



# Habib Funds

First Habib Income Fund

First Habib Stock Fund

First Habib Cash Fund

First Habib Islamic Stock Fund

First Habib Islamic Income Fund

First Habib Asset Allocation Fund

Half Yearly Report

31 December 2019

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## DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited has the pleasure to present the Condensed Interim Financial Information of the Funds under its management for the Half Year ended December 31, 2019.

### Economy & Money Market

During the period under review, the ballooning current account deficit curtailed by a massive 84.4% to US\$ 2.15 billion from US\$ 13.83 billion on June 30, 2019. During the period, Foreign Exchange Reserves of the Country increased to US\$ 18.08 billion in comparison to US\$ 14.47 billion as on June 30, 2019. Trade deficit of the Country during the first half of ongoing FY2020 decreased to US\$ 9.8 billion from US\$ 28.52 billion on June 30, 2019. The total net foreign investment in money market instrument has seen an unprecedented inflow and has been recorded at US\$ 2.91 billion from July 2019 to Jan 31, 2020. The major portion of this investment is in T-Bills of US\$ 2.87 billion.

Due to foreign inflow in shape of collateral, bilateral loan and investment in T-Bills, the rupee appreciated against dollar by 3.24% from Rs.160.05 on June 30, 2019 to close at Rs.154.84 per dollar on Dec 31, 2019.

During the period under review, the State Bank of Pakistan raised the policy rate by 100bps to 13.25% on July 17, 2019 while policy rate had remained unchanged in the last three monetary policy committee meetings held on September 16, 2019, November 22, 2019 and January 28, 2020 respectively. Average Consumer Price Index since July 2019 to January 2020 surged by 11.6% with 14.58% inflation in the month of January 2020. The State Bank of Pakistan in its monthly Monetary Policy Review has given the indication that policy rate will not be decreased until a clear sign in the declination of inflation is not observed.

During the period under review, 3 year PIB yield declined from its peak of 14.25% p.a. in the PIB auction held on 22nd August 2019 to 11.72% p.a. in PIB auction held on 12th December 2019 despite the fact that there has not been any change in the last two monetary policy committee meetings.

### Stock Market

During the period July-December 2019, the KSE-100 index increased by 6,833.5 points (20.12%) to close at 40,735.08 points as on December 31, 2019. The daily average trading volume expanded to 124 million for half year ended December 2019' as compared to an average of 103 million shares during the corresponding period last year. The index touched its highest level of 42054.14 points on December 17, 2019 and lowest level of 28691.79 on Aug 16, 2019, one of the lowest in the last five years. During the period under review, local bourse witnessed foreign inflow of US\$ 8 million, as compared to an outflow of US\$ 404 million recorded during the corresponding period last year. However, from January 01, 2020 to January 31, 2020, the market has seen foreign inflow of US\$ 2.85 million.

### HABIB FUNDS' PERFORMANCE

#### *First Habib Income Fund (FHIF)*

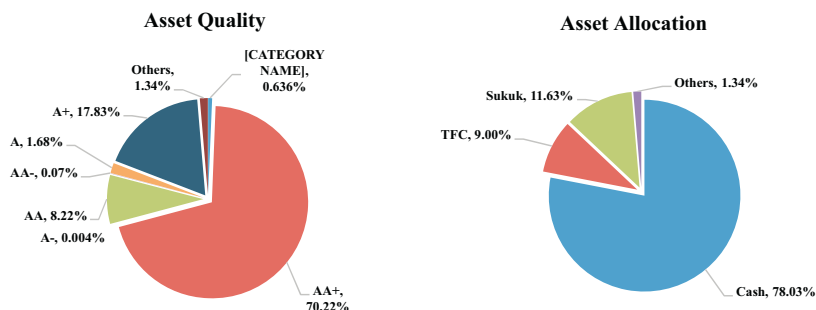
The Fund's Net Assets stood at Rs.660 million as on December 31, 2019 against the net asset of Rs.733 million as on June 30, 2019. During the Half Year ended 31 December 2019, the Fund posted a return of 10.96% against a benchmark of 13.74%, and generated gross earnings of Rs.43.71 million as detailed below:

	(Rs. in '000)
Profit on bank deposit	20,904
Income from Term Finance Certificate	12,840
Income from Government securities	10,776
Income from Margin Trading System	1,769
Dividend Income	2,515
Profit on Commercial Paper	1,483
Net realised loss on sale of investments	(810)
Net unrealised loss on revaluation of investments	(5,763)
	<b>43,714</b>

NAV per unit as on 31.12.2019

Rs.106.01

The Asset Quality and Asset Allocation of FHIF as at December 31, 2019, can be viewed as under:



#### First Habib Cash Fund (FHCF)

The Fund's Net Assets stood at Rs.2.11 billion as on December 31, 2019 against the net asset of Rs.2.20 billion as on June 30, 2019. During the Half Year ended 31 December 2019, the Fund posted a return of 12.98% p.a. against a benchmark of 12.73% p.a. and earned gross income of Rs.143.74 million, as detailed below:

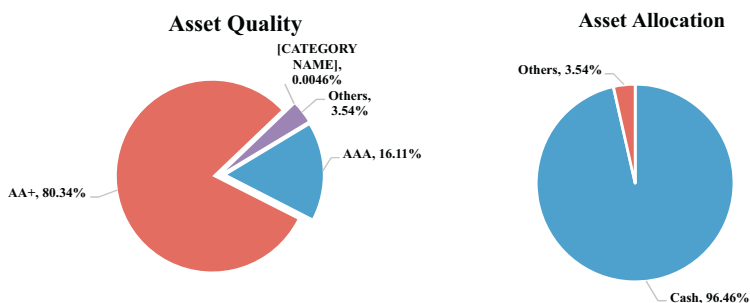
	(Rs. in '000)
Profit on bank deposits	93,330
Income from Government Securities	42,904
Mark-up income on Placements	8,084
Net realised loss on sale of investments	(574)
	<u>143,744</u>

NAV perUnit as on 31.12.2019

Rs.100.23

The fund distributed a total monthly dividend of Rs.6.44 per Unit during the period under review.

The Asset Quality and Asset Allocation of FHCF as at December 31, 2019, can be viewed as under:



#### First Habib Stock Fund (FHSF)

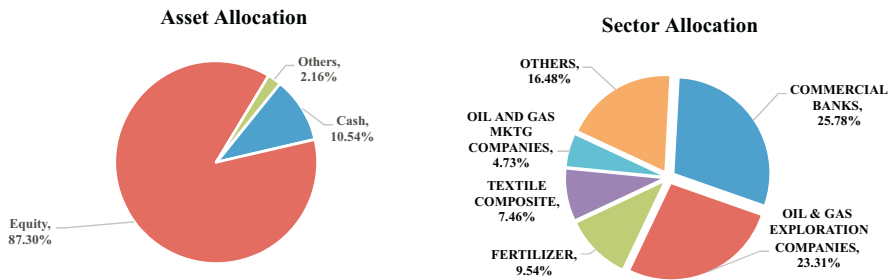
The Fund's Net Assets stood at Rs.127 million as on December 31, 2019 against the net asset of Rs.104 million as on June 30, 2019. During the period under review, the Fund posted a Return of 16.78% against a benchmark of 21.90% and earned a gross income of Rs.20.45 million, as detailed below.

	(Rs. in '000)
Profit on Bank Deposits	704
Dividend Income	3,451
Net realised gain on sale of investments	4,051
Net unrealised gain on revaluation of investments	12,249
	<u>20,455</u>

NAV per unit as on 31.12.2019

Rs.84.68

The Asset Allocation and Sector Allocation of FHSF as at December 31, 2019, can be viewed as under:

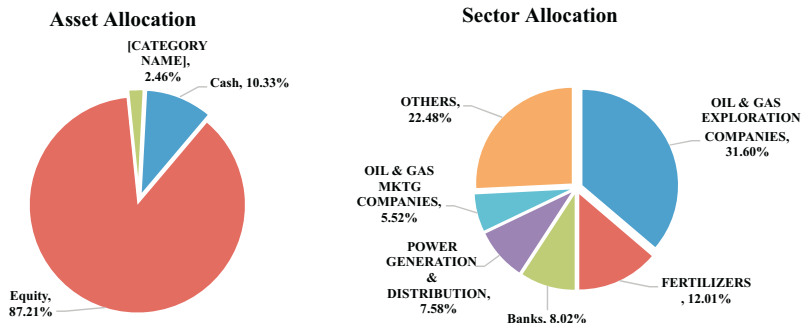


#### First Habib Islamic Stock Fund (FHISF)

The Fund's Net Assets stood at Rs.115.7 million as on December 31, 2019 against the net asset of Rs.100.8 million as on June 30, 2019. During the period under review, the Fund posted return of 17.20% against a benchmark of 22.01%, and earned a gross income of Rs.19.55 million as detailed below:

	(Rs. in '000)
Profit on Bank Deposits	728
Dividend Income	3,374
Net realised gain on sale of investments	990
Net unrealised gain on revaluation of investments	14,460
	<b>19,552</b>
NAV per unit as on 31.12.2019	Rs.82.08

The Asset Allocation and Sector Allocation of FHISF as at December 31, 2019, can be viewed as under:



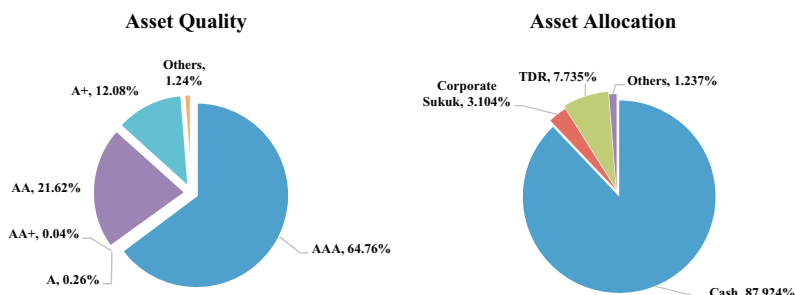
#### First Habib Islamic Income Fund (FHIIF)

The Fund's Net Assets stood at Rs.3.84 billion as on December 31, 2019 as compared to Rs.110 million on June 30, 2019. During the period under review, the Fund generated a return of 12.26% p.a. against a benchmark of 6.12% and earned a gross income of Rs.136.55 million as detailed below:

	(Rs. in '000)
Profit on Bank Deposits	134,009
Income from Sukuk Certificates	2,978
Income from Term deposit receipts	218
Net realised gain on sale of investments	(3)
Net unrealised gain on revaluation of investments	(655)
	<b>136,547</b>
NAV per unit as on 31.12.2019	Rs.100.17

The Fund distributed a total monthly dividend of Rs.6.03 per unit during the period under review.

The Asset Quality and Asset Allocation of FHIIF as at December 31, 2019, can be viewed as under:



#### ***First Habib Asset Allocation Fund (FHAAF)***

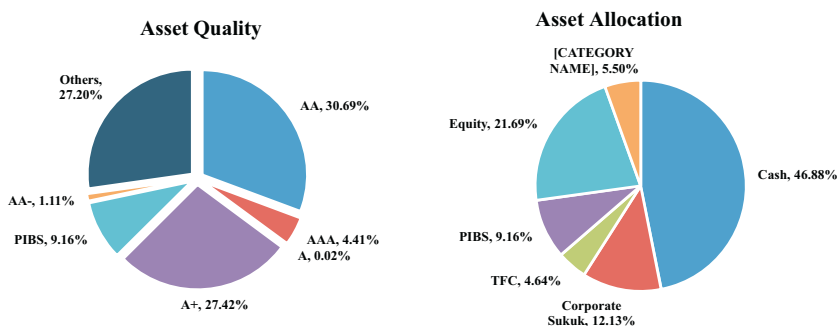
The Fund's Net Assets stood at Rs.101.6 million as on December 31, 2019 against the net asset of Rs.100.85 million as on June 30, 2019. During the period under review, the Fund posted a return of (0.56%) against a benchmark of 3.52%, and earned a gross income of Rs.1.82 million as detailed below.

	(Rs. in '000)
Profit on Bank Deposits	2,792
Income from Sukuk/TFC Certificates	1,460
Income from Government securities	49
Dividend Income	416
Income from Margin Trading System	120
Net capital (loss) on sale of investments	(3100)
Net unrealised gain on revaluation of investments	86
	<b><u>1,823</u></b>

NAV per unit as on 31.12.2019

Rs.90.70

The Asset Allocation of FHAAF as at December 31, 2019, can be viewed as under:



#### **Future Outlook**

Going forward, after stabilization measures taken by the government, policy rate may be reduced in the last quarter of the year by 25-75 bps. The Stock market is expected to remain range bound lackluster during the 2nd half of the current Fiscal Year. However it may witness a rally if the Government succeeds in minimizing inflation and coming out of FATF's grey list.

#### **Change in Share - holders**

Bank Al Habib Limited currently owns 30% shares of Habib Asset Management Limited and it has now negotiated with other 70% shareholders to acquire their holdings in Habib Asset Management. This acquisition will make the Company a wholly owned subsidiary of the Bank. Regulatory approvals have already been sought from SECP, SBP & CCP and it is expected that the whole process of acquisition will be completed before close of current financial year.

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**Acknowledgement**

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

The Board also appreciates the employees of the Management Company for their dedication and hard work.

On behalf of the Board of  
Habib Asset Management Limited

*Chief Executive Officer*

February 13, 2020

**FIRST HABIB INCOME FUND**  
**Half Yearly Report**  
**31 December 2019**



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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

Bank AL Habib Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
Bank Islami Pakistan Limited  
JS bank Limited  
Khushali Microfinance Bank

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 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 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, 2019 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 20, 2020





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent Auditors' Review Report to the unit holders of First Habib Income Fund**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Income Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 21 February 2020**

**Karachi**

*Muhammad Taufiq*

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 31 DECEMBER 2019**

		<b>31 December 2019 (Unaudited)</b>	<b>30 June 2019 (Audited)</b>
	<i>Note</i>	<b>----- (Rupees in '000) -----</b>	
<b>Assets</b>			
Bank balances	4	566,718	386,320
Investments	5	149,658	260,956
Receivable against Margin Trading System	6	-	55,039
Income receivable		5,810	5,343
Receivable against sale of units		-	731
Receivable against sale of investments		-	48,728
Advances, deposits and prepayments	7	4,516	5,003
<b>Total assets</b>		<b>726,702</b>	<b>762,120</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	8	668	822
Provision for Federal Excise Duty on remuneration of the Management Company	11	8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee	9	52	132
Payable to Securities and Exchange Commission of Pakistan	10	69	596
Provision for Sindh Workers' Welfare Fund	12	4,907	4,153
Derivative financial liability		-	14
Payable against redemption of units		50,326	9,408
Accrued expenses and other liabilities		1,936	5,434
<b>Total liabilities</b>		<b>66,704</b>	<b>29,305</b>
<b>Net assets</b>		<b>659,998</b>	<b>732,815</b>
<b>Unit holders' fund (as per the statement attached)</b>		<b>659,998</b>	<b>732,815</b>
		<b>----- (Number of Units) -----</b>	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>6,225,830</b>	<b>7,294,724</b>
		<b>----- (Rupees) -----</b>	
<b>Net assets value per unit</b>		<b>106.01</b>	<b>100.46</b>
<b>Contingencies and Commitments</b>	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## FIRST HABIB INCOME FUND

### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
<i>Note</i>	(Rupees in '000)			
<b>Income</b>				
Profit on bank balances calculated using effective interest method	20,904	7,173	9,970	3,923
Profit on Term Deposit Receipts calculated using effective interest method	-	2,718	-	702
Return on Government securities	10,776	4,064	7,217	2,029
Profit on Commercial Paper calculated using effective interest method	1,483	215	1,483	-
Return on Term Finance Certificates	12,840	12,201	5,565	6,846
Income from Margin Trading System	1,769	13,325	73	5,970
Dividend income	2,515	5,501	267	5,255
Other income	-	29	-	-
Net realised loss on sale of investments classified as at fair value through profit or loss	(810)	(2,964)	429	(2,860)
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	(5,763)	(5,134)	(5,720)	(1,032)
Net unrealised gain on derivative financial instruments classified as 'at fair value through profit or loss'	-	3,154	169	(662)
	(6,573)	(4,944)	(5,122)	(4,554)
<b>Total income</b>	<b>43,714</b>	<b>40,282</b>	<b>19,453</b>	<b>20,171</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	8.1 3,684	4,894	1,735	2,422
Sindh Sales Tax on Management Company's remuneration	8.2 479	636	227	315
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 259	780	130	369
Sindh Sales Tax on Central Depository Company of Pakistan Limited - Trustee	8.2 34	101	17	48
Annual fee to the Securities and Exchange Commission of Pakistan	10.1 69	344	35	163
Brokerage expense	368	588	152	449
Settlement and bank charges	523	3,031	215	1,764
Annual listing fee	13	13	7	7
Auditors' remuneration	314	283	158	190
Mutual fund rating fee	210	187	105	97
Printing charges	33	46	15	24
Provision for Sindh Workers' Welfare Fund	12 754	573	333	286
<b>Total expenses</b>	<b>6,740</b>	<b>11,476</b>	<b>3,129</b>	<b>6,134</b>
<b>Net income for the period before taxation</b>	<b>36,974</b>	<b>28,806</b>	<b>16,324</b>	<b>14,037</b>
Taxation	14 -	-	-	-
<b>Net income for the period after taxation</b>	<b>36,974</b>	<b>28,806</b>	<b>16,324</b>	<b>14,037</b>
<b>Allocation of net income for the period after taxation</b>				
Net income for the period	36,974	28,806	16,324	14,037
Income already paid on units redeemed	(2,726)	(6,949)	(2,508)	(6,173)
	34,248	21,857	13,816	7,864
<b>Accounting income available for distribution:</b>				
Relating to capital gains	-	-	-	-
Excluding capital gains	34,248	21,857	13,816	7,864
	34,248	21,857	13,816	7,864

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019**

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Rupees in '000)			
<b>Net income for the period after taxation</b>	<b>36,974</b>	28,806	<b>16,324</b>	14,037
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>36,974</b>	28,806	<b>16,324</b>	14,037

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



## FIRST HABIB INCOME FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Half year ended 31 December					
	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	719,956	12,859	732,815	914,745	50,611	965,356
<b>Issuance of 790,544 units</b> (31 December 2018: 1,435,571 units) including additional units nil (31 December 2018: 223,834 issued at nil value)						
- Capital value	79,417	-	79,417	121,626	-	121,626
- Element of income	3,642	-	3,642	1,634	-	1,634
Amount received / receivable on issuance of units	83,059	-	83,059	123,260	-	123,260
<b>Redemption of 1,859,438 units</b> (31 December 2018: 3,280,359 units)						
- Capital value	(186,796)	-	(186,796)	(329,261)	-	(329,261)
- Element of loss	(3,328)	(2,726)	(6,054)	(633)	(6,949)	(7,582)
Amount paid / payable on redemption of units	(190,124)	(2,726)	(192,850)	(329,894)	(6,949)	(336,843)
Total comprehensive income for the period	-	36,974	36,974	-	28,806	28,806
Final distribution for the year ended 30 June 2018: Rs. 6.75 per unit (31 December 2017: Nil)	-	-	-	-	(38,162)	(38,162)
Net income for the period less distribution	-	36,974	36,974	-	(9,356)	(9,356)
Net assets at end of the period	612,891	47,107	659,998	708,111	34,306	742,417
<b>Undistributed income brought forward</b>						
- Realised income		13,298			50,472	
- Unrealised income		(439)			139	
		12,859			50,611	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			-		
- Excluding capital gains	34,248			21,857		
	34,248			21,857		
Final distribution for the year ended 30 June 2018: Rs. 6.75 per unit (31 December 2017: Nil)		-			(38,162)	
Undistributed income carried forward		47,107			34,306	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		52,870			39,440	
- Unrealised loss		(5,763)			(5,134)	
		47,107			34,306	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.46			107.12	
Net assets value per unit at end of the period		106.01			103.59	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Half year ended 31 December	
	2019	2018
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	36,974	28,806
<b>Adjustments for non-cash and other items</b>		
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	5,763	5,134
Net unrealised gain on derivative financial instruments classified as 'at fair value through profit or loss'	-	(3,154)
Provision for Sindh Workers' Welfare Fund	754	573
<b>Net cash generated from operations before working capital changes</b>	<b>43,491</b>	<b>31,359</b>
<b>(Increase) / decrease in assets</b>		
Investments	105,535	(102,481)
Certificate of Commercial Paper	-	24,785
Term Deposit Receipts	-	100,000
Fair value of derivatives	-	(3,154)
Receivable against Margin Trading System	55,039	140,961
Income receivable	(467)	4,900
Receivable against sale of investments	48,728	(62,767)
Advances, deposits and prepayments	487	(12,913)
	<b>209,322</b>	<b>89,331</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Habib Asset Management Limited - Management Company	(154)	(9)
Payable to Central Depository Company of Pakistan Limited - Trustee	(80)	(32)
Payable to Securities and Exchange Commission of Pakistan	(527)	(358)
Derivative financial liability	(14)	-
Payable against purchase of investment	-	(8,804)
Advance against sale of units	-	(1,567)
Accrued expenses and other liabilities	(3,498)	278
	<b>(4,273)</b>	<b>(10,492)</b>
<b>Net cash generated from operating activities</b>	<b>248,540</b>	<b>110,198</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	83,790	123,260
Payments against redemption of units	(151,932)	(323,006)
Dividend paid during the period	-	(38,162)
<b>Net cash used in financing activities</b>	<b>(68,142)</b>	<b>(237,908)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	<b>180,398</b>	<b>(127,710)</b>
Cash and cash equivalents at beginning of the period	386,320	307,863
<b>Cash and cash equivalents at end of the period</b>	<b>566,718</b>	<b>180,153</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	4 566,718	180,153

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019****1. LEGAL STATUS AND NATURE OF BUSINESS**

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

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange (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.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders at their convenience. The management team also seeks to enhance returns through active portfolio management using efficiency tools.

