

AL Habib Funds **HALF YEARLY** **REPORT**

December 31, 2021

Managed By



AL Habib Asset Management Ltd.

A Wholly Owned Subsidiary of Bank AL Habib Limited

Rated
AM2
by PACRA

TABLE OF CONTENTS

DIRECTORS' REPORT 02

FIRST HABIB CASH FUND 04

AL HABIB MONEY MARKET FUND 23

FIRST HABIB INCOME FUND 40

FIRST HABIB ASSET ALLOCATION FUND 59

FIRST HABIB STOCK FUND 79

AL HABIB ISLAMIC CASH FUND 99

FIRST HABIB ISLAMIC INCOME FUND 115

FIRST HABIB ISLAMIC STOCK FUND 134

AL HABIB ISLAMIC SAVINGS FUND 154

ڈائریکٹرز رپورٹ:

DIRECTORS' REPORT

The Board of Directors of AL Habib Asset Management Limited is pleased to present the reviewed financial statements of the Funds under its management for the half year ended December 31, 2021.

The country witnessed post-COVID economic recovery and heightened business activity at the start of financial year. However, sentiments soon depleted as economic vulnerabilities came to fore, wherein supply related disruptions and faster demand growth led to manifold increase in international commodity prices resulting in rising trade deficit and significantly higher inflation. Nonetheless, timely intervention by economic managers in the form of monetary tightening (i.e. increase in Policy Rate by 275 bps to 9.75% in the span of three months) with fiscal consolidation, and subsequent approval by IMF for revival of its Extended Fund Facility lightened investor concerns.

First Habib Cash Fund generated net annualized return of 8.06% for the half year ended December 31, 2021. The Fund's gross income was Rs. 837.75 million, which mainly comprises income of Rs. 589.51 million from bank deposits, Rs. 198.80 million from government securities and Rs. 25.38 million from term deposits. The amount of reversal of provision of SWWF in the Fund was Rs. 24.06 million. During the period, the Fund has distributed cumulative interim dividends of Rs. 2.46 per unit.

AL Habib Money Market Fund, launched on December 20, 2021, generated net annualized return of 10.97% for the period ended December 31, 2021. The Fund's gross income was Rs. 1.52 million, which comprises income from bank deposits. During the period, the Fund has distributed cumulative interim dividends of Re. 0.36 per unit.

AL Habib Islamic Cash Fund, launched on December 20, 2021, generated net annualized return of 9.63% for the period ended December 31, 2021. The Fund's gross income was Rs. 0.91 million, which comprises income from bank deposits. During the period, the Fund has distributed cumulative interim dividends of Re. 0.32 per unit.

First Habib Income Fund generated net annualized return of 8.28% for the half year ended December 31, 2021. The Fund's gross income was Rs. 80.45 million which mainly comprises income of Rs. 35.94 million from bank deposits, Rs. 37.27 million from investment in government securities, TFCs and Sukuks. The amount of reversal of provision of SWWF in the Fund was Rs. 7.24 million.

First Habib Islamic Income Fund generated net annualized return of 7.13% for the half year ended December 31, 2021. The Fund's gross income was Rs. 427.54 million, which mainly comprises income of Rs. 214.47 million from investment in Sukuks, Rs. 143.62 million from bank deposits and Rs.44.83 million from term deposits. The amount of reversal of provision of SWWF in the Fund was Rs. 24.63 million. During the period, the Fund has distributed cumulative interim dividends of Rs. 2.99 per unit.

AL Habib Islamic Savings Fund, launched on December 20, 2021, generated net annualized return of 10.93% for the period ended December 31, 2021. The Fund's gross income was Rs. 4.93 million, which comprises income from bank deposits. During the period, the Fund has distributed cumulative interim dividends of Re. 0.36 per unit.

First Habib Asset Allocation Fund generated net return of 0.13% for the half year ended December 31, 2021. The Fund's gross income was Rs. 2.12 million, which mainly comprises income of Rs. 4.04 million from dividends, Rs.0.50 million from bank deposits and incurred, realized and unrealized capital losses of Rs. 2.83 million on equity investments. The amount of reversal of provision of SWWF in the Fund was Rs. 0.41 million.

First Habib Stock Fund generated negative return of 1.43% for the half year ended December 31, 2021. The Fund's gross income was Rs. 1.20 million, which mainly comprises income of Rs. 9.64 million from dividends, Rs.0.72 million from bank deposits and incurred, realized and unrealized capital losses of Rs. 10.73 million on equity investments. The amount of reversal of provision of SWWF in the Fund was Rs. 1.57 million.

First Habib Islamic Stock Fund generated net return of 1.14% for the half year ended December 31, 2021. The Fund's gross income was Rs. 8.66 million, which mainly comprises income of Rs. 11.72 million from dividends, Rs.0.75 million from bank deposits and incurred, realized and unrealized capital losses of Rs. 4.75 million on equity investments. The amount of reversal of provision of SWWF in the Fund was Rs. 0.94 million.

We wish to thank our unit holders for their continued trust and support, Securities & Exchange Commission of Pakistan for their guidance and Central Depository Company of Pakistan Limited for their cooperation. We also thank all our team members for their sincerity, dedication and hard work.

KASHIF RAFI
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 20, 2022

FIRST HABIB CASH FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AA+ (f) Fund Stability Rating by VIS
AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Allied Bank Limited
Habib Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB CASH FUND

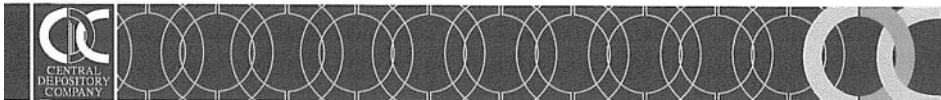
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Cash Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Cash Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Cash Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

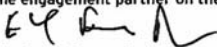
Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.



Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	4	28,701,979	15,867,270
Investments	5	-	1,000,000
Profit receivable	6	220,534	84,405
Advance tax, deposits, prepayments and other receivable	7	1,260	1,279
Total assets		28,923,773	16,952,954
Liabilities			
Payable to AL Habib Asset Management Limited - Management company	8	14,853	3,613
Provision for Federal Excise Duty on remuneration of the Management Company	9	13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,211	837
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	1,916	1,510
Provision for Sindh Workers' Welfare Fund (SWWF)	12	-	24,063
Payable against redemption of units		365	2,378
Accrued expenses and other liabilities	13	9,897	7,787
Total liabilities		41,659	53,605
Net assets		28,882,114	16,899,349
Unit holders' fund (as per the statement attached)		28,882,114	16,899,349
Contingencies and commitments	14		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		282,564,445	167,919,558
		(Rupees)	
Net assets value per unit		102.21	100.64

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

Note	Half year ended December 31,		Quarter ended December 31,		
	2021	2020	2021	2020	
----- (Rupees in '000) -----					
Income					
Profit on bank deposits	589,511	63,680	357,640	44,850	
Income from government securities	207,152	99,686	109,432	64,108	
Profit on term deposit receipts	25,381	-	-	-	
Net gain on investments designated at fair value through profit or loss					
- Net realised (loss) / gain on sale of investments	(8,352)	(2,257)	(7,939)	117	
- Net unrealised gain on revaluation of investments	-	95	-	-	
	(8,352)	(2,162)	(7,939)	117	
Total income	813,692	161,204	459,133	109,075	
Expenses					
Remuneration of AL Habib Asset Management Limited - Management Company	8.1	34,091	9,001	14,193	5,220
Sindh Sales tax on Management Company's remuneration	8.2	4,432	1,170	1,845	678
Expenses allocated by the Management Company		16,241	2,168	10,701	2,168
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	5,732	1,448	2,730	957
Sindh Sales tax on Trustee's remuneration	10.2	745	188	355	124
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	11	1,919	448	995	297
Brokerage expense		531	91	146	63
Settlement and bank charges		23	54	8	41
Annual listing fee		13	13	7	7
Auditors' remuneration		334	223	167	111
Mutual Fund rating fee		134	134	67	77
Printing and other expenses		33	33	14	12
Total expenses		64,228	14,971	31,228	9,755
Net income from operating activities		749,464	146,233	427,905	99,320
Reversal / (provision) for Sindh Workers' Welfare Fund	12	24,063	(2,925)	-	(1,982)
Net income for the period before taxation		773,527	143,308	427,905	97,338
Taxation	15	-	-	-	-
Net income for the period after taxation		773,527	143,308	427,905	97,338
Allocation of net income for the period after taxation					
Net income for the period		773,527	143,308	427,905	97,338
Income already paid on units redeemed		(151,857)	(26,075)	(35,994)	(15,568)
		621,670	117,233	391,911	81,770
Accounting income available for distribution:					
- Relating to capital gains		(8,352)	(2,162)	(7,939)	117
- Excluding capital gains		630,022	119,395	399,850	81,653
		621,670	117,233	391,911	81,770

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	773,527	143,308	427,905	97,338
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>773,527</u>	<u>143,308</u>	<u>427,905</u>	<u>97,338</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended	
Note	December 31,	
	2021	2020
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	773,527	143,308
Adjustments		
Net unrealised loss on revaluation of investments	-	(95)
(Reversal) / provision for Sindh Workers' Welfare Fund	(24,063)	2,925
Net cash generated from operations before working capital changes	749,464	146,138
Working capital changes		
Decrease / (Increase) in assets		
Investments	1,000,000	(4,090,083)
Profit receivable	(136,129)	(26,842)
Advance tax, deposits, prepayments and other receivable	19	(230)
	863,890	(4,117,155)
Increase / (Decrease) in liabilities		
Payable to AL Habib Asset Management Limited - Management Company	11,240	2,860
Payable to Central Depository Company of Pakistan Limited - Trustee	374	334
Payable to Securities and Exchange Commission of Pakistan (SECP)	406	18
Payable against redemption of units	(2,013)	362,822
Payable against purchase of investment	-	4,090,313
Accrued expenses and other liabilities	2,110	(1,339)
	12,117	4,455,008
Net cash generated from operating activities	1,625,471	483,991
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	44,689,833	18,000,516
Payments on redemption of units	(33,044,383)	(8,517,333)
Dividend paid during the period	(436,212)	(70,155)
Net cash generated from financing activities	11,209,238	9,413,028
Net increase in cash and cash equivalents during the period	12,834,709	9,897,019
Cash and cash equivalents at beginning of the period	15,867,270	3,656,157
Cash and cash equivalents at end of the period	28,701,979	13,553,176
Cash and cash equivalents comprises of :		
Bank balances	4 28,701,979	13,553,176

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 14, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 13, 2010 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** 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 3rd Floor MacKinnon's Building, I.I Chundrigar Road Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund categorised as 'Money Market Scheme' and is listed on the Pakistan Stock Exchange Limited (PSX). 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. Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.
- 1.4** The Fund, in line with its investment objective, invests primarily in treasury bills, government securities and cash and near cash instruments.
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on September 15, 2021 and VIS has assigned fund stability ranking of AA+(f) to the Fund on December 31, 2020.

2 BASIS OF PREPARATION

2.1.1 This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.

2.1.3 This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.

2.1.4 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial statements for the period ended December 31, 2020.

2.1.5 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

FIRST HABIB CASH FUND

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

3.3 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the fund as at and for the year ended June 30, 2021.

	Note	December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
4 BANK BALANCES			
Saving accounts	4.1	<u>28,701,979</u>	<u>15,867,270</u>
		<u>28,701,979</u>	<u>15,867,270</u>

4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 7% to 13.75% (June 30, 2021: 4% to 7.95%) per annum. It also includes a balance of Rs.1.49 million (June 30, 2021: Rs. 8.801 million) with Bank AL Habib Limited, (Parent Company of Fund's Management Company) carrying profit at the rate of 8.25% (June 30, 2021: 6.5%) per annum.

	December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
5 INVESTMENTS		
At amortised cost:		
Term deposit receipts (TDR)	<u>-</u>	<u>1,000,000</u>
	<u>-</u>	<u>1,000,000</u>

5.1 Government securities – Market Treasury Bills

Description					As at December 31, 2021				
	As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)	Market value	
								As a percentage of net assets	As a percentage of total investments
	------(Number of Units)-----				------(Rupees in '000)-----			------%-----	
T- BILL 6 MONTHS (11-02-2021)	-	40,000,000	40,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (12-08-2021)	-	15,000,000	15,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (06-05-2021) - F	-	307,045,950	307,045,950	-	-	-	-	-	-
T- BILL 3 MONTHS (23-09-2021) - F	-	112,500,000	112,500,000	-	-	-	-	-	-
T- BILL 6 MONTHS (02-07-2021) - F2	-	10,000,000	10,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (26-08-2021)	-	840,000	840,000	-	-	-	-	-	-
T- BILL 3 MONTHS (07-10-2021)	-	61,000,000	61,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (06-05-2021)	-	320,959,550	320,959,550	-	-	-	-	-	-
T- BILL 6 MONTHS (02-07-2021) - F	-	181,700,000	181,700,000	-	-	-	-	-	-
T- BILL 3 MONTHS (15-07-2021)	-	5,000,000	5,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (28-01-2021)	-	17,007,600	17,007,600	-	-	-	-	-	-
T- BILL 6 MONTHS (26-08-2021)	-	105,000,000	105,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (20-05-2021)	-	84,640,000	84,640,000	-	-	-	-	-	-
T- BILL 6 MONTHS (26-08-2021) - F	-	35,000,000	35,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (20-05-2021) - F	-	50,000,000	50,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (17-06-2021)-	-	9,000,000	9,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (22-04-2021)	-	10,000,000	10,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (29-07-2021)	-	11,250,000	11,250,000	-	-	-	-	-	-
T- BILL 6 MONTHS (12-08-2021) - F	-	5,000,000	5,000,000	-	-	-	-	-	-
T- BILL 6 MONTHS (17-06-2021)	-	3,000,000	3,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (20-05-2021)	-	114,500,000	114,500,000	-	-	-	-	-	-
T- BILL 3 MONTHS (06-05-2021)	-	97,880,000	97,880,000	-	-	-	-	-	-
T- BILL 3 MONTHS (23-09-2021)	-	80,000,000	80,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (09-09-2021)	-	1,000,000	1,000,000	-	-	-	-	-	-
T- BILL 3 MONTHS (12-08-2021)	-	940,000	940,000	-	-	-	-	-	-
T- BILL 3 MONTHS (12-08-2021) - F	-	470,000	470,000	-	-	-	-	-	-
T- BILL 6 MONTHS (06-05-2021) - F2	-	49,100,000	49,100,000	-	-	-	-	-	-
T- BILL 6 MONTHS (02-07-2021)	-	291,700,000	291,700,000	-	-	-	-	-	-
T- BILL 6 MONTHS (15-07-2021)	-	40,542,000	40,542,000	-	-	-	-	-	-
T- BILL 6 MONTHS (17-06-2021)	-	132,000,000	132,000,000	-	-	-	-	-	-
Total as at December 31, 2021		2,192,075,100	2,192,075,100						
Total as at June 30, 2021		126,136,100	127,016,100						

5.1 Rate of return on above Treasury Bill's ranges from 7.07% to 10% (June 30,2021: 6.70% to 6.74%) per annum.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
6 PROFIT RECEIVABLE	Note ------(Rupees in '000)-----	
Profit receivable on saving accounts	220,534	69,657
Profit receivable on term deposit receipts	-	14,748
	220,534	84,405
7 ADVANCE TAX, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE		
Mutual fund rating fee	-	121
Security deposit	100	100
Advance tax	<i>7.1</i> 1,116	1,058
Prepayment - listing fee	12	-
Receivable against sale of units	32	-
	1,260	1,279

- 7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001 in previous years and current period regarding which the management is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 8.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.
- 8.2 Sindh Sales Tax has been charged at 13% on the Management Company's remuneration during the period (June 30, 2021: 13%).

9 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 8 to the annual audited financial statements for the year ended June 30, 2021. However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 13.42 million. Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2021 would have been higher by Rs. 0.05 (June 30, 2021: Rs. 0.08) per unit.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

- 10.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document based on the daily Net Asset Value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from October 01, 2021, whereby the revised tariff is 0.055% per annum of daily net assets of the Fund.

10.2 Sindh Sales Tax has been charged at 13% on the trustee's remuneration charged during the period (June 2021: 13%).

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

12 PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
13 ACCRUED EXPENSES AND OTHER LIABILITIES	----- (Rupees in '000) -----	
Auditor's Remuneration	334	408
Printing Charges	72	78
Capital gain and withholding tax	9,011	6,966
Settlement Charges	7	3
Brokerage	458	332
Mutual fund Rating fee	13	-
Other Payable	2	-
	9,897	7,787

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021. (June 30, 2021: Nil).

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

16 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

FIRST HABIB CASH FUND

17 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent of AL Habib Asset Management Limited
3	Al Habib Capital Market (Private) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Asset Allocation Fund	Managed by AL Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by AL Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by AL Habib Asset Management Limited
7	First Habib Stock Fund	Managed by AL Habib Asset Management Limited
8	First Habib Income Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of transactions with connected persons / related parties are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
----- (Rupees in '000) -----				
AL Habib Asset Management Limited - Management Company				
Remuneration	<u>34,091</u>	<u>9,001</u>	<u>14,193</u>	<u>5,220</u>
Sindh Sales Tax on remuneration	<u>4,432</u>	<u>1,170</u>	<u>1,845</u>	<u>678</u>
Expenses allocated by management company	<u>16,241</u>	<u>2,168</u>	<u>10,701</u>	<u>2,168</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	<u>5,732</u>	<u>1,448</u>	<u>2,730</u>	<u>957</u>
Sindh Sales Tax on remuneration	<u>745</u>	<u>188</u>	<u>355</u>	<u>124</u>
CDC charges	<u>3</u>	<u>5</u>	<u>1</u>	<u>3</u>
Bank AL Habib Limited - Parent Company of AL Habib Asset Management Limited				
Profit on bank balances	<u>1,651</u>	<u>2,719</u>	<u>1,241</u>	<u>1,805</u>

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

	December 31, (Un-Audited)	June 30, (Audited)
----- (Rupees in '000) -----		
Bank AL Habib Limited - Parent of AL Habib Asset Management Limited		
Bank balance	<u>1,491</u>	<u>8,802</u>
Profit on bank deposits	<u>115</u>	<u>5,168</u>
AL Habib Asset Management Limited - Management Company		
Remuneration payable (inclusive of Sindh Sales Tax)	<u>14,853</u>	<u>3,613</u>
Federal Excise Duty payable on remuneration	<u>13,417</u>	<u>13,417</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (inclusive of Sindh Sales tax)	<u>1,211</u>	<u>837</u>

FIRST HABIB CASH FUND

17.1 Sale / Redemption of units for the period ended December 31, 2021	Half year ended December 31, 2021 (Un-audited)		Half year ended December 31, 2020 (Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
<i>Management Company</i>				
AL Habib Asset Management Limited	22,468,539	2,268,807	5,580,780	562,519
<i>Parent of</i>				
<i>AL Habib Asset Management Limited</i>				
Bank AL Habib Limited	29,962,673	3,054,042	14,896,114	1,500,000
<i>Other related parties</i>				
- Central Depository Company of Pakistan Ltd.	14,716	1,742	993,623	100,000
- Habib Asset Management Limited - Employee Provident Fund	510	51	1,922	193
<i>Connected parties holding 10% or more of the units in issue:</i>	116,892,065	11,849,125	53,113,681	5,354,701
<i>Directors of the Management Company & their Relatives</i>	33,354,495	3,374,910	83,858	8,422
<i>Key Management Executives</i>	2	-	-	-
Units redeemed by:				
<i>Management Company</i>				
AL Habib Asset Management Limited	6,648,410	670,560	4,945,231	496,833
<i>Other related parties</i>				
- Central Depository Company of Pakistan Limited	1,053,342	106,421	-	-
- Habib Asset Management Limited - Employee Provident Fund	41,699	4,200	-	-
<i>Directors of the Management Company & their Relatives</i>	27,893,037	2,821,465	75,678	7,616
<i>Connected parties holding 10% or more of the units in issue:</i>	91,892,296	9,299,266		
Units held by:				
	December 31, 2021 (Un-audited)		June 30, 2021 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Management Company</i>				
AL Habib Asset Management Limited	-	-	5,805,589	584,274
Habib Asset Management Limited - Employees Provident Fund	21,174	2,164	62,364	6,276
<i>Parent of</i>				
<i>AL Habib Asset Management Limited</i>				
- Bank AL Habib Limited	69,271,923	7,080,581	39,309,250	3,956,083
<i>Other related parties</i>				
Directors & their relatives of the mana	8,152,582	833,310	3,302,968	332,411
Key Management	2	-	50	5
<i>Connected Parties holding 10% or more of the units in issue:</i>	58,104,121	5,939,072	33,104,352	3,331,622

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The investments of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 -	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Fair value		
		Level 1	Level 2	Level 3
December 31, 2021 (Un-audited)		(Rupees in '000)		
Investments - Market Treasury Bills	5	-	-	-
Term deposit receipt (TDR)		-	-	-
		-	-	-
June 30, 2020 (Audited)				
Investments - Market Treasury Bills	5	-	-	-
Term deposit receipt (TDR)		-	-	1,000,000
		-	-	1,000,000

18.1 Level 2 fair values have been determined on the basis of MUFAP rates and closing Net Asset Values for government securities and Mutual Fund Units respectively.

