

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



Half Yearly Report
December 2014



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, 2014.

The most historic occurrence at the end of 2014 was the decline in international oil prices, which fell by 45% during the period under review. Crude oil prices declined another 25% in January 2015, hitting a low of US\$41.50 per barrel on January 13 2015. The direct impact of this decline provided much needed respite to the government, whereby the current account deficit turned into surplus in Dec 2014.

As a direct consequence of lower oil prices during the first half of current fiscal year; CPI decreased from 8.22% in June 2014 to 4.30% in December 2014 whereas the average CPI was recorded at 6.08% in the period under review. As a result, the State Bank of Pakistan slashed the discount rate by 50 bps to 9.5% in November 2014 and by a further 100 bps in January 2015, bringing the discount rate down to 8.5 %, based on the lower CPI Inflation numbers.

The Pakistan equity market (KSE-100) became the best performing frontier market and 3rd best performing global equity market during this period. Between July-December 2014, the index added 2430 points to close at 32131 points at December 31st 2014. The foreign investment reached \$1.657 billion in the first half of the current fiscal year as compared to \$522 million in the same period last year.

FUNDS' PERFORMANCE

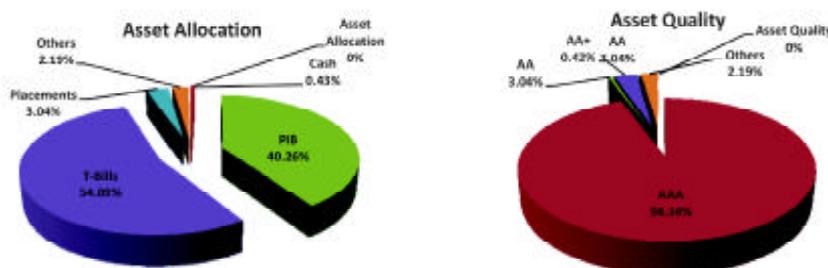
First Habib Income Fund (FHIF)

The net asset of the fund stood at Rs. 1,397.22 million as at December 31st 2014, and the fund generated an annualized return of 10.79% p.a. for the six months period ended December 31st 2014. The major portion of the fund i.e. 94.35% was invested in Government Securities, of which 54.09% consisted of T-Bills and 40.26% consisted of PIBs.

During the six months period ended December 31st 2014, the fund's gross earnings for the period under review were recorded at Rs. 53.28 million whose break-up is detailed below.

(Rs. In 000s)	2Q FY 15	
Profit on bank deposits	2,067.00	4%
Income from TFCs	3,849.00	7%
Income from Government Securities	32,353.00	61%
Income from Placements	899.00	2%
Net Gain/Loss on sale and revaluation of investments	14,115.00	26%
Total Income	53,283.00	

The asset allocation and credit quality of FHIF as at December 31, 2014, is as under:



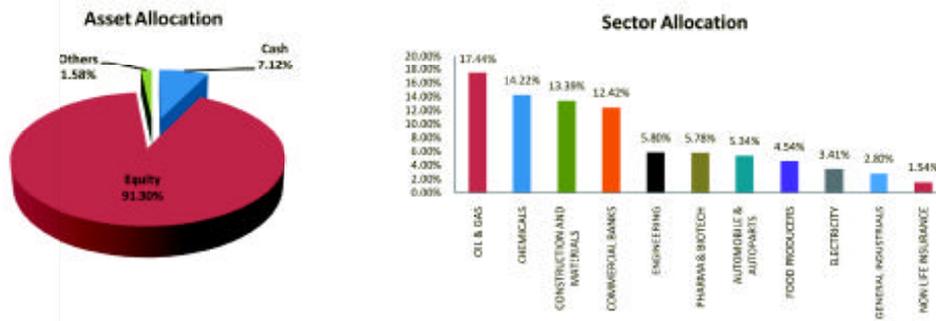
First Habib Stock Fund (FHSF)

As at December 31, 2014, the net assets of the fund stood at Rs.176.92 million. On a quarterly basis, the fund's exposure in equities increased to 91.30% as compared to 84.11% as at September 30, 2014.

During the six months period ended December 31, 2014; the fund generated a gross income of Rs. 16.28 million out of which Rs. 15.48 million were capital gains resulting from the sale of securities and Rs. 3.25 million was dividend income. The break-up of gross income is detailed below.

(Rs. In 000s)	2Q FY 15	
Profit on bank deposits	575.00	4%
Dividend Income	3,251.00	20%
Net Gain/Loss on sale and revaluation of investments	12,455.00	76%
Total Income	16,281.00	

The asset allocation and credit quality of FHSF as at December 31, 2014, is as under:



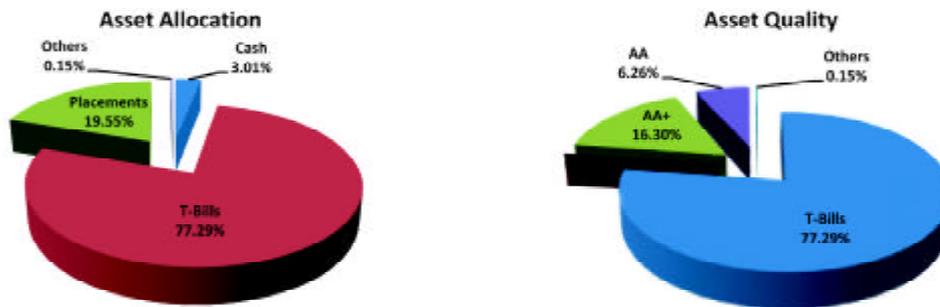
FirstHabib Cash Fund (FHCF)

The net assets of the fund were Rs. 3.16 billion as at December 31st, 2014 and the fund generated an annualized return of 8.54% p.a for the six months period 31st December 2014. The major portion of the fund i.e.77.29%was invested in T-Bills where as19.55% was invested in TDRs.

During the six months period ended December 31st 2014, the fund's gross earnings were recorded at Rs. 167.74 million as detailed below.

(Rs. In 000s)	2Q FY 15	
Profit on bank deposits	23,228.00	14%
Income from Government Securities	141,389.00	84%
Markup income on Placements	891.00	1%
Net Gain/Loss on sale and revaluation of investments	2,232.00	1%
Total Income	167,740.00	

The asset allocation and credit quality of FHCF as at December 31, 2014, is as under:

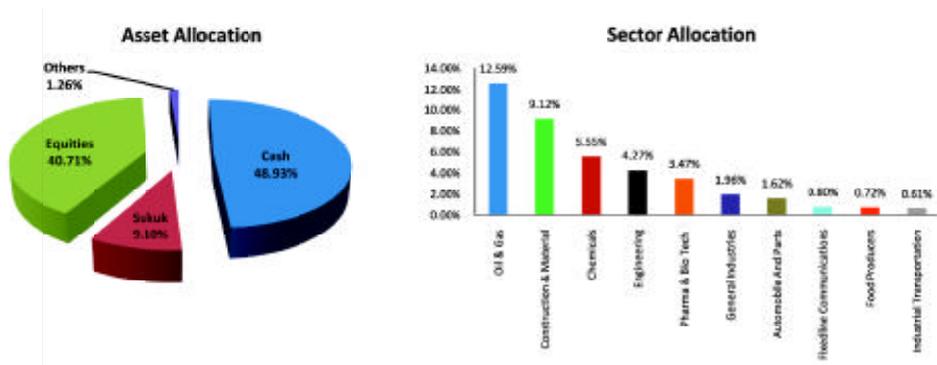


First Habib Islamic Balanced Fund (FHIBF)

As at December 31, 2014, the net assets of the Fund stood at Rs. 271.05 million with 40.71% exposure in Shariah compliant equity securities. While, 9.10% was invested in Ijara/Sukuk and the remaining 48.93% was placed with banks.

During the first half of the financial year 2015, the fund generated a gross income of Rs. 16.99 million out of which Rs. 1.51 million was on the account of income from Ijara/Sukuk certificates and Rs. 3.39 million was dividend income whose break-up is as follows.

(Rs. In 000s)	2Q FY 15	
Profit on bank deposits	4,158.00	24%
Income from Ijara/Sukuk Certificates	1,514.00	9%
Dividend Income	3,389.00	20%
Net Gain/Loss on sale and revaluation of investments	7,932.00	47%
Total Income	16,993.00	



Future Outlook

With the commencement of the second half of the financial year 2014-2015, the stock exchange continues to surge upwards, nearing the 36000 mark. Due to continued pressure on international oil prices, the government has reduced domestic oil prices by 28%, which is expected to keep the CPI figures low, going forward. Expected Lower CPI Inflation will pave the way for a further interest rate cut of 50 bps in 2015.

The anticipated further cut in DR will allow liquidity to flow towards private sector and the equity markets during the second half of the FY15. For 2015, the US\$4-5bn savings due to declining oil prices, strong private sector growth, corporate earnings, as well as improvement and stability of macro-economic factors will have a positive impact for the economy in general and the capital markets in particular.

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 hardwork.

On behalf of the Board of
Habib Asset Management Limited

Dated: February 16, 2015

FIRST HABIB INCOME FUND
HALF YEARLY REPORT
31 December 2014

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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.

