

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



Half Yearly Report
December 2015



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

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited has the pleasure to present the Condensed Interim Financial Statements of the various Funds under its management for the Half Year ended December 31, 2015.

The new fiscal year started on a positive note for the National Economy. A sharp decline was witnessed on international crude oil prices contributing to a sharp decline on Inflation. During the period under review, the Consumer Price Index (CPI) averaged to 2.1% YoY compared to 6.1% YoY for the corresponding period of the previous year, strengthening the Current Account position. Additionally, the State Bank of Pakistan (SBP) maintained its stance on reduction in the Discount Rate, bringing it down to an all-time low at 6.5%, with decline in yields of Government Securities. The Country's liquid Foreign Exchange reserves escalated to \$21bn in December 2015. Remittances were up 6% for 1st Half Year 2016 rising to US\$9,735mn in 1HFY16 against US\$9,162mn for the corresponding period.

The KSE 100 index benchmark reached an all-time high of 36,228.88 points in August 2015 but it lost 1,582.55 points (-4.60%) to close at 32,816.31 points on December 31, 2015, due to foreign investment outflow (US\$ 0.24 Billion), and also because of other global factors. The two most significant factors being the slowdown of the Chinese Economy, and the sharp decline in oil prices brought down to its lowest level in 11 years. A part from that the global economy also witnessed reduction in commodity prices. The U.S. Central Bank raised interest rates by 0.25% for the first time in nearly a decade at the end of 2015. But there is already growing criticism about its decision to raise the rates at all. This reflects on the volatility in the financial markets where even senior economists and policy makers have divergent views on the global economy.

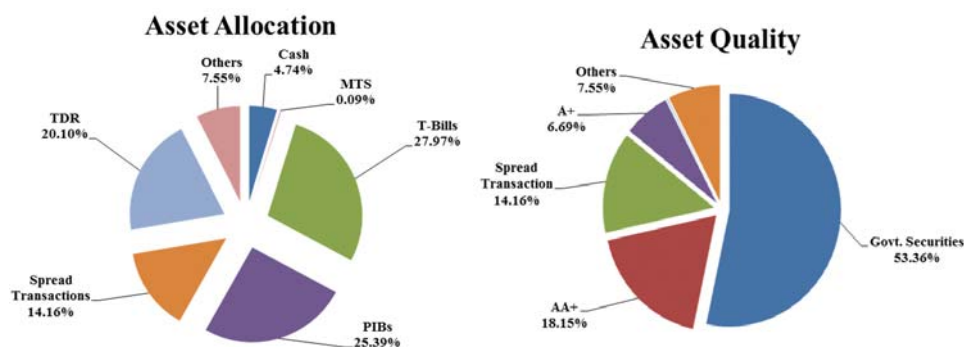
HABIB ASSETS FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The Net Assets of the Fund as of December 31, 2015 were Rs. 1.464 billion. During the Half Year Ended of the Financial Year 2016, the Fund generated Gross Earnings of Rs.93.242million (detailed below) and yielded a Return of 7.67% p.a.

	(Rs. In 000s)	
	1HFY16	
Profit on Bank Deposits	9,135	10%
Income from Government Securities	34,355	37%
Income from Margin Trading System	18,363	19.66%
Income from Clean Placements	316	0.34%
Dividend Income	6,538	7%
Net Gain/Loss on sale and revaluation of Investments	24,535	26%
Total Income	93,242	

The Asset Allocation and Credit Quality of FHIF as at December 31, 2015, can be viewed as under:

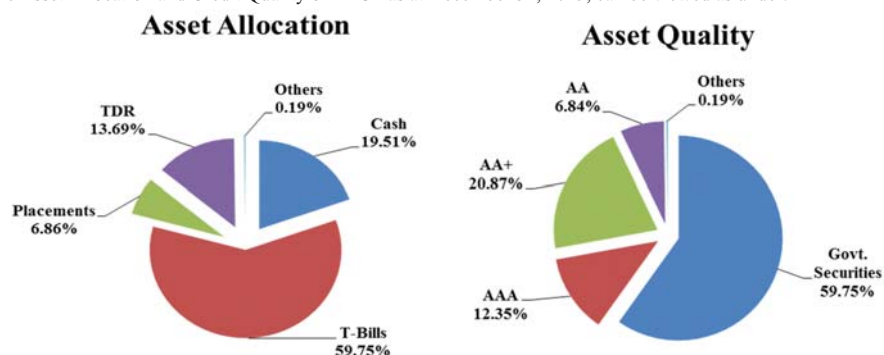


First Habib Cash Fund (FHCF)

The Fund's Net Assets at the Half Year ended stood at Rs. 1.43 billion. During the period under review, the Fund generated a Return of 5.53% p.a. and earned Gross Income of Rs.46.972million, as detailed below:

	(Rs. In 000s)	
	1HFY16	
Profit on Bank Deposits	5,367	11%
Income from Government Securities	37,822	81%
Markup Income on Placements	3,401	7%
Net Gain/Loss on sale and revaluation of Investments	382	1%
Total Income	46,972	

The Asset Allocation and Credit Quality of FHCF as at December 31, 2015, can be viewed as under:

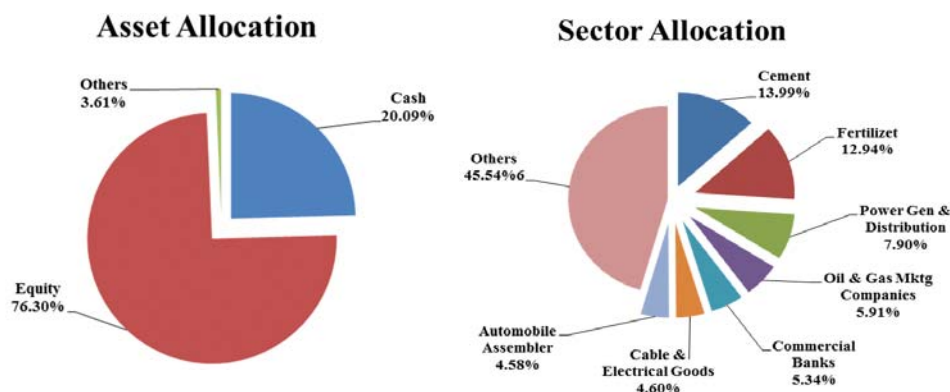


First Habib Stock Fund (FHSF)

The Fund's Net Assets as of December 31, 2015 stood at Rs. 183.445million. During the period under review, the Fund's suffered Gross Loss of Rs.6,765(due to Bearish Stock Market conditions)as detailed below:

	(Rs. In 000s) 1H FY16	
Profit on Bank Deposits	913	-13%
Dividend Income	2900	-43%
Net Gain/Loss on sale and revaluation of Investments	(10,578)	156%
Total Loss	(6,765)	

The Asset Allocation and Sector Allocation of FHSF as at December 31, 2015, can be viewed as under:

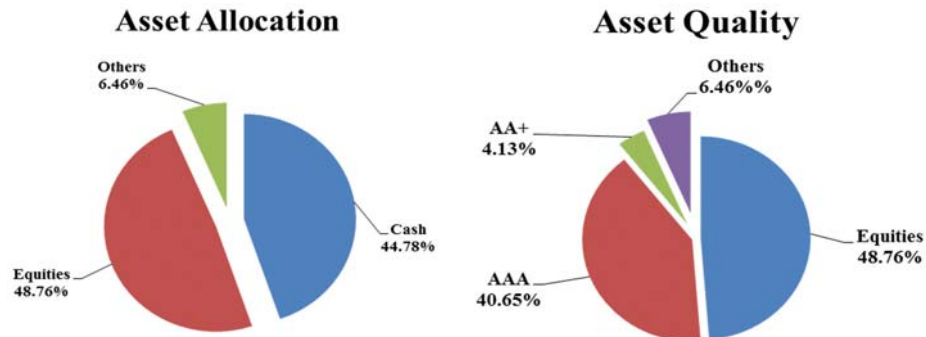


First Habib Islamic Balanced Fund (FHIBF)

The Fund's Net Assets stood at Rs. 103.01 million for the Half Year ended on December 31, 2015. During the period under review, the Fund earned Gross Loss of Rs.1,724 million as detailed below:

	(Rs. In 000s) 1H FY16	
Profit on Bank Deposits	765	-44%
Income from Debt Securities	271	-16%
Dividend Income	1,435	-83%
Net Gain/Loss on sale and revaluation of Investments	(4,195)	-243%
Total Loss	(1,724)	

The Asset Allocation and Credit Quality of FHIBF as at December 31, 2015, can be viewed as under:



Future Outlook

Looking ahead, we remain positive in terms of the General Economy of the Country with very encouraging improvement in the Law and Order situation of the Country.

We pray for the prosperity of Pakistan and remain hopeful for the country's socio-economic betterment in future.

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

ALI RAZA D. HABIB
Chairman
Habib Asset Management Limited

February 23rd, 2016

FIRST HABIB INCOME FUND
HALF YEARLY REPORT
31 December 2015

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Rating

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

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

**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.
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Email: info@cdcpak.com



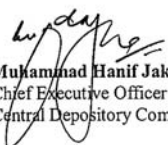
TRUSTEE REPORT TO THE UNIT HOLDERS

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, 2015 in accordance with the provisions of the following:

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


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

Karachi: February 17, 2016





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

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

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

Introduction


We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Income Fund (the Fund) as at 31 December 2015 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.


Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 23 February 2016

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2015

	Note	31 December 2015 (Rupees in '000) (Un-Audited)	30 June 2015 (Audited)
Assets			
Bank balances	6	370,945	145,029
Investments	7	1,007,517	681,369
Fair value of derivative		11,296	-
Receivable against margin trading system	8	1,828	415,592
Dividend and income receivable		17,080	23,771
Receivable against sale of units		66	1,947
Receivable against sale of investment		50,883	-
Deposits, advances, prepayments and other receivables	9	32,929	2,953
Total assets		1,492,544	1,270,661
Liabilities			
Payable to the Habib Asset Management Limited - the Management Company		2,591	2,205
Provision for federal excise duty on remuneration of the Management Company	10	7,082	4,830
Payable to Central Depository Company of Pakistan Limited - the Trustee		226	236
Payable to Securities and Exchange Commission of Pakistan		704	1,014
Provision for Workers' Welfare Fund	11	15,687	15,687
Accrued expenses and other liabilities		2,224	43,464
Total liabilities		28,514	67,436
Net assets		1,464,030	1,203,225
Unit holders' funds (as per the statement attached)		1,464,030	1,203,225
		(Number of Units)	
Number of units in issue		13,921,902	11,884,315
		(Rupees)	
Net asset value per unit		105.16	101.24
Contingencies and Commitments	12		

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

Note	Half-year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
(Rupees in '000)				
Income				
Profit on bank deposits	9,135	2,067	6,083	1,491
Income from term finance certificates	-	3,849	-	1,629
Income from government securities	34,355	32,353	18,588	18,329
Income from margin trading system	18,363	-	6,111	-
Income from placements	316	899	290	727
Dividend Income	6,538	-	1,438	-
Net gain on investments designated at fair value through profit and loss				
-Net capital gain on sale of investments	22,815	5,687	6,116	5,741
-Net unrealised (loss) / gain on revaluation of investments	(9,576)	8,428	(10,601)	8,992
-Unrealised appreciation on derivative financial instruments	11,296	-	12,605	-
	24,535	14,115	8,120	14,733
Total income	93,242	53,283	40,630	36,909
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	14,073	5,651	7,876	3,424
Sales tax on management fee	2,285	983	1,279	595
Federal Excise Duty on management fee	2,252	904	1,261	548
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,396	627	752	375
Annual fee - Securities and Exchange Commission of Pakistan	704	283	394	172
Brokerage	4,581	257	3,439	195
Settlement and bank charges	1,400	198	675	104
Annual listing fee	20	20	10	10
Auditors' remuneration	255	192	151	83
Mutual fund rating fee	273	117	136	58
Printing charges	43	43	21	21
Fee and charges to National Clearing Company of Pakistan Limited	126	-	64	-
Total expenses	27,408	9,275	16,058	5,585
Net Income from Operating Activities	65,834	44,008	24,572	31,324
Element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed - net	(11,332)	29,562	(10,285)	30,768
Workers' Welfare Fund	-	(1,471)	-	(1,232)
	(11,332)	28,091	(10,285)	29,536
Net income for the period	54,502	72,099	14,287	60,860

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half-year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net income for the period	54,502	72,099	14,287	60,860
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	54,502	72,099	14,287	60,860

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half-year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed income brought forward	14,462	1,031	54,677	12,270
Net income for the period	54,502	72,099	14,287	60,860
Undistributed income carried forward	<u>68,964</u>	<u>73,130</u>	<u>68,964</u>	<u>73,130</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half-year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	(Rupees in '000)			
Net assets at the beginning of the period* [Rs 101.24 (2014: Rs 100.14) per unit]	1,203,225	508,412	1,597,603	532,571
Issuance of 22,776,721 units (2014: 11,289,022 units)	2,359,198	1,170,560	1,328,012	1,050,522
Redemption of 20,739,134 units (2014: 3,133,135 units)	(2,164,227)	(324,287)	(1,486,157)	(215,963)
	194,971	846,273	(158,145)	834,559
Element of income and capital gains included in prices of units issued less those in units redeemed	11,332	(29,562)	10,285	(30,768)
Net income for the period	54,502	72,099	14,287	60,860
Other comprehensive gain/(loss)	-	-	-	-
Total comprehensive income for the period	54,502	72,099	14,287	60,860
Net assets at the end of the period [Rs 105.16 (2014: Rs 105.59) per unit]	1,464,030	1,397,222	1,464,030	1,397,222

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half-year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	54,502	72,099	14,287	60,860
Adjustments for non-cash items				
Unrealised gain / (loss) on revaluation of investments at fair value through profit or loss - net	9,576	(8,428)	10,601	(8,992)
Unrealised diminution on derivative financial instruments	(11,296)	-	(12,605)	-
Workers' Welfare Fund	-	1,471	-	1,232
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	11,332	(29,562)	10,285	(30,768)
	64,114	35,580	22,568	22,332
Decrease/(increase) in assets				
Placements	-	-	150,000	-
Investments	(335,724)	(1,054,490)	(158,754)	(1,029,442)
Receivable Against Margine Trading System	413,764	-	263,044	-
Income receivable	6,691	(19,503)	6,489	(28,664)
Receivable Against Sale of Units	1,881	(386)	(66)	(386)
Receivable Against Sale of Investment	(50,883)	-	(50,883)	-
Advances, deposits, prepayments and other receivables	(29,976)	14,980	(20,009)	30,010
	5,753	(1,059,399)	189,821	(1,028,482)
(Decrease)/increase in liabilities				
Payable to Management Company	386	993	(105)	864
Provision for Federal excise duty	2,252	1,427	1,261	548
Payable to Trustee	(10)	83	(51)	70
Payable to SECP	(310)	(176)	394	172
Payable against purchase of investment	-	225,432	(317)	225,432
Accrued expenses and other liabilities	(41,240)	74	(1,262)	(256)
	(38,922)	227,833	(80)	226,830
Net cash flow from / (used in) operating activities	30,945	(795,986)	212,309	(779,320)
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	194,971	846,273	(158,145)	834,559
Dividend paid during the period	-	-	-	-
Net cash flow (used in)/ from financing activities	194,971	846,273	(158,145)	834,559
Net increase in cash and cash equivalents during the period	225,916	50,287	54,164	55,239
Cash and cash equivalents at beginning of the period	145,029	6,704	316,781	1,752
Cash and cash equivalents at end of the period	370,945	56,991	370,945	56,991
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	70,945	6,991	70,945	6,991
Term deposit receipts maturity of 3 months and less	300,000	50,000	300,000	50,000
	370,945	56,991	370,945	56,991

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

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by 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, 2015.

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 2015, except as described below:

New, Revised and Amended Standards and Interpretations

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

FIRST HABIB INCOME FUND

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 2015.

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 2015.

6. BANK BALANCES

		31 December 2015 (Rupees in '000) (Un-Audited)	30 June 2015 (Audited)
	Note		
Savings accounts	6.1 & 6.2	5,096	13,386
Current Account	6.2	65,849	31,643
Term deposit receipts (TDR)	6.3	300,000	100,000
		<u>370,945</u>	<u>145,029</u>

6.1 Savings accounts carry profit rates ranging from 4.5% to 6% (2015: 5.5% to 9%) per annum.

6.2 It includes balance of Rs. 5.0872 Million (2015 13.378 Million) in saving account and Rs. 65.849 Million (2015 31.643 Million) in current account with Bank Al-Habib, a related party.

6.3 Term deposit receipts (TDR) have tenure of 3 months (2015: 2 months) and carry profit rate of 6.65% (2015: 7.40%) These TDRs will mature on 12 January 2016 & 03 February 2016.

7. INVESTMENTS

At fair value through profit or loss - held for trading

Government Securities	7.1	796,234	681,369
Investment in Shares	7.2	211,283	-
		<u>1,007,517</u>	<u>681,369</u>

7.1 Government Securities

Government Securities - Treasury Bills	7.1.1	417,382	270,744
Government Securities - Pakistan Investment Bonds	7.1.2	378,852	410,625
		<u>796,234</u>	<u>681,369</u>

FIRST HABIB INCOME FUND

7.1.1 Government Securities - Treasury Bills

Issue date	Tenor	Face Value				As at 31 December 2015		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
		As at 01 July 2015	Purchases during the period	Sales / Matured during the period	As at 31 December 2015	Carrying cost	Market value		
(Rupees in '000)									
3 Months									
30-Apr-15	3 Months	25,000	-	25,000	-	-	-	-	-
25-Jun-15	3 Months	100,000	130,000	230,000	-	-	-	-	-
9-Jul-15	3 Months	-	180,000	180,000	-	-	-	-	-
6-Aug-15	3 Months	-	100,000	100,000	-	-	-	-	-
17-Sep-15	3 Months	-	350,000	350,000	-	-	-	-	-
29-Oct-15	3 Months	-	250,000	250,000	-	-	-	-	-
12-Nov-15	3 Months	-	250,000	200,000	50,000	49,713	49,705	3.40	4.93
10-Dec-15	3 Months	-	200,000	-	200,000	197,860	197,856	13.51	19.64
6 Months									
5-Mar-15	6 Months	-	250,000	250,000	-	-	-	-	-
19-Mar-15	6 Months	-	125,000	125,000	-	-	-	-	-
30-Apr-15	6 Months	-	250,000	250,000	-	-	-	-	-
29-Jun-15	6 Months	100,000	-	100,000	-	-	-	-	-
9-Jul-15	6 Months	-	120,000	-	120,000	119,876	119,874	8.19	11.90
6-Aug-15	6 Months	-	400,000	400,000	-	-	-	-	-
1 Year									
13-Nov-14	1 Year	-	300,000	300,000	-	-	-	-	-
8-Jan-15	1 Year	50,000	-	-	50,000	50,358	49,947	3.41	4.96
6-Aug-15	1 Year	-	350,000	350,000	-	-	-	-	-
3-Sep-15	1 Year	-	100,000	100,000	-	-	-	-	-
30-Oct-15	1 Year	-	480,000	480,000	-	-	-	-	-
Total as at 31 December 2015						417,807	417,382		
Total as at 30 June 2015						270,375	270,744		

* Investment Include Market Treasury Bill having a Market Value of Rs. Nil (2015: 48.257 million) pledged with National Clearing Company of Pakistan Limited.