18.2 There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

19 TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 0.67% which includes 0.07% representing Government levy and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21 GENERAL

- 21.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2021 and December 31, 2020 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.
- 21.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 20, 2022**.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB MONEY MARKET FUND
For the period from
December 20, 2021 to December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Allied Bank Limited
Habib Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB MONEY MARKET FUND

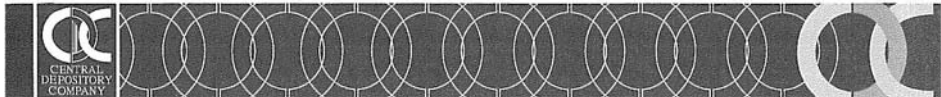
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Al Habib Money Market Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during period from December 20, 2021 to December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of AL Habib Money Market Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of AL Habib Money Market Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the period from 20 December 2021 to 31 December 2021. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

AL HABIB MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES*AS AT DECEMBER 31, 2021*

		December 31, 2021 (Un-Audited) (Rupees in '000)
Assets		
Bank balances	4	450,403
Profit receivable on bank deposits		1,523
Preliminary expenses and floatation costs	5	583
Total assets		452,509
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	8	5
Payable to Central Depository Company of Pakistan Limited - Trustee	10	9
Payable to Securities and Exchange Commission of Pakistan (SECP)	12	3
Accrued expenses and other liabilities	6	768
Total liabilities		785
Net assets		451,724
Unit holders' fund (as per the statement attached)		451,724
Contingencies and Commitments	7	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each)		4,517,233
		(Rupees)
Net asset value per unit		100.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

		For the period from December 20, 2021 to December 31, 2021 (Rupees in '000)
Income		
Profit on bank deposits		<u>1,523</u>
Total income		<u>1,523</u>
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	8	4
Sindh sales tax on Management Company's remuneration	9	1
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	8
Sindh sales tax on Trustee remuneration	11	1
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	12	3
Auditors' remuneration		13
Amortization of preliminary expenses and floatation costs	5	2
Total expenses		<u>32</u>
Net income for the period before taxation		<u>1,491</u>
Taxation	13	-
Net income for the period after taxation		<u><u>1,491</u></u>
Allocation of net income for the period after taxation:		
Net income for the period		1,491
Income already paid on units redeemed		-
		<u>1,491</u>
Accounting income available for distribution:		
Relating to capital gains		-
Excluding capital gains		1,491
		<u><u>1,491</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

	For the period from December 20, 2021 to December 31, 2021
	(Rupees in '000)
Net income for the period after taxation	1,491
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>1,491</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021**

	For the period from December 20, 2021 to December 31, 2021		
	Capital Value	Undistributed income	Net Asset
	(Rupees in '000)		
Net assets at the beginning of the period	-	-	-
Issuance of 5,518,876 units			
- Capital value	551,888	-	551,888
- Element of income	-	-	-
Amount received on issuance of units	551,888	-	551,888
Redemption of 1,001,642 units			
- Capital value	(100,164)	-	(100,164)
- Element of income	-	-	-
Amount paid on redemption of units	(100,164)	-	(100,164)
Total comprehensive income for the period	-	1,491	1,491
Interim cash distribution for the year ended June 30 2022: Rs. 0.3586 per unit	-	(1,491)	(1,491)
	-	-	-
Net assets at the end of the period	451,724	-	451,724
Undistributed income brought forward			
- Realised		-	
- Unrealised		-	
		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		1,491	
		1,491	
Interim cash distribution for the year ended June 30 2022: Rs. 0.3586 per unit		(1,491)	
Undistributed income carried forward		-	
Undistributed income carried forward			
- Realised		-	
- Unrealised		-	
		-	
			(Rupees)
Net assets value per unit at end of the period			100.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB MONEY MARKET FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021****For the period
from December 20,
2021 to December
31, 2021****(Rupees in '000)****CASH FLOWS FROM OPERATING ACTIVITIES**

Net income for the period before taxation 1,491

Adjustments for non cash and other itemsAmortization of preliminary expenses and floatation costs 2
1,493**Working capital adjustments****Increase in assets**Profit receivable on bank deposits (1,523)
Preliminary expenses and floatation costs (585)
(2,108)**Increase in liabilities**Payable to AL Habib Asset Management Limited - Management Company 5
Payable to Central Depository Company of Pakistan Limited - Trustee 9
Payable to Securities and Exchange Commission of Pakistan 3
Accrued expenses and other liabilities 768
785
Net cash generated from operating activities 170**CASH FLOWS FROM FINANCING ACTIVITIES**Proceeds from issuance of units 551,888
Payments against redemption of units (100,164)
Dividend paid during the period (1,491)
Net cash generated from financing activities 450,233**Net increase in cash and cash equivalents during the period** 450,403Cash and cash equivalents at beginning of the period -
Cash and cash equivalents at the end of the period 450,403**Cash and cash equivalents comprise of :**Bank balances 450,403
450,403

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

**For AL Habib Asset Management Limited
(Management Company)**_____
Chief Executive_____
Chief Financial Officer_____
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

AL Habib Money Market Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 27, 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 31, 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

- 1.1 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The Fund was launched on 20 December, 2021 through initial public offering (IPO) accordingly these are the first financial statements and therefore comparative information is not available.
- 1.3 The Fund is an open-end mutual fund and is in the process of listing on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.
- 1.4 The Investment objective of AL Habib Money Market Fund is to provide its unit-holders optimum return from a portfolio of low risk and short duration assets while being highly liquid.
- 1.5 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).
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.7 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on September 15, 2021.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

2.1.1 This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial information. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements.
- 2.1.3** This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.
- 2.1.4** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.6 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.3 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Management Company for the applications received during business hours on that day. Allotment of units is recorded on acceptance of application and realization of the proceeds in the Fund's bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

3.4 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in Statement of Movement in Unit holders' Fund.

3.5 Net asset value - per unit

The net asset value per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.6 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed in the form of cash among the unit holders. Provided that, for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.7 Revenue recognition

Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

3.8 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.9 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten years commencing from December 20, 2021 as per the Trust Deed of the Fund.

3.10 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP), distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital, if any, based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.11 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4. BANK BALANCES

This represents saving accounts held with various commercial banks carrying profit rates ranging from 11.25% per annum. It also includes a balance of Rs. 450.38 million with Bank AL Habib Limited, (Parent Company of Fund's Management Company) carrying profit rate of 11.25% per annum.

		December 31, 2021 (Un-Audited) (Rupees in '000)
5. PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	
Preliminary expenses and floatation costs incurred	5.1	585
Amortization for the period		(2)
Balance as at December 31, 2021		<u>583</u>

- 5.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten years effective from December 20, 2021, i.e. after the close of initial period of the Fund.

	December 31, 2021 (Un-Audited) (Rupees in '000)
6. ACCURED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	13
Preliminary expenses and floatation costs	585
Initial deposits for opening of bank accounts	30
Withholding tax	140
	<u>768</u>

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021.

8. REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

9. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

10. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.055% per annum of net assets.

AL HABIB MONEY MARKET FUND

11. SINDH SALES TAX ON TRUSTEE'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

12. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial instruments carried at fair value as at 31, December 2021.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	Al Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent Company of Al Habib Asset Management Limited
3	Al Habib Capital Markets (Private) Ltd.	Subsidiary of Bank Al Habib Limited
4	First Habib Asset Allocation Fund	Managed by Al Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by Al Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by Al Habib Asset Management Limited
7	First Habib Stock Fund	Managed by Al Habib Asset Management Limited
8	First Habib Cash Fund	Managed by Al Habib Asset Management Limited
9	AL Habib Islamic Savings Fund	Managed by Al Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by Al Habib Asset Management Limited
11	First Habib Income Fund	Managed by Al Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of the transactions with connected persons / related parties are as follows:

	For the period from December 20, 2021 to December 31, 2021 (Un-Audited) (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management company remuneration	4
- Sindh sales tax	1
- Formation cost	615
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration to the Trustee	8
- Sindh sales tax	1
Details of balances with connected persons / related parties at period end are as follows:	
AL Habib Asset Management Limited - Management Company	
- Management Company payable (Inclusive of Sindh sales tax)	5
- Formation cost payment	615
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration payable (Inclusive of Sindh sales tax)	9

16.1 Sale / Redemption of units

	For the period from December 20, 2021 to December 31, 2021 (Un-Audited)	
<u>Units sold to:</u>	(Units)	(Rupees in '000)
<i>Management Company</i>		
AL Habib Asset Management Limited	2,499,984	249,998
<i>Parent of Al Habib Asset Management Limited</i>		
- Bank Al Habib Limited	1,000,000	100,000
Units sold to Connected Party holding 10% or more of the units in issue:	2,000,000	200,000
<u>Units redeemed by:</u>		
Units redeemed to Connected Party holding 10% or more of the units in issue:	1,000,000	100,000

16.2 Units held by:

	December 31, 2021 (Un-Audited)	
	(Units)	(Rupees in '000)
<i>Management Company</i>		
AL Habib Asset Management Limited	2,506,970	250,697
<i>Parent of Al Habib Asset Management Company</i>		
- Bank AL Habib Limited	1,001,467	100,147
Units sold to Connected Party holding 10% or more of the units in issue:	1,002,792	100,279

17. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 0.24% which includes 0.03% representing Government levy and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an money market Fund.

18. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

19. GENERAL

19.1 This condensed interim financial information is unaudited and has been reviewed by the auditors.

19.2 This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.

20. DATE OF AUTHORIZATION FOR ISSUE

20.1 This condensed interim financial information was authorised for issue by the board of directors of the Management Company on **January 20, 2022**.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AA (f) Fund Stability Rating Rating by PACRA
AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Allied Bank Limited
JS bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



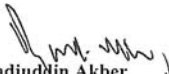
TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB INCOME FUND

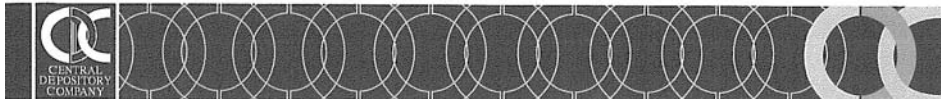
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Income Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khii@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Income Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Income Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

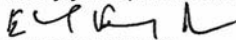
Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.



Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note -----(Rupees in '000)-----			
Assets			
Bank balances	4	1,452,271	1,261,702
Investments	5	127,770	161,054
Income receivable	6	17,431	8,382
Receivable against sale of units		-	364
Advances tax, deposits and prepayments	7	4,808	4,922
Advance against Initial public offering (IPO) subscription of GO Pakistan Limited		25,000	-
Total assets		1,627,280	1,436,424
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	8	550	1,569
Provision for Federal Excise Duty on remuneration of the Management Company	9	8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee	10	126	142
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	178	210
Provision for Sindh Workers' Welfare Fund	12	-	7,237
Payable against redemption of units		-	11
Accrued expenses and other liabilities	13	3,482	5,947
Total liabilities		13,082	23,862
Net assets		1,614,198	1,412,562
Unit holders' Fund (as per the statement attached)		1,614,198	1,412,562
Contingencies and commitments	14		
----- (Number of Units) -----			
Number of units in issue (face value of units is Rs. 100 each)		15,369,741	14,010,952
----- (Rupees) -----			
Net assets value per unit		105.02	100.82

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Note ----- (Rupees in '000) -----				
Income				
Profit on bank deposits	35,939	5,341	20,983	2,817
Income from government securities	29,065	21,529	17,661	11,188
Income from Term finance certificates and Sukuk certificates	6,996	6,817	2,584	2,678
Income from Margin Trading System (MTS)	-	968	-	300
Profit on term deposit receipts	1,114	-	-	-
Profit on advance against IPO subscription of GO Pakistan Limited	17	17	17	9
Net (loss) / gain on investments classified at fair value through profit or loss				
- Net capital (loss) / gain on sale of investments	(394)	(3,599)	1,155	(1,508)
- Net unrealised gain / (loss) on revaluation of investments at fair value through profit or loss 5.1	474	(4,250)	(846)	1,664
	80	(7,849)	309	156
Total income	73,211	26,823	41,554	17,148
Expenses				
Remuneration of AL Habib Asset Management Limited - Management Company 8.1	6,001	4,026	3,049	1,670
Sindh Sales Tax on Management Company's remuneration 8.2	780	523	396	217
Expenses allocated by the Management Company	1,293	416	794	416
Remuneration of Central Depository Company of Pakistan Limited - Trustee 10	667	336	367	159
Sindh Sales Tax on Trustee remuneration 10	87	44	48	21
Annual fee to the Securities and Exchange Commission of Pakistan (SECP) 11	178	90	98	43
Brokerage expense	289	193	128	13
Settlement and bank charges	166	354	18	198
Annual listing fee	13	13	4	7
Auditors' remuneration	273	291	136	146
Mutual fund rating fee	254	231	127	115
Printing charges	33	33	17	17
Fees and subscription	131	126	131	60
Total expenses	10,165	6,676	5,313	3,082
Net income from operating activities	63,046	20,147	36,241	14,066
Reversal / (provision) for Sindh Workers' Welfare fund 12	7,237	(403)	-	(281)
Net income for the period before taxation	70,283	19,744	36,241	13,785
Taxation 15	-	-	-	-
Net income for the period after taxation	70,283	19,744	36,241	13,785
Allocation of net income for the period after taxation				
Net income for the period	70,283	19,744	36,241	13,785
Income already paid on units redeemed	(19,062)	(793)	(13,642)	768
	51,221	18,951	22,599	14,553
Accounting income available for distribution:				
Relating to capital gains	80	(3,599)	309	156
Excluding capital gains	51,141	22,550	22,290	14,397
	51,221	18,951	22,599	14,553

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	70,283	19,744	36,241	13,785
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>70,283</u>	<u>19,744</u>	<u>36,241</u>	<u>13,785</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,					
	2021			2020		
	Capital value	Undistributed income / (loss)	Net Assets	Capital value	Undistributed income / (loss)	Net Assets
	----- (Rupees in '000) -----					
Net assets at beginning of the period	1,399,355	13,207	1,412,562	1,105,868	16,854	1,122,722
Issuance of 25,926,744 units (December 31, 2020: 8,825,499 units)						
- Capital value	2,613,934	-	2,613,934	891,022	-	891,022
- Element of income	63,553	-	63,553	12,656	-	12,656
Amount received on issuance of units	2,677,487	-	2,677,487	903,678	-	903,678
Redemption of 24,567,955 units (December 31, 2020: 12,308,925 units)						
- Capital value	(2,476,941)	-	(2,476,941)	(1,242,709)	-	(1,242,709)
- Element of income	(50,159)	(19,062)	(69,221)	(12,351)	(793)	(13,144)
Amount paid / payable on redemption of units	(2,527,100)	(19,062)	(2,546,162)	(1,255,060)	(793)	(1,255,853)
Total comprehensive income for the period	28	70,283	70,311	-	19,744	19,744
	28	70,283	70,311	-	19,744	19,744
Net assets at the end of the period	1,549,770	64,428	1,614,198	754,486	35,805	790,291
Undistributed income brought forward						
- Realised income		14,132			20,363	
- Unrealised loss		(925)			(3,509)	
		13,207			16,854	
Accounting income available for distribution						
- Relating to capital gains	80				-	
- Excluding capital gains	51,141				18,951	
	51,221				18,951	
Undistributed income carried forward	64,428				35,805	
Undistributed income carried forward						
- Realised income		63,954			40,055	
- Unrealised gain / (loss)		474			(4,250)	
		64,428			35,805	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			100.82			100.96
Net assets value per unit at end of the period			105.02			103.48

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
	2021	2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	70,283	19,744
Adjustments:		
Net capital (loss) / gain on sale of investments	394	3,599
Net unrealised gain / (loss) on revaluation of investments at fair value through profit or loss	(474)	4,250
(Reversal) / provision for Sindh Workers' Welfare Fund	(7,237)	403
	62,966	27,996
Working capital changes		
(Increase) / decrease in assets:		
Investments - net	33,392	211,514
Income receivable	(9,049)	4,303
Receivable against sale of units	364	-
Advances tax, deposits and prepayments	114	185
Advance against IPO subscription of GO Pakistan Limited	(25,000)	-
	(179)	216,002
(Decrease) in liabilities:		
Payable to AL Habib Asset Management Limited - Management Company	(1,019)	(635)
Payable to Central Depository Company of Pakistan Limited - Trustee	(16)	(23)
Payable to Securities and Exchange Commission of Pakistan	(32)	(60)
Payable against purchase of investment	-	(357,666)
Payable against redemption of units	(11)	(7)
Accrued expenses and other liabilities	(2,465)	(8,850)
	(3,543)	(367,241)
Net cash generated from / (used in) operating activities	59,244	(123,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	2,677,487	903,678
Amount paid on redemption of units	(2,546,162)	(1,255,853)
Net cash generated from / (used in) financing activities	131,325	(352,175)
Net increase / (decrease) in cash and cash equivalents during the period	190,569	(475,418)
Cash and cash equivalents at beginning of the period	1,261,702	1,015,269
Cash and cash equivalents at end of the period	1,452,271	539,851
CASH AND CASH EQUIVALENTS COMPRISES OF:		
Bank balances	4 1,452,271	539,851

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Income Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 03, 2006 under Rule 67 of the Non- banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** 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 3rd Floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder. Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.4** The objective of the Scheme is to seek and generate regular income by investing in medium to long term debt instruments but the Scheme may increase exposure in short term instruments with the purpose of enhancing returns through active management or for the purpose of maintaining liquidity. The Fund has been categorized as income scheme. The Fund invests in a diversified portfolio of term finance certificates, government securities, corporate debt securities, certificates of investments, term deposit receipts, margin trading system and other money market instruments (including the clean placements).
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on 15 September 2021 and 'AA(f)' (2020: 'AA(f)') to the Fund on 04 September 2021.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company had submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020) to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020. Subsequent to the year ended June 30, 2021, the Trust deed has been registered under the Sindh Trusts Act, 2020.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial information. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial

statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.

- 2.1.3** This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.
- 2.1.4** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial information for the period ended December 31, 2020.
- 2.1.5** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

FIRST HABIB INCOME FUND

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.
- 3.3 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the fund as at and for the year ended June 30, 2021.

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	<i>Note</i>	----- (Rupees in '000) -----	
4. BANK BALANCES			
Saving accounts	4.1	1,451,952	1,261,660
Current accounts	4.2	319	42
		<u>1,452,271</u>	<u>1,261,702</u>

- 4.1 These carry profit rates ranging from 7.00% to 10.60% (2021: 6.50% to 7.69%) per annum. It also includes balance of Rs. 0.34 million (June 30 2021: Rs 1.41 million) with Bank AL Habib Limited (Parent Company of fund's Management Company), carrying profit rates 8.25% (June 30 2021: 6.50%) per annum.
- 4.2 This relates to the balance with Bank AL Habib Limited, a related party (Parent Company of fund's Management Company).