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). The Fund has been categorized as income scheme.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' and 'AA-(f)' to the Management Company and the Fund and JCR-VIS has assigned fund stability ranking of 'MFR 3-Star' for one year, 'MFR 3-Star' for three years and 'MFR 2-Star' for five years.

Title to the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the

requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.

**2.1.5** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at 31 December 2019.

**2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance'

## FIRST HABIB INCOME FUND

has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund's financial statements.

### 2.3 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.

### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All figures 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 30 June 2019.

**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 30 June 2019.

### 3.4 New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information.

## 4. BANK BALANCES

This represents savings accounts held with various commercial banks carrying profit rates ranging from 6.25% to 14.35% (2019: 5.52% to 13.30%) per annum. It also includes balance of Rs. 0.46 million (30 June 2019: Rs 6.5 million) with Bank AL Habib Limited, a related party, carrying profit rates ranging from 11.75% (30 June 2019: 5.25% to 9.63%) per annum.

## 5. INVESTMENTS

INVESTMENTS		31 December 2019 (Unaudited)	30 June 2019 (Audited)
	Note	----- (Rupees in '000) -----	
Investments by category			
At fair value through profit or loss			
Term Finance Certificates / Sukuk certificates	5.1	149,658	185,843
Government securities - Market Treasury Bills	5.2	-	49,472
Listed equity securities (spread transactions)	5.3	-	641
Government securities - Pakistan Investment Bonds	5.4	-	-
		<u>149,658</u>	<u>235,956</u>
At amortized cost			
Certificate of Commercial Paper		-	25,000
		<u>-</u>	<u>260,956</u>

## FIRST HABIB INCOME FUND

### 5.1 Term finance certificates / sukuk

Name of the Investee	As at 1 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	As at 31 December 2019			Market Value as percentage of	
					Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
					(Number of certificates)				(Rupees in '000)
<u>Unquoted</u>									
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	6,000	-	-	6,000	30,081	28,465	(1,616)	4.31%	19.02%
JS Bank Limited - TFC (29-12-2017) (certificates of Rs. 100,000 each)	250	-	-	250	24,763	22,484	(2,279)	3.41%	15.02%
TPL Corp Limited - TFC (19-12-2017) (certificates of Rs. 100,000 each)	250	-	250	-	-	-	-	0.00%	0.00%
Habib Bank Limited - TFC (19-02-2016) (certificates of Rs. 100,000 each)	250	-	100	150	14,763	14,443	(320)	2.19%	9.65%
Ghani Gases Limited - Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	250	-	-	250	13,833	12,187	(1,646)	1.85%	8.14%
AGP Limited - Sukuk (9-6-2017) (certificates of Rs. 100,000 each)	250	-	-	250	12,500	12,594	94	1.91%	8.42%
International Brands Limited - Sukuk (15-11-2017) (certificates of Rs. 100,000 each)	150	-	-	150	12,584	12,625	41	1.91%	8.44%
Name of the Investee	As at 1 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	As at 31 December 2019			Market Value as percentage of	
					Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
					(Number of certificates)				(Rupees in '000)
<u>Quoted</u>									
Dawood Hercules Corporation Limited - Sukuk I (certificates of Rs. 100,000 each)	250	-	-	250	19,944	19,948	4	3.02%	13.33%
Dawood Hercules Corporation Limited - Sukuk II (certificates of Rs. 100,000 each)	300	-	-	300	26,953	26,912	(41)	4.08%	17.98%
<b>Total as at 31 December 2019</b>					<b>155,421</b>	<b>149,658</b>	<b>(5,763)</b>		
Total as at 30 June 2019					186,262	185,843	(419)		

#### 5.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk Certificates outstanding at the period end are as follows:

Name of security	Number of Certificates	Tenor	Unredeemed face value per TFC / Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating	Secured / Unsecured
<b>Term Finance Certificates</b>							
JS Bank Limited	6,000	7 years	5,014	6 month KIBOR plus 1.4%	14-Dec-16	A+	Secured
JS Bank Limited	250	7 years	99,052	6 month KIBOR plus 1.14%	29-Dec-17	A+	Secured
Habib Bank Limited	250	10 years	98,420	6 month KIBOR plus 0.5%	19-Feb-16	AA+	Unsecured
<b>Sukuk Certificates</b>							
Ghani Gases Limited	250	6 years	55,332	3 month KIBOR plus 1%	2-Feb-17	A	Secured
Dawood Hercules Corporation Limited - Sukuk I	250	5 years	79,776	3 month KIBOR plus 1%	16-Nov-17	AA	Secured
Dawood Hercules Corporation Limited- Sukuk II	250	5 years	89,843	3 month KIBOR plus 1.5%	1-Mar-18	AA	Secured
AGP Limited	250	5 years	50,000	3 month KIBOR plus 1.3%	9-Jun-17	A	Secured
International Brands Limited*	150	4 years	83,893	3 Month KIBOR plus 1.1%	15-Nov-17	AA	Secured

### 5.2 Government securities - Market Treasury Bills

Issue date	As at 01 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	As at 31 December 2019			Market value as a percentage of		
					Carrying value	Market value	Unrealised loss	Net assets	Total investments	
	<i>Note</i>	(Rupees in '000)						(-%)		
<i>Treasury bills - 3 Months</i>										
11 October 2018	5.2.1	50,000	25,000	75,000	-	-	-	-	0.00%	0.00%
18 July 2019	-	150,000	150,000	-	-	-	-	-	0.00%	0.00%
<i>Treasury bills - 1 Year</i>										
26 September 2019	-	350,000	350,000	-	-	-	-	-	0.00%	0.00%
10 October 2019	-	540,500	540,500	-	-	-	-	-	0.00%	0.00%
24 October 2019	-	100,000	100,000	-	-	-	-	-	0.00%	0.00%
<b>Total as at 31 December 2019</b>					<b>-</b>	<b>-</b>	<b>-</b>			
Total as at 30 June 2019					49,497	49,472	(25)			

# FIRST HABIB INCOME FUND

## 5.3 Listed equity securities (spread transactions)

Name of the Investee	As at 1 July 2019	Purchased during the period	Sold during the period	As at 31 December 2019	As at 31 December 2019			Market value as a percentage of		Face Value of investment as a percentage of paid up capital of the investee company
					Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments	
Note	(Number of shares)				(Rupees in '000)			(%)		
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.										
<b>Banks</b>										
Bank of Punjab Limited	-	514,500	514,500	-	-	-	-	0.00%	0.00%	0.000%
Habib Bank Limited	-	500	500	-	-	-	-	0.00%	0.00%	0.000%
<b>Cable and electrical goods</b>										
Pak Elektron Limited	-	193,000	193,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Cement</b>										
Pioneer Cement Company Limited	-	68,500	68,500	-	-	-	-	0.00%	0.00%	0.000%
Maple Leaf Cement Factory Limited	-	288,500	288,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Chemical</b>										
Descon Oxychem Limited	18,000	13,000	31,000	-	-	-	-	0.00%	0.00%	0.000%
Lotte Chemical Pakistan Limited	-	6,500	6,500	-	-	-	-	0.00%	0.00%	0.000%
Engro Polymer Chemical Limited	-	6,500	6,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Engineering</b>										
Mughal Iron & Steel Works	-	159,000	159,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Food and personal care products</b>										
Friesland campina Engro Pakistan Limited	-	5,000	5,000	-	-	-	-	0.00%	0.00%	0.000%
Engro Foods Limited	-	500	500	-	-	-	-	0.00%	0.00%	0.000%
Fauji Foods Limited	-	50,000	50,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Fertilizer</b>										
Engro Fertilizer Limited	-	217,500	217,500	-	-	-	-	0.00%	0.00%	0.000%
Engro Corporation Limited	-	22,500	22,500	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Bin Qasim Limited	-	12,000	12,000	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Company Limited	-	143,000	143,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Oil and Gas Exploration Companies</b>										
Oil Gas Development Corporation Limited	-	24,000	24,000	-	-	-	-	0.00%	0.00%	0.000%
Pakistan Oil field Limited	-	24,500	24,500	-	-	-	-	0.00%	0.00%	0.000%
Hascol Company Limited	-	21,500	21,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Oil and Gas Marketing Companies</b>										
Sui Southern Gas Company Limited	11,000	8,500	19,500	-	-	-	-	-	-	-
<b>Banaspati and allied industries</b>										
Unity Foods Limited	10,000	668,500	678,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Technology &amp; Communication</b>										
TRG Pakistan Limited	-	942,000	942,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Transport</b>										
Pakistan International Bulk Limited	-	362,000	362,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Personal goods</b>										
Nishat Chunian Limited	-	2,500	2,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Power generation and distribution</b>										
K-electric Limited	5,000	90,000	95,000	-	-	-	-	0.00%	0.00%	0.000%
Kot Addu Power Company Limited	-	158,000	158,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Refinery</b>										
Attock Refinery Limited	-	17,500	17,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Textile composite</b>										
Nishat Mills Limited	-	262,000	262,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Total as at 31 December 2019</b>					<b>-</b>	<b>-</b>	<b>-</b>			
Total as at 30 June 2019					622	641	19			

## 5.4 Government securities - Pakistan Investment Bonds

Issue date	As at 01 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	As at 31 December 2019			Market value as a percentage of	
					Carrying value	Market value	Unrealised loss	Net assets	Total investments
	(Number of certificates)				(Rupees in '000)			(%)	
<i>PIBs - 3 Years</i>									
12-July-2018	-	75,000	75,000	-	-	-	-	0.00%	0.00%
18-July-2013	-	104,400	104,400	-	-	-	-	0.00%	0.00%
19-September-2019	-	50,000	50,000	-	-	-	-	0.00%	0.00%
<i>PIBs - 5 Years</i>									
PIB 5 YEARS (19-09-2019)	-	50,000	50,000	-	-	-	-	0.00%	0.00%
<b>Total as at 31 December 2019</b>					<b>-</b>	<b>-</b>	<b>-</b>		

**6. RECEIVABLE AGAINST MARGIN TRADING SYSTEM**

This represents amount receivable under the margin trading of eligible listed equity securities which are to be settled within a maximum period of 60 days. There is no balance at the period end. The balance carried mark-up ranging from 12.87% to 22.73% (30 June 2019: 12.87% to 22.73%) per annum.

7. ADVANCES, DEPOSITS AND PREPAYMENTS		31 December	30 June
		2019	2019
		(Unaudited)	(Audited)
		----- (Rupees in '000) -----	
Deliverable future contract margin with NCCPL		-	376
Security deposit with NCCPL		2,500	2,500
Advance tax	7.1	1,654	1,652
Deposit with NCCPL against MTS		250	250
Deposit with CDC		100	100
Prepayment		12	125
		<u>4,516</u>	<u>5,003</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 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 regarding which the management is confident that the same will be refunded in due course.

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

- 8.1** As per regulation 61 of the amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration at the rate of 10% of gross income with minimum fee of 1% per annum and maximum fee of 1.5% per annum of average annual net assets. However the rate of management fee has been revised at 1% of average net assets, with effect from 6 August 2019. The remuneration is paid to the Management Company on monthly basis in arrears.
- 8.2** Sindh Sales Tax has been charged at 13% (30 June 2019: 13%) on the Management Company's remuneration during the period.

**9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

- 9.1** 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 revised during the period with effect from 01 July 2019 to 0.075% per annum of net assets.

**10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

- 10.1** This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

**11. 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 11 to the annual audited financial statements for the year ended 30 June 2019.

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 13 June 2013 to 30 June 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 31 December 2019 would have been higher by Rs. 1.40 (30 June 2019: Rs. 1.20).



## FIRST HABIB INCOME FUND

### 12. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in the in note 14 to the annual audited financial statements for the year ended 30 June 2019.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

Had the SWWF not been provided, the net asset value per unit of the Fund would have been higher by Re. 0.79 (30 June 2019: Re. 0.57) per unit.

### 13. CONTINGENCIES AND COMMITMENTS

Except as stated in note 12, there are no contingencies as at 31 December 2019 (30 June 2019: 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 (ITO), 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 atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC regulations , 2008, the Fund is required to distribute 90% of the net accounting income excluding 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 ITO, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

### 15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Cash Fund, First Habib Stock First Habib Islamic Stock Fund, First Habib Islamic Income Fund and First Habib Asset Allocation Fund being the Fund managed by common Management Company, Central Depository Company Limited being the Trustee of the Fund. directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

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

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

Details of transactions with connected persons are as follows:

	Half-year ended 31 December (Unaudited)		Quarter ended 31 December (Unaudited)	
	2019	2018	2019	2018
	(Rupees in '000)			
<b>Habib Asset Management Limited - Management Company</b>				
Remuneration	3,684	4,894	1,735	2,422
Sindh Sales Tax on remuneration	479	636	227	315
<b>CDC - Trustee</b>				
- Remuneration to the Trustee	259	780	130	369
- Sindh Sales Tax	34	101	17	48
<b>Bank Al Habib Limited</b>				
Profit on bank balances	315	275	198	158

## FIRST HABIB INCOME FUND

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

	31 December 2019 (Unaudited) ----- (Rupees in '000) -----	30 June 2019 (Audited)
<b>Habib Asset Management Limited - Management Company</b>		
Remuneration payable	590	727
Sindh Sales tax payable on remuneration	78	95
Federal Excise duty payable remuneration	8,746	8,746
Sales load payable	1	1
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (inclusive of Sindh Sales Tax)	52	132
Other CDC charges payable	31	21
Security deposits - Non interest bearing	100	100
<b>Bank AL Habib Limited</b>		
Bank balance	457	6,550

### 15.1 Sale / redemption of units for the period ended 31 December

	2019 (Unaudited) (Units) (Rupees in '000)		2018 (Unaudited) (Units) (Rupees in '000)	
<b>Units sold to:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	113,871	11,585
<b>Associated Company</b>				
Habib Insurance Company Limited	-	-	194,931	20,000
<b>Other related parties</b>				
Executives of the Management Company	13	1	2,143	215
Habib Insurance Company Limited - Employees Provident Fund	-	-	507	52
Sukaina Education And Welfare Trust	-	-	36	4
Dawood Habib Memorial Trust	-	-	16	2
Apwa Ra'ana Liaquat Craftsmen Colony	-	-	1,395	140
Mr. Qumail Habib	-	-	1,917	192
Mr Munawar Ali Habib	-	-	1,882	189
Mrs Shama S. Habib	-	-	12,935	1,298
Mrs Hina Shoaib	-	-	11	1
Mr Murtaza Habib	-	-	1,786	179
Mr Ali Asad Habib	-	-	2,688	270
Mr Abbas D. Habib	-	-	1,121	112
Mr Sajjad Hussain	-	-	1,294	130
Mr Haider Azim	5	1	-	-
<b>Units sold to Connected Parties holding 10% or more of the units in issue:</b>				
Lahore Medical and Dental College	-	-	122,051	12,251
Fauji Fertilizer Bin Qasim Ltd	-	-	58,058	5,827
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	7,311	763	1,062,117	108,888
<b>Associated Company</b>				
Habib Insurance Company Limited	-	-	194,067	20,000

## FIRST HABIB INCOME FUND

	2019		2018	
	(Un-audited)		(Un-audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units redeemed by:</b>				
<b>Other related parties</b>				
Executives of the Management Company	14,316	1,500	44	5
Dawood Habib Memorial Trust	16	2	-	-
Sukaina Education And Welfare Trust	39	4	-	-
Mr Ali Raza D. Habib	38,270	3,992	-	-
Mr Sajjad Hussain	24,929	2,599	-	-
Mr Murtaza Habib	34,406	3,608	-	-
Mrs Samina Imran	62	6	-	-
Apwa Ra'ana Liaquat Craftsmen Colony	27,571	2,842	-	-
<b>Units redeemed by Connected Party holding 10% or more of the units in issue:</b>				
Fauji Fertilizer Bin Qasim Ltd	-	-	1,073,738	110,360
<b>15.2 Units held as on 31 December 2019</b>	<b>31 December 2019</b>		<b>30 June 2019</b>	
	(Unaudited)		(Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units held by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	7,311	734
<b>Associated Companies</b>				
Bank AL Habib Limited	1,363,808	144,577	1,363,808	141,278
Habib Insurance Company Limited	-	-	-	-
<b>Other related parties</b>				
Executives of the Management Company	18,431	1,954	32,808	3,296
Habib Insurance Company Limited Employees Provident Fund	520	55	514	52
Mr. Ali Raza D. Habib	-	-	38,270	3,845
Mrs. Shama Sajjad Habib	255,505	27,086	255,505	25,655
Mrs. Hina Shoaib	207	22	207	21
Mr. Sajjad Hussain	-	-	24,929	2,504
Mr. Qumail Habib	93	10	93	9
Mr. Abbas D Habib	21,573	2,287	21,573	2,167
Mr. Ali Asad Habib	51,750	5,486	51,750	5,199
Mr. Munawar Ali Habib	37,196	3,943	37,196	3,737
Mr. Murtaza Habib	-	-	34,406	3,456
Sukaina Education And Welfare Trust	-	-	39	4
Apwa Ra'ana Liaquat Craftsmen Colony	-	-	25,571	2,768
Dawood Habib Memorial Trust	-	-	16	2
Mr Haider Azim	13	1	-	-
<b>Connected Parties holding 10% or more of the units in issue:</b>				
Lahore Medical and Dental College	2,665,370	282,555	2,014,915	208,726

## 16. 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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

## FIRST HABIB INCOME FUND

- 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 fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
31 December 2019	Note	(Rupees in '000)							
<b>Financial assets - measured at fair value</b>									
Government securities	5	-	-	-	-				
Quoted equity securities	5	-	-	-	-				
Term finance certificates / Sukuk certificates	5	149,658	-	-	149,658		149,658		149,658
<b>Financial assets - not measured at fair value</b>									
Balances with banks	4	-	566,718	-	566,718				
Commercial Paper		-	-	-	-				
Receivable against sale of units		-	-	-	-				
Receivable against Margin Trading System		-	-	-	-				
Income Receivable		-	5,810	-	5,810				
Receivable against sale of investments		-	-	-	-				
Advances, deposits & prepayments		-	4,516	-	4,516				
		149,658	577,044	-	726,702				
<b>Financial liabilities - measured at fair value</b>									
Derivative financial liability		-	-	-	-				
<b>Financial liabilities - not measured at fair value</b>									
Payable to Habib Asset Management Limited - Management Company				668	668				
Payable to Central Depository Company Pakistan Limited (CDC) - Trustee				52	52				
Accrued expenses and other liabilities		-	-	1,936	1,936				
Provision for Federal Excise Duty on remuneration of the Management Company				8,746	8,746				
Payable to Securities and Exchange Commission of Pakistan (SECP)		-	-	69	69				
Provision for Sindh Workers' Welfare Fund				4,907	4,907				
Payable against redemption of units		-	-	50,326	50,326				
		-	-	66,704	66,704				

