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

Quarterly Report
September 2014

Habib Asset Management

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

CONTENTS	**Page No.**

DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of **First Habib Income Fund (FHIF), First Habib Stock Fund (FHSF), First Habib Cash Fund (FHCF)**and **First Habib Islamic Balanced Fund (FHIBF)** for the quarter ended September 30, 2014.During the quarter ended September 30, 2014, the country's stock market remained highly volatile as the KSE-100 index posted a return of 0.25%. The lackluster performance of the country's capital markets was largely due to political uncertainty. During the quarter under review, the State Bank of Pakistan announced two monetary policy statementsin July 2014 and September 2014 respectively; the State Bank of Pakistan kept the interest rate unchanged at 10%

FUNDS' PERFORMANCE

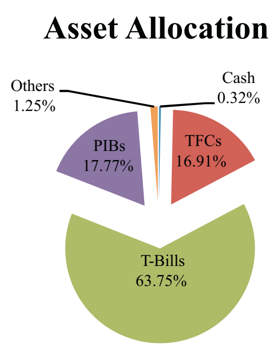
First Habib Income Fund (FHIF)

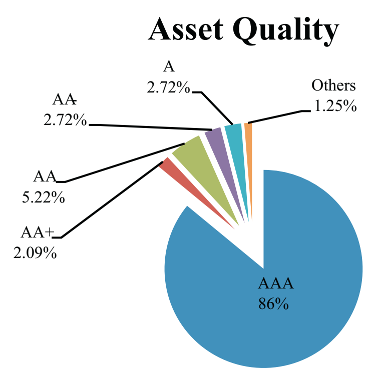
During the first quarter of the financial year 2015, the Fund generated net earnings of Rs.11.24 million.The income generated from investments in TFCs of Rs. 9.31 million and government securities of Rs. 6.93 million proved to be the primary contributor to Fund's gross earnings.

The details of the Fund's gross earnings are reported below:

(Rs. In 000s)	1QFY15	
Profit on bank deposits	**576.00**	**3.52%**
Income from Term Finance Certificates	**9,313.00**	**56.88%**
Income from Government Securities	**6,931.00**	**42.33%**
Income from Clean Placements	**172.00**	**1.05%**
Net Gain/Loss on sale and revaluation of investments	**(618.00)**	**-3.77%**
Total Income	**16,374.00**	

The Fund generated a return of 8.55% p.a. and net asset value of the Fund was Rs. 532.57 million as on September30,2014. As of September 30, 2014,the Fund's investments in TFCs,T-Bills and PIBs stood at 16.91%, 63.75% and 17.77% respectively.





First Habib Stock Fund (FHSF)

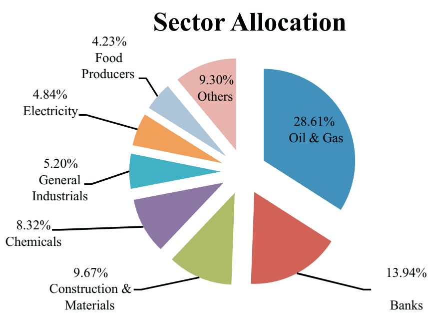
The country's capital markets remained highly volatile during the first quarter of the financial year 2015 as it panned out a return of 0.25%. The market remained bullish in July 2014 as the KSE-100 index soared by 2.23%; breaching the psychological barrier of 30,000 points and the Fund's NAV per unit attained a high of 108.5350 during the month. However, the bullish momentum of the stock market came to an abrupt halt and the correction was witnessed in August 2014 as the KSE-100 index fell by 5.76%. Consequently, the Fund's NAV per unit fell to its lowest level of Rs. 96.5320 on August 28, 2014.The capital markets recovered some of the lost ground in September 2014.

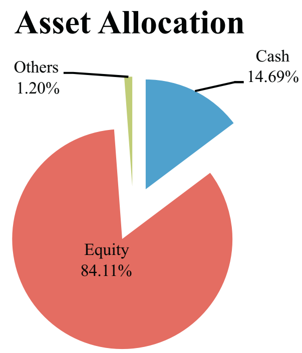
The Fund generated a return of 0.48% during the quarter ended September 30, 2014 against the benchmark of 0.45%. The Fund's net assetvalue as of September 30, 2014 stood at Rs. 131.79 million and it remained invested up to 84.11% in equities.

During the period under review, the Fund earned gross income of Rs. 5.56 million.The dividend income along withrealized and unrealized capital gain remained the primary contributor to the Fund's earnings whose details are given below:

(Rs. In 000s)	1QFY15	
Profit on bank deposits	340.00	6.11%
Income from Government Securities	-	0.00%
Dividend Income	1,810.00	32.55%
Net Gain/ Loss on sale and revaluation of investments	3,411.00	61.34%
Total Income	**5,561.00**	

The asset allocation and credit quality of FHSF as atSeptember 30, 2014, is as under:





First Habib Cash Fund (FHCF)

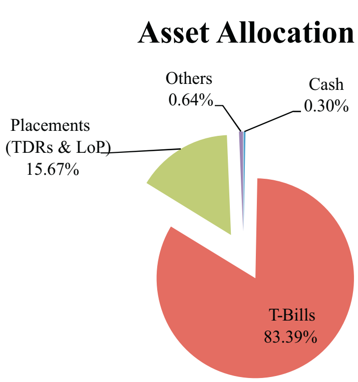
During the quarter under review, the Fund generated an annualized return of 8.30% p.a. and its return for September 2014 stood at 8.18%. The Fund's average exposure in Treasury Bills (T-Bills)was maintained at 84% during the quarter ended September 30, 2014. As of September 30, 2014, the Fund was 83.79% invested in T-Bills and 15.67% in TDRs respectively.

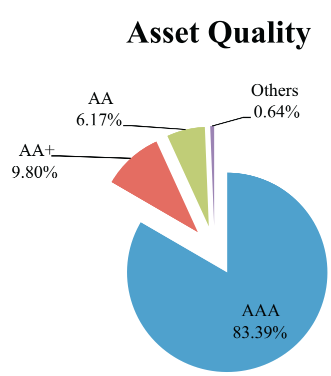
During the period under review, the Fund earned gross income of Rs. 85.10 million, depicting a growth of 4.93% over the corresponding period last year.

The details of the Fund's gross earnings are reported below:

(Rs. In 000s)	1QFY15	
Profit on bank deposits	14,508.00	17.05%
Income from Government Securities	70,481.00	82.82%
Markup Income on Placements	121.00	0.14%
Net Gain/Loss on sale and revaluation of investments	(8.00)	-0.01%
Total Income	**85,102.00**	

The asset allocation and credit quality of FHCF as atSeptember 30, 2014, is as under





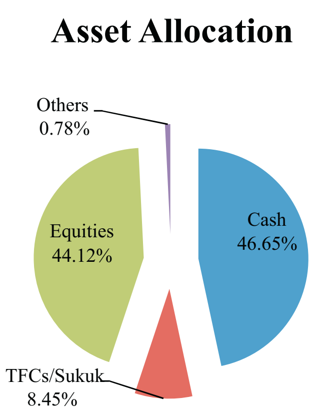
First Habib Islamic Balanced Fund (FHIBF)

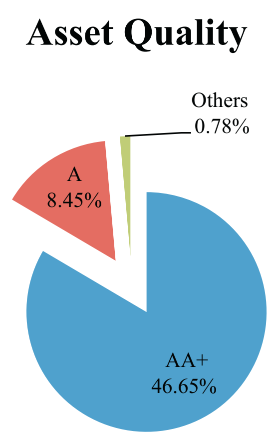
During the first quarter of financial year 2015, the Fund generated a return of 2.00% against the benchmark of 1.67%. As at September 30, 2014 the Fund was invested up to 44.12% in Shariah-Compliant equities and 8.45% in Sukuk. The Fund's net asset value at the quarter end stood at Rs. 292.36 million.
During the quarter under review, the Fund earned gross income of Rs. 9.16 million, in comparison to the loss of Rs. 0.14 million during the corresponding period last year. The major contributor to the gross income was realized and unrealized capital gain. Furthermore, profit on bank deposits and dividend income earned through investments in equities also contributed significantly to the Fund's earnings.

The detail of the Fund's gross income is reported below

(Rs. In 000s)	1QFY15	
Profit on bank deposits	**2,041.00**	**22.28%**
Income from Ijara Sukuk Certificates	**788.00**	**8.60%**
Dividend Income	**1,834.00**	**20.02%**
Net Gain/Loss on sale and revaluation of investments	**4,497.00**	**49.09%**
Total Income	**9,160.00**	

The asset allocation and credit quality of FHIBF as atSeptember 30, 2014, is as under





Future Outlook

The increased foreign inflows during the quarter under review positively impacted the investor confidence; a trend which is expected to continue. Further, expected positive steps including privatization, build-up of foreign exchange reserves along with easing of monetary policy may stimulate economic activity and growth in the coming months.

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.

October 24, 2014

On behalf of the board of
Habib Asset Management Ltd.