		December 31 2021 (Un-Audited)	June 30 2021 (Audited)
		----- (Rupees in '000) -----	
5. INVESTMENTS			
Term finance certificates (TFCs) and Sukuk certificates (Sukuks)		<u>127,768</u>	<u>161,054</u>

5.1 Term finance certificates / sukuk

Name of the Investee	Face Value			As at December 31, 2021	As at December 31, 2021			Market Value as percentage of	
	As at July 01, 2021	Purchased during the period	Sold / matured during the period		Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
	----- (Number of certificates) -----			----- (Rupees in '000) -----			----- (%) -----		
<u>Unquoted</u>									
Askari Bank Limited - TFC (17-03-2020) (certificates of Rs. 100,000 each)	60	-	-	60	60,216	60,597	381	3.75%	47.43%
Bank AL Habib Limited (6-12-2018) - related party (certificates of Rs. 100,000 each)	15,000	19,000	34,000	-	-	-	-	0.00%	0.00%
Ghani Gases Limited- Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	250	-	-	250	8,466	8,625	159	0.53%	6.75%
AGP Limited - Sukuk (9-6-2017) (certificates of Rs. 100,000 each)	250	-	-	250	2,523	2,520	(3)	0.16%	1.97%
International Brands Limited- Sukuk (15-11-2017) (certificates of Rs. 100,000 each)	250	-	-	250	4,193	4,188	(5)	0.26%	3.28%
Meezan Bank Limited (09-01-2020) (certificates of Rs. 1,00,000,000 each)	-	25	-	25	26,106	26,000	(106)	1.61%	20.35%
DUBAI ISLAMIC Bank Limited (14-07-2017) (certificates of Rs. 1,00,000,000 each)	-	25	-	25	25,790	25,838	48	1.60%	20.22%
Total as at December 31, 2021	15,810	19,050	34,000	860	127,294	127,768	474		
Total as at June 30, 2021	7,350	129,210	120,750	15,810	161,979	161,054	(925)		

5.1.1 Significant terms and conditions of Sukuk certificates outstanding at the period end are as follows:

Name of security	Number of Certificates	Tenor	Carrying value per Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating
Sukuk Certificates						
<u>Unquoted</u>						
Askari Bank Limited (17-03-2020)	60	Quarterly	1,003,600	3 Months KIBOR plus 1.2%	17-Mar-20	AA+
Ghani Gases Limited- Secured (2-2-2017)	250	Quarterly	33,864	3 Months KIBOR plus 1%	2-Feb-17	A
AGP Limited - Secured (9-6-2017)	250	Quarterly	10,092	3 Months KIBOR plus 1.3%	9-Jun-17	A+
International Brands Limited- Sukuk (15-11-2017)	250	Quarterly	16,772	3 months KIBOR plus 0.50%	15-Nov-17	A
Meezan Bank Limited Sukuk	25	Half Year	1,044,240	6 months KIBOR plus 0.90%	9-Jan-20	AAA
<u>Quoted</u>						
Dubai Islamic Bank Sukuk	25	Half Year	1,031,600	6 months KIBOR plus 0.50%	14-Jul-17	AA-

FIRST HABIB INCOME FUND

5.2 Government securities - Market Treasury Bills

Issue date	Face Value			As at December 31, 2021			Market value as a percentage of		
	As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised loss	Net assets	Total investments
				----- (Rupees in '000) -----			----- (%) -----		
<i>Treasury bills (T-bills)</i>									
T-bill 3 Months (23-04-2020)	-	8,857,730	8,857,730	-	-	-	-	0.00%	0.00%
T-bill 6 Months (09-04-2020)	-	6,350,000	6,350,000	-	-	-	-	0.00%	0.00%
T-bill 1 Year (09-04-2020)	-	350,000	350,000	-	-	-	-	0.00%	0.00%
Total as at December 31, 2021	-	15,557,730	15,557,730	-	-	-	-		
Total as at June 30, 2021	-	-	-	-	-	-	-		

5.4 Government securities - Pakistan Investment Bonds

Issue date	Face Value			As at December 31, 2021			Market value as a percentage of		
	As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised loss	Net assets	Total investments
				----- (Number of certificates) -----			----- (Rupees in '000) -----		----- (%) -----
<i>Pakistan Investment Bonds</i>									
PIB 2 Years	-	1,400,000	1,400,000	-	-	-	-	0.00%	0.00%
PIB 3 Years	-	450,000	450,000	-	-	-	-	0.00%	0.00%
PIB 5 Years	-	300,000	300,000	-	-	-	-	0.00%	0.00%
Total as at December 31, 2021	-	2,150,000	2,150,000	-	-	-	-		
Total as at June 30, 2021	-	-	-	-	-	-	-		

	December 31,	June 30,
	2021	2021
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	-----
6. INCOME RECEIVABLE	Note	
Receivable against TFCs and Sukuks	2,497	890
Receivable against bank deposits	14,917	7,492
Receivable on advance against IPO subscription of GO Pakistan Limited	17	-
	17,431	8,382
7. ADVANCES TAX, DEPOSITS AND PREPAYMENTS		
Deposits with National Clearing Company of Pakistan Limited (NCCPL)	2,500	2,500
Deposits with Central Depository Company of Pakistan Limited (CDC)	100	100
Deposits with NCCPL against margin trading system (MTS)	250	250
Prepayment against MTS account maintenance fee	-	127
Advance tax	<i>7.1</i> 1,946	1,945
Prepayment against annual listing fee	12	-
	4,808	4,922

- 7.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001 in previous years and current period regarding which the management is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 8.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.
- 8.2** Sindh Sales Tax has been charged at 13% on the Management Company's remuneration during the period (June 30, 2021: 13%).

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

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 8 to the annual audited financial statements for the year ended June 30, 2021. However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 8.746 million. Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2021 would have been higher by Rs. 0.57 (June 30, 2021: Rs. 0.62) per unit.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

- 10.1** The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document based on the daily Net Asset Value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from July 01, 2019, whereby the revised tariff is 0.075% of average daily net assets of the Fund.
- 10.2** Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period (June 30, 2021: 13%).

11. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

12. PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken

FIRST HABIB INCOME FUND

up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
13. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's Remuneration Payable	273	372
Mutual fund Rating fee	254	-
Stale Cheques	2	2
Settlement Charges	75	43
Unclaimed Dividend	48	48
Redemption Payable	41	11
Printing Charges	224	230
Withholding tax payable	787	2,718
Capital Gain tax payable	1,367	2,144
Brokerage	411	379
	<u>3,482</u>	<u>5,947</u>

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021. (June 30, 2021: Nil).

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash atleast 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

16. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

17. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent of AL Habib Asset Management Limited
3	Al Habib Capital Market (Pvt) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Asset Allocation Fund	Managed by AL Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by AL Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by AL Habib Asset Management Limited
7	First Habib Stock Fund	Managed by AL Habib Asset Management Limited
8	First Habib Cash Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of transactions with connected persons / related parties are as follows:

	Half-year ended December 31,		Quarter ended December 31,	
	----- Un-audited -----			
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
AL Habib Asset Management Limited				
- Management Company				
- Remuneration to the Management Company	6,001	4,026	3,049	1,670
- Sindh Sales tax on Management Company's remuneration	780	523	396	217
- Expenses allocated by the Management Company	1,293	416	794	416
Central Depository Company of Pakistan Limited - Trustee				
- Remuneration to the Trustee	667	336	367	159
- Sindh Sales tax on Trustees' remuneration	87	44	48	21
- CDC charges	7	36	3	22
Bank Al Habib Limited - Parent Company of AL Habib Asset Management Limited				
- Profit on bank balances	340	1,105	150	386

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

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	
AL Habib Asset Management Limited - Management Company		
- Payable to the Management Company (inclusive of Sindh Sales Tax)		1,569
- Federal Excise duty payable on Management Company's remuneration	9	8,746
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable (inclusive of Sindh Sales Tax)		142
- Other CDC charges payable		17
- Security deposits - non interest bearing		100
Bank AL Habib Limited - Parent Company of AL Habib Asset Management Limited		
- Bank balances		2,231

17.1 Sale / redemption of units for the period ended December 31,

	2021 (Un-audited)		2020 (Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company	15,862,679	1,639,632	-	-
Parent Company of AL Habib Asset Management Limited				
Bank Al Habib Limited	2,424,689	250,000	-	-

FIRST HABIB INCOME FUND

	2021		2020	
	(Un-audited)		(Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Other related parties</i>				
-Key Executives of the Management Company	63	6	-	-
-Directors and their relatives of the Management Company	137	14	523	53
Connected Parties holding 10% or more of the units in issue	969,876	100,000	-	-
December 31,				
	2021		2020	
	(Un-audited)		(Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
<i>Management Company</i>				
AL Habib Asset Management Limited	15,619,392	1,618,552	-	-
<i>Other related parties</i>				
-Directors of the Management Company & their Relatives	-	-	3,700	373
17.2 Units held as on:				
Units held by:				
<i>Management Company</i>				
AL Habib Asset Management Limited	243,287	25,551	-	-
<i>Parent Company of AL Habib Asset Management Limited</i>				
Bank AL Habib Limited	3,788,497	397,884	1,363,808	137,499
<i>Other related parties</i>				
Directors of the Management Company & their Relatives	63	6,598	137,464	11,160
Connected Parties holding 10% or more of the units in issue	6,187,415	649,829	3,994,919	425,281

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The investments of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 -	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Fair value		
		Level 1	Level 2	Level 3
December 31, 2021 (Un-audited)	Note	(Rupees in '000)		
Term finance certificates and Sukuk certificates	5	-	127,768	-
		-	127,768	-
June 30, 2020 (Audited)				
Term finance certificates and Sukuk certificates	5	-	161,054	-
		-	161,054	-

18.1 Level 2 fair values have been determined on the basis of MUFAP rates and closing Net Asset Values for government securities and Mutual Fund Units respectively.

18.2 There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

19. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 1.14% which includes 0.12% representing Government levy and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21. GENERAL

21.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2021 and December 31, 2020 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

21.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 20, 2022**.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

JS Bank Limited
MCB Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ASSET ALLOCATIN FUND

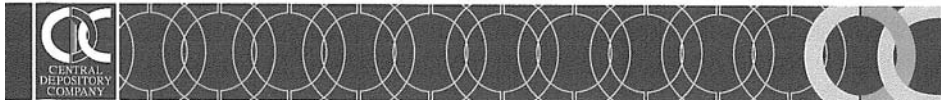
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Asset Allocation Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Asset Allocation Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Asset Allocation Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

FIRST HABIB ASSET ALLOCATION FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES***AS AT DECEMBER 31, 2021*

		December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
Assets			
Bank balances	4	29,604	13,849
Investments	5	79,141	92,365
Profit and dividend receivable	6	76	347
Preliminary expenses and floatation costs	7	203	323
Advance tax, deposits and prepayments	8	4,002	4,114
Total assets		113,026	110,998
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	9	281	203
Payable to Central Depository Company of Pakistan Limited - Trustee	10	16	20
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	11	19
Provision for Sindh Workers' Welfare Fund	13	-	410
Payable against purchase of Investment		3,899	326
Accrued expenses and other liabilities	12	1,089	1,071
Total liabilities		5,296	2,049
Net assets		107,730	108,949
Unit holders' fund (as per statement attached)		107,730	108,949
(Number of Units)			
Number of units in issue (face value of units is Rs. 100 each)		1,041,205	1,054,370
(Rupees)			
Net asset value per unit		103.47	103.33
Contingencies and Commitments	14		

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half-year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Note ----- (Rupees in '000) -----				
Income				
Profit on bank deposits	495	539	231	230
Markup on investments	-	705	-	221
Dividend income	4,045	904	2,106	788
Net (loss) / gain on investments classified at fair value through profit or loss				
- Net capital (loss) / gain on sale of investments	(2,052)	5,872	(2,584)	1,887
- Net unrealized (loss) / gain on revaluation of investments	(782)	4,936	1,553	871
	(2,834)	10,808	(1,031)	2,758
Other income	-	2	-	-
Total income	1,706	12,958	1,306	3,997
Expenses				
Remuneration of AL Habib Asset Management Limited - Management Company	9.1	1,086	867	498
Sindh Sales Tax on Management Company's remuneration	9.2	141	113	65
Expenses allocated by the Management Company		123	40	123
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	109	87	50
Sindh Sales Tax on Trustee remuneration	10.2	14	11	6
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	11	11	9	5
Brokerage expense		209	215	96
Settlement and bank charges		173	173	9
Annual listing fee		15	13	6
Auditors' remuneration		200	150	100
Printing charges		33	33	17
Amortization of preliminary expenses and floatation costs	7	120	120	60
Mutual fund rating fee		-	76	-
Fee and charges to National Clearing Company of Pakistan Limited (NCCPL)		126	162	126
Total expenses		2,360	2,069	1,161
Net (loss) / income from operating activities		(654)	10,889	145
Reversal / (provision) for sindh worker's welfare fund	13	410	(218)	-
		(244)	10,671	145
Taxation	15	-	-	-
Net (loss) / income for the period after taxation		(244)	10,671	145
Allocation of net income for the period after taxation:				
- Net income for the period		-	10,671	145
- Income already paid on units redeemed		-	(4,689)	(145)
		-	5,982	-
Accounting income available for distribution:				
- Relating to capital gains		-	10,808	(1,031)
- Excluding capital gain / (loss)		-	(4,826)	1,031
		-	5,982	-

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	<u>Half-year ended December 31,</u>		<u>Quarter ended December 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>----- (Rupees in '000) -----</u>			
Net (loss) / income for the period after taxation	(244)	10,671	145	2,840
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u><u>(244)</u></u>	<u><u>10,671</u></u>	<u><u>145</u></u>	<u><u>2,840</u></u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	For the half-year ended December 31,					
	2021			2020		
	Capital Value	Undistributed loss	Net Asset	Capital Value	Undistributed (loss) / income	Net Asset
	------(Rupees in '000)-----					
Net assets at the beginning of the period	112,468	(3,519)	108,949	116,807	(10,255)	106,552
Issuance of 621,743 units (December 31, 2020 : 1,056,551 units)						
-Capital Value	64,245	-	64,245	95,840	-	95,840
-Element of Income	817	-	817	9,183	-	9,183
Amount received on issuance of units	65,062	-	65,062	105,023	-	105,023
Redemption of 634,908 units (December 2020: 1,217,773 units)						
-Capital Value	(65,605)	-	(65,605)	(110,464)	-	(110,464)
-Element of income	(432)	-	(432)	(3,742)	(4,689)	(8,431)
Amount paid on redemption of units	(66,037)	-	(66,037)	(114,206)	(4,689)	(118,895)
Total comprehensive (loss) / income for the period	-	(244)	(244)	-	10,671	10,671
	-	(244)	(244)	-	10,671	10,671
Net assets at the end of the period	111,493	(3,763)	107,730	107,624	(4,273)	103,351
Number of units in issue (face value of units is Rs. 100 each)			1,041,205			1,013,427
Undistributed loss brought forward						
- Realised loss		(8,142)			(4,709)	
- Unrealised gain / (loss)		4,623			(5,546)	
		(3,519)			(10,255)	
Accounting income available for distribution						
- Relating to capital gains	-				5,872	
- Excluding capital gains	-				110	
	-				5,982	
Net loss for the period after taxation		(244)			-	
Undistributed loss carried forward		(3,763)			(4,273)	
Undistributed loss carried forward						
- Realised loss		(2,981)			(9,209)	
- Unrealised (loss) / income		(782)			4,936	
		(3,763)			(4,273)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			103.33			90.71
Net assets value per unit at end of the period			103.47			101.98

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Note	Half-year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(244)	10,671
Adjustments:		
Capital loss / (gain) on sale of investments	2,052	(5,872)
Net unrealized loss / (gain) on revaluation of investments	782	(4,936)
Amortization of preliminary expenses and floatation costs	120	120
(Reversal) / provision for Sindh Workers' Welfare Fund	(410)	217
Net cash generated from operations	2,300	200
Working capital adjustments		
(Increase) / decrease in assets:		
Investments	10,390	(21,886)
Profit and dividend receivable	271	224
Receivable against issuance of units	-	(6,997)
Receivable against sale of investments	-	600
Advance tax, deposits and prepayments	112	(231)
	10,773	(28,290)
Increase / (decrease) in liabilities:		
Payable to Al Habib Asset Management Limited - Management Company	78	-
Payable to Central Depository Company of Pakistan Limited - Trustee	(4)	1
Payable to Securities and Exchange Commission of Pakistan (SECP)	(8)	(10)
Payable against purchase of Investment	3,573	1,473
Accrued expenses and other liabilities	18	256
	3,657	1,720
Net cash generated from / (used in) operating activities	16,730	(26,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	65,062	105,023
Amount paid on redemption of units	(66,037)	(118,895)
Net cash used in financing activities	(975)	(13,872)
Net increase / (decrease) in cash and cash equivalents during the period	15,755	(40,242)
Cash and cash equivalents at beginning of the period	13,849	56,552
Cash and cash equivalents at the end of the period	29,604	16,310
Cash and cash equivalents comprises of:		
Bank balances	4	29,604
		16,310
		29,604
		16,310

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Asset Allocation Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 06, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 26, 2017 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2** 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 3rd floor, Mackinnons Building, I,I Chundrigar Road Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (PSX). 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. Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.4** The objective of the Fund is to provide risk adjusted competitive returns to its investors by investing in multiple assets classes based on market outlook.

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

- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on 15 September 2021.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company had submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020) to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020. Subsequent to the year ended June 30, 2021, the Trust deed has been registered under the Sindh Trusts Act, 2020.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim Financial Reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial

FIRST HABIB ASSET ALLOCATION FUND

statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.

- 2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial information for the period ended December 31, 2020.
- 2.1.4** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

FIRST HABIB ASSET ALLOCATION FUND

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1** The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. . In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30,2021.
- 3.3** The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2021.

		December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
4. BANK BALANCES	Note		
Savings accounts	4.1	29,593	13,841
Current account	4.2	11	8
		<u>29,604</u>	<u>13,849</u>

- 4.1** This represents saving accounts that carry profit rate ranging from 5.50% to 6.6% per annum (June 2021: 5.5% to 8% per annum)
- 4.2** This relates to the balance with Bank AL Habib Limited, a related party (Parent Company of Fund's Management Company).

5. INVESTMENTS

		December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
At fair value through profit or loss (FVPL)			
Listed equity securities	5.1	<u>79,141</u>	<u>92,365</u>
		<u>79,141</u>	<u>92,365</u>

FIRST HABIB ASSET ALLOCATION FUND

5.1 Listed equity securities

Name of the Investee	As at July 01, 2021	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealized gain / (loss)	Market Value as a Percentage of		Face value of investments as a percentage of paid up capital of the investee company
									Net assets	Total investments	
	----- (Number of shares) -----				----- (Rupees in '000) -----						
Automobile Assemblers											
Atlas Honda Limited	1,800	-	-	1,800	-	-	-	-	0.00%	0.00%	0.000%
Milfat Tractors Limited	1,131	-	-	1,131	-	-	-	-	0.00%	0.00%	0.000%
Indus Motor Company Limited	-	3,060	-	3,060	-	-	-	-	0.00%	0.00%	0.000%
	2,931	3,060	-	5,991	-	-	-	-	0.00%	0.00%	
Automobile parts and accessories											
Thal Limited	2,200	-	-	2,200	-	-	-	-	0.00%	0.00%	0.000%
	2,200	-	-	2,200	-	-	-	-	0.00%	0.00%	
Banks											
Askari Bank Limited	51,000	10,000	-	-	61,000	1,401	1,343	(58)	1.25%	1.70%	0.005%
Bank Al Habib Limited- related party	36,500	-	-	-	36,500	2,559	2,519	(40)	2.34%	3.18%	0.003%
Bank Islami Pakistan Limited	-	115,000	-	-	115,000	1,717	1,473	(244)	1.37%	1.86%	0.010%
The Bank of Punjab	118,000	210,000	-	-	328,000	2,757	2,778	21	2.58%	3.51%	0.012%
Faysal Bank Limited	45,000	125,000	-	25,000	145,000	3,052	3,335	283	3.10%	4.21%	0.010%
Habib Bank Limited	22,500	-	-	9,500	13,000	1,591	1,516	(75)	1.41%	1.92%	0.001%
Habib Metropolitan Bank Limited	63,000	10,000	-	-	73,000	3,022	3,127	105	2.90%	3.95%	0.007%
Meezan Bank Limited	57,250	27,000	6,075	24,750	65,575	7,853	8,794	941	8.07%	9.52%	0.004%
United Bank Limited	6,200	12,001	-	4,000	14,201	1,762	1,940	178	1.80%	2.45%	0.001%
	399,450	509,001	6,075	63,250	851,276	25,714	26,825	1,111	24.82%	32.30%	
Fertilizer											
Engro Corporation Limited	10,827	-	-	10,827	-	-	-	-	0.00%	0.00%	0.000%
Engro Fertilizer Limited	18,000	-	-	10,000	8,000	562	609	47	0.57%	0.77%	0.001%
Fauji Fertilizer Bin Qasim Limited	80,000	25,000	-	55,000	50,000	1,295	1,239	(56)	1.15%	1.57%	0.004%
Fauji Fertilizer Company Limited	21,500	-	-	21,500	-	-	-	-	0.00%	0.00%	0.000%
	130,327	25,000	-	97,327	58,000	1,857	1,848	(9)	1.72%	2.34%	
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.000%
Tariq Glass Industries Limited	13,000	32,000	-	35,000	10,000	1,060	1,085	25	1.01%	1.37%	0.007%
	33,000	32,000	-	55,000	10,000	1,060	1,085	25	1.01%	1.37%	
Insurance											
Adamjee Insurance Company Limited	35,000	-	-	35,000	-	-	-	-	0.00%	0.00%	0.000%
Jubilee Life Insurance Company Limited	6,000	-	-	6,000	-	-	-	-	0.00%	0.00%	0.000%
	41,000	-	-	41,000	-	-	-	-	0.00%	0.00%	
Miscellaneous											
TPL Properties Limited	88,000	25,000	-	88,000	25,000	1,100	816	(284)	0.76%	1.03%	0.006%
	88,000	25,000	-	88,000	25,000	1,100	816	(284)	0.76%	1.03%	
Cement											
Attock Cement Pakistan limited	12,000	-	-	12,000	-	-	-	-	0.00%	0.00%	0.000%
Cherat Cement Company Limited	6,000	25,000	-	11,000	20,000	2,909	2,966	57	2.75%	3.75%	0.010%
D.G.khan Cement Company Limited	10,000	-	-	10,000	-	-	-	-	0.00%	0.00%	0.000%
Fauji Cement Company Limited	-	180,000	-	15,000	165,000	3,031	3,031	-	2.81%	3.83%	0.012%
Kohat Cement Company Limited	3,600	-	-	3,600	-	-	-	-	0.00%	0.00%	0.000%
Lucky Cement Company Limited	10,000	2,000	-	10,000	2,000	1,373	1,359	(14)	1.26%	1.72%	0.001%
Maple Leaf Cement Company Limited	50,000	105,000	-	70,000	85,000	2,897	3,056	159	2.84%	3.86%	0.008%
Pioneer Cement Limited	8,000	10,000	-	8,000	10,000	820	888	68	0.82%	1.12%	0.004%
Power Cement Limited	165,000	-	-	165,000	-	-	-	-	0.00%	0.00%	0.000%
	264,600	322,000	-	304,600	282,000	11,030	11,300	270	10.48%	14.28%	
Engineering											
Aisha Steel Mills Limited	-	45,000	-	25,000	20,000	496	301	(195)	0.28%	0.38%	0.003%
International Industries Limited	-	2,500	-	2,500	-	-	-	-	0.00%	0.00%	0.000%
International Steel Limited	13,000	13,000	-	13,000	13,000	845	860	15	0.80%	1.09%	0.003%
Mughal Iron & Steel Industries Limited	-	10,000	-	-	10,000	1,000	1,041	41	0.97%	1.32%	0.003%
	13,000	70,500	-	40,500	43,000	2,341	2,202	(139)	2.05%	2.79%	