## FIRST HABIB INCOME FUND

	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019	Note				(Rupees in '000)			
<b>Financial liabilities - measured at fair value</b>								
Derivative financial liability	14	-	-	14	14			14
<b>Financial liabilities - not measured at fair value</b>								
Payable to Habib Asset Management Limited - Management Company	-	-	822	822				
Payable to Central Depository Company								
Pakistan Limited (CDC) - Trustee	-	-	132	132				
Accrued expenses and other liabilities	-	-	5,434	5,434				
Provision for Federal Excise Duty on remuneration of the Management Company	-	-	8,746	8,746				
Payable to Securities and Exchange Commission of Pakistan (SECP)	-	-	596	596				
Provision for Sindh Workers' Welfare Fund	-	-	4,153	4,153				
Payable against redemption of units	-	-	9,408	9,408				
	-	-	29,291	29,305				

**16.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

### 17. TOTAL EXPENSE RATIO (TER)

Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 December 2019 is 1.95% which includes 0.39% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

### 18. GENERAL

**18.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 and 31 December 2018 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**18.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**FIRST HABIB STOCK FUND**  
**Half Yearly Report**  
**31 December 2019**

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**FUND'S INFORMATION**

**Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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**

MFR-3 Star Performing Ranking by JCR-VIS  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

Bank AL Habib Limited  
MCB Bank Limited

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**FIRST HABIB STOCK FUND**

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Stock Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 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 20, 2020





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent Auditors' Review Report to the unit holders of First Habib Stock Fund**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Stock Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co. is a Pakistan firm registered in Pakistan and is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 21 February 2020**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 31 DECEMBER 2019**

		<b>31 December 2019 (Unaudited)</b>	<b>30 June 2019 (Audited)</b>
	<i>Note</i>	<b>------(Rupees in '000)-----</b>	
<b>Assets</b>			
Bank balances	4	<b>13,786</b>	7,583
Investments	5	<b>114,232</b>	94,002
Dividend and profit receivable		<b>146</b>	-
Deposits, advances and other receivable	6	<b>2,798</b>	6,333
Receivable against sale of units		<b>99</b>	-
<b>Total assets</b>		<b>131,061</b>	107,918
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	7	<b>240</b>	201
Provision for Federal Excise Duty on remuneration of the Management Company	8	<b>2,043</b>	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee	9	<b>24</b>	65
Payable to Securities and Exchange Commission of Pakistan	10	<b>11</b>	124
Provision for Sindh Workers' Welfare Fund	11	<b>1,311</b>	945
Accrued expenses and other liabilities		<b>435</b>	520
<b>Total liabilities</b>		<b>4,064</b>	3,898
<b>Net assets</b>		<b>126,997</b>	104,020
<b>Unit holders' fund (as per the statement attached)</b>		<b>126,997</b>	104,020
		<b>(Number of units)</b>	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>1,499,715</b>	1,434,433
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>84.68</b>	72.52
<b>Contingencies and Commitments</b>	12		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## FIRST HABIB STOCK FUND

### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019

		Half year ended 31 December		Quarter ended 31 December	
		2019	2018	2019	2018
	Note	(Rupees in '000)			
<b>Income</b>					
Dividend income		3,451	3,428	1,951	1,886
Profit on bank balances calculated using effective interest method		704	623	484	277
Net realised gain / (loss) on sale of investments classified as 'at fair value through profit or loss'		4,051	(3,970)	5,939	(5,662)
Net unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'		12,249	(15,350)	16,388	(10,488)
<b>Total income</b>		<b>20,455</b>	<b>(15,269)</b>	<b>24,762</b>	<b>(13,987)</b>
<b>Expenses</b>					
Remuneration of Habib Asset Management Limited - Management Company	7.1	1,060	1,456	589	711
Sindh Sales Tax on Management Company's remuneration	7.2	138	189	77	92
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	106	351	47	147
Sindh Sales Tax on Trustee's remuneration		14	46	14	46
Annual fee to the Securities and Exchange Commission of Pakistan	10	11	71	6	34
Brokerage expense		261	207	152	56
Settlement and bank charges		208	215	107	120
Annual listing fee		10	10	1	5
Auditors' remuneration		204	222	120	134
Mutual fund rating fee		101	101	51	50
Provision for Sindh Workers' Welfare fund	11	366	-	366	-
Printing charges		33	47	17	24
<b>Total expenses</b>		<b>2,512</b>	<b>2,915</b>	<b>1,547</b>	<b>1,419</b>
<b>Profit / (loss) for the period before taxation</b>		<b>17,943</b>	<b>(18,184)</b>	<b>23,215</b>	<b>(15,406)</b>
Taxation	13	-	-	-	-
<b>Net profit / (loss) for the period after taxation</b>		<b>17,943</b>	<b>(18,184)</b>	<b>23,215</b>	<b>(15,406)</b>
<b>Allocation of net profit / (loss) for the period after taxation</b>					
Net profit / (loss) for the period after taxation		17,943	(18,184)	23,215	(15,406)
Income already paid on units redeemed		-	-	-	-
		<b>17,943</b>	<b>(18,184)</b>	<b>23,215</b>	<b>(15,406)</b>
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		17,943	-	23,215	-
		<b>17,943</b>	<b>-</b>	<b>23,215</b>	<b>-</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019**

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>			
<b>Net profit / (loss) for the period after taxation</b>	<b>17,943</b>	<b>(18,184)</b>	<b>23,215</b>	<b>(15,406)</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b>17,943</b>	<b>(18,184)</b>	<b>23,215</b>	<b>(15,406)</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

## FIRST HABIB STOCK FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
(Rupees in '000)						
Net assets at beginning of the period	162,690	(58,670)	104,020	168,617	(31,217)	137,400
<b>Issuance of 517,244 units</b> (31 December 2018: 330,371 units)						
- Capital value	37,495	-	37,495	29,657	-	29,657
- Element of income / (loss)	(156)	-	(156)	486	-	486
Amount received / receivable on issuance of units	37,339	-	37,339	30,143	-	30,143
<b>Redemption of 451,962 units</b> (31 December 2018: 398,809 units)						
- Capital value	(32,775)	-	(32,775)	(35,801)	-	(35,801)
- Element of income	470	-	470	1,825	-	1,825
Amount paid / payable on redemption of units	(32,305)	-	(32,305)	(33,976)	-	(33,976)
<b>Total comprehensive income / (loss) for the period</b>		17,943	17,943		(18,184)	(18,184)
<b>Net assets at end of the period</b>	<b>167,724</b>	<b>(40,727)</b>	<b>126,997</b>	<b>164,784</b>	<b>(49,401)</b>	<b>115,383</b>
<b>Undistributed (loss) brought forward</b>						
- Realised loss		(37,647)			(26,933)	
- Unrealised loss		(21,023)			(4,284)	
		(58,670)			(31,217)	
<b>Net income / (loss) for the period after taxation</b>		17,943			(18,184)	
<b>Undistributed loss carried forward</b>		(40,727)			(49,401)	
<b>Undistributed loss carried forward comprises of:</b>						
- Realised loss		(52,976)			(34,051)	
- Unrealised gain / (loss)		12,249			(15,350)	
		(40,727)			(49,401)	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the period</b>		<b>72.52</b>			<b>89.77</b>	
<b>Net assets value per unit at end of the period</b>		<b>84.68</b>			<b>78.92</b>	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

		Half year ended	
		31 December	
	Note	2019	2018
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit / (loss) for the period before taxation		17,943	(18,184)
<b>Adjustment for non-cash items</b>			
Net unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss'	5.1	(12,249)	15,350
Provision for Sindh Workers' Welfare fund		366	-
<b>Net cash generated / (used in) operations before working capital changes</b>		<b>6,060</b>	<b>(2,834)</b>
<b>Working capital changes</b>			
<i>(Increase) / decrease in assets</i>			
Investments		(7,981)	7,471
Dividend and profit receivable		(146)	2
Deposits, advances and other receivable		3,535	6
Receivable against sale of investments		-	(14,609)
		(4,592)	(7,130)
<i>(Decrease) / increase in liabilities</i>			
Payable to Habib Asset Management Limited - Management Company		39	(6)
Payable to Central Depository Company of Pakistan Limited - Trustee		(41)	3
Payable to Securities and Exchange Commission of Pakistan		(113)	(87)
Accrued expenses and other liabilities		(85)	(86)
		(200)	(176)
<b>Net cash generated from / (used in) operating activities</b>		<b>1,268</b>	<b>(10,140)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		37,240	30,143
Payments against redemption of units		(32,305)	(33,976)
<b>Net cash generated from / (used in) financing activities</b>		<b>4,935</b>	<b>(3,833)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>		<b>6,203</b>	<b>(13,973)</b>
Cash and cash equivalents at beginning of the period		7,583	16,816
<b>Cash and cash equivalents at end of the period</b>		<b>13,786</b>	<b>2,843</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances	4	13,786	2,843

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019****1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Stock Fund (the Fund) was established under a Trust Deed between 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 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 2nd floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

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.

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company and JCR-VIS has assigned Fund stability ranking of 'MFR 4-Star' to the Fund.

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the

requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, 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 unaudited condensed interim financial statements for the period ended 31 December 2018.

**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 gives a true and fair view of the state of the Fund's affairs as at 31 December 2019.

**2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has

## FIRST HABIB STOCK FUND

to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund’s financial statements.

### 2.3 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.

### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak 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, 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 30 June 2019.

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 30 June 2019.

### 3.4 New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information.

## 4. BANK BALANCES

		<b>31 December 2019 (Unaudited)</b>	<b>30 June 2019 (Audited)</b>
	<i>Note</i>	----- <b>(Rupees in '000)</b> -----	
Current Account		<b>52</b>	26
Savings Accounts	4.1	<b>13,734</b>	7,557
		<b>13,786</b>	7,583

4.1 This represents savings account held with various commercial banks carrying profit rates ranging from 11.95% to 13.25% (30 June 2019: 3.75% to 10.25%) per annum. It also includes a balance of Rs. 10.8 million (30 June 2019: Rs. 7.25 million) with Bank AL Habib Limited, a related party, carrying profit rate of 11.75% (30 June 2019: 10.75%) per annum.

## 5. INVESTMENTS

		<b>31 December 2019 (Unaudited)</b>	<b>30 June 2019 (Audited)</b>
	<i>Note</i>	----- <b>(Rupees in '000)</b> -----	
<b>At fair value through profit or loss</b>			
Listed equity securities	5.1	<b>114,232</b>	94,002

## FIRST HABIB STOCK FUND

### 5.1 Listed equity securities

Name of the Investee	As at 1 July 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at 31 December 2019	Carrying value as at 31 December 2019	Market value as at 31 December 2019	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	
<i>Note</i> ----- <i>Number of shares</i> ----- <i>(Rupees in '000)</i> ----- <i>(%)</i> -----											
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.											
<b>Commercial banks</b>											
Askari Bank Limited	1,000	-	-	-	1,000	19	19	(0)	0.01%	0.02%	0.000%
MCB Bank Limited	29,470	12,000	-	21,000	20,470	3,633	4,195	562	3.30%	3.67%	0.002%
United Bank Limited	5.1.1 43,000	7,500	-	3,500	47,000	6,875	7,732	857	6.09%	6.77%	0.004%
Bank of Punjab	135,000	-	-	135,000	-	-	-	-	0.00%	0.00%	0.000%
Faysal Bank Limited	450	-	-	-	450	10	9	(1)	0.01%	0.01%	0.000%
Habib Bank Limited	5.1.1 55,000	8,500	-	12,000	51,500	5,892	8,107	2,215	6.38%	7.10%	0.004%
Bank Alfalah Limited	145,800	26,000	-	12,500	159,300	6,869	7,280	411	5.73%	6.37%	0.009%
Bank Al Habib Limited	45,000	39,000	-	-	84,000	6,360	6,397	37	5.04%	5.60%	0.008%
<b>Oil and gas marketing companies</b>											
Attock Petroleum Limited	-	3,500	-	-	3,500	1,171	1,294	123	1.02%	1.13%	0.004%
Hascol Petroleum Limited	6,902	-	-	6,900	2	0	0	(0)	0.00%	0.00%	0.000%
Hi-Tech Lubricants Limited	16,500	-	-	16,500	-	-	-	-	0.00%	0.00%	0.000%
Pakistan State Oil Company Limited	18,700	20,000	2,140	28,000	12,840	2,087	2,461	374	1.94%	2.15%	0.003%
Sui Northern Gas Pipelines Limited	47,000	15,000	-	30,000	32,000	2,097	2,437	340	1.92%	2.13%	0.005%
<b>Engineering</b>											
International Steel Limited	-	70,000	-	50,000	20,000	1,180	1,158	(22)	0.91%	1.01%	0.005%
Ittefaq Iron Industries	-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.000%
Mughal Iron and Steel Industries	29,000	-	-	29,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Fertilizers</b>											
Engro Fertilizers Limited	5.1.1 56,000	22,500	-	40,000	38,500	2,485	2,827	342	2.23%	2.47%	0.003%
Engro Corporation Limited	23,650	12,000	-	14,000	21,650	6,348	7,475	1,127	5.89%	6.54%	0.004%
Fauji Fertilizer Company Limited	35,000	46,500	-	60,000	21,500	1,975	2,182	207	1.72%	1.91%	0.002%
<b>Oil and gas exploration companies</b>											
Mari Petroleum Company Limited	3,800	7,000	530	7,800	3,530	4,606	4,625	19	3.64%	4.05%	0.003%
Oil and Gas Development Company Limited	5.1.1 66,500	28,500	-	25,000	70,000	8,882	9,962	1,080	7.84%	8.72%	0.002%
Pakistan Oil Fields Limited	10,800	8,300	-	3,300	15,800	6,257	7,058	801	5.56%	6.18%	0.006%
Pakistan Petroleum Limited	5.1.1 45,780	17,500	10,756	9,500	64,536	7,709	8,850	1,141	6.97%	7.75%	0.002%
<b>Refinery</b>											
Pakistan Refinery Limited	6,000	-	-	6,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Cement</b>											
Attock Cement Pakistan Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.000%
D.G. Khan Cement Company limited	20,000	20,000	-	40,000	-	-	-	-	0.00%	0.00%	0.000%
Lucky Cement Limited	450	46,500	-	36,900	10,050	4,221	4,305	84	3.39%	3.77%	0.003%
Maple Leaf Cement Factory Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Chemicals</b>											
Engro Polymer and Chemicals Limited	130,000	110,000	-	190,000	50,000	1,850	1,661	(189)	1.31%	1.45%	0.006%
<b>Paper and Boards</b>											
Packages Limited	-	6,000	-	-	6,000	2,685	2,392	(293)	1.88%	2.09%	0.007%
<b>Automobiles parts and accessories</b>											
Thal Limited	1,650	-	-	-	1,650	601	558	(43)	0.44%	0.49%	0.002%
<b>Textile composition</b>											
Nishat Mills Limited	41,000	6,000	-	-	47,000	4,328	4,989	661	3.93%	4.37%	0.013%
Interloop Limited	26,000	-	-	-	26,000	1,151	1,509	358	1.19%	1.32%	0.003%
Gul Ahmed Textile Mills Limited	43,000	20,000	12,600	-	75,600	2,986	3,259	273	2.57%	2.85%	0.018%
<b>Pharmaceutical</b>											
Abbott Laboratories (Pakistan) Limited	550	-	-	-	550	261	246	(15)	0.19%	0.22%	0.001%
The Searle Company Limited	5,750	6,500	-	-	12,250	2,005	2,312	307	1.82%	2.02%	0.006%
<b>Power generation and distribution</b>											
Hub Power Company Limited	5.1.1 52,900	22,500	-	15,000	60,400	4,659	5,638	979	4.44%	4.94%	0.005%
K-Electric Limited	100,000	-	-	-	100,000	439	437	(2)	0.34%	0.38%	0.001%
<b>Technology and Communications</b>											
Pakistan Telecommunication Limited	130,000	-	-	-	130,000	1,075	1,217	142	0.96%	1.07%	0.003%
Systems Technology	13,200	-	-	-	13,200	1,267	1,641	374	1.29%	1.44%	0.012%
<b>Total equity securities as at 31 December 2019</b>						<b>101,983</b>	<b>114,232</b>	<b>12,249</b>			
Total equity securities as at 30 June 2019						115,025	94,002	(21,023)			

## FIRST HABIB STOCK FUND

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

	31 December 2019	30 June 2019
	(Number of Shares)	
Engro Fertilizers Limited	15,000	-
Habib Bank Limited	15,000	-
The Hub Power Company Limited	13,500	13,500
Oil & Gas Development Company Limited	15,000	-
Pakistan Petroleum Limited	15,000	-
United Bank Limited	15,000	-
	<b>88,500</b>	<b>13,500</b>

## 6. DEPOSITS, ADVANCES AND OTHER RECEIVABLE

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	<i>Note</i> ----- (Rupees in '000) -----	
Deposit with NCCPL	2,500	2,500
Cash margin to NCCPL against equity transaction	-	3,500
Deposit with CDC	100	100
Advance tax	6.1 188	187
Prepayment	10	46
	<b>2,798</b>	<b>6,333</b>

**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.

## 7. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

**7.1** As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. During the period ended 31 December 2019, 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% (30 June 2019: 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 11 to the annual audited financial statements for the year ended 30 June 2019.

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 13 June 2013 to 30 June 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 31 December 2019 would have been higher by Rs. 1.36 (30 June 2019: Rs. 1.42) per unit.

## 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 revised during the period with effect from 01 July 2019. The remuneration has been revised as under:

<b>Average net assets (Rs. in million)</b>	<b>Tariff</b>
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. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

#### **11. PROVISION FOR SINDH WORKERS' WELFARE FUND**

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 14 to the annual audited financial statements for the year ended 30 June 2019.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

Had the SWWF not been provided for, the net assets value per unit would have been higher by Re 0.87 (30 June 2019: Re. 0.66) per unit.

#### **12. CONTINGENCIES AND COMMITMENTS**

Except as stated in note 11, there are no contingencies and commitments as at 31 December 2019 (30 June 2019 : Nil).