FIRST HABIB INCOME FUND

First Quarterly Report

September 2014

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2014

	Note	(Unaudited) 30 September 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Assets			
Bank balances	6	**1,752**	6,704
Investments	7	**513,130**	488,646
Income receivable	8	**4,342**	13,503
Deposits & prepayment	9	**32,630**	17,600
Total assets		**551,854**	526,453
Liabilities			
Payable to Habib Asset Management Limited - Management Company		**896**	767
Provision for Federal excies duty on remuneration of the - Management Company		**1,943**	1,064
Payable to Central Depository Company of Pakistan Limited - Trustee		**87**	74
Payable to Securities and Exchange Commission of Pakistan		**111**	459
Provision for Workers' Welfare Fund	10	**14,890**	14,651
Accrued expenses and other liabilities		**1,356**	1,026
Total liabilities		**19,283**	18,041
Net assets		**532,571**	508,412
Unit holders' funds (as per statement attached)		**532,571**	508,412
		(Number of Units)	
Number of units in issue		**5,206,121**	5,077,135
		(Rupees)	
Net asset value per unit		**102.30**	100.14

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Note	Quarter ended 30 September	
		2014	2013
		(Rupees in '000)	
Income			
Profit on bank deposits		**576**	2,271
Income from term finance certificates		**9,313**	3,641
Income from government securities		**6,931**	11,970
Income from clean placements		**172**	-
Net (loss) on investments designated at fair value through profit or loss			
- Net capital (loss) on sale of investments classified as held for trading		**(54)**	(299)
- Net unrealised (loss) on revaluation of investments classified as held for trading	*7.1.2*	**(564)**	(336)
		(618)	(635)
Total income		**16,374**	17,247
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		**2,227**	2,918
Sales Tax on management fee		**388**	542
Federal Excise Duty on management fee		**356**	467
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**252**	331
Annual fee to Securities and Exchange Commission of Pakistan		**111**	146
Brokerage expense		**62**	7
Settlement and bank charges		**94**	72
Annual listing fee		**10**	10
Auditors' remuneration		**109**	105
Provision for Workers' Welfare Fund	*10*	**239**	235
Mutual fund rating fee		**59**	49
Printing charges		**22**	22
Total expenses		**3,929**	4,904
Net income from operating activities		**12,445**	12,343
Net element of loss and capital losses included in prices of units issued less those in units redeemed		**(1,206)**	(813)
Net income for the period		**11,239**	11,530

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

For Habib Asset Management Limited
(Management Company)

Chief Executive | **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	(Rupees in '000)	
Net income for the period	**11,239**	11,530
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**11,239**	11,530

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	(Rupees in '000)	
Undistributed income brought forward	**1,031**	6,204
Net income for the period	**11,239**	11,530
Final cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6497/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	-	(5,638)
Interim cash dividend for class 'C' unit holders @ Rs. 0.50/- per unit and bonus units @ 0.4997/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	-	(4,254)
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.4993/- for class 'A' and 'B' unit holders for every 100 units held as at 30 Aug 2013	-	(4,115)
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 Sep 2013	-	(3,667)
Undistributed income carried forward	**12,270**	60

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	(Rupees in '000)	
Net assets at the beginning of the period* [Rs 100.14 (2013: Rs 100.70) per unit]	**508,412**	873,511
Issuance of 1,188,945 units (2013: 3,506,972 units)*	**120,038**	352,459
Redemption of 1,059,959 units (2013: 6,209,073 units)	**(108,324)**	(623,617)
	11,714	(271,158)
Distribution to unit holders in cash	**-**	(190)
Element of income and capital gains included in prices of units issued less those in units redeemed	**1,206**	813
Net income for the period	**11,239**	11,530
Other comprehensive gain/(loss)	**-**	-
Total compeshensive income for the period	**11,239**	11,530
Net assets at the end of the period [Rs 102.30 (2013: Rs 99.97) per unit]	**532,571**	614,506

* Including Nil (2013: 174,733) units issued as bonus units during the period

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September 2014	2013
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	**11,239**	11,530
Adjustments for non-cash items		
Unrealised loss on revaluation of investments classified as held for trading	**564**	336
Workers' Welfare Fund	**239**	235
Net element of losses and capital losses included in prices of units issued less those in units redeemed	**1,206**	813
	13,248	12,914
(Decrease) / increase in assets		
Investments	**(25,048)**	212,725
Income receivable	**9,161**	1,552
Security deposits and other receivables	**(15,030)**	(32)
	(30,917)	214,245
(decrease) / Increase in liabilities		
Payable to Habib Asset Management Limited - Management Company	**129**	(432)
Provision for Federal excies duty on remuneration of the - Management Company	**879**	-
Payable to Central Depository Company of Pakistan Limited - Trustee	**13**	(43)
Payable to Securities and Exchange Commission of Pakistan	**(348)**	(665)
Accrued expenses and Cashflow other liabilities	**330**	275
	1,003	(865)
Net cash inflow from operating activities	**(16,666)**	226,294
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	**11,714**	(271,158)
Dividend paid during the period	**-**	(190)
Net (decrease) in cash and cash equivalents during the period	**(4,952)**	(45,054)
Cash and cash equivalents at beginning of the period	**6,704**	120,930
Cash and cash equivalents at the end of the period	**1,752**	75,876
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	**1,752**	876
Term deposit receipts	**-**	75,000
	1,752	75,876

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open-end mutual fund and is listed on the 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 "AA-(f)' to the Management Company and the Fund respectively.

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

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

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2014.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

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

		Note:	(Unaudited) 30 September 2014	(Audited) 30 June 2014
6.	**BANK BALANCES**		(Rupees in '000)	
	Saving accounts	6.1	**1,664**	6,664
	Current accounts	6.2	**88**	40
			1,752	6,704

6.1 Savings accounts carry profit rates ranging from 6% to 8% (2014: 6% to 8%) per annum.

6.2 It include balance of Rs. 1.66 Million (2014 6.59 Million) in saving account and Rs. 0.88 Million (2014 0.45 Million) in current account with Bank Al-Habib , a related party.

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

		(Unaudited) 30 September 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Term Finance Certificates	7.1	**63,314**	63,888
Government securities	7.2	**449,816**	424,758
		513,130	488,646

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				As at 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2014	Acquired during the period	Sold during the the period	As at 30 September 2014	Carrying value	Market Value		
Held for trading					(Rupees in '000)			
Allied Bank Limited - II TFC	2,000			2,000	9,781	9,765	1.83	1.90
Bank Al Falah - V	5,000			5,000	25,296	25,068	4.71	4.89
Faysal Bank Limited	3,000	-	-	3,000	3,745	3,745	0.70	0.73
Standard Chartered Bank PPTFC	5,000	-	-	5,000	25,049	24,736	4.64	4.82
Total as at 30 September 2014					**63,871**	**63,314**		
Total as at 30 June 2014					63,284	63,888		

7.1.1 Significant terms and conditions of Term Finance Certificates outstanding as at year end:

Name of the investee company	Remaining principal (per TFC) as at 30 September 2014	Start date	Maturity	Installment payments	Credit rating	Mark-up Rate (Per annum)	Secured / Unsecured
Term Finance Certificates - Held for trading							
Allied Bank Limited - II TFC	4,991.00	28-Aug-09	28-Aug-19	Half yearly	AA	6 Month KIBOR + 0.85	Unsecured
Bank Al Falah - V	4,998.00	20-Feb-13	20-Feb-21	Half yearly	AA-	6 Month KIBOR + 1.25	Unsecured
Faysal Bank Limited	1,248.00	12-Nov-07	12-Nov-14	Half yearly	AA-	6 Month KIBOR + 1.40	Unsecured
Standard Chartered Bank PPTFC	5,000.00	29-Jun-12	29-Jun-22	Half yearly	AAA	6 Month KIBOR + 0.75	Unsecured

7.1.2 Unrealised diminution on investments at fair value through profit or loss

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
	(Rupees in '000)	
Term Finance Certificate	(557)	604
Government Securities	(54)	(76)
Pakistan Investment Bonds	47	(743)
	(564)	(215)

7.2 Government Securities

Issue date	Tenor	Face Value: As at 01 July 2014	Face Value: Purchases during the period	Face Value: Sold / Matured during the period	Face Value: As at 30 September 2014	As at 30 September 2014: Carrying value	As at 30 September 2014: Market value	Market value as percentage of: net assets	Market value as percentage of: total investments
		------------------------------(Rupees in '000)------------------------------							
3 Months									
15-May-14	3 Months	83,000	-	83,000	-	-	-	-	-
24-Jul-14	3 Months	-	165,000	15,000	150,000	**149,396**	**149,376**	28.05	29.11
4-Sep-14	3 Months	-	200,000	70,000	130,000	**128,020**	**127,998**	24.03	24.94
7-Aug-14	3 Months	-	100,000	25,000	75,000	**74,413**	**74,401**	13.97	14.50
6 Months									
20-Mar-14	6 Months	50,000	-	50,000	-	-	-	-	-
17-Apr-14	6 Months	100,000	-	100,000	-	-	-	-	-
Total as at 30 September 2014						**351,829**	**351,775**		
Total as at 30 June 2014						228,360	228,284		

7.3 Pakistan Investment Bonds

Issue date	Number of Certificate: As at 01 July 2014	Number of Certificate: Purchases during the period	Number of Certificate: Sold / Matured during the period	Number of Certificate: As at 30 September 2014	As at 30 September 2014: Carrying value	As at 30 September 2014: Market value	Market value as percentage of: net assets	Market value as percentage of: total investments
Held for trading	--(Rupees in '000)--							
PIB 3Y (17-07-2014)	-	350,000	300,000	50,000	**48,648**	**48,542**	9.11	9.46
PIB 3Y (18-07-2014)	200,000	-	150,000	50,000	**49,346**	**49,499**	9.29	9.65
Total as at 30 September 2014					**97,994**	**98,041**		
Total as at 30 June 2014					197,216	196,474		

			(Unaudited) 30 September 2014	(Audited) 30 June 2014
8.	**INCOME RECEIVABLE**		(Rupees in '000)	
	Profit accrued on Term Finance Certificates		**1,845**	3,321
	Profit accrued on Government Securities		**2,327**	10,110
	Profit receivable on Bank Deposits		**170**	72
			4,342	13,503
9.	**DEPOSITS & PREPAYMENTS**			
	Deposit with National Clearing Company of Pakistan Limited	*9.1*	**2,500**	2,500
	Deposit with Central Depository Company of Pakistan Limited	*9.1*	**100**	100
	Advance against Pre-IPO		**30,000**	15,000
	Lahore Stock Exchange (Guarantee) Limited		**30**	-
			32,630	17,600

9.1 These deposits are non remunerative.

10. WORKERS' WELFARE FUND

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

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

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 14.890 million (30 June 2014: Rs. 14.651 million) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 2.86 per unit (30 June 2014: Rs.2.89 per unit).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2014 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund’s accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2014.