FIRST HABIB ASSET ALLOCATION FUND

Name of the Investee	As at July 01, 2021	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealized gain / (loss)	Market Value as a Percentage of		Face value of investments as a percentage of paid up capital of the investee company
									Net assets	Total investments	
	----- (Number of shares) -----				----- (Rupees in '000) -----						
Oil and Gas Exploration Companies											
Mari Gas Company Limited	5,470	-	-	3,000	2,470	3,765	4,086	321	3.75%	4.42%	0.002%
Oil & Gas Development Company Limited	13,400	72,000	-	8,000	77,400	6,843	6,672	(171)	6.12%	7.22%	0.002%
Pakistan Offfield Limited	8,300	6,000	-	2,000	12,300	4,620	4,399	(221)	4.04%	4.70%	0.004%
Pakistan Petroleum Limited	14,300	50,000	-	15,210	49,090	3,852	3,880	28	3.56%	4.20%	0.002%
	41,470	128,000	-	28,210	141,260	19,080	19,037	(43)	17.47%	20.60%	
Oil and Gas Marketing Companies											
Attock Petroleum Limited	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.000%
Pakistan State Oil Company Limited	9,500	-	-	6,500	3,000	673	546	(127)	0.51%	0.69%	0.001%
	13,500	-	-	10,500	3,000	673	546	(127)	0.51%	0.69%	
Power Generation and Distribution											
The Hub power Company Limited	15,500	20,000	-	18,000	17,500	1,400	1,248	(152)	1.15%	1.35%	0.001%
Kot Addu Power Company Limited	35,500	-	-	13,000	22,500	998	728	(270)	0.67%	0.79%	0.003%
	51,000	20,000	-	31,000	40,000	2,398	1,976	(422)	1.82%	2.14%	
Paper and Boards											
Security Papers Limited	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	0.000%
	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	
Technology and Communications											
Airlink Communication Limited	-	90,000	6,750	25,000	71,750	4,772	4,166	(606)	3.82%	4.51%	0.018%
Avanceon Limited	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.000%
Octopus Digital Limited	-	16,361	-	16,360	1	-	-	-	0.00%	0.00%	0.000%
Pakistan Telecommunication	-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.000%
Systems Limited	-	4,000	-	2,500	1,500	1,165	1,140	(25)	1.05%	1.23%	0.001%
TPL Corporation Limited	-	68,000	-	68,000	-	-	-	-	0.00%	0.00%	0.000%
TPL Trakker Limited	66,500	115,000	-	71,500	110,000	1,932	1,838	(94)	1.69%	1.99%	0.059%
	66,500	428,361	6,750	318,360	183,251	7,869	7,144	(725)	6.56%	7.73%	
Textile Composite											
Feroze 1888 Mills Limited	12,000	-	-	6,500	5,500	553	402	(151)	0.37%	0.44%	0.001%
Interloop Limited	35,000	-	750	15,000	20,750	1,411	1,508	97	1.38%	1.63%	0.002%
Kohinoor Textile Mills Limited	17,000	3,000	-	-	20,000	1,505	1,388	(117)	1.27%	1.50%	0.007%
Nisat Mills Limited	7,500	-	-	7,500	-	-	-	-	0.00%	0.00%	0.000%
	71,500	3,000	750	29,000	46,250	3,469	3,298	(171)	3.02%	3.57%	
Chemicals											
Engro Polymer & Chemicals Limited	80,000	10,000	-	65,000	25,000	1,225	1,355	130	1.26%	1.71%	0.003%
ICI Pakistan Limited	1,000	-	-	1,000	-	-	-	-	0.00%	0.00%	0.000%
Lotte Chemical Pakistan Limited	33,000	-	-	33,000	-	-	-	-	0.00%	0.00%	0.000%
Dynca Pakistan Limited	-	4,600	-	-	4,600	1,357	991	(366)	0.92%	1.25%	0.024%
Sitara Chemical Industries Limited	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.000%
	118,000	14,600	-	103,000	29,600	2,582	2,346	(236)	2.18%	2.96%	
Pharmaceuticals											
Abbott Laboratories Pakistan Limited	-	1,800	-	800	1,000	750	718	(32)	0.66%	0.78%	0.001%
	-	1,800	-	800	1,000	750	718	(32)	0.66%	0.78%	
Leasing Companies											
Orix Leasing Pakistan Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.000%
	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	
Total as at December 31, 2021	1,339,978	1,632,322	13,575	1,272,238	1,713,637	79,923	79,141	(782)			
Total as at June 30, 2021						87,742	92,365	4,623			

FIRST HABIB ASSET ALLOCATION FUND

5.1.1 Following shares were pledge with Nation Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses:

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Number of Shares)	
Askari Bank Limited	30,000	-
Bank AL Habib Limited	36,500	36,500
Bank Islami Pakistan Limited	25,000	-
The Bank of Punjab	100,000	-
Faysal Bank Limited	40,000	-
Habib Bank Limited	5,000	-
Habib Metropolitan Bank Limited	25,000	-
Meezan Bank Limited	35,000	-
	<u>296,500</u>	<u>36,500</u>

5.2 Net unrealized (loss) / gain on revaluation of investments at fair value through profit or loss

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
Market value of investments	79,141	92,365
Less: Carrying value of investments	(79,923)	(87,742)
	<u>(782)</u>	<u>4,623</u>

6. PROFIT ON BANK BALANCES AND DIVIDEND RECEIVABLES

Profit receivable on bank deposits	76	60
Dividend receivable	-	287
	<u>76</u>	<u>347</u>

7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	323	561
Amortization for the period	(120)	(238)
Balance as at Dec 31, 2021	<u>203</u>	<u>323</u>

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from November 08, 2017, i.e. after the close of initial period of the Fund.

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
8. ADVANCE TAX, DEPOSITS AND PREPAYMENTS			
Deposit with National clearing Compny of Pakistan Limited (NCCPL)		2,750	2,750
Deposit with Central Depository Company of Pakistan Limited (CDC)		100	100
Advance tax	8.1	1,139	1,137
Prepayments		13	127
		<u>4,002</u>	<u>4,114</u>

- 8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same will be refunded in due course.
- 8.2** For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 9.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of Asset Allocation scheme. The Management Company has charged remuneration at the rate of 2%. The remuneration is paid to the Management Company on monthly basis in arrears.
- 9.2** Sindh Sales Tax has been charged at 13% on the Management Company's remuneration charged during the period (June 30, 2021: 13%)

10. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

- 10.1** The Trustee remuneration consist of the reimbursement of actual custodial expenses / charges plus the following tariff:

Net Assets (Rs.)

- Up to 1 billion	0.20% per annum of net assets
- Over 1 billion	Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding rupees one billion.

- 10.2** Sindh Sales Tax has been charged at 13% on the trustee's remuneration charged during the period (June 2021: 13%).

11. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

FIRST HABIB ASSET ALLOCATION FUND

	December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
12. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's Remuneration	200	186
Settlement Charges	76	63
Printing Charges	73	79
Withholding tax payable	82	210
Capital gain tax withheld	284	8
Brokerage payable	374	165
Dividend payable	-	360
	<u>1,089</u>	<u>1,071</u>

13. PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the funds on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

14. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2021 (30 June 2021: Nil)

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability as the Fund does not have income during the period.

16. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

17. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investment of the Fund in equity securities is valued on the basis of rates quoted on Pakistan Stock Exchange. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

17.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Fair value		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
December 31, 2021 (Un-Audited)			
Listed equity securities	79,141	-	-
June 30, 2021 (Audited)			
Listed equity securities	92,365	-	-

17.2 There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the period.

18. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent of AL Habib Asset Management Limited
3	Al Habib Capital Market (Pvt) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Income Fund	Managed by AL Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by AL Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by AL Habib Asset Management Limited
7	First Habib Stock Fund	Managed by AL Habib Asset Management Limited
8	First Habib Cash Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

FIRST HABIB ASSET ALLOCATION FUND

Details of the transactions with connected persons / related parties are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	(Rupees in '000)			
AL Habib Asset Management Limited - Management Company				
Remuneration to the Management Company	1,086	867	498	422
Sindh sales tax	141	113	65	55
Expenses allocated by the Management Company	123	40	123	40
Central Depository Company of Pakistan Limited - Trustee				
- Remuneration of Trustee	109	87	50	43
- Sindh Sales Tax on Trustee's remuneration	14	11	6	5
- CDC Charges	11	12	6	7

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

	December 31 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
- Payable to Management Company (Inclusive of Sindh Sales Tax)	281	203
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable (Inclusive of Sindh Sales Tax)	16	20
- Security deposit - Non interest bearing	100	100

18.1 Sale / Redemption of units

Units sold to:

	December 31, 2021 (Un-Audited)		December 31, 2020 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
AL Habib Asset Management Limited	613,076	64,155	958,921	94,997

Units redeemed by:

Management Company

AL Habib Asset Management Limited	47,110	4,983	1,147,084	111,391
-----------------------------------	--------	-------	-----------	---------

18.2 Units held by:

	December 31, 2021 (Un-audited)		June 30, 2021 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
AL Habib Asset Management Limited	577,279	59,728	598,763	61,870
Parent company of AL Habib Asset Management Limited				
- Bank AL Habib Limited	200,149	20,708	200,149	20,681

19. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS/ the fund. TER of the Fund for the period ended December 31, 2021 is 4.35% which include 0.35% representing government levy and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

20 IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

20. GENERAL

20.1 This condensed interim financial information is unaudited and has been reviewed by the auditors.

21. DATE OF AUTHORISATION FOR ISSUE

21.1 This condensed interim financial information was authorised for issue by the board of directors of the Management Company on January 20, 2022.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB STOCK FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION**Management Company**

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
MCB Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB STOCK FUND

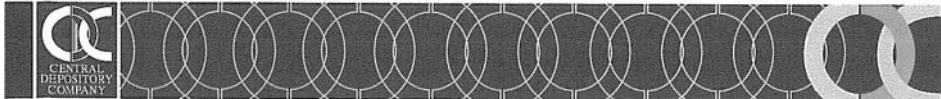
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Stock Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Stock Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Stock Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES***AS AT DECEMBER 31, 2021*

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	55,883	9,510
Investments	5	286,257	226,089
Dividend and profit receivable	6	136	1,111
Receivable against sale of units		-	622
Receivable against sale of investment		-	20
Advance tax, deposits and prepayments	7	2,803	2,789
Total assets		345,079	240,141
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	8	783	425
Provision for Federal Excise Duty on remuneration of the Management Company	9	2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee	10	52	42
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	25	28
Provision for Sindh Workers' Welfare Fund	13	-	1,570
Payable against purchase of Investment		28,462	-
Accrued expenses and other liabilities	12	1,196	1,560
Total liabilities		32,561	5,668
Net assets		312,518	234,473
Unit Holders' Fund (as per the statement attached)		312,518	234,473
Contingencies and commitments	14		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		3,554,396	2,628,631
		(Rupees)	
Net assets value per unit		87.92	89.20

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Note ----- (Rupees in '000) -----				
Income				
Profit on bank deposits	717	445	421	215
Dividend income	9,642	2,026	5,876	1,575
Net (loss) / gain on investments designated at fair value through profit or loss				
- Net capital (loss) / gain on sale of investments	(4,445)	8,742	(4,360)	2,088
- Net unrealised (loss) / gain on revaluation of investments	5.2 (6,289)	11,560	1,674	2,171
	(10,734)	20,302	(2,686)	4,259
Total (loss) / income	(375)	22,773	3,611	6,049
Expenses				
Remuneration of AL Habib Asset Management Limited - Management Company	8.1 2,548	1,126	1,319	569
Sindh Sales Tax on Management Company's remuneration	8.2 331	146	171	74
Expenses allocated by the Management Company	259	51	259	51
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10 255	113	132	50
Sindh Sales Tax on Trustee's remuneration	33	15	17	15
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	11 25	14	13	8
Brokerage expense	496	276	228	113
Settlement and bank charges	204	184	115	94
Annual listing fee	15	13	6	4
Auditors' remuneration	223	215	111	127
Mutual fund rating fee	-	102	-	51
Printing charges	33	33	17	17
Total expenses	4,422	2,288	2,388	1,173
Net (loss) / income from operating activities	(4,797)	20,485	1,223	4,876
Reversal / (Provision) for Sindh Workers' Welfare fund	13 1,570	(410)	-	(98)
Net (loss) / income for the period before taxation	(3,227)	20,075	1,223	4,778
Taxation	15 -	-	-	-
Net (loss) / income for the period after taxation	(3,227)	20,075	1,223	4,778
Allocation of net income for the period after taxation				
Net income for the period after taxation	-	20,075	1,223	4,778
Income already paid on units redeemed	-	(1,646)	1,243	(403)
	-	18,429	2,466	4,375
Accounting income available for distribution:				
- Relating to capital gains	-	20,302	(2,686)	4,259
- Excluding capital gains	-	(1,873)	5,152	116
	-	18,429	2,466	4,375

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(3,227)	20,075	1,223	4,778
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(3,227)</u>	<u>20,075</u>	<u>1,223</u>	<u>4,778</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	For the half-year ended December 31,					
	2021			2020		
	Capital Value	Undistributed (loss) / Income	Total	Capital Value	Undistributed (loss) / Income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	271,621	(37,148)	234,473	165,076	(60,234)	104,842
Issuance of 2,235,593 units (December 31, 2020: 467,448 units)						
- Capital value	199,414	-	199,414	33,577	-	33,577
- Element of income	481	-	481	4,376	-	4,376
Amount received on issuance of units	199,895	-	199,895	37,953	-	37,953
Redemption of 1,309,877 units (December 31, 2020: 516,046 units)						
- Capital value	(116,836)	-	(116,836)	(37,068)	-	(37,068)
- Element of income	(1,787)	-	(1,787)	(2,702)	(1,646)	(4,348)
Amount paid on redemption of units	(118,623)	-	(118,623)	(39,770)	(1,646)	(41,416)
Total comprehensive (loss) / income for the period	-	(3,227)	(3,227)	-	20,075	20,075
Net assets at end of the period	352,893	(40,375)	312,518	163,259	(41,805)	121,454
Number of units in issue (face value of units is Rs. 100 each)			3,554,396			1,411,065
Undistributed loss brought forward						
- Realised loss		(51,161)			(51,879)	
- Unrealised gain / (loss)		14,013			(8,355)	
		(37,148)			(60,234)	
Accounting income available for distribution						
- Relating to capital gain	-			8,742		
- Excluding capital gain	-			9,687		
Net loss for the period after taxation		(3,227)			18,429	
Undistributed loss carried forward		(40,375)			(41,805)	
Undistributed loss carried forward comprises of:						
- Realised loss		(34,086)			(53,365)	
- Unrealised (loss) / gain		(6,289)			11,560	
		(40,375)			(41,805)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period		89.20				71.83
Net assets value per unit at end of the period		87.92				86.07

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB STOCK FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended 31 December	
	2021	2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(3,227)	20,075
Adjustments:		
Capital loss / (gain) on sale of investments	4,445	(8,742)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss'	5.2 6,289	(11,560)
(Reversal)/ provision of provision for Sindh Workers' Welfare Fund	(1,570)	410
Net cash generated	5,937	183
Working capital changes		
(Increase) / Decrease in assets		
Investments	(70,902)	(1,917)
Dividend and Profit receivable	975	(46)
Receivable against sale of units	622	-
Receivable against sale of investment	20	-
Advance tax, deposits and prepayments	(14)	(12)
	(69,299)	(1,975)
Increase / (decrease) in liabilities		
Payable to AL Habib Asset Management Limited - Management Company	358	41
Payable to Central Depository Company of Pakistan Limited - Trustee	10	4
Payable to Securities and Exchange Commission of Pakistan (SECP)	(3)	(11)
Payable against purchase of Investment	28,462	(1,099)
Accrued expenses and other liabilities	(364)	136
	28,463	(929)
Net cash used in operating activities	(34,899)	(2,721)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	199,895	37,953
Amount paid on redemption of units	(118,623)	(41,416)
Net cash generated from / (used in) financing activities	81,272	(3,463)
Net increase / (decrease) in cash and cash equivalents during the period	46,373	(6,184)
Cash and cash equivalents at beginning of the period	9,510	18,059
Cash and cash equivalents at end of the period	55,883	11,875
Cash and cash equivalents comprise of :		
Bank balances	4 55,883	11,875

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Stock Fund (the "Fund") was established under a Trust Deed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 21, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 11, 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** 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 3rd Floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund has been categorized as an Open-End Asset Allocation Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS). and is listed on Pakistan Stock Exchange Limited (PSX). 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. Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.4** The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in diversified pool of listed equities and related instruments. The Fund will primarily focus on Investment in undervalued shares listed on Stock Exchanges. From time to time the Fund may invest in money and debt markets, Continuous Funding System, ready future spread transactions, fixed income securities or low risk assets when it has a bearish view on stock market.
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on 15 September 2021.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company had submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020) to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020. Subsequent to the year ended June 30, 2021, the Trust deed has been registered under the Sindh Trusts Act, 2020.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.

2.1.3 This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.

2.1.4 The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial information for the period ended December 31, 2020.

In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
------------------	---

IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
---	--------------

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.
- 3.3 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2021.

4. BANK BALANCES	December 31, 2021	June 30, 2021
	(Un-Audited)	(Audited)
	Note -----(Rupees in '000)-----	
Current Accounts	54	125
Saving Accounts	55,829	9,385
	<u>55,883</u>	<u>9,510</u>

- 4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 5.5% to 6.6% (June 30, 2021:5.5% to 6.9%) per annum. It also includes a balance of Rs. 55.7 million (June 30, 2021: Rs. 9.3 million) with Bank AL Habib Limited, a related party (Parent Company of Fund's Management Company), carrying profit rate of 6.5% (June 30, 2021: 6.5%) per annum.

5. INVESTMENTS	December 31, 2021	June 30, 2021
	(Un-Audited)	(Audited)
	Note -----(Rupees in '000)-----	
At fair value through profit or loss (FVTPL)		
Listed equity securities	286,257	226,089