7.1.1.1 Rate of return on above Treasury Bills ranges from 6.26% to 9.10% (2015: 6.94% to 6.96%)

7.1.2 Government Securities - Pakistan Investment Bonds

Issue date	Tenor	Face Value				As at 31 December 2015		Market value	Market value
		As at 01 July 2015	Purchases during the period	Sales / Matured during the period	As at 31 December 2015	Carrying cost	Market value	as a percentage of net assets (%)	as a percentage of total investments (%)
(Rupees in '000)									
3 Years									
18-Jul-13	3 Years	-	150,000	150,000	-	-	-	-	-
17-Jul-14	3 Years	100,000	400,000	500,000	-	-	-	-	-
26-Mar-15	3 Years	100,000	787,500	887,500	-	-	-	-	-
5 Years									
19-Jul-12	5 Years	50,000	-	50,000	-	-	-	-	-
17-Jul-14	5 Years	-	350,000	250,000	100,000	111,384	112,075	7.66	11.12
26-Mar-15	5 Years	50,000	1,175,000	1,025,000	200,000	207,627	209,294	14.30	20.77
10 Year									
26-Mar-15	10 Year	100,000	200,000	300,000	-	-	-	-	-
19-Jul-12	10 Year	-	300,000	250,000	50,000	57,528	57,483	3.93	5.71
Total as at 31 December 2015						376,539	378,852		
Total as at 30 June 2015						409,778	410,625		

7.1.2.1 Rate of return on above Treasury Bills ranges from 9.25% to 12.00% (2015: 7.94% to 9.97%)

FIRST HABIB INCOME FUND

7.2 Investment in Shares

								Market Value as a Percentage of:	
Name of the Investee	As at 1 July 2015	Purchased during the period	Sold during the period	As at 31 December 2015	Carrying cost as at 31 December 2015	Market value as at 31 December 2015	Appreciation / (diminution)	Net Assets	Total Investments
COMMERCIAL BANKS									
Askari Bank Ltd.	-	515,000	515,000	-	-	-	-	0.00%	0.00%
Bank Alfalah Ltd.	-	1,000	1,000	-	-	-	-	0.00%	0.00%
National Bank of Pakistan	-	18,500	18,500	-	-	-	-	0.00%	0.00%
United Bank Ltd.	-	7,000	-	7,000	1,083	1,085	2	0.07%	0.11%
CABLE & ELETRICAL GOODS									
Pak Elektron Ltd	-	16,755,000	14,177,500	2,577,500	170,370	161,197	(9,173)	11.01%	16.00%
CEMENT									
D.G. Khan Cement	-	60,500	60,500	-	-	-	-	-	-
Fauji Cement	-	1,634,500	1,285,500	349,000	12,638	12,850	212	0.88%	1.28%
Maple Leaf Cement	-	1,453,000	1,427,000	26,000	1,900	1,939	39	0.13%	0.19%
FERTILIZER									
Engro Fertilizers	-	268,500	268,500	-	-	-	-	0.00%	0.00%
Engro Corporation	-	1,030,000	991,500	38,500	11,131	10,757	(374)	0.73%	1.07%
Fauji Fertilizer Bin Qasim	-	2,060,500	2,060,500	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Company	-	232,500	232,500	-	-	-	-	0.00%	0.00%
INSURANCE									
Adamjee Insurance Co. Ltd.	-	321,500	321,500	-	-	-	-	0.00%	0.00%
OIL & GAS EXPLORATION COMPANIES									
Pakistan Petroleum Ltd	-	77,000	67,000	10,000	1,187	1,218	31	0.08%	0.12%
OIL & GAS MARKETING COMPANIES									
Pakistan State Oil Co. Ltd	-	34,500	34,500	-	-	-	-	0.00%	0.00%
Sui Northern Gas	-	2,999,500	2,979,500	20,000	479	481	2	0.03%	0.05%
Sui Southern Gas	-	5,399,000	4,816,500	582,500	23,959	21,756	(2,203)	1.49%	2.16%
TEXTILE COMPOSITE									
Nishat Mills	-	644,500	644,500	-	-	-	-	0.00%	0.00%
Nishat (Chunian) Ltd	-	20,000	20,000	-	-	-	-	0.00%	0.00%
POWER GENERATION & DISTRIBUTION									
Hub Power Company Ltd	-	50,000	50,000	-	-	-	-	0.00%	0.00%
REFINERY									
Attock Refinery Ltd	-	10,000	10,000	-	-	-	-	0.00%	0.00%
TECHNOLOGY & COMMUNICATION									
P.T.C.L. "A"	-	20,000	20,000	-	-	-	-	0.00%	0.00%
Total as at 31 December 2015					222,747	211,283	(11,464)		
Total as at 30 June 2015					-	-	-		

7.2.1 Investment includes 311,000 shares of Sui Southern Gas (MV Rs.11,615,850), 52,100 shares of Pak Elektron Ltd. (MV Rs.32,583,340) and 28,000 shares of Engro Corporation (MV Rs. 7,822,920), which have been deposited with National Clearing Company of Pakistan Limited as Collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in circular no. 11 dated 23 October 2007 issued by SECP.

Note	31 December 2015	30 June 2015
	(Rupees in '000)	(Rupees in '000)
	(Un-Audited)	(Audited)
7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
Market Treasury Bills	(425)	369
Pakistan Investment Bonds	2,313	847
Investment in Shares	7.2 (11,464)	-
	(9,576)	1,216

8. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading of eligible listed equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 9.30% to 18.20% (2015: 9.45% to 16.58%), the market value of listed shares held under the margin trading amounted to Rs. 1.665 million (2015: 509.946).

Note	31 December 2015 (Rupees in '000) (Un-Audited)	30 June 2015 (Audited)
9. DEPOSITS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Deposit with NCCPL	2,500	2,500
Deposit with CDC	100	100
Deposit with NCCPL for MTS	250	250
Cash Margin to NCCPL against equity transaction	30,000	-
Withholding tax on dividend income	59	-
Annual Listing fee of Lahore Stock Exchange	20	-
NCSS MTS account maintenance fee	-	103
	32,929	2,953

10. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

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 2015.

11. PROVISION FOR WORKERS' WELFARE FUND

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

The Fund maintained a provision for WWF as on December 31, 2015 amounting to Rs.15.687 million (June 30, 2015 : Rs 15.687 million).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than 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.

14. DERIVATIVE INSTRUMENTS

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

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

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2015.

16. FAIR VALUE HIERARCHY

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

FIRST HABIB INCOME FUND

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

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

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

As at 31 December 2015, all the investments were categorised in Level 2. During the six months period ended 31 December 2015, 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.

17. 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	
	2015	2014	2015	2014
	(Rupees in '000)			
Habib Asset Management Limited - Management Company				
Management fee	14,073	5,651	7,876	3,424
Sales Tax on Management Fee	2,285	983	1,279	595
FED on Management Fee	2,252	904	1,261	548
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,396	627	752	375
Profit Bank AL Habib Limited				
Profit on bank balances	4,668	1,765	2,463	1,189

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

	31 December 2015	30 June 2015
	(Un-Audited)	(Audited)
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	2,229	1,900
Sales Tax on Management Fee	362	305
FED on Management Fee	7,082	4,830
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	226	236
Bank AL Habib Limited		
Bank balance	70,936	45,019

FIRST HABIB INCOME FUND

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

	Half-year ended 31 December 2015 (Unaudited) (Units) (Rupees in '000)		Half-year ended 31 December 2014 (Unaudited) (Units) (Rupees in '000)	
Units sold to:				
Management Company				
Habib Asset Management Limited	1,380,063	141,974	2,647,487	275,123
Associated Companies				
Habib Insurance Company Limited	911,493	95,000	676,785	70,000
Other related parties				
Habib Asset Management Limited - Employees Provident Fund	19,143	2,000	8,679	900
Habib Sugar Mills Limited	12,085,037	1,250,000	2,425,465	250,000
Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	78,415	8,100	-	-
Sukaina Education And Welfare Trust	-	-	758,155	79,311
Directors and Executives of the Management Company	71,928	7,518	10,030	1,046
Units sold to Connected Parties holding 10% or more of the units in				
Fauji Fertilizer Bin Qasim Limited	-	-	1,428,569	150,000
Attock Cement Pakistan Ltd	1,691,951	176,442	-	-
	Half-year ended 31 December 2015 (Unaudited) (Units) (Rupees in '000)		Half-year ended 31 December 2014 (Unaudited) (Units) (Rupees in '000)	
Units redeemed by:				
Management Company				
Habib Asset Management Limited	805,782	82,732	1,544,944	160,683
Associated Companies				
Bank Al Habib Limited	-	-	-	-
Habib Insurance Company Limited	2,606,464	226,216	-	-
Other related parties				
Directors and Executives of the Management Company	18,602	1,891	198	20
Greenshield Insurance Brokers (Pvt) Ltd	15,369	1,600	4,976	500
Habib Asset Management Limited - Employees Provident Fund	13,335	1,379	5,912	598
Habib Sugar Mills Limited	12,085,037	1,257,932	-	-
Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	84,430	8,817	-	-
Dawood Habib Memorial Trust	180,977	18,827	-	-
Murtaza Habib	-	-	14,185	1,421
Units held by:				
Management Company				
Habib Asset Management Limited	1,292,126	135,880	1,371,606	144,822
Associated Companies				
Bank AL Habib Limited	1,357,163	142,719	2,696,602	284,723
Habib Insurance Company Limited	-	-	685,788	72,410
Other related parties				
Directors and Executives of the Management Company	83,000	8,728	11,117	1,174
Greenshield Insurance Brokers (Pvt) Ltd	23,964	2,520	26,598	2,808
Habib Insurance Company Limited Employees Provident Fund	91,958	9,670	84,372	8,909
Habib Asset Management Limited - Employees Provident Fund	11,512	1,211	8,679	916
Mrs. Shama Sajjad Habib	203,437	21,394	188,352	19,887
Mrs. Hina Shoaib	165	17	152	16
Mr. Murtaza Habib	-	-	-	-
Mr. Sajjad Hussain	4,663	490	4,317	456
Mr. Qumail Habib	15,311	1,610	14,175	1,497
Mr. Abbas D Habib	15,311	1,610	14,175	1,497
Mr. Ali Asad Habib	13,756	1,447	12,735	1,345

FIRST HABIB INCOME FUND

	Half-year ended 31 December 2015		Half-year ended 31 December 2014	
	(Unaudited)		(Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Mr Munawar Ali Habib	4,665	491	4,319	456
Habib Sugar Mills Limited	-	-	2,425,465	256,095
Sukaina Education And Welfare Trust	915,407	96,264	758,155	80,051
Apwa Ra'ana Liaquat Craftsmen Colony	57,648	6,062	-	-
Dawood Habib Memorial Trust	398,025	41,857	-	-
Connected Parties holding 10% or more of the units in issue:				
Fauji Fertilizer Bin Qasim Limited	-	-	1,428,569	150,837
Attock Cement Pakistan Ltd	1,691,951	177,926	-	-

18. GENERAL

18.1 Figures for the quarter ended 31 December 2015 and the corresponding figures for the quarter ended 31 December 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

18.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on **23rd February 2016**.

