

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



Quarterly Report

March 2013



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of First Habib Income Fund (FHIF), First Habib Stock Fund (FHSF) and First Habib Cash Fund (FHCF) for the nine months and quarter ended March 31, 2013 and condensed interim financial statements of First Habib Islamic Balanced Fund (FHIBF) for the period ended March 31, 2013.

MONEY MARKET REVIEW

The State Bank of Pakistan maintained its discount rate at 9.50% for the period January to March 2013. The easing monetary policy stance of the central bank was backed by favorable CPI figures as they fell from 8.10% in January'2013 to 6.60% in March' 2013, witnessing a decline of 150 bps. Foreign remittances for the period July to March 2013 stood at US\$10.35 billion witnessing an increase of 6.35% from the same period last year. Cut-off yields for 3, 6 and 12 months T-Bills settled at 9.38%, 9.41% and 9.42% respectively for the quarter end March 31, 2013.

STOCK MARKET REVIEW

The KSE-100 index witnessed a phenomenal growth of 27.58% during the last nine months of the financial year 2013. The KSE-100 index consistently posted all time high eventually breaking through the psychological barrier of 18000 mark and close at level of 18043 on March 29, 2013. Foreign investors remained instrumental in dictating the performance of the market as net foreign portfolio investment clocked in at US\$228million for the nine month period July-March financial year 2013 and the share of foreigners in the equities market stood at staggering 30% of the free-float.

FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

During the nine months period ended 31st March 2013, the fund earned an annualized return of 10.04%. The net assets of the Fund stood at Rs.1.09 billion of which 59.42% were placed in risk free avenues of Tbill/IjaraSukuk, 11.26% in TFCs/Corporate Sukuk and remaining 27.89% in TDRs and cash in banks. During the quarter under review; fund sold two of its TFCs namely Gharibwal Cement Ltd. and Saudi Pak leasing Co. Ltd. which were non compliant investments. The fund generated net earnings of Rs. 76.54mn for the nine month ended March 31, 2013.

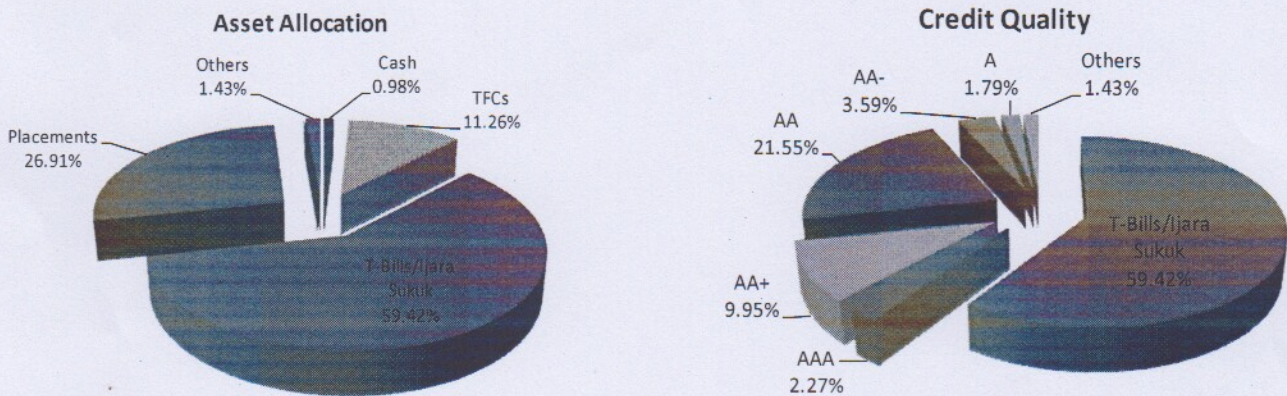
Dividend Distribution

During the period under review, the Fund distributed nine dividends on monthly basis amounting to Rs. 7.20 per unit for class 'C' unit holders and 7.1955 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under:

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2012	Rs. 0.70 per unit	0.6997 units per 100 units
August 2012	Rs. 0.95 per unit	0.9499 units per 100 units
September 2012	Rs. 0.80 per unit	0.7989 units per 100 units

October 2012	Rs. 0.80 per unit	0.7995 units per 100 units
November 2012	Rs. 0.55 per unit	0.5497 units per 100 units
December 2102	Rs. 0.70 per unit	0.6999 units per 100 units
January 2013	Rs. 1.50 per unit	1.4985 units per 100 units
February 2013	Rs. 0.55 per unit	0.5498 units per 100 units
March 2013	Rs. 0.65 per unit	0.6496 units per 100 units

The asset allocation and credit quality of FHIF as of March 31, 2013, can be viewed as under:

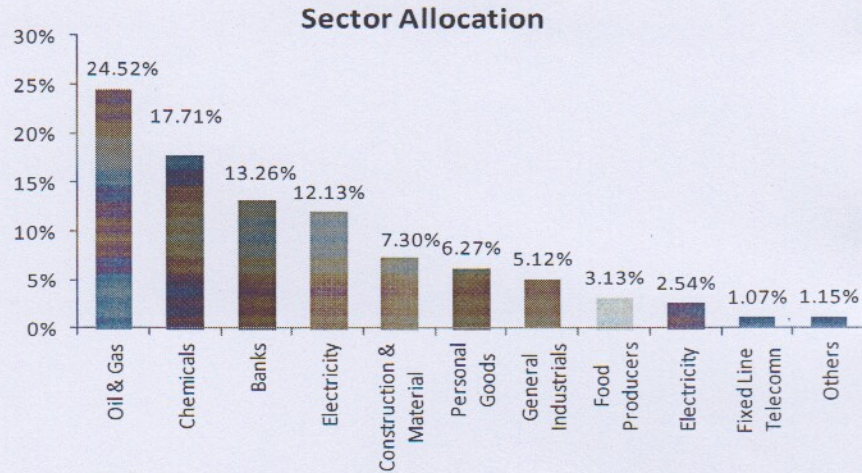
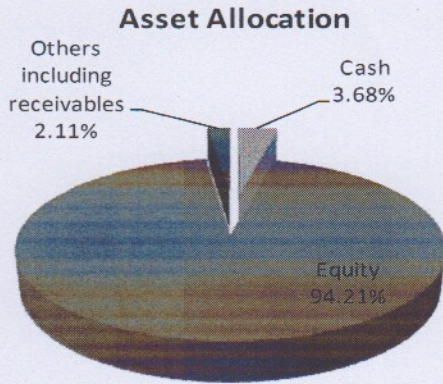


First Habib Stock Fund (FHSF)

During the period under review, the net assets of the fund grew by 113.41% to Rs. 241.21mn as on March 31, 2013 as compared to Rs. 113.03mn as on June 30, 2012. The fund's exposure in equities increased by 4.88% to 94.21% on March 31, 2013 from 89.33% as on Dec 31, 2012. The fund generated a nine month return of 21.80% as of March 31, 2013.

The Fund earned gross income of Rs. 50.94 million during the nine months, out of which Rs. 30.20mn was on account of realized capital. The net income of the Fund for the period July – March 2013 was Rs. 43.21 million.

The asset allocation and sector allocation of FHSF as on March 31, 2013, can be viewed as under:



First Habib Cash Fund (FHCF)

The net assets of the fund stood at Rs. 2.25 billion as on March 31, 2013. The major portion of the fund i.e. 68.18% was invested in T-Bills while 30.88% were invested in TDRs in order to obtain better returns offered by the banks. The gross and net income of the fund was Rs. 248.16 million and Rs. 210.52 million respectively for the nine months period ended March 31st, 2013.

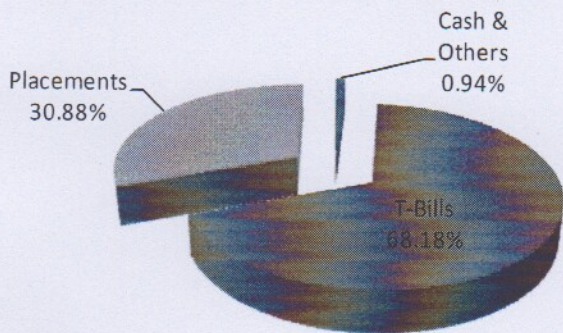
Dividend Distribution

The Fund distributed nine dividends on monthly basis for the financial year ending June 2013 totaling Rs. 6.60 per unit for class 'C' unit holders and 6.5956 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under:

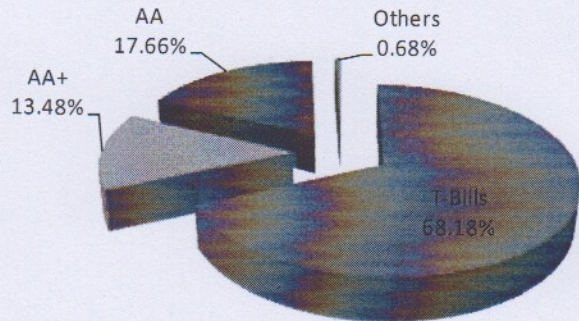
Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2012	Rs. 0.75 per unit	0.7497 units per 100 units
August 2012	Rs. 1.00 per unit	0.9997 units per 100 units
September 2012	Rs. 0.80 per unit	0.7991 units per 100 units
October 2012	Rs. 0.80 per unit	0.7994 units per 100 units
November 2012	Rs. 0.60 per unit	0.5996 units per 100 units
December 2012	Rs. 0.75 per unit	0.7494 units per 100 units
January 2013	Rs. 0.60 per unit	0.5996 units per 100 units
February 2013	Rs. 0.60 per unit	0.5997 units per 100 units
March 2013	Rs. 0.70 per unit	0.6994 units per 100 units