FIRST HABIB STOCK FUND

5.1 Listed equity securities

Name of the Investee	Note	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of the paid up capital of the investee company
										Net Assets	Total Investment	
		Number of shares				Rupees in '000			%			
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.												
Commercial Banks												
Allied Bank Limited		-	35,000	-	-	35,000	2,398	2,879	481	0.92%	1.01%	0.003%
Askari Bank Limited	5.1.1	90,000	210,000	-	60,000	240,000	5,589	5,285	(304)	1.69%	1.83%	0.019%
Bank AL Falah Limited		-	75,000	-	-	75,000	2,702	2,595	(107)	0.83%	0.91%	0.004%
Bank AL Habib Limited - Related party	5.1.1	45,500	-	-	-	45,500	3,190	3,140	(50)	1.00%	1.10%	0.004%
Bank Islami Pakistan Limited	5.1.1	-	250,000	-	-	250,000	3,273	3,203	(70)	1.02%	1.12%	0.023%
Bank of Punjab Limited	5.1.1	265,500	730,000	-	-	995,500	8,348	8,432	84	2.70%	2.93%	0.038%
Faysal Bank Limited	5.1.1	70,000	239,000	-	-	309,000	6,729	7,107	378	2.27%	2.48%	0.020%
Habib Bank Limited	5.1.1	46,500	40,000	-	22,500	64,000	7,898	7,464	(434)	2.39%	2.61%	0.004%
Habib metro Bank Limited	5.1.1	80,000	45,000	-	-	125,000	5,328	5,354	26	1.71%	1.87%	0.012%
MCB Bank Limited		10,470	-	-	10,470	-	-	-	-	0.00%	0.00%	0.000%
Mezzan Bank Limited	5.1.1	120,123	98,000	12,150	57,890	172,383	21,868	23,118	1,250	7.40%	8.08%	0.011%
United Bank Limited	5.1.1	39,000	65,000	-	3,000	101,000	13,373	13,795	422	4.41%	4.82%	0.008%
		767,093	1,787,000	12,150	153,860	2,412,383	80,696	82,372	1,676	26.34%	28.80%	
Oil and gas marketing companies												
Pakistan State Oil Company Limited		25,840	10,000	-	12,000	23,840	4,864	4,336	(528)	1.39%	1.51%	0.005%
Attock Petroleum Limited		3,500	-	-	1,500	2,000	642	628	(14)	0.20%	0.22%	0.002%
		29,340	10,000	-	13,500	25,840	5,506	4,964	(542)	1.59%	1.73%	
Engineering												
Mughal Iron and steel Industries Limited		20,000	50,000	3,000	28,000	45,000	4,453	4,685	232	1.50%	1.64%	0.013%
Amreli Steel Limited		50,000	70,000	-	50,000	70,000	3,075	3,133	58	1.00%	1.09%	0.024%
Aisha Steel Limited		-	200,000	-	-	200,000	3,991	3,012	(979)	0.96%	1.05%	0.026%
International Industries Limited		-	5,000	-	5,000	-	-	-	-	0.00%	0.00%	0.000%
International Steels Limited		20,000	80,000	-	55,000	45,000	3,126	2,975	(151)	0.95%	1.04%	0.010%
		90,000	405,000	3,000	138,000	360,000	14,645	13,805	(840)	4.41%	4.82%	
Cable & Electrical Goods												
TPL Corporation Limited		120,500	260,000	-	380,500	-	-	-	-	0.00%	0.00%	0.000%
		120,500	260,000	-	380,500	-	-	-	-	0.00%	0.00%	
Chemicals												
Sitara Chemical Industries Limited		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.000%
Engro Polymer and Chemicals Limited		153,500	45,000	-	60,000	138,500	7,073	7,508	435	2.40%	2.62%	0.015%
ICI Pakistan Limited		2,300	-	-	2,300	-	-	-	-	0.00%	0.00%	0.000%
Lotte Chemical Pakistan Ltd		97,000	-	-	97,000	-	-	-	-	0.00%	0.00%	0.000%
Dyneco Pakistan Limited (Par value: Rs 5 per share)		5,000	14,000	-	200	18,800	5,272	4,051	(1,221)	1.30%	1.42%	0.200%
Archroma Pakistan Limited		950	-	-	950	-	-	-	-	0.00%	0.00%	0.000%
		263,750	59,000	-	165,450	157,300	12,345	11,559	(786)	3.70%	4.04%	
Fertilizers												
Fauji Fertilizer Company Limited		24,000	50,000	-	39,000	35,000	3,545	3,509	(36)	1.12%	1.23%	0.003%
Engro Fertilizers Limited	5.1.1	29,000	30,000	-	20,000	39,000	2,817	2,968	151	0.95%	1.04%	0.003%
Engro Corporation Limited	5.1.1	25,850	5,000	-	20,850	10,000	2,907	2,724	(183)	0.87%	0.95%	0.002%
Fauji Fertilizer Bin Qasim Limited		245,000	-	-	85,000	160,000	4,226	3,965	(261)	1.27%	1.39%	0.012%
		323,850	85,000	-	164,850	244,000	13,495	13,166	(329)	4.21%	4.61%	
Oil and gas exploration companies												
Oil and Gas Development Company Limited	5.1.1	59,799	225,000	-	30,000	254,799	22,269	21,964	(305)	7.03%	7.67%	0.006%
Pakistan Oil Fields Limited		10,600	22,000	-	2,000	30,600	11,379	10,943	(436)	3.50%	3.82%	0.011%
Pakistan Petroleum Limited	5.1.1	41,036	245,000	-	91,000	195,036	14,814	15,416	602	4.93%	5.39%	0.007%
Marri Petroleum Company Limited	5.1.1	8,400	-	-	2,600	5,800	8,841	9,395	754	3.07%	3.35%	0.004%
		119,835	492,000	-	125,600	486,235	57,303	57,918	615	18.53%	20.23%	
Glass & Ceramics												
Shabbir Tiles & Ceramics Limited (Par value: Rs 5 per share)		35,000	-	-	35,000	-	-	-	-	0.00%	0.00%	0.000%
Tariq Glass Industries Limited		38,000	90,000	-	41,000	87,000	9,242	9,441	199	3.02%	3.30%	0.063%
		73,000	90,000	-	76,000	87,000	9,242	9,441	199	3.02%	3.30%	
Insurance												
Adanjee Insurance Company Limited		25,000	-	-	25,000	-	-	-	-	0.00%	0.00%	0.000%
Jubilee Life Insurance Limited		5,700	-	-	5,700	-	-	-	-	0.00%	0.00%	0.000%
		30,700	-	-	30,700	-	-	-	-	0.00%	0.00%	0.000%

FIRST HABIB STOCK FUND

Name of the Investee	Note	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of the paid up capital of the investee company
										Net Assets	Total Investment	
		Number of shares					(Rupees in '000)			(%)		
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.												
Leasing Companies												
Orix Leasing Pakistan Limited		-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
		-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	
Leather and Tanneries												
Service Global footwear Limited		-	45,000	-	-	45,000	2,339	2,086	(253)	0.67%	0.73%	0.022%
		-	45,000	-	-	45,000	2,339	2,086	(253)	0.67%	0.73%	
Food and Personal Care Products												
AL Tahir Limited		-	100,000	-	51,000	49,000	1,359	1,127	(232)	0.36%	0.39%	0.025%
		-	100,000	-	51,000	49,000	1,359	1,127	(232)	0.36%	0.39%	
Miscellaneous												
Synthetic Products Enterprise Limited		50,000	54,000	4,000	22,000	86,000	1,712	1,552	(160)	0.50%	0.54%	0.086%
TPL Properties Limited		315,000	75,000	-	315,000	75,000	3,290	2,449	(841)	0.78%	0.86%	0.019%
		365,000	129,000	4,000	337,000	161,000	5,002	4,001	(1,001)	1.28%	1.40%	
Paper and Boards												
Security papers limited		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	
Construction and Materials (Cement)												
Attock Cement Pakistan Limited		21,000	-	-	21,000	-	-	-	-	0.00%	0.00%	0.00%
Bestway Cement Limited		-	20,000	-	-	20,000	3,053	3,089	56	0.99%	1.08%	0.003%
Cherat Cement Company Limited		33,000	73,000	-	55,000	51,000	7,601	7,564	(37)	2.42%	2.64%	0.026%
D.G Khan Cement Company limited		17,000	-	-	17,000	-	-	-	-	0.00%	0.00%	0.00%
Fajri Cement Company limited		-	755,000	-	220,000	535,000	10,022	9,828	(194)	3.14%	3.43%	0.039%
Gharibwal Cement Limited		150,000	3,000	-	-	153,000	5,961	3,736	(2,225)	1.20%	1.31%	0.038%
Kohat Cement Limited		22,100	22,000	-	27,100	17,000	3,169	3,206	37	1.03%	1.12%	0.008%
Lucky Cement Limited		15,650	18,500	-	24,650	9,500	6,600	6,453	(147)	2.06%	2.23%	0.003%
Maple Leaf Cement Factory Limited		243,500	405,000	-	325,000	323,500	11,765	11,630	(135)	3.72%	4.06%	0.029%
Pioneer Cement Limited		50,500	50,000	-	50,500	50,000	4,152	4,438	286	1.42%	1.55%	0.022%
Power Cement Limited		300,000	-	-	300,000	-	-	-	-	0.00%	0.00%	0.00%
		852,750	1,346,500	-	1,040,250	1,159,000	52,303	49,944	(2,359)	15.98%	17.44%	
Automobiles Assemblers												
Indus Motor Company Limited		-	8,740	-	8,740	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited		1,837	-	-	1,837	-	-	-	-	0.00%	0.00%	0.00%
		1,837	8,740	-	10,577	-	-	-	-	0.00%	0.00%	
Automobiles parts and accessories												
Thal Limited (Par value: Rs 5 per share)		5,150	-	-	5,150	-	-	-	-	0.00%	0.00%	0.00%
Panther Tyres Limited		6,319	-	-	6,319	-	-	-	-	0.00%	0.00%	0.00%
		11,469	-	-	11,469	-	-	-	-	0.00%	0.00%	
Textile composition												
Nisat Mills Limited		18,000	-	-	18,000	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited		73,500	7,500	2,430	-	83,430	5,708	6,065	357	1.94%	2.12%	0.009%
Feroze188 mills limited	5.1.1	19,000	8,000	-	18,000	9,000	914	658	(256)	0.21%	0.23%	0.002%
Kohnoor Textile Mills Limited		30,000	1,500	-	-	31,500	2,370	2,187	(183)	0.70%	0.76%	0.011%
		140,500	17,000	2,430	36,000	123,930	8,992	8,910	(82)	2.85%	3.11%	
Pharmaceutical												
Abbott Laboratories (Pakistan) Limited		1,500	3,000	-	500	4,000	3,056	2,870	(186)	0.92%	1.00%	0.004%
		1,500	3,000	-	500	4,000	3,056	2,870	(186)	0.92%	1.00%	
Power generation and distribution												
The Hub Power Company Limited	5.1.1	79,400	80,000	-	99,400	60,000	4,599	4,280	(319)	1.37%	1.50%	0.005%
K-Electric Limited (Par value : Rs 3.5 per share)		100,000	-	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
Kot Adda Power Company Limited		123,000	-	-	30,000	93,000	4,125	3,009	(1,116)	0.96%	1.05%	0.011%
		302,400	80,000	-	229,400	153,000	8,724	7,289	(1,435)	2.33%	2.55%	
Technology & Communications												
Air Link Communication Limited		-	172,500	12,938	25,000	160,438	10,672	9,315	(1,357)	2.98%	3.25%	0.041%
Avancon Limited		-	20,000	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Octopus Digital Limited		-	64,272	-	64,272	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Company Systems Limited		9,460	3,000	-	7,000	5,460	3,357	4,149	792	1.33%	1.45%	0.004%
TPL Tracker Limited	5.1.1	140,000	176,000	-	116,000	200,000	3,510	3,341	(169)	1.07%	1.17%	0.010%
		149,460	710,772	12,938	507,272	365,898	17,539	16,805	(734)	5.38%	5.87%	
Total equity securities as at December 31 2021						<u>5,833,586</u>	<u>292,546</u>	<u>286,257</u>	<u>(6,289)</u>			
Total equity securities as at June 30 2021						3,647,984	212,076	226,089	14,013			

FIRST HABIB STOCK FUND

5.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Number of Shares)	
Askari Bank Limited	100,000	-
Bank AL Habib Limited	45,500	-
Bank Islami Pakistan Limited	100,000	-
The Bank of Punjab	300,000	-
Engro Fertilizers Limited	15,000	15,000
Engro Corporation Limited	10,000	10,000
Faysal Bank Limited	100,000	-
Feroze1888 Mills Limited	9,000	10,000
Habib Bank Limited	25,000	15,000
Habib Metropolitan Bank Limited	50,000	-
The Hub Power Company Limited	13,500	13,500
Mari Petroleum Company Limited	5,800	8,400
Meezan Bank Limited	114,329	80,000
Oil & Gas Development Company Limited	40,000	15,000
Pakistan Petroleum Limited	36	35,000
TPL Trakker Limited	100,000	-
United Bank Limited	13,000	13,000
	<u>1,041,165</u>	<u>214,900</u>

5.2 Net unrealized (loss) / gain on revaluation of investments at fair value through profit or loss

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
Note		
Market value of investments	286,257	226,089
Less: Carrying value of investments	(292,546)	(212,076)
	<u>(6,289)</u>	<u>14,013</u>

6. Profit on bank balances and dividend receivable

Dividend receivable	-	1016
Profit receivable on saving accounts	136	95
	<u>136</u>	<u>1,111</u>

7. Advances tax, Deposits and Prepayments

Deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited (CDC)	100	100
Advance tax	191	189
Prepayment	12	-
	<u>2,803</u>	<u>2,789</u>

7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

8.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The Management Company has charged management fee at the rate of 2.00% of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

8.2 Sindh Sales Tax has been charged at 13% (June 30, 2021: 13%) on the Management Company's remuneration during the period.

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

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 9 to the annual audited financial statements for the year ended June 30, 2021.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 2.043 million.

Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2021 would have been higher by Rs. 0.57 (June 30, 2021: Rs. 0.78) per unit.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the trust deed based on the daily net asset value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff;

Average net assets (Rs. In millions)	Tariff
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

10.1 Sindh Sales Tax has been charged at 13% (June 30, 2021: 13%) on the Trustee's remuneration charged during the period.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

FIRST HABIB STOCK FUND

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
12. ACCRUED EXPENSES AND OTHER LIABILITIES	(Rupees in '000)	
Auditors' remuneration	223	427
Printing Charges	72	77
Withholding tax payable	207	594
Dividend Payable	-	198
Others	694	264
	<u>1,196</u>	<u>1,560</u>

13. PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds till August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

14. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2021 (30 June 2021: Nil)

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability as the Fund does not have income during the period.

16. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

17. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent Company of AL Habib Asset Management Limited
3	Al Habib Capital Market (Private) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Income Fund	Managed by AL Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by AL Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by AL Habib Asset Management Limited
7	First Habib Asset Allocation Fund	Managed by AL Habib Asset Management Limited
8	First Habib Cash Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties include directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of the transactions with connected persons / related parties are as follows:

	Half Year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	(Un-Audited)			
	(Rupees in '000)			
AL Habib Asset Management Limited				
Management Company's Remuneration	2,548	1,126	1,319	569
Sindh Sales Tax on Management Company's remuneration	331	146	171	74
Expenses allocated by the Management Company	259	51	259	51
AL Habib Capital Markets (private) Limited				
Brokerage	224	49	28	28
Central Depository Company of Pakistan Limited				
Remuneration of Trustee	255	113	132	50
Sindh Sales Tax on Trustee's remuneration	33	15	17	15
Bank AL Habib Limited - Parent Company of AL Habib Asset Management Company				
Profit on bank balances	713	395	420	192

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

	December 31 2021 (Un-Audited)	June 30 2021 (Audited)
	(Rupees in '000)	
Bank AL Habib Limited - Parent Company of AL Habib Asset Management Company		
Bank balance	55,771	9,303
AL Habib Asset Management Limited		
Payable to Management Company (inclusive of Sindh Sales tax)	783	425
Federal excise duty on Management Fee payable	2,043	2,043
Central Depository Company of Pakistan Limited		
Remuneration payable (inclusive of Sindh Sales Tax)	52	42
Security deposit - non interest bearing	100	100
AL Habib Capital Markets (private) Limited		
Brokerage payable	224	9

	Half Year ended December 31, 2021 (Un-Audited)		Half Year ended December 31, 2020 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
17.1 Sale / redemption of units during the period				

Units sold to:

Management Company

- AL Habib Asset Management Limited

Key Management Executives

1,053,447	94,457	148,716	12,000
46,810	4,322	7,484	601

FIRST HABIB STOCK FUND

	Half Year ended December 31, 2021 (Un-Audited)		Half Year ended December 31, 2020 (Un-Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
<i>Management Company</i>				
- AL Habib Asset Management Limited	-	-	249,318	19,586
<i>Directors & their relatives of the Management Company</i>	1,600	150	2,359	202
<i>Key Management Executives</i>	1,094	100	6	1
17.2 Units held by:				
	December 31, 2021 (Un-Audited)		June 30, 2021 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Management Company</i>				
- AL Habib Asset Management Limited	457,697	40,243	172,986	15,430
<i>Parent Company of AL Habib Asset Management Limited</i>				
- Bank AL Habib Limited	100,000	8,792	100,000	8,920
<i>Directors of the Management Company</i>	8,424	741	8,424	751
<i>Key Management Executives</i>	100,052	8,797	94,123	8,396
<i>Relatives of Directors</i>	1,624	143	3,669	327
Connected party holding 10% or more of the units in issue):	621,008	54,599	621,008	55,393

18. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS/ the fund. TER of the Fund for the period ended December 31, 2021 is 3.47% which includes 0.31% representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

19. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investment of the Fund in equity securities is valued on the basis of rates quoted on Pakistan Stock Exchange. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

19.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Fair value		
		Level 1	Level 2	Level 3
		(Rupees in '000)		
December 31, 2021 (Un-Audited)				
Listed equity securities	5	286,257	-	-
		286,257	-	-
June 30, 2021 (Audited)				
Listed equity securities	5	226,089	-	-
		226,089	-	-

19.2 There were no transfers amongst the levels during the period.

20. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21. GENERAL

21.1 This condensed interim financial information is un-audited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31 2021 and December 31, 2020 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

22. DATE OF AUTHORISATION FOR ISSUE

22.1 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **January 20, 2022**.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB ISLAMIC CASH FUND
For the period from
December 20, 2021 to December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank Islami Pakistan Limited
Bank Al Habib Limited
Meezan Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC CASH FUND

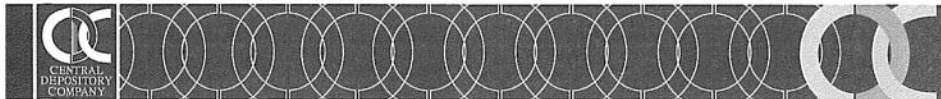
**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Al Habib Islamic Cash Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during period from December 20, 2021 to December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.kh@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of AL Habib Islamic Cash Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of AL Habib Islamic Cash Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the period from 20 December 2021 to 31 December 2021. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES*AS AT DECEMBER 31, 2021*

	Note	December 31, 2021 (Un-Audited) (Rupees in '000)
Assets		
Bank balances	4	449,986
Profit receivable on bank deposits		910
Preliminary expenses and floatation costs	5	583
Total assets		451,479
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	8	6
Payable to Central Depository Company of Pakistan Limited - Trustee	10	6
Payable to Securities and Exchange Commission of Pakistan (SECP)	12	2
Accrued expenses and other liabilities	6	712
Total liabilities		726
Net assets		450,753
Unit holders' fund (as per the statement attached)		450,753
Contingencies and Commitments	7	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each)		4,507,535
		(Rupees)
Net asset value per unit		100.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

		For the period from December 20, 2021 to December 31, 2021 (Rupees in '000)
Income		
Profit on bank deposits		910
Total income		910
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	8	5
Sindh sales tax on Management Company's remuneration	9	1
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	5
Sindh sales tax on trustee remuneration	11	1
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	12	2
Auditors' remuneration		18
Amortization of preliminary expenses and floatation costs	5	2
Total expenses		34
Net income for the period before taxation		876
Taxation	13	-
Net income for the period after taxation		876
Allocation of net income for the period after taxation:		
Net income for the period		876
Income already paid on units redeemed		-
		876
Accounting income available for distribution:		
Relating to capital gains		-
Excluding capital gains		876
		876

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB ISLAMIC CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

	For the period from December 20, 2021 to December 31, 2021
	(Rupees in '000)
Net income for the period after taxation	876
Other comprehensive income for the period	-
Total comprehensive income for the period	876

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021**

	For the period from December 20, 2021 to December 31, 2021		
	Capital Value	Undistributed income	Net Asset
	----- (Rupees in '000)		
Net assets at the beginning of the period	-	-	-
Issuance of 4,507,535 units			
- Capital value	450,753	-	450,753
- Element of income	-	-	-
Amount received on issuance of units	450,753	-	450,753
Redemption of Nil units			
- Capital value	-	-	-
- Element of income	-	-	-
Amount paid on redemption of units	-	-	-
Total comprehensive income for the period	-	876	876
Interim cash distribution for the year ended June 30 2022: Rs. 0.3158 per unit	-	(876)	(876)
	-	-	-
Net assets at the end of the period	450,753	-	450,753
Undistributed income brought forward			
- Realised		-	
- Unrealised		-	
		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		876	
		876	
Interim cash distribution for the year ended June 30 2022: Rs. 0.3158 per unit		(876)	
Undistributed income carried forward		-	
Undistributed income carried forward			
- Realised		-	
- Unrealised		-	
		-	
			(Rupees)
Net assets value per unit at end of the period			100.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB ISLAMIC CASH FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021**

	For the period from December 20, 2021 to December 31, 2021
	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period before taxation	876
Adjustments for non cash and other items	
Amortization of preliminary expenses and floatation costs	2
	<u>878</u>
Working capital adjustments	
Increase in assets	
Profit receivable on bank deposits	(910)
Preliminary expenses and floatation costs	(585)
	<u>(1,495)</u>
Increase in liabilities	
Payable to AL Habib Asset Management Limited - Management Company	6
Payable to Central Depository Company of Pakistan Limited - Trustee	6
Payable to Securities and Exchange Commission of Pakistan	2
Accrued expenses and other liabilities	712
	<u>726</u>
Net cash generated from operating activities	<u>109</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of units	450,753
Payments against redemption of units	-
Dividend paid during the period	(876)
Net cash generated from financing activities	<u>449,877</u>
Net increase in cash and cash equivalents during the period	<u>449,986</u>
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	<u><u>449,986</u></u>
Cash and cash equivalents comprise of :	
Bank balances	<u>449,986</u>
	<u><u>449,986</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

AL Habib Islamic Cash Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 27, 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 31, 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

- 1.1 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The Fund was launched on 20 December, 2021 through initial public offering (IPO) accordingly these are the first financial statements and therefore comparative information is not available.
- 1.3 The Fund is an open-end mutual fund and is in the process of listing on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.
- 1.4 The investment objective of the Fund is to provide its unit-holders optimum return from a shariah compliant portfolio of low risk and short duration assets while being highly liquid.
- 1.5 The Fund has been categorized as an Open-ended Shariah Compliant Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.7 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on September 15, 2021.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

2.1.1 This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial information. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements.

2.1.3 This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.

2.1.4 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.6 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.3 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Management Company for the applications received during business hours on that day. Allotment of units is recorded on acceptance of application and realization of the proceeds in the Fund's bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

3.4 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in Statement of Movement in Unit holders' Fund.

3.5 Net asset value - per unit

The net asset value per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.6 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed in the form of cash among the unit holders. Provided that, for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.7 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

3.8 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.9 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten years commencing from December 20, 2021 as per the Trust Deed of the Fund.

3.10 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP), distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital, if any, based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.11 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4. BANK BALANCES

This represents saving accounts held with various commercial banks carrying profit rates ranging from 10.20% per annum. It also includes a balance of Rs. 449.97 million with Bank AL Habib Limited, (Parent Company of Fund's Management Company) carrying profit rate of 10.20% per annum.

		December 31, 2021 (Un-Audited) Note (Rupees in '000)
5. PRELIMINARY EXPENSES AND FLOATATION COSTS		
Preliminary expenses and floatation costs incurred	5.1	585
Amortization for the period		(2)
Balance as at December 31, 2021		583

- 5.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten years effective from December 20, 2021, i.e. after the close of initial period of the Fund.