Fair value hierarchy

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

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

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

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

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

30 September 2014

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Term finance certificates	**-**	**63,314**	**-**	**63,314**
Government securities	**-**	**449,816**	**-**	**449,816**
	-	**513,130**	**-**	**513,130**

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

30 June 2014

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Term finance certificates and sukuk certificates	-	63,888	-	63,888
Government securities	-	424,758	-	424,758
	-	488,646	-	488,646

14. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of of the transactions with connected persons are as follows:

	(Unaudited) 30 September 2014	2013
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
-Management fee	**2,971**	3,927
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	**252**	331
Bank AL Habib Limited		
-Profit on Bank Balance	**576**	1,479

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
Details of balances with connected persons at period end are as follows:		
Habib Asset Management Limited - Management Company		
-Management Company fee payable	**896**	767
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	**87**	74
-Security deposit - Non interest bearing	**100**	100
Bank AL Habib Limited		
-Bank Balance	**1,743**	6,700

Units sold to:	(Unaudited) 30 September 2014 (Units)	(Rupees in '000)	(Unaudited) 30 September 2013 (Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	**39,549**	**4,000**	-	-
Other related parties:				
- Directors and executives of the Management Company	**1,580**	**160**	-	-
Associated Companies				
- Bank AL Habib Limited	-	-	3,471,130	348,867
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	-	-	2,730	274
Associated Companies				
- Bank AL Habib Limited	-	-	87,748	8,780
Other related parties				
- Directors and executives of the Management Company	-	-	28	3
- Greenshield insurance brokers	-	-	760	76
- Habib Insurance Company Limited- Employees Provident Fund	-	-	1,807	180
- Habib Asset Management Limited - Employees Provident Fund	-	-	39	3,933
- Mrs. Shama Sajjad Habib	-	-	4,034	404
- Mr. Murtaza Habib	-	-	304	30
- Mr. Qumail Habib	-	-	304	30
- Mr. Abas D. Habib	-	-	304	30
- Mr. Ali Asad Habib	-	-	273	27
- Mrs. Hina Shoaib	-	-	3	1
- Mr. Sajjad Hssain	-	-	92	9,253
Units redeemed by:				
Associated Companies				
- Bank AL Habib Limited	-	-	4,703,441	472,692
- Habib Insurance Company Limited	-	-	99,582	10,000
Other related parties				
- Directors and executives of the Management Company	**198**	**20**	-	-
- Habib Asset Management Limited - Employees Provident Fund	**5,912**	**598**	2,143	215
- Greenshield insurance brokers	**4,976**	**500**	4,976	500
- Mr. Murtaza Habib	**14,185**	**1,421**	-	-

	(Unaudited) 30 September 2014		(Unaudited) 30 September 2013	
	(Units)	**(Rupees in '000)**	(Units)	(Rupees in '000)
Units held by:				
Management Company				
Habib Asset Management Limited	**308,612**	**31,570**	120,471	12,043
Associated Companies				
- Bank AL Habib Limited	**2,696,602**	**275,854**	3,058,850	305,783
- Habib Insurance Company Limited	**9,003**	**921**	9,003	900
Other related parties				
- Directors and executives of the Management Company	**2,666**	**273**	1,214	121
- Habib Insurance Company Limited- Employees Provident Fund	**84,372**	**8,631**	79,755	7,973
- Habib Asset Management Limited - Employees Provident Fund	**-**	**-**	1,124	112
- Mrs. Shama Sajjad Habib	**188,352**	**19,268**	178,045	17,799
- Mr. Murtaza Habib			13,409	1,340
- Mr. Qumail Habib	**14,175**	**1,450**	13,400	1,340
- Mr. Abas D Habib	**14,175**	**1,450**	13,400	1,340
- Mr. Ali Asad Habib	**12,735**	**1,303**	12,039	1,203
- Mrs. Hina Shoaib	**152**	**16**	144	14
- Greenshield insurance brokers	**26,598**	**2,721**	29,846	2,984
- Mr. Sajjad Hssain	**4,317**	**442**	4,081	408

DATE OF AUTHORISATION FOR ISSUE

15. These financial statements were authorized for issue by the Board of Directors of the Management Company on October 24, 2014

GENERAL

16. Figures have been rounded off to the nearest thosand rupees.

For Habib Asset Management Limited
(Management Company)

Chief Executive | **Director**

FIRST HABIB STOCK FUND

First Quarterly Report

September 2014

CONTENTS	Page No.

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited

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

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

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2014

	Note	(Unaudited) 30 September 2014	(Audited) 30 June 2014
		------------(Rupees in '000)----------	
Assets			
Bank balances	*6*	**21,459**	8,687
Investments	*7*	**122,874**	148,988
Dividend and income receivable		**1,456**	402
Deposits, Advnaces and prepayments		**4,365**	5,455
Receivable against sale of investments		**-**	11,253
Preliminary expenses and floatation costs		**55**	55
Total assets		**150,209**	174,840
Liabilities			
Payable to Habib Asset Management Limited - Management Company		**463**	239
Provision for Federal Excies Duty on remuneration of the Management Company		**1,095**	907
Payable to Central Depository Company of Pakistan Limited - Trustee		**66**	63
Payable to Securities and Exchange Commission of Pakistan		**38**	171
Workers' Welfare Fund (WWF)	*8*	**2,020**	2,012
Payable on Redemprion of units		**10,050**	-
Accrued expenses and other liabilities		**560**	23,820
Payable against purchase of investment		**4,123**	-
Total liabilities		**18,415**	27,212
Net assets		**131,794**	147,628
Unit holders' funds (as per the statement attached)		**131,794**	147,628
		(Number of Units)	
Number of units in issue		**1,265,800**	1,424,626
		(Rupees)	
Net asset value per unit - Rupees		**104.12**	103.63

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE AND QUARTER ENDED 30 SEPTEMBER 2014

	Note	Quarter ended 30 September 2014	2013
		---------- (Rupees in '000) ----------	
Income			
Profit on bank deposits		**340**	411
Income from Government Securities		**-**	101
Dividend income		**1,810**	2,773
Net gain / (loss) on investment at fair value through profit or loss			
- Net capital gain on sale of investments classified as held for trading		**3,261**	6,961
- Net unrealised (loss) / gain on revaluation of investment classified as held for trading		**150**	(11,585)
		3,411	(4,624)
Total income / (loss)		**5,561**	**(1,339)**
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		**1,205**	1,500
Sales tax on management fee		**198**	267
Federal Excise Duty on management fee		**193**	240
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**194**	204
Annual fee - Securities and Exchange Commission of Pakistan		**38**	48
Brokerage expense		**293**	677
Settlement and bank charges		**53**	70
Annual listing fee		**5**	8
Auditors' remuneration		**62**	85
Amortisation of preliminary expenses and floatation costs		**-**	50
Mutual Fund Rating Fee		**42**	34
Federal Excise Duty		**44**	102
Printing charges		**22**	22
Workers' Welfare Fund	8	**8**	78
Total expenses		**2,357**	3,385
Net income from operating activities		**3,204**	(4,724)
Element of (loss) / income and capital gain / (loss) included in prices of units issued less those in units redeemed - net		**(2,582)**	8,814
Net income for the period		**622**	4,090

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	-------------- (Rupees in '000) ----------------	
Net income for the period	**622**	4,090
Other comprehensive income for the period	**-**	-
Total comprehensive income for the period	**622**	4,090

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	--------- (Rupees in '000) ---------	
Undistributed income brought forward	**5,044**	42,260
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- per unit and bonus units @32.1853 units for class 'A' and 'B' unit holders for every 100 units held as af 30 June 2013	**-**	(40,988)
Net income for the period	**622**	4,090
Undistributed income carried forward	**5,666**	5,362