The asset allocation and credit quality of FHCF as on March 31, 2013, can be viewed as under:

Asset Allocation



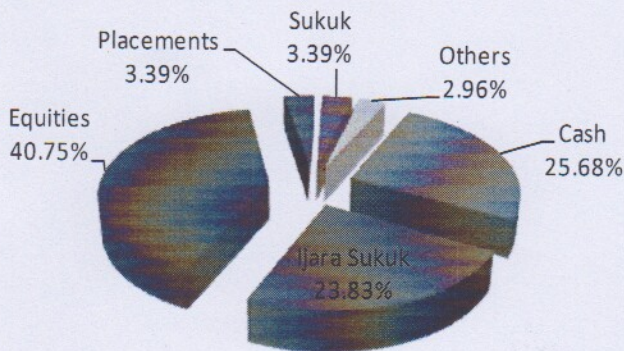
Credit Quality



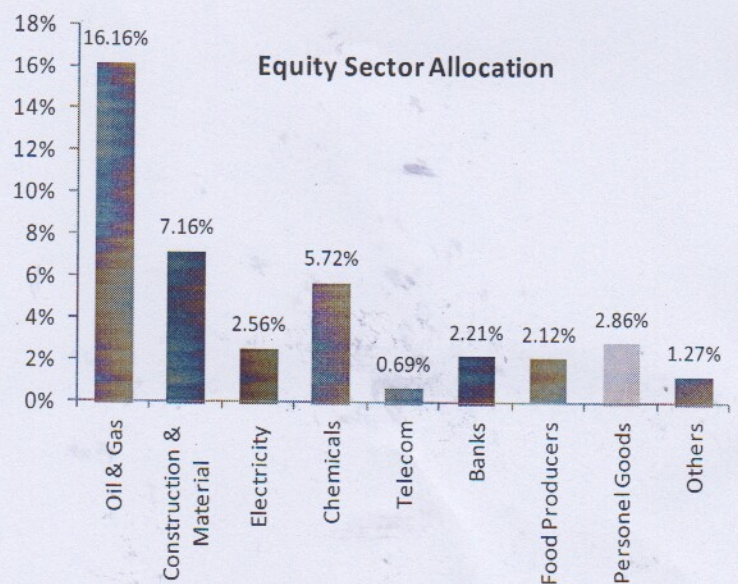
First Habib Islamic Balanced Fund (FHIBF)

During the period from November 07, 2012 to March 31, 2013 the fund generated a return of 5.70%. The fund's exposure in Shariah compliant equity securities stood at 40.75% as of March 31, 2013. The remaining portion of the fund was invested in Ijara Sukuk (23.83%), Modaraba Pool(3.39%), and Corporate Sukuk (3.39%). Upto 25.68% of the fund size was also maintained as cash in banks. The gross and net income of the Fund for the period under review was Rs. 19.12 million and Rs. 16.22 million respectively.

Asset Allocation



Equity Sector Allocation



Future Outlook

The upcoming general elections to be held in May 2013 will go a long way in paving the future economic course of the country. Therefore, events leading to the run-up to elections will be of immense importance in terms of economic performance of the country. A peaceful transfer of power to the new government in the upcoming elections will bode well for investor confidence.

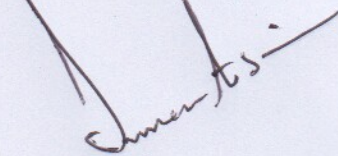
Acknowledgement

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

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

On behalf of the Board of

Habib Asset Management Limited



April 26, 2013

FIRST HABIB INCOME FUND
THIRD QUARTERLY REPORT
March 31, 2013

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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
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

CFO and Company Secretary

Mr. Muhammad Aamir	Acting CFO
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Audit Committee

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

H.R. Committee

Auditors

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

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 MARCH 2013

	(Un-Audited) 2013 ----- (Rupees in '000) ----- 31 March	(Audited) 2012 ----- (Rupees in '000) ----- 30 June
Assets		
Bank balances	6 311,468	210,334
Investments	7 788,036	817,456
Income receivable	8 9,258	3,673
Deposits and prepayments	9 6,112	3,104
Total assets	1,114,874	1,034,567
Liabilities		
Payable to the Habib Asset Management Limited - Management Company	1,719	1,579
Payable to Central Depository Company of Pakistan Limited - Trustee	156	148
Payable to Securities and Exchange Commission of Pakistan (SECP)	610	998
Workers' Welfare Fund	10 13,413	11,851
Accrued expenses and other liabilities	1,124	908
Total liabilities	17,022	15,484
Net assets	1,097,852	1,019,083
Unit holders' funds (as per the statement attached)	1,097,852	1,019,083
	(Number of Units)	
Number of units in issue	10,967,053	10,089,836
	(Rupees)	
Net asset value per unit	100.10	101.00

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

Note	Nine months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	9,687	5,700	4,146	3,931
Income from term finance certificates	12,000	3,061	4,608	1,010
Income on government securities	64,380	125,488	16,083	37,959
Income from placements	443	376	392	78
Net gain / loss on investments designated at fair value through income statement				
-Net capital gain / (loss) on sale of investments classified as held for trading	(13,634)	862	(16,327)	36
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	495	(1,691)	(903)	(1,379)
-Net unrealized (loss) on revaluation of derivative financial instruments classified as held for trading	-	-	79	-
	(13,139)	(829)	(17,151)	(1,343)
Total income	73,371	133,796	8,078	41,635
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	12,208	15,783	3,975	5,335
Sales tax on management fee	1,953	2,525	636	853
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,324	1,533	430	514
Annual fee - Securities and Exchange Commission of Pakistan	610	789	198	267
Brokerage	155	193	31	93
Settlement and bank charges	274	143	94	50
Annual listing fee	30	30	10	10
Auditors' remuneration	283	266	73	89
Amortisation of preliminary expenses and floatation costs	-	395	-	131
Workers' Welfare Fund	1,562	2,089	574	496
Mutual fund rating fee	139	131	51	43
Printing charges	64	113	21	46
Provision against debt securities	(22,153)	4,595	(25,524)	1,769
Total expenses	(3,551)	28,585	(19,431)	9,696
	76,922	105,211	27,509	31,939
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	(380)	(2,634)	598	(7,260)
Net income for the period	76,542	102,577	28,107	24,679

Earnings per unit

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The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine months ended		Quarter ended	
	31 March		31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net income for the period	76,542	102,577	28,107	24,679
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>76,542</u>	<u>102,577</u>	<u>28,107</u>	<u>24,679</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB INCOME FUND**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Undistributed income brought forward	10,243	37,267	808	39,251
Final dividend 30 June 2011 Cash @ Rs. 3.00/- per unit and bonus @ 2.9979/-	-	(36,420)	-	-
Interim dividend 06 October 2011 Cash @ Rs. 2.70/- per unit and bonus @ 2.6876/-	-	(39,494)	-	-
Interim dividend 09 January 2012 Cash @ Rs. 2.70/- per unit and bonus @ 2.6910/-	-	(38,362)	-	(38,362)
Final cash dividend 30 June 2012 @ Rs. 1.00/- per unit and bonus @ 1.00/-	(10,090)	-	-	-
Interim dividend 27 July 2012 Cash @ Rs. 0.70/- per unit and bonus @ 0.6997/-	(7,742)	-	-	-
Interim dividend 25 August 2012 Cash @ Rs. 0.95/- per unit and bonus @ 0.9499/-	(10,541)	-	-	-
Interim dividend 28 September 2012 Cash @ Rs. 0.80/- per unit and bonus @ 0.7989/-	(8,147)	-	-	-
Interim dividend 25 October 2012 Cash @ Rs. 0.80/- per unit and bonus @ 0.7995/-	(8,953)	-	-	-
Interim dividend 23 November 2012 Cash @ Rs. 0.55/- per unit and bonus @ 0.5497/-	(6,029)	-	-	-
Interim dividend 28 December 2012 Cash @ Rs. 0.70/- per unit and bonus @ 0.6999/-	(6,368)	-	-	-
Interim dividend 24 January 2013 Cash @ Rs. 1.50/- per unit and bonus @ 1.4985/-	(14,318)	-	(14,318)	-
Interim dividend 23 Feb 2013 Cash @ Rs. 0.55/- per unit and bonus @ 0.5498/-	(6,228)	-	(6,228)	-
Interim dividend 29 March 2013 Cash @ Rs. 0.65/- per unit and bonus @ 0.6496/-	(7,083)	-	(7,083)	-
Net income for the period	76,542	102,577	28,107	24,679
Undistributed income carried forward	1,286	25,568	1,286	25,568