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Rating

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

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

**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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015



FIRST HABIB INCOME FUND



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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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 Income Fund** (the Fund) as at 31 December 2014 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: 16 February 2015

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2014

	Note	31 December 2014 (Un-Audited)	30 June 2014 (Audited)
(Rupees in '000)			
Assets			
Bank balances	6	56,991	6,704
Investments	7	1,551,564	488,646
Income receivable		33,006	13,503
Receivable Against Sale of Units		386	-
Deposits and prepayments		2,620	17,600
Total assets		1,644,567	526,453
Liabilities			
Payable to the Habib Asset Management Limited - Management Company		1,760	767
Provision for Federal excise duty on remuneration of the Management Company	8	2,491	1,064
Payable to Central Depository Company of Pakistan Limited - Trustee		157	74
Payable to Securities and Exchange Commission of Pakistan		283	459
Workers' Welfare Fund	9	16,122	14,651
Payable against purchase of investment		225,432	-
Accrued expenses and other liabilities		1,100	1,026
Total liabilities		247,345	18,041
Net assets		1,397,222	508,412
Unit holders' funds (as per the statement attached)		1,397,222	508,412
(Number of Units)			
Number of units in issue		13,233,022	5,077,135
(Rupees)			
Net asset value per unit		105.59	100.14

The annexed notes 1 to 14 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 (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

Note	Half-year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Income				
	2,067	3,808	1,491	1,537
Profit on bank deposits				
Income from term finance certificates	3,849	6,612	1,629	2,971
Income on government securities	32,353	21,734	18,329	9,764
Income from placements	899	14	727	14
Net gain / (loss) on investments designated at fair value through income statement				
-Net capital gain / (loss) on sale of investments	5,687	(187)	5,741	112
-Net unrealised gain / (loss) on revaluation of investments	8,428	498	8,992	834
	14,115	311	14,733	946
Total income	53,283	32,479	36,909	15,232
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	5,651	5,156	3,424	2,238
Sales tax on management fee	983	957	595	415
Federal Excise Duty on management fee	904	825	548	358
Remuneration of Central Depository Company of Pakistan Limited - Trustee	627	585	375	254
Annual fee - Securities and Exchange Commission of Pakistan	283	258	172	112
Brokerage	257	15	195	8
Settlement and bank charges	198	145	104	73
Annual listing fee	20	20	10	10
Auditors' remuneration	192	219	83	114
Mutual fund rating fee	117	97	58	48
Printing charges	43	43	21	21
Total expenses	9,275	8,320	5,585	3,651
Net Income from Operating Activities	44,008	24,159	31,324	11,581
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	29,562	(1,046)	30,768	(233)
Workers' Welfare Fund	(1,471)	(462)	(1,232)	(227)
	28,091	(1,508)	29,536	(460)
Net income for the period	72,099	22,651	60,860	11,121

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

	<u>Half-year ended</u> <u>31 December</u>		<u>Quarter ended</u> <u>31 December</u>	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income for the period	72,099	22,651	60,860	11,121
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u><u>72,099</u></u>	<u><u>22,651</u></u>	<u><u>60,860</u></u>	<u><u>11,121</u></u>

The annexed notes 1 to 14 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 (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half-year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Undistributed income brought forward	1,031	6,204	12,270	60
Final cash dividend at the rate of Rs. Nil (2013: Rs. 0.65) per unit	-	(5,638)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. 0.50/- per unit declared on July 26, 2013)	-	(4,254)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. @ Rs. 0.55/- per unit declared on August 30, 2013)	-	(4,115)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. @ Rs. 0.60/- per unit declared on September 27, 2013)	-	(3,667)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. @ Rs. 0.50/- per unit declared on October 25, 2013)	-	(3,060)	-	(3,060)
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. @ Rs. 0.70/- per unit declared on November 29, 2013)	-	(4,133)	-	(4,133)
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. @ Rs. 0.60/- per unit declared on December 27, 2013)	-	(3,238)	-	(3,238)
Net income for the period	72,099	22,651	60,860	11,121
Undistributed income carried forward	73,130	750	73,130	750

The annexed notes 1 to 14 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 AND QUARTER ENDED 31 DECEMBER 2014**

	Half-year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
------(Rupees in '000)-----				
Net assets at the beginning of the period* [Rs 100.14 (2013: Rs 100.70) per unit]	508,412	873,511	532,571	614,505
Issuance of 11,289,022 units (2013: 3,790,281 units)*	1,170,560	352,909	1,050,522	450
Redemption of 3,133,135 units (2013: 7,036,343 units)	(324,287)	(706,621)	(215,963)	(83,004)
	846,273	(353,712)	834,559	(82,554)
Distribution to unit holders in cash	-	(208)	-	(17)
Element of income and capital gains included in prices of units issued less those in units redeemed	(29,562)	1,046	(30,768)	233
Net income for the period	72,099	22,651	60,860	11,121
Other comprehensive gain/(loss)	-	-	-	-
Total comprehensive income for the period	72,099	22,651	60,860	11,121
Net assets at the end of the period [Rs 105.59 (2013: Rs 100.08) per unit]	1,397,222	543,288	1,397,222	543,288

* Including Nil (2013: 278,822) units issued as bonus units during the period

The annexed notes 1 to 14 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 (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half-year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	72,099	22,651	60,860	11,121
Adjustments for non-cash items				
Unrealised gain on revaluation of investments at fair value through profit or (loss) - net	(8,428)	(498)	(8,992)	(834)
Workers' Welfare Fund	1,471	462	1,232	227
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	(29,562)	1,046	(30,768)	233
	35,580	23,661	22,332	10,747
(Decrease) / increase in assets				
Investments	(1,054,490)	362,216	(1,029,442)	149,491
Income receivable	(19,503)	3,744	(28,664)	2,192
Receivable Against Sale of Units	(386)	-	(386)	-
Advances, deposits, prepayments and other receivables	14,980	(20)	30,010	12
	(1,059,399)	365,940	(1,028,482)	151,695
(Decrease)/increase in liabilities				
Payable to Management Company	993	(607)	864	(175)
Provision for Federal excise duty	1,427	-	548	-
Payable to Trustee	83	(58)	70	(15)
Payable to SECP	(176)	(553)	172	112
Payable against purchase of investment	225,432	-	225,432	-
Accrued expenses and other liabilities	74	(25)	(256)	(300)
	227,833	(1,243)	226,830	(378)
Net cash flow from / (used in) operating activities	(795,986)	388,358	(779,320)	162,064
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	846,273	(353,712)	834,559	(82,554)
Dividend paid during the period	-	(203)	-	(13)
Net cash flow (used in)/ from financing activities	846,273	(353,915)	834,559	(82,567)
Net increase in cash and cash equivalents during the period	50,287	34,443	55,239	79,497
Cash and cash equivalents at beginning of the period	6,704	120,930	1,752	75,876
Cash and cash equivalents at end of the period	56,991	155,373	56,991	155,373
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	6,991	5,373	6,991	5,373
Term deposit receipts maturity of 3 months and less	50,000	150,000	50,000	150,000
	56,991	155,373	56,991	155,373

The annexed notes 1 to 14 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 AND QUARTER ENDED 31 DECEMBER 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open-end mutual fund and is listed on the 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, 2014.

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 2014, except as described below:

New, Revised and Amended Standards and Interpretations

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2014.

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 2014.

6. BANK BALANCES

		(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Note	(Rupees in '000)	
Savings accounts	6.1 & 6.2	6,991	6,664
Current Account		-	40
Term deposit receipts (TDR)	6.3	50,000	-
		56,991	6,704

6.1 Savings accounts carry profit rates at 6% to 8.25% (30 June 2014: 6% to 8%) per annum.

6.2 It includes balance of Rs. 6.99 million (30 June 2014: Rs. 6.59 million) having interest rate of 6% to 8.25% (30 June 2014: 6% to 8%) with Bank Al-Habib, a related party.

6.3 Term deposit receipts (TDRs) have tenure of one month (30 June 2014: Nil) and carry profit rate of 9.95% (30 June 2014: Nil) per annum. This TDRs will mature on 29 January 2015.

7. INVESTMENTS

At fair value through profit or loss - held for trading

Term Finance Certificates	7.1	-	63,888
Government Securities - Treasury Bills	7.2	889,486	228,284
Government Securities - Pakistan Investment Bonds	7.3	662,078	196,474
		1,551,564	488,646

FIRST HABIB INCOME FUND

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				As at 31 December 2014		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2014	Acquired during the period	Sold/Redeemed during the period	As at 31 December 2014	Carrying value	Market Value		
Held for trading					----- (Rupees in '000) -----			
Allied Bank Ltd - II	2,000	-	2,000	-	-	-	-	-
Bank Alfalah Limited - V	5,000	-	5,000	-	-	-	-	-
Faysal Bank Limited	3,000	-	3,000	-	-	-	-	-
Standard Chartered Bank	5,000	-	5,000	-	-	-	-	-
Al Baraka Bank (Pakistan) Limited	-	5,000	5,000	-	-	-	-	-
NIB Bank Limited	5,000	-	5,000	-	-	-	-	-
Total as at 31 December 2014								
Total as at 30 June 2014					63,284	63,888		

7.2 Government Securities - Treasury Bills

Issue date	Tenor	Face Value				As at 31 December 2014		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 01 July 2014	Purchases during the period	Sales / Matured during the period	As at 31 December 2014	Carrying value	Market value		
----- (Rupees in '000) -----									
3 Months									
15-May-14	3 Months	83,000	-	83,000	-	-	-	-	-
24-Jul-14	3 Months	-	165,000	165,000	-	-	-	-	-
7-Aug-14	3 Months	-	100,000	100,000	-	-	-	-	-
21-Aug-14	3 Months	-	100,000	100,000	-	-	-	-	-
4-Sep-14	3 Months	-	200,000	200,000	-	-	-	-	-
18-Sep-14	3 Months	-	645,000	305,000	340,000	339,362	339,366	24.29	21.87
30-Oct-14	3 Months	-	360,000	135,000	225,000	223,918	223,750	16.01	14.42
27-Nov-14	3 Months	-	190,000	-	190,000	187,639	187,570	13.42	12.09
6 Months									
20-Mar-14	6 Months	50,000	-	50,000	-	-	-	-	-
17-Apr-14	6 Months	100,000	6,000	106,000	-	-	-	-	-
2-May-14	6 Months	-	200,000	200,000	-	-	-	-	-
15-May-14	6 Months	-	200,000	200,000	-	-	-	-	-
13-Nov-14	6 Months	-	150,000	150,000	-	-	-	-	-
1 Year									
13-Nov-14	1 Year	-	300,000	150,000	150,000	138,339	138,800	9.93	8.95
Total as at 31 December 2014						889,258	889,486		
Total as at 30 June 2014						228,360	228,284		