18.3 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 2015

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited

Rating

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

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

**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, 2015 in accordance with the provisions of the following:

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

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

Karachi: February 17, 2016





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 2015 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: 23 February 2016

Karachi

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015

	Note	31 December 2015 (Un-audited) ---- (Rupees in '000) ----	30 June 2015 (Audited)
Assets			
Bank balances	6	37,871	1,892
Investments	7	143,839	90,514
Dividend and income receivable	8	302	429
Deposits, advances, prepayments and other receivables	9	3,671	13,624
Advance against subscription of shares		25	-
Receivable against sale of investments		2,801	13,194
Total assets		188,509	119,653
Liabilities			
Payable to Habib Asset Management Limited - Management Company	10	353	244
Provision for federal excise duty on remuneration of the Management Company	11	1,767	1,517
Payable to Central Depository Company of Pakistan Limited - Trustee		68	88
Payable to Securities and Exchange Commission of Pakistan (SECP)		74	143
Provision for Workers' Welfare Fund	12	2,332	2,332
Accrued expenses and other liabilities		470	1,257
Total liabilities		5,064	5,581
Net assets		183,445	114,072
Unit holders' funds (as per statement attached)		183,445	114,072
		(Number of units)	
Number of units in issue		1,924,013	1,108,428
		(Rupees)	
Net asset value per unit		95.34	102.91
Contingencies and Commitments	13		

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
Note	(Rupees in '000)			
Income				
Profit on bank deposits	913	575	555	235
Dividend income	2,900	3,251	1,535	1,441
Net (loss) / gain on investment at fair value through profit or loss				
-Net capital (loss) / gain on sale of investment classified as held for trading	(2,608)	15,478	(4,670)	12,217
-Net unrealised (loss) / gain on revaluation of investment classified as held for trading	(7,970)	(3,023)	5,087	(3,173)
	(10,578)	12,455	417	9,044
Total (loss) / income	(6,765)	16,281	2,507	10,720
Expenses				
Remuneration of Habib Asset Management Limited				
- Management Company	1,565	1,903	857	698
Federal excise duty on management fee	251	304	138	106
Sales tax on management fee	255	332	140	139
Remuneration of Central Depository Company of Pakistan Limited - Trustee	401	353	159	159
Annual fee - SECP	74	71	40	33
Brokerage expense	1,312	745	548	452
Settlement and bank charges	219	180	135	127
Annual listing fee	10	10	5	5
Auditors' remuneration	178	167	89	105
Amortisation of preliminary expenses and floatation costs	-	55	-	55
Mutual fund rating fee	112	83	42	41
Federal excise duty on brokerage expense	148	107	54	63
Printing charges	43	43	21	21
Total expenses	4,568	4,353	2,228	2,004
Net (loss) / income from operating activities	(11,333)	11,928	279	8,716
Net Element of income/(loss) and capital gains/(loss) included in prices of units issued less those in units redeemed	(2,844)	1,223	(1,206)	3,805
Worker Welfare Fund	-	(263)	-	(255)
Net (loss) / income for the period	(14,177)	12,888	(927)	12,266
Earning Per Unit				
	14			

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net (loss)/income for the period	(14,177)	12,888	(927)	12,266
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(14,177)</u>	<u>12,888</u>	<u>(927)</u>	<u>12,266</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed (loss) / gain brought forward	4,281	5,044	(8,969)	5,666
Net (loss) / income for the period	(14,177)	12,888	(927)	12,266
Undistributed income/ (loss) carried forward	<u>(9,896)</u>	<u>17,932</u>	<u>(9,896)</u>	<u>17,932</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	(Rupees in '000)			
Net assets at the beginning of the period [Rs 102.91 (2014: Rs 103.63) per unit]	114,072	147,628	160,599	131,794
Issuance of 1,452,842 units (2014: 1,877,391 units)	145,492	201,069	47,523	116,349
Redemption of 637,256 units (2014: 1,718,910 units)	(64,786)	(183,447)	(24,956)	(79,689)
	80,706	17,622	22,567	36,660
Element of income /(loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	2,844	(1,223)	1,206	(3,805)
Net income/(loss) for the period	(14,177)	12,888	(927)	12,266
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(14,177)	12,888	(927)	12,266
Net assets at the end of the period [Rs 95.36 (2014: Rs 111.75) per unit]	183,445	176,915	183,445	176,915

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income/(loss) for the period	(14,177)	12,888	(927)	12,266
Adjustments for non-cash items				
Unrealised (appreciation)/ diminution on investments at fair value through profit or loss - net	7,970	3,023	(5,087)	3,173
Net element of (loss)/ income and capital (loss)/ gains included in prices of units issued less those in units redeemed	2,844	(1,223)	1,206	(3,805)
Provision for Workers' Welfare fund	-	263	-	255
Amortisation of preliminary expenses and floatation costs	-	55	-	55
	(3,363)	15,006	(4,808)	11,944
(Increase) / decrease in assets				
Investments	(61,295)	(19,570)	(13,029)	(45,834)
Dividend and income receivable	127	201	938	1,255
Deposits, advances, prepayments and other receivables	9,953	1,845	(5)	755
Receivable against sale of investments	10,393	11,253	(2,701)	-
Advance against subscription of shares	(25)	-	(25)	-
	(40,847)	(6,271)	(14,822)	(43,824)
Increase / (decrease) in liabilities				
Payable to Management Company	109	108	61	(116)
Provision for Federal Excise Duty of Management Company	250	300	137	112
Payable to Trustee	(20)	(4)	(25)	(7)
Payable to SECP	(69)	(100)	40	33
Payable against purchase of investments	-	-	(6,149)	(4,123)
Accrued expenses and other liabilities	(787)	(22,441)	(466)	819
	(517)	(22,137)	(6,402)	(3,282)
Net cash (utilized in) / generated from operating activities	(44,727)	(13,402)	(26,032)	(35,162)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	80,706	17,622	22,567	26,610
Dividend paid during the period	-	-	-	-
	80,706	17,622	22,567	26,610
Net (decrease) / increase in cash and cash equivalents during the period	35,979	4,220	(3,465)	(8,552)
Cash and cash equivalents at the beginning of the period	1,892	8,687	41,336	21,459
Cash and cash equivalents at the end of period	37,871	12,907	37,871	12,907

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB STOCK FUND

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

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 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, 2015

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 2015, except as described below:

New, Revised and Amended Standards and Interpretations

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above amendments 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 2015.

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 2015.

6. BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited, a related party and carries profit rate of 5.5 % (30 June 2015:7.50 %) per annum.

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
Note	(Rupees in '000)	

7. INVESTMENTS

At fair value through profit or loss

Equity securities	7.1	<u><u>143,839</u></u>	<u><u>90,514</u></u>
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7.1 Equity securities

Name of the Investee	As at 1 July 2015	Purchased / Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2015	Carrying value as at 31 December 2015	Market value as at 31 December 2015	Market Value as a	
							Net Assets	Total Investment
-----Number of shares----- (Rupees in '000)-----								
AUTOMOBILE ASSEMBLER								
Millat Tractors Ltd	-	8,000	300	7,700	4,619	4,255	2.32%	2.96%
Honda Atlas Cars (Pakistan) Ltd	14,500	23,500	28,000	10,000	2,434	2,389	1.30%	1.66%
Pak Suzuki Motor Co. Ltd.	-	7,700	3,700	4,000	1,937	1,981	1.08%	1.38%
AUTOMOBILE PARTS & ACCESSORIES								
General Tyre & Rubber Co. of Pak	-	92,100	46,800	45,300	7,913	7,772	4.24%	5.40%
Thal Limited (a related party)	7,500	-	7,500	-	-	-	0.00%	0.00%
COMMERCIAL BANKS								
Askari Bank Ltd.	-	130,000	130,000	-	-	-	0.00%	0.00%
Habib Bank Ltd.	-	10,000	10,000	-	-	-	0.00%	0.00%
Habib Metropolitan Bank Ltd.	-	12,000	12,000	-	-	-	0.00%	0.00%
MCB Bank Ltd.	8,070	18,000	2,500	23,570	6,015	5,111	2.79%	3.55%
National Bank of Pakistan	-	65,000	65,000	-	-	-	0.00%	0.00%
United Bank Ltd.	27,271	25,000	20,271	32,000	5,182	4,958	2.70%	3.45%
CHEMICAL								
Archroma Pakistan	-	12,400	12,400	-	-	-	0.00%	0.00%
I. C. I. Pakistan	3,150	14,700	9,850	8,000	3,897	3,872	2.11%	2.69%
Sitara Peroxide	-	100,000	100,000	-	-	-	0.00%	0.00%
CHEMICALS								
Engro Fertilizers	12,500	601,000	515,500	98,000	8,821	8,245	4.49%	5.73%
Engro Corporation	19,500	191,500	194,500	16,500	4,764	4,610	2.51%	3.20%
Fauji Fertilizer Bin Qasim	85,000	432,500	415,000	102,500	6,215	5,400	2.94%	3.75%
Fauji Fertilizer Company	20,000	61,500	29,500	52,000	6,944	6,135	3.34%	4.27%
CEMENT								
Attock Cement	-	5,000	-	5,000	851	839	0.46%	0.58%
Cherat Cement	32,000	70,000	87,000	15,000	1,372	1,353	0.74%	0.94%
D.G. Khan Cement	37,500	299,300	296,600	40,200	5,636	5,933	3.23%	4.12%
Fauji Cement	45,000	395,000	398,000	42,000	1,481	1,546	0.84%	1.07%
Javedan Corporation	-	157,500	58,000	99,500	3,809	3,249	1.77%	2.26%
Lucky Cement	7,100	84,200	82,300	9,000	4,462	4,455	2.43%	3.10%
Maple Leaf Cement	-	542,000	466,000	76,000	5,403	5,668	3.09%	3.94%
Pioneer Cement	34,500	120,000	134,500	20,000	1,740	1,817	0.99%	1.26%

FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2015	Purchased / Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2015	Carrying value as at 31 December 2015	Market value as at 31 December 2015	Market Value as a	
							Net Assets	Total Investment
		-----Number of shares-----		----- (Rupees in '000) -----				
POWER GENERATION & DISTRIBUTION								
Altern Energy Ltd	-	48,500	3,500	45,000	1,714	1,463	0.80%	1.02%
Hub Power Company Ltd	58,000	249,500	227,500	80,000	8,287	8,208	4.47%	5.71%
K-Electric Ltd	275,000	-	275,000	-	-	-	0.00%	0.00%
Nishat Chunian Power Ltd	40,000	10,000	-	50,000	2,941	2,752	1.50%	1.91%
Nishat Power Ltd	40,000	6,000	-	46,000	2,666	2,469	1.35%	1.72%
TECHNOLOGY & COMMUNICATION								
Hum Network	150,000	247,500	397,500	-	-	-	0.00%	0.00%
P.T.C.L. "A"	115,000	310,000	425,000	-	-	-	0.00%	0.00%
FOOD & PERSONAL CARE PRODUCTS								
Engro Foods Ltd	-	252,900	242,500	10,400	1,526	1,525	0.83%	1.06%
Al Shaheer Corporation Ltd	-	238,500	238,500	-	-	-	0.00%	0.00%
National Foods Ltd	3,900	-	3,900	-	-	-	0.00%	0.00%
ENGINEERING								
Mughal Iron & Steel Ind. Ltd.	-	114,500	86,500	28,000	1,968	1,952	1.06%	1.36%
INSURANCE								
Adamjee Insurance Co. Ltd.	-	139,000	99,000	40,000	2,316	2,260	1.23%	1.57%
OIL & GAS EXPLORATION COMPANIES								
Mari Petroleum Co. Ltd	10,900	12,600	23,500	-	-	-	0.00%	0.00%
Oil & Gas Development Co. Ltd	20,069	45,000	65,069	-	-	-	0.00%	0.00%
Pakistan Oilfields Ltd	10,069	16,000	14,069	12,000	3,674	3,216	1.75%	2.24%
Pakistan Petroleum Ltd	23,251	18,500	24,751	17,000	2,154	2,070	1.13%	1.44%
OIL & GAS MARKETING COMPANIES								
Hascol Petroleum Ltd	-	167,100	137,100	30,000	4,635	4,328	2.36%	3.01%
Pakistan State Oil Co. Ltd	11,500	37,000	42,500	6,000	2,009	1,955	1.07%	1.36%
Shell (Pakistan) Ltd	10,000	-	10,000	-	-	-	0.00%	0.00%
Sui Northern Gas	-	507,500	437,500	70,000	2,033	1,683	0.92%	1.17%
Sui Southern Gas	-	845,000	760,000	85,000	3,497	3,175	1.73%	2.21%
FINANCIAL SERVICES								
Jahangir Siddiqui & Co. Ltd	-	45,000	45,000	-	-	-	0.00%	0.00%
PAPER AND BOARD								
Packages Limited XD	-	15,350	5,350	10,000	5,859	5,821	3.17%	4.05%
CABLE & ELECTRICAL GOODS								
TPL Trakker Limited	-	954,500	834,500	120,000	2,014	1,793	0.98%	1.25%
Pak Elektron Ltd	-	842,000	732,000	110,000	7,466	6,879	3.75%	4.78%
TEXTILE COMPOSITE								
Nishat Mills	-	193,000	148,000	45,000	4,447	4,269	2.33%	2.97%
REFINERY								
Attock Refinery Ltd	-	80,100	80,100	-	-	-	0.00%	0.00%
Byco Petroleum Pakistan Ltd	-	512,000	332,000	180,000	4,598	3,957	2.16%	2.75%
Pakistan Refinery Ltd	-	77,500	77,500	-	-	-	0.00%	0.00%
TRANSPORT								
Pakistan Int Bulk Terminal	-	411,300	376,300	35,000	1,203	979	0.53%	0.68%
PHARMACEUTICALS								
GlaxoSmithKline	13,000	8,100	16,000	5,100	1,040	1,123	0.61%	0.78%
The Searle Company	-	15,750	9,750	6,000	2,267	2,374	1.29%	1.65%
Ferozsons Laboratories	2,500	-	2,500	-	-	-	0.00%	0.00%
Total as at 31 December 2015					151,809	143,839		
Total as at 30 June 2015					88,554	90,514		

7.1.1 Investment includes 17,500 shares of D.G Khan Cement Company Limited (MV Rs. 2,582,825), 9,500 shares of Engro Corporation Limited (MV Rs. 2,654,205), 15,000 shares of Fauji Fertilizer Company Limited (MV1,769,700) 13,500 shares of The Hub Power Limited (MV Rs. 1,385,100), 40,000 shares of Nishat Power Company Limited (MV Rs.2,174,200) and 40,000 shares of Nishat Chunian Power Company Limited (MV Rs. 2,202,000) which have been deposited with National Clearing Company of Pakistan Limited as Collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in circular no. 11 dated 23 October 2007 issued by SECP.

FIRST HABIB STOCK FUND

	31 December 2015 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
8. DIVIDEND AND INCOME RECEIVABLE		
Dividend receivable	107	342
Profit receivable on savings account	195	87
	<u>302</u>	<u>429</u>
9. DEPOSITS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash margin to NCCPL against equity transaction	1,000	1,000
Deposit with Central Depository Company of Pakistan Limited	100	100
Advance against subscription of shares	-	9,500
Advance against sale of units	-	516
Advance tax	61	8
Prepayments	10	-
	<u>3,671</u>	<u>13,624</u>
10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration payable to Management Company	304	244
Sales tax payable on Management Fee	49	-
	<u>353</u>	<u>244</u>

11. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of petition pending with SHC as reported in note 13 to the annual financial statements of the fund for the year ended 30 June 2015.

12. PROVISION FOR WORKERS' WELFARE FUND

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

The Fund maintained a provision for WWF as on December 31, 2015 amounting to Rs.2.332 million (June 30, 2015 : 2.332 million).

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015.

14. EARNINGS PER UNIT

Earnings per unit (EPU) for the six months period ended 31 December 2015 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2015.

Fair value hierarchy

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

Level 1: Fair value measurements using quoted 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).

FIRST HABIB STOCK FUND

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

No transfers between any level of the fair value hierarchy took place during the period.

During the six months period ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 December 2015, all the investments were categorized in Level 1.

16. TAXATION

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

17. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of transactions with connected persons are as follows:

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	1,565	1,903	857	698
Sales tax on Management Fee	255	332	140	139
Federal excise duty on Management fee	251	304	138	106
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	69	69	45	45
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	401	351	159	159
Bank Al Habib Limited				
Profit on bank balances	913	575	555	235
			31 December	30 June
			2015	2015
			(Unaudited)	(Audited)
			(Rupees in '000)	

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

Bank Al Habib Limited		
Bank balance	37,871	12,907
Habib Asset Management Limited - Management Company		
Management Company Fee payable	304	286
Sales tax on Management fee payable	49	61
Federal excise duty on Management Fee payable	1,767	1,207
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	68	59
- Security deposit - non interest bearing	100	100

FIRST HABIB STOCK FUND

17.1 Sale / Redemption of units for the period ended 31 December	Half Year ended 31 December 2015		Half Year ended 31 December 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Other related parties				
- Directors of the Management Company	6,590	649	2,182	228
- Habib Asset Management Limited - Employees Provident Fund	12,476	1,279	6,305	718
- Mr. Junaaid Kasbati	-	-	394	40
- Mr. Ishrat Malik	5,084	540	5,530	625
- Mr. Haider Azeem	4,306	418	289	30
- Mr. Abbas	2,103	200	13,315	1,462
- Habib Asset Management	822,935	82,707	1,539,460	163,816
Units redeemed by:				
Other related parties				
- Habib Insurance Company Limited	-	-	630,016	65,675
- Habib Asset Management	197,798	20,991	875,345	93,577
- Mr. Ishrat Malik	5,084	504	3,821	401
- Mr. Junaaid Kasbati	-	-	688	73
- Mr. Abbas	2,103	204	3,128	347
- Mr. Haider Azeem	4,212	405	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	746,958	71,219	664,115	74,216
Associated Companies				
- Bank AL Habib Limited	100,000	9,534	500,000	55,875
- Habib Asset Management Limited - Employees Provident Fund	12,476	1,190	7,436	831
Other related parties				
- Directors of the Management Company	23,673	2,257	12,645	1,413
- Mrs. Razia Habib	956	91	840	94
- Mr. Sajjad Hussain	19,007	1,812	16,706	1,867
- Mr. Aun Mohammad Ali Raza Habib	17,670	1,685	17,670	1,975
- Mr. Ali Raza D Habib	-	-	50,754	5,672
- Miss. Fatima Ali Raza Habib	14,382	1,372	12,640	1,413
- Mr. Abbas	-	-	10,187	1,138
- Mr. Ishrat Malik	-	-	5,530	618
- Mr. Ali Raza D Habib	57,744	5,506	50,754	5,672
- Mr. Haider Azim	383	37	289	32

18. GENERAL

18.1 Figures for the quarter ended December 31, 2015 and the corresponding figures for the quarter ended December 31, 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

18.2 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on **23rd February 2016**.