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013

	Nine months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	(Rupees in '000)			
Net assets at the beginning of the period	1,019,083	1,251,463	916,569	1,460,659
Amount received on sale of units	570,987	656,574	354,308	119,312
Amount paid on redemption of units	(568,179)	(838,965)	(200,241)	(474,317)
	2,808	(182,391)	154,067	(355,005)
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	380	2,634	(598)	7,260
Final cash dividend for class 'C' unit holders @ Rs. 3.00/- per unit for units held as at 30 June 2011	-	(19,531)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.70/- per unit for units held as at 06 October 2011	-	(17,159)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.70/- per unit for units held as at 10 January 2012	-	(17,940)	-	(17,940)
Final cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit for units held as at 30 June 2012	(122)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for units held as at 27 July 2012	(85)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.95/- per unit for units held as at 25 August 2012	(115)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for units held as at 28 September 2012	(97)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit for units held as at 25 October 2012	(97)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for units held as at 23 November 2012	(67)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit for units held as at 28 December 2012	(85)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.50/- per unit for units held as at 24 January 2013	(163)	-	(163)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit for units held as at 23 February 2013	(60)	-	(60)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit for units held as at 29 March 2013	(70)	-	(70)	-
Net income for the period	76,542	102,577	28,107	24,679
Net assets at the end of the period	1,097,852	1,119,653	1,097,974	1,119,653
	(Number of Units)			
Units at the beginning of the period	10,089,836	12,141,891	9,158,825	14,212,624
Number of units issued	5,674,189	6,429,293	3,517,915	1,169,787
Number of units redeemed	(5,641,658)	(8,224,180)	(1,982,591)	(4,644,245)
<i>Issue of bonus units:</i>	32,531	(1,794,887)	1,535,324	(3,474,458)
Final bonus units distribution @ 2.9979/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2011	-	168,830	-	-
Interim bonus units distribution @ 2.6876/- for class 'A' and 'B' unit holders for every 100 units held as at 06 October 2011	-	222,332	-	-
Interim bonus units distribution @ 2.6910/- for class 'A' and 'B' unit holders for every 100 units held as at 09 January 2012	-	203,539	-	203,539
Final bonus units distribution @ 1.00/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	99,678	-	-	-
Interim bonus units distribution @ 0.6997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	76,535	-	-	-
Interim bonus units distribution @ 0.9499/- for class 'A' and 'B' unit holders for every 100 units held as at 25 August 2012	104,248	-	-	-
Interim bonus units distribution @ 0.7989/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012	80,390	-	-	-
Interim bonus units distribution @ 0.7995/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012	88,504	-	-	-
Interim bonus units distribution @ 0.5497/- for class 'A' and 'B' unit holders for every 100 units held as at 23 November 2012	59,598	-	-	-
Interim bonus units distribution @ 0.6999/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	62,829	-	-	-
Interim bonus units distribution @ 1.4985/- for class 'A' and 'B' unit holders for every 100 units held as at 24 January 2013	141,410	-	141,410	-
Interim bonus units distribution @ 0.5498/- for class 'A' and 'B' unit holders for every 100 units held as at 23 February 2013	61,411	-	61,411	-
Interim bonus units distribution @ 0.6496/- for class 'A' and 'B' unit holders for every 100 units held as at 29 March 2013	70,083	-	70,083	-
Units at the end of the period	10,967,053	10,941,705	10,967,053	10,941,705

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine months ended 31 March		Quarter ended 31 December	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	76,542	102,577	28,107	24,679
Adjustments for non-cash items				
Unrealised loss on revaluation of investments at fair value through profit or loss - net	(495)	1,691	903	1,379
Net unrealised loss on revaluation of derivative financial instruments classified as held for trading	-	-	(79)	-
Workers' Welfare Fund	1,562	2,089	574	496
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	380	2,634	(598)	7,260
Provision against debt securities	(22,153)	4,595	(25,524)	1,769
Amortisation of preliminary expenses and floatation costs	-	395	-	131
	55,836	113,981	3,383	35,714
Decrease/(increase) in assets				
Term deposit receipts	(300,000)	-	(200,000)	-
Investments	52,068	418,394	(110,327)	436,597
Income receivable	(5,585)	(1,618)	(2,566)	(666)
Advances, deposits, prepayments and other receivables	(3,008)	(514)	3,819	(494)
	(256,525)	416,262	(309,074)	435,437
(Decrease)/increase in liabilities				
Payable to Management Company	140	246	230	(195)
Payable to Trustee	8	-	12	(10)
Payable to SECP	(388)	(514)	198	267
Accrued expenses and other liabilities	146	105	(3,079)	102
	(94)	(163)	(2,639)	164
Net cash flow from / (used in) operating activities	(200,783)	530,080	(308,330)	471,315
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	2,808	(182,391)	154,067	(355,005)
Dividend paid during the period	(891)	(54,630)	(308)	(17,940)
Net cash flow (used in)/ from financing activities	1,917	(237,021)	153,759	(372,945)
Net increase in cash and cash equivalents during the period	(198,866)	293,059	(154,571)	98,370
Cash and cash equivalents at beginning of the period	210,334	10,598	166,039	205,287
Cash and cash equivalents at end of the period	11,468	303,657	11,468	303,657
Cash and cash equivalents at the end of the period comprise of :				
Bank Balance	11,468	3,657	11,468	3,657
Term deposit receipts having maturity of 3 months or less	300,000	300,000	300,000	300,000
	311,468	303,657	311,468	303,657

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

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 Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 August 2006 under Regulation 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3' and 'AA-(f)' to the Management Company and the Fund respectively.

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

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as a trustee of the Fund.

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012

The condensed interim financial statements are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Fund for the year ended 30 June 2012:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

FIRST HABIB INCOME FUND

6. BANK BALANCES	Note	31 March	30 June
		2013	2012
		(Rupees in '000)	
		(Un-Audited)	(Audited)
Savings accounts	6.1	11,468	10,334
Term Deposit Receipts	6.2	300,000	200,000
		<u>311,468</u>	<u>210,334</u>

6.1 Savings accounts carry profit rates ranging between 7.5% to 8% (30 June 2012: 5% to 10%) per annum.

6.2 Term deposit receipts (TDRs) have tenure of one month to six months (30 June 2012: tenure of one month) and carry profit rate of 9.55% to 9.75% (30 June 2012: 12.1% to 12.25%) per annum. The TDRs will mature by 18, 24, & 26 April 2013.

7. INVESTMENTS	Note	31 March	30 June
		2013	2012
		(Rupees in '000)	
		(Un-Audited)	(Audited)
At fair value through profit or loss - held for trading			
Term Finance Certificates	7.1	185,746	136,924
Less : Provision	7.2	-	(22,153)
		<u>185,746</u>	<u>114,771</u>
Government securities	7.3	602,290	702,685
		<u>788,036</u>	<u>817,456</u>

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				Carrying Value	Market Value	Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 1 July 2012	Acquired during the period	Sold/Redeemed during the period	As at 31 March 2013				
Held for trading								
(Rupees in '000)								
Engro Corporation Limited - Sukuk	5300	-	5,300	-	-	-	-	-
Standard Chartered Bank	5000	-	-	5,000	25,000	25,275	2.30	3.21
Allied Bank Ltd - II	2000	-	-	2,000	10,066	9,647	0.88	1.22
Askari Bank Ltd - IV	15	-	15	-	-	-	-	-
Faysal Bank Limited	3000	-	-	3,000	15,006	15,176	1.38	1.93
Gharibwal Cement Limited	4,450	-	4,450	-	-	-	-	-
Saudi Pak Leasing Company Limited - III	5,999	-	5,999	-	-	-	-	-
United Bank Limited - IV	3,000	3,000	-	6,000	30,322	30,584	2.79	3.88
Bank Alfalah Limited	-	5,000	-	5,000	25,000	24,854	2.26	3.15
GOP Ijara Sukuk	-	12,000	-	12,000	60,298	60,210	5.48	7.64
Aisha Steel Mills Ltd - PPTFC	-	4,000	-	4,000	20,000	20,000	1.82	2.54
Total as at 31 March 2013					<u>185,692</u>	<u>185,746</u>		
Total as at 30 June 2012					139,376	136,924		