7.2.1 Rate of return on above government securities ranges from 9.25% to 10.20% (30 June 2014: 9.42% to 9.48%)

7.3 Government Securities - Pakistan Investment Bonds

Issue date	Tenor	Face Value				As at 31 December 2014		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 01 July 2014	Purchases during the period	Sales / Matured during the period	As at 31 December 2014	Carrying value	Market value		
----- (Rupees in '000) -----									
PIB 3Y (17-07-2014)	3 Years	-	1,000,000	775,000	225,000	228,622	233,233	16.69	15.03
PIB 3Y (18-07-2014)	3 Years	200,000	200,000	400,000	-	-	-	-	-
PIB 5Y (18-07-2014)	5 Years	-	150,000	50,000	100,000	103,337	105,252	7.53	6.78
PIB 10Y (22-07-2014)	10 Years	-	200,000	-	200,000	214,425	215,746	15.44	13.91
PIB 10Y (18-08-2014)	10 Years	-	100,000	-	100,000	107,494	107,847	7.72	6.95
Total as at 31 December 2014						653,878	662,078		
Total as at 30 June 2014						197,216	196,474		

7.3.1 Rate of return on above government securities ranges from 11.25% to 12.00% (30 June 2014: 11.25%)

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

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	(Rupees in '000)	
Fixed income and debt securities - Term Finance Certificates	-	604
Government Securities - Treasury Bills	228	(76)
Government Securities - Pakistan Investment Bonds	<u>8,200</u>	<u>(743)</u>
	<u>8,428</u>	<u>(215)</u>

8. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on December 31, 2014 amounting to Rs.16.122 million (June 30, 2014: Rs 14.651 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.22 per unit (30 June 2014: Rs.2.89 per unit).

10. 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 unrealised capital gains to the unit holders. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

11. 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, 2014.

12. FAIR VALUE HIERARCHY

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

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

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

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

As at 31 December 2014, all the investments were categorised in Level 2. During the six months period ended 31 December 2014, 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.

13. 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.

Details of the transactions with connected persons are as follows:

	Half-year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	5,651	5,156	3,424	2,238
Sales Tax on Management Fee	983	957	595	415
FED on Management Fee	904	825	548	358
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	627	585	375	254
Profit Bank AL Habib Limited				
Profit on bank balances	1,765	2,254	1,189	775

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

	(Un-Audited)	(Audited)
	31 December 2014	30 June 2014
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	1,499	647
Sales Tax on Management Fee	261	120
FED on Management Fee	2,491	1,064
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	157	74
Bank AL Habib Limited		
Bank balance	6,991	6,704

FIRST HABIB INCOME FUND

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

	(Unaudited) Half-year ended 31 December 2014		(Unaudited) Half-year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
<i>Management Company</i>				
Habib Asset Management Limited	2,647,487	275,123	-	-
<i>Associated Companies</i>				
Bank Al Habib Limited	-	-	3,471,130	348,867
Habib Insurance Company Limited	676,785	70,000	-	-
Other related parties				
Habib Asset Management Limited -				
Employees Provident Fund	8,679	900	4,487	449
Habib Sugar Mills Limited	2,425,465	250,000	-	-
Sukaina Education And Welfare Trust	758,155	79,311	-	-
Directors and Executives of the Management Company	10,030	1,046	-	-
Units sold to Connected Parties holding 10% or more of the units in issue:				
Fauji Fertilizer Bin Qasim Limited	1,428,569	150,000	-	-
Bonus Units Issued:				
<i>Management Company</i>				
Habib Asset Management Limited	-	-	4,910	491
<i>Associated Companies</i>				
Bank Al Habib Limited	-	-	140,008	14,009
Other related parties				
Directors and Executives of the Management Company				
Greenshield Insurance Brokers (Pvt) Ltd	-	-	49	5
Habib Insurance Company Limited	-	-	1,300	130
Employees Provident Fund	-	-	3,250	325
Habib Asset Management Limited -				
Employees Provident Fund	-	-	118	12
Mrs. Shama Sajjad Habib	-	-	7,256	726
Mrs. Hina Shoaib	-	-	6	1
Mr. Murtaza Habib	-	-	546	55
Mr. Sajjad Hussain	-	-	166	17
Mr. Qumail Habib	-	-	546	55
Mr. Abbas D Habib	-	-	546	55
Mr. Ali Asad Habib	-	-	491	49
Units redeemed by:				
<i>Management Company</i>				
Habib Asset Management Limited	1,544,944	160,683	-	-
<i>Associated Companies</i>				
Bank Al Habib Limited	-	-	5,219,380	524,480
Habib Insurance Company Limited	-	-	99,582	10,000
Other related parties				
Directors and Executives of the Management Company				
Greenshield Insurance Brokers (Pvt) Ltd	198	20	-	-
Habib Asset Management Limited -	4,976	500	4,976	500
Employees Provident Fund	5,912	598	2,143	215
Murtaza Habib	14,185	1,421	-	-

FIRST HABIB INCOME FUND

	(Unaudited) Half-year ended 31 December 2014		(Unaudited) Half-year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units held by:				
<i>Management Company</i>				
Habib Asset Management Limited	<u>1,371,606</u>	<u>144,822</u>	122,650	12,275
<i>Associated Companies</i>				
Bank AL Habib Limited	<u>2,696,602</u>	<u>284,723</u>	2,595,171	259,731
Habib Insurance Company Limited	<u>685,788</u>	<u>72,410</u>	9,003	901
Other related parties				
Directors and Executives of the Management				
Company	<u>11,117</u>	<u>1,174</u>	1,236	124
Greenshield Insurance Brokers (Pvt) Ltd	<u>26,598</u>	<u>2,808</u>	30,387	3,041
Habib Insurance Company Limited				
Employees Provident Fund	<u>84,372</u>	<u>8,909</u>	81,198	8,127
Habib Asset Management Limited -				
Employees Provident Fund	<u>8,679</u>	<u>916</u>	5,690	569
Mrs. Shama Sajjad Habib	<u>188,352</u>	<u>19,887</u>	181,267	18,142
Mrs. Hina Shoaib	<u>152</u>	<u>16</u>	147	15
Mr. Murtaza Habib	<u>-</u>	<u>-</u>	13,652	1,366
Mr. Sajjad Hussain	<u>4,317</u>	<u>456</u>	4,155	416
Mr. Qumail Habib	<u>14,175</u>	<u>1,497</u>	13,642	1,365
Mr. Abbas D Habib	<u>14,175</u>	<u>1,497</u>	13,642	1,365
Mr. Ali Asad Habib	<u>12,735</u>	<u>1,345</u>	12,256	1,227
Mr Munawar Ali Habib	<u>4,319</u>	<u>456</u>	-	-
Habib Sugar Mills Limited	<u>2,425,465</u>	<u>256,095</u>	-	-
Sukaina Education And Welfare Trust	<u>758,155</u>	<u>80,051</u>	-	-
Connected Parties holding 10% or more of the units in issue:				
Fauji Fertilizer Bin Qasim Limited	<u>1,428,569</u>	<u>150,837</u>	-	-

14. GENERAL

14.1 Figures for the quarter ended 31 December 2014 and the corresponding figures for the quarter ended 31 December 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

14.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 16, 2015.

14.3 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 2014

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.

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited

Rating

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

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015





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 2014 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: 16 February 2015

Karachi

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2014**

	31 December 2014 (Un-audited)	30 June 2014 (Audited)
Note	---- (Rupees in '000) ----	
Assets		
Bank balances	6 12,907	8,687
Investments	7 165,535	148,988
Dividend and Income receivable	201	402
Deposits and prepayments	3,610	5,455
Receivable against sale of investments	-	11,253
Preliminary expenses and floatation costs	-	55
Total assets	182,253	174,840
Liabilities		
Payable to Habib Asset Management Limited - Management Company	347	239
Provision for Federal Excise Duty of Management Company	8 1,207	907
Payable to Central Depository Company of Pakistan Limited - Trustee	59	63
Payable to Securities and Exchange Commission of Pakistan (SECP)	71	171
Workers' Welfare Fund	9 2,275	2,012
Accrued expenses and other liabilities	1,379	23,820
Total liabilities	5,338	27,212
Net assets	176,915	147,628
Unit holders' funds (as per statement attached)	176,915	147,628
	(Number of units)	
Number of units in issue	1,583,107	1,424,626
	(Rupees)	
Net asset value per unit	111.75	103.63

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
Note	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	575	840	235	429
Income from Government Securities	-	101	-	-
Dividend income	3,251	5,473	1,441	2,700
Net gain / (loss) on investment designated at fair value through income statement				
-Net capital gain on sale of investments	15,478	8,458	12,217	1,497
-Net unrealised gain / (loss) on revaluation of investments	(3,023)	5,548	(3,173)	17,133
	12,455	14,006	9,044	18,630
Total income	16,281	20,420	10,720	21,759
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	1,903	2,892	698	1,392
Federal Excise Duty on management fee	304	463	106	223
Sales Tax on management fee	332	526	139	259
Remuneration of Central Depository Company of Pakistan Limited - Trustee	353	351	159	147
Annual fee - SECP	71	92	33	44
Brokerage expense	745	1,100	452	423
Settlement and bank charges	180	209	127	139
Annual listing fee	10	15	5	7
Auditors' remuneration	167	183	105	98
Amortisation of preliminary expenses and floatation costs	55	101	55	51
Mutual Fund Rating Fee	83	68	41	34
Federal excise duty on Brokerage Expense	107	166	63	64
Printing charges	43	43	21	21
Total expenses	4,353	6,209	2,004	2,902
Net income from operating activities	11,928	14,211	8,716	18,857
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	1,223	5,051	3,805	(3,763)
Worker Welfare Fund	9 (263)	(385)	(255)	(307)
Net income for the period	12,888	18,877	12,266	14,787

The annexed notes 1 to 13 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 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income for the period	12,888	18,877	12,266	14,787
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>12,888</u>	<u>18,877</u>	<u>12,266</u>	<u>14,787</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Undistributed gain brought forward	5,044	42,260	5,666	5,362
Final dividend distribution Rs. Nil per unit (2013: 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 for the period	12,888	18,877	12,266	14,787
Undistributed income carried forward	<u>17,932</u>	<u>20,149</u>	<u>17,932</u>	<u>20,149</u>