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	----------(Rupees in '000)--------	
Net assets at the beginning of the period	**147,628**	168,338
Cash received on issuance of units	**84,720**	91,520
Cash paid on redemption of units	**(103,758)**	(10,372)
	(19,038)	81,148
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	**2,582**	(8,814)
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- unit declared on 05 July 2013 for the year ended 30 June 2013	**-**	(30,655)
Net income for the period	**622**	4,090
Net assets at the end of the period	**131,794**	214,107
	-------- (Number of Units) --------	
Units at the beginning of the period	**1,424,626**	1,261,174
Number of Units Issued	**832,782**	816,873
Number of Units Redeemed	**(991,608)**	(100,543)
	(158,826)	716,330
Issue of bonus units on 05 July 2013 @ 32.1853 for class 'A' and 'B' units	**-**	102,330
Units at the end of the period	**1,265,800**	2,079,834

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	-------- (Rupees in '000) ---------	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	**622**	4,090
Adjustments for non-cash items		
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	**(150)**	11,585
Element of loss and capital loss included in prices of units issued less those in units redeemed - net	**2,582**	(8,814)
Workers' Welfare Fund	**8**	78
Amortisation of preliminary expenses and floatation costs	**-**	50
	3,062	6,989
Decrease / (increase) in assets		
Investments	**26,264**	(1,111)
Dividend and income receivable	**(1,054)**	(2,731)
Deposits, Advnaces and prepayments	**1,090**	(1,022)
Receivable against sale of investments	**11,253**	(50,278)
	37,553	(55,142)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	**224**	190
Provision for Federal Excies Duty on remuneration of the Management Company	**188**	-
Payable to Central Depository Company of Pakistan Limited - Trustee	**3**	7
Payable to Securities and Exchange Commission of Pakistan	**(133)**	(104)
Payable against purchase of investments	**4,123**	(4,273)
Accrued expenses and other liabilities	**(23,260)**	10,091
	(18,855)	5,911
Net cash flow from operating activities	**21,760**	(42,242)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	**(8988)**	81,148
Dividend paid during the period	**-**	(30,655)
Net cash (used) in / generated from financing activites	**(89,88)**	50,493
Net increase in cash and cash equivalents during the period	**12,772**	8,251
Cash and cash equivalents at the beginning of the period	**8,687**	8,061
Cash and cash equivalents at the end of period	**21,459**	16,312

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

For Habib Asset Management Limited
(Management Company)

Chief Executive | **Director**

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

2.2 These consensed interin financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2014.

2.3 These consensed interin financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2014.

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 7.5% (30 June 2014: 7.5%) per annum.

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

		(Unaudited) 30 September 2014	(Audited) 30 June 2014
		-------- (Rupees in '000) --------	
Equity securities	7.1	122,874	148,988
		122,874	148,988

7.1 Equity securities

Name of the Investee	As at 1 July 2014	Purchased/ bonus/ right shares received during the period	Disposed during the period	As at 30 September 2014	Carrying value as at 30 September 2014	Market value as at 30 September 2014	Market Value as a Percentage of: Net Assets	Total Investments
	------------------------------Number of shares------------------------------				------------(Rupees in '000)------------			
BANKS								
Faysal Bank Limited	90,000	-	90,000	-	-	-	0.00%	0.00%
United Bank Limited	34,771	18,900	32,000	21,671	3,742	4,082	3.10%	3.32%
Habib Metropolitan Bank Limited - a related party	25,000	-	25,000	-	-	-	0.00%	0.00%
MCB Bank Limited	25,370	33,600	29,000	29,970	8,740	8,469	6.43%	6.89%
National Bank Of Pakistan	80,000	43,000	25,000	98,000	5,938	5,929	4.50%	4.83%
Habib Bank Limited	21,200	500	12,700	9,000	1,742	1,883	1.43%	1.53%
CHEMICALS								
Engro Fertilizer Limited	-	102,000	15,000	87,000	4,701	4,664	3.54%	3.80%
Engro Corporation Limited	-	46,500	32,000	14,500	2,579	2,395	1.82%	1.95%
Fauji Fertilizer Company Limited	35,047	45,000	37,500	42,547	4,784	4,827	3.66%	3.93%
I.C.I Pakistan Limited	20,200	11,700	31,400	500	248	265	0.20%	0.22%
CONSTRUCTION AND MATERIALS								
Cherat Cement Company Limited	130,000	-	130,000	-	-	-	0.00%	0.00%
Fauji Cement Company Limited	150,000	72,500	222,500	-	-	-	0.00%	0.00%
Kohat Cement Company Limited	15,000	9,000	24,000	-	-	-	0.00%	0.00%
Lafarge Pakistan Cement Limited	310,000	-	310,000	-	-	-	0.00%	0.00%
D. G. Khan Cement Company Limited	60,000	62,500	92,500	30,000	2,374	2,391	1.81%	1.95%
Lucky Cement Limited	17,400	29,600	32,000	15,000	5,868	6,024	4.57%	4.90%
Maple Leaf Cement Factory Limited	181,500	89,000	60,500	210,000	6,163	5,710	4.33%	4.65%
ELECTRICITY								
Hub Power Company Limited	35,000	191,500	201,500	25,000	1,568	1,600	1.21%	1.30%
Kot Addu Power Company	20,000	-	20,000	-	-	-	0.00%	0.00%
Karachi Electric Supply Corporation	250,000	-	250,000	-	-	-	0.00%	0.00%
Nishat Chunian Power Limited	65,500	-	-	65,500	2,485	2,835	2.15%	2.31%
Nishat Power Limited	69,000	-	-	69,000	2,455	2,643	2.01%	2.15%
INDUSTRIAL ENGINEERING								
Honda Atlas Cars (Pakistan) Ltd.	-	51,000	51,000	-	-	-	0.00%	0.00%
Atlas Honda Limited	7,500	-	7,500	-	-	-	0.00%	0.00%
General Tyre and Rubber Co. of Pak. Ltd.	-	40,000	5,000	35,000	3,711	3,560	2.70%	2.90%
Millat Tractors Ltd.	-	5,200	-	5,200	2,927	2,876	2.18%	2.34%
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	135,000	60,000	70,000	125,000	3,076	2,914	2.21%	2.37%
FOOD PRODUCERS								
Engro Foods Company Limited.	33,500	-	33,500	-	-	-	0.00%	0.00%
Habib Sugar Mills Limited-a related party	100,000	-	42,000	58,000	2,117	2,415	1.83%	1.97%
Mitchell's Fruit Farms Limited	3,300	3,200	250	6,250	3,854	3,770	2.86%	3.07%
National Foods Limited.	-	1,950	1,950	-	-	-	0.00%	0.00%
Nestle Pakistan Ltd.	140	-	140	-	-	-	0.00%	0.00%
HOUSE HOLD GOODS								
Pak Elektron Ltd.	-	80,000	-	80,000	2,423	2,175	1.65%	1.77%
GENERAL INDUSTRY								
Siemens Pakistan Engineering Co. Ltd.	1,400	-	1,400	-	-	-	0.00%	0.00%
Thal Limited	39,900	9,000	17,400	31,500	6,490	7,592	5.76%	6.18%
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	23,306	37,500	42,500	18,306	870	875	0.66%	0.71%
OIL & GAS								
National Refinery Limited				-	-	-	0.00%	0.00%
Oil & Gas Development Company Limited	19,969	34,600	26,500	28,069	7,181	6,935	5.26%	5.64%
Pakistan Oilfields Limited	8,169	18,650	11,500	15,319	8,563	8,141	6.18%	6.63%
Pakistan Petroleum Limited	9,251	39,500	22,500	26,251	5,789	5,934	4.50%	4.83%
Pakistan State Oil Company Limited	25,800	17,000	25,300	17,500	6,680	6,308	4.79%	5.13%
Attock Petroleum Limited	-	18,300	1,400	16,900	9,598	9,170	6.96%	7.46%
Attock Refinery Limited	15,000	28,500	32,400	11,100	2,191	2,274	1.73%	1.85%
Mari Petroleum Company Limited	-	39,000	35,500	3,500	1,367	1,525	1.16%	1.24%
Shell Pakistan Limited	7,500	12,000	14,000	5,500	1,409	1,503	1.14%	1.22%
PERSONAL GOODS								
Gul Ahmed Textile Mills Ltd.	15,000	-	15,000	-	-	-	0.00%	0.00%
Shams Textile Mills Ltd.	16,000	-	16,000	-	-	-	0.00%	0.00%
Service Ind.Ltd	9,000	-	9,000	-	-	-	0.00%	0.00%
Sapphire Fibers Ltd.	8,600	-	8,600	-	-	-	0.00%	0.00%
Nishat Mills Limited	18,500	24,500	33,000	10,000	1,091	1,190	0.90%	0.97%
Nishat Chunian Limited	30,000	-	30,000	-			0.00%	0.00%
PHARMA AND BIO TECHNOLOGY								
Abbott Lab	-	14,650	14,650	-	-	-	0.00%	0.00%
Searl Pakistan Ltd.	-	16,400	16,400	-	-	-	0.00%	0.00%
Total as at 30 September 2014					122,724	122,874		
Total as at 30 June 2014					146,094	148,988		

8. WORKERS' WELFARE FUND

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

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

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 2,019,694 (30 June 2014: Rs. 2,011,986) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.596 per unit (30 June 2014: Rs. 1.412 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the three months period ended 30 September 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund’s accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2014.