7.1.1 All Term Finance Certificates have a face value of Rs 5,000 each.

7.1.2 Significant terms and conditions of Term Finance Certificates outstanding as at period ended 31 March 2013.

Name of the investee company	Remaining principal (per TFC) as at 31 March 2013	Start date	Maturity	Installment payments	Credit rating	Mark-up Rate (Per annum)	Secured / Unsecured
Term Finance Certificates - Held for trading							
Standard Chartered Bank Limited	5,000.00	29-Jun-12	29-Jun-22	Half-yearly	AAA	6 Month+0.75	Unsecured
Aisha Steel Mills Limited- Sukuk	5,000.00	11-Jan-13	11-Jul-13	Half-yearly	A	6 Month+2.15	Secured
Allied Bank Limited - II TFC	4,993.00	28-Aug-09	28-Aug-19	Half-yearly	AA	6 Month+0.85	Unsecured
United Bank Limited - IV	4,990.00	14-Feb-08	14-Feb-18	Half-yearly	AA	6 Month+1.35	Unsecured
Faysal Bank Limited	4,990.00	12-Nov-07	12-Nov-14	Half-yearly	AA-	6 Month+1.40	Unsecured
Bank Alfalah Limited- V TFC	5,000.00	20-Feb-13	20-Feb-21	Half-yearly	AA-	6 Month+1.25	Unsecured
GOP Ijara Sukuk	12,000.00	20-Dec-10	20-Dec-13	Half-yearly	N/A	6 Month weighted average of T-bills	N/A

7.2 Provision for impairment	31 March	30 June	
	2013	2012	
		(Rupees in '000)	
		(Un-Audited)	(Audited)
Opening Balance		22,153	16,535
Provision for the period/ year		3,371	5,618
Reversal of provision for the period/ year		(25,524)	-
Closing Balance		<u>-</u>	<u>22,153</u>

FIRST HABIB INCOME FUND

7.3 Government Securities - Treasury Bills

Issue date	Face Value			As at 31 March 2013		Market Value as a Percentage of:		
	As at 01 July 2012	Purchases during the period	Sales / Matured during the period	As at 31 March 2013	Carrying value	Market value	Net Assets	Total Investment
(Rupees in '000)								
3 Months								
3-May-12	95,000	-	95,000	-	-	-	-	-
31-May-12	66,000	-	66,000	-	-	-	-	-
14-Jun-12	85,000	-	85,000	-	-	-	-	-
12-Jul-12	-	100,000	100,000	-	-	-	-	-
17-May-12	-	100,000	100,000	-	-	-	-	-
20-Sep-12	-	160,000	160,000	-	-	-	-	-
9-Aug-12	-	105,000	105,000	-	-	-	-	-
7-Mar-13	-	175,000	110,000	65,000	64,044	64,032	5.83	8.13
10-Jan-13	-	3,500	3,500	-	-	-	-	-
24-Jan-13	-	50,000	-	50,000	49,793	49,784	4.53	6.32
21-Mar-13	-	40,000	-	40,000	39,263	39,264	3.58	4.98
7-Feb-13	-	195,000	100,000	95,000	94,282	94,254	8.59	11.96
6 Months								
6-Sep-12	-	100,000	100,000	-	-	-	-	-
9-Aug-12	-	290,000	290,000	-	-	-	-	-
23-Aug-12	-	130,000	130,000	-	-	-	-	-
26-Jul-12	-	135,000	135,000	-	-	-	-	-
26-Jan-12	35,000	-	35,000	-	-	-	-	-
9-Feb-12	195,000	-	195,000	-	-	-	-	-
4-Oct-12	-	100,000	100,000	-	-	-	-	-
15-Nov-12	-	85,000	-	85,000	84,075	84,032	7.65	10.66
24-Jan-13	-	100,000	-	100,000	97,249	97,120	8.85	12.32
1 Year								
22-Sep-11	50,000	100,000	150,000	-	-	-	-	-
25-Aug-11	50,000	-	50,000	-	-	-	-	-
3-Nov-11	100,000	-	100,000	-	-	-	-	-
8-Sep-11	40,000	-	40,000	-	-	-	-	-
9-Aug-12	-	150,000	-	150,000	144,493	145,172	13.22	18.42
4-Oct-12	-	30,000	-	30,000	28,650	28,632	2.61	3.63
Total as at 31 March 2013					601,849	602,290		
Total as at 30 June 2012					702,947	702,685		

7.4 Equity Securities

Name of the investee Company	As at 1 July 2012	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2013	Carrying value as at 31 March 2013	Market value as at 31 March 2013	Market Value as a Percentage of:	
							Net Assets	Total Investment
Number of shares								
(Rupees in '000)								
CHEMICALS								
Engro Chemical (Pakistan) Limited	-	257,000	257,000	-	-	-	-	-
OIL & GAS								
Pakistan Petroleum Limited	-	93,000	93,000	-	-	-	-	-
CONSTRUCTION AND MATERIALS								
D. G. Khan Cement Company Limited	-	515,500	515,500	-	-	-	-	-
Lucky Cement Limited	-	32,500	32,500	-	-	-	-	-
Personal Goods								
Nishat Mills Limited	-	15,500	15,500	-	-	-	-	-
Total as at 31 March 2013					-	-		
Total as at 30 June 2012					-	-		

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

	31 March 2013	30 June 2012
	(Rupees in '000)	
	(Un-Audited)	(Audited)
Fixed income and debt securities - Term Finance Certificates	53	(2,452)
Government Securities	442	(261)
	495	(2,713)

FIRST HABIB INCOME FUND

	31 March	30 June
	2013	2012
	(Rupees in '000)	
	(Un-Audited)	(Audited)
8. INCOME RECEIVABLE		
Profit receivable on Term Finance Certificates	4,128	2,827
Profit receivable on Bank Deposits	358	186
Profit receivable on Term Deposit Receipts (TDRs)	4,772	660
	9,258	3,673
	<hr/> <hr/>	<hr/> <hr/>
9. DEPOSITS AND PREPAYMENTS		
Deposit with National Clearing Company of Pakistan Limited	5,949	3,004
Deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	63	-
	6,112	3,104
	<hr/> <hr/>	<hr/> <hr/>

10. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 13.413 million (30 June 2012: Rs. 11.851 million) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 1.223 per unit (30 June 2012: Rs.1.175 per unit).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the nine months period ended 31 March 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2012.

14. FAIR VALUE HIERARCHY

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

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

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

FIRST HABIB INCOME FUND

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

As at 31 March 2013, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Term finance certificates	-	185,746	-	185,746
Government securities	-	602,290	-	602,290
	-	788,036	-	788,036

The table below shows the reconciliation of all movements in the fair value of all financial instruments categorized within Level 3 between the beginning and end of the period.

	31 March 2013 (Rupees in '000) (Un-Audited)
Opening balance	32,717
Amortisation of discount / premium for the period - net	1,010
Revaluation gain / (loss) for the period	-
Purchase during the period (at cost)	-
Redemption during the period	(881)
Sale during the period	(29,475)
Provision made during the period	(3,371)
Closing balance	-

As at 30 June 2012, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Term finance certificates	-	82,054	32,717	114,771
Government securities	-	702,685	-	702,685
	-	784,739	32,717	817,456

The table below shows the reconciliation of all movements in the fair value of all financial instruments categorized within Level 3 between the beginning and end of the year.

	30 June 2012 (Rupees in '000) (Audited)
Opening balance	17,005
Amortisation of discount / premium for the year - net	3,462
Revaluation gain / (loss) for the year	(2,636)
Purchase during the year (at cost)	24,558
Redemption during the year	(4,054)
Sale during the year	-
Provision made during the year	(5,618)
Closing balance	32,717

15. TRANSACTIONS WITH CONNECTED PERSONS

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

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

FIRST HABIB INCOME FUND

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

Details of the transactions with connected persons are as follows:

	Nine months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	<u>12,208</u>	<u>15,783</u>	<u>3,975</u>	<u>5,335</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	<u>1,324</u>	<u>1,533</u>	<u>430</u>	<u>514</u>

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

	31 March 2013	30 June 2012
	(Un-Audited)	(Audited)
Habib Asset Management Limited - Management Company		
Management fee payable	<u>1,719</u>	<u>1,579</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>156</u>	<u>148</u>

15.1 Sale / Redemption of units for the period ended 31 March

	Nine months ended 31 March 2013		Nine months ended 31 March 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	<u>-</u>	<u>-</u>	<u>96,759</u>	<u>9,800</u>
Associated Companies				
Habib Insurance Company Limited	<u>-</u>	<u>-</u>	<u>1,018,828</u>	<u>104,000</u>
Other related parties				
Directors of the Management Company	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>150</u>
Habib Asset Management Limited - Employees Provident Fund	<u>8,622</u>	<u>865</u>	<u>-</u>	<u>-</u>
Greenshield Insurance Brookers	<u>36,890</u>	<u>3,700</u>	<u>148</u>	<u>15</u>
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	<u>9,453</u>	<u>947</u>	<u>16,290</u>	<u>1,634</u>
Associated Companies				
Habib Insurance Company Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bank AL Habib Limited	<u>447,654</u>	<u>44,791</u>	<u>-</u>	<u>-</u>
Other related parties				
Directors of the Management Company	<u>268</u>	<u>28</u>	<u>734</u>	<u>73</u>
Executives of the Management Company	<u>290</u>	<u>29</u>	<u>224</u>	<u>22</u>
Habib Insurance Company Limited - Employees Provident Fund	<u>6,037</u>	<u>601</u>	<u>5,434</u>	<u>545</u>
Habib Asset Management Limited - Employees Provident Fund	<u>38</u>	<u>4</u>	<u>512</u>	<u>51</u>