#### **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 at least 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90% of the net accounting income excluding 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 in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

#### **14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Income Fund, First Habib Cash Fund, First Habib Islamic Stock Fund, First Habib Islamic Income Fund and First Habib Asset Allocation Fund being the Funds managed by the common Management Company, CDC being the Trustee of the Fund, Directors and Officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

## FIRST HABIB STOCK FUND

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

Remuneration to the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

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

	Half Year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Un-audited)			
	(Rupees in '000)			
<b>Habib Asset Management Limited - Management Company</b>				
Management Company's remuneration	1,060	1,456	589	711
Sindh Sales Tax on remuneration	138	189	77	92
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>				
Brokerage	22	8	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration to the Trustee	106	351	47	147
Sindh Sales Tax	14	46	14	46
<b>Bank AL Habib Limited</b>				
Profit on bank balances	456	617	236	277

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

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	(Rupees in '000)	
<b>Bank AL Habib Limited</b>		
Bank balance	10,846	7,252
<b>Habib Asset Management Limited - Management Company</b>		
Remuneration payable (inclusive of Sindh Sales Tax)	240	256
Federal Excise Duty on Management Fee payable	2,043	2,043
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (inclusive of Sindh Sales Tax)	24	68
Security deposit - non interest bearing	100	100

### 14.1 Sale / redemption of units during the period

	Half Year ended 31 December 2019 (Unaudited)		Half Year ended 31 December 2018 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
- Habib Asset Management Limited	275,272	19,000	-	-
<b>Other related parties</b>				
- Directors of the Management Company	1,468	100	360	30
- Mr. Junaid Kasbati	-	-	1,210	100
- Mr. Abbas Qurban	-	-	3,648	305

## FIRST HABIB STOCK FUND

	Half Year ended 31 December 2019 (Unaudited)		Half Year ended 31 December 2018 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units redeemed by:</b>				
<i>Management Company</i>				
- Habib Asset Management Limited	71,956	5,000	33,562	3,042
<i>Other related parties</i>				
- Directors of the Management Company	27,520	2,000	-	-
- Habib Asset Management Limited - Employees Provident Fund	20,910	1,530	-	-
- Mr. Haider Azim	1,250	100	-	-
<b>14.2 Units held by:</b>				
	31 December 2019 (Unaudited)		30 June 2019 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Management Company</i>				
Habib Asset Management Limited	203,316	17,217	-	-
<i>Associated Company</i>				
- Bank AL Habib Limited	100,000	8,468	100,000	7,252
<i>Other related parties</i>				
- Directors of the Management Company	9,899	838	35,951	2,607
- Habib Asset Management Employees Provident Fund	-	-	20,909	1,516
- Bait-ul-Sukoon Trust	-	-	43,808	3,177
- Mr. Junaid Kasbati	-	-	12,977	941
- Mr. Qumail Habib	27,285	2,311	27,285	1,979
- Mr. Abbas Qurban	35,425	3,000	35,425	2,569
- Mr. Haider Azim	4,121	349	5,371	389
<b>Connected party holding 10% or more of the units in issue:</b>				
- Sindh Province Pension Fund	604,091	51,643	604,091	43,808

## 15. TOTAL EXPENSE RATIO (TER)

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated 20 July 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 31 December 2019 is 4.74% which includes 1.00% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

## 16. 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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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



## FIRST HABIB STOCK FUND

		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised Cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
31 December 2019	Note	(Rupees in '000)							
<b>Financial assets - measured at fair value</b>									
Listed equity securities	5	114,232	-	-	114,232	114,232			114,232
<b>Financial assets - not measured at fair value</b>	16.1								
Bank Balances	4	-	13,786	-	13,786				
Dividend and profit receivable		-	146	-	146				
Deposits, advances and other receivable		-	2,798	-	2,798				
Receivable against sale of units		-	99	-	99				
		<u>114,232</u>	<u>16,829</u>	<u>-</u>	<u>131,061</u>				
<b>Financial liabilities - not measured at fair value</b>	16.1								
Payable to Habib Asset Management Limited - Management Company	7	-	-	240	240				
Provision for FED on Remuneration of Management Company				2,043	2,043				
Payable to CDC - Trustee	8	-	-	24	24				
Payable to SECP				11	11				
Provision for SWWF				1,311	1,311				
Accrued expenses and other liabilities		-	-	435	435				
		<u>-</u>	<u>-</u>	<u>4,064</u>	<u>4,064</u>				
		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised Cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019	Note	(Rupees in '000)							
<b>Financial assets - measured at fair value</b>									
Listed equity securities		94,002	-	-	94,002	94,002			94,002
<b>Financial assets - not measured at fair value</b>	16.1								
Bank balances		-	7,583	-	7,583				
Dividend and profit receivable		-	-	-	-				
Deposits, advances and other receivable		-	6,333	-	6,333				
		<u>94,002</u>	<u>13,916</u>	<u>-</u>	<u>107,918</u>				
<b>Financial liabilities - not measured at fair value</b>	16.1								
Payable to Habib Asset Management Limited - Management Company	7	-	-	201	201				
Provision for FED on Remuneration of Management Company				2,043	2,043				
Payable to CDC - Trustee	8	-	-	65	65				
Payable to SECP				124	124				
Provision for SWWF				945	945				
Accrued expenses and other liabilities		-	-	520	520				
		<u>-</u>	<u>-</u>	<u>3,898</u>	<u>3,898</u>				

**16.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**17. GENERAL**

**17.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 and 31 December 2018 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**17.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

**FIRST HABIB CASH FUND**  
**Half Yearly Report**  
**31 December 2019**

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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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 by JCR-VIS  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

Sindh Bank Limited  
Bank AL Habib Limited  
Bank Alfalah Limited  
Habib Bank Limited  
MCB Bank Limited

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**FIRST HABIB CASH FUND**

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Cash Fund (the Fund) are of the opinion that Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 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 20, 2020



**Independent Auditors' Review Report to the unit holders of First Habib Cash Fund**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Habib Cash Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

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

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taxen Hub & Co., s.p. z o.o. is a company registered in Poland in the register of companies kept by the KRS system, as part of the KPMG network of independent member firms affiliated with the global KPMG network of independent member firms affiliated with the Swiss entity.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 21 February 2020**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



## FIRST HABIB CASH FUND

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019

		31 December 2019 (Unaudited)	30 June 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	2,067,786	1,731,502
Placement		-	200,000
Investments	5	-	300,884
Profit receivable		24,961	2,102
Receivable against sale of units		50,326	-
Advances, deposits and other receivables		1,009	671
<b>Total assets</b>		<b>2,144,082</b>	<b>2,235,159</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	7	1,688	1,670
Provision for Federal Excise Duty on remuneration of the Management Company	8	13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee	9	129	219
Payable to Securities and Exchange Commission of Pakistan	10	207	1,949
Payable against redemption of units		-	731
Provision for Sindh Workers' Welfare Fund	11	10,953	8,394
Accrued expenses and other liabilities		6,213	2,798
<b>Total liabilities</b>		<b>32,607</b>	<b>29,178</b>
<b>Net assets</b>		<b>2,111,475</b>	<b>2,205,981</b>
<b>Unit holders' fund (as per the statement attached)</b>		<b>2,111,475</b>	<b>2,205,981</b>
		(Number of units)	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>21,067,198</b>	<b>21,997,061</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>100.23</b>	<b>100.29</b>
<b>Contingencies and Commitments</b>	12		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019**

	Note	Half year ended 31 December		Quarter ended 31 December	
		2019	2018	2019	2018
		(Rupees in '000)			
<b>Income</b>					
Profit on bank balances calculated using effective interest method		93,330	33,087	56,141	19,232
Return on Government securities		42,904	79,236	16,191	43,515
Return on placements calculated using effective interest method		8,084	8,242	-	2,371
Net realised loss on sale of investments		(574)	(2,556)	(268)	(2,354)
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'		-	-	-	496
<b>Total income</b>		<b>143,744</b>	<b>118,009</b>	<b>72,064</b>	<b>63,260</b>
<b>Expenses</b>					
Remuneration of Habib Asset Management Limited - Management Company	7.1	8,699	10,270	4,270	5,587
Sindh Sales Tax on Management Company's remuneration	7.2	1,131	1,332	555	723
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	660	1,470	336	633
Sindh Sales Tax on Trustee's remuneration		86	191	44	82
Annual fee to the Securities and Exchange Commission of Pakistan	10	207	1,095	103	541
Brokerage expense		57	22	38	6
Settlement and bank charges		70	28	54	15
Auditors' remuneration		182	189	140	102
Annual listing fee		15	16	9	5
Mutual Fund Rating Fee		134	133	67	67
Provision for Sindh Workers' Welfare Fund		2,559	2,001	1,239	1,081
Printing charges		33	47	17	24
<b>Total expenses</b>		<b>13,833</b>	<b>16,794</b>	<b>6,872</b>	<b>8,866</b>
<b>Net income for the period before taxation</b>		<b>129,911</b>	<b>101,215</b>	<b>65,192</b>	<b>54,394</b>
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>129,911</b>	<b>101,215</b>	<b>65,192</b>	<b>54,394</b>
<b>Allocation of net income for the period after taxation</b>					
Net income for the period after taxation		129,911	101,215	65,192	54,394
Income already paid on units redeemed		(13,755)	(8,067)	(10,092)	(4,925)
		<b>116,156</b>	<b>93,148</b>	<b>55,100</b>	<b>49,469</b>
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		116,156	93,148	55,100	49,469
		<b>116,156</b>	<b>93,148</b>	<b>55,100</b>	<b>49,469</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**FIRST HABIB CASH FUND**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
***FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019***

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	<b>129,911</b>	101,215	<b>65,192</b>	54,394
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>129,911</u></b>	<b><u>101,215</u></b>	<b><u>65,192</u></b>	<b><u>54,394</u></b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at beginning of the period	2,201,991	3,990	2,205,981	2,692,698	89,423	2,782,121
<b>Issuance of 23,236,266 units</b>						
(31 December 2018:12,960,214 units) including additional units 160,037 (31 December 2018: 712,233) units issued at nil value						
- Capital value	2,314,215	-	2,314,215	1,227,757	-	1,227,757
- Element of income	11,915	-	11,915	9,922	-	9,922
Amount received / receivable on issuance of units	2,326,130	-	2,326,130	1,237,679	-	1,237,679
<b>Redemption of 24,166,129 units</b>						
(31 December 2018: 13,172,024 units)						
- Capital value	(2,423,507)	-	(2,423,507)	(1,320,364)	-	(1,320,364)
- Element of loss	(12,249)	(13,755)	(26,004)	(2,294)	(8,067)	(10,361)
Amount paid / payable on redemption of units	(2,435,756)	(13,755)	(2,449,511)	(1,322,658)	(8,067)	(1,330,725)
Total comprehensive income for the period	-	129,911	129,911	-	101,215	101,215
Final distribution for the year ended 30 June 2018:						
Rs. 5.6 per unit (31 Dec 2017: Nil)	-	-	-	-	(83,030)	(83,030)
Interim distribution for the period ended 31 Dec 2018:						
Rs. 2.9 per unit (31 Dec 2017: Nil)	-	-	-	-	(76,614)	(76,614)
Interim distribution for the year ended 30 June 2020:						
Rs. 6.4436 per unit [2019: Rs. 8.0388 per unit declared]	-	(101,036)	(101,036)	-	-	-
Net income for the period less distribution	-	28,875	28,875	-	(58,429)	(58,429)
Net assets at end of the period	2,092,365	19,110	2,111,475	2,607,719	22,927	2,630,646
<b>Undistributed income brought forward</b>						
- Realised income		4,047			89,426	
- Unrealised loss		(57)			(3)	
		3,990			89,423	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			-		
- Excluding capital gains	116,156			93,148		
	116,156			93,148		
Cash dividend paid during the period		(101,036)			(159,644)	
Undistributed (loss) / income carried forward		19,110			22,927	
<b>Undistributed loss carried forward comprises of:</b>						
- Realised (loss) / income		19,110			22,927	
- Unrealised income		-			-	
		19,110			22,927	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.29			105.84	
Net assets value per unit at end of the period		100.23			100.89	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

**Chief Executive Officer**

**Chief Financial Officer**

**Director**

**FIRST HABIB CASH FUND**

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	<b>Half year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>----- (Rupees in '000) -----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	129,911	101,215
<b>Adjustment for non-cash item</b>		
Provision for Sindh Workers' Welfare Fund	2,559	2,001
<b>Net cash generated from operations before working capital changes</b>	<b>132,470</b>	<b>103,216</b>
<b>Working capital changes</b>		
<i>Decrease / (Increase) in assets</i>		
Investments	300,884	433,228
Placement	200,000	50,000
Profit receivable	(22,859)	(7,793)
Advance, deposits and other receivables	(338)	117
	477,687	475,552
<i>Increase / (decrease) in liabilities</i>		
Payable to Habib Asset Management Limited - Management Company	18	482
Payable to Central Depository Company of Pakistan Limited - Trustee	(90)	(23)
Payable to Securities and Exchange Commission of Pakistan	(1,742)	(458)
Accrued expenses and other liabilities	3,415	(1,337)
	1,601	(1,336)
<b>Net cash generated from operating activities</b>	<b>611,758</b>	<b>577,432</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	2,275,804	1,237,679
Payments against redemption of units	(2,450,242)	(1,378,037)
Dividend paid	(101,036)	(159,644)
<b>Net cash used from financing activities</b>	<b>(275,474)</b>	<b>(300,002)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>336,284</b>	<b>277,430</b>
Cash and cash equivalents at beginning of the period	1,731,502	2,117,281
<b>Cash and cash equivalents at end of the period</b>	<b>2,067,786</b>	<b>2,394,711</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	2,067,786	2,394,711

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019****1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Cash Fund (the Fund) was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 July 2010 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

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.

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

The objective of the Fund is to earn competitive returns from a portfolio of low risk short term duration assets while maintaining high level of liquidity through a blend assets of money market and Government debt instruments. 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 Fund, in line with its investment objective, invests primarily in treasury bills, Government securities and cash and near cash instruments.

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

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income,

## FIRST HABIB CASH FUND

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condensed interim statement of cash flows, and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.

**2.1.5** In compliance with Schedule V of the NBFC Regulations, 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 31 December 2019.

### **2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund's financial statements.

### **2.3 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.

### **2.4 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 30 June 2019.
- 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 30 June 2019.
- 3.4 New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements**

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information.

### 4. BANK BALANCES

This represents savings accounts held with various commercial banks carrying profit rates ranging from 11.75% to 14.35% (30 June 2019: 5.25% to 9.63%) per annum. It also includes a balance of Rs.0.35 million (30 June 2019: Rs. 8.67 million) with Bank AL Habib Limited, a related party carrying profit rate of 11.75% (30 June 2019: 5.25% to 13.5%) per annum.

### 5. INVESTMENT

INVESTMENT		31 December 2019 (Unaudited)	30 June 2019 (Audited)
	<i>Note</i>	<b>----- (Rupees in '000) -----</b>	
<b>Investment by category</b>			
<b>At fair value through profit or loss:</b>			
Government securities - Market Treasury Bills	5.1	-	123,377
<b>At amortised cost:</b>			
Commercial papers		-	177,507
		<u>-</u>	<u>300,884</u>

#### 5.1 Government securities - Market Treasury Bills

Issue date	As at 01 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	As at 31 December 2019			Market value as a percentage of	
					Carrying value	Market value	Unrealised loss	Net assets	Total investments
					Note ----- (Rupees in '000) -----				
<b>Treasury bills - 3 Months</b>									
23-May-19	5.1.1	125,300	25,000	150,300	-	-	-	0.00%	0.00%
1-Aug-19	-	45,000	45,000	-	-	-	-	0.00%	0.00%
26-Sep-19	-	50,000	50,000	-	-	-	-	0.00%	0.00%
18-Jul-19	-	187,500	187,500	-	-	-	-	0.00%	0.00%
<b>Treasury bills - 6 Months</b>									
24-Oct-19	-	350,000	350,000	-	-	-	-	0.00%	0.00%
26-Sep-19	-	160,000	160,000	-	-	-	-	0.00%	0.00%
7-Nov-19	-	75,000	75,000	-	-	-	-	0.00%	0.00%
10-Oct-19	-	100,000	100,000	-	-	-	-	0.00%	0.00%
<b>Total as at 31 December 2019</b>					<b>-</b>	<b>-</b>	<b>-</b>		
Total as at 30 June 2019					123,434	123,377	(57)		

- 5.1.1** Rate of return on above Treasury Bill's ranges from 7.33% to 12.65% (2019: 6.70% to 6.74%) per annum.



## **FIRST HABIB CASH FUND**

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### **6. ADVANCE TAX**

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.

### **7. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY**

**7.1** As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration at the rate of 10% of net income of the Fund with a maximum of 0.85% per annum and a minimum of 0.5% per annum of the average daily net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears.

**7.2** Sindh Sales Tax has been charged at 13% (30 June 2019:13%) 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 11 to the annual audited financial statements for the year ended 30 June 2019.

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 13 June 2013 to 30 June 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 31 December 2019 would have been higher by Re. 0.64 (30 June 2019: Re. 0.61) per unit.

### **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 revised during the period with effect from 01 July 2019. The revised tariff has been fixed at 0.065% per annum of net assets.

### **10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

### **11. PROVISION FOR SINDH WORKERS' WELFARE FUND**

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 14 to the annual audited financial statements for the year ended 30 June 2019.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record provision for SWWF on prudence basis.

Had the SWWF not been provided for, the net assets value per unit would have been higher by Re 0.52 (30 June 2019: Re. 0.38) per unit.

### **12. CONTINGENCIES AND COMMITMENTS**

Except as stated in note 11, there are no contingencies and commitments as at 31 December 2019 (30 June 2019: Nil).

### 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 at least 90% of accounting income, the income distributed through bonus shares, units or certificate as the case may be shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90% of the net accounting income excluding 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 in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

### 14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Income Fund, First Habib Stock Fund, First Habib Islamic Stock Fund, First Habib Islamic Income Fund and First Habib Asset Allocation Fund being the Funds managed by the common Management Company, CDC being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

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

Remuneration to the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

Details of the transactions with connected persons are as follows:

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Unaudited)			
	(Rupees in '000)			
<b>Habib Asset Management Limited</b>				
- Management Company				
Remuneration	8,699	10,270	4,270	5,587
Sindh Sales Tax on remuneration	1,131	1,332	555	723
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	660	1,470	336	633
Sindh Sales Tax on remuneration	86	191	44	82
<b>Bank AL Habib Limited</b>				
Profit on bank balances	600	463	275	254

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

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	(Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
Remuneration payable (inclusive of Sindh Sales Tax)	1,688	1,670
Federal Excise Duty payable on remuneration	13,417	13,417
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (inclusive of Sindh Sales tax)	129	219
<b>Bank AL Habib Limited</b>		
Bank balance	355	8,768

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14.1 Sale / Redemption of units	Half year ended 31 December 2019 (Unaudited)		Half year ended 31 December 2018 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	-	-	2,473	261
<i>Associated Company</i>				
Habib Insurance Company Limited	-	-	709,004	72,391
<i>Connected parties holding 10% or more of the units in issue:</i>				
- K&N'S Foods (Private) Limited	-	-	281,857	28,270
- Barrett Hodgson	-	-	286,833	28,770
- Pakistan Mobile Limited	-	-	2,243,576	226,278
- Fauji Kabirwala Power Company Ltd	2,029,805	200,000	-	-
<b>Other related parties</b>				
- Directors of the Management Company	39,818	4,016	31,939	3,222
- Ghulamman-E-Abbas Educational & Medical Trust Endowment Fund	6,470	653	34,062	3,423
- Sukaina Educational & Welfare Trust	48,928	4,902	87,574	8,783
- Dawood Habib Memorial Trust	-	-	11,715	1,174
- Mr. Asghar D. Habib	-	-	2	-
- Mr. Murtaza Habib	3,704	371	4,011	403
- Mr. Haider Azim	1,001	101	562	56
- Mr. Ali Asad Habib	3,657	366	3,044	305
- Mr. Munawar Ali Habib	2,924	293	3,441	345
- Mrs. Samina Imran	-	-	10	1
- Mr. Qumail Habib	2,480	249	1,635	163
- Mrs. Hina Shoaib	6	1	2	-
- Mr. Junaid Kasbati	5,144	250	2,484	250
<b>Units redeemed by:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	-	-	15,045	1,534
<i>Associated Company</i>				
Habib Insurance Company Limited	-	-	1,033,922	105,000
<b>Other related parties</b>				
- Directors of the Management Company	24,788	2,500	-	-
- Ghulamman-E-Abbas Educational & Medical Trust Endowment Fund	407,026	40,940	-	-
- Sukaina Educational & Welfare Trust	1,324,489	133,264	-	-
- Dawood Habib Memorial Trust	450,155	45,279	-	-
- Mr. Murtaza Habib	47,017	4,729	-	-
- Mrs. Samina Imran	93	9	-	-
- Mr. Junaid Kasbati	7,150	722	-	-
<i>Connected parties holding 10% or more of the units in issue:</i>				
Pakistan Mobile Limited	-	-	980,873	103,435

## FIRST HABIB CASH FUND

	31 December 2019 (Unaudited)		30 June 2019 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units held by:</b>				
<i>Associated Companies</i>				
- Bank AL Habib Limited	<u>1,392,189</u>	<u>139,533</u>	<u>1,392,189</u>	<u>139,616</u>
<i>Connected Parties holding 10% or more of the units in issue:</i>				
- K&N's Foods (Private) Limited	<u>4,560,309</u>	<u>457,060</u>	<u>-</u>	<u>-</u>
- Fauji Kabirwala Power Company Ltd	<u>2,029,805</u>	<u>203,439</u>	<u>-</u>	<u>-</u>
<i>Other related parties</i>				
- Directors of the Management Company	<u>23,822</u>	<u>2,388</u>	<u>8,791</u>	<u>882</u>
- Sukaina Educational & Welfare Trust	<u>-</u>	<u>-</u>	<u>376,782</u>	<u>37,786</u>
- Ghulaman-e-Abbas Educational & Medical Trust Endowment Fund	<u>-</u>	<u>-</u>	<u>385,607</u>	<u>38,671</u>
- Dawood Habib Memorial Trust	<u>-</u>	<u>-</u>	<u>450,155</u>	<u>45,144</u>
- Mr. Haider Azim	<u>1,019</u>	<u>102</u>	<u>-</u>	<u>-</u>
- Mrs. Hina Shoaib	<u>37</u>	<u>4</u>	<u>30</u>	<u>3</u>
- Mr. Murtaza Habib	<u>30,735</u>	<u>3,080</u>	<u>74,047</u>	<u>7,426</u>
- Mr. Ali Asad Habib	<u>69,052</u>	<u>6,921</u>	<u>65,395</u>	<u>6,558</u>
- Mr. Qumail Habib	<u>46,835</u>	<u>4,694</u>	<u>44,354</u>	<u>4,448</u>
- Mr. Junaid Kasbati	<u>-</u>	<u>-</u>	<u>2,006</u>	<u>201</u>
- Mr. Munawar Ali Habib	<u>55,214</u>	<u>5,534</u>	<u>52,290</u>	<u>5,244</u>
- Mrs. Samina Imran	<u>-</u>	<u>-</u>	<u>93</u>	<u>9</u>

### 15. 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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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.