18.3 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 2015

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

Audit Committee

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

CFO and Company Secretary

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

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'
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



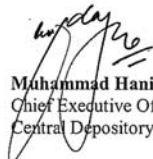
TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB 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, 2015 in accordance with the provisions of the following:

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


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: February 17, 2016





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

Introduction

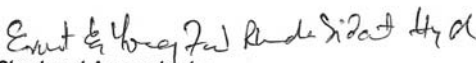
We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Cash Fund** (the Fund) as at 31 December 2015 and the related condensed interim statements of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with 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: 23 February 2016

Karachi

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2015

	Note	31 December 2015 (Unaudited)	30 June 2015 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	6	485,039	555,465
Placements	7	100,215	200,000
Investments	8	872,748	640,002
Income receivable	9	2,664	5,978
Prepayments		44	122
Preliminary expenses and floatation costs		116	424
Total assets		1,460,826	1,401,991
Liabilities			
Payable to Habib Asset Management Limited - the Management Company	10	1,059	2,216
Payable for federal excise duty on remuneration of the Management Company	11	12,609	11,684
Payable to Central Depository Company of Pakistan Limited - the Trustee		163	227
Payable to Securities and Exchange Commission of Pakistan		510	2,432
Provision for Workers' Welfare Fund	12	16,410	16,410
Accrued expenses and other liabilities		1,155	90,817
Total liabilities		31,906	123,786
Net assets		1,428,920	1,278,205
Unit holders' funds (as per statement attached)		1,428,920	1,278,205
(Number of units)			
Number of units in issue		13,805,025	12,692,998
(Rupees)			
Net asset value per unit		103.51	100.70
Contingencies and Commitments	13		

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

Note	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	5,367	23,228	2,923	8,720
Income from Government Securities	37,822	141,389	18,449	70,908
Markup income on placements	3,401	891	1,743	770
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain on sale of investment classified as held for trading	296	2,335	249	2,222
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	86	(103)	(611)	18
	382	2,232	(362)	2,240
Total income	46,972	167,740	22,753	82,638
Expenses				
Remuneration of Habib Asset Management Limited - the Management Company	5,780	15,948	2,931	7,383
Sales tax on management fee	939	2,776	476	1,286
Federal excise duty on management fee	925	2,552	469	1,182
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,011	1,635	509	804
Annual fee - SECP	510	1,257	259	615
Brokerage	50	98	20	50
Settlement and bank charges	18	36	10	19
Auditors' remuneration	186	179	92	84
Amortisation of preliminary expenses and floatation costs	308	308	154	154
Annual listing fee	20	20	10	10
Mutual fund rating fee	101	96	51	48
Printing charges	43	64	21	42
Total expenses	9,891	24,969	5,002	11,677
Net Income from Operating Activities	37,081	142,771	17,751	70,961
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	(1,651)	(9,583)	(197)	(14,403)
Provision for Workers' Welfare Fund	-	(2,664)	-	(1,375)
	(1,651)	(12,247)	(197)	(15,778)
Net income for the period	35,430	130,524	17,554	55,183
Earnings per unit	14			

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

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

Chief Executive

Director

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net income for the period	35,430	130,524	17,554	55,183
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	35,430	130,524	17,554	55,183

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Undistributed income brought forward	11,466	4,123	29,342	79,464
Net income for the period	35,430	130,524	17,554	55,183
Undistributed Income carried forward	46,896	134,647	46,896	134,647

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB CASH FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net assets at the beginning of the period [Rs.100.70 (2014: Rs 100.14) per unit]	1,278,205	3,705,407	1,239,341	3,205,434
Issuance of 10,237,660 units (2014 12,976,599 units)	1,048,023	1,328,048	835,023	699,575
Redemption of 9,125,650 units (2014 19,692,899 units)	(934,389)	(2,010,230)	(663,195)	(811,263)
	113,634	(682,182)	171,828	(111,688)
Distribution to Unit holders in cash	-	-	-	-
Element of income and capital gain included in prices of units issued less those in units redeemed	1,651	9,583	197	14,403
Net Income for the period	35,430	130,524	17,554	55,183
Other comprehensive gain / (loss)	-	-	-	-
Total comprehensive income for the period	35,430	130,524	17,554	55,183
Net assets at the end of the period [Rs. 103.51 (2014: Rs 104.45) per unit]	1,428,920	3,163,332	1,428,920	3,163,332

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

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

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	35,430	130,524	17,554	55,183
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	(86)	103	611	(18)
Provision for Workers' Welfare fund	-	2,664	-	1,374
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	1,651	9,583	197	14,403
Amortisation of preliminary expenses and floatation costs	308	308	154	154
	37,303	143,182	18,516	71,096
(Increase) / decrease in assets				
Investments	(232,660)	553,714	861	230,637
Placements	99,785	-	(215)	-
Income receivable	3,314	229	(1,613)	5,574
Receivable against sale of units	-	-	-	10,000
Prepayments	78	76	61	58
	(129,483)	554,019	(906)	246,269
Increase / (decrease) in liabilities				
Payable to the Management Company	(1,157)	551	41	(283)
Payable for federal excise duty on remuneration of the Management Company	925	2,551	468	1,181
Payable to the Trustee	(64)	(31)	7	15
Payable to SECP	(1,922)	(1,941)	259	615
Accrued expenses and other liabilities	(89,662)	(2,970)	(253)	(111)
	(91,880)	(1,840)	522	1,417
Net cash (utilized in) / generated from operating activities	(184,060)	695,361	18,132	318,782
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	113,634	(682,181)	171,778	(115,313)
Dividend paid during the period	-	-	-	-
	113,634	(682,181)	171,778	(115,313)
Net increase in cash and cash equivalents during the period	(70,426)	13,180	189,910	203,469
Cash and cash equivalents at the beginning of the period	555,465	707,907	295,129	517,618
Cash and cash equivalents at the end of the period	485,039	721,087	485,039	721,087
Cash and cash equivalents at the end of the period comprise of:				
Bank balances	285,039	96,087	285,039	96,087
Clean Placement	-	125,000	-	125,000
Term deposit receipts maturity of 3 months and less	200,000	500,000	200,000	500,000
	485,039	721,087	485,039	721,087

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

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

Chief Executive

Director

**NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

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 2015, except as described below:

New, Revised and Amended Standards and Interpretations

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

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

The adoption of the above amendments 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.

FIRST HABIB CASH FUND

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 2015.

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 2015.

6. BANK BALANCES		31 December	30 June
		2015	2015
	Note	(Unaudited)	(Audited)
		(Rupees in '000)	
Savings account	6.1	285,039	305,465
Term deposit receipts	6.2	200,000	250,000
		<u>485,039</u>	<u>555,465</u>

6.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 5.5% (30 June 2015: 9% to 6%) per annum and balance with Habib Bank Limited which carry profit rate 4.25% (30 June 2015: 9% to 6%).

6.2 Term Deposit receipts (TDRs) have tenor for two months (30 June 2015 : two months) and carry profit rate 6.65 % (30 June 2015 : 9% to 6%). These TDRs will mature from 11 January 2016 to 12 January 2016 (30 June 2015 : 21 July 2015).

7. PLACEMENTS

Placements	7.1	100,215	200,000
		<u>100,215</u>	<u>200,000</u>

7.1 Placement has a tenor of 78 Days (30 June 2015 : 61 Days) and carries a profit rate of 6.55% (30 June 2015 : 7%). This Placement will mature on 17 February 2016 (30 June 2015 : 29-July-2015).

		31 December 2015	30 June 2015
	Note	(Unaudited)	(Audited)
		(Rupees in '000)	
8. INVESTMENTS - at fair value through profit or loss - held for trading			
Government securities	8.2	872,748	640,002
		872,748	640,002
8.1 Unrealised appreciation / (diminution) on investments at fair value through profit or loss			
Government Securities		86	(245)
		86	(245)

FIRST HABIB CASH FUND

8.2 Government Securities - Treasury Bills

Issue date	Face Value			As at 31 December 2015			Market value as percentage of		
	As at 01 July 2015	Purchases during the period	Sold / Matured during the period	As at 31 December 2015	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Investments
(Rupees in '000)									
3 Months									
19-Jul-2015	-	290,000	290,000	-	-	-	-	-	-
23-Jul-2015	-	150,000	150,000	-	-	-	-	-	-
25-Jun-2015	-	170,000	170,000	-	-	-	-	-	-
1-Oct-2015	-	30,000	30,000	-	-	-	-	-	-
10-Dec-2015	-	100,000	-	100,000	98,930	98,927	(3)	6.92	11.34
29-Oct-2015	-	20,000	20,000	-	-	-	-	-	-
17-Sep-2015	-	20,000	20,000	-	-	-	-	-	-
				-	-	-	-	-	-
6 Months									
14-May-2015	250,000	-	250,000	-	-	-	-	-	-
5-Mar-2015	-	325,000	325,000	-	-	-	-	-	-
6-Aug-2015	-	400,000	-	400,000	397,500	397,637	137	27.83	45.56
29-Oct-2015	-	290,000	130,000	160,000	156,818	156,767	(51)	10.97	17.96
9-Jul-2015	-	80,000	-	80,000	79,917	79,916	(1)	5.59	9.16
23-Jul-2015	-	300,000	160,000	140,000	139,497	139,501	3	9.76	15.98
30-Apr-2015		300,000	300,000	-	-	-	-	-	-
1 Year									
29-Jun-2015	400,000	-	400,000	-	-	-	-	-	-
13-Nov-2015	-	175,000	175,000	-	-	-	-	-	-
30-Oct-2014	-	200,000	200,000	-	-	-	-	-	-
Total as at 31 December 2015					872,662	872,748	86		
Total as at 30 June 2015					640,247	640,002	(245)		

Rate of return on the above government securities ranges from 6.12% to 6.71% (30 June 2015: 6.88% to 6.57%)

9. INCOME RECEIVABLE

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	(Rupees in '000)	
Profit receivable on savings account	212	2,549
Profit receivable on term deposit receipts	1,895	2,163
Profit receivable on placements	557	1,266
	2,664	5,978

10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY

Remuneration payable to Management Company	911	1,888
Sales tax payable on Management Fee	148	328
	1,059	2,216

11. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of petition pending with SHC as reported in note 13 to the annual financial statements of the fund for the year ended 30 June 2015.

FIRST HABIB CASH FUND

12. PROVISION FOR WORKERS' WELFARE FUND

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

The Fund maintained a provision for WWF as on December 31, 2015 amounting to Rs.16.410 million (June 30, 2015 : Rs 16.410 million).

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015.

14. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 December 2015, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2015.

Fair Value Hierarchy

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

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

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

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

During the six months period ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 December 2015, all the investments were categorised in level 2.

16. TAXATION

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

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

Connected persons include Habib Asset Management Limited being the Management Company, First Habib Income Fund, First Habib Stock Fund, First Habib 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.