FIRST HABIB INCOME FUND

	Nine months ended 31 March 2013		Nine months ended 31 March 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Greenshield Insurance Brookers	2,289	229	4,695	471
Mrs. Shama Sajjad Habib	13,478	1,347	12,132	1,217
Mr. Salman Hussain D Habib	45	5	129	12
Mr. Imran Ali Habib	-	-	116	12
Mr. Murtaza Habib	1,015	102	914	92
Mr. Asghar D Habib	-	-	118	12
Mr. Qumail Habib	1,015	102	913	91
Mr. Abas D Habib	1,015	102	913	91
Mr. Ali Asad Habib	912	92	821	83
Mrs. Razia Ali Habib	542	54	575	58
Mr. Sajjad Hussain	309	33	278	28
Units redeemed by:				
Management Company				
Habib Asset Management Limited	19,937	2,000	160,213	16,309
Associated Companies				
Habib Insurance Company Limited	-	-	1,138,178	104,000
Other related parties				
Directors of the Management Company	6,465	650	9,977	1,000
Executives of the Management Company	2,520	253	-	-
Habib Asset Management Limited -				
Employees Provident Fund	5,469	550	5,675	575
Greenshield Insurance Brookers	54,877	5,500	24,744	2,500
Mr. Asghar D Habib	-	-	4,040	408
Mr. Imran Ali Habib	-	-	3,972	401
Mrs. Razia Ali Habib	8,058	810	-	-
Mr. Salman Hussain D Habib	1,730	173	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	116,399	11,652	144,481	14,785
Associated Companies				
Bank AL Habib Limited	5,713,836	571,981	5,266,182	538,883
Habib Insurance Company Limited	108,585	10,870	108,585	11,111
Other related parties				
Directors of the Management Company	1,173	117	6,608	676
Executives of the Management Company	3,167	317	2,817	288
Habib Insurance Company Limited -				
Employees Provident Fund	77,060	7,714	68,535	7,013
Habib Asset Management Limited -				
Employees Provident Fund	3,191	319	1,543	158
Greenshield Insurance Brookers	21,753	2,178	36,102	3,694
Mrs. Shama Sajjad Habib	172,028	17,221	152,998	15,656
Mr. Salman Hussain D Habib	-	-	1,626	166
Mr. Murtaza Habib	12,956	1,297	11,523	1,179
Mr. Qumail Habib	12,947	1,296	11,515	1,178
Mr. Abas D Habib	12,947	1,296	11,515	1,178
Mr. Ali Asad Habib	11,632	1,164	10,345	1,059
Mrs. Razia Ali Habib	-	-	7,252	742
Mr. Sajjad Hussain	3,943	395	3,507	359

FIRST HABIB INCOME FUND

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 26, 2013.

17. GENERAL

17.1 Figures have been rounded off to the nearest thousands of rupees.

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

Chief Executive

Director

**FIRST HABIB STOCK FUND
THIRD QUARTERLY REPORT
March 31, 2013**

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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
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

CFO and Company Secretary

Mr. Muhammad Aamir	Acting CFO
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Audit Committee

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

H.R. Committee**Auditors**

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

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2013**

	Note	(Un-audited) 2013 31 March	(Audited) 2012 30 June
Assets			
Bank balances	6	8,972	34,130
Investments	7	229,784	72,327
Dividend and Income receivable	8	3,463	201
Deposits and prepayments	9	2,605	2,600
Receivable against sale of investments		-	4,641
Preliminary expenses and floatation costs		305	455
Total assets		245,129	114,354
Liabilities			
Payable to Habib Asset Management Limited - Management Company		708	324
Payable to Central Depository Company of Pakistan Limited - Trustee		70	60
Payable to Securities and Exchange Commission of Pakistan (SECP)		105	105
Workers' Welfare Fund	10	1,393	512
Accrued expenses and other liabilities		1,639	321
Total liabilities		3,915	1,322
Net assets		241,214	113,032
Unit holders' funds (as per statement attached)		241,214	113,032
		(Number of units)	
Number of units in issue		1,979,664	1,089,073
		(Rupees)	
Net asset value per unit		121.85	103.79

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

Note	Nine months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Income				
Profit on bank deposits	982	368	484	132
Income from Government Securities	18	1,006	-	274
Dividend income	6,863	7,050	3,724	3,323
Net gain on investment at fair value through profit or loss				
-Net capital gain on sale of investment classified as held for trading	30,201	(329)	20,273	(1,137)
-Net unrealised gain / (loss) on revaluation of investment classified as held for trading	1,310	(65)	(3,646)	16,038
	31,511	(394)	16,627	14,901
Total income / (loss)	39,374	8,030	20,835	18,630
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	3,306	2,467	1,526	815
Sales tax on management fee	529	395	244	131
Remuneration of Central Depository Company of Pakistan Limited - Trustee	525	526	172	174
Annual fee - SECP	105	78	49	26
Brokerage expense	1,580	246	908	139
Settlement and bank charges	246	211	105	73
Annual listing fee	15	15	5	5
Auditors' remuneration	228	218	59	72
Amortisation of preliminary expenses and floatation costs	150	151	49	50
Mutual Fund Rating Fee	98	94	32	31
Printing charges	64	84	21	32
Worker Welfare Fund	882	71	584	71
Total expenses	7,728	4,556	3,754	1,619
Net income / (loss) from operating activities	31,646	3,474	17,081	17,011
Net Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	11,566	(9)	11,526	143
Net income / (loss) for the period	43,212	3,465	28,607	17,154

Earning Per Unit

11

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013

	Nine month ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net income / (loss) for the period	43,212	3,465	28,607	17,154
Other comprehensive income	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>43,212</u>	<u>3,465</u>	<u>28,607</u>	<u>17,154</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine month Ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed gain / (loss) brought forward	4,128	11,325	14,649	(13,562)
Final dividend distribution for class 'C' unit holders @ Rs.10/- per unit and bonus units @9.9890 units for class 'A' and 'B' unit holders for every 100 units held as at 4 July 2011	-	(11,198)	-	-
Final dividend distribution for class 'C' unit holders @ Rs.3.75/- per unit and bonus units @3.7486 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	(4,084)	-	-	-
Net income / (loss) for the period	43,212	3,465	28,607	17,154
Undistributed income/ (loss) carried forward	<u>43,256</u>	<u>3,592</u>	<u>43,256</u>	<u>3,592</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB STOCK FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine month ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Net assets at the beginning of the period	113,032	123,304	124,548	102,300
Amount received on issuance of units	105,257	1,414	104,746	28
Amount paid on redemption of units	(5,499)	(5,093)	(5,161)	(4,831)
	99,758	(3,679)	99,585	(4,803)
Net Element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	(11,566)	9	(11,526)	(143)
Final dividend distribution 4 July 2011 @ Rs.10/- for class 'C'	-	(8,591)	-	-
Final dividend distribution 4 July 2012 @ Rs.3.75/- for class 'C'	(3,222)	-	-	-
Net income / (loss) for the period	43,212	3,465	28,607	17,154
Net assets at the end of the period	241,214	114,508	241,214	114,508
----- (Number of Units) -----				
Units at the beginning of the period	1,089,073	1,119,795	1,099,024	1,158,573
Number of Units Issued	928,643	15,728	924,058	294
Number of Units Redeemed	(46,672)	(52,392)	(43,418)	(49,696)
	881,971	(36,664)	880,640	(49,402)
Issue of bonus units on 4 July 2011 @ 9.9890 for class 'A' and 'B'	-	26,040	-	-
Issue of bonus units on 4 July 2012 @ 3.7486 for class 'A' and 'B'	8,620	-	-	-
Units at the end of the period	1,979,664	1,109,171	1,979,664	1,109,171

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine months ended		Quarter ended	
	31 March		31 March	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	43,212	3,465	28,607	17,154
Adjustments for non-cash items				
Unrealised (appreciation)/ diminution on investments at fair value through profit or loss - net	(1,310)	65	3,646	(16,038)
Net element of (loss)/ income and capital (loss)/ gain included in prices of units issued less those in units redeemed	(11,566)	9	(11,526)	(143)
Workers' Welfare fund	882	71	584	71
Amortisation of preliminary expenses and floatation costs	150	151	49	50
	<u>31,368</u>	<u>3,761</u>	<u>21,360</u>	<u>1,094</u>
(Increase) / decrease in assets				
Investments	(156,148)	19,986	(120,646)	12,989
Dividend and Income receivable	(3,262)	(2,171)	(3,359)	(2,484)
Deposits and prepayments	(5)	(5)	5	5
Receivable against sale of investments	4,641	(4,026)	-	(3,864)
	<u>(154,774)</u>	<u>13,784</u>	<u>(124,000)</u>	<u>6,646</u>
Increase / (decrease) in liabilities				
Payable to Management Company	384	24	344	25
Payable to Trustee	10	3	10	1
Payable to SECP	-	(42)	49	26
Accrued expenses and other liabilities	1,318	124	1,271	131
	<u>1,712</u>	<u>109</u>	<u>1,674</u>	<u>183</u>
Net cash (utilized in) / generated from operating activities	<u>(121,694)</u>	<u>17,654</u>	<u>(100,966)</u>	<u>7,923</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	99,758	(3,679)	99,585	(4,803)
Dividend paid during the period	(3,222)	(8,591)	-	-
	<u>96,536</u>	<u>(12,270)</u>	<u>99,585</u>	<u>(4,803)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(25,158)</u>	<u>5,384</u>	<u>(1,381)</u>	<u>3,120</u>
Cash and cash equivalents at the beginning of the period	<u>34,130</u>	<u>2,351</u>	<u>10,353</u>	<u>4,615</u>
Cash and cash equivalents at the end of period	<u>8,972</u>	<u>7,735</u>	<u>8,972</u>	<u>7,735</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012