Fair value hierarchy

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

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

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

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

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

	Level 1	**Level 2**	**Total**
	----------------	**(Rupees)**	----------------
Equity securities	**122,874**	**-**	**122,874**
	122,874	**-**	**122,874**

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

	Level 1	**Level 2**	**Total**
	----------------	**(Rupees)**	----------------
Equity securities	148,988	-	148,988
	148,988	-	148,988

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund and First Habib Cash Fund, Al Habib Capital Markets (Private) Limited and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms. Remuneration to management company and trustee is determined in accordance with the provisions of Non- Banking Finance Companies (Establishment and Regulation) Rules,2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended 30 September 2014	**Quarter ended 30 September 2013**
	-----------(Rupees in '000)-----------	
Habib Asset Management Limited - Management Company		
Management fee	1,205	1,500
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	24	60
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	194	204
Bank Al Habib Limited		
Profit on Bank Balances	340	411

Details of balances with connected persons are as follows:	**(Unaudited) 30 September 2014**	(Audited) 30 June 2014
	------------(Rupees in '000)-----------	
Bank Al Habib Limited		
Bank Balance	**21,459**	8,687
Habib Asset Management Limited - Management Company		
Management fee payable	**1,558**	1,146
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	**22**	16
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	**66**	63
- Security deposit - non interest bearing	**100**	100

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

	Quarter ended 30 September 2014		Quarter ended 30 September 2013	
<u>**Units sold to:**</u>	**(Units)**	**(Rupees in '000)**	(Units)	(Rupees in '000)
Management Company				
- Habib Asset Management Limited	**786,099**	**79,924**	-	-
Associated Companies				
- Habib Insurance Company Limited	**-**	**-**	803,146	90,000

Other related parties	**Quarter ended 30 September 2014**		Quarter ended 30 September 2013	
- Directors of the Management Company	**1,735**	**178**	179	20
- Habib Asset Management Ltd.Emp.Provident Fund	**1,529**	**148**	-	-
- Mr. Abbas Qurban	**1,978**	**200**	-	-
- Mr. Junaid Kasbati	**394**	**40**	-	-
- Mr. Haider Imran	**289**	**30**	-	-

Bonus Units Issued:	Quarter ended 30 September 2014 (Units)	(Rupees in '000)	Quarter ended 30 September 2013 (Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	-	-	38,469	3,885
Other related parties				
- Directors of the Management Company	-	-	1,927	195
- Habib Asset Management Limited - Employees Provident Fund	-	-	348	35
- Mrs. Razia Ali Habib	-	-	6,085	614
- Mrs. Batool Ali Raza Habib	-	-	3,405	344
- Mrs. Fatima Ali Raza Habib	-	-	3,874	694
- Mr. Aun Muhammad Ali Raza Habib	-	-	8,332	841
- Mr. Sajjad Hussain	-	-	3,405	344

Units redeemed by:				
Management Company				
- Habib Asset Management Limited	**379,784**	**39,846**	-	-
Associated Companies				
- Habib Insurance Company Limited	**572,156**	**59,595**	-	-
Other related parties				
- Mr. Junaid Kasbati	**480**	**50**	-	-
- Mrs. Ishrat Malik	**3,821**	**401**	-	-

Units held by:				
Management Company				
Habib Asset Management Limited	**450,625**	**46,918**	157,991	16,264
Associated Companies				
- Bank AL Habib Limited	**500,000**	**52,060**	500,000	51,472
- Habib Insurance Company Limited	**57,860**	**6,024**	1,149,238	118,307
Other related parties				
- Directors of the Management Company	**12,198**	**1,271**	8,094	833
- Habib Asset Management Limited-Employees Provident Fund	**2,660**	**277**	1,428	147
- Mr. Abbas Qurban	**1,978**	**206**	-	-
- Mr. Junaid Kasbati	**208**	**22**	-	-
- Mr. Haider Imran	**289**	**30**	-	-
- Mrs. Razia Ali Habib	**840**	**87**	24,990	2,573
- Mrs. Batool Ali Raza Habib	**-**	**-**	35,198	3,623
- Mrs. Fatima Ali Raza Habib	**12,640**	**1,316**	28,233	2,906
- Mr. Aun Muhammad Ali Raza Habib	**17,670**	**1,840**	34,219	3,523
- Mr. Sajjad Hussain	**16,706**	**1,739**	13,984	1,440

12. DATE OF AUTHORISATION FOR ISSUE

12.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 24, 2014.

13. GENERAL

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

For Habib Asset Management Limited

(Management Company)

Chief Executive **Director**

FIRST HABIB CASH FUND

First Quarterly Report

September 2014

CONTENTS	Page No.

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

Audit Committee

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

CFO and Company Secretary

Mr. Abbas Qurban	Chief Financial Officer / Company Secretary

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2014

	Note	**(Unaudited) 30 September 2014**	(Audited) 30 June 2014
		-------------(Rupees in '000)-------------	
Assets			
Bank balance	*5*	**517,618**	707,907
Investments	*6*	**2,701,105**	3,024,303
Income receivable	*7*	**9,640**	4,295
Prepayments		**113**	131
Preliminary expenses and floatation costs		**881**	1,036
Receivable against sale of units		**10,000**	-
Total assets		**3,239,357**	3,737,672
Liabilities			
Payable to Habib Asset Management Limited - Management Company		**3,098**	2,264
Provision for Federal Excise Duty on remuneration of the Management Company		**8,376**	7,006
Payable to Central Depository Company of Pakistan Limited - Trustee		**260**	306
Payable to Securities and Exchange Commission of Pakistan		**642**	3,198
Provision for Workers' Welfare Fund	*8*	**16,668**	15,379
Payable on redemption of Units		**3,626**	-
Accrued expenses and other liabilities		**1,253**	4,112
Total liabilities		**33,923**	32,265
Net assets		**3,205,434**	3,705,407
Unit holders' funds (as per statement attached)		**3,205,434**	3,705,407
		(Number of units)	
Number of units in issue		**31,351,932**	37,000,462
		(Rupees)	
Net asset value per unit		**102.24**	100.14

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	----------(Rupees in '000)----------	
Income		
Profit on bank deposits	**14,508**	16,250
Income from Government Securities	**70,481**	64,449
Markup income on Placements	**121**	138
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital gain / (loss) on sale of investments classified as held for trading	**113**	(112)
- Net unrealized (loss) / gain on revaluation of investments classified as held for trading	**(121)**	378
	(8)	266
	85,102	81,103
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	**8,565**	9,082
Sales tax on management fee	**1,490**	1,686
Federal Excise Duty on management fee	**1,370**	1,453
Remuneration of Central Depository Company of Pakistan Limited - Trustee	**831**	870
Annual fee - Securities and Exchange Commission of Pakistan	**642**	681
Brokerage	**48**	60
Settlement and bank charges	**17**	44
Auditors' remuneration	**95**	84
Amortisation of preliminary expenses and floatation costs	**154**	154
Annual listing fee	**10**	10
Mutual Fund Rating Fee	**48**	45
Printing charges	**22**	22
Provision for Workers' Welfare Fund	**1,289**	1,444
Total expenses	**14,581**	15,635
	70,521	65,468
Net element of income and capital gain included in prices of units issued less those in units redeemed	**4,820**	5,299
Net income for the period	**75,341**	70,767

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive   **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	-----------(Rupees in '000)------------	
Net income for the period	**75,341**	70,767
Other comprehensive income / (loss) for the period	**-**	-
Total comprehensive income for the period	**75,341**	70,767

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive | **Director**

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	---------(Rupees in '000)----------	
Undistributed income brought forward	**4,123**	16,734
Net income for the period	**75,341**	70,767
Final cash dividend for class 'C' unit holders @ Rs. .70/- per unit and bonus units @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	-	(16,033)
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5496/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	-	(18,902)
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6493/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013.	-	(25,901)
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013.	-	(23,958)
Undistributed income carried forward	**79,464**	2,707

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	--------------(Rupees in '000)------------	
Net assets at the beginning of the period	**3,705,407**	2,307,647
Amount received on issuance of units	**628,473**	2,514,557
Amount paid on redemption of units	**(1,198,967)**	(854,363)
	(570,494)	1,660,194
Net element of income and capital gain included in prices of units issued less those in units redeemed	**(4,820)**	(5,299)
Final cash dividend for class C unit holders @ 0.80 per unit for class 'C'	-	(943)
Interim cash dividend for class C unit holders @ 0.55 per unit for class 'C'	-	(988)
Interim cash dividend for class C unit holders @ 0.65 per unit for class 'C'	-	(1,070)
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	-	(390)
Net income for the period	**75,341**	70,767
Net assets at the end of the period	**3,205,434**	4,029,918
	-------------(Number of Units)------------	
Units at the beginning of the period	**37,000,462**	22,904,353
Number of Units Issued	**6,202,418**	25,044,823
Number of Units Redeemed	**(11,850,948)**	(8,504,538)
	(5,648,530)	16,540,285
Final Bonus units distribution @ 0.6996/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2012.	-	150,827
Interim Bonus units distribution @ 0.5496/- for calss 'A' and 'B' units holders for every 100 units held as at 27 July 2013.	-	178,998
Interim Bonus units distribution @ 0.6493/- for calss 'A' and 'B' units holders for every 100 units held as at 31 August 2013.	-	248,051
Interim Bonus units distribution @ 0.5997/- for calss 'A' and 'B' units holders for every 100 units held as at 28 September 2013.	-	235,562
Units at the end of the period	**31,351,932**	40,258,076