The annexed notes 1 to 13 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 (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Net assets at the beginning of the period	147,628	168,338	131,794	214,107
Amount received on issuance of units	201,069	91,619	116,349	99
Amount paid on redemption of units	(183,447)	(72,340)	(79,689)	(61,968)
	17,622	19,279	36,660	(61,869)
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	(1,223)	(5,051)	(3,805)	3,763
Final dividend distribution 5 July 2013 @ Rs.32.50/- for class 'C' for the year ended 30 June 2013	-	(30,655)	-	-
Net income for the period	12,888	18,877	12,266	14,787
Net assets at the end of the period	176,915	170,788	176,915	170,788
----- (Number of Units) -----				
Units at the beginning of the period	1,424,626	1,261,174	1,265,800	2,079,834
Number of Units Issued	1,877,391	817,788	1,044,609	915
Number of Units Redeemed	(1,718,910)	(676,885)	(727,302)	(576,342)
	158,481	140,903	317,307	(575,427)
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/-				
Units at the end of the period	1,583,107	1,504,407	1,583,107	1,504,407

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	12,888	18,877	12,266	14,787
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	3,023	(5,548)	3,173	(17,133)
Net element of (loss)/ income and capital (loss)/ gains included in prices of units issued less those in units redeemed	(1,223)	(5,051)	(3,805)	3,763
Workers' Welfare fund	263	385	255	307
Amortisation of preliminary expenses and floatation costs	55	101	55	51
	15,006	8,764	11,944	1,775
Increase / (decrease) in assets				
Investments	(19,570)	11,633	(45,834)	12,744
Dividend and Income receivable	201	(232)	1,255	2,499
Deposits and prepayments	1,845	(1,015)	755	7
Receivable against sale of investments	11,253	(2,904)	-	47,374
Advance against subscription of shares	-	(1,836)	-	(1,836)
	(6,271)	5,646	(43,824)	60,788
Increase / (decrease) in liabilities				
Payable to Management Company	108	48	(116)	(142)
Provision for Federal Excise Duty of Management Company	300	-	112	-
Payable to Trustee	(4)	(5)	(7)	(12)
Payable to SECP	(100)	(60)	33	44
Payable against purchase of investments	-	(4,273)	(4,123)	-
Accrued expenses and other liabilities	(22,441)	(23)	819	(10,114)
	(22,137)	(4,313)	(3,282)	(10,224)
Net cash (utilized in) / generated from operating activities	(13,402)	10,097	(35,162)	52,339
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	17,622	19,279	26,610	(61,869)
Dividend paid during the period	-	(30,655)	-	-
	17,622	(11,376)	26,610	(61,869)
Net (decrease) / increase in cash and cash equivalents during the period	4,220	(1,279)	(8,552)	(9,530)
Cash and cash equivalents at the beginning of the period	8,687	8,061	21,459	16,312
Cash and cash equivalents at the end of period	12,907	6,782	12,907	6,782
Cash and cash equivalents at the end of the period comprise of:				
Cash and bank - saving account	12,907	6,782	12,907	6,782

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB STOCK FUND

NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

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, 2014

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 2014.

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 2014 except for the following IAS which become effective during the period.

FIRST HABIB STOCK FUND

New, Revised and Amended Standards and Interpretations

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

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

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

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

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 2014:7.50 %) per annum.

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

		(Unaudited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Equity securities	7.1	165,535	148,988
Government securities	7.2	-	-
		<u>165,535</u>	<u>148,988</u>

FIRST HABIB STOCK FUND

7.1 Equity securities

Name of the Investee	As at 1 July 2014	Purchased / Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Market Value as a Percentage of:	
							Net Assets	Total Investment
			-----Number of shares-----		------(Rupees in '000)-----			
AUTOMOBILE AND PARTS								
Atlas Honda Limited	7,500	-	7,500	-	-	-	-	-
The General Tyre and Rubber Co. of Pak. Limited	-	68,500	45,000	23,500	3,463	3,423	1.93%	2.07%
Honda Atlas Car Limited	-	92,500	81,500	11,000	2,255	2,180	1.23%	1.32%
Pak Suzuki Motor Company Limited.	-	42,500	31,500	11,000	4,152	4,082	2.31%	2.47%
COMMERCIAL BANKS								
Allied Bank Limited	-	15,000	-	15,000	1,715	1,704	0.96%	1.03%
Faysal Bank Limited	90,000	39,000	90,000	39,000	695	710	0.40%	0.43%
Habb Bank Limited	21,200	16,000	25,200	12,000	2,464	2,595	1.47%	1.57%
Habb Metropolitan Bank Limited	25,000	-	25,000	-	-	-	-	-
MCB Bank Limited	25,370	55,100	48,500	31,970	9,419	9,772	5.52%	5.90%
National Bank of Pakistan	80,000	43,000	63,000	60,000	3,635	4,168	2.36%	2.52%
United Bank Limited	34,771	33,900	48,500	20,171	3,553	3,564	2.01%	2.15%
CHEMICALS								
Engro Corporation Limited	-	116,300	90,800	25,500	5,566	5,649	3.19%	3.41%
Fauji Fertilizer Bin Qasim Limited	-	90,000	-	90,000	4,039	4,069	2.30%	2.46%
ICI Pakistan Limited	20,200	42,000	44,700	17,500	9,508	8,093	4.57%	4.89%
Engro Fertilizer Limited	-	169,500	151,500	18,000	1,105	1,406	0.79%	0.85%
Fauji Fertilizer Company Limited*	35,047	65,000	61,100	38,947	4,452	4,561	2.58%	2.76%
CONSTRUCTION AND MATERIALS (CEMENT)								
D.G. Khan Cement Company Limited*	60,000	277,500	267,500	70,000	7,136	7,737	4.37%	4.67%
Cherat Cement Company Limited	130,000	220,000	255,000	95,000	6,496	6,525	3.69%	3.94%
Pioneer Cement Limited	-	225,000	185,000	40,000	3,161	3,424	1.94%	2.07%
Fauji Cement Company Limited	150,000	222,500	272,500	100,000	2,286	2,584	1.46%	1.56%
Lafarge Pakistan Cement Limited	310,000	-	310,000	-	-	-	-	-
Lucky Cement Limited*	17,400	50,100	59,500	8,000	3,669	4,002	2.26%	2.42%
Maple Leaf Cement Factory Limited	181,500	89,000	270,500	-	-	-	-	-
ELECTRICITY								
Engro Powergen Qadirpur Limited	-	100,000	100,000	-	-	-	-	-
Kot Addu Power Company Limited	20,000	-	20,000	-	-	-	-	-
K-Electric Limited	250,000	-	250,000	-	-	-	-	-
Nishat Chunian Power Limited*	65,500	5,000	5,500	65,000	2,488	3,221	1.82%	1.95%
Nishat Power Limited*	69,000	-	4,000	65,000	2,313	2,964	1.68%	1.79%
FIXED LINE TELECOMMUNICATION								
PTCL "A"	135,000	110,000	190,000	55,000	1,316	1,267	0.72%	0.77%
FOOD PRODUCERS								
Engro Foods Company Limited	33,500	22,500	56,000	-	-	-	-	-
Habb Sugar Mills Limited - a related party	100,000	-	60,000	40,000	1,460	1,813	1.02%	1.10%
Mitchell's Fruit Farms Limited	3,300	-	3,300	-	-	-	-	-
Shahmural Sugar Mills Limited	-	64,500	-	64,500	3,966	3,144	1.78%	1.90%
Nestle Pakistan Limited	140	-	140	-	-	-	-	-
Clover Pakistan Limited	-	16,500	10,000	6,500	1,113	932	0.53%	0.56%
GENERAL INDUSTRIALS								
Tri-Pack Films Limited	-	12,500	9,000	3,500	889	913	0.52%	0.55%
Thal Limited	39,900	14,500	38,900	15,500	3,347	4,170	2.36%	2.52%
Siemens (Pakistan) Engineering Limited	1,400	1,000	2,400	-	-	-	-	-
ENGINEERING								
Milat Tractors Limited	-	17,200	11,200	6,000	3,926	3,881	2.19%	2.34%
Al Ghazi Tractors Limited	-	19,100	1,000	18,100	7,765	6,643	3.75%	4.01%
NON LIFE INSURANCE								
Adanjee Insurance Company Limited	23,306	66,500	67,500	22,306	1,079	1,103	0.62%	0.67%
EFU General Insurance Limited	-	45,400	34,400	11,000	1,695	1,682	0.95%	1.02%
OIL AND GAS								
Attock Petroleum Limited	-	18,300	11,550	6,750	3,834	3,642	2.06%	2.20%
Attock Refinery Limited	15,000	28,500	43,500	-	-	-	-	-
Mari Petroleum Company	-	74,400	68,400	6,000	3,497	2,853	1.61%	1.72%
Hascol Petroleum Limited	-	22,500	-	22,500	1,823	1,667	0.94%	0.07%
Oil & Gas Development Company Limited*	19,969	47,100	54,000	13,069	3,208	2,691	1.52%	1.63%
Pakistan Oilfields Limited	8,169	34,800	31,200	11,769	5,207	4,465	2.52%	2.70%
Pakistan Petroleum Limited	9,251	59,500	38,500	30,251	6,340	5,340	3.02%	3.23%
Pakistan State Oil Company Limited	25,800	77,400	75,800	27,400	9,960	9,807	5.54%	5.92%
BEVERAGES								
Shezan International Limited	-	3,600	2,300	1,300	1,588	1,569	0.89%	0.95%

FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2014	Purchased / Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Market Value as a Percentage of:	
							Net Assets	Total Investment
		-----Number of shares-----			------(Rupees in '000)-----			
HOUSEHOLD GOODS								
Pak Elektron Limited	-	160,000	80,000	80,000	3,197	3,274	1.85%	1.98%
MULTIUTILITIES (GAS AND WATER)								
Sui Southern Gas Company	-	30,000	-	30,000	1,158	1,163	0.66%	0.70%
INDUSTRIAL METALS AND MINING								
International Industries Limited	-	50,000	15,000	35,000	2,328	2,182	1.23%	1.32%
PERSONAL GOODS (TEXTILES)								
Nishat (Chunian) Limited	30,000	-	30,000	-	-	-	-	-
Nishat Mills Limited	18,500	54,500	53,000	20,000	2,357	2,420	1.37%	1.46%
Colgate - Palmolive (Pakistan) Limited	-	1,160	160	1,000	2,149	2,000	1.13%	1.21%
PHARMA AND BIO TECH								
Sanofi - Aventis Pakistan Limited	-	3,800	550	3,250	2,952	2,437	1.38%	1.47%
The Searl Company Limited	-	75,200	50,200	25,000	6,779	6,046	3.42%	3.65%
Ferozsons Laboratories Limited	-	17,000	13,500	3,500	2,060	2,000	1.13%	1.21%
Total as at 31 December 2014					168,558	165,535	64.98%	69.44%
Total as at 30 June 2014					146,094	148,988		

* Investments Include shares having Market Value of Rs. 11,594,000 pledged with National Clearing Company of Pakistan Limited.

8. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 12 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 15 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on December 31, 2014 amounting to Rs. 2.275 million (June 30, 2014 : Rs. 2.012 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.4354 per unit (30 June 2014: Rs. 1.412 per unit).

10. 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, 2014.

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.

As at 31 December 2014, all the investments were categorized in Level 1. During the six months period ended 31 December 2014, 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.

FIRST HABIB STOCK FUND

11. 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. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

12. 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	
	2014	2013	2014	2013
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	1,903	2,892	698	1,392
Sales Tax on Management Fee	332	526	139	259
Federal Excise Duty on Management fee	304	463	106	223
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	69	57	45	36
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	353	351	159	147
Bank Al Habib Limited				
Profit on Bank Balances	575	840	235	429

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

	(Unaudited)	(Audited)
	31 December 2014	30 June 2014
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	12,907	8,687
Habib Asset Management Limited - Management Company		
Management Company Fee payable	286	151
Sales Tax on Management fee payable	61	88
Federal Excise Duty on Management Fee payable	1,207	907
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	59	63
- Security deposit - Non interest bearing	100	100

FIRST HABIB STOCK FUND

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

	(Unaudited) Half Year ended 31 December 2014		(Unaudited) Half Year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Other related parties				
- Directors of the Management Company	2,182	228	276	30
- Habib Asset Management Limited - Employees Provident Fund	6,305	718	-	-
- Mr. Junaid Kasbati	394	40	-	-
- Mr. Ishrat Malik	5,530	625	-	-
- Mr. Haider Azeem	289	30	-	-
- Mr. Abbas	13,315	1,462	-	-
- Habib Asset Management Limited	1,539,460	163,816	-	-
- Habib Insurance Company Limited	-	-	305,290	35,000
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	-	-	38,469	3,885
Other related parties				
- Directors of the Management Company	-	-	1,927	195
- Habib Asset Management Limited - Employees Provident Fund	-	-	348	35
- Mrs. Razia Habib	-	-	6,085	614.00
- Mr. Sajjad Hussain	-	-	3,405	344.00
- Mr. Aun Mohammad Ali Raza Habib	-	-	8,332	8,332.00
- Mrs. Batool Ali Raza Habib	-	-	8,570	8,570
- Mrs. Fatima Ali Raza Habib	-	-	6,874	6,874
Units redeemed by:				
Other related parties				
- Habib Insurance Company Limited	630,016	65,675	616,362	66,000
- Habib Asset Management Limited	875,345	93,577	-	-
- Mrs. Razia Habib	-	-	24,286.00	2,500.00
- Mr. Aun Mohammad Ali Raza Habib	-	-	19,429.00	2,000.00
- Mr. Ishrat Malik	3,821	401	-	-
- Mr. Junaid Kasbati	688	73	-	-
- Mr. Abbas	3,128	347	-	-
- Mrs. Batool Ali Raza Habib	-	-	35,198.00	3,996.00
- Mrs. Fatima Ali Raza Habib	-	-	17,653.00	2,004.00
Units held by:				
Management Company				
Habib Asset Management Limited	664,115	74,216	157,991	17,936
Associated Companies				
- Bank AL Habib Limited	500,000	55,875	500,000	56,763
- Habib Asset Management Limited - Employees Provident Fund	7,436	831	-	-
- Habib Insurance Company Limited	-	-	630,016	71,523
Other related parties				
- Directors of the Management Company	12,645	1,413	8,190	930
- Mrs. Razia Habib	840	94	703	80
- Mr. Sajjad Hussain	16,706	1,867	13,984	1,588
- Mr. Aun Mohammad Ali Raza Habib	17,670	1,975	14,790	1,679
- Mr. Ali Raza D Habib	50,754	5,672	14,790	1,679
- Miss. Fatima Ali Raza Habib	12,640	1,413	-	-
- Mr. Abbas	10,187	1,138	-	-
- Mr. Ishrat Malik	5,530	618	-	-
- Mr. Ali Raza D Habib	50,754	5,672	-	-
- Mr. Haider Azim	289	32	-	-

13. GENERAL

13.1 Figures for the quarter ended December 31, 2014 and the corresponding 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.

13.2 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on February 16, 2015.

13.3 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 2014

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

Audit Committee

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

CFO and Company Secretary

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
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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, 2014 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.



Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015





Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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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 Cash Fund** (the Fund) as at 31 December 2014 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.


Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 16 February 2015

Karachi

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2014**

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	6	721,087	707,907
Investments	7	2,470,486	3,024,303
Income receivable		4,066	4,295
Prepayments		55	131
Preliminary expenses and floatation costs		727	1,036
Total assets		3,196,421	3,737,672
Liabilities			
Payable to Habib Asset Management Limited - Management Company		2,815	2,264
Payable for Federal Excise Duty on remuneration of Management Fee	8	9,557	7,006
Payable to Central Depository Company of Pakistan Limited - Trustee		275	306
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,257	3,198
Workers' Welfare Fund	9	18,043	15,379
Accrued expenses and other liabilities		1,142	4,112
Total liabilities		33,089	32,265
Net assets		3,163,332	3,705,407
Unit holders' funds (as per statement attached)		3,163,332	3,705,407
(Number of units)			
Number of units in issue		30,284,162	37,000,462
(Rupees)			
Net asset value per unit		104.45	100.14

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half Year ended 31 December		Quarter ended 31 December	
Note	2014	2013	2014	2013
	------(Rupees in '000)-----			
Income				
Profit on bank deposits	23,228	26,891	8,720	10,641
Income from Government Securities	141,389	162,060	70,908	97,611
Markup income on Placements	891	528	770	390
Net gain / (loss) on investments designated at fair value through income statement				
- Net capital gain on sale of investment	2,335	633	2,222	707
- Net unrealised gain / (loss) on revaluation of investments	(103)	(2,301)	18	(2,679)
	2,232	(1,668)	2,240	(1,972)
Total income	167,740	187,811	82,638	106,670
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	15,948	20,676	7,383	11,594
Sales tax on management fee	2,776	3,838	1,286	2,152
Federal Excise Duty on management fee	2,552	3,308	1,182	1,855
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,635	1,929	804	1,059
Annual fee - SECP	1,257	1,551	615	870
Brokerage	98	152	50	92
Settlement and bank charges	36	86	19	42
Auditors' remuneration	179	181	84	97
Amortisation of preliminary expenses and floatation costs	308	311	154	157
Annual listing fee	20	20	10	10
Mutual Fund Rating Fee	96	91	48	46
Printing charges	64	43	42	21
Total expenses	24,969	32,186	11,677	17,995
Net Income from Operating Activities	142,771	155,625	70,961	88,675
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	(9,583)	7,560	(14,403)	2,261
Workers' Welfare Fund	(2,664)	(3,263)	(1,375)	(1,819)
	(12,247)	4,297	(15,778)	442
Net income for the period	130,524	159,922	55,183	89,117

The annexed notes 1 to 13 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 2014**

	Half Year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Net income for the period	130,524	159,922	55,183	89,117
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>130,524</u>	<u>159,922</u>	<u>55,183</u>	<u>89,117</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half Year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Undistributed income brought forward	4,123	16,734	79,464	2,746
Final cash dividend at the rate of Rs. Nil (2013: 0.70/-) per unit	-	(16,033)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of 0.55/- per unit declared on July 26, 2013)	-	(18,901)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of 0.65/- per unit declared on August 30, 2013)	-	(25,901)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. 0.60/- per unit declared on September 27, 2013)	-	(23,958)	-	-
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. 0.55/- per unit declared on October 25, 2013)	-	(23,945)	-	(23,945)
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. 0.70/- per unit declared on November 29, 2013)	-	(32,555)	-	(32,555)
Interim cash dividend Rs. Nil per unit (2013: at the rate of Rs. 0.65/- per unit declared on December 27, 2013)	-	(32,046)	-	(32,046)
Net income for the period	130,524	159,922	55,183	89,117
Undistributed Income carried forward	134,647	3,317	134,647	3,317

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half Year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Net assets at the beginning of the period [Rs.100.14 (2013: Rs 100.75) per unit]	3,705,407	2,307,647	3,205,434	4,029,956
Issue of 12,976,599 units (2013: 4,309,034 units) *	1,328,048	4,309,034	699,575	1,794,477
Redemption of 19,692,899 units (2013: 19,692,899 units)	(2,010,230)	(1,777,068)	(811,263)	(922,705)
	(682,182)	2,531,966	(111,688)	871,772
Distribution to Unit holders in cash	-	(7,773)	-	(4,382)
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	9,583	(7,560)	14,403	(2,261)
Net Income for the period	130,524	159,922	55,183	89,117
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	130,524	159,922	55,183	89,117
Net assets at the end of the period [Rs. 104.45 (2013: Rs 100.10) per unit]	3,163,332	4,984,202	3,163,332	4,984,202