## FIRST HABIB CASH FUND

		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised Cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Note					(Rupees in '000)				
<b>31 December 2019</b>									
	<b>Financial assets - measured at fair value</b>	-	-	-	-				
	<b>Financial assets - not measured at fair value</b>	15.1			-				
	Bank balances	4	-	2,067,786	-	2,067,786			
	Placement	5	-	-	-				
	Profit receivable		-	24,961	-	24,961			
	Receivable against sale of units		-	50,326	-	50,326			
	Advances, deposits and other receivables		-	1,009	-	1,009			
			-	2,144,082	-	2,144,082			
	<b>Financial liabilities - not measured at fair value</b>	15.1							
	Payable to Habib Asset Management Limited - Management Company	7	-	-	1,688	1,688			
	Provision for Federal Excise Duty on remuneration of the Management Company		-	-	13,417	13,417			
	Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	129	129			
	Payable to Securities and Exchange Commission of Pakistan - (SECP)		-	-	207	207			
	Provision for Sindh Workers' Welfare Fund		-	-	10,953	10,953			
	Payable against redemption of units		-	-	-	-			
	Accrued expenses and other liabilities		-	-	6,213	6,213			
			-	-	32,607	32,607			
<b>30 June 2019</b>									
	<b>Financial assets - measured at fair value</b>								
	Investments - Market Treasury Bills		123,377	-	-	123,377	123,377		123,377
	<b>Financial assets - not measured at fair value</b>	15.1							
	Bank balances	4	-	1,731,502	-	1,731,502			
	Placements	5	-	200,000	-	200,000			
	Investments - Commercial Papers		-	177,507	-	177,507			
	Profit receivable		-	2,102	-	2,102			
	Advances, deposits and other receivables		-	671	-	671			
			123,377	2,111,782	-	2,235,159			
	<b>Financial liabilities - not measured at fair value</b>	15.1							
	Payable to Habib Asset Management Limited - Management Company	7	-	-	1,670	1,670			
	Provision for Federal Excise Duty on remuneration of the Management Company		-	-	13,417	13,417			
	Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	219	219			
	Payable to Securities and Exchange Commission of Pakistan - (SECP)		-	-	1,949	1,949			
	Provision for Sindh Workers' Welfare Fund		-	-	8,394	8,394			
	Payable against redemption of units		-	-	731	731			
	Accrued expenses and other liabilities		-	-	2,798	2,798			
			-	-	29,178	29,178			

**15.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**16. TOTAL EXPENSE RATIO (TER)**

Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 December 2019 is 1.33% which includes 0.39% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

**17. GENERAL**

**17.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 and 31 December 2018 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**17.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

**FIRST HABIB ISLAMIC STOCK FUND**  
**Half Yearly Report**  
**31 December 2019**

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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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**

MFR-3 Star Performance Ranking by PACRA  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

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

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahr-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto: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 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, 2019 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 20, 2020





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

### **Independent Auditors' Review Report to the unit holders of First Habib Islamic Stock Fund**

#### **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 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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

#### **Other Matter**

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co. is a Private Limited Company, incorporated in Pakistan and is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 21 February 2020**

**Karachi**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

## FIRST HABIB ISLAMIC STOCK FUND

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019

		31 December 2019 (Unaudited)	30 June 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	4	12,274	12,338
Investments	5	103,594	82,786
Dividend and profit receivable		98	397
Deposits, advances, prepayments and other receivable	6	2,869	2,900
Receivable against sale of units		25	5,500
<b>Total assets</b>		<b>118,860</b>	<b>103,921</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	7	218	181
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	22	65
Payable to Securities and Exchange Commission of Pakistan	10	10	100
Provision for Sindh Workers' Welfare Fund	11	856	504
Accrued expenses and other liabilities		571	737
<b>Total liabilities</b>		<b>3,155</b>	<b>3,065</b>
<b>Net assets</b>		<b>115,705</b>	<b>100,856</b>
<b>Unit holders' fund (as per the statement attached)</b>		<b>115,705</b>	<b>100,856</b>
		----- (Number of units) -----	
<b>Number of units in issue (face value of units is Rs.100 each)</b>		<b>1,409,680</b>	<b>1,440,059</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>82.08</b>	<b>70.04</b>
<b>Contingencies and Commitments</b>	12		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

# FIRST HABIB ISLAMIC STOCK FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019

Note	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Rupees in '000)			
<b>Income</b>				
Dividend income	3,374	2,645	2,030	1,481
Profit on bank balances	728	645	380	311
Net realised gain / (loss) on sale of investments	990	(103)	2,457	(1,808)
Net unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'	14,460	(11,165)	19,959	(8,810)
<b>Total income</b>	<b>19,552</b>	<b>(7,978)</b>	<b>24,826</b>	<b>(8,826)</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	7.1	1,000	1,130	534
Sindh Sales Tax on Management Company's remuneration	7.2	130	147	69
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	100	353	53
Sindh Sales Tax on Trustee's remuneration		13	46	7
Annual fee to the Securities and Exchange Commission of Pakistan	10	10	56	5
Brokerage expense		87	125	62
Settlement and bank charges		184	200	89
Annual listing fee		10	17	5
Auditors' remuneration		262	246	138
Mutual fund rating fee		42	61	12
Charity expense		122	40	61
Provision for Sindh Workers' Welfare Fund	11	351	-	351
Printing charges		35	47	19
<b>Total expenses</b>		<b>2,346</b>	<b>2,468</b>	<b>1,405</b>
<b>Profit / (loss) for the period before taxation</b>		<b>17,206</b>	<b>(10,446)</b>	<b>23,421</b>
Taxation	13	-	-	-
<b>Net profit / (loss) for the period after taxation</b>		<b>17,206</b>	<b>(10,446)</b>	<b>23,421</b>
<b>Allocation of net income for the period after taxation</b>				
Net profit / (loss) for the period after taxation		17,206	(10,446)	23,421
Income already paid on units redeemed		-	-	-
		<b>17,206</b>	<b>(10,446)</b>	<b>23,421</b>
<b>Accounting income available for distribution:</b>				
- Relating to capital gains		-	-	-
- Excluding capital gains		-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**FIRST HABIB ISLAMIC STOCK FUND**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
***FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019***

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net profit / (loss) loss for the period after taxation	17,206	(10,446)	23,421	(10,031)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b>17,206</b>	<b>(10,446)</b>	<b>23,421</b>	<b>(10,031)</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

# FIRST HABIB ISLAMIC STOCK FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----					
Net assets at beginning of the period	138,494	(37,638)	100,856	130,793	(15,447)	115,346
<b>Issuance of 181,002 units</b> (31 December 2018: 483,949 units)						
- Capital value	9,927	-	9,927	42,269	-	42,269
- Element of income / (loss)	2,180	-	2,180	(315)	-	(315)
Amount received / receivable on issuance of units	12,107	-	12,107	41,954	-	41,954
<b>Redemption of 211,381 units</b> (31 December 2018: 542,995 units)						
- Capital value	(11,918)	-	(11,918)	(47,427)	-	(47,427)
- Element of income / (loss)	(2,546)	-	(2,546)	897	-	897
Amount paid / payable on redemption of units	(14,464)	-	(14,464)	(46,530)	-	(46,530)
Total comprehensive income / (loss) for the period	-	17,206	17,206	-	(10,446)	(10,446)
<b>Net assets at end of the period</b>	<b>136,137</b>	<b>(20,432)</b>	<b>115,705</b>	<b>126,217</b>	<b>(25,893)</b>	<b>100,324</b>
<b>Undistributed loss brought forward</b>						
- Realised loss		(16,035)			(12,514)	
- Unrealised loss		(21,603)			(2,933)	
		(37,638)			(15,447)	
<b>Net income / (loss) for the period after taxation</b>		17,206			(10,446)	
<b>Undistributed loss carried forward</b>		<b>(20,432)</b>			<b>(25,893)</b>	
<b>Undistributed loss carried forward comprises of:</b>						
- Realised loss		(34,892)			(14,728)	
- Unrealised loss		14,460			(11,165)	
		<b>(20,432)</b>			<b>(25,893)</b>	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the period</b>		<b>70.04</b>			<b>87.34</b>	
<b>Net assets value per unit at end of the period</b>		<b>82.08</b>			<b>79.52</b>	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



# FIRST HABIB ISLAMIC STOCK FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		Half year ended 31 December	
	Note	2019	2018
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit / (loss) for the period before taxation		17,206	(10,446)
<b>Adjustments for non-cash and other items</b>			
Net unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss'	5.1	(14,460)	11,165
Provision for Sindh Workers' Welfare Fund		351	-
<b>Net cash generated from operations before working capital changes</b>		<b>3,097</b>	<b>719</b>
<b>Working capital changes</b>			
<i>(Increase) / decrease in assets</i>			
Investments		(6,348)	127
Dividend and profit receivable		299	123
Receivable against sale of investments		5,475	1,500
Deposits, advances, prepayments and other receivable		31	862
		(543)	2,612
<i>Increase/(decrease) in liabilities</i>			
Payable to Habib Asset Management Limited - Management Company		37	(20)
Payable to Central Depository Company of Pakistan Limited - Trustee		(43)	2
Payable to Securities and Exchange Commission of Pakistan		(90)	(60)
Accrued expenses and other liabilities		(165)	(385)
		(261)	(463)
<b>Net cash generated from operating activities</b>		<b>2,293</b>	<b>2,868</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		12,107	41,954
Payments against redemption of units		(14,464)	(46,530)
<b>Net cash used in financing activities</b>		<b>(2,357)</b>	<b>(4,576)</b>
<b>Net decrease in cash and cash equivalents during the period</b>		<b>(64)</b>	<b>(1,708)</b>
Cash and cash equivalents at beginning of the period		12,338	19,731
<b>Cash and cash equivalents at end of the period</b>		<b>12,274</b>	<b>18,023</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances	4	12,274	18,023

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** First Habib Islamic Stock Fund (the Fund) was established under a Trust Deed between 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 24 November 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 November 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 6 December 2016, under the Trusts Act, 1882 entered into and between 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 24 November 2016.

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 2nd floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

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.

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. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company and a performance ranking of 'MFR 4-Star' to the Fund.

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

## FIRST HABIB ISLAMIC STOCK FUND

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**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, 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 unaudited condensed interim financial statements for the period ended 31 December 2018.

**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 31 December 2019.

### **2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund’s financial statements.

## 2.3 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.

## 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All figures 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 30 June 2019
- 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 30 June 2019.
- 3.4 **New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements**

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information.

4. BANK BALANCES	Note	31 December 2019 (Unaudited)	30 June 2019 (Audited)
		----- (Rupees in '000) -----	
Current account		96	77
Savings account	4.1	12,178	12,261
		<u>12,274</u>	<u>12,338</u>

- 4.1 This represents savings account held with various commercial banks carrying profit rates ranging from 4% to 13.25% (30 June 2019: 6.5% to 11%) per annum. It also includes a balance of Rs.0.8 million (30 June 2019: Rs. 0.11 million) with Bank AL Habib Limited, a related party, carrying profit rate of 11.25% (30 June 2019: 10.75%) per annum.

5. INVESTMENTS	Note	31 December	30 June
		2019	2019
		(Unaudited)	(Audited)
		----- (Rupees in '000) -----	
At fair value through profit or loss			
Listed equity securities	5.1	103,594	82,786

## FIRST HABIB ISLAMIC STOCK FUND

### 5.1 Listed equity securities

Name of the Investee	As at 1 July 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at 31 December 2019	Cost / carrying value as at 31 December 2019	Market value as at 31 December 2019	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		
Note	(Number of shares)				(Rupees in '000)			(%)				
Unless stated otherwise, the holdings are in ordinary shares of Rs 10 each.												
<b>Commercial banks</b>												
Meezan Bank Limited	63,635	66,500	-	30,000	100,135	8,306	9,526	1,220	8.23%	9.20%	0.008%	
<b>Chemicals</b>												
Engro Polymer & Chemicals Limited	113,000	55,000	25,900	60,900	133,000	3,521	4,417	896	3.82%	4.26%	0.015%	
<b>Fertilizers</b>												
Engro Fertilizers Limited	83,500	46,000	-	52,000	77,500	5,034	5,691	657	4.92%	5.49%	0.006%	
Engro Corporation Limited	31,840	4,000	-	11,000	24,840	6,608	8,576	1,968	7.41%	8.28%	0.004%	
<b>Cement</b>												
D.G Khan Cement Company Limited	18,500	20,000	-	38,500	-	-	-	-	0.00%	0.00%	0.000%	
Lucky Cement Limited	11,900	5,500	-	2,500	14,900	5,621	6,383	762	5.52%	6.16%	0.005%	
Maple Leaf Cement Factory	50,000	50,000	-	100,000	-	-	-	-	0.00%	0.00%	0.000%	
<b>Power generation and distribution</b>												
Hub Power Company Limited	5.1.1	99,800	7,000	-	15,000	91,800	7,187	8,570	1,383	7.41%	8.27%	0.007%
K-Electric Limited		100,000	-	-	100,000	439	437	(2)	0.38%	0.42%	0.001%	
<b>Engineering</b>												
Amreli Steels Limited		11,000	-	-	11,000	271	397	126	0.34%	0.38%	0.004%	
International Steels Limited		23,000	20,000	-	23,000	1,150	1,158	8	1.00%	1.12%	0.005%	
<b>Technology and Communications</b>												
Pakistan Telecommunication Limited		100,500	-	-	100,500	831	941	110	0.81%	0.91%	0.003%	
<b>Food and Personal Care Products</b>												
Al-Shaheer Corporation Limited		80,000	-	-	80,000	1,008	1,130	122	0.98%	1.09%	0.056%	
<b>Automobiles parts and accessories</b>												
Loads Limited		23,800	-	-	23,800	360	387	27	0.33%	0.37%	0.016%	
<b>Paper and Board</b>												
Packages Limited		-	6,000	-	6,000	2,706	2,392	(314)	2.07%	2.31%	0.007%	
<b>Oil and gas exploration companies</b>												
Mari Petroleum Company Limited		4,482	1,500	498	3,500	2,980	2,677	3,904	1,227	3.37%	3.77%	0.002%
Oil & Gas Development Company Limited		77,000	24,500	-	10,000	91,500	11,996	13,022	1,026	11.25%	12.57%	0.002%
Pakistan Oilfields Limited		12,050	6,500	-	2,500	16,050	6,301	7,170	869	6.20%	6.92%	0.006%
Pakistan Petroleum Limited	5.1.1	66,175	22,500	16,335	7,000	98,010	11,567	13,441	1,874	11.62%	12.97%	0.004%
<b>Oil and gas marketing companies</b>												
Hasco Petroleum Limited		11,687	-	1,499	12,999	187	13	5	(8)	0.00%	0.00%	0.000%
Hi-Tech Lubricants Limited		7,000	-	-	7,000	194	218	24	0.19%	0.21%	0.006%	
Pakistan State Oil Company Limited		17,800	-	2,360	6,000	14,160	2,002	2,714	712	2.35%	2.62%	0.003%
Sui Northern Gas Pipeline Limited		40,000	22,500	-	15,000	47,500	3,290	3,618	328	3.13%	3.49%	0.007%
<b>Textile composition</b>												
Nishat Mills Limited		44,500	16,000	-	6,000	54,500	5,081	5,785	704	5.00%	5.58%	0.016%
<b>Pharmaceutical</b>												
The Searle Company Limited		4,600	6,000	-	10,600	1,745	2,000	255	1.73%	1.93%	0.005%	
<b>Glass and Ceramics</b>												
Tariq Glass Industries Limited		16,000	-	-	16,000	1,226	1,712	486	1.48%	1.65%	0.022%	
Total equity securities as at 31 December 2019						89,134	103,594	14,460				
Total equity securities as at 30 June 2019						104,389	82,786	(21,603)				

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.

	31 December 2019 (Number of Shares)	30 June 2019
Hub Power Company Limited	20,000	20,000
Pakistan Petroleum Limited	5,000	5,000
	<b>25,000</b>	<b>25,000</b>

## FIRST HABIB ISLAMIC STOCK FUND

6 DEPOSITS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLE	Note	31 December 2019 (Unaudited) ------(Rupees in '000)-----	30 June 2019 (Audited)
Advance tax	6.1	253	253
Mutual Fund Rating Fee		6	47
Annual Listing fee		10	-
Deposit with NCCPL		2,500	2,500
Deposit with CDC		100	100
		<b>2,869</b>	<b>2,900</b>

- 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.

### 7. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

- 7.1** As per regulation 61 of amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. During the period ended 31 December 2019, 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% (30 June 2019:13%) 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 11 to the annual audited financial statements for the year ended 30 June 2019.

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 13 June 2013 to 30 June 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 31 December 2019 would have been higher by Re. 1.04 (30 June 2019: Re. 1.03) per unit.

### 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 revised during the period with effect from 01 July 2019. The remuneration has been revised as under:

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.

### 10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

### 11. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 14 to the annual audited financial statements for the year ended 30 June 2019.

## FIRST HABIB ISLAMIC STOCK FUND

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record provision for SWWF on prudence basis.

Had the SWWF not been provided for, the net assets value per unit would have been higher by Re. 0.61 (30 June 2019 : Re. 0.35) per unit.

### 12. CONTINGENCIES AND COMMITMENTS

Except as stated in note 11, there are no contingencies and commitments as at 31 December 2019 (30 June 2019 : Nil).