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	------------(Rupees in '000)------------	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	**75,341**	70,767
Adjustments for non-cash items		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	**121**	(378)
Workers' Walfare fund	**1,289**	1,445
Net element of loss/ (income) and capital loss/ (gain) included in prices of units issued less those in units redeemed	**(4,820)**	(5,299)
Amortisation of preliminary expenses and floatation costs	**154**	154
	72,085	66,689
Decrease / (increase) in assets		
Investments	**323,077**	(1,551,658)
Placements	**-**	(290,000)
Income receivable	**(5,345)**	(6,604)
Prepayments	**18**	15
Receivable against sale of units	**(10,000)**	(10,000)
	307,750	(1,858,247)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	**834**	1,984
Provision for Federal Excise Duty on remuneration of the Management Company	**1,370**	
Payable to Central Depository Company of Pakistan Limited - Trustee	**(46)**	102
Payable to Securities and Exchange Commission of Pakistan	**(2,556)**	(1,539)
Accrued expenses and other liabilities	**(2,859)**	208
	(3,257)	755
Net cash flow from operating activities	**376,578**	(1,790,803)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts/ (payments) from sale and redemption of units	**(566,867)**	1,660,939
Dividend paid during the period	**-**	(2,151)
Net increase in cash and cash equivalents during the period	**(190,289)**	(132,015)
Cash and cash equivalents at the beginning of the period	**707,907**	403,542
Cash and cash equivalents at the end of the period	**517,618**	271,527
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	**9,867**	71,527
Term deposit receipts maturity of 3 months and less	**507,751**	200,000
	517,618	271,527

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

NOTES TO THE CONDENSED INTERIM FIANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

BASIS OF PRESENTATION

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

These consensed interin financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2014.

These consensed interin financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 30 September 2014.

This condensed interim financial information is unaudited.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2014.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2014.

5. BANK BALANCES

		(Unaudited) 30 September 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Savings account	*5.1*	9,867	107,907
Term Deposits Receipts (TDRs)	*5.2*	507,751	600,000
		517,618	707,907

5.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 8% (30 June 2014: 8%) per annum and balance with Habib Bank Limited which carry profit of 8.5% (30 June 2014: 8.5%)

5.2 Term Deposits Receipts (TDRs) has tenor of 08 days and 55 days (June 2014: 2 months) and carry profit rate of 10.10% and 10.25% (June 2014: 9.6%) per annum. The TDR will mature on 08 October 2014 and 24 November 2014.

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

		(Unaudited) 30 September 2014	(Audited) 30 June 2014
Government securities	*6.2*	**2,701,105**	1,913,030
		2,701,105	1,913,030

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

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
Government Securities	**121**	320
	121	320

6.2 Government Securities

Issue date	Tenor	Face Value				As at 30 September 2014		Appreciation / (diminution)	Market value as percentage of Net Assets
		As at 01 July 2014	Purchases during the period	Sold / Matured during the period	As at 30 September 2014	Carrying value	Market value		
		--------------------------------------(Rupees in '000)--							
26-Jun-2014	1 YEAR	-	-	-	-	-	-	-	-
20-Jun-2012	1 YEAR	-	-	-	-	-	-	-	-
10-Jul-2014	3 MONTHS	-	600,000	600,000	-	-	-	-	-
18-Sep-2014	3 MONTHS	-	100,000	-	100,000	98,107	98,090	(17)	3.06
4-Sep-2014	3 MONTHS	-	750,000	-	750,000	738,588	738,445	(143)	23.04
7-Aug-2014	3 MONTHS	-	580,000	90,000	490,000	486,179	486,088	(91)	15.16
2-May-2014	3 MONTHS	75,000	-	75,000	-	-	-	-	-
17-Apr-2014	3 MONTHS	416,000	-	416,000	-	-	-	-	-
15-May-2014	3 MONTHS	882,000	80,000	962,000	-	-	-	-	-
12-Jun-2014	3 MONTHS	450,000	150,000	600,000	-	-	-	-	-
26-Jun-2014	3 MONTHS	-	370,000	370,000	-	-	-	-	-
24-Jul-2014	3 MONTHS	-	200,000	-	200,000	199,199	199,168	(31)	6.21
15-May-2014	3 MONTHS	-	100,000	-	100,000	98,844	98,826	(18)	3.08
23-Jan-2014	6 MONTHS	100,000	-	100,000	-	-	-	-	-
21-Feb-2014	6 MONTHS	350,000	-	350,000	-	-	-	-	-
30-May-2014	6 MONTHS	800,000	300,000	15,000	1,085,000	1,080,309	1,080,488	179	33.71
24-Jan-2013	6 MONTHS	-	-	-	-	-	-	-	-
Total as at 30 September 2014						**2,701,226**	**2,701,105**	(121)	
Total as at 30 June 2014						1,912,710	1,913,030	320	

7. INCOME RECEIVABLE

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
	(Rupees in '000)	
Profit receivable on saving account	**1,770**	583
Profit receivable on Term Deposit recept	**7,870**	3,712
Profit receivable on Clean Placement	**-**	-
	9,640	4,295

8. WORKERS' WELFARE FUND

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

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

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 16,668,022 (30 June 2014: Rs.15,378,582) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.5316 per unit (30 June 2014: Rs.0.4156 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

	Quarter ended 30 September 2014	2013
	------------(Rupees in '000)-------------	
Habib Asset Management Limited - Management Company		
Management fee	**8,565**	9,082
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	**831**	870
Bank AL Habib Limited		
Profit on bank balances	**1,134**	4,006

Details of the balances with connected persons are as follows:	**(Unaudited) 30 September 2014**	(Audited) 30 June 2014
	---------------(Rupees in '000)-------------	
Habib Asset Management Limited - Management Company		
Management fee	**11,474**	9,270
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	**260**	306
Bank AL Habib Limited		
Bank balances	**8,374**	55,069

	Quarter ended 30 September 2014		Quarter ended 30 September 2013	
	(Units)	**(Rupees in '000)**	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	**977,715**	**99,463**	146,519	14,700
Associated Companies				
- Bank AL Habib Limited	**-**	**-**	2,708,315	272,383
- Habib Insurance Company Limited	**1,931,133**	**195,000**	1,346,608	135,000
- Habib Suger Mill Limited	**-**	**-**	13,950,725	1,400,000
Other related parties				
- Directors of the Management Company	**1,476**	**150**	5,678	570
- Sukaina Educational & Walfare Trust	**79,133**	**8,000**	84,573	8,500
- Ghulaman-e-Abbas Trust	**196,357**	**20,000**	-	-
- Mr. Abas D Habib	**-**	**-**	9,930	1,000
- Mr. Ali Asad Habib	**-**	**-**	9,681	975
- Mrs Ishrat Malik	**3,969**	**401**	-	-
- Mr Haider Azim	**794**	**80**	50	5
Bonus units issued:				
Management Company				
Habib Asset Management Limited	**-**	**-**	32,269	3,930
Associated Companies				
- Bank AL Habib Limited	**-**	**-**	77,516	7,757
- Habib Suger Mill Limited	**-**	**-**	218,217	21,838
- Green Shield Insurance Brokers	**-**	**-**	7	1

	Quarter ended 30 September 2014		Quarter ended 30 September 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	-	-	642	64
- Habib Asset Management Limited- Employees Provident Fund	-	-	111	11
- Sukaina Educational & Walfare Trust	-	-	8,544	855
- Greenshield Insurance Brokers	-	-	7	1
- Hasni Textiles Pvt Limited	-	-	45,862	4,589
- Hasni Knitwear Pvt Limited	-	-	13,139	1,314
- Dawood Habib Memorial Trust	-	-	6,909	691
- Ghulaman-e-Abbas Trust	-	-	3,346	335
- Mr. Imran Ali Habib	-	-	479	48
- Mr. Murtaza Habib	-	-	479	48
- Mr. Asghar D Habib	-	-	479	48
- Mr. Qumail Habib	-	-	478	48
- Mr. Abas D Habib	-	-	479	48
- Mr. Ali Asad Habib	-	-	472	48
- Mrs Razia Ali Habib	-	-	4,006	399
- Mrs Batool Ali Raza Habib	-	-	2,451	245
- Mrs Fatima Ali Raza Habib	-	-	3,889	389
- Mr. Sajjad Hussain	-	-	1,843	184
- Mr Aon Muhammad Ali Raza Habib	-	-	6,657	666
- Mrs. Samina Imran	-	-	3	1
- Mr. Haider Azim	-	-	10	1
Units redeemed by:				
Management Company				
Habib Asset Management Limited	**1,492,114**	**151,169**	112,468	11,300
Associated Companies				
- Bank AL Habib Limited			3,005,498	-
- Habib Insurance Company Limited	**1,822,811**	**185,000**	1,943,268	195,000
- Green Shield Insurance Brokers	**14,925**	**1,500**	-	-
Other related parties				
- Directors of the Management Company	-	-	19,885	2,000
- Habib Asset Management Limited- Employees Provident Fund	**10,967**	**1,100**	-	-
- Sukaina Educational & Walfare Trust	-	-	59,615	6,000
- Ghulaman-e-Abbas Trust	-	-	59,359	5,965
- Mr. Murtaza Habib	**2,994**	**300**	-	-
- Mrs Ishrat Malik	**1,277**	**130**	-	-
- Mr. Sajjad Hussain	-	-	49,804	5,000
- Mr Aon Muhammad Ali Raza Habib	-	-	348,631	34,999
Units held by:				
Management Company				
Habib Asset Management Limited	**1,297,057**	**132,612**	1,628,652	163,032
Associated Companies				
- Bank AL Habib Limited	**3,254,839**	**277,321,808**	3,067,557	307,069
- Habib Insurance Company Limited	**2,148,304**	**219,643**	749,871	75,064
- Habib Suger Mill Limited	-	-	14,168,941	1,418,341
- Green Shield Insurance Brokers	**349**	**36**	265	27