The condensed interim financial statements are unaudited

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

FIRST HABIB STOCK FUND

6. BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 7.5% (30 June 2012: 10%) per annum.

7. INVESTMENTS - at fair value through profit or loss - held for trading	31 March 2013	30 June 2012
	Note	(Audited)
	(Unaudited)	(Rupees in '000)
Equity securities	7.1	229,784
Government securities	7.2	-
		<u>229,784</u>
		<u>72,327</u>

7.1 Equity securities

Name of the Investee Company	As at 1 July 2012	Purchased/ Bonus/ right shares received during the period	Disposed of during the period	As at 31 March 2013	Carrying value as at 31 March 2013	Market value as at 31 March 2013	Market Value as a per	
							Net Assets	Total Investment
		-----Number of shares-----			-----Rupees in '000-----			
AUTOMOBILE PARTS & ACCESSORIES								
Indus Motor Company Limited	-	8,200	8,200	-	-	-	-	-
Pak Suzuki Motor Co. Limited	-	68,000	60,500	7,500	801	735	0.30	0.32
BANKS								
Bank Al-Falah Limited	-	375,000	200,000	175,000	3,013	2,643	1.10	1.15
United Bank Limited	-	251,500	251,500	-	-	-	-	-
Habib Metropolitan Bank Limited - a related party	104,288	-	104,288	-	-	-	-	-
MCB Bank Limited	28,000	90,960	62,700	56,260	10,947	10,649	4.41	4.63
National Bank Of Pakistan	56,271	486,127	432,398	110,000	4,446	4,292	1.78	1.87
Allied Bank Limited	41,086	22,858	5,000	58,944	3,637	3,475	1.44	1.51
Askari Bank Limited	-	466,500	275,000	191,500	3,612	3,669	1.52	1.60
Sonari Bank Limited	-	3,000	3,000	-	-	-	-	-
Habib Bank Limited	-	117,280	38,300	78,980	8,112	7,622	3.16	3.32
Meezan Bank Limited	-	61,500	61,500	-	-	-	-	-
CHEMICALS								
Engro Chemical (Pakistan) Limited	7,242	685,000	600,842	91,400	11,955	11,791	4.89	5.13
Engro Polymer & Chemical Limited	162,274	157,500	319,774	-	-	-	-	-
Fatima Fertilizer Company Limited	154,400	338,500	427,900	65,000	1,689	1,466	0.61	0.64
Fauji Fertilizer Bin Qasim Limited	65,741	194,000	170,200	89,541	3,406	3,368	1.40	1.47
Fauji Fertilizer Company Limited	71,647	224,100	119,600	176,147	19,617	19,359	8.03	8.42
Dawood Hercules Chemicals Limited.	-	125,500	26,000	99,500	5,205	5,157	2.14	2.24
I.C.I Pakistan Limited.	-	19,800	4,900	14,900	2,068	2,066	0.86	0.90
Lotte Pakistan PTA Limited	-	454,000	454,000	-	-	-	-	-
Wah-Nobel Chemicals Limited.	-	9,000	9,000	-	-	-	-	-
CONSTRUCTION AND MATERIALS								
Attock Cement Pakistan Limited	10,000	41,908	51,908	-	-	-	-	-
D. G Khan Cement Company Limited	50,300	903,000	727,300	226,000	14,264	15,655	6.49	6.81
Lucky Cement Limited	7,500	399,200	323,500	83,200	13,467	13,943	5.78	6.07
ELECTRICITY								
Hub Power Company Limited	19,078	356,500	307,500	68,078	3,166	3,421	1.42	1.49
Kot Addu Power Company Limited	75,000	155,500	150,000	80,500	3,884	4,220	1.75	1.84
Nishat Chunian Power Limited	-	94,500	94,500	-	-	-	-	-
Nishat Power Limited	-	338,500	338,500	-	-	-	-	-
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	187,188	1,307,500	1,189,688	305,000	6,110	6,192	2.57	2.69
FOOD PRODUCERS								
Engro Foods Company Limited	37,000	450,500	450,000	37,500	4,832	4,767	1.98	2.07
Habib Sugar Mills Limited.	-	361,000	-	361,000	8,070	7,725	3.20	3.36
MULTIUTILITIES (GAS AND WATER)								
Sui Northern Gas (Pakistan) Limited	15,000	264,750	217,500	62,250	1,338	1,087	0.45	0.47
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	63,436	179,900	220,336	23,000	1,639	1,616	0.67	0.70
Habib Insurance Company Limited - a related party	23,519	50,000	-	73,519	939	985	0.41	0.43
OIL & GAS								
National Refinery Limited	21,017	61,900	29,517	53,400	11,740	12,157	5.04	5.29
Oil & Gas Development Company Limited	33,669	75,600	82,500	26,769	5,327	5,459	2.26	2.38
Pakistan Oilfields Limited	11,351	122,118	89,900	43,569	19,740	19,764	8.19	8.60
Pakistan Petroleum Limited	33,201	99,425	78,000	54,626	9,403	9,571	3.97	4.17
Pakistan State Oil Company Limited	12,000	194,818	193,018	13,800	2,709	2,803	1.16	1.22
Attock Petroleum Limited	-	52,051	46,400	5,651	2,818	2,758	1.14	1.20
Attock Refinery Limited	-	214,100	177,700	36,400	7,098	7,298	3.03	3.18
Shell Pakistan Limited	-	31,200	31,200	-	-	-	-	-
PERSONAL GOODS								
Nishat Mills Limited	73,500	1,079,959	945,000	208,459	16,635	17,571	7.28	7.65
Treet Corporation Limited Term Certificate	-	110,000	103,000	7,000	230	240	0.10	0.10
Nishat (Chunian) Limited.	-	50,500	50,500	-	-	-	-	-
Treet Corporation Limited PTC	-	110,000	110,000	-	-	-	-	-

FIRST HABIB STOCK FUND

Name of the Investee Company	As at 1 July 2012	Purchased/ Bonus/ right shares received during the period	Disposed of during the period	As at 31 March 2013	Carrying value as at 31 March 2013	Market value as at 31 March 2013	Market Value as a per	
							Net Assets	Total Investment
				-----Number of shares-----		----- (Rupees in '000) -----		
GENERAL INDUSTRIES								
Thal Limited.	-	156,000	-	156,000	15,538	15,286	6.34	6.65
PHARMACEUTICALS								
Searl Pakistan Limited.	-	38,500	38,500	-	-	-	-	-
SOFTWARE & COMPUTER SERVICES								
Netsol Technologie	-	131,000	131,000	-	-	-	-	-
ENGINEERING								
AL-Ghazi Tractors Limited.	-	6,600	2,000	4,600	1,019	974	0.40	0.42
Total as at 31 March 2013					228,474	229,784		
Total as at 30 June 2012					76,591	72,327		

7.2 Investment in government securities - 'At fair value through profit or loss'

Issue date	Tenor	Face value			As at 31 March 2013			Market value as a percentage of net assets
		As at 1 July 2012	Purchased during the period	Disposed / Matured during the period	As at 31 March 2013	Carrying value as at 31 March 2013	Market value as at 31 March 2013	
----- (Rupees in '000) -----								
9-Aug-12	3 Months	-	150,000	150,000	-	-	-	-
						-	-	-
						-	-	-
Total as at 30 June 2012					-	-	-	-

8. DIVIDEND AND INCOME RECEIVABLE

	31 March 2013	30 June 2012
	(Unaudited)	(Audited)
	(Rupees in '000)	
Dividend receivable	3,268	117
Profit receivable on saving account	195	84
	3,463	201

9. DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	5	-
	2,605	2,600

10. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.1,393,434 (30 June 2012: Rs.511,564) in these condensed interim financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.71 per unit (30 June 2012: Rs.0.47 per unit).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the Nine months period ended 31 March 2013 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2012.

