	10,000	2,328	2,155	0.56	1.00
Oil & Gas Development Company Limited	25,800	134,400	115,400	44,800	11,951	12,381	3.19	5.74
Pakistan Oilfields Limited	33,600	77,900	83,200	28,300	13,307	14,085	3.63	6.52
Pakistan Pakistan Limited	39,000	142,900	107,900	74,000	15,526	15,833	4.08	7.33
Pakistan State Oil Company Limited	35,460	142,200	142,660	35,000	10,464	11,628	3.00	5.39
PERSONAL GOODS (TEXTILE)								
Nishat Mills Limited	13,000	400,200	375,300	37,900	3,622	4,822	1.24	2.23
PHARMA AND BIO TECH								
GlaxoSmithKline Pakistan Limited	-	53,000	41,000	12,000	1,628	1,635	0.42	0.76
The Searl Company Limited	3,000	21,500	24,500	-	-	-	-	-
SOFTWARE & COMPUTER SERVICES								
Netsol Technologies Limited	-	160,000	135,000	25,000	1,115	1,101	0.28	0.51
Total as at 31 December 2013					165,670	170,449	43.94	78.96
Total as at 30 June 2013					117,808	122,543		

FIRST HABIB ISLAMIC BALANCED FUND

7.2 Debt Securities

Name of the investee company	Number of certificates				As at 31 December 2013		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2013	Acquired during the period	Sold/Redeemed during the period	As at 31 December 2013	Carrying value	Market Value		
(Rupees in '000)								
GOP Ijara Sukuk 9	9,000	-	-	9,000	45,064	45,428	11.71	21.04
					45,064	45,428		
					80,367	80,130		

7.2.1 The GOP Ijara Sukuk 9 carries a profit rate 9.9791% at 31 December 2013. The certificates mature on 26 December, 2014.

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

	Note	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited) (Rupees in '000)
Equity securities		4,779	4,735
Debt Securities		364	(237)
		<u>5,143</u>	<u>4,498</u>
8. INCOME RECEIVABLE			
Profit receivable on saving account		1,100	887
Profit receivable on debt securities		73	671
Dividend receivable		1,587	45
		<u>2,760</u>	<u>1,603</u>
9. DEPOSITS AND PREPAYMENTS			
Deposit with Central Depository Company		100	100
Deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Prepayments		15	-
		<u>2,615</u>	<u>2,600</u>
10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED -			
Remuneration Payable to Management Company	10.1	334	277
Sales Tax payable on Management Fee		62	49
Federal Excise Duty payable on Management Fee		53	28
		<u>449</u>	<u>354</u>

10.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund has transferred its liability to the Management Company and balance outstanding represents the amount payable for the month of December 2013.

11. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year have been brought within the scope of WWF Ordinance thus rendering them liable to pay contribution to WWF @ 2% of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in their Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member bench judgment issued in August 2011.

MUFAP's legal council is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Worker Welfare Fund contribution have not been affected by the judgement passed by the larger bench of SHC.

As the matter relating to levy of WWF is currently pending in Court, the Management Company, as a matter of abundant caution, has decided to create a provision of Rs. 1.246 million (30 June 2013:Rs. 0.747 million in these Condensed Interim Financial Statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs. 0.35 per unit (30 June 2013: Rs. 0.23 per unit).

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 December 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

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

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

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

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

FIRST HABIB ISLAMIC BALANCED FUND

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

	Half Year ended 31 December 2013	For the period from 09 November 2012 to 31 December 2012	Quarter ended 31 December 2013
	(Rupees in '000)		
Habib Asset Management Limited - Management Company			
Management fee	1,904	443	964
Sales Tax on Management Fee	353	71	179
Federal Excise Duty on Management fee	305	-	155
Al Habib Capital Markets (Private) Limited - Brokerage House			
Brokerage	75	-	20
Central Depository Company of Pakistan Limited - Trustee			
Remuneration	381	89	193
Bank Al Habib Limited			
Profit on Bank Balances	32	-	16

Details of the balances with connected persons are as follows:

	31 December 2013 (Unaudited) (Rupees in '000)	30 June 2013 (Audited)
Bank Al Habib Limited		
Bank Balance	507	1,766
Habib Asset Management Limited - Management Company		
Management Company Fee payable	334	277
Sales Tax on Management fee payable	53	28
Federal Excise Duty on Management Fee payable	62	49
Al Habib Capital Markets (Private) Limited - Brokerage House		
Brokerage payable	8	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	66	55
Security Deposit - Non Interest bearing	100	100

	Half year ended 31 December 2013		Half year ended 31 December 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Sale / Redemption of units				
Units sold to:				
Management Company				
Habib Asset Management Limited	9,735	1,000	152,252	15,224
Associated Companies				
- Bank AL Habib Limited	-	-	252,322	25,232
- Habib Insurance Company Limited	-	-	607,006	60,701
Other related parties				
- Directors of the Management Company	983	100	10,008	1,001
- Habib Asset Management Limited - Employees Provident Fund	4,745	500	9,000	900
- Hamdard laboratories Waqf Pakistan	241,516	25,000	-	-
Bonus units issued:				
Management Company				
Habib Asset Management Limited	17,445	1,758	1,137	114
Other related parties				
- Directors of the Management Company	2,609	263	75	8
- Habib Asset Management Limited - Employees Provident Fund	391	39	5,028	503
- Habib Insurance Company Limited - Employees Provident Fund	931	94	-	-
- Pioneer Cables Ltd.	116,533	11,745	-	-
Units Redeemed By:				
Other related parties				
- Directors of the Management Company	14,229	1,497	-	-
- Habib Asset Management Limited - Employees Provident Fund	4,433	449	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	207,509	22,316	153,389	15,415
Associated Companies				
- Bank Al Habib Limited	252,322	27,136	252,322	25,358
- Habib Insurance Company Limited	706,724	76,004	607,006	61,003
Other related parties				
- Directors of the Management Company	16,331	1,756	10,083	1,013
- Habib Insurance Company Limited - Employees Provident Fund	15,296	1,645	-	-
- Habib Asset Management Limited - Employees Provident Fund	-	-	4,042	406
- Hamdard laboratories Waqf Pakistan	614,566	66,093	-	-
- Pioneer Cables Ltd.	1,321,108	142,077	-	-

FIRST HABIB ISLAMIC BALANCED FUND

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2013.

Fair Value Hierarchy

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 December 2013.

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Equity securities	170,449	-	-	170,449
Debt Securities	-	45,428	-	45,428
	<u>170,449</u>	<u>45,428</u>	<u>-</u>	<u>215,877</u>

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Equity securities	122,543	-	-	122,543
Government securities	-	80,130	-	80,130
	<u>122,543</u>	<u>80,130</u>	<u>-</u>	<u>202,673</u>

During the six months period ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements.

15. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

16. GENERAL

16.1 Figures for the quarter ended December 31, 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

16.2 These condensed interim financial information were authorised for issue on February 17, 2014 by the board of directors of the Management Company.

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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