* Including Nil (2013: 1,654,514) units issued as bonus units during the period

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half Year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	130,524	159,922	55,183	89,117
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	103	2,301	(18)	2,679
Workers' Welfare fund	2,664	3,263	1,375	1,818
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	9,583	(7,560)	14,403	(2,261)
Amortisation of preliminary expenses and floatation costs	308	311	154	157
	143,182	158,237	71,097	91,510
Increase / (decrease) in assets				
Investments	553,714	(1,936,660)	230,637	(385,002)
Placements	-	-	-	290,000
Income receivable	229	(4,795)	5,574	1,809
Receivable against sale of units	-	-	10,000	10,000
Prepayments	76	71	58	56
	554,019	(1,941,384)	246,269	(83,137)
Increase / (decrease) in liabilities				
Payable to Management Company	551	3,101	(283)	1,117
Payable for Federal Excise Duty on remuneration of Management Fee	2,551	-	1,181	-
Payable to Trustee	(31)	166	15	64
Payable to SECP	(1,941)	(669)	615	870
Accrued expenses and other liabilities	(2,970)	(208)	(111)	(416)
	(1,840)	2,390	1,417	1,635
Net cash (utilized in) / generated from operating activities	695,361	(1,780,757)	318,783	10,008
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	(682,181)	2,531,966	(115,314)	871,027
Dividend paid during the period	-	(5,983)	-	(3,832)
	(682,181)	2,525,983	(115,314)	867,195
Net increase in cash and cash equivalents during the period	13,180	745,226	203,469	877,203
Cash and cash equivalents at the beginning of the period	707,907	403,542	517,618	271,565
Cash and cash equivalents at the end of the period	721,087	1,148,768	721,087	1,148,768
Cash and cash equivalents at the end of the period comprise of:				
Bank balances	96,087	148,768	96,087	148,768
Clean Placement	125,000	-	125,000	-
Term deposit receipts maturity of 3 months and less	500,000	1,000,000	500,000	1,000,000
	721,087	1,148,768	721,087	1,148,768

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND

NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

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, 2014.

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 2014, except as described below:

New, Revised and Amended Standards and Interpretations

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
Novation of Derivatives and Continuation of Hedge Accounting

FIRST HABIB CASH FUND

IFRIC 21 – Levies

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

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

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 2014.

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 2014.

6. BANK BALANCES	Note	(Unaudited)	(Audited)
		31 December 2014	30 June 2014
		(Rupees in '000)	
Savings accounts	6.1	96,087	107,907
Term deposit receipts	6.2	500,000	600,000
Clean Placement	6.3	125,000	-
		<u>721,087</u>	<u>707,907</u>

6.1 It represents balance with Bank Al Habib Limited, a related party which carry profit ranging from 8% to 8.25% (30 June 2014: 8%) per annum and balance with Habib Bank Limited which carry profit ranging from 8.75% to 8.25% (30 June 2014: 8.5%).

6.2 Term Deposit receipts (TDRs) have tenor for one month (30 June 2014 : two months) and carry profit rate ranging from 9.95% to 10.30 % (30 June 2014 :10.30%). These TDRs will mature from 19 January 2015 to 30 January 2015 (30 June 2014 : 24 Nov 2014).

6.3 Clean placement have tenor for 1 to 3 days (30 June 2014 : Nil) and carry profit rate 9.95% (30 June 2014 :Nil). This Placement will mature on 02 January 2015 (30 June 2014 :Nil).

7. INVESTMENTS - at fair value through profit or loss - held for trading	Note	(Unaudited)	(Audited)
		31 December 2014	30 June 2014
		(Rupees in '000)	
Government securities	7.2	2,470,486	3,024,303
		<u>2,470,486</u>	<u>3,024,303</u>
7.1 Unrealised appreciation / (diminution) on investments at fair value through profit or loss			
Government Securities		(103)	(590)
		<u>(103)</u>	<u>(590)</u>

FIRST HABIB CASH FUND

7.2 Government Securities - Treasury Bills

Issue date	Face Value				As at 31 December 2014			Market value as percentage of	
	As at 01 July 2014	Purchases during the period	Sold / Matured during the period	As at 31 December 2014	Carrying value	Market value	Appreciation/ (diminution)	Net Assets	Total Investments
------(Rupees in '000)-----									
3 Months									
17-Apr-2014	416,000	-	416,000	-	-	-	-	-	-
2-May-2014	75,000	-	75,000	-	-	-	-	-	-
15-May-2014	882,000	80,000	962,000	-	-	-	-	-	-
12-Jun-2014	450,000	150,000	600,000	-	-	-	-	-	-
26-Jun-2014	-	370,000	370,000	-	-	-	-	-	-
10-Jul-2014	-	600,000	600,000	-	-	-	-	-	-
24-Jul-2014	-	200,000	200,000	-	-	-	-	-	-
7-Aug-2014	-	730,000	730,000	-	-	-	-	-	-
4-Sep-2014	-	1,100,000	1,100,000	-	-	-	-	-	-
18-Sep-2014	-	2,075,000	1,770,000	305,000	304,482	304,431	(51)	9.62	12.32
30-Oct-2014	-	600,000	125,000	475,000	472,465	472,361	(104)	14.93	19.12
27-Nov-2014	-	775,000	-	775,000	765,371	765,089	(282)	24.19	30.97
28-Nov-2014	-	150,000	-	150,000	148,490	148,466	(24)	4.69	6.01
6 Months									
23-Jan-2014	100,000	-	100,000	-	-	-	-	-	-
20-Mar-2014	350,000	-	350,000	-	-	-	-	-	-
17-Apr-2014	800,000	500,000	1,300,000	-	-	-	-	-	-
15-May-2014	-	100,000	100,000	-	-	-	-	-	-
13-Nov-2014	-	1,050,000	750,000	300,000	289,669	290,044	375	9.17	11.74
1 Year									
20-Mar-2014	-	750,000	250,000	500,000	490,112	490,095	(17)	15.49	19.84
Total as at 31 December 2014					<u>2,470,589</u>	<u>2,470,486</u>	<u>(103)</u>		
Total as at 30 June 2014					<u>3,024,893</u>	<u>3,024,303</u>	<u>(590)</u>		

Rate of return on the above government securities ranges from 9.13% to 10.16% (30 June 2014: 8.80% to 9.59%)

8. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 12 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 15 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on December 31, 2014 amounting to Rs.18.043 million (June 30, 2014 Rs 15.379 million).

Had the provision not been made, the net asset value per unit of the fund would have been higher by Rs 0.596 per unit (30 June 2014: Rs.0.4156 per unit).

10. 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 2014.

Fair Value Hierarchy

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

FIRST HABIB CASH FUND

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

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

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

As at 31 December 2014, all the investments were categorised in level 2. During the six months period ended 31 December 2014, 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.

11. 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. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

12. 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	
	2014	2013	2014	2013
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Habib Asset Management Limited - Management Company				
Management fee	15,948	20,676	7,383	11,594
Sales Tax on Management Fee	2,776	3,838	1,286	2,152
FED on Management Fee	2,552	3,308	1,182	1,855
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,635	1,929	804	1,059
Bank AL Habib Limited				
Profit on bank balances	2,563	4,387	1,429	381

Details of the balances with connected persons are as follows:

	(Unaudited)	(Audited)
	31 December 2014	30 June 2014
	------(Rupees in '000)-----	
Habib Asset Management Limited - Management Company		
Management fee Payable	2,398	2,112
Sales Tax on Management Fee Payable	417	152
FED on Management Fee Payable	9,557	7,006
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	275	306

FIRST HABIB CASH FUND

	(Unaudited) Half Year ended 31 December 2014		(Unaudited) Half Year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	1,194,538	121,658	221,375	22,200
Associated Companies				
- Bank Al-Habib Limited	-	-	2,708,315	272,383
- Habib Insurance Company Limited	2,478,681	251,080	3,947,493	396,000
- Habib Sugar Mill Limited	-	-	15,938,690	1,600,000
Other related parties / Connected parties				
- Directors and Executives of the Management Company	10,766	1,098	13,443	1,350
- Habib Asset Management Limited- Employees Provident Fund	-	-	4,992	500
- Sukaina Educational & Welfare Trust	79,133	8,000	124,532	12,500
- Ghulamam-E-Abbas Educational & Medical Trust Endowment Fund	197,314	20,100	1,248	125
Units sold to Connected Parties holding 10% or more of the units in issue:				
- K&N's Foods (Pvt) Ltd	962,180	100,000	-	-
- Mr Ali Asad Habib	-	-	9,681	975
- Mr Abbas D. Habib	-	-	9,930	1,000
- Mr Haider Azim	794	80	50	5
- Mrs Razia Ali Raza Habib	-	-	8,426	846
Bonus units issued:				
Management Company				
Habib Asset Management Limited	-	-	68,914	6,896
Associated Companies				
- Bank Al-Habib Limited	-	-	136,129	13,622
- Habib Sugar Mill Limited	-	-	515,858	51,622
- Green Shield Insurance Brokers	-	-	12	1
Other related parties				
- Directors and Executives of the Management Company	-	-	1,245	125
- Habib Asset Management Limited- Employees Provident Fund	-	-	265	26
- Sukaina Educational & Welfare Trust	-	-	15,347	1,536
- Ghulamam-e-Abbas Trust	-	-	5,650	565
- Dawood Habib Memorial Trust	-	-	12,276	1,228
- Hasni Textiles (Pvt) Ltd	-	-	80,971	8,103
- Hasni Knitwear (Pvt) Ltd.	-	-	21,338	2,135
- Mrs Hina Shoaib	-	-	1	-
- Mr Asghar D. Habib	-	-	851	85
- Mr Murtaza Habib	-	-	850	85
- Mr Imran Ali Habib	-	-	851	85
- Mr Ali Asad Habib	-	-	839	84
- Mr Abbas D. Habib	-	-	850	85
- Mr Qumail Habib	-	-	850	85
- Mrs Razia Ali Raza Habib	-	-	5,031	503
- 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	3,005,994	306,641	317,404	31,900
Associated Companies				
- Bank Al-Habib Limited	-	-	3,005,498	302,272
- Habib Insurance Company Limited	2,926,820	300,000	2,540,500	255,000
- Green Shield Insurance Brokers	14,925	1,500	-	-
Other related parties				
- Directors and Executives of the Management Company	20,180	2,078	22,973	2,310
- Habib Asset Management Limited-Employees Provident Fund	10,967	1,100	-	-
- Sukaina Educational & Welfare Trust	765,068	79,310	59,615	6,000
- Ghulamam-e-Abbas Trust	324,824	33,281	59,359	5,965