	December 31, 2021 (Un-Audited) (Rupees in '000)
6. ACCURED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	18
Preliminary expenses and floatation costs	585
Initial deposits for opening of bank accounts	30
Withholding tax	79
	<u>712</u>

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021.

8. REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

9. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

10. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.055% per annum of net assets.

11. SINDH SALES TAX ON TRUSTEE'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

12. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

AL HABIB ISLAMIC CASH FUND

14. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial instruments carried at fair value as at 31, December 2021.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	Al Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent of Al Habib Asset Management Limited
3	Al Habib Capital Markets (Private) Ltd.	Subsidiary of Bank Al Habib Limited
4	First Habib Asset Allocation Fund	Managed by Al Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by Al Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by Al Habib Asset Management Limited
7	First Habib Stock Fund	Managed by Al Habib Asset Management Limited
8	First Habib Cash Fund	Managed by Al Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by Al Habib Asset Management Limited
10	AL Habib Islamic Savings Fund	Managed by Al Habib Asset Management Limited
11	First Habib Income Fund	Managed by Al Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of the transactions with connected persons are as follows:

	For the period from December 20, 2021 to (Un-Audited) (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management company remuneration	5
- Sindh sales tax	1
- Formation cost	615
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration to the Trustee	5
- Sindh sales tax	1
- Formation cost	615

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

AL Habib Asset Management Limited - Management Company	
- Remuneration payable (Inclusive of Sindh sales tax)	6
- Formation cost payable	615
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration payable (Inclusive of Sindh sales tax)	6

16.1 Sale / Redemption of units	For the period from December 20, 2021 to December 31, 2021 (Un-Audited)	
<u>Units sold to:</u>	(Units)	(Rupees in '000)
<i>Management Company</i>		
- AL Habib Asset Management Limited	3,249,936	324,994
<i>Parent of Al Habib Asset Management Limited</i>		
- Bank Al Habib Limited	1,000,000	100,000
Units sold to Connected Party holding 10% or more of the units in issue:	250,000	25,000
December 31, 2021 (Un-Audited)		
16.2 <u>Units held by:</u>	(Units)	(Rupees in '000)
<i>Management Company</i>		
AL Habib Asset Management Limited	3,256,381	325,638
<i>Parent of Al Habib Asset Management Limited</i>		
- Bank AL Habib Limited	1,000,999	100,100
Units sold to Connected Party holding 10% or more of the units in issue:	250,155	25,016
17. TOTAL EXPENSE RATIO (TER)		

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 0.37% which includes 0.03% representing Government levy and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

18. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

19. GENERAL

- 19.1 This condensed interim financial information is unaudited and has been reviewed by the auditors.
- 19.2 This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.
20. DATE OF AUTHORIZATION FOR ISSUE
- 20.1 This condensed interim financial information was authorised for issue by the board of directors of the Management Company on January 20, 2022.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AA(f) Fund Stability Rating, Rating by PACRA
AM2 Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank Islami Pakistan Limited
Bank Al Habib Limited
Faysal Bank Limited
Al Baraka Bank

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



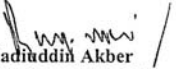
TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ISLAMIC INCOME FUND

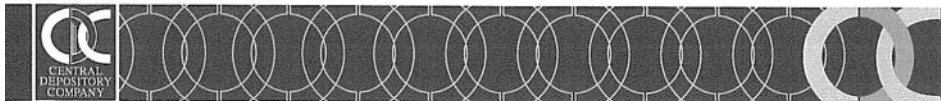
**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Income Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Islamic Income Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Islamic Income Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.


Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

FIRST HABIB ISLAMIC INCOME FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES***AS AT DECEMBER 31, 2021*

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
Assets			
Bank balances	4	3,947,719	3,041,766
Investments	5	2,412,635	10,873,124
Profit receivable	6	72,718	181,197
Receivable against sale of investment		-	78,914
Preliminary expenses and floatation costs	7	18	189
Advances tax, deposits and prepayments	8	9,434	9,517
Advance against IPO subscription of GO Pakistan Limited		75,000	-
Total assets		6,517,524	14,184,707
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	9	6,068	10,696
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	10	492	1,189
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	1,089	2,428
Provision for Sindh Workers' Welfare Fund (SWWF)	12	-	24,627
Payable against redemption of units		172	7,044
Accrued expenses and other liabilities	13	5,073	8,946
Total liabilities		12,894	54,930
Net assets		6,504,630	14,129,777
Unit holders' Fund (as per the statement attached)		6,504,630	14,129,777
Contingencies and commitment	14		
		------(Number of Units)-----	
Number of units in issue (face value of units is Rs. 100 each)		64,307,698	140,512,294
		------(Rupees)-----	
Net assets value per unit		101.15	100.56

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Note	(Rupees in '000)			
Income				
Profit on bank deposits	143,622	214,092	63,573	100,227
Income from Term finance certificates and Sukuk certificates	200,024	163,788	53,839	99,451
Profit on term deposit receipts and COM	44,826	29,588	44,826	13,809
Profit on deposit with National Clearing Company of Pakistan Limited (NCCPL)	3	58	2	40
Profit on advance against IPO subscription of GO Pakistan Limited	50	-	50	-
Net gain / (loss) on investments classified at fair value through profit or loss				
- Net capital loss on sale of investments	(18,585)	(1,018)	(23,392)	(762)
- Net unrealised gain on revaluation of investments at fair value through profit or loss	32,977	13,593	19,339	7,421
	14,392	12,575	(4,053)	6,659
Total income	402,917	420,101	158,237	220,186
Expenses				
Remuneration of AL Habib Asset Management Limited - Management Company	25,377	26,202	2,121	11,861
Sindh Sales Tax on Management Company's remuneration	3,299	3,406	276	1,552
Expenses allocated by the Management company	10,512	2,949	5,765	2,949
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,082	4,535	1,657	2,396
Sindh Sales Tax on Trustee's remuneration	531	590	216	312
Annual fee to Securities and Exchange Commission of Pakistan	1,089	1,209	442	639
Brokerage expense	352	740	260	318
Settlement and bank charges	164	501	80	383
Annual listing fee	16	16	7	7
Auditors' remuneration	344	197	172	98
Amortisation of floatation costs	171	170	85	85
Printing charges	33	33	17	17
Mutual fund rating fee	74	67	37	33
Total expenses	46,044	40,615	11,135	20,650
Net income from operating activities	356,873	379,486	147,102	199,536
(Reversal)/Provision for sindh worker's welfare fund	24,627	(7,590)	24,627	(3,991)
Net income for the period before taxation	381,500	371,896	171,729	195,545
Taxation	-	-	-	-
Net income for the period after taxation	381,500	371,896	171,729	195,545
Allocation of net income for the period after taxation				
Net income for the period	381,500	371,896	134,839	195,545
Income already paid on units redeemed	(146,147)	(50,334)	(30,355)	(20,998)
	235,353	321,562	104,484	174,547
Accounting income available for distribution:				
Relating to capital gains	14,392	12,575	(4,053)	6,659
Excluding capital gains	220,961	308,987	108,537	167,888
	235,353	321,562	104,484	174,547

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	381,500	371,896	171,729	195,545
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	381,500	371,896	171,729	195,545

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half-year ended December 31,					
	2021			2020		
	Capital Value	Undistributed income / (loss)	Net Asset	Capital Value	Undistributed income / (loss)	Net Asset
	------(Rupees in '000)-----					
Net assets at the beginning of the period	14,087,993	41,784	14,129,777	9,012,534	17,558	9,030,092
Issuance of 138,437,527 units (December 31 2020: 157,224,759 units) including additional units 864,591 units issued at nil value						
- Capital value	13,921,278	-	13,921,278	15,778,528	-	15,778,528
- Element of income	203,484	-	203,484	62,287	-	62,287
Amount received on issuance of units	14,124,762	-	14,124,762	15,840,815	-	15,840,815
Redemption of 214,642,123 units (December 31 2020: 135,514,975 units)						
- Capital value	(21,584,412)	-	(21,584,412)	(13,599,809)	-	(13,599,809)
- Element of income	(155,355)	(146,147)	(301,502)	(59,307)	(50,334)	(109,641)
Amount paid on redemption of units	(21,739,767)	(146,147)	(21,885,914)	(13,659,116)	(50,334)	(13,709,450)
Total comprehensive income for the period	-	381,500	381,500	-	371,896	371,896
Interim cash distribution for the year ended June 30 2022: Rs. 2.9988 per unit (December 31, 2020: Rs. 2.9231 per unit)	(86,943)	(158,552)	(245,495)	-	(299,892)	(299,892)
Net income for the year less distribution	(86,943)	222,948	136,005	-	72,004	72,004
Net assets at the end of the period	<u>6,386,045</u>	<u>118,585</u>	<u>6,504,630</u>	<u>11,194,233</u>	<u>39,228</u>	<u>11,233,461</u>
Number of units in issue (face value of units is Rs. 100 each)			<u>64,307,698</u>			<u>111,689,916</u>
Undistributed income brought forward						
- Realised (loss) / income		(6,861)			119	
- Unrealised income		48,645			17,439	
		41,784			17,558	
Accounting income available for distribution						
- Relating to capital gains	14,392				-	
- Excluding capital gains	220,961				321,562	
	235,353				321,562	
Interim cash distribution for the year ended June 30 2022: Rs. 2.9988 per unit (December 31 2020: Rs. 2.9231 per unit)		(158,552)			(299,892)	
Undistributed income carried forward		<u>118,585</u>			<u>39,228</u>	
Undistributed income carried forward comprises of:						
- Realised income		85,608			25,635	
- Unrealised income		32,977			13,593	
		<u>118,585</u>			<u>39,228</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		<u>100.56</u>			<u>100.36</u>	
Net assets value per unit at end of the period		<u>101.15</u>			<u>100.58</u>	

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Note	Half year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	381,500	371,896
Adjustments:		
Net capital loss on sale of investments	18,585	1,018
Net unrealised gain on revaluation of investments at fair value through profit or loss	(32,977)	(13,593)
Amortisation of floatation costs	171	170
(Reversal) / provision for Sindh Worker's Welfare Fund	(24,627)	7,590
Net cash generated from operation before working capital changes	342,652	367,081
Working Capital changes		
(Increase) / decrease in assets		
Investments	8,974,881	1,590,454
Profit receivable	108,479	17,118
Receivable against sale of investment	78,914	-
Advances tax, deposits and prepayments	83	(12)
Advance against IPO subscription of GO Pakistan Limited	(75,000)	-
	9,087,357	1,607,560
Increase / (decrease) in liabilities		
Payable to AL Habib Asset Management Limited - Management Company	(4,628)	1,789
Payable to Central Depository Company of Pakistan Limited - Trustee	(697)	249
Payable to Securities and Exchange Commission of Pakistan	(1,339)	363
Payable against redemption of units	(6,872)	31
Accrued expenses and other liabilities	(3,873)	(3,121)
	(17,409)	(689)
Net cash generated from operating activities	9,412,600	1,973,952
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	14,124,762	15,840,815
Payments on redemption of units	(21,885,914)	(13,709,450)
Dividend paid	(245,495)	(299,892)
Net cash (used in) / generated from financing activities	(8,006,647)	1,831,473
Net increase in cash and cash equivalents during the period	1,405,953	3,805,425
Cash and cash equivalents at beginning of the period	3,041,766	4,841,237
Cash and cash equivalents at end of the period	4,447,719	8,646,662
CASH AND CASH EQUIVALENTS COMPRISES OF:		
Bank balances	4 3,947,719	4,396,662
Term Deposit Receipts (TDRs)	500,000	4,250,000
	4,447,719	8,646,662

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Islamic Income Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 30, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 22, 2016 under Rule 67 of the Non- banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (PSX). 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. Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.4** 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 also seeks to enhance returns through active portfolio management using efficiency tools. The Fund has been categorized as an Open-End Shariah Compliant (Islamic) Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on 15 September 2021 and 'AA(f)' (2020: 'AA(f)') to the Fund on 04 September 2021.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company had submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020) to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020. Subsequent to the year ended June 30, 2021, the Trust deed has been registered under the Sindh Trusts Act, 2020.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial

FIRST HABIB ISLAMIC INCOME FUND

statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.

- 2.1.3** This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.
- 2.1.4** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial information for the period ended December 31, 2020.
- 2.1.5** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

3.3 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2021.

4. BANK BALANCES	Note	December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
Savings account	4.1	3,947,207	3,041,354
Current account	4.2	512	412
		<u>3,947,719</u>	<u>3,041,766</u>

4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 7% to 11.50% (June 30 2021: 3.75% to 7.00%) per annum.

4.2 This relates to the balance with Bank AL Habib Limited, a related party (Parent Company of Fund's Management Company).

5. INVESTMENTS	Note	December 31, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
At fair value through profit or loss:			
Term finance certificates (TFCs) and Sukuk certificates (Sukuks)	5.1	1,912,635	6,623,124
At amortised cost:			
Term Deposit Receipts (TDRs)		500,000	4,250,000
		<u>2,412,635</u>	<u>10,873,124</u>

FIRST HABIB ISLAMIC INCOME FUND

5.1 Term finance certificates and sukus

Name of the Investee	As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised gain / (loss)	Market value as percentage of	
								Net Assets	Total Investments
----- (Number of certificates) -----				----- (Rupees in '000) -----					
Unquoted									
Ghani Gases Limited (certificates of Rs. 100,000 each)	105	-	-	105	3,556	3,623	67	0.06%	0.15%
AGP Limited (certificates of Rs. 100,000 each)	100	-	-	100	1,029	1,007	(22)	0.02%	0.04%
Meezan Bank Limited Sukuk - Secured (certificates of Rs. 1,000,000 each)	235	-	235	-	-	-	-	0.00%	0.00%
Meezan Bank Limited Sukuk (certificates of Rs. 1,000,000 each)	300	-	25	275	284,336	286,000	1,664	4.40%	11.85%
Pakistan Energy Sukuk I- Secured (certificates of Rs. 5,000 each)	-	110,000	-	110,000	125,427	126,368	941	1.94%	5.24%
Pakistan Energy Sukuk II- Secured (certificates of Rs. 5,000 each)	54,900	-	30,000	24,900	587,062	587,125	63	9.03%	24.34%
Quoted									
Dubai Islamic Bank Sukuk (certificates of Rs. 1,000,000 each)	422	-	25	397	406,522	410,300	3,778	6.31%	17.01%
Engro Polymer & Chemical Limited Sukuk (certificates of Rs. 100,000 each)	4,630	-	-	4,630	471,726	498,212	26,486	7.66%	20.65%
Fatima Fertilizer Company Limited	65,576	-	65,576	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk (29-05-2020)	170,000	-	170,000	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - VRR (09-12-2020)	11,900	-	11,900	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk - VRR (29-07-2020)	27,760	27,760	55,520	-	-	-	-	0.00%	0.00%
Total as at December 31, 2021	335,928	137,760	333,281	140,407	1,879,658	1,912,635	32,977		
Total as at June 30, 2021	285,138	375,774	324,984	335,928	6,574,479	6,623,124	48,645		

5.1.1 Significant terms and conditions of Sukuk certificates outstanding at the period end are as follows:

Name of security	Number of Certificates	Tenor	Carrying value per Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating
Sukuk Certificates						
Unquoted						
Ghani Gases Limited- Secured (2-2-2017)	105	Quarterly	33,867	3 Month KIBOR plus 1%	2-Feb-17	A
AGP Limited - Secured (9-6-2017)	100	Quarterly	10,290	3 Month KIBOR plus 1.3%	9-Jun-17	A+
Meezan Bank Limited Sukuk	275	Half Year	1,033,949	6 months KIBOR plus 0.90%	9-Jan-20	AAA
Pakistan Energy Sukuk-I	110,000	Half Year	1,140	6 months KIBOR minus 0.10%	1-Mar-29	Unrated
Pakistan Energy Sukuk-II	24,900	Half Year	23,577	6 months KIBOR plus 0.8%	21-May-20	Unrated
Quoted						
Dubai Islamic Bank Sukuk	397	Half Year	1,023,985	6 months KIBOR plus 0.50%	14-Jul-17	AA-
Engro Polymer & Chemical Limited Sukuk	4,630	Quarterly	101,885	3 Months KIBOR plus 0.9%	11-Jan-19	AA

FIRST HABIB ISLAMIC INCOME FUND

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
6. PROFIT RECEIVABLE			
Receivable against TFCs and Sukuks		52,457	140,829
Receivable against bank deposits		20,211	40,368
Receivable on advance against IPO subscription of GO Pakistan Limited		50	-
		72,718	181,197
7. PRELIMINARY EXPENSES AND FLOATATION COST			
Preliminary expenses and floatation cost incurred		189	527
Amortization for the period	7.1	(171)	(338)
Balance as at December 31, 2021		18	189

- 7.1 This represents the amortisation of expenses incurred on the formation of the Fund. These expenses are being amortised over a period of five years effective from January 23, 2017, i.e. after the close of initial period of the Fund.

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
8. ADVANCE TAX, DEPOSITS AND PREPAYMENTS			
Deposit with National Clearing Company Pakistan Limited (NCCPL)		2,500	2,500
Deposit with Central Depository Company (CDC)		100	100
Mutual Fund rating fee		-	105
Advance Tax	8.1	6,822	6,812
Annual listing fee		12	-
		9,434	9,517

- 8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9. PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 9.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management

FIRST HABIB ISLAMIC INCOME FUND

has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

- 9.2 Sindh Sales Tax has been charged at 13% on the Management Company's remuneration during the period (June 30, 2021: 13%).

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

- 10.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document based on the daily Net Asset Value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from July 01, 2019, whereby the revised tariff is 0.075% of average daily net assets of the Fund.

- 10.2 Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period (June 30, 2021: 13%).

11. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

12. PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the funds till August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	(Rupees in '000)	
13. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors Remuneration Payable	344	411
Mutual Fund Rating Fee	10	-
Stale Cheques	143	143
Settlement Charges	263	24
Other Payable	1	-
Accounts Printing Charges	82	87
Withholding tax payable	3,319	7,627
Capital gain tax payable	773	654
Brokerage	138	-
	<u>5,073</u>	<u>8,946</u>

14. CONTINGENCY AND COMMITMENT

There are no contingencies and commitments as at December 31, 2021 (June 30, 2021: Nil).

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

16. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The investments of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Fair value		
		Level 1	Level 2	Level 3
		(Rupees in '000)		
December 31, 2021 (Un-Audited)				
Financial assets - measured at fair value				
Investment in Sukuk certificate	5	-	1,912,635	-
		-	1,912,635	-
June 30 2021 (Audited)				
Financial assets - measured at fair value				
Investment in Sukuk certificate	5	-	6,623,124	-
		-	6,623,124	-

17.1 Level 2 fair values have been determined on the basis of MUFAP rates and closing Net Asset Values for government securities and Mutual Fund Units respectively.

FIRST HABIB ISLAMIC INCOME FUND

17.2 There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

18. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent of AL Habib Asset Management Limited
3	Al Habib Capital Market (Pvt) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Income Fund	Managed by AL Habib Asset Management Limited
5	First Habib Asset Allocation Fund	Managed by AL Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by AL Habib Asset Management Limited
7	First Habib Stock Fund	Managed by AL Habib Asset Management Limited
8	First Habib Cash Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of transactions with connected persons / related parties are as follows:

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	(Un-audited)		(Un-audited)	
	(Rupees in '000)		(Rupees in '000)	
AL Habib Asset Management Limited - Management Company				
Management Company's Remuneration	25,377	26,202	2,121	11,861
Sindh Sales Tax on Management Company's remuneration	3,299	3,406	276	1,552
Expenses Allocated by the Management Company	10,512	2,949	5,765	2,949
Central Depository Company of Pakistan Limited - Trustee				
Remuneration to the Trustee	4,082	4,535	1,657	2,396
Sindh Sales Tax on trustee remuneration	531	590	216	312
CDC charges	3	277	2	2

December 31,	June 30,
2021	2021
(Un-audited)	(Audited)
(Rupees in '000)	

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

Bank AL Habib Limited - Parent of AL Habib Asset Management Limited		
Bank balance	565,798	9,259
AL Habib Asset Management Limited - Management Company		
Management Company payable	6,068	10,696
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (Inclusive of Sindh Sales Tax)	492	1,189
Security deposit - Non interest bearing	100	100

FIRST HABIB ISLAMIC INCOME FUND

	December 31, 2021		December 31, 2020	
	(Un-audited)		(Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
18.1	Sale / redemption of units			
	<u>Units sold to:</u>			
	<i>Management Company</i>			
	AL Habib Asset Management Limited			
	13,379,021	1,357,000	17,700,274	1,783,174
	<i>Parent of AL Habib Asset Management Limited</i>			
	Bank AL Habib Limited			
	27,352,050	2,800,474	-	-
	<i>Other related parties</i>			
	Directors of the Management Company & their Relatives			
	247,343	25,237	115,429	11,607
	49,258	5,019	5,633	566
	745	75	-	-
	<i>Units sold to Connected Party holding 10% or more of the units in issue:</i>			
	20,172,409	2,065,979	15,000,800	1,509,766
	<u>Units redeemed by:</u>			
	<i>Management Company</i>			
	AL Habib Asset Management Limited			
	6,694,762	674,575	17,842,960	1,797,101
	<i>Parent of AL Habib Asset Management Limited</i>			
	Bank AL Habib Limited			
	27,352,050	2,810,491	5,243,032	528,610
	<i>Other related parties</i>			
	Directors of the Management Company & their Relatives			
	171,872	17,500	-	-
	46,617	4,764	325	37
	<i>Units redeemed to Connected Party holding 10% or more of the units in issue:</i>			
	101,286,242	10,315,453	10,443,778	1,049,664
18.2	Units held by:			
	December 31, 2021		June 30, 2021	
	(Unaudited)		(Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
	<i>Management Company</i>			
	AL Habib Asset Management Limited			
	-	-	149,897	15,074
	<i>Parent of AL Habib Asset Management Limited</i>			
	Bank AL Habib Limited			
	250,421	25,330	250,421	25,182
	<i>Other related parties</i>			
	Directors and their spouse			
	256,650	25,960	2,717,249	273,247
	9,589	970	6,948	699
	25,622	2,592	24,878	2,502
	<i>Units held by Connected Party holding 10% or more of the units in issue:</i>			
	29,850,229	3,019,351	110,964,062	11,158,546

FIRST HABIB ISLAMIC INCOME FUND

19. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 0.85% which includes 0.09% representing Government levy and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21. GENERAL

- 21.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2021 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.
- 21.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on January 20, 2022.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND
Half Yearly Report
December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Islami Pakistan Limited
MCB Bank Limited
National Bank of Pakistan Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST HABIB ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Stock Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiluddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 24, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of First Habib Islamic Stock Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Islamic Stock Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2021.