FIRST HABIB CASH FUND

Details of the transactions with connected persons are as follows:

	Half Year ended 31 December		Quarter Ended 31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company				
Management fee	5,780	15,948	2,931	7,383
Sales tax on Management Fee	939	2,776	476	1,286
FED on Management Fee	925	2,552	469	1,182
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,011	1,635	509	804
Bank AL Habib Limited				
Profit on bank balances	1,316	2,563	182	1,429

Details of the balances with connected persons are as follows:

	31 December 2015	30 June 2015
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee Payable	911	1,888
Sales tax on Management Fee Payable	148	328
FED on Management Fee Payable	12,609	11,684
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	163	227

	Half Year ended 31 December 2015		Half Year ended 31 December 2014	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	-	-	1,194,538	121,658
Associated Companies				
- Bank Al-Habib Limited	-	-	-	-
- Habib Insurance Company Limited	1,723,126	176,216	2,478,681	251,080
Other related parties				
- Directors and Executives of the Management Company	-	-	10,766	1,098
- Habib Asset Management Limited-				
Employees Provident Fund	4,873	500	-	-
- Sukaina Educational & Welfare Trust	-	-	79,133	8,000
- K&N's Foods (Pvt) Ltd	-	-	962,180	100,000
- Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	-	-	197,314	20,100
- Mr Ali Asad Habib	9,930	1,000	-	-
- Mr Abbas D. Habib	9,930	1,000	-	-
- Mr Haider Azim	-	-	794	80
- Mr Abbas	1,998	204	-	-
- Mr Sajjad Hussain	9,930	1,000	-	-
- Mrs Samina Imran	20	2	-	-
- Mrs Razia Ali Raza Habib	-	-	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	985,930	99,810	3,005,994	306,641

FIRST HABIB CASH FUND

	Half Year ended 31 December 2015 (Unaudited)		Half Year ended 31 December 2014 (Unaudited)	
	(Units)	Rupees in '000	(Units)	(Rupees in '000)
Associated Companies				
- Bank Al-Habib Limited	-	-	-	-
- Habib Insurance Company Limited	631,268	64,370	2,926,820	300,000
- Green Shield Insurance Brokers	-	-	14,925	1,500
Other related parties				
- Directors and Executives of the Management Company	6,888	699	20,180	2,078
- Habib Asset Management Limited- Employees Provident Fund	4,871	500	10,967	1,100
- Sukaina Educational & Welfare Trust	-	-	765,068	79,310
- Ghulaman-e-Abbas Trust	-	-	3,248,240	33,281
- Mrs Razia Ali Raza Habib	-	-	194	19
Units held by:				
Management Company				
Habib Asset Management Limited	7,507	777	-	-
Associated Companies				
- Bank Al-Habib Limited	1,392,189	144,101	3,254,840	339,984
- Habib Insurance Company Limited	881,383	91,229	1,591,482	166,275
- Green Shield Insurance Brokers	-	-	349	36
Other related parties				
- Directors and Executives of the Management Company	14,625	1,514	59,722	6,238
- Habib Asset Management Limited- Employees Provident Fund	396	41	366	38
- Sukaina Educational & Welfare Trust	-	-	-	-
- Ghulaman-e-Abbas Trust	-	-	958	100
- Dawood Habib Memorial Trust	-	-	312,541	32,647
- Habib Metropolitan Bank	-	-	2,634	275,150
- Apwa Rana Liaquat Colony	-	-	54,143	5,655
- Mrs Hina Shoaib	27	3	27	3
- Mr Asghar D. Habib	20,658	2,138	20,658	2,158
- Mr Murtaza Habib	37,590	3,891	27,650	2,888
- Mr Imran Ali Habib	-	4,201	61,314	6,405
- Mr Ali Asad Habib	40,302	4,171	30,371	3,172
- Mr Abbas D. Habib	40,565	4,199	30,635	3,200
- Mr Qumail Habib	40,571	4,199	30,637	3,200
- Mrs Razia Ali Raza Habib	34,126	3,532	31,913	3,333
- Mr Sajjad Hussain	34,401	3,561	-	-
- Mr Munawar Ali Habib	41,721	4,318	30	3,104
- Mrs Samina Imran	123	13	-	-
- Mrs Batool Ali Raza Habib	6,060	627	5,667	592
- Mr Aun Mohammad Ali Raza Habib	5,214	540	5,214	545
- Mr Ali Raza D Habib	-	-	44,242	4,621
- Mr Abbas	13,742	1,422	-	-
- Mrs Fatima Ali Raza Habib	11,040	1,143	10,324	1,078
- K&N's Foods (Pvt) Ltd	-	-	3,595,318	375,549

18 GENERAL

18.1 Figures for the quarter ended 31 December 2015 and the corresponding figures for the quarter ended 31 December 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

18.2 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on **23rd February 2016**.

18.3 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 2015

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

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



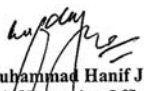
TRUSTEE REPORT TO THE UNIT HOLDERS

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, 2015 in accordance with the provisions of the following:

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


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: February 17, 2016





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

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

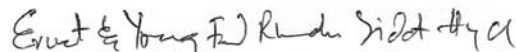
We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Islamic Balanced Fund** (the Fund) as at 31 December 2015 and the related condensed interim statements of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together 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: 23 February 2016

Karachi

FIRST HABIB ISLAMIC BALANCED FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**
AS AT 31 DECEMBER 2015

	Note	31 December 2015 (Un-audited) ----- (Rupees in '000) -----	30 June 2015 (Audited)
Assets			
Bank balances	6	47,735	27,288
Investments	7	51,973	41,744
Income receivable	8	311	806
Deposits, advances, prepayments and other receivables	9	6,189	43,550
Preliminary expenses and floatation costs		383	487
Total assets		106,591	113,875
Liabilities			
Payable to the Habib Asset Management Limited - Management Company	10	137	153
Provision for federal excises duty on remuneration of Habib Asset Management Limited - the Management Company	11	1,367	1,253
Payable to Central Depository Company of Pakistan Limited - Trustee		68	58
Payable to Securities and Exchange Commission of Pakistan		45	216
Provision for Workers' Welfare Fund	12	1,604	1,604
Accrued expenses and other liabilities		357	651
Total liabilities		3,578	3,935
Net assets		103,013	109,940
Unit holders' funds (as per the statement attached)		103,013	109,940
(Number of Units)			
Number of units in issue		1,059,608	1,079,878
(Rupees)			
Net asset value per unit		97.22	101.81
Contingencies and Commitments	13		

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
Note	(Rupees in '000)			
Income				
Profit on bank deposits	765	4,158	456	2,117
Income from debt securities	271	1,514	-	726
Dividend income	1,435	3,389	688	1,555
Net gain / (loss) on investments designated at fair value through profit or loss				
-Net capital gain / (loss) on sale of investments classified as held for trading	(683)	13,833	(2,016)	8,605
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(3,512)	(5,901)	1,001	(5,170)
7.3	(4,195)	7,932	(1,015)	3,435
Total (loss) / income	(1,724)	16,993	129	7,833
Expenses				
Remuneration of Habib Asset Management Limited - the Management Company	713	1,996	357	991
Sales tax on management fee	116	347	59	172
Federal excise duty on management fee	114	319	56	158
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	401	353	200	177
Annual fee - Securities and Exchange Commission of Pakistan	45	126	23	63
Brokerage	589	890	235	557
Settlement and bank charges	290	230	115	131
Annual listing fee	10	15	5	7
Auditors' remuneration	258	150	180	81
Amortisation of preliminary expenses and floatation costs	104	104	52	52
Mutual fund rating fee	120	101	70	51
Charity Expense	22	62	13	62
Printing charges	43	47	21	25
Total expenses	2,825	4,740	1,386	2,527
Net Income / (loss) from Operating Activities	(4,549)	12,253	(1,257)	5,306
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed	(305)	(2,323)	841	(1,285)
Workers' Welfare Fund	-	(199)	-	(33)
12	(4,854)	9,731	(416)	3,988
Net (loss) / income for the period	(4,854)	9,731	(416)	3,988
Earnings per unit				
14				

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net (loss) / income for the period	(4,854)	9,731	(416)	3,988
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(4,854)</u>	<u>9,731</u>	<u>(416)</u>	<u>3,988</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed income brought forward	6,605	7,005	2,167	12,748
Net (loss) / income for the period	(4,854)	9,731	(416)	3,988
Undistributed income carried forward	1,751	16,736	1,751	16,736

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net assets at the beginning of the period [Rs.101.81 (2014: Rs 102.16) per unit]	109,940	332,877	104,102	292,368
Issuance of 271,564 Units (2014: 1,407,039 Units)	27,216	145,104	752	31,053
Redemption of 291,834 units (2014: 2,107,512 Units)	(29,594)	(218,989)	(584)	(57,648)
	(2,378)	(73,885)	168	(26,595)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	305	2,323	(841)	1,285
Net income / (loss) for the period	(4,854)	9,731	(416)	3,988
Other Comprehensive (loss) / income	-	-	-	-
Total Comprehensive (loss) / income for the period	(4,854)	9,731	(416)	3,988
Net assets at the end of the period [Rs.97.22 (2014: Rs 105.96) per unit]	103,013	271,046	103,013	271,046

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in '000)			
Net income for the period	(4,854)	9,731	(416)	3,988
Adjustments for non-cash items				
Unrealised (loss) on revaluation of investments at fair value through profit or (loss) - net	3,512	5,901	(1,001)	5,170
Workers' Welfare Fund	-	199	-	33
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	305	2,323	(841)	1,285
Amortisation of preliminary expenses and floatation costs	104	104	52	52
	(933)	18,258	(2,206)	10,528
Increase in assets				
Investments	(13,741)	26,878	9,307	(11,466)
Income receivable	495	(192)	580	718
Advances, deposits, prepayments and other receivables	37,361	17,795	(3,557)	25,007
	24,115	44,481	6,330	14,259
Increase in liabilities				
Payable to - Management Company	(16)	(71)	13	(137)
Provision for federal excises duty on remuneration of Habib Asset Management Ltd	114	453	57	293
Payable to - Trustee	10	1	3	1
Payable to - SECP	(171)	(182)	23	63
Accrued expenses and other liabilities	(294)	(779)	(8,214)	(4,096)
Payable against purchase of investments	-	1,333	54	2,085
	(357)	755	(8,064)	(1,791)
Net cash flow from / (used in) operating activities	22,825	63,494	(3,940)	22,996
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payments) from sale and redemption of units	(2,378)	(73,886)	168	(26,596)
Net cash flow from/ (used in) financing activities	(2,378)	(73,886)	168	(26,596)
Net increase in cash and cash equivalents during the period	20,447	(10,392)	(3,772)	(3,600)
Cash and cash equivalents at beginning of the period	27,288	144,817	51,507	138,025
Cash and cash equivalents at end of the period	47,735	134,425	47,735	134,425
Cash and cash equivalents				
Cash and cash equivalents at end of the period	47,735	134,425	47,735	134,425
	47,735	134,425	47,735	134,425

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

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015

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 Central Depository Company of Pakistan Limited as the 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 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. SIGNIFICANT ACCOUNTING POLICIES

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

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

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

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

FIRST HABIB ISLAMIC BALANCED FUND

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 2015.