Fair value hierarchy

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

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

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

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

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

As at 31 March 2013, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	229,784	-	229,784
	<u>229,784</u>	<u>-</u>	<u>229,784</u>

As at 30 June 2012, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	72,327	-	72,327
Government securities	-	-	-
	<u>72,327</u>	<u>-</u>	<u>72,327</u>

During the nine months period ended 31 March 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2013, all the investments were categorized in Level 2.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part 1 of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed among the unit holders. Furthermore, as per regulation 63 of the Non- Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

14. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

Details of transactions with connected persons are as follows:

	Nine Month Ended		Quarter ended	
	31 March		31 March	
	2013	2012	2013	2012
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	<u>3,306</u>	<u>2,467</u>	<u>1,526</u>	<u>815</u>
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	<u>168</u>	<u>40</u>	<u>111</u>	<u>23</u>

FIRST HABIB STOCK FUND

	Nine Month Ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	(Rupees in '000)		(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	525	526	172	174
Bank Al Habib Limited				
Profit on Bank Balances	982	368	484	132

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

	31 March	30 June
	2013	2012
	(Unaudited)	(Audited)
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	8,972	34,130
Habib Asset Management Limited - Management Company		
Management fee payable	708	324
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	3	-
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	70	60
- Security deposit - Non interest bearing	100	100

14.1 Sale / Redemption of units for the period ended 31 March

	Nine months ended 31 March 2013		Nine months ended 31 March 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	-	-	13,518	1,200
Associated Companies				
- Habib Insurance Company Limited	883,741	100,000	-	-
Other related parties				
- Directors of the Management Company	441	48	566	54
- Executives of the Management Company	5,002	600	-	-
- Habib Asset Management Limited - Employees Provident Fund	-	-	1,041	100
Bonus Units Issued:				
Management Company				
- Habib Asset Management Limited	6,148	615	14,893	1,491
Other related parties				
- Directors of the Management Company	345	35	770	77
- Habib Asset Management Limited - Employees Provident Fund	39	4	-	-
Units held by:				
Management Company				
- Habib Asset Management Limited	170,154	20,733	177,507	18,325
Associated Companies				
- Bank AL Habib Limited	500,000	60,923	500,000	51,619
- Habib Insurance Company Limited	1,242,849	151,436	359,109	37,074
Other related parties				
- Directors of the Management Company	10,003	1,219	9,047	934
- Habib Asset Management Limited-Employees Provident Fund	1,080	132	1,041	108

15. GENERAL

15.1 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on April 26, 2013.

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

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

Chief Executive

Director

**FIRST HABIB CASH FUND
THIRD QUARTERLY REPORT
March 31, 2013**

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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
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

CFO and Company Secretary

Mr. Muhammad Aamir	Acting CFO
--------------------	------------

Audit Committee

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

H.R. Committee**Auditors**

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

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2013**

	<i>Note</i>	31 March 2013 (Unaudited)	30 June 2012 (Audited)
----- (Rupees in '000) -----			
Assets			
Bank balances	6	705,968	365,576
Placements		-	25,000
Investments	7	1,545,408	1,639,427
Income receivable	8	13,540	1,433
Prepayments		10	121
Preliminary expenses and floatation costs		1,800	2,259
Total assets		2,266,726	2,033,816
Liabilities			
Payable to Habib Asset Management Limited - Management Company		2,465	2,068
Payable to Central Depository Company of Pakistan Limited - Trustee		253	221
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,792	948
Workers' Welfare Fund	9	7,613	3,317
Accrued expenses and other liabilities		1,197	312
Total liabilities		13,320	6,866
Net assets		2,253,406	2,026,950
Unit holders' funds (as per statement attached)		2,253,406	2,026,950
(Number of units)			
Number of units in issue		22,506,218	20,055,052
(Rupees)			
Net asset value per unit		100.12	101.07

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

Note	Nine months ended 31 March		Quarter ended 31 March	
	------(Rupees in '000)-----			
	2013	2012	2013	2012
Income				
Profit on bank deposits	26,508	7,233	13,129	4,801
Income from Government Securities	218,440	91,069	51,915	28,301
Markup income on Placements	2,629	924	1,009	481
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain on sale of investments classified as held for trading	2,001	833	(30)	(88)
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	(555)	(488)	(2,258)	(309)
	1,446	345	(2,288)	(397)
Total income	249,023	99,571	63,765	33,186
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	23,887	8,016	7,000	2,852
Sales tax on management fee	3,822	1,283	1,120	457
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,668	1,280	804	454
Annual fee - SECP	1,792	601	525	214
Brokerage	79	140	8	42
Settlement and bank charges	194	158	57	59
Auditors' remuneration	227	217	58	71
Amortisation of preliminary expenses and floatation costs	459	461	150	153
Annual listing fee	30	30	10	10
Mutual Fund Rating Fee	123	120	35	40
Printing charges	64	139	21	47
Workers' Welfare Fund	4,296	1,933	998	542
	37,641	14,378	10,786	4,941
Total expenses	211,382	85,193	52,979	28,245
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	(864)	9,611	(4,046)	(1,471)
Net income for the period	210,518	94,804	48,933	26,774

Earnings per unit

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The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine Months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
Net income for the period	210,518	94,804	48,933	26,774
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	210,518	94,804	48,933	26,774

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine Months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
Undistributed income brought forward	21,001	16,778	4,449	40,863
Final cash dividend for class 'C' unit holders @ Rs. 3.00/- per unit and bonus units @ 2.9991/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2011	-	(16,596)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.75/- per unit and bonus units @ 2.7382/- for class 'A' and 'B' unit holders for every 100 units held as at 05 October 2011	-	(27,349)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.80/- per unit and bonus units @ 2.7859/- for class 'A' and 'B' unit holders for every 100 units held as at 09 January 2012	-	(38,607)	-	(38,607)
Final cash dividend for class 'C' unit holders @ Rs. 1.05/- per unit and bonus units @ 1.0498/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	(21,057)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7497/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	(20,216)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 0.9997/- for class 'A' and 'B' unit holders for every 100 units held as at 24 August 2012.	(34,544)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7991/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012.	(25,120)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7994/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2012.	(30,651)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5996/- for class 'A' and 'B' unit holders for every 100 units held as at 24 November 2012.	(22,437)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.7494/- per unit and bonus units @0.75 /- for class 'A' and 'B' unit holders for every 100 units held as at 25 December 2012.	(24,112)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.5996/- per unit and bonus units @0.60 /- for class 'A' and 'B' unit holders for every 100 units held as at 25 January 2013.	(18,901)	-	(18,901)	-
Interim cash dividend for class 'C' unit holders @ Rs.0.5997/- per unit and bonus units @0.60 /- for class 'A' and 'B' unit holders for every 100 units held as at 23 February 2013.	(16,536)	-	(16,536)	-
Interim cash dividend for class 'C' unit holders @ Rs.0.6994/- per unit and bonus units @0.70 /- for class 'A' and 'B' unit holders for every 100 units held as at 30 March 2013.	(15,651)	-	(15,651)	-
Net income for the period	210,518	94,804	48,933	26,774
Undistributed Income carried forward	2,294	29,030	2,294	29,030

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013

	Nine Months ended		Quarter ended	
	31 March	2012	31 March	2012
------(Rupees in '000)-----				
Net assets at the beginning of the period	2,026,950	569,989	3,242,318	1,394,203
Amount received on issuance of units	3,793,962	1,662,394	723,809	478,471
Amount paid on redemption of units	(3,759,008)	(1,179,804)	(1,763,531)	(784,670)
	34,954	482,590	(1,039,722)	(306,199)
Net element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	864	(9,611)	4,046	1,471
Final cash dividend for class C unit holders @ 3 per unit for class 'C'	-	(9,958)	-	-
Interim cash dividend for class C unit holders @ 2.75 per unit for class 'C'	-	(11,565)	-	-
Interim cash dividend for class C unit holders @ 2.80 per unit for class 'C'	-	(16,919)	-	(16,919)
Final cash dividend for class C unit holders @ 1.05 per unit for class 'C'	(3,897)	-	-	-
Interim cash dividend for class C unit holders @ 0.75 per unit for class 'C'	(2,043)	-	-	-
Interim cash dividend for class C unit holders @ 1.00 per unit for class 'C'	(2,921)	-	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit for class 'C'	(2,457)	-	-	-
Interim cash dividend for class C unit holders @ 0.80 per unit for class 'C'	(2,259)	-	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	(2,053)	-	-	-
Interim cash dividend for class C unit holders @ 0.75 per unit for class 'C'	(2,081)	-	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	(1,016)	-	(1,016)	-
Interim cash dividend for class C unit holders @ 0.60 per unit for class 'C'	(387)	-	(387)	-
Interim cash dividend for class C unit holders @ 0.70 per unit for class 'C'	(766)	-	(766)	-
Net income for the period	210,518	94,804	48,933	26,774
Net assets at the end of the period	2,253,406	1,099,330	2,253,406	1,099,330