	Quarter ended 30 September 2014		Quarter ended 30 September 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	**27,670**	**2,829**	19,807	1,983
Employees Provident Fund	**366**	**37**	4,509	451
- Sukaina Educational & Walfare Trust	**765,068**	**72,221**	356,069	35,643
- Hasni Textiles Pvt Limited	**-**	**-**	1,864,580	186,648
- Hasni Knitwear Pvt Limited	**-**	**-**	534,181	53,473
- Dawood Habib Memorial Trust	**312,541**	**31,954**	280,898	28,118
- Ghulaman-e-Abbas Trust	**324,824**	**33,210**	119,287	11,941
- Mr. Imran Ali Habib	**61,314**	**6,268**	19,469	1,949
- Mr. Murtaza Habib	**27,650**	**2,827**	19,457	1,948
- Mr. Asghar D Habib	**20,658**	**2,112**	19,457	1,948
- Mr. Qumail Habib	**30,637**	**3,132**	19,450	1,947
- Mr. Abas D Habib	**5,522**	**565**	19,455	1,947
- Mr. Ali Asad Habib	**61,006**	**6,237**	19,200	1,922
- Mrs Razia Ali Habib	**31,913**	**3,263**	129,947	13,008
- Mrs Batool Ali Raza Habib	**5,667**	**579**	99,629	9,973
- Mrs Fatima Ali Raza Habib	**10,324**	**1,055**	158,114	15,828
- Mr. Sajjad Hussain	**22,884**	**2,340**	36,962	3,700
- Mr Aon Muhammad Ali Raza Habib	**5,214**	**533**	4,914	492
- Mrs. Samina Imran	**103**	**10**	97	10
- Mr. Haider Azim	**1,220**	**125**	402	40
- Mrs. Hina Shoaib	**27**	**3**	26	3
- Mrs. Ishrat Malik	**7,022**	**718**	-	-
- Mr. Mansoor Ali	**5,889**	**602**	-	-

12. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on October 24, 2014.

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

FIRST HABIB ISLAMIC BALANCED FUND

First Quarterly Report

September 2014

CONTENTS	Page No.

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

Mr. Abbas Qurban

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Shariah Advisor
Mufti Dr. Ismat Ullah

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

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SPETEMBER 2014

	Note	(Unaudited) 30 September 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Assets			
Bank balances	6	**138,025**	144,817
Investments	7	**130,540**	169,614
Income receivable		**2,331**	1,421
Advance, Deposits and prepayments		**27,622**	20,410
Preliminary expenses and floatation costs		**641**	693
Total assets		**299,159**	336,955
Liabilities			
Payable to Habib Asset Management Limited - Management Company		**379**	313
Provsion for federal excise duty on remuneration of Habib Asset Management Limited - the Management Company		**865**	705
Payable to Central Depository Company of Pakistan Limited - Trustee		**58**	58
Payable to Securities and Exchange Commission of Pakistan		**63**	308
Workers' Welfare Fund (WWF)	8	**1,688**	1,521
Payable Against Purchase of Investment		**3,317**	-
Accrued expenses and other liabilities		**421**	1,173
Total liabilities		**6,791**	4,078
Net assets		**292,368**	332,877
Unit holders' funds (as per the statement attached)		**292,368**	332,877
		(Number of Units)	
Number of units in issue		**2,805,638**	3,258,358
		(Rupees)	
Net asset value per unit		**104.21**	102.16

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Note	Quarter ended 30 Septemeber 2014	2013
		(Rupees in '000)	
Income			
Profit on bank deposits		**2,041**	2,846
Income from ijara sukuk certificates		**788**	1,623
Dividend income		**1,834**	2,280
Net gain on investments designated at fair value through income statement			
- Net capital gain on sale of investments classified as held for trading		**5,228**	7,424
- Net unrealized (loss) on revalutation of investments classified as held for trading		**(731)**	(14,314)
		4,497	(6,890)
Total Income / (loss)		**9,160**	(141)
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		**1,005**	940
Federal Excise Duty on management fee		**161**	150
Sales tax on management fee		**175**	174
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**176**	188
Annual fee - Securities and Exchange Commission of Pakistan		**63**	80
Brokerage expense		**333**	514
Settlement and bank charges		**99**	86
Annual listing fee		**8**	8
Auditors' remuneration		**69**	88
Amortisation of preliminary expenses and floatation costs		**52**	52
Mutual Fund Rating Fee		**50**	-
Printing charges		**22**	22
Workers' Welfare Fund	8	**166**	-
Total expenses		**2,379**	2,302
		6,781	(2,443)
Element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed - net		**(1,038)**	746
Net Income / (loss) for the period		**5,743**	(1,697)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive | **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	(Rupees in '000)	
Net Income / (loss) for the period	**5,743**	(1,697)
Other comprehensive income for the period	**-**	-
Total comprehensive Income / (loss) for the period	**5,743**	(1,697)

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	2013
	(Rupees in '000)	
Undistributed Income brought forward	**7,005**	34,124
Final dividend distribution for class 'C' unit holders @ Rs.9.75/- per unit and bonus units @9.6742 units for class 'A' and 'B' unit holders for every 100 units held as af 30 June 2013	**-**	(31,668)
Net Income / (loss) for the period	**5,743**	(1,697)
Undistributed Income carried forward	**12,748**	759

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	**2013**
	(Rupees in '000)	
Net assets at the beginning of the period	**332,877**	358,401
Cash received on issuance of units	**114,051**	31,175
Cash paid on redemption of units	**(161,341)**	(3,072)
	(47,290)	28,103
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	**1,038**	(746)
Final dividend distribution for class 'C' unit holders @ Rs.9.75 unit declared on 5 July 2013 for the year ended 30 June 2013	**-**	(12,988)
Net Income / (loss) for the period	**5,743**	(1,697)
Net assets at the end of the period	**292,368**	371,073
	(Number of Units)	
Units at the beginning of the period	**3,258,358**	3,242,477
Number of Units Issued	**1,110,723**	301,391
Number of Units Redeemed	**(1,563,443)**	(29,410)
Issue of bonus units on 5 July 2013 @ 9.6742 for class 'A' and 'B' units	**-**	184,815
Units at the end of the period	**2,805,638**	3,699,273

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Quarter ended 30 September	
	2014	**2013**
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income / (loss) for the period	**5,743**	(1,697)
Adjustments for non-cash items		
Unrealised appreciation on investments at fair value through profit or loss - net	**731**	14,314
Element of loss and capital gain included in prices of units issued less those in units redeemed - net	**1,038**	(746)
Workers' Welfare Fund	**166**	-
Amortisation of preliminary expenses and floatation costs	**52**	52
	7,730	11,923
Increase / (decrease)in assets		
Investments	**38,344**	(28,226)
Income receivable	**(910)**	(2,947)
Advance, Deposits and prepayments	**(7,212)**	(22)
Receivable against sale of investments	**-**	6,541
	30,222	(24,654)
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	**66**	64
Provsion for federal excise duty on remuneration of Habib Asset Management	**160**	-
Payable to Central Depository Company of Pakistan Limited - Trustee	**-**	3
Payable to Securities and Exchange Commission of Pakistan	**(245)**	(87)
Payable against purchase of investments	**3,317**	-
Accrued expenses and other liabilities	**(752)**	5,079
	2,546	5,059
Net cash flow from operating activities	**40,498**	(7,672)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	**(47,290)**	28,103
Dividend paid during the period	**-**	(12,988)
Net cash (used) in / generated from financing activites	**(47,290)**	15,115
Net (decrease) / increase in cash and cash equivalents during the period	**(6,792)**	7,443
Cash and cash equivalents at the beginning of the period	**144,817**	145,793
Cash and cash equivalents at the end of period	**138,025**	153,236

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

NOTES TO THE CONDENSED INTERIM FIANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3 ' to the Management Company and a performance Ranking of ’MRF 2- Start’ to the Fund.

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

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

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

2. BASIS OF PREPARATION

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

2.2 These consensed interin financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2014.

2.3 These consensed interin financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2014.

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES

	Note	(Unaudited) 30 September 2014	(Audited) 30 June 2014
		---------- (Rupees in '000)	------------
Current account		**16,128**	7,323
Savings account	*6.1*	**121,897**	137,494
		138,025	144,817

6.1 Savings account carry profit rate of 6.27% and 8.25% per annum (2014 6.27% to 8.5%); and includes a balance of Rs. 1.61 million (2014: Rs 10.846 million) having interest rate of 6.27% (2014: 6.27%)with Bank Al-Habib, a related party.