### 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 (ITO), 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 atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC regulations, 2008, the Fund is required to distribute 90% of the net accounting income excluding 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 ITO, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

### 14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Income Fund, First Habib Stock Fund, First Habib Islamic Income Fund, First Habib Cash Fund and First Habib Asset Allocation Fund being the Funds managed by the common Management Company, CDC being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

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

Remuneration to the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

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

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited - Management Company</b>				
Remuneration	1,000	1,130	534	533
Sindh Sales Tax on remuneration	130	147	69	69
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>				
Brokerage	5	5	3	3
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	100	353	53	167
Sindh Sales Tax on Trustee's remuneration	13	46	7	22
<b>Bank AL Habib Limited</b>				
Profit on bank balance	20	44	6	37

## FIRST HABIB ISLAMIC STOCK FUND

Details of the balances with connected persons are as follows:

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	----- (Rupees in '000) -----	
<b>Bank AL Habib Limited</b>		
Bank balance	865	111
<b>Habib Asset Management Limited - Management Company</b>		
Remuneration payable (inclusive of Sindh Sales tax)	218	181
Federal Excise Duty on remuneration payable	1,478	1,478
Sales load payable	160	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable (inclusive of Sindh Sales Tax)	22	65
Security deposit - non interest bearing	100	100

	Half year ended 31 December 2019 (Unaudited)		Half year ended 31 December 2018 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>14.1 Sale / redemption of units during the period</b>				
<u>Units sold to:</u>				
<i>Management Company</i>				
Habib Asset Management Limited	160,232	10,500	-	-
Habib Asset Management Limited - Employees Provident Fund	-	-	24,258	2,000
<b>Other related parties</b>				
- Directors of the Management Company	-	-	239	20
<u>Units redeemed by:</u>				
<b>Other related parties</b>				
- Directors of the Management Company	14,456	1,050	173,136	15,000
<b>14.2 Units held as on 31 December 2019</b>				
	31 December 2019 (Unaudited)		30 June 2019 (Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<u>Units held by:</u>				
<i>Management Company</i>				
Habib Asset Management Limited	787,630	64,647	627,397	43,943
<i>Associated Company</i>				
- Bank AL Habib Limited	100,929	8,284	100,929	7,069
<b>Other related parties</b>				
- Directors of the Management Company	10,327	848	24,784	1,736
- Habib Insurance Company Limited- Employee Provident Fund	16,952	1,391	16,952	1,187

## 15. 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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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



## FIRST HABIB ISLAMIC STOCK FUND

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

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5. 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	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>31 December 2019</b>								
<b>Financial assets - measured at fair value</b>								
Listed equity securities	5	103,594	-	-	103,594	103,594		103,594
<b>Financial assets - not measured at fair value</b>								
Bank balances	15.1 4	-	12,274	-	12,274			
Dividend and profit receivable		-	98	-	98			
		<u>103,594</u>	<u>12,372</u>	<u>-</u>	<u>115,966</u>			
<b>Financial liabilities - not measured at fair value</b>								
Payable to Habib Asset Management Limited - Management Company	7	-	-	218	218			
Payable to CDC - Trustee		-	-	22	22			
Payable to SECP		-	-	10	10			
Accrued expenses and other liabilities		-	-	571	571			
		<u>-</u>	<u>-</u>	<u>821</u>	<u>821</u>			
<b>30 June 2019</b>								
<b>Financial assets - measured at fair value</b>								
Listed equity securities	5	82,786	-	-	82,786	82,786		82,786
<b>Financial assets - not measured at fair value</b>								
Balances with banks	15.1 4	-	12,338	-	12,338			
Dividend and profit receivable		-	397	-	397			
		<u>82,786</u>	<u>12,735</u>	<u>-</u>	<u>95,521</u>			
<b>Financial liabilities - not measured at fair value</b>								
Payable to Habib Asset Management Limited - Management Company	7	-	-	181	181			
Payable to CDC - Trustee	8	-	-	65	65			
Payable to SECP	9	-	-	100	100			
Accrued expenses and other liabilities		-	-	737	737			
		<u>-</u>	<u>-</u>	<u>1,083</u>	<u>1,083</u>			

**15.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**16. TOTAL EXPENSE RATIO (TER)**

SECP vide its directive no. SCD/PRDD/Direction/18/2016 dated 20 July 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 31 December 2019 is 4.69% which includes 1.01% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

**17. GENERAL**

**17.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 and 31 December 2018 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**17.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

**FIRST HABIB ISLAMIC INCOME FUND**  
**Half Yearly Report**  
**31 December 2019**

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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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**

A(f) Fund Stability Rating, Rating by PACRA  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

Bank Islmai Pakistan Limited  
Sindh Bank Limited  
Summit Bank Limited  
MCB Bank Limited

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



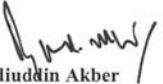
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**FIRST HABIB ISLAMIC INCOME FUND**

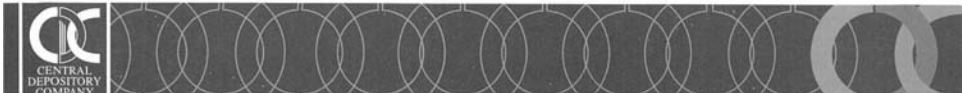
**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance  
Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of First Habib Islamic Income Fund (the Fund) are of the opinion that 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, 2019 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 20, 2020





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent Auditors' Review Report to the unit holders of First Habib Islamic Income Fund**

**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 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co. is a Private entity firm registered in Pakistan and is a member firm of the KPMG network of independent member firms affiliated with KPMG's International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 21 February 2020**

**Karachi**

*Muhammad Taufiq*

**KPMG Taseer Hadi & Co.  
Chartered Accountants**



# FIRST HABIB ISLAMIC INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019

		31 December 2019 (Unaudited)	30 June 2019 (Audited)
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	4	3,410,107	58,562
Investments	5	420,272	46,735
Profit receivable		41,400	1,948
Preliminary expenses and floatation costs	6	693	863
Deposits, advances, prepayments and other receivables	7	6,085	3,270
<b>Total assets</b>		<b>3,878,557</b>	<b>111,378</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	8	1,659	120
Payable to Central Depository Company of Pakistan Limited - Trustee	9	251	17
Payable to Securities and Exchange Commission of Pakistan	10	207	95
Provision for Sindh Workers' Welfare Fund	11	2,840	266
Payable against redemption of units		124	-
Dividend payable		24,365	-
Accrued expenses and other liabilities		5,521	733
<b>Total liabilities</b>		<b>34,967</b>	<b>1,231</b>
<b>Net assets</b>		<b>3,843,590</b>	<b>110,147</b>
<b>Unit holders' fund (as per the statement attached)</b>		<b>3,843,590</b>	<b>110,147</b>
		(Number of Units)	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>38,369,860</b>	<b>1,099,746</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>100.17</b>	<b>100.16</b>
<b>Contingencies and Commitments</b>	12		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

# FIRST HABIB ISLAMIC INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019

	Half year ended		Quarter ended	
	31 December		31 December	
	2019	2018	2019	2018
	(Rupees in '000)			
Note				
Income				
Profit on bank balances calculated using effective yield method	134,009	3,844	87,637	1,487
Income from Sukuk Certificates	2,978	2,256	1,586	1,288
Profit on Term Deposit Receipts calculated using effective yield method	218	-	218	-
Net realised loss on sale of investments	(3)	(26)	-	(26)
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	(655)	(234)	(576)	(415)
	(658)	(260)	(576)	(441)
Total income	136,547	5,840	88,865	2,334
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	8.1	5,221	659	3,312
Sindh Sales Tax on Management Company's remuneration	8.2	679	86	431
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	775	137	497
Sindh Sales Tax on Central Depository Company of Pakistan Limited - Trustee		101	18	65
Annual fee to Securities and Exchange Commission of Pakistan	10	207	60	132
Brokerage expense		31	12	30
Settlement and bank charges		65	17	63
Annual listing fee		13	13	6
Auditors' remuneration		226	214	114
Amortisation of preliminary expenses and floatation costs	6.1	170	170	85
Mutual fund rating fee		61	59	30
Printing charges		30	46	16
Provision for Sindh Workers' Welfare Fund		2,574	76	1,676
Total expenses		10,153	1,567	6,457
Net income for the period before taxation		126,394	4,273	82,408
Taxation	13	-	-	-
Net income for the period after taxation		126,394	4,273	82,408
Allocation of net income for the period after taxation				
Net income for the period		126,394	4,273	82,408
Income already paid on units redeemed		(19,320)	(1,888)	(18,673)
		107,074	2,385	63,735
Accounting income available for distribution:				
Relating to capital gains		-	-	-
Excluding capital gains		107,074	2,385	63,735
		107,074	2,385	63,735

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**FIRST HABIB ISLAMIC INCOME FUND**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
***FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019***

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Net income for the period after taxation</b>	<b>126,394</b>	<b>4,273</b>	<b>82,408</b>	<b>1,566</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>126,394</b>	<b>4,273</b>	<b>82,408</b>	<b>1,566</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

# FIRST HABIB ISLAMIC INCOME FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	For the half year ended 31 December					
	2019			2018		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(Rupees in '000)					
Net assets at the beginning of the period	110,008	139	110,147	189,574	3,023	192,597
<b>Issuance of 73,509,996 units</b> (31 December 2018: 494,455 units) including additional units 618,340 units issued at nil value						
- Capital value	7,300,592	-	7,300,592	46,101	-	46,101
- Element of income	67,603	-	67,603	661	-	661
Amount received / receivable on issuance of units	7,368,195	-	7,368,195	46,762	-	46,762
<b>Redemption of 36,239,882 units</b> (31 December 2018: 1,344,441 units)						
- Capital value	(3,629,669)	-	(3,629,669)	(134,623)	-	(134,623)
- Element of loss	(21,709)	(19,320)	(41,029)	(357)	(1,888)	(2,245)
Amount paid / payable on redemption of units	(3,651,378)	(19,320)	(3,670,698)	(134,980)	(1,888)	(136,868)
Total comprehensive income for the period	-	126,394	126,394	-	4,273	4,273
Final distribution for the year ended 30 June 2018:						
Rs. 3.40 per unit (31 December 2017: Nil)	-	-	-	-	(2,911)	(2,911)
Interim cash distribution for the period ended 30 June 2020:						
Rs. 6.0292 per unit	-	(90,448)	(90,448)	-	-	-
Net income for the period less distribution	-	35,946	35,946	-	1,362	1,362
Net assets at the end of the period	3,826,825	16,765	3,843,590	101,356	2,497	103,853
<b>Undistributed income brought forward</b>						
- Realised income		331			2,939	
- Unrealised loss		(192)			84	
		139			3,023	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			-		
- Excluding capital gains	107,074			2,385		
	107,074			2,385		
Final distribution for the year ended 30 June 2018:						
Rs. 3.40 per unit (31 December 2017: Nil)	-			-	(2,911)	
Interim cash distribution for the period ended 30 June 2020:						
Rs. 6.0292 per unit	-	(90,448)		-	-	
Undistributed income carried forward		16,765			2,497	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		17,420			2,731	
- Unrealised loss		(655)			(234)	
		16,765			2,497	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period	100.16			103.53		
Net assets value per unit at end of the period	100.17			102.80		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

## FIRST HABIB ISLAMIC INCOME FUND

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Half year ended	
	31 December	
	2019	2018
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	126,394	4,273
<b>Adjustments for non-cash and other items</b>		
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	655	234
Amortisation of preliminary expenses and floatation costs	170	170
Provision for Sindh Workers' Welfare Fund	2,574	76
<b>Net cash generated from operation before working capital changes</b>	<b>129,793</b>	<b>4,753</b>
<b>Working capital changes</b>		
<i>(Increase) / decrease in assets</i>		
Investments	(374,192)	(14,609)
Profit receivable	(39,452)	(212)
Deposits, advances, prepayments and other receivables	(2,815)	(251)
	(416,459)	(15,072)
<i>Increase / (decrease) in liabilities</i>		
Payable to Habib Asset Management Limited - Management Company	1,539	3
Payable to Central Depository Company of Pakistan Limited - Trustee	234	(6)
Payable to Securities and Exchange Commission of Pakistan	112	(27)
Dividend payable	24,365	-
Accrued expenses and other liabilities	4,788	(253)
	31,038	(283)
<b>Net cash used in operating activities</b>	<b>(255,628)</b>	<b>(10,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	7,368,195	46,762
Payments against redemption of units	(3,670,574)	(136,868)
Dividend paid during the period	(90,448)	(2,911)
<b>Net cash generated from / (used in) financing activities</b>	<b>3,607,173</b>	<b>(93,017)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>3,351,545</b>	<b>(103,619)</b>
Cash and cash equivalents at beginning of the period	58,562	147,353
<b>Cash and cash equivalents at end of the period</b>	<b>3,410,107</b>	<b>43,734</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	4 3,410,107	43,734

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Islamic Income Fund (the Fund) was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 30 August 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 August 2016 under Rule 67 of the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the Management Company is situated at 2nd floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed 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.

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).

Title to the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' and 'A(f)' to the Management Company and the Fund respectively and VIS has assigned Fund stability ranking of 'MFR 3-Star' for one year, 'MFR 3-Star' for three years and 'MFR 2-Star' for five years.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

## FIRST HABIB ISLAMIC INCOME FUND

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**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.

**2.1.5** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at 31 December 2019.

### **2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund’s financial statements.

### 2.3 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.

### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All figures 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 30 June 2019.
- 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 30 June 2019.
- 3.4** **New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements**

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information

## 4. BANK BALANCES

This represents savings account held with various commercial banks carrying profit rates ranging from 12.5% to 14.35% (30 June 2019: 3.5% to 11.00%) per annum. It also includes balance of Rs. 1.63 million (30 June 2019: Rs 0.205 million) with Bank AL Habib Limited, a related party carrying profit rate of 5.25% to 12.50% (30 June 2019: 3.5% to 11.00%) per annum.

## 5. INVESTMENTS

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	----- (Rupees in '000) -----	

### Investments by category

#### At fair value through profit or loss:

Sukuk Certificates	5.1	120,272	46,735
<b>At amortised cost:</b>			
Term Deposit Receipts (TDR)	5.2	300,000	-
		<b>420,272</b>	<b>46,735</b>



## FIRST HABIB ISLAMIC INCOME FUND

### 5.1 Sukuk Certificates

Name of the Investee	As at 01 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	Carrying value as at 31 December 2019	Market value as at 31 December 2019	Unrealised gain / (loss)	Market value as percentage of	
								Net Assets	Total Investments
	(Number of certificates)				(Rupees in '000)				
<b>Unquoted</b>									
Ghani Gases Limited (certificates of Rs. 100,000 each)	105	-	-	105	5,810	5,119	(691)	0.13%	1.22%
AGP Limited (certificates of Rs. 100,000 each)	100	-	-	100	5,000	5,038	38	0.13%	1.20%
International Brands Limited (certificates of Rs. 100,000 each)	100	-	-	100	8,390	8,416	26	0.22%	2.00%
<b>Quoted</b>									
Dawood Hercules Corporation Limited - I (certificates of Rs. 100,000 each)	100	500	-	600	47,876	47,875	(1)	1.25%	11.39%
Dawood Hercules Corporation Limited - II (certificates of Rs. 100,000 each)	100	500	-	600	53,851	53,824	(27)	1.40%	12.81%
Engro Fertilizer Limited (certificates of Rs. 5000 each)	6,000	-	6,000	-	-	-	-	0.00%	0.00%
<b>Total as at 31 December 2019</b>					<b>120,927</b>	<b>120,272</b>	<b>(655)</b>		
<b>Total as at 30 June 2019</b>					<b>46,927</b>	<b>46,735</b>	<b>(192)</b>		

#### 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	Unredeemed face value per Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Rating	Secured / Unsecured
<b>Sukuk Certificates</b>							
<b>Unquoted</b>							
Ghani Gases Limited	105	6 years	55,334	3 month KIBOR plus 1%	2-Feb-17	A	Secured
International Brands Limited	100	4 years	85,271	1 year KIBOR plus 0.5%	15-Nov-17	AA	Secured
AGP Limited	100	5 years	50,000	3 month KIBOR plus 1.3%	9-Jun-17	A	Secured
<b>Quoted</b>							
Dawood Hercules Corporation Limited- Sukuk I	600	5 years	79,793	3 month KIBOR plus 1%	16-Nov-17	AA	Secured
Dawood Hercules Corporation Limited - Sukuk II	600	5 years	89,752	3 month KIBOR plus 1.15%	1-Mar-18	AA	Secured

### 5.2 Term Deposit Receipts (TDR)

This represents Term deposit Receipts (TDR) invested with Bank Islami Pakistan Limited carrying interest at the rate 13.25% per annum, maturing latest by 31 March 2020.

		<b>31 December 2019</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	<b>30 June 2019</b> <b>(Audited)</b>
<b>6 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>	<i>Note</i>		
Preliminary expenses and floatation cost incurred		<b>863</b>	1,203
Amortization for the period	6.1	<b>(170)</b>	(340)
Balance as at period end		<b>693</b>	863

**6.1** 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 23 January 2017, i.e. after the close of initial period of the Fund.

		<b>31 December 2019</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	<b>30 June 2019</b> <b>(Audited)</b>
<b>7. DEPOSITS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>	<i>Note</i>		
Deposit with NCCPL		<b>2,500</b>	2,500
Deposit with CDC		<b>100</b>	100
Advance Tax	7.1	<b>675</b>	670
Deposit with NCCPL Margin BATs		<b>2,801</b>	-
Annual listing fee		<b>9</b>	-
		<b>6,085</b>	3,270

**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 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. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY**

**8.1** As per regulation 61 of the amended NBFC Regulations, the Management Company of the Fund is entitled to a remuneration at the rate of 10% of gross income with minimum fee of 0.5% per annum and maximum fee of 1.5% per annum of average annual net assets. However the rate of management fee has been revised at 0.5% of average net assets, with effect from 1 August 2019. The remuneration is paid to the Management Company on monthly basis in arrears.

**8.2** Sindh Sales Tax has been charged at 13%(30 June 2019:13%) on the Management Company's remuneration during the period.

#### **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 revised to 0.075% of average annual net assets with effect from 1 July 2019.

#### **10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

#### **11. PROVISION FOR SINDH WORKERS' WELFARE FUND**

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 13 in the annual audited financial statements for the year ended 30 June 2019.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

Had the SWWF not been provided, the net asset value per unit of the Fund would have been higher by Re. 0.07 (30 June 2019: Re 0.24) per unit.

#### **12. CONTINGENCIES AND COMMITMENTS**

Except as stated in note 11, there are no contingencies and commitments as at 31 December 2019 (30 June 2019 : Nil)

#### **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(ITO), 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 atleast 90% of accounting income, the income distributed through bonus shares, units or certificate as the case maybe, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC regulations , 2008, the Fund is required to distribute 90% of the net accounting income excluding capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under

## FIRST HABIB ISLAMIC INCOME FUND

Clause 11A of Part IV of the Second Schedule to the ITO, 2001. The Fund has not recorded any tax liability in respect of income for the period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

### 14. 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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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

		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2019</b>	<i>Note</i>	<hr style="border-top: 1px dashed black;"/> (Rupees in '000) <hr style="border-top: 1px dashed black;"/>							
<b>Financial assets - measured at fair value</b>									
Investment in Sukuk Certificates	5	120,272	-	-	120,272		120,272		120,272
<b>Financial assets - not measured at fair value</b>	14.1								
Bank balances	4	-	3,410,107	-	3,410,107				
Profit receivable		-	41,400	-	41,400				
Term Deposit Receipts			300,000	-					
		<u>120,272</u>	<u>3,751,507</u>	<u>-</u>	<u>3,871,779</u>				
<b>Financial liabilities - not measured at fair value</b>	14.1								
Payable to Habib Asset Management Limited - Management Company	8	-	-	1,659	1,659				
Payable to CDC - Trustee		-	-	251	251				
Payable to SECP		-	-	207	207				
Accrued expenses and other liabilities		-	-	5,521	5,521				
		<u>-</u>	<u>-</u>	<u>7,638</u>	<u>7,638</u>				

## FIRST HABIB ISLAMIC INCOME FUND

		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
<div>30 June 2019</div> <div>(Rupees in '000)</div>									
<b>Financial assets - measured at fair value</b>									
Investment in Sukuk Certificates	5	46,735	-	-	46,735		46,735		46,735
<b>Financial assets - not measured at fair value</b> 14.1									
Bank balances	4	-	58,562	-	58,562				
Profit receivable		-	1,948	-	1,948				
		46,735	60,510	-	107,245				
<b>Financial liabilities - not measured at fair value</b> 14.1									
Payable to the Habib Asset Management Limited - Management Company	8	-	-	120	120				
Payable to CDC - Trustee		-	-	17	17				
Payable to SECP		-	-	95	95				
Accrued expenses and other liabilities		-	-	733	733				
		-	-	965	965				

**14.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

### 15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, First Habib Income Fund, First Habib Cash Fund, First Habib Islamic Stock Fund, First Habib Stock Fund and First Habib Asset Allocation Fund being the Fund managed by common Management Company, Central Depository Company Limited being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

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

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

Details of transactions with connected persons are as follows:

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
----- (Unaudited) -----				
----- (Rupees in '000) -----				
<b>Habib Asset Management Limited - Management Company</b>				
Management remuneration	5,221	659	3,312	296
Sindh Sales Tax on Management remuneration	679	86	431	39
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration to the Trustee	775	137	497	56
Sindh Sales Tax on Trustee fee	101	18	65	8

## FIRST HABIB ISLAMIC INCOME FUND

	31 December 2019 (Unaudited) (Rupees in '000)		30 June 2019 (Audited) (Rupees in '000)	
Details of balances with connected persons at period end are as follows:				
<b>Bank AL Habib Limited</b>				
Bank balance		1,627		205
<b>Habib Asset Management Limited - Management Company</b>				
Management company payable		1,659		120
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable		251		17
Other CDC charges payable		2		1
Security deposit - non interest bearing		100		100
<b>15.1 Sale / redemption of units</b>	<b>31 December 2019 (Unaudited)</b>		<b>31 December 2018 (Unaudited)</b>	
<b>Units sold to:</b>	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Management Company</b>				
Habib Asset Management Limited	280,133	27,500	17,800	1,782
<b>Associated Company</b>				
Bank AL Habib Limited	5,243,032	529,349	-	-
Habib Insurance Company Limited	-	-	15,473	1,549
<b>Other related party:</b>				
Directors and executives of the Management Company	14,290	1,435	92	9
<b>Units sold to Connected Party holding 10% or more of the units in issue:</b>				
Treet Corporation Limited-Group Employees Superannuation Fund	6,662	667	10,248	1,026
Artistic Milliners (Pvt) Ltd	44,940,274	4,546,259	-	-
Javed Ahmed	8,268,603	833,919	-	-
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	549,641	55,518	609,844	62,087
<b>Associated Companies</b>				
Bank AL Habib Limited	-	-	-	-
Habib Insurance Company Limited	-	-	282,656	29,000
<b>Other related parties</b>				
Directors and executives of the Management Company	9,924	1,000	51	5
<b>Units redeemed to Connected Party holding 10% or more of the units in issue:</b>				
Treet Corporation Limited-Group Employees Superannuation Fund	339,193	34,149	-	-
Artistic Milliners (Pvt) Ltd	20,900,076	2,100,000	-	-
Javed Ahmed	8,268,603	835,903	-	-
<b>15.2 Units held by:</b>	<b>31 December 2019 (Unaudited)</b>		<b>30 June 2019 (Audited)</b>	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Management Company</b>				
Habib Asset Management Limited	-	-	269,508	26,993
<b>Associated Companies</b>				
Bank AL Habib Limited	5,493,453	550,291	250,421	25,081
<b>Other related party</b>				
Directors and executives of the Management Company	8,089	810	3,723	373
<b>Connected Party holding 10% or more of the units in issue:</b>				
Treet Corporation Limited-Group Employees Superannuation Fund	-	-	332,531	33,305
Artistic Milliners (Pvt) Ltd	24,040,198	2,408,158	-	-

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**16. TOTAL EXPENSE RATIO (TER)**

Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 December 2019 is 0.98% which includes 0.34% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

**17. GENERAL**

**17.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**17.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

**FIRST HABIB ASSET ALLOCATION FUND**  
**Half Yearly Report**  
**31 December 2019**

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**FUND'S INFORMATION****Management Company**

Habib Asset Management Limited

**Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R ) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director
Mr. Saeed Allawala	Director

**CFO and Company Secretary**

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

**Audit Committee**

Vice Admiral (R ) Khalid M. Mir	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member
Mr. Saeed Allawala	Member

**Human Resource Committee**

Mr. Aun Mohammad A Habib	Director
Mr. Mansoor Ali	Member

**Investment Committee**

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member
Mr. Aun Mohammad A Habib	Director

**Auditors**

KPMG Taseer Hadi & C0.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi.