FIRST HABIB CASH FUND

	(Unaudited) Half Year ended 31 December 2014		(Unaudited) Half Year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
- 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	194	19	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
Associated Companies				
- Bank Al-Habib Limited	3,254,840	339,984	3,126,169	312,941
- Habib Insurance Company Limited	1,591,482	166,275	2,753,524	275,638
- Habib Sugar Mill Limited	-	-	16,454,547	1,647,163
- Green Shield Insurance Brokers	349	36	270	27
Other related parties				
- Directors and Executives of the Management Company	59,722	6,238	28,507	2,854
- Habib Asset Management Limited- Employees Provident Fund	366	38	9,654	966
- Sukaina Educational & Welfare Trust	-	-	402,831	40,325
- Ghulaman-e-Abbas Trust	958	100	122,838	12,297
- Dawood Habib Memorial Trust	312,541	32,647	286,265	28,656
- Habib Metropolitan Bank	2,634	275,150	-	-
- Apwa Rana Liaquat Colony	54,143	5,655	-	-
- Hasni Textiles (Pvt) Ltd	-	-	1,819,929	182,182
- Hasni Knitwear (Pvt) Ltd.	-	-	233,311	23,355
- Mrs Hina Shoaib	27	3	26	3
- Mr Asghar D. Habib	20,658	2,158	19,841	1,986
- Mr Murtaza Habib	27,650	2,888	19,829	1,985
- Mr Imran Ali Habib	61,314	6,405	19,841	1,986
- Mr Ali Asad Habib	30,371	3,172	19,567	1,959
- Mr Abbas D. Habib	30,635	3,200	19,826	1,985
- Mr Qumail Habib	30,637	3,200	19,822	1,984
- Mrs Razia Ali Raza Habib	31,913	3,333	44,792	4,484
- Mr Sajjad Hussain	-	-	12,382	1,239
- Mr Munawar Ali Habib	30	3,104	-	-
- Mrs Samina Imran	-	-	99	10
- Mr Haider Azim	-	-	410	41
- Mrs Batool Ali Raza Habib	5,667	592	5,443	545
- Mr Aun Mohammad Ali Raza Habib	5,214	545	5,008	501
- Mr Ali Raza D Habib	44,242	4,621	-	-
- Mrs Fatima Ali Raza Habib	10,324	1,078	9,916	993
Connected Parties holding 10% or more of the units in issue:				
- K&N's Foods (Pvt) Ltd	3,595,318	375,549	2,633,138	263,755

13. GENERAL

13.1 Figures for the quarter ended December 31, 2014 and the corresponding 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.

13.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 16, 2015.

13.3 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 2014

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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.

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

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

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015



FIRST HABIB ISLAMIC BALANCED FUND



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

Tel: +9221 3565 0007-11
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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 2014 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.


Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 16 February 2015

Karachi

A member firm of Ernst & Young Global Limited

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2014

	Note	31 December 2014 (Un-audited)	30 June 2014 (Audited)
		----- (Rupees in '000) -----	
Assets			
Bank balances	6	134,425	144,817
Investments	7	136,835	169,614
Income receivable		1,613	1,421
Deposits and prepayments		2,615	20,410
Preliminary expenses and floatation costs		590	693
Total assets		276,078	336,955
Liabilities			
Payable to the Habib Asset Management Limited - Management Company		376	447
Provision for federal excise duty on remuneration of Habib Asset Management Ltd - Management Company	8	1,024	571
Payable to Central Depository Company of Pakistan Limited - Trustee		59	58
Payable to Securities and Exchange Commission of Pakistan - SECP		126	308
Workers' Welfare Fund	9	1,720	1,521
Accrued expenses and other liabilities		394	1,173
Payable against purchase of investments		1,333	-
Total liabilities		5,032	4,078
Net assets		271,046	332,877
Unit holders' funds (as per the statement attached)		271,046	332,877
		(Number of Units)	
Number of units in issue		2,557,885	3,258,358
		(Rupees)	
Net asset value per unit		105.96	102.16

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
Note ----- (Rupees in '000) -----				
Income				
Profit on bank deposits	4,158	5,924	2,117	3,078
Income from Ijara Sukuk Certificates	1,514	3,148	726	1,525
Dividend income	3,389	5,065	1,555	2,785
Net gain / (loss) on investments designated at fair value through income statement				
-Net capital gain on sale of investments	13,833	10,103	8,605	2,679
-Net unrealized (loss) / gain on revaluation of investments	(5,901)	5,143	(5,170)	19,457
	7,932	15,246	3,435	22,136
Total income	16,993	29,383	7,833	29,524
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	1,996	1,904	991	964
Sales tax on management fee	347	353	172	179
Federal Excise Duty on management fee	319	305	158	155
Remuneration of Central Depository Company of Pakistan Limited - Trustee	353	381	177	193
Annual fee - Securities and Exchange Commission of Pakistan	126	162	63	82
Brokerage	890	826	557	312
Settlement and bank charges	230	158	131	72
Annual listing fee	15	15	7	7
Auditors' remuneration	150	210	81	122
Amortisation of preliminary expenses and floatation costs	104	104	52	52
Mutual fund rating fee	101	-	51	-
Charity Expense	62	110	62	110
Printing charges	47	43	25	21
Total expenses	4,740	4,571	2,527	2,269
Net Income from Operating Activities	12,253	24,812	5,306	27,255
Net element of income and capital gain included in prices of units issued less those in units redeemed	(2,323)	81	(1,285)	(665)
Workers' Welfare Fund	(199)	(499)	(33)	(499)
Net income for the period	9,731	24,394	3,988	26,091

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income for the period	9,731	24,394	3,988	26,091
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	9,731	24,394	3,988	26,091

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income brought forward	7,005	34,124	12,748	813
Interim Dividend distribution for Class 'C' unit holders - Rs. Nil per unit (2013: @ 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	9,731	24,394	3,988	26,091
Undistributed income carried forward	<u>16,736</u>	<u>26,904</u>	<u>16,736</u>	<u>26,904</u>

The annexed notes 1 to 14 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 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Net assets at the beginning of the period [Rs.102.16 (2013: Rs 110.53) per unit]	332,877	358,401	292,368	371,073
Issuance of 1,407,039 Units (2013: 320,540 Units) *	145,104	33,173	31,053	1,998
Redemption of 2,107,512 units (2013: 140,903 Units)	(218,989)	(14,996)	(57,648)	(11,924)
	(73,885)	18,177	(26,595)	(9,926)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	2,323	(81)	1,285	665
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	9,731	24,394	3,988	26,091
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the period	9,731	24,394	3,988	26,091
Net assets at the end of the period [Rs.105.96 (2013: Rs 107.54) per unit]	271,046	387,903	271,046	387,903

* Including Nil (2013: 184,815) units issued as bonus units during the period

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Half year ended 31 December		Quarter ended 31 December	
	2014	2013	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES	----- (Rupees in '000) -----			
Net income for the period	9,731	24,394	3,988	26,091
Adjustments for non-cash items				
Unrealised (loss) on revaluation of investments at fair value through profit or (loss) - net	5,901	(5,143)	5,170	(19,457)
Workers' Welfare Fund	199	499	33	499
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	2,323	(81)	1,285	665
Amortisation of preliminary expenses and floatation costs	104	104	52	52
	18,258	19,773	10,528	7,850
Increase / (decrease) in assets				
Investments	26,878	(8,061)	(11,466)	20,165
Income receivable	(192)	(1,157)	718	1,790
Receivable against sale of investment	-	6,541	7,212	-
Advances, deposits, prepayments and other receivables	17,795	(15)	17,795	7
	44,481	(2,692)	14,259	21,962
Increase / (decrease) liabilities				
Payable to - Management Company	(71)	95	(137)	31
Provision for federal excise duty on remuneration of Habib Asset Management Ltd	453	-	293	-
Payable to - Trustee	1	11	1	8
Payable to - SECP	(182)	(5)	63	82
Accrued expenses and other liabilities	(779)	(79)	(4,096)	(5,158)
Payable against purchase of investments	1,333	3,610	2,085	3,610
	755	3,632	(1,791)	(1,427)
Net cash flow from / (used in) operating activities	63,494	20,713	22,996	28,385
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payments) from sale and redemption of units	(73,886)	18,177	(26,596)	(9,926)
Dividend paid during the period	-	(12,988)	-	-
Net cash flow from/ (used in) financing activities	(73,886)	5,189	(26,596)	(9,926)
Net increase in cash and cash equivalents during the period	(10,392)	25,902	(3,600)	18,459
Cash and cash equivalents at beginning of the period	144,817	145,793	138,025	153,236
Cash and cash equivalents at end of the period	134,425	171,695	134,425	171,695
Cash and cash equivalents				
Cash and cash equivalents at end of the period	134,425	171,695	134,425	171,695
	134,425	171,695	134,425	171,695

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

The Fund has been categorized as an Open -End Shariah Compliant (Islamic) Balanced Scheme as per the criteria laid down by the 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 2014.

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 2014, except for the following IAS which become effective during the period.