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

	Note	30 September 2014	30 June 2014
Equity securities	7.1	**130,540**	124,038
Debt Securities	7.2	**-**	45,576
		130,540	169,614

7.1 Equity securities

Name of the Investee	As at 1 July 2014	Purchased/ bonus/ right shares received during the period	Sold during the period	As at 30 September 2014	Carrying value as at 30 September 2014	Market value as at 30 September 2014	Market Value as a Percentage of: Net Assets	Total Investments
	--------Number of shares			--------	--------(Rupees in '000)	--------		
AUTOMOBILE & PARTS								
Atlas Honda limited	32,500	-	32,500	-	-	-	0.00%	0.00%
Honda Atlas Cars (Pakistan) Ltd.	-	57,000	57,000	-	-	-	0.00%	0.00%
Indus Motor Company Limited	-	25,950	25,950	-	-	-	0.00%	0.00%
Hino Pak Motors Limited	-	1,800	1,800	-	-	-	0.00%	0.00%
CHEMICALS								
Fauji Fertilizer Company Limited	-	26,000	10,000	16,000	1,782	1,815	0.62%	1.39%
ICI Pakistan Limited	32,800	-	32,800	-	-	-	0.00%	0.00%
CONSTRUCTION AND MATERIALS (CEMENT)								
Lafarge Pakistan Cement Ltd	100,000	-	100,000	-	-	-	0.00%	0.00%
Fauji Cement Company Limited	150,000	135,000	184,500	100,500	1,953	1,959	0.67%	1.50%
Cherat Cement Company Limited	97,150	-	97,150	-	-	-	0.00%	0.00%
D. G. Khan Cement Company Limited	78,000	135,000	183,000	30,000	2,372	2,391	0.82%	1.83%
Kohat Cement Company Limited	15,000	12,000	11,300	15,700	2,001	1,898	0.65%	1.45%
Lucky Cement Limited	5,000	67,800	52,400	20,400	7,887	8,192	2.80%	6.28%
Maple Leaf Cement Factory	196,000	80,000	10,000	266,000	7,861	7,231	2.47%	5.54%
ELECTRICITY								
The Hub Power Company Limited	122,500	-	65,000	57,500	3,377	3,679	1.26%	2.82%
K- Electric Limited	50,000	186,000	236,000	-	-	-	0.00%	0.00%
ENGINEERING								
Millat Tractors Limited	-	14,700	600	14,100	7,818	7,800	2.67%	5.98%
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	175,000	100,000	100,000	175,000	4,239	4,079	1.40%	3.12%
FOOD PRODUCERS								
Engro Foods Company Limited	21,000	-	21,000	-	-	-	0.00%	0.00%
National Food Limited	-	15,400	1,000	14,400	10,609	10,195	3.49%	7.81%
GENERAL INDUSTRIALS								
Thal Limited	71,600	7,000	31,000	47,600	9,801	11,472	3.92%	8.79%
Siemens Pakistan Engineering Co Limited	880	-	880	-	-	-	0.00%	0.00%
OIL & GAS								
Attock Refinery Limited	9,700	49,700	42,100	17,300	3,410	3,544	1.21%	2.72%
Attock Petroleum Limited	-	22,050	-	22,050	12,627	11,965	4.09%	9.17%
Mari Gas Company Limited	-	78,100	60,100	18,000	7,170	7,844	2.68%	6.01%
Shell Pakistan Limited	11,000	-	-	11,000	3,039	3,010	1.03%	2.31%
Oil & Gas Development Company Limited	45,500	52,000	57,500	40,000	10,534	9,882	3.38%	7.57%
Pakistan Oilfields Limited	10,800	33,000	18,800	25,000	14,058	13,286	4.54%	10.18%
Pakistan Petroleum Limited	-	40,000	5,000	35,000	7,789	7,912	2.71%	6.06%
Pakistan State Oil Company Limited	28,660	38,300	32,600	34,360	12,943	12,385	4.24%	9.49%

Name of the Investee	As at 1 July 2014	Purchased/ bonus/ right shares received during the period	Sold during the period	As at 30 September 2014	Carrying value as at 30 September 2014	Market value as at 30 September 2014	Market Value as a Percentage of: Net Assets	Total Investments
	--------Number of shares--------				----(Rupees in '000)----			
PERSONAL GOODS (TEXTILE)								
Service Industries Pakistan	23,600	-	23,600	-	-	-	0.00%	0.00%
Nishat Mills Ltd.	-	20,000	20,000	-			0.00%	0.00%
PHARMA AND BIO TECH								
Abbot Laboatories (Pakistan) Ltd.	-	23,700	23,700	-	-	-	0.00%	0.00%
The Searl Company Ltd.	-	21,000	21,000	-	-	-	0.00%	0.00%
Total as at 30 September 2014					**131,270**	**130,540**		
Total as at 30 June 2014					126,207	124,038		

7.2 Debt Securities

Name of the investee company	Note	Number of certificates: As at 1 July 2014	Acquired during the period	Sold/Redeemed during the period	As at 30 September 2014	As at 30 September 2014: Carrying value	Market Value	Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
						----(Rupees in '000)----			
GOP IJARA - 9 (26-12-2011)		9,000	-	9,000	-	-	-	0.00%	0.00%
Total as at 30 September 2014						-	-		
Total as at 30 June 2014						**45,032**	**45,576**		

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
7.3 Unrealised / (diminution) on investments at fair value through profit or loss	**(Rupees in '000)**	
Equity securities	**(731)**	(2,169)
Debt Securities	**-**	544
	(731)	(1,625)

8. WORKERS' WELFARE FUND

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

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

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

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 1,687,523 (30 June 2014: Rs. 1,521,292.38) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.60 per unit (30 June 2014: Rs.0.47 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2014, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2014.

Fair value hierarchy

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

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

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

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

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

	Level 1	Level 2	Total
	----------------	(Rupees)	----------------
Equity securities	**130,540**	**-**	**130,540**
Debt Securities	**-**	**-**	**-**
	130,540	**-**	**130,540**

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

	Level 1	Level 2	Total
	----------------	(Rupees)	----------------
Equity securities	124,038	-	124,038
Debt Securities	-	45,576	45,576
	124,038	45,576	169,614

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund and First Habib Cash Fund, First Habib Stock Fund, Al Habib Capital Markets (Private) Limited and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.The transactions with connected persons are in the normal course of business, at contracted rates and terms determinedin accordance with market norms.Remuneration to management company and trustee is determined in accordance with the provisions of Non- Banking Finance Companies (Establishment and Regulation) Rules,2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons are as follows:

	Quarter ended 30 September 2014	Quarter ended 30 September 2013
Habib Asset Management Limited - Management Company		
Management fee	**1,005**	940
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	**6**	55
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	**176**	188
Bank Al Habib Limited		
Profit on Bank Balances	**278**	16

Details of balances with connected persons are as follows:

	(Unaudited) 30 September 2014	(Audited) 30 June 2014
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	**6,739**	10,846
Habib Asset Management Limited - Management Company		
Management fee payable	**1,244**	1,018
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	**68**	4
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	**58**	58
- Security deposit - non interest bearing	**100**	100

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

	Quarter ended 30 September 2014		Quarter ended 30 September 2013	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	**343,285**	**34,974**	9,735	1,000
Other related parties				
- Directors of the Management Company	**586**	**60**	983	100
- Habib Insurance Company Ltd - Employees Provident Fund	-	-	4,745	500
- Hamdard Laboratories Waqf Pakistan	-	-	241,516	25,000
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	-	-	17,445	1,758
Other related parties				
- Directors of the Management Company	-	-	2,609	263
- Habib Asset Management Limited - Employees Provident Fund	-	-	391	39
- Habib Insurance Company Ltd - Employees Provident Fund	-	-	931	94
- Pioneer Cables Ltd	-	-	116,533	11,745
Units redeemed by:				
Management Company				
Habib Asset Management Limited	**289,484**	**30,111**	-	-
Other related parties				
- Directors of the Management Company	-	-	14,229	1,497
Units held by:				
Management Company				
Habib Asset Management Limited	**103,071**	**10,741**	207,509	20,815
Other related parties				
- Directors of the Management Company	**39,470**	**4,113**	-	-
Associated Companies				
- Bank AL Habib Limited	**252,322**	**26,294**	252,322	25,310
- Habib Insurance Company Limited	**706,724**	**73,646**	706,724	70,891
Other related parties				
- Habib Asset Management Limited-Employees Provident Fund	-	-	4,433	445
- Habib Insurance Company Ltd - Employees Provident Fund	**16,952**	**1,766**	15,296	1,534
- Pioneer Cables Ltd	-	-	1,321,108	132,520
- Hamdard Laboratories Waqf Pakistan	-	-	614,566	61,647

12. DATE OF AUTHORISATION FOR ISSUE

12.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 24, 2014.

13. GENERAL

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

For Habib Asset Management Limited
(Management Company)

Chief Executive **Director**

Habib Asset Management Limited
(An Associate Company of Bank AL Habib Ltd.)
1st Floor, Imperial Court, Ziauddin Ahmed Road, Karachi-75530, Pakistan
UAN: (92-21) 111-342-242 (111-D-Habib) Fax: (92-21) 35223710 Website: www.habibfunds.com