**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**

3 Star, Rating by PACRA  
AM3+ Management Company Quality Rating  
Assigned by PACRA.

**Bankers to the Fund**

JS Bank Limited  
Khushali Microfinance Bank Limited  
NRSP Microfinance Bank Limited

**Registered Office:** 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**FIRST HABIB ASSET ALLOCATION 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 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, 2019 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 20, 2020





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent Auditors' Review Report to the unit holders of First Habib Asset Allocation Fund**

**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 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 and 31 December 2018 in the interim financial information have not been reviewed and we do not express a conclusion on them.

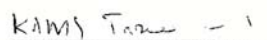


KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 21 February 2020

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

## FIRST HABIB ASSET ALLOCATION FUND

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019

	Note	31 December 2019 (Unaudited) (Rupees in '000)	30 June 2019 (Audited)
<b>Assets</b>			
Bank balances	4	47,960	13,773
Investments	5	48,709	73,467
Profit and dividend receivable	6	1,295	704
Preliminary expenses and floatation costs	7	680	800
Receivable against sale of units		-	4,000
Deposits, advances and other receivables	8	3,965	9,080
<b>Total assets</b>		<b>102,609</b>	<b>101,824</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company	11	194	180
Payable to Central Depository Company of Pakistan Limited - Trustee	12	19	65
Payable to Securities and Exchange Commission of Pakistan	13	10	113
Provision for Sindh Workers' Welfare Fund	9	81	81
Accrued expenses and other liabilities		701	537
<b>Total liabilities</b>		<b>1,005</b>	<b>976</b>
<b>Net assets</b>		<b>101,604</b>	<b>100,848</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>101,604</b>	<b>100,848</b>
		(Number of Units)	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>1,120,197</b>	<b>1,105,638</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>90.70</b>	<b>91.21</b>
<b>Contingencies and Commitments</b>	10		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

# FIRST HABIB ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019

		Half year ended		Quarter ended	
		31 December		31 December	
Note		2019	2018	2019	2018
		(Rupees in '000)			
<b>Income</b>					
Net (loss) / income on investments classified as "at fair value through profit or loss"					
		(3,100)	(6,574)	1,131	(7,244)
		86	(162)	1,237	2,211
	5.4	(3,014)	(6,736)	2,368	(5,033)
Profit on bank deposits					
		2,792	1,240	1,964	641
Income from Term Finance Certificates					
		1,460	2,111	704	886
Income from Government securities					
		49	112	49	7
Income from Margin Trading System					
		120	73	120	1
Dividend income					
		416	970	171	466
Other income					
		-	76	-	38
<b>Total income / (loss)</b>					
		1,823	(2,154)	5,376	(2,994)
<b>Expenses</b>					
Remuneration of Habib Asset Management Limited - Management Company					
	11	960	1,406	506	544
Sindh Sales Tax on Management Company's remuneration					
	11.1	125	183	66	71
Remuneration of Central Depository Company of Pakistan Limited - Trustee					
	12	96	353	51	154
Sindh Sales Tax on Trustee's remuneration					
	11.1	12	46	7	46
Annual fee to Securities and Exchange Commission of Pakistan (SECP)					
	13	10	67	5	26
Brokerage expense					
		190	268	60	126
Settlement and bank charges					
		211	376	101	187
Annual listing fee					
		12	10	5	5
Auditors' remuneration					
		149	150	75	92
Printing charges					
		33	46	17	24
Amortization of preliminary expenses and floatation costs					
	7	120	115	60	58
Provision for Sindh Workers' Welfare Fund					
	9	-	17	-	6
Other Expenses					
		138	-	57	-
<b>Total expenses</b>					
		2,056	3,037	1,010	1,339
<b>Net (loss) / income for the period before taxation</b>					
		(233)	(5,191)	4,366	(4,333)
Taxation					
	14	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>					
		(233)	(5,191)	4,366	(4,333)
<b>Allocation of net (loss) / profit for the period after taxation:</b>					
Net (loss) / income for the period					
		(233)	(5,191)	4,366	(4,333)
Income already paid on units redeemed					
		-	-	-	-
		(233)	(5,191)	4,366	(4,333)
<b>Accounting income available for distribution:</b>					
- Relating to capital gains					
		-	-	-	-
- Excluding capital gains					
		-	-	-	-
		-	-	-	-

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**FIRST HABIB ASSET ALLOCATION FUND**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
***FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019***

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(233)	(5,191)	4,366	(4,333)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(233)</b>	<b>(5,191)</b>	<b>4,366</b>	<b>(4,333)</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

# FIRST HABIB ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Capital Value	Undistributed income	Net Asset	Capital Value	Undistributed income	Net Asset
	(Rupees in '000)					
Net assets at the beginning of the period	110,789	(9,941)	100,848	213,864	1,885	215,749
<b>Issuance of 172,894 units</b> (31 December 2018: 559,407 units)						
- Capital value	15,770	-	15,770	55,468	-	55,468
- Element of loss	(768)	-	(768)	(600)	-	(600)
Amount received / receivable on issuance of units	15,002	-	15,002	54,868	-	54,868
<b>Redemption of 158,335 units</b> (31 December 2018: 1,634,709 units)						
- Capital value	(14,442)	-	(14,442)	(163,568)	-	(163,568)
- Element of income	429	-	429	1,995	-	1,995
Amount paid / payable on redemption of units	(14,013)	-	(14,013)	(161,573)	-	(161,573)
Total comprehensive loss for the period	-	(233)	(233)	-	(5,191)	(5,191)
Final cash distribution for the year ended 30 June 2018	-	-	-	-	(1,828)	(1,828)
	-	(233)	(233)	-	(7,019)	(7,019)
<b>Net assets at the end of the period</b>	<b>111,778</b>	<b>(10,174)</b>	<b>101,604</b>	<b>107,159</b>	<b>(5,134)</b>	<b>102,025</b>
Undistributed (loss) / income brought forward						
- Realised		(2,855)			5,785	
- Unrealised		(7,086)			(3,900)	
		(9,941)			1,885	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
	-			-		
Net loss for the period after taxation		(233)			(5,191)	
Distribution during the period		-			(1,828)	
Undistributed loss carried forward		(10,174)			(5,134)	
Undistributed loss carried forward						
- Realised		(10,260)			(4,972)	
- Unrealised		86			(162)	
		(10,174)			(5,134)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		91.21			100.83	
Net assets value per unit at end of the period		90.70			95.85	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



## FIRST HABIB ASSET ALLOCATION FUND

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Half year ended 31 December	
	2019	2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation	(233)	(5,191)
<b>Adjustments for non-cash items</b>		
Net unrealized (gain) / loss on revaluation of investments	(86)	162
Amortization of preliminary expenses and floatation costs	120	115
	(199)	(4,914)
<b>Working capital changes</b>		
<i>(Increase) / decrease in assets</i>		
Investments	24,844	94,352
Receivable against Margin Trading System (MTS)	-	1,268
Profit and dividend receivable	(591)	756
Receivable against sale of investments	-	(28,632)
Deposits, advances and other receivables	5,115	(268)
	29,368	67,476
<i>Increase / (decrease) in liabilities</i>		
Payable to Habib Asset Management Limited - Management Company	14	(206)
Payable to Central Depository Company of Pakistan Limited - Trustee	(46)	2
Payable to Securities and Exchange Commission of Pakistan	(103)	(64)
Provision for Sindh Workers' Welfare Fund	-	45
Payable against purchase of investment	-	(5,221)
Accrued expenses and other liabilities	164	324
	29	(5,120)
<b>Net cash generated from operating activities</b>	29,198	57,442
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	19,002	105,355
Payable against redemption of units	(14,013)	(161,573)
Dividend paid during the period	-	(1,828)
<b>Net cash generated from / (used) in financing activities</b>	4,989	(58,046)
Net increase / (decrease) in cash and cash equivalents during the period	34,187	(604)
Cash and cash equivalents at beginning of the period	13,773	29,816
<b>Cash and cash equivalents at the end of the period</b>	<b>47,960</b>	<b>29,212</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	47,960	29,212

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

First Habib Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 August 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 26 July 2017 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 2nd floor, Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

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.

The objective of the Fund is to provide risk adjusted competitive returns to its investors by investing in a blend of investments 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).

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.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company and has assigned Fund stability ranking of '3-Star' for one year.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

In case where requirements differ, 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** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

**2.1.3** This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

**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 30 June 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income,

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condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.

**2.1.5** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at 31 December 2019.

### **2.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those requirements. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund's financial statements.

### **2.3 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.

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### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All figures 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 30 June 2019.

**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 30 June 2019.

### 3.4 New or Amendments / Interpretations to existing standards, interpretations and forthcoming requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore, these are not stated in this condensed interim financial information.

### 4. BANK BALANCES

This represents savings account that carry profit rate ranging from 11.75% to 14.3% per annum (30 June 2019 : 6% to 13.3%).

### 5. INVESTMENTS

		<b>31 December 2019 (Unaudited) (Rupees in '000)</b>	<b>30 June 2019 (Audited)</b>
	<i>Note</i>		
<b>At fair value through profit or loss</b>			
Term Finance Certificates and Sukuks	5.1	<b>17,150</b>	21,095
Listed equity securities	5.2	<b>22,191</b>	52,372
Government Securities - Pakistan Investment Bond	5.3	<b>9,368</b>	-
		<b>48,709</b>	<b>73,467</b>

#### 5.1 Term Finance Certificates and Sukuks

Name of the Investee	As at 1 July 2019	Purchased during the period	Sold / matured during the period	As at 31 December 2019	Carrying value as at 31 December 2019	Market value as at 31 December 2019	Unrealised gain / (loss)	Market value as percentage of	
								Net assets	Total investments
Unquoted									
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	1,000	-	-	1,000	5,013	4,744	(269)	4.67%	9.74%
Byco Petroleum - Sukuk (18-01-2017) (certificates of Rs. 100,000 each)	60	-	-	60	4,468	4,427	(41)	4.36%	9.09%
Dawood Hercules Corporation - Sukuk-I (16-11-17) (certificates of Rs. 100,000 each)	100	-	-	100	7,978	7,979	1	7.85%	16.38%
<b>Total as at 31 December 2019</b>					<b>17,459</b>	<b>17,150</b>	<b>(309)</b>		
<b>Total as at 30 June 2019</b>					<b>21,201</b>	<b>21,095</b>	<b>(106)</b>		

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### 5.2 Listed equity securities

Name of the Investee	As at 1 July 2019	Purchased during the period	Bonus / right issue	Sold during the period	As at 31 December 2019	Carrying value as at 31 December 2019	Market value as at 31 December 2019	Unrealized gain / (loss)	Market Value as a Percentage of		Paid up capital of investee company (with face value of investment)	
									Net assets	Total investments		
	Note	————— (Number of shares) —————				————— (Rupees in '000) —————						
<b>Automobile Parts and Accessories</b>												
Thal Limited		21,100	-	-	20,900	200	73	68	(5)	0.07%	0.14%	0.002%
<b>Commercial Banks</b>												
Bank Alfalah Limited	5.2.1	79,150	-	-	-	79,150	3,450	3,617	167	3.56%	7.43%	0.009%
Bank AL Habib Limited	5.2.1	60,000	-	-	-	60,000	4,703	4,570	(133)	4.50%	9.38%	0.008%
Habib Bank Limited		23,000	35,000	-	43,000	15,000	2,306	2,361	55	2.32%	4.85%	0.004%
Habib Metropolitan Bank Limited		100,000	-	-	100,000	-	-	-	-	0.00%	0.00%	0.000%
MCB Bank Limited		17,000	20,000	-	37,000	-	-	-	-	0.00%	0.00%	0.002%
United Bank Limited		-	52,200	-	40,000	12,200	2,088	2,007	(81)	1.98%	4.12%	0.004%
<b>Cable and Electrical Goods</b>												
Pak Elektron Limited		45,000	-	-	45,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Fertilizer</b>												
Engro Corporation Limited		11,100	-	-	11,000	100	27	35	8	0.03%	0.07%	0.000%
Engro Fertilizer Limited		28,000	15,000	-	43,000	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Company Limited		20,000	20,000	-	40,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Cement</b>												
Lucky Cement Company Limited		4,000	23,300	-	21,300	6,000	2,520	2,570	50	2.53%	5.28%	0.002%
Maple Leaf Cement Company Limited		10,500	-	-	10,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Engineering</b>												
International Steels Limited		-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Oil and Gas Exploration Companies</b>												
Oil and Gas Development Company Limited		31,000	48,400	-	54,000	25,400	3,409	3,615	206	3.56%	7.42%	0.001%
Mari Petroleum Company Limited		800	1,000	-	1,800	-	-	-	-	0.00%	0.00%	0.000%
Pakistan Oilfields Limited		5,000	14,500	-	19,500	-	-	-	-	0.00%	0.00%	0.000%
Pakistan Petroleum Limited		31,500	46,000	4,300	71,000	10,800	1,385	1,481	96	1.46%	3.04%	0.000%
<b>Oil and Gas Marketing Companies</b>												
Pakistan State Oil Company Limited		5,000	6,000	-	11,000	-	-	-	-	0.00%	0.00%	0.000%
Sui Northern Gas Company Limited		31,500	20,000	-	51,500	-	-	-	-	0.00%	0.00%	0.000%
<b>Power Generation and Distribution</b>												
Hubpower Company Limited		-	60,000	-	40,000	20,000	1,810	1,867	57	1.84%	3.83%	0.002%
<b>Textile Composition</b>												
Nishat Mills Limited		18,000	20,000	-	38,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Chemical</b>												
Engro Polymer and Chemical Limited		75,000	-	-	75,000	-	-	-	-	0.00%	0.00%	0.000%
<b>Total as at 31 December 2019</b>						<b>21,771</b>	<b>22,191</b>	<b>420</b>				
<b>Total as at 30 June 2019</b>						<b>59,352</b>	<b>52,372</b>	<b>(6,980)</b>				

5.2.1 Following securities are pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses.

	31 December 2019	30 June 2019
	(Number of Shares)	
Bank Alfalah Limited	79,150	-
Bank AL Habib Limited	60,000	-
	<b>139,150</b>	<b>-</b>

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### 5.3 Government securities - Pakistan investment Bonds

Issue date	Face Value			As at 31 December 2019					
	As at 01 July 2019	Purchased during the period	Sold / Matured during the period	As at 31 December 2019	Carrying value	Market value	Unrealised loss	Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
----- (Rupees in '000) -----									
<b>Pakistan Investment Bond</b>									
PIB 3 Years (19-09-2019)	-	100,000	-	100,000	9,393	9,368	(25)	9.22%	19.23%
<b>Total as at 31 December 2019</b>					<b>9,393</b>	<b>9,368</b>	<b>(25)</b>		
Total as at 30 June 2019					-	-	-		

### 5.4 Unrealised gain / (loss) on investments 'at fair value through profit or loss'

<i>Note</i>	<b>31 December 2019</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	31 December 2018 (Unaudited)
Market value of investments	<b>48,709</b>	34,924
Less: carrying value of investments	<b>(48,623)</b>	(35,086)
	<b>86</b>	(162)

### 6. PROFIT AND DIVIDEND RECEIVABLE

	<b>31 December 2019</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	30 June 2019 (Audited)
Profit accrued on Term Finance Certificates	<b>570</b>	318
Profit receivable on bank deposits	<b>575</b>	-
Dividend receivable	<b>150</b>	362
Profit receivable on cash margin with National Clearing Company of Pakistan Limited (NCCPL)	-	24
	<b>1,295</b>	704

### 7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	<b>800</b>	1,044
Amortization for the period	<b>(120)</b>	(244)
Balance as at period end	<b>680</b>	800

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 8 November 2017, i.e. after the close of initial period of the Fund.

	<b>31 December 2019</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	30 June 2019 (Audited)
<b>8. DEPOSITS, ADVANCES AND OTHER RECEIVABLES</b>		
Deposit with NCCPL	<b>2,750</b>	2,750
Cash Margin to NCCPL against equity transactions	<b>-</b>	5,000
Deposit with Central Depository Company of Pakistan Limited	<b>100</b>	100
Advance tax	<b>1,106</b>	1,104
Prepayments	<b>9</b>	126
	<b>3,965</b>	9,080

8.1 This carries return at the rate of 4%-7% (30 June 2019: 4%-7%) per annum.

### 9. PROVISION FOR SINDH WORKERS' WELFARE FUND

There is no change in the status of the legal proceeding on this matter which has been fully disclosed in note 14 to the annual audited financial statements for the year ended 30 June 2019.

The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an

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investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP has recommended its members to record a provision for SWWF on prudence basis.

The total provision for SWWF till 31 December 2019 is Rs. 0.081 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 31 December 2019 would have been higher by Re. 0.072 per unit (30 June 2019 : Re.0.07 per unit)

### 10. CONTINGENCIES AND COMMITMENTS

Except as stated in note 9, there are no contingencies and commitments as at 31 December 2019 (30 June 2019: Nil).

### 11. REMUNERATION OF HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Under the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such net assets of the Fund. The Management Company has charged its remuneration at the rate of 2% per annum in accordance with the offering document.

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

### 12. 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 revised during the period with effect from 01 July 2019. The remuneration has been revised as under:

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.

### 13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the period, pursuant to S.R.O 685(I) 2019, dated 28 June 2019, with effect from 01 July 2019. The revised rate has been fixed at 0.02% of net assets.

### 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 has incurred net loss during the period and therefore no provision has been made in this condensed interim financial information.