Scope of review

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

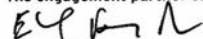
Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 16 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.


Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note -----(Rupees in '000)-----			
Assets			
Bank balances	4	15,453	775
Investments	5	295,628	284,794
Dividend and profit receivable		169	1,969
Receivable against sale of investment		-	2,364
Receivable against issuance of units		-	1,200
Advance tax, deposits and prepayments	6	5,692	2,936
Total assets		316,942	294,038
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	7	664	580
Provision for Federal Excise Duty on remuneration of the Management Company	8	1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee	9	58	57
Payable to Securities and Exchange Commission of Pakistan (SECP)	10.	31	39
Provision for Sindh Workers' Welfare Fund	11	-	935
Payable against purchase of investment		3,146	-
Payable against Redemption of units		1	-
Accrued expenses and other liabilities	12	1,192	2,581
Total liabilities		6,570	5,670
Net assets		310,372	288,368
Unit holders' fund (as per the statement attached)		310,372	288,368
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue (face value of units is Rs.100 each)		3,873,259	3,639,543
		----- (Rupees) -----	
Net assets value per unit		80.13	79.23

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

Note	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
----- (Rupees in '000) -----				
Income				
	750	326	432	144
	11,716	2,114	7,138	1,710
	15	9	15	9
	Net (loss) / gain on investments classified at fair value through profit or loss			
	- Net capital (loss) / gain on sale of investments			
	(4,131)	10,395	(562)	4,936
5.1	(626)	6,185	(1,177)	(449)
	(4,757)	16,580	(1,739)	4,487
Total income	7,724	19,029	5,846	6,350
Expenses				
7.1	3,070	861	1,565	439
7.2	399	112	203	57
	75	92	59	66
9	307	86	157	44
9.1	40	11	20	6
10	33	11	15	7
	567	339	210	185
	200	179	104	92
	13	13	6	4
	295	263	147	149
	-	93	-	47
	34	33	17	17
	233	70	143	59
Total expenses	5,266	2,163	2,646	1,172
Net income from operating activities	2,458	16,866	3,200	5,178
11	935	(337)	(1)	(103)
Net income for the period before taxation	3,393	16,529	3,199	5,075
14	-	-	-	-
Net income for the period after taxation	3,393	16,529	3,199	5,075
Allocation of net income for the period after taxation				
	3,393	16,529	3,199	5,075
	(131)	(6,317)	715	(1,537)
	3,262	10,212	3,914	3,538
Accounting income available for distribution:				
	(4,131)	16,580	(562)	4,936
	7,393	(6,368)	4,476	(1,398)
	3,262	10,212	3,914	3,538

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net Income for the period after taxation	3,393	16,529	3,199	5,075
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income for the period	<u>3,393</u>	<u>16,529</u>	<u>3,199</u>	<u>5,075</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the half-year ended December 31,					
	2021			2020		
	Capital Value	Undistributed (loss) / income	Total	Capital Value	Undistributed (loss) / income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	320,463	(32,095)	288,368	141,398	(37,993)	103,405
Issuance of 1,065,244 units (December 31, 2020: 1,629,975 units)						
- Capital value	84,399	-	84,399	114,049	-	114,049
- Element of income	1,094	-	1,094	17,909	-	17,909
Amount received on issuance of units	85,493	-	85,493	131,958	-	131,958
Redemption of 831,528 units (December 31 2020: 1,881,670 units)						
- Capital value	(65,882)	-	(65,882)	(131,661)	-	(131,661)
- Element of income	(869)	(131)	(1,000)	(9,692)	(6,317)	(16,009)
Amount paid / payable on redemption of units	(66,751)	(131)	(66,882)	(141,353)	(6,317)	(147,670)
Total comprehensive income for the period	-	3,393	3,393	-	16,529	16,529
Net assets at end of the period	339,205	(28,833)	310,372	132,003	(27,781)	104,222
Number of units in issue (face value of units is Rs. 100 each)			3,873,259			1,226,184
Undistributed loss brought forward						
- Realised loss		(38,860)			(36,280)	
- Unrealised gain / (loss)		6,765			(1,713)	
		(32,095)			(37,993)	
Accounting income available for distribution						
- Relating to capital gain		(4,131)			4,936	
- Excluding capital gain / (loss)		7,393			(1,398)	
		3,262			3,538	
Undistributed loss carried forward		(28,833)			(34,455)	
Undistributed loss carried forward comprises of:						
- Realised loss		(28,207)			(33,966)	
- Unrealised (loss) / gain		(626)			6,185	
		(28,833)			(27,781)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			79.23			69.97
Net assets value per unit at end of the period			80.13			85.00

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
Note	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	3,393	16,529
Adjustments:		
Capital loss / (gain) on sale of investments	4,131	(10,395)
Net unrealized loss / (gain) on revaluation of investments	5.1 626	(6,185)
(Reversal) / provision for Sindh Workers' Welfare Fund	(935)	337
Net cash generated from operations before working capital changes	7,215	286
Working capital adjustments		
(Increase) / decrease in assets:		
Investments	(15,591)	3,054
Dividend and profit receivable	1,800	(57)
Receivable against sale of investments	2,364	(4,303)
Receivable against issuance of units	1,200	(6,997)
Advance tax, deposits and prepayments	(2,756)	230
	(12,983)	(8,073)
Increase / (decrease) in liabilities:		
Payable to AL Habib Asset Management Limited - Management Company	84	(268)
Payable to Central Depository Company of Pakistan Limited - Trustee	1	(4)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(8)	(11)
Payable against purchase of investment	3,146	(12,705)
Payable against Redemption of units	1	
Accrued expenses and other liabilities	(1,389)	290
	1,835	(12,698)
Net cash used in operating activities	(3,933)	(20,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	85,493	131,958
Payments on redemption of units	(66,882)	(147,670)
Net cash generated from / (used in) financing activities	18,611	(15,712)
Net increase / (decrease) in cash and cash equivalents during the period	14,678	(36,197)
Cash and cash equivalents at beginning of the period	775	40,432
Cash and cash equivalents at end of the period	15,453	4,235
Cash and cash equivalents comprise of:		
Bank balances	4 15,453	4,235

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Islamic Stock Fund (the "Fund") was established under a Trust Deed between AL Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 24, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 03, 2011 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules). The Fund revised its Trust Deed (the Deed) dated December 06, 2016 under the Trusts Act, 1882 entered into and between AL Habib Asset Management Limited (Wakeel), the Management Company, and Central Depository Company of Pakistan Limited, the Trustee. The Trust Deed (revised) was approved by SECP on November 24, 2016.
- 1.2** 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 3rd floor, Mackinnon's Building, I,I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund has been categorized as an Open-End Asset Allocation Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited (PSX). 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. Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.4** The investment objective of the fund is to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws.
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (2020: 'AM2') to the Management Company on 15 September 2021.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company had submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020) to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020. Subsequent to the year ended June 30, 2021, the Trust deed has been registered under the Sindh Trusts Act, 2020.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund as at and for the year ended June 30, 2021.
- 2.1.3** This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the NBFC Regulation). However, a limited scope review has been carried out by the auditors.
- 2.1.4** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the un-audited condensed interim financial information for the period ended December 31, 2020.
- 2.1.5** In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

FIRST HABIB ISLAMIC STOCK FUND

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2021.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
4 BANK BALANCES	Note	------(Rupees in '000)-----
Current accounts		286
Saving accounts	4.1	91
		<u>15,167</u>
		<u>685</u>
		<u>15,453</u>
		<u>775</u>

4.1 This represents saving accounts held with various commercial banks carrying profit rates ranging from 5.5% to 11.50% (June 30, 2021: 4% to 6.95%) per annum. It also includes a balance of Rs.0.54 million (June 30, 2021: Rs. 0.07 million) with Bank AL Habib Limited, Parent Company of Fund's Management Company, carrying profit rate of 6.5% (June 30, 2021: 6.5%) per annum.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
5 INVESTMENTS	Note	------(Rupees in '000)-----
At fair value through profit or loss (FVPL)		
Listed equity securities	5.1	284,794
		<u>295,628</u>
		<u>284,794</u>

FIRST HABIB ISLAMIC STOCK FUND

5.1 Listed equity securities

Name of the Investee	Note	As at July 31, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Cost / carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of paid up capital of the investee company
										Net Assets	Total Investment	
(Number of shares) (Rupees in '000) (%)												
Commercial Banks												
Bank Islami Pakistan limited		-	1,935,000	-	-	1,935,000	27,117	24,787	(2,330)	7.99%	8.38%	0.175%
Meezan Bank Limited	5.1.1	357,948	52	37,800	111,000	284,800	28,582	38,195	9,613	12.31%	12.92%	0.018%
		357,948	1,935,052	37,800	111,000	2,219,800	55,699	62,982	7,283	20.30%	21.30%	
Chemicals												
Archroma Pakistan Limited		4,900	-	-	4,900	-	-	-	0.00%	0.00%	0.000%	
Berger Paints Pakistan Limited		34,500	-	-	34,500	-	-	-	0.00%	0.00%	0.000%	
Dyneca Pakistan limited (Par value: Rs 5 per share)		-	12,000	-	-	12,000	3,569	2,586	(983)	0.83%	0.87%	0.127%
Engro Polymer & Chemicals Limited		271,000	30,000	-	101,000	200,000	9,711	10,842	1,131	3.49%	3.67%	0.022%
ICI Pakistan	5.1.1	6,050	-	-	6,050	-	-	-	0.00%	0.00%	0.000%	
		316,450	42,000	-	146,450	212,000	13,280	13,428	148	4.32%	4.54%	
Fertilizers												
Engro Fertilizers Limited		90,500	-	-	-	90,500	6,359	6,886	527	2.22%	2.33%	0.007%
Engro Corporation Limited		58,040	-	-	32,000	26,040	7,672	7,094	(578)	2.29%	2.40%	0.005%
		148,540	-	-	32,000	116,540	14,031	13,980	(51)	4.51%	4.73%	
Cement												
Cherat Cement Company Limited		8,000	96,000	-	65,000	39,000	5,368	5,784	416	1.86%	1.96%	0.020%
D.G Khan Cement Company Limited		43,000	-	-	43,000	-	-	-	0.00%	0.00%	0.000%	
Kohat Cement Company Limited		6,800	24,000	-	14,800	16,000	2,897	3,018	121	0.97%	1.02%	0.008%
Bestway Cement Limited		-	20,000	-	-	20,000	2,920	3,089	169	1.00%	1.04%	0.003%
Fauji Cement Company Limited		-	595,000	-	210,000	385,000	7,206	7,072	(134)	2.28%	2.39%	0.028%
Lucky Cement Limited		41,683	25,000	-	55,683	11,000	7,624	7,472	(152)	2.41%	2.53%	0.003%
Maple Leaf Cement Factory Limited		331,500	540,000	-	501,500	370,000	13,542	13,302	(240)	4.29%	4.50%	0.034%
Attock Cement Pakistan limited		28,000	-	-	28,000	-	-	-	0.00%	0.00%	0.000%	
Charbawal Cement Limited		12,500	82,000	-	-	94,500	2,754	2,308	(446)	0.74%	0.78%	0.024%
Pioneer Cement Limited		-	35,000	-	-	35,000	3,146	3,106	(40)	1.00%	1.05%	0.015%
Power Cement Limited		525,000	-	-	525,000	-	-	-	0.00%	0.00%	0.000%	
		996,483	1,417,000	-	1,442,983	970,500	45,457	45,151	(306)	14.55%	15.27%	
Power generation and distribution												
The Hub Power Company Limited	5.1.1	-	100,000	-	20,000	80,000	6,236	5,707	(529)	1.84%	1.93%	0.006%
		-	100,000	-	20,000	80,000	6,236	5,707	(529)	1.84%	1.93%	
Engineering												
Aisha Steel Mills Limited		-	120,000	-	-	120,000	2,981	1,807	(1,174)	0.00%	0.00%	0.000%
International Industries Limited		-	7,000	-	7,000	-	-	-	0.00%	0.00%	0.000%	
Internation Steels Limited		40,000	50,000	-	20,000	70,000	5,066	4,628	(438)	0.00%	0.00%	0.000%
Mughal Iron & Steel Limited		26,680	50,000	1,752	15,000	63,432	6,053	6,604	551	0.00%	0.00%	0.000%
		66,680	227,000	1,752	42,000	253,432	14,100	13,039	(1,061)	0.00%	0.00%	
Automobile Assemblers												
Atlas Honda Limited		6,800	-	-	6,800	-	-	-	0.00%	0.00%	0.000%	
Milat Tractor	5.1.1	3,900	-	-	3,900	-	-	-	0.00%	0.00%	0.000%	
		10,700	-	-	10,700	-	-	-	0.00%	0.00%		
Automobile Parts & Accessories												
Panther Tyres Limited		15,104	-	-	15,104	-	-	-	0.00%	0.00%	0.000%	
		15,104	-	-	15,104	-	-	-	0.00%	0.00%		
Paper and Board												
Century Paper & Board Mills Limited		38,000	-	5,700	10,000	33,700	3,577	2,666	(911)	0.00%	0.00%	0.000%
Packages Limited	5.1.1	8,800	-	-	8,800	-	-	-	0.00%	0.00%	0.000%	
Security Papers Limited		4,000	-	-	4,000	-	-	-	0.00%	0.00%	0.000%	
		50,800	-	5,700	22,800	33,700	3,577	2,666	(911)	0.00%	0.00%	
Oil and gas exploration companies												
Mari Petroleum Company Limited		23,880	-	-	9,580	14,300	21,799	23,655	1,856	7.62%	8.00%	0.011%
Oil & Gas Development Company Limited		89,500	185,000	-	20,000	254,500	23,129	21,938	(1,191)	7.07%	7.42%	0.006%
Pakistan Oilfields Limited		28,726	17,000	-	2,000	43,726	16,777	15,637	(1,140)	5.04%	5.29%	0.015%
Pakistan Petroleum Limited	5.1.1	97,310	210,000	-	95,000	212,310	16,194	16,781	587	5.41%	5.68%	0.008%
		239,416	412,000	-	126,580	524,836	77,899	78,011	112	25.14%	26.39%	

FIRST HABIB ISLAMIC STOCK FUND

Name of the Investee	Note	As at July 31, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Cost / carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised gain / (loss)	Market Value as a percentage of:		Face value of investments as a percentage of paid up capital of the investee company
										Net Assets	Total Investment	
-----											-----	-----
(Number of shares)											(Rupees in '000)	(%)
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.												
Oil and gas marketing companies												
Attock Petroleum Limited		8,000	-	-	3,000	5,000	1,605	1,570	(35)	0.51%	0.53%	0.005%
Pakistan State Oil Company Limited		39,760	-	-	11,427	28,333	6,354	5,153	(1,201)	1.66%	1.74%	0.006%
Sui Northern Gas Pipeline Limited		15,000	-	-	15,000	-	-	-	-	0.00%	0.00%	0.000%
		62,760	-	-	29,427	33,333	7,959	6,723	(1,236)	2.17%	2.27%	
Textile composition												
Feroze1888 Mills		37,500	7,500	-	22,500	22,500	2,274	1,645	(629)	0.53%	0.56%	0.006%
Interloop Limited		134,500	9,500	3,570	25,000	122,570	8,372	8,910	538	2.87%	3.01%	0.014%
Kohinoor Textile Mills Limited		47,500	1,500	-	-	49,000	3,686	3,402	(284)	1.10%	1.15%	0.016%
Nishat Mills Limited		48,700	-	-	10,000	38,700	3,611	3,080	(531)	0.99%	1.04%	0.011%
		268,200	18,500	3,570	57,500	232,770	17,943	17,037	(906)	5.49%	5.76%	
Pharmaceutical												
Abbott Laboratories		900	5,400	-	-	6,300	4,763	4,520	(243)	1.46%	1.53%	0.006%
		900	5,400	-	-	6,300	4,763	4,520	(243)	1.46%	1.53%	
Food & Personal Care Products												
Al Tahir Limited		-	101,500	-	-	101,500	2,831	2,336	(495)	0.75%	0.79%	0.051%
		-	101,500	-	-	101,500	2,831	2,336	(495)	0.75%	0.79%	
Glass & Ceramics												
Shabbir Tiles & Ceramics Limited (Par value: Rs 5 per share)		65,000	-	-	2,000	63,000	2,101	1,470	(631)	0.47%	0.50%	0.053%
Tariq Glass Industries Limited		-	120,000	-	35,000	85,000	8,948	9,224	276	2.97%	3.12%	0.062%
		65,000	120,000	-	37,000	148,000	11,049	10,694	(355)	3.44%	3.62%	
Technology and Communications												
Airlink Communication Limited		-	225,000	16,875	8,000	233,875	15,555	13,579	(1,976)	4.38%	4.59%	0.059%
Avanceon Limited		-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.000%
Octopus Digital Limited		-	91,661	-	91,661	-	-	-	-	0.00%	0.00%	0.000%
Systems Limited		-	14,600	-	7,000	7,600	5,875	5,775	(100)	1.86%	1.95%	0.006%
		-	356,261	16,875	131,661	241,475	21,430	19,354	(2,076)	6.24%	6.54%	
Total equity securities as at December 31, 2021		2,598,981	4,734,713	65,697	2,225,205	5,174,186	296,254	295,628	(626)			
Total equity securities as at June 30, 2021							<u>278,029</u>	<u>284,794</u>	<u>6,765</u>			

5.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses.

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	(Number of Shares)	
Bank Islami Pakistan Limited	500,000	-
Pakistan Petroleum limited	2,310	5,000
ICI Pakistan Limited	-	1,000
Meezan Bank Limited	90,000	10,000
Packages Limited	-	1,500
	<u>592,310</u>	<u>17,500</u>

6 ADVANCE TAX, DEPOSITS AND PREPAYMENTS

	December 31 2021 (Un-audited)	June 30 2021 (Audited)
Note	(Rupees in '000)	
Advance tax	6.1	336
Deposit with National Clearing company of Pakistan Limited (NCCPL)	2,500	2,500
Deposit with Central Depository Company of Pakistan (CDC)	100	100
Listing fee	12	-
Cash margin to NCCPL against Equity Transactions	2,700	-
	5,692	2,936

- 6.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 31 December 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 PAYABLE TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 7.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio,, the Management Company of the Fund is entitled to an accrued remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. The Management Company has charged remuneration at the rate of 2% of average annual net assets. The remuneration is paid to the Management Company on monthly basis in arrears.
- 7.2** Sindh Sales Tax has been charged at 13% (June 30, 2021:13%) on the Management Company's remuneration during the period.

8 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 8 to the annual audited financial statements for the year ended June 30, 2021.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from June 13, 2013 to June 30, 2016 aggregating to Rs. 1.478 million.

Had the provision on FED not been made, net assets value per unit of the Fund as at December 31, 2021 would have been higher by Rs. 0.38 (June 30, 2021: Rs. 0.41) per unit.

FIRST HABIB ISLAMIC STOCK FUND

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff;

Average net assets (Rs. in million)	Tariff
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

- 9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Trustee's remuneration charged during the period.

10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated August 12, 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds till August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, no provision for SWWF have been recognized in the financial statements of the Fund.

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditor's remuneration		295	586
Printing charges		74	78
Charity payable	12.1	143	221
Brokerage payable		538	-
Withholding tax		75	548
Others		67	1,148
		<u>1,192</u>	<u>2,581</u>

- 12.1 The Shariah Advisor of the Fund has certified an amount of Rs. 233,493 (31 December 2021: Rs. 69,853) against dividend income, as Shariah non-compliant income during the year, which has accordingly been marked to charity.

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2021 (30 June 2021: Nil).