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 2015.

6. BANK BALANCES	Note	31 December 2015 (Un-Audited)	30 June 2015 (Audited)
		(Rupees in '000)	
Current account		4,210	825
Savings account	6.1	43,525	26,463
		<u>47,735</u>	<u>27,288</u>

6.1 Saving account carry profit rate ranging from 4.74% to 5.40% (30 June 2015: 5.63% and 8.5%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 4.408 million (30 June 2015: 25.909 million)

7. INVESTMENTS - at fair value through profit or loss - held for trading		31 December 2015 (Un-Audited)	30 June 2015 (Audited)
		(Rupees in '000)	
Equity securities	7.1	51,973	23,812
Debt Securities	7.2	-	17,932
		<u>51,973</u>	<u>41,744</u>

7.1 Equity Securities

Name of the Investee	As at 1 July 2015	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2015	Carrying cost as at 31 December 2015	Market value as as at 31 December 2015	Market Value as a Percentage of:	
							Net Assets	Total Investment
	-----Number of shares-----				----- (Rupees in '000) -----			
AUTOMOBILE & PARTS								
Atlas Honda Limited	5,700	-	5,700	-	-	-	-	-
Millat Tractors	-	4,000	-	4,000	2,453	2,211	2.15	4.25
Ghandhara Nissan Limited	-	15,000	15,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	19,500	19,500	-	-	-	-	-
Indus Motor Company Limited	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	5,000	4,000	1,000	480	495	0.48	0.95
CHEMICALS								
Fauji Fertilizer Bin Qasim Limited	12,000	341,000	253,000	100,000	6,058	5,268	5.11	10.14
Fauji Fertilizer Company Limited	3,500	75,000	38,500	40,000	5,362	4,719	4.58	9.08
Engro Fertilizer	13,500	317,000	270,500	60,000	5,451	5,048	4.90	9.71
Engro Corporation	5,000	101,000	98,000	8,000	2,450	2,235	2.17	4.30
Archroma Pak	-	8,300	8,300	-	-	-	-	-
ICI Pakistan Limited	-	8,100	3,500	4,600	2,250	2,226	2.16	4.28
Sitara Peroxide Limited	-	91,000	91,000	-	-	-	-	-
CONSTRUCTION AND MATERIALS (CEMENT)								
Pioneer Cement Limited	22,500	178,500	185,500	15,500	1,323	1,408	1.37	2.71
Fauji Cement Limited	-	325,000	295,000	30,000	1,059	1,105	1.07	2.13
Cherat Cement Limited	20,000	164,000	184,000	-	-	-	-	-
D. G. Khan Cement Limited	-	5,100	-	5,100	698	753	0.73	1.45
Lucky Cement Limited	2,000	24,200	24,200	2,000	985	990	0.96	1.90
Maple Leaf Cement Limited	10,000	195,000	205,000	-	-	-	-	-
ENGINEERING								
Mughal Iron & Steel Industry Limited	-	46,000	-	46,000	3,219	3,206	3.11	6.17
FIXED LINE TELECOMMUNICATION								
P.T.C.L. "A"	90,000	190,000	280,000	-	-	-	-	-
FOOD & PERSONAL CARE PRODUCTS								
Engro Foods Limited	-	132,100	124,100	8,000	1,172	1,173	1.14	2.26
National Foods Limited	3,750	-	3,750	-	-	-	-	-
Treet Corporation	-	40,000	-	40,000	2,872	2,518	2.44	4.84

FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2015	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 December 2015	Carrying cost as at 31 December 2015	Market value as as at 31 December 2015	Market Value as a Percentage of:	
							Net Assets	Total Investment
-----Number of shares-----			----- (Rupees in '000) -----					
GENERAL INDUSTRIALS								
Thal Limited (a related party)	7,000	9,000	12,500	3,500	894	887	0.86	1.71
HOUSEHOLD GOODS								
Pak Elektron Limited	10,000	444,000	424,000	30,000	2,144	1,876	1.82	3.61
PAPER & BOARD								
Packages Ltd.	-	8,950	2,850	6,100	3,523	3,551	3.45	6.83
OIL & GAS								
Hascol Petrol Limited	-	79,300	64,300	15,000	2,233	2,164	2.10	4.16
Mari Petroleum Company Limited	5,000	11,200	16,200	-	-	-	-	-
Sui Northern Gas	-	370,000	370,000	-	-	-	-	-
Pakistan Oilfields Limited	-	5,500	-	5,500	1,790	1,474	1.43	2.84
Pakistan Petroleum Limited	6,600	17,000	11,600	12,000	1,602	1,462	1.42	2.81
Pakistan State Oil Company Limited	-	17,900	17,900	-	-	-	-	-
POWER GENERATION & DISTRIBUTION								
Altern Energy Limited	-	104,000	104,000	-	-	-	-	-
Hub Power Company Limited	-	185,500	160,500	25,000	2,552	2,565	2.49	4.94
Kot Addu Power Company Limited	-	55,500	55,500	-	-	-	-	-
K-Electric Limited	150,000	-	150,000	-	-	-	-	-
Kohinoor Energy Limited	-	50,000	-	50,000	2,490	2,150	2.09	4.14
PHARMA AND BIO TECH								
GlaxoSmithKline Limited	-	2,000	-	2,000	456	441	0.43	0.85
Sanofi-aventis Limited	1,000	-	1,000	-	-	-	-	-
Searl Company Limited	-	18,500	16,000	2,500	984	989	0.96	1.90
Ferozsons Laboratories Limited	2,000	-	2,000	-	-	-	-	-
REFINERY								
Attock Refinery Limited	-	60,500	55,500	5,000	985	1,059	1.03	2.04
Total as at 31 December 2015					55,485	51,973		
Total as at 30 June 2015					24,290	23,812		

7.1.1 Investment includes 8,000 shares of Engro Corporation Limited (MV Rs. 2,235,000) and 18,500 shares of FAUJI Fertilizer Company Limited (MV Rs. 2,182,537) which have been deposited with National Clearing Company of Pakistan Limited as Collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in circular no. 11 dated 23 October 2007 issued by SECP.

7.2 Debt Securities

Name of the investee company		Number of certificates			As at 31 December 2015		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2015	Acquired during the period	Sold/Redeemed during the period	As at 31 December 2015	Carrying cost	Market Value		
(Rupees in '000)								
Al Baraka Bank (Pakistan) Ltd	25	-	25	-	-	-	-	-
Total as at 31 December 2015					-	-		
Total as at 30 June 2015					18,571	17,932		

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

Note	31 December 2015 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
Equity securities	(3,512)	(479)
Debt Securities	-	(639)
	(3,512)	(1,118)

8. INCOME RECEIVABLE

Profit receivable on saving account	192	84
Profit receivable on debt securities	-	449
Dividend receivable	119	273
	311	806

9. DEPOSITS, ADVANCES, PREPAYMENT AND OTHER RECEIVABLES

Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Receivable against sale of investments	-	3,764
Receivable against sale of units	-	37,180
Advance tax on dividend	62	6
Prepayments	10	-
Receivable against sale of investment	3,517	-
	6,189	43,550

10. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration Payable to Management Company	118	131
Sales Tax payable on Management Fee	19	22
	137	153

FIRST HABIB ISLAMIC BALANCED FUND

11. PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF HABIB ASSET MANAGEMENT LIMITED- THE MANAGEMENT COMPANY

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 2015.

12. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision amounting to Rs. 1.604 million made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015.

14. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 December 2015, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

15. TAXATION

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

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

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

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

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

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

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Habib Asset Management Limited - Management Company				
Management fee	713	1,996	357	991
Sales Tax on Management Fee	116	347	59	172
Federal Excise Duty on Management fee	114	319	56	158
Al Habib Capital Markets (Private) Limited - Brokerage House				
Brokerage	94	94	75	26
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	401	353	200	177
Bank Al Habib Limited				
Profit on Bank Balances	296	351	97	73

FIRST HABIB ISLAMIC BALANCED FUND

Details of the balances with connected persons are as follows:

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	4,408	25,909
Habib Asset Management Limited - Management Company		
Management Company Fee payable	118	131
Sales Tax on Management fee payable	19	22
Federal Excise Duty on Management Fee payable	1,367	1,253
Al Habib Capital Markets (Private) Limited - Brokerage House		
Brokerage payable	95	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	68	58
Security Deposit - Non Interest bearing	100	100

	Half year ended 31 December 2015		Half year ended 31 December 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Sale / Redemption of units				
<u>Units sold to:</u>				
Management Company				
Habib Asset Management Limited	208,487	20,929	581,140	59,904
Other related parties				
- Directors of the Management Company	5,736	594	586	60
- Hamdard laboratories Waqf Pakistan	-	-	653,460	67,323
<u>Units Redeemed By:</u>				
Management Company				
Habib Asset Management Limited	98,224	10,211	630,410	66,144
<u>Units held by:</u>				
Management Company				
Habib Asset Management Limited	208,487	20,269	-	-
Associated Companies				
- Bank Al Habib Limited	100,929	9,812	252,322	26,737
- Habib Insurance Company Limited	-	-	706,724	74,888
Other related parties				
- Directors of the Management Company	56,779	5,520	39,470	4,182
- Habib Insurance Company Limited - Employees Provident Fund	16,952	1,648	16,952	1,796
Connected Parties holding 10% or more of the Units in issue:				
- Hamdard laboratories Waqf Pakistan	-	-	653,460	69,244
-Pioneer Cables Ltd	210,252	20,584	-	-

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2015.

Fair Value Hierarchy

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

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

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

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

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

FIRST HABIB ISLAMIC BALANCED FUND

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 2015.

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Equity securities	51,973	-	-	51,973
Debt Securities	-	-	-	-
	<u>51,973</u>	<u>-</u>	<u>-</u>	<u>51,973</u>

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Equity securities	23,812	-	-	23,812
Government securities	-	17,932	-	17,932
	<u>23,812</u>	<u>17,932</u>	<u>-</u>	<u>41,744</u>

During the six months period ended 31 December 2015, 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.

18. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

19. GENERAL

19.1 Figures for the quarter ended December 31, 2015 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

19.2 These condensed interim financial information were authorised for issue on 23rd February 2016, by the Board of Directors of the Management Company.

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

19.4 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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