### 15. 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.

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.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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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 fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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

	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

31 December 2019

Note ----- (Rupees in '000) -----

**Financial assets - measured at fair value**

Term Finance Certificates and Sukuk	17,150	-	-	17,150		17,150		17,150
Listed equity securities	22,191	-	-	22,191	22,191			22,191
Government securities	9,368	-	-	9,368		9,368		9,368

**Financial assets - not measured at fair value**

15.1

Bank balances	-	47,960	-	47,960
Profit and dividend receivable	-	1,295	-	1,295
Preliminary expenses and floatation costs	-	680	-	680
Receivable against sale of units	-	-	-	-
Advances, deposits and prepayments	-	3,965	-	3,965
	<u>48,709</u>	<u>53,900</u>	<u>-</u>	<u>102,609</u>

**Financial liabilities - not measured at fair value**

15.1

Payable to Habib Asset Management Limited - Management Company	-	-	194	194
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	19	19
Payable to Securities and Exchange Commission of Pakistan (SECP)	-	-	10	10
Provision for Sindh Workers' Welfare Fund	-	-	109	109
Accrued expenses and other liabilities	-	-	673	673
	<u>-</u>	<u>-</u>	<u>1,005</u>	<u>1,005</u>

	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

30 June 2019

(Rupees in '000)

**Financial assets - measured at fair value**

Term Finance Certificates and Sukuk	21,095	-	-	21,095		21,095		
Listed equity securities	52,372	-	-	52,372	52,372			52,372
Government securities	-	-	-	-				

**Financial assets - not measured at fair value**

Bank balances	-	13,773	-	13,773
Profit and dividend receivable	-	704	-	704
Preliminary expenses and floatation costs	-	800	-	800
Receivable against sale of units	-	4,000	-	4,000
Advances, deposits and prepayments	-	9,080	-	9,080
	<u>73,467</u>	<u>28,357</u>	<u>-</u>	<u>101,824</u>

**Financial liabilities - not measured at fair value**

Payable to Habib Asset Management Limited - Management Company	-	-	180	180
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	65	65
Payable to Securities and Exchange Commission of Pakistan (SECP)	-	-	113	113
Provision for Sindh Workers' Welfare Fund	-	-	81	81
Accrued expenses and other liabilities	-	-	537	537
	<u>-</u>	<u>-</u>	<u>976</u>	<u>976</u>



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**15.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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

Connected persons / related parties include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management or directorship, First Habib Income Fund, First Habib Stock Fund, First Habib Islamic Stock Fund, First Habib Islamic Income Fund and First Habib Cash Fund being the Funds managed by the common Management Company, CDC being the Trustee of the Fund, directors and officers of the above entities and includes persons holding 10% or more in the units of the Fund as at 31 December 2019. It also includes staff retirement benefit funds of the above connected person / related parties.

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

Remuneration to the Management Company and Trustee is determined in accordance with the provisions of NBFC Rules, NBFC regulations and the Trust Deed respectively.

Details of the transactions with connected persons are as follows:

	Half Year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	‘------(Rupees in '000)-----’			
<b>Habib Asset Management Limited - Management Company</b>				
- Management Company remuneration	960	1,406	506	544
- Sindh Sales Tax	125	183	66	71
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
- Remuneration to the Trustee	96	353	51	154
- Sindh Sales Tax	12	46	7	46

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

	31 December 2019 (Unaudited)	30 June 2019 (Audited)
	(Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
- Management Company payable (Inclusive of Sindh Sales Tax)	194	180
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
- Remuneration payable (Inclusive of Sindh Sales Tax)	19	65
- Security deposit - non interest bearing	100	100

#### 16.1 Sale / redemption of units

	31 December 2019 (Unaudited)		31 December 2018 (Unaudited)	
Units sold to:	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Management Company</b>				
Habib Asset Management Limited	172,872	15,000	456,383	45,264
<b>Other related parties:</b>				
- Directors and executives of the Management Company	-	-	72	7
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	-	-	174,799	17,240
<b>Associated Companies</b>				
- Bank AL Habib Limited	-	-	800,597	79,119

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16.2 <u>Units held by:</u>	31 December 2019		30 June 2019	
	(Unaudited)		(Audited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<i>Management Company</i>				
Habib Asset Management Limited	605,193	54,890	432,321	39,433
<i>Associated Companies</i>				
- Bank AL Habib Limited	200,149	18,153	200,149	19,184
<i>Other related parties</i>				
- Directors and executives of the Management Company	7,080	642	7,080	679

## 17. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 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 31 December 2019 is 4.29% which include 0.31% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

## 18. GENERAL

**18.1** This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2019 and 31 December 2018 as reported in this condensed interim financial information has not been subject to limited scope review by the auditors.

**18.2** This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **13 February 2020**.

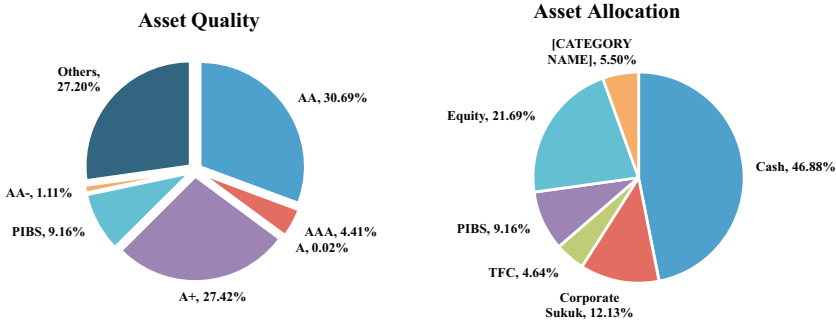
**For Habib Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

نی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 90.70 روپے تھی۔  
ایسیٹ کی کوالٹی اور ایسیٹ ایلوکیشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



## مستقبل کا اندازہ:

حکومت کے کئے گئے اقدامات کو دیکھتے ہوئے امید کی جارہی ہے کہ اس سال کے اختتامی سہ ماہی کے دوران شرح سود میں کمی ہو سکتی ہے اور شرح سود میں 0.25%-0.75% کی واقع ہو سکتی ہے۔ اگر حکومت افراط زر اور ایف اے ٹی کی گرے لسٹ سے باہر آنے میں کامیاب ہوتی ہے تو استحکام ممکن ہے۔

بینک الحیب لمیٹڈ نے دوسرے 70% حصص یافتگان (Share Holders) سے بھی ان کے حصص خریدنے کا معاہدہ کیا ہے۔ اس سلسلے میں تمام ریگولیٹری منظوری پہلے ہی اسی ای سی پی، اسٹیٹ بینک اور سی سی پی سے مانگی جا چکی ہے اور توقع کی جارہی ہے اس تبدیلی کا عمل رواں مالی سال کے اختتام سے قبل پورا کر لیا جائے گا۔

## اعتراف:

بورڈ یقیناً اپنے قابل قدر یونٹ خریداروں، سینئرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کا بطور سٹی سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا معاونت اور تعاون کرنے پر شکر گزار ہے۔ بورڈ مینجمنٹ کمپنی کے ملازمین کی لگن اور محنت کی بھی تعریف کرتے ہیں۔

بورڈ کی جانب سے  
حبیب ایسیٹ مینجمنٹ لمیٹڈ  
چیف ایگزیکٹو آفسر

مورخہ 13 فروری 2020ء

000 روپے میں

134,009

بینک ڈپازٹس پر منافع

2,978

سکوک سرٹیفکیٹ سے آمدن

218

ٹرم ڈپازٹس پر منافع

(657)

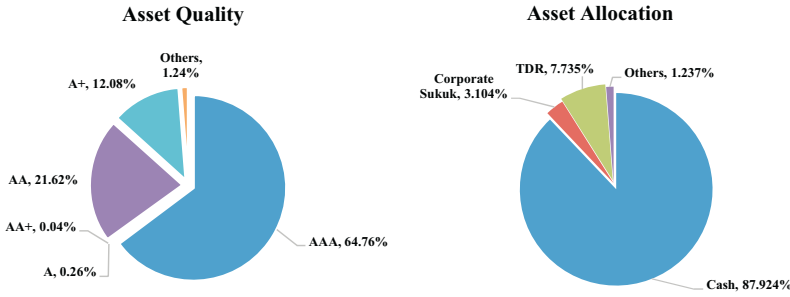
سرمایہ کاری کی خرید و فروخت میں منافع / نقصان

136,547

فی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 100.17 روپے تھی۔

موجودہ ششماہی کے دوران فنڈ نے 6.03 روپے فی یونٹ کے حساب سے یونٹ ہولڈرز کو ماہانہ ڈیویڈنڈ دیا۔

ایسیٹ کی کوالٹی اور ایسیٹ ایلوکیشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



### فرسٹ حبیب ایسیٹ ایلوکیشن فنڈ:

31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 101.6 ملین روپے تھے۔ جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ

جات 100.85 ملین روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے (0.56%) کا نقصان کیا

جبکہ بینچ مارک 3.52% تھا۔ فنڈ کی مجموعی آمدنی 1.82 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

000 روپے میں

2,792

بینک ڈپازٹس پر منافع

1,460

ٹرم فائٹس / سکوک سرٹیفکیٹس سے آمدن

49

گورنمنٹ سیکورٹیز حاصل کردہ منافع

416

ڈیویڈنڈ انکم

120

مارجن ٹریڈنگ سٹم سے حاصل کردہ منافع

(3100)

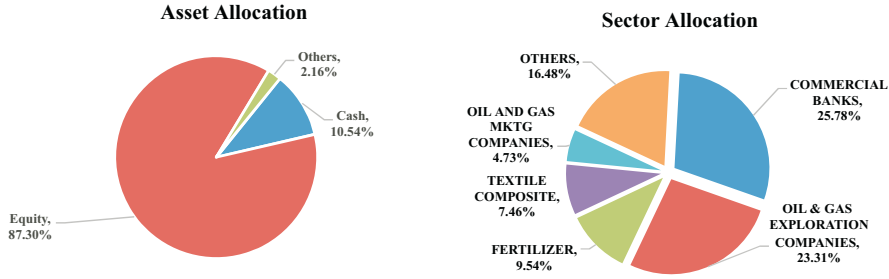
سرمایہ کاری کی فروخت میں نقصان

86

سرمایہ کاری کی خرید و فروخت میں منافع / نقصان

1,823

ایسیٹ کی کوالٹی اور ایسیٹ الیکشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



### فرسٹ حبیب اسلامک اسٹاک فنڈ:

31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 115.7 ملین روپے تھے جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ جات 100.8 ملین روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 17.20% کا منافع کمایا جبکہ شیئ مارک 21.90% تھا۔ فنڈ کی مجموعی آمدنی 22.01 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

000 روپے میں

728

بینک ڈپازٹس پر منافع

3,374

ڈیویڈنڈ انکم

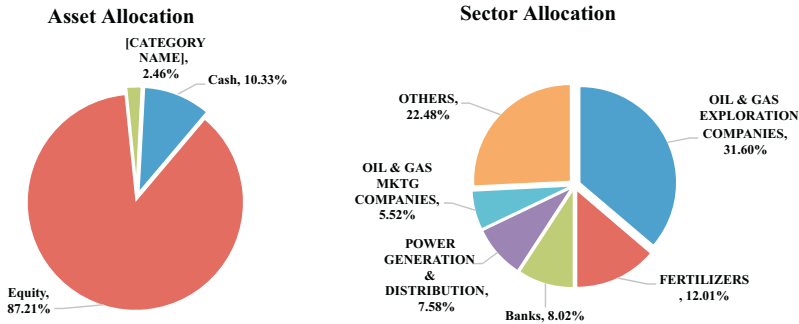
15,450

سرمایہ کاری کی خرید و فروخت میں منافع / نقصان

19,552

نی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 82.08 روپے تھی۔

ایسیٹ کی کوالٹی اور ایسیٹ الیکشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



### فرسٹ حبیب اسلامک انکم فنڈ:

31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 3.84 ارب روپے تھے جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ جات 110 ملین روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 12.26% کا منافع کمایا جبکہ شیئ مارک 6.12% تھا۔ فنڈ کی مجموعی آمدنی 136.55 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

جات 2.20 ارب روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 12.98% کا منافع کمایا جبکہ شیئ مارک 12.73% تھا۔ فنڈ کی مجموعی آمدنی 143.74 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

000 روپے میں

93,330

بینک ڈپازٹس پر منافع

42,904

گورنمنٹ سیکورٹیز سے حاصل کردہ منافع

8,084

پلیمنٹ سے حاصل کردہ منافع

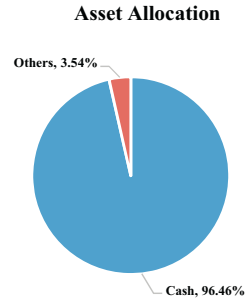
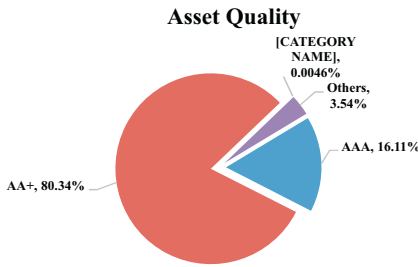
(574)

سرمایہ کاری کی فروخت میں نقصان

143,744

نی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 100.23 روپے تھی۔

ایسیٹ کی کوالٹی اور ایسیٹ الیویشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



### فرسٹ حبیب اسٹاک فنڈ:

31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 127 ملین روپے تھے جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ جات 104 ملین روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 16.75% کا منافع کمایا جبکہ شیئ مارک 21.90% تھا۔ فنڈ کی مجموعی آمدنی 20.45 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

000 روپے میں

704

بینک ڈپازٹس پر منافع

3,451

ڈیویڈنڈ انکم

16,300

سرمایہ کاری کی خرید و فروخت میں منافع / نقصان

20,455

نی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 84.68 روپے تھی۔

اضافہ دیکھا گیا۔ جبکہ گزشتہ ششماہی کے دوران 404 ملین امریکی ڈالر کی کمی واقع ہوئی تھی۔

01 جنوری 2020ء سے لے کر 31 جنوری 2020ء کے دوران غیر ملکی سرمایہ کاری کا تناسب 2.85 ملین امریکی ڈالر رہا۔

### حبیب فنڈز کی کارکردگی:

#### فرسٹ حبیب انکم فنڈ:

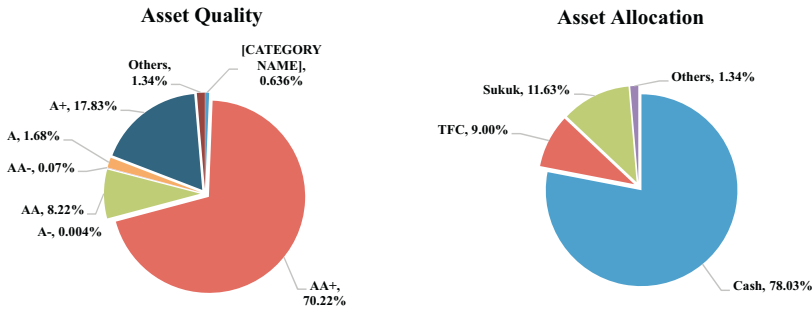
31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 660 ملین روپے تھے۔ جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ جات 733 ملین روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 10.96% کا منافع کمایا جبکہ بینچ مارک 13.74% تھا۔ فنڈ کی مجموعی آمدنی 43.417 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

000 روپے میں

20,904	بینک ڈپازٹس پر منافع
12,840	ٹرم فائمنٹس سرٹیفیکیٹ پر منافع
10,776	گورنمنٹ سیکیورٹیز سے حاصل کردہ منافع
1,769	مارجن ٹریڈنگ سے حاصل کردہ منافع
2,515	ڈیوڈیٹڈ انکم
1,483	کمرشل پیپر پر منافع
(6,573)	سرمایہ کاری کی خرید و فروخت میں منافع / نقصان
<u>43,714</u>	

نی یونٹ خالص اثاثہ مالیت 31 دسمبر 2019ء پر 106.01 روپے تھی۔

ایسیٹ کی کوالٹی اور ایسیٹ ایلوکیشن کی معلومات کو درج ذیل گراف میں دیکھا جاسکتا ہے۔



#### فرسٹ حبیب کیش فنڈ:

31 دسمبر 2019ء پر فنڈ کے خالص اثاثہ جات 2.11 ارب روپے تھے جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر خالص اثاثہ جات 2.20 ارب روپے تھے۔ 31 دسمبر 2019ء کو اختتام پذیر ہونے والی ششماہی کے دوران فنڈ نے 12.98% کا منافع کمایا جبکہ بینچ مارک 12.73% تھا۔ فنڈ کی مجموعی آمدنی 143.74 ملین روپے رہی جسکی تفصیل درج ذیل ہے۔

## ڈائریکٹر رپورٹ

حبیب الیسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2019ء کو اختتام پذیر ہونے والے نصف سال کیلئے مینجمنٹ کے ماتحت فنڈز کے مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### معاشی اور مالیاتی مارکیٹ:

زیر جائزہ مدت کے دوران مالیاتی خسارے میں نمایاں کمی پائی گئی۔ جو کہ 84.4% کی بعد 2.15 ارب امریکی ڈالر ہو گیا۔ جبکہ گزشتہ برس 30 جون 2019ء پر مالیاتی خسارہ 13.83 ارب امریکی ڈالر تھا۔ اسی عرصے کے دوران ملک کے زرمبادلہ کے ذخائر 14.47 ارب امریکی ڈالر سے بڑھ کر 18.08 ارب امریکی ڈالر ہو گئے۔ جاری مالی سال 2020ء کی پچھلی ششماہی کے دوران ملک کے تجارتی خسارہ میں نمایاں کمی ہوئی جو کہ 28.52 ارب امریکی ڈالر سے کم ہو کر 9.8 ارب امریکی ڈالر ہو گیا جولائی 2019ء سے 31 جنوری 2020ء کے دوران غیر ملکی سرمایہ کاری میں غیر معمولی اضافہ ہوا اور غیر ملکی سرمایہ کاری کا حجم 2.91 ارب امریکی ڈالر رہا سب سے زیادہ اضافہ ٹریجرز بلز میں 2.87 ارب امریکی ڈالر ریکارڈ کیا گیا۔

غیر ملکی سرمایہ کاری قرض اور حکومتی چھوٹی مدت کے بلز (T-Bills) میں سرمایہ کاری کے نتیجے میں روپے کی قدر میں 3.24% اضافہ ہوا اور امریکی ڈالر روپے کے مقابلے میں 31 دسمبر 2019ء کو 154.84 پر بند ہوا۔ جبکہ گزشتہ برس 30 جون 2019ء کے اختتام پر 160.05 پر بند ہوا تھا۔

زیر جائزہ مدت کے دوران اسٹیٹ بینک آف پاکستان نے 17 جولائی 2019ء کو پالیسی کی شرح 1% بڑھادی جو کہ 13.25% ہو گئی۔ جبکہ 16 ستمبر 2019ء ، 22 نومبر 2019ء اور 28 جنوری 2020ء منعقدہ کی گئی تین مانیٹری پالیسی کمیٹی اجلاس میں پالیسی کی شرح میں کوئی تبدیلی نہیں کی گئی۔

صارفین کی قیمت کے انڈیکس میں جولائی 2019ء سے لے کر جنوری 2020ء تک 11.6% اضافہ ہوا اور افراط زر کی شرح جنوری 2020ء میں 14.58% رہی۔ اسٹیٹ بینک آف پاکستان نے اپنی ماہانہ جائزہ مانیٹری پالیسی میں یہ اشارہ دیا ہے کہ افراط زر میں کمی آنے تک پالیسی کی شرح میں کمی نہیں کی جائے گی۔

زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بورڈ کی شرح سود میں کمی واقع ہوئی اور شرح سود 22 اگست 2019ء کو اپنی بلند ترین سطح 14.25% سے کم ہو کر 12 دسمبر 2019ء کو 11.72% ہو گیا۔

### اسٹاک مارکیٹ:

جولائی سے دسمبر کے دوران اسٹاک ایکسچینج انڈیکس (KSE 100) میں 20.12% کا اضافہ ہوا اور انڈیکس 6,833.5 پوائنٹس میں اضافہ کے بعد 40,735.08 پوائنٹس پر بند ہوا۔ کاروبار کے لین دین کا روزانہ کا حجم 124 ملین رہا جبکہ گزشتہ سال یہ حجم 103 ملین تھا۔ انڈیکس کی بلند ترین سطح 17 دسمبر 2019ء کو 42,054.14 پوائنٹس دیکھی گئی اور انڈیکس کی کم ترین سطح 28,671.79 پوائنٹس 10 اگست 2019ء کو دیکھی گئی جو کہ پچھلے پانچ سال کی کم ترین سطح تھی۔ زیر جائزہ مدت کے دوران غیر ملکی سرمایہ کاری میں 8 ملین امریکی ڈالر کا



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- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
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Securities and Exchange  
Commission of Pakistan

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\*Mobile apps are also available for download for android and ios devices



# Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

1st Floor, Imperial Court, Ziauddin Ahmed Road, Karachi-75530, Pakistan

UAN: (92-21) 111-342-242 (111-D-Habib) Fax: (92-21) 35223710 Website: [www.habibfunds.com](http://www.habibfunds.com)