14 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions

FIRST HABIB ISLAMIC STOCK FUND

of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

15 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent Company of AL Habib Asset Management Limited
3	Al Habib Capital Market (Pvt) Limited	Subsidiary of Bank Al Habib Limited
4	First Habib Income Fund	Managed by AL Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by AL Habib Asset Management Limited
6	First Habib Asset Allocation	Managed by AL Habib Asset Management Limited
7	First Habib Stock Fund	Managed by AL Habib Asset Management Limited
8	First Habib Cash Fund	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Savings Fund	Managed by AL Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties include directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

16.1 Details of the transactions with connected persons / related parties are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
----- (Un-audited) -----				
----- (Rupees in '000) -----				
AL Habib Asset Management Limited				
Management Company's Remuneration	3,070	861	1,565	439
Sindh Sales Tax on Management Company's remuneration	399	112	203	57
Expenses Allocated by the Management Company	75	92	59	66
AL Habib Capital Markets (Private) Limited				
Brokerage	198	54	51	33
Central Depository Company of Pakistan Limited				
Remuneration of the trustee	307	86	157	44
Sindh Sales Tax on Trustee's remuneration	40	11	20	6
CDC Charges	15	15	9	10
Bank AL Habib Limited - Parent Company of AL Habib Asset Management Limited				
Profit on bank balance	23	12	9	9

FIRST HABIB ISLAMIC STOCK FUND

16.2	Details of the balances with connected persons / related parties are as follows:	December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
	Bank AL Habib Limited - Parent of AL Habib Asset Management Limited		
	Bank balance	<u>541</u>	<u>73</u>
	Profit receivable on savings account	<u>3</u>	<u>4</u>
	AL Habib Asset Management Limited - Management Company		
	Payable to Management Company (inclusive of Sindh Sales tax)	<u>664</u>	<u>580</u>
	Federal Excise Duty on remuneration payable	<u>1,478</u>	<u>1,478</u>
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable (inclusive of Sindh Sales Tax)	<u>58</u>	<u>57</u>
	Security deposit - non interest bearing	<u>100</u>	<u>100</u>
16.3	Sale / redemption of units during the period	Half year ended December 31, 2021 (Un-audited)	Half year ended December 31, 2020 (Un-audited)
	<u>Units sold to:</u>	(Units) (Rupees in '000)	(Units) (Rupees in '000)
	<i>Management Company</i>		
	AL Habib Asset Management Limited	<u>583,813</u>	<u>47,535</u>
	<i>Directors & Their Relatives of the Management Company</i>	<u>44</u>	<u>4</u>
		<u>1,189,462</u>	<u>29,319</u>
		<u>95,997</u>	<u>2,385</u>
	<u>Units redeemed by:</u>		
	<i>Management Company</i>		
	AL Habib Asset Management Limited	<u>367,054</u>	<u>29,517</u>
	<i>Directors of the Management Company & their Relatives</i>	<u>-</u>	<u>-</u>
		<u>1,526,777</u>	<u>29,319</u>
		<u>118,776</u>	<u>2,407</u>
16.4	Units held as on 31 December	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	<u>Units held by:</u>	(Units) (Rupees in '000)	(Units) (Rupees in '000)
	<i>Management Company</i>		
	AL Habib Asset Management Limited	<u>250,783</u>	<u>20,095</u>
	<i>Parent of AL Habib Asset Management Limited</i>		
	- Bank AL Habib Limited	<u>100,929</u>	<u>8,088</u>
	<i>Other related parties</i>		
	Directors of the Management Company & their Relatives	<u>3,169,968</u>	<u>254,017</u>
	Key Executives	<u>301</u>	<u>24</u>
	Habib Insurance company Limited - Employee Provident Fund	<u>16,952</u>	<u>1,358</u>
		<u>-</u>	<u>301</u>
		<u>-</u>	<u>24</u>

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The investment of the Fund in equity securities is valued on the basis of rates quoted on Pakistan Stock Exchange.

The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

17.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Level 1	Level 2	Level 3
December 31, 2021 (Un-audited)	Note	(Rupees in '000)		
Listed equity securities -				
At fair value through profit or loss	5	295,628	-	-
		295,628		
June 30, 2021 (Audited)				
Listed equity securities -				
At fair value through profit or loss	5	284,794	-	-
		284,794		

17.2 There were no transfers amongst the levels during the period.

18 TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 3.43% which includes 0.31% representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

19 IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

20 GENERAL

20.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2021 and December 31, 2020 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

FIRST HABIB ISLAMIC STOCK FUND

20.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements for the purpose of better presentation. There is no material reclassification to report.

21 DATE OF AUTHORISATION FOR ISSUE

21.1 This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on January 20, 2022.

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

Chief Executive

Chief Financial Officer

Director

AL HABIB ISLAMIC SAVINGS FUND
For the period from
December 20, 2021 to December 31, 2021

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarin Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarin Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

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

Trustee

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

Rating

AM2 Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Islami Pakistan Limited
Al Baraka Bank Pakistan Limited
Allied Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC SAVINGS FUND

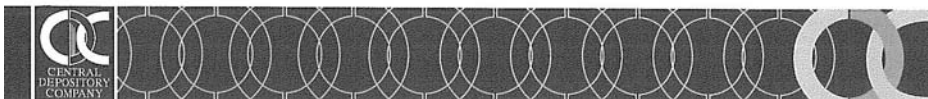
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Al Habib Islamic Savings Fund (the Fund) are of the opinion that Al Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during period from December 20, 2021 to December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the unit holders of AL Habib Islamic Savings Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of AL Habib Islamic Savings Fund (the Fund) as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the period from 20 December 2021 to 31 December 2021. The Management Company (AL Habib Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 22 February 2022

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited) (Rupees in '000)
Assets		
Bank balances	4	1,799,565
Profit receivable on bank deposits		4,926
Preliminary expenses and floatation costs	5	583
Total assets		1,805,074
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	8	113
Payable to Central Depository Company of Pakistan Limited - Trustee	10	36
Payable to Securities and Exchange Commission of Pakistan (SECP)	12	8
Accrued expenses and other liabilities	6	1,266
Total liabilities		1,423
Net assets		1,803,651
Unit holders' fund (as per the statement attached)		1,803,651
Contingencies and Commitments	7	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each)		18,036,509
		(Rupees)
Net asset value per unit		100.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

AL HABIB ISLAMIC SAVINGS FUND**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021**

		For the period from December 20, 2021 to December 31, 2021 (Rupees in '000)
Income	Note	
Profit on bank deposits		4,926
Total income		<u>4,926</u>
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	8	100
Sindh sales tax on Management Company's remuneration	9	13
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	32
Sindh sales tax on trustee remuneration	11	4
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	12	8
Auditors' remuneration		18
Amortization of preliminary expenses and floatation costs	5	2
Total expenses		<u>177</u>
Net income for the period before taxation		<u>4,749</u>
Taxation	13	-
Net income for the period after taxation		<u><u>4,749</u></u>
Allocation of net income for the period after taxation:		
Net income for the period		4,749
Income already paid on units redeemed		-
		<u>4,749</u>
Accounting income available for distribution:		
Relating to capital gains		-
Excluding capital gains		4,749
		<u><u>4,749</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

	For the period from December 20, 2021 to December 31, 2021
	(Rupees in '000)
Net income for the period after taxation	4,749
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>4,749</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021

For the period
from December 20,
2021 to December
31, 2021
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	4,749
Adjustments for non cash and other items	
Amortization of preliminary expenses and floatation costs	2
	4,751

Working capital adjustments

Increase in assets

Profit receivable on bank deposits	(4,926)
Preliminary expenses and floatation costs	(585)
	(5,511)

Increase in liabilities

Payable to AL Habib Asset Management Limited - Management Company	113
Payable to Central Depository Company of Pakistan Limited - Trustee	36
Payable to Securities and Exchange Commission of Pakistan	8
Accrued expenses and other liabilities	1,266
	1,423
Net cash generated from operating activities	663

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of units	2,029,156
Payments against redemption of units	(225,505)
Dividend paid during the period	(4,749)
Net cash generated from financing activities	1,798,902
	1,799,565

Net increase in cash and cash equivalents during the period

Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	1,799,565

Cash and cash equivalents comprise of :

Bank balances	1,799,565
	1,799,565

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD FROM DECEMBER 20, 2021 TO DECEMBER 31, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

AL Habib Islamic Savings Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 27, 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 31, 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

- 1.1 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The Fund was launched on 20 December, 2021 through initial public offering (IPO) accordingly these are the first financial statements and therefore comparative information is not available.
- 1.3 The Fund is an open-end mutual fund and is in the process of listing on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.
- 1.4 The Investment objective of AL Habib Islamic Savings Fund is to provide competitive risk adjusted return to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instrument while taking into account liquidity considerations.
- 1.5 The Fund has been categorized as an Open-ended Shariah Compliant Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.
- 1.7 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on September 15, 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial information. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements.

2.1.3 This condensed interim financial information is un-audited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the (NBFC Regulation). However, a limited scope review has been carried out by the auditors.

2.1.4 In compliance with Schedule V of the NBFC Regulation, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the investments which are stated at fair value.

2.6 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.3 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Management Company for the applications received during business hours on that day. Allotment of units is recorded on acceptance of application and realization of the proceeds in the Fund's bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

3.4 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in Statement of Movement in Unit holders' Fund.

3.5 Net asset value - per unit

The net asset value per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.6 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed in the form of cash among the unit holders. Provided that, for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.7 Revenue recognition

Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

3.8 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.9 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten years commencing from December 20, 2021 as per the Trust Deed of the Fund.

3.10 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP), distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital, if any, based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.11 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4. BANK BALANCES

This represents saving accounts held with various commercial banks carrying profit rates ranging from 10.20% to 11.50% per annum. It also includes a balance of Rs. 29,706 with Bank AL Habib Limited, (Parent Company of Fund's Management Company) carrying profit rate of 10.20% per annum.

		December 31, 2021 (Un-Audited) Note (Rupees in '000)
5. PRELIMINARY EXPENSES AND FLOATATION COSTS		
Preliminary expenses and floatation costs incurred	5.1	585
Amortization for the period		(2)
Balance as at December 31, 2021		583

AL HABIB ISLAMIC SAVINGS FUND

5.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten years effective from December 20, 2021, i.e. after the close of initial period of the Fund.

	December 31, 2021 (Un-Audited) (Rupees in '000)
6. ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	18
Preliminary expenses and floatation costs	585
Initial deposits for opening of bank accounts	50
Withholding tax	613
Others	-
	<u>1,266</u>

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021.

8. REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund. The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

9. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

10. REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.075% per annum of net assets.

11. SINDH SALES TAX ON TRUSTEE'S REMUNERATION

Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

12. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated June 28, 2019.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial instruments carried at fair value as at 31, December 2021.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	Al Habib Asset Management Limited	Management Company
2	Bank Al Habib Limited	Parent of Al Habib Asset Management Limited
3	Al Habib Capital Markets (Private) Ltd.	Subsidiary of Bank Al Habib Limited
4	First Habib Asset Allocation Fund	Managed by Al Habib Asset Management Limited
5	First Habib Islamic Income Fund	Managed by Al Habib Asset Management Limited
6	First Habib Islamic Stock Fund	Managed by Al Habib Asset Management Limited
7	First Habib Stock Fund	Managed by Al Habib Asset Management Limited
8	First Habib Cash Fund	Managed by Al Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by Al Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by Al Habib Asset Management Limited
11	First Habib Income Fund	Managed by Al Habib Asset Management Limited
12	Central depository Company	Trustee

Related parties includes directors and officers of the above entities as at December 31, 2021 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requirements and as agreed between the parties.

Details of the transactions with connected persons are as follows:

	For the period from December 20, 2021 to December 31, (Un-Audited) (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management company remuneration	100
- Sindh sales tax	13
- Formation cost	635
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration to the Trustee	32
- Sindh sales tax	4

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

AL Habib Asset Management Limited - Management Company	
- Management Fee payable (Inclusive of Sindh sales tax)	113
- Formation cost payable	635
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration payable (Inclusive of Sindh sales tax)	36

AL HABIB ISLAMIC SAVINGS FUND

16.1 Sale / Redemption of units	For the period from December 20, 2021 to December 31, 2021	
	(Un-Audited)	
<u>Units sold to:</u>	(Units)	(Rupees in '000)
<i>Management Company</i>		
- AL Habib Asset Management Limited	<u>2,251,000</u>	<u>225,100</u>
<i>Parent of Al Habib Asset Management Limited</i>		
- Bank Al Habib Limited	<u>1,000,000</u>	<u>100,000</u>
Units sold to Connected Party holding 10% or more of the units in issue:	<u>17,000,000</u>	<u>1,700,000</u>
<u>Units redeemed by:</u>		
<i>Management Company</i>		
- AL Habib Asset Management Limited	<u>2,255,050</u>	<u>225,505</u>
16.2 <u>Units held by:</u>	December 31, 2021	
	(Un-Audited)	
	(Units)	(Rupees in '000)
<i>Management Company</i>		
AL Habib Asset Management Limited	<u>1,001</u>	<u>100</u>
<i>Parent of Al Habib Asset Management Limited</i>		
- Bank AL Habib Limited	<u>1,001,254</u>	<u>100,125</u>
Units sold to Connected Party holding 10% or more of the units in issue:	<u>17,034,255</u>	<u>1,703,426</u>

17. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016 requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2021 is 0.42% which includes 0.05% representing Government levy and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

18. IMPACT OF COVID-19 ON THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The COVID-19 pandemic and the measure to reduce its spread have significantly impacted Pakistan's economy. Regulators and Government across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

19. GENERAL

- 19.1** This condensed interim financial information is unaudited and has been reviewed by the auditors.
- 19.2** This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.

20. DATE OF AUTHORIZATION FOR ISSUE

- 20.1** This condensed interim financial information was authorised for issue by the board of directors of the Management Company on January 20, 2022.

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

Chief Executive

Chief Financial Officer

Director

الحیب اسلامک سیونگنز فنڈ 20 دسمبر 2021 کو متعارف کرایا گیا جس نے 31 دسمبر 2021 کو ختم ہونے والی مدت کے لئے 10.93 فیصد کا سالانہ منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 4.93 ملین روپے رہی جس میں بینک ڈپازٹس سے آمدنی بھی شامل تھی۔ اس مدت کے دوران فنڈ نے 0.36 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

فرسٹ حبیب ایسیٹ ایلوکیشن فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کے لئے 0.13 فیصد کا خالص منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 2.12 ملین روپے رہی جس میں بنیادی طور پر منافع منقسمہ سے 4.04 ملین روپے، بینک ڈپازٹس سے 0.50 روپے اور ایکویٹی سرمایہ کاریوں پر 2.83 ملین روپے کے اصراف حقیقی اور غیر حقیقی کیپٹل خسارہ جات شامل تھے۔ فنڈ میں ایس ڈبلیو ڈبلیو ایف کے فراہمی کی واپسی کی رقم 0.41 ملین روپے تھی۔

فرسٹ حبیب اسٹاک فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کے لئے 1.43 فیصد کا خفی منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 1.20 ملین روپے رہی جس میں بنیادی طور پر منافع منقسمہ سے 9.64 ملین روپے کی آمدنی، بینک ڈپازٹس سے 0.72 ملین روپے اور ایکویٹی سرمایہ کاریوں پر 10.73 ملین روپے کے اصراف حقیقی اور غیر حقیقی کیپٹل خسارہ جات شامل ہیں۔ ایس ڈبلیو ڈبلیو ایف کی فراہمی کی واپسی کی رقم 1.57 ملین روپے تھی۔

فرسٹ حبیب اسلامک اسٹاک فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کیلئے 1.14 فیصد کا خالص منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 8.66 ملین روپے رہی جس میں بنیادی طور پر منافع منقسمہ سے 11.72 ملین روپے کی آمدنی، بینک ڈپازٹس سے 0.75 ملین روپے اور ایکویٹی سرمایہ کاریوں پر 4.75 ملین روپے کے اصراف، حقیقی اور غیر حقیقی کیپٹل خسارہ جات شامل ہیں۔ فنڈ میں ایس ڈبلیو ڈبلیو ایف کی فراہمی کی واپسی کی رقم 0.94 ملین روپے تھی۔

ہم اپنے یونٹ ہولڈرز کے مسلسل اعتماد اور تعاون کرنے کیلئے مشکور ہیں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی رہنمائی کرنے پر شکریہ ادا کرنے کے ساتھ سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے تعاون پر ان کے ممنون ہیں۔ ہم اپنے تمام ٹیم ممبران کے خلوص، لگن اور انتھک محنت پر بھی انہیں خراج تحسین پیش کرتے ہیں۔

عباس ڈی حبیب
چیرمین
(ڈائریکٹر ان اربورڈ)

کاشف رفیع
چیف ایگزیکٹو

کراچی:

۲۰ جنوری ۲۰۲۲ء

ڈائریکٹرز رپورٹ

الحیب ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت 31 دسمبر 2021 کو ختم ہونے والی ششماہی کے لئے اپنی مینجمنٹ کے تحت فنڈز کے نظر ثانی شدہ مالیاتی حسابات پیش کر رہے ہیں۔

ملک میں کوویڈ (COVID) کی صورتحال قابو میں آنے کے بعد اقتصادی بحالی کا آغاز ہوا اور مالی سال کے آغاز پر کاروباری سرگرمیوں میں تیزی آگئی۔ تاہم جلد ہی یہ رجحان معیشت میں بے یقینی کی صورتحال سامنے آنے کی وجہ سے سست ہو گیا جہاں سپلائی سے متعلق رکاوٹیں اور طلب میں تیزی کے ساتھ بین الاقوامی اشیائے صرف کے نرخوں میں نمایاں اضافے کے نتیجے میں تجارتی خسارہ بڑھ گیا اور افراط زر میں نمایاں حد تک اضافہ ہوا۔ تاہم معاشی منتظمین کے بروقت سخت مالیاتی فیصلوں (جیسا کہ تین ماہ کی مدت کے دوران پالیسی ریٹ کو 275 bps اضافے سے 9.75 فیصد تک بڑھانا) مع مالی استحکام اور بعد ازاں آئی ایم ایف کی جانب سے اس کی توسیع فنڈ کی سہولت کی منظوری سے سرمایہ کاروں کے تحفظات کم ہو گئے۔

فرسٹ حبیب کیش فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کیلئے 8.06 فیصد کا خالص سالانہ منافع حاصل کیا۔ فنڈز کی مجموعی آمدنی 837.75 ملین روپے رہی جس میں بنیادی طور پر بینک ڈپازٹس سے 589.51 ملین روپے، گورنمنٹ سیکورٹیز سے 198.80 ملین روپے اور ٹرم ڈپازٹس سے 25.38 ملین روپے کی آمدنی شامل ہے۔ فنڈ میں ایس ڈبلیو ڈبلیو ایف کی فراہمی کی واپسی کی رقم 24.06 ملین روپے تھی۔ اس مدت کے دوران فنڈز نے 2.46 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

الحیب منی مارکیٹ فنڈ 20 دسمبر 2021 کو متعارف کرایا گیا جس نے 31 دسمبر 2021 کو ختم ہونے والی مدت کے لئے 10.97 فیصد کا سالانہ منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 1.52 ملین روپے رہی جس میں بینک ڈپازٹس سے آمدنی شامل تھی۔ اس مدت کے دوران فنڈز نے 0.36 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

الحیب اسلامک کیش فنڈ 20 دسمبر 2021 کو متعارف کرائے گئے فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی مدت کے لئے 9.63 فیصد کا سالانہ منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 0.91 ملین روپے رہی جس میں بینک ڈپازٹس سے آمدنی شامل تھی۔ اس مدت کے دوران فنڈز نے 0.32 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔

فرسٹ حبیب آکم فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کیلئے 8.28 فیصد کا خالص سالانہ منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 80.45 ملین روپے رہی جس میں بنیادی طور پر بینک ڈپازٹس سے 35.94 ملین روپے، سرکاری سیکورٹیز، ٹی ایف سیز اور سکوکس میں سرمایہ کاری سے 37.27 ملین روپے کی آمدنی شامل ہے۔ فنڈ میں ایس ڈبلیو ڈبلیو ایف کی فراہمی کی واپسی کی رقم 7.24 ملین روپے تھی۔

فرسٹ حبیب اسلامک آکم فنڈ نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کیلئے 7.13 فیصد کا خالص سالانہ منافع حاصل کیا۔ فنڈ کی مجموعی آمدنی 427.54 ملین روپے رہی جس میں بنیادی طور پر سکوکس میں سرمایہ کاری سے 214.47 ملین روپے، بینک ڈپازٹس سے 143.62 ملین روپے اور ٹرم ڈپازٹس سے 44.83 کی آمدنی شامل ہے۔ فنڈ میں ایس ڈبلیو ڈبلیو ایف کی فراہمی کی واپسی کی رقم 24.63 ملین روپے تھی۔ اس مدت کے دوران فنڈز نے 2.99 روپے فی یونٹ کا مجموعی عبوری منافع منقسمہ تقسیم کیا۔



AL Habib Asset Management Ltd.

A Wholly Owned Subsidiary of Bank AL Habib Limited

Karachi

3rd Floor, Mackinnons Building, I.I
Chundrigar Road, Karachi -Pakistan.
UAN: 021-111-342-242
PABX: 021-32469115-19

Islamabad

3rd Floor, Roshan Centre
78-W, Blue Area, Islamabad.
Tel: 051-2344505-06

Lahore

20-Aurangzeb Block, New
Garden Town Lahore.
Tel: 042-35197181



/ALHabibFunds



+92 333 2431 136