New, Revised and Amended Standards and Interpretations

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

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

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

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

6. BANK BALANCES

		(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Note	(Rupees in '000)	
Current account		2,253	7,323
Savings account	6.1	<u>132,172</u>	137,494
		<u>134,425</u>	<u>144,817</u>

6.1 Saving account carry profit rate ranging from 6.27% to 8.25% (30 June 2014: 6.27% and 8.5%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 6.206 million carrying profit rate of 6.27% (30 June 2014: 10.846 million)

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

		(Un-Audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Equity securities	7.1	111,835	124,038
Debt Securities	7.2	<u>25,000</u>	45,576
		<u>136,835</u>	<u>169,614</u>

FIRST HABIB ISLAMIC BALANCED FUND

7.1 Equity Securities

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Market Value as a Percentage of:	
							Net Assets	Total Investment
-----Number of shares----- (Rupees in '000)-----								
AUTOMOBILE & PARTS								
Atlas Honda Limited	32,500	-	32,500	-	-	-	-	-
Atlas Battery Limited	-	8,000	8,000	-	-	-	-	-
Ghandhara Nissan Limited	-	50,000	50,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	84,500	84,500	-	-	-	-	-
Indus Motor Company Limited	-	25,950	25,950	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	27,000	15,000	12,000	4,700	4,453	1.64	3.25
CHEMICALS								
Fauji Fertilizer Bin Qasim Limited	-	230,000	130,000	100,000	4,515	4,521	1.67	3.30
Fauji Fertilizer Company Limited*	-	101,000	82,400	18,600	2,173	2,178	0.80	1.59
Ghani Gases Limited	-	230,000	230,000	-	-	-	-	-
ICI Pakistan Limited	32,800	35,500	52,800	15,500	8,564	7,168	2.64	5.24
Sitara Peroxide Limited	-	100,000	-	100,000	1,360	1,374	0.51	1.00
CONSTRUCTION AND MATERIALS (CEMENT)								
Lafarge Pakistan Cement Limited	100,000	-	100,000	-	-	-	-	-
Attock Cement Limited	-	50,000	50,000	-	-	-	-	-
Akzo Nobel Pakistan Limited	-	3,000	3,000	-	-	-	-	-
Pronser Cement Limited	-	175,000	150,000	25,000	2,063	2,140	0.79	1.56
Fauji Cement Limited	150,000	185,000	284,500	50,500	1,066	1,305	0.48	0.95
Cherat Cement Limited	97,150	220,000	217,150	100,000	6,883	6,868	2.53	5.02
D. G. Khan Cement Limited	78,000	415,500	418,500	75,000	7,827	8,290	3.06	6.06
Kohat Cement Limited	15,000	47,900	62,900	-	-	-	-	-
Lucky Cement Limited*	5,000	95,800	87,900	12,900	5,816	6,454	2.38	4.72
Maple Leaf Cement Limited	196,000	155,000	351,000	-	-	-	-	-
ELECTRICITY								
Hub Power Company Limited	122,500	120,000	242,500	-	-	-	-	-
K- Electric Limited	50,000	186,000	236,000	-	-	-	-	-
ENGINEERING								
Millat Tractors Limited	-	42,800	31,700	11,100	7,304	7,180	2.65	5.25
Hinopak Motors Limited	-	1,800	1,800	-	-	-	-	-
Al-Ghazi Tractors Limited	-	28,100	15,700	12,400	5,538	4,551	1.68	3.33
FIXED LINE TELECOMMUNICATION								
P.T.C.L. "A"*	175,000	200,000	280,000	95,000	2,223	2,188	0.81	1.60
FOOD PRODUCERS								
Engro Foods Limited	21,000	-	21,000	-	-	-	-	-
National Foods Limited	-	36,600	31,600	5,000	1,828	1,981	0.73	1.45
GENERAL INDUSTRIALS								
Thal Limited	71,600	9,000	60,600	20,000	4,182	5,381	1.99	3.93
Siemens (Pakistan) Engineering Limited	880	-	880	-	-	-	-	-
OIL & GAS								
Attock Refinery Limited	9,700	49,700	59,400	-	-	-	-	-
Attock Petroleum Limited	-	22,050	10,000	12,050	6,900	6,502	2.40	4.75
Mari Petroleum Company Limited	-	106,600	101,600	5,000	3,105	2,377	0.88	1.74
Shell (Pakistan) Limited	11,000	4,300	15,300	-	-	-	-	-
Oil & Gas Development Company Limited	45,500	85,000	130,500	-	-	-	-	-
Pakistan Oilfields Limited	10,800	53,500	49,500	14,800	7,857	5,615	2.07	4.10
Pakistan Petroleum Limited*	-	92,000	35,000	57,000	11,861	10,062	3.71	7.35
Pakistan State Oil Company Limited*	28,660	153,000	153,660	28,000	10,101	10,021	3.70	7.32
PERSONAL GOODS (TEXTILE)								
Service Industries Pakistan Limited	23,600	-	23,600	-	-	-	-	-
Nishat Mills Limited	-	35,000	35,000	-	-	-	-	-
PHARMA AND BIO TECH								
Abbott Lab (Pakistan) Limited	-	44,250	44,250	-	-	-	-	-
GlaxoSmithKline Limited	-	35,000	35,000	-	-	-	-	-
Sanofi-aventis Limited	-	3,250	200	3,050	2,620	2,287	0.84	1.67
Searl Company Limited	-	147,500	117,500	30,000	7,856	7,255	2.68	5.30
Ferozsons Laboratories Limited	-	10,600	10,600	-	-	-	-	-
INDUSTRIAL TRANSPORT								
P.N.S.C	-	85,500	75,000	10,500	1,394	1,684	0.62	1.23
Total as at 31 December 2014					117,736	111,835		
Total as at 30 June 2014					126,207	124,038		

* Investments Include shares having Market Value of Rs. 10,729,500 pledged with National Clearing Company of Pakistan Limited.

FIRST HABIB ISLAMIC BALANCED FUND

7.2 Debt Securities

Name of the investee company	Number of certificates				As at 31 December 2014		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2014	Acquired during the period	Sold/ Redeemed during the period	As at 31 December 2014	Carrying value	Market Value		
(Rupees in '000)								
GOP Ijara Sukuk 9	9,000	-	9,000	-	-	-	-	-
Al Baraka Bank (Pakistan) Ltd	-	25	-	25	25,000	25,000	9.22	18.27
Total as at 31 December 2014					25,000	25,000		
Total as at 30 June 2014					45,032	45,576		

7.2.1 Al Baraka Bank Sukuk Certificates carry a profit rate of 6 Month Kibor+1.25 bps at 31 December 2014. Each certificate has a carrying value of Rs.1,000,000. The certificates mature on 26 March, 2015.

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

	Note	(Unaudited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Equity securities		(5,901)	(2,169)
Debt Securities		-	544
		<u>(5,901)</u>	<u>(1,625)</u>

8. FEDERAL EXCISE DUTY PAYABLE ON MANAGEMENT FEE

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on December 31, 2014 amounting to Rs.1.720 million (June 30, 2014 Rs 1.521 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs. 0.67 per unit (30 June 2014: Rs. 0.47 per unit).

10. 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. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

11. 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		Quarter ended 31 December	
	2014	2013	2014	2013
	------(Rupees in '000)-----			
Habib Asset Management Limited - Management Company				
Management fee	1,996	1,904	991	964
Sales Tax on Management Fee	347	353	172	179
Federal Excise Duty on Management fee	319	305	158	155
Al Habib Capital Markets (Private) Limited - Brokerage House				
Brokerage	94	75	26	20
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	353	381	177	193
Bank Al Habib Limited				
Profit on Bank Balances	351	32	73	16

Details of the balances with connected persons are as follows:

	(Unaudited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)
Bank Al Habib Limited		
Bank Balance	6,206	10,846
Habib Asset Management Limited - Management Company		
Management Company Fee payable	320	377
Sales Tax on Management fee payable	56	70
Federal Excise Duty on Management Fee payable	1,024	571
Al Habib Capital Markets (Private) Limited - Brokerage House		
Brokerage payable	95	4
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	59	58
Security Deposit - Non Interest bearing	100	100

Sale / Redemption of units	(Unaudited) Half year ended 31 December 2014		(Unaudited) Half year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	581,140	59,904	9,735	1,000
Other related parties				
- Directors of the Management Company	586	60	983	100
- Habib Asset Management Limited - Employees Provident Fund	-	-	4,745	500
Units sold to connected Parties holding 10% or more of the units in issue:				
- Hamdard laboratories Waqf Pakistan	653,460	67,323	241,516	25,000
Bonus units issued:				
Management Company				
Habib Asset Management Limited	-	-	17,445	1,758

FIRST HABIB ISLAMIC BALANCED FUND

	(Unaudited) Half year ended 31 December 2014		(Unaudited) Half year ended 31 December 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	-	-	2,609	263
- Habib Asset Management Limited - Employees Provident Fund	-	-	391	39
- Habib Insurance Company Limited - Employees Provident Fund	-	-	931	94
- Pioneer Cables Ltd.	-	-	116,533	11,745
Units Redeemed By:				
Management Company				
Habib Asset Management Limited	630,410	66,144	-	-
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
Associated Companies				
- Bank Al Habib Limited	252,322	26,737	252,322	27,136
- Habib Insurance Company Limited	706,724	74,888	706,724	76,004
Other related parties				
- Directors of the Management Company	39,470	4,182	16,331	1,756
- Habib Insurance Company Limited - Employees Provident Fund	16,952	1,796	15,296	1,645
- Pioneer Cables Ltd.	-	-	1,321,108	142,077
Connected Parties holding 10% or more of the units in issue:				
- Hamdard laboratories Waqf Pakistan	653,460	69,244	-	-

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 2014.

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 2014.

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	111,835	-	-	111,835
Debt Securities	-	25,000	-	25,000
	111,835	25,000	-	136,835

As at 30 June 2014, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	124,038	-	-	124,038
Government securities	-	45,576	-	45,576
	124,038	45,576	-	169,614

FIRST HABIB ISLAMIC BALANCED FUND

During the six months period ended 31 December 2014, 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.

13. 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 re-priced.

14. GENERAL

14.1 Figures for the quarter ended 31 December 2014 and the corresponding figures for the quarter ended 31 December 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

14.2 These condensed interim financial information were authorised for issue on February 16, 2015 by the board of directors of the Management Company.

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

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

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

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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