	------(Number of Units)-----			
	20,055,052	5,532,104	32,371,225	13,531,017
Units at the beginning of the period	37,763,240	16,338,315	7,213,515	4,690,519
Number of Units Issued	(37,404,226)	(11,608,283)	(17,567,377)	(7,735,863)
Number of Units Redeemed	359,014	4,730,032	(10,353,862)	(3,045,344)
Final Bonus units distribution @ 2.9991/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2011.	-	66,367	-	-
Interim Bonus units distribution @ 2.7382/- for calss 'A' and 'B' units holders for every 100 units held as at 05 October 2011.	-	157,170	-	-
Interim Bonus units distribution @ 2.7859/- for calss 'A' and 'B' units holders for every 100 units held as at 09 January 2012.	-	215,781	-	215,781
Final Bonus units distribution @ 1.0498/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2012.	171,578	-	-	-
Interim Bonus units distribution @ 0.7497/- for calss 'A' and 'B' units holders for every 100 units held as at 27 July 2012.	181,673	-	-	-
Interim Bonus units distribution @ 0.9997/- for calss 'A' and 'B' units holders for every 100 units held as at 24 August 2012.	316,123	-	-	-
Interim Bonus units distribution @ 0.7991/- for calss 'A' and 'B' units holders for every 100 units held as at 28 September 2012.	226,377	-	-	-
Interim Bonus units distribution @ 0.7994/- for calss 'A' and 'B' units holders for every 100 units held as at 25 October 2012.	283,714	-	-	-
Interim Bonus units distribution @ 0.5996/- for calss 'A' and 'B' units holders for every 100 units held as at 24 November 2012.	203,702	-	-	-
Interim Bonus units distribution @ 0.7494/- for calss 'A' and 'B' units holders for every 100 units held as at 15 December 2012.	220,130	-	-	-
Interim Bonus units distribution @ 2.5997/- for calss 'A' and 'B' units holders for every 100 units held as at 25 January 2013.	178,725	-	178,725	-
Interim Bonus units distribution @ 0.5997/- for calss 'A' and 'B' units holders for every 100 units held as at 23 February 2013.	161,405	-	161,405	-
Interim Bonus units distribution @ 0.6994/- for calss 'A' and 'B' units holders for every 100 units held as at 30 March 2013.	148,725	-	148,725	-
Units at the end of the period	22,506,218	10,701,454	22,506,218	10,701,454

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013**

	Nine Months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	210,518	94,804	48,933	26,774
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	555	488	2,258	309
Workers' Welfare fund	4,296	1,933	998	542
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	864	(9,611)	4,046	1,471
Amortisation of preliminary expenses and floatation costs	459	461	150	153
	216,692	88,075	56,385	29,249
(Increase) / decrease in assets				
Investments	93,464	(233,043)	669,372	295,425
Term deposit receipts	-	-	300,000	-
Placements	25,000	-	-	-
Income receivable	(12,107)	(927)	(5,195)	619
Prepayments	111	101	42	40
	106,468	(233,869)	964,219	296,084
Increase / (decrease) in liabilities				
Payable to Management Company	397	(2,490)	(1,080)	(247)
Payable to Trustee	32	62	(79)	(18)
Payable to SECP	844	472	525	214
Accrued expenses and other liabilities	119	21	(70)	25
	1,392	(1,935)	(704)	(26)
Net cash (utilized in) / generated from operating activities	324,552	(147,729)	1,019,900	325,307
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	34,954	482,590	(1,039,722)	(306,199)
Dividend paid during the period	(19,114)	(38,442)	(3,484)	(16,919)
	15,840	444,148	(1,043,206)	(323,118)
Net increase in cash and cash equivalents during the period	340,392	296,419	(23,306)	2,189
Cash and cash equivalents at the beginning of the period	365,576	8,109	729,274	302,339
Cash and cash equivalents at the end of the period	705,968	304,528	705,968	304,528
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	5,968	4,528	5,968	4,528
Term deposit receipts maturity of 3 months and less	700,000	300,000	700,000	300,000
	705,968	304,528	705,968	304,528

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 July 2010 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The condensed interim financial statements are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

6. BANK BALANCES	Note	31 March 2013 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
Savings account	6.1	5,968	15,576
Term deposit receipts	6.2	700,000	350,000
		<u>705,968</u>	<u>365,576</u>

6.1 It represents balance with Bank AL Habib Limited, a related party, which carries profit rate of 8% (30 June 2012: 10%) per annum.

6.2 Term Deposit receipts (TDRs) have tenor ranging from 1 month to 6 months (30 June 2012 : one month) and carry profit rate of 9.55% to 9.75 % (30 June 2012 : 12.1%). These TDRs will mature from 18 April 2013 to 30 April 2013 (30 June 2012 : 18 July 2012).

7. INVESTMENTS - at fair value through profit or loss - held for trading	Note	31 March 2013 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
---	-------------	---	---------------------------------------

Government securities	7.2	1,545,408	1,639,427
		<u>1,545,408</u>	<u>1,639,427</u>

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

Government Securities	<u>(555)</u>	(538)
	<u>(555)</u>	<u>(538)</u>

FIRST HABIB CASH FUND

7.2 Government Securities - Treasury Bills

Issue date	Face Value				As at 31 March 2013			Market value as percentage of	
	As at 01 July 2012	Purchases during the period	Sold / Matured during the period	As at 31 March 2013	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Investments
------(Rupees in '000)-----									
3 Months									
21-Feb-2013	-	225,000	-	225,000	222,493	222,439	(54)	9.87	14.39
7-Feb-2013	-	570,000	375,000	195,000	193,525	193,469	(56)	8.59	12.52
24-Jan-2013	-	250,000	110,000	140,000	139,419	139,394	(25)	6.19	9.02
21-Mar-2013	-	45,000	-	45,000	44,175	44,172	(3)	1.96	2.86
7-Mar-2013	-	475,000	155,000	320,000	315,292	315,235	(57)	13.99	20.40
10-Jan-2013	-	95,000	95,000	-	-	-	-	-	-
19-Apr-2012	50,000	-	50,000	-	-	-	-	-	-
3-May-2012	65,000	-	65,000	-	-	-	-	-	-
17-May-2012	368,000	150,000	518,000	-	-	-	-	-	-
31-May-2012	155,000	-	155,000	-	-	-	-	-	-
14-Jun-2012	225,000	-	225,000	-	-	-	-	-	-
28-Jun-2012	-	200,000	200,000	-	-	-	-	-	-
12-Jul-2012	-	250,000	250,000	-	-	-	-	-	-
26-Jul-2012	-	390,000	390,000	-	-	-	-	-	-
9-Aug-2012	-	575,000	575,000	-	-	-	-	-	-
23-Aug-2012	-	315,000	315,000	-	-	-	-	-	-
6-Sep-2012	-	325,000	325,000	-	-	-	-	-	-
20-Sep-2012	-	165,000	165,000	-	-	-	-	-	-
18-Oct-2012	-	405,000	405,000	-	-	-	-	-	-
1-Nov-2012	-	230,000	230,000	-	-	-	-	-	-
15-Nov-2012	-	145,000	145,000	-	-	-	-	-	-
29-Nov-2012	-	200,000	200,000	-	-	-	-	-	-
13-Dec-2012	-	160,000	160,000	-	-	-	-	-	-
6 Months									
24-Jan-2013	-	110,000	-	110,000	106,970	106,833	(137)	4.74	6.91
12-Jan-2012	85,000	-	85,000	-	-	-	-	-	-
26-Jan-2012	187,000	-	187,000	-	-	-	-	-	-
9-Feb-2012	75,000	-	75,000	-	-	-	-	-	-
12-Jul-2012	-	135,000	135,000	-	-	-	-	-	-
26-Jul-2012	-	240,000	240,000	-	-	-	-	-	-
9-Aug-2012	-	475,000	475,000	-	-	-	-	-	-
23-Aug-2012	-	250,000	250,000	-	-	-	-	-	-
6-Sep-2012	-	400,000	400,000	-	-	-	-	-	-
4-Oct-2012	-	450,000	450,000	-	-	-	-	-	-
1-Nov-2012	-	200,000	-	200,000	198,492	198,429	(63)	8.81	12.84
15-Nov-2012	-	100,000	-	100,000	98,907	98,862	(45)	4.39	6.40
29-Nov-2012	-	230,000	-	230,000	226,690	226,575	(115)	10.05	14.66
1 Year									
11-Aug-2011	-	130,000	130,000	-	-	-	-	-	-
25-Aug-2011	135,000	300,000	435,000	-	-	-	-	-	-
8-Sep-2011	220,000	-	220,000	-	-	-	-	-	-
6-Oct-2011	100,000	-	100,000	-	-	-	-	-	-
3-Nov-2011	-	378,300	378,300	-	-	-	-	-	-
1-Dec-2011	-	500,000	500,000	-	-	-	-	-	-
Total as at 31 March 2013				1,565,000	1,545,963	1,545,408	(555)		
Total as at 30 June 2012					1,639,965	1,639,427	(538)		

8. INCOME RECEIVABLE

	31 March 2013 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	
Profit receivable on saving account	117	1,433
Profit receivable on term deposit receipts	<u>13,423</u>	<u>-</u>
	<u>13,540</u>	<u>1,433</u>

9. WORKERS' WELFARE FUND

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 7,613,168 (30 June 2012: Rs. 3,316,890) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.38 per unit (30 June 2012: Rs.0.165 per unit).

10. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended 30 June 2012.

Fair Value Hierarchy

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

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

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

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

During the nine months period ended 31 March 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements. As at 31 March 2013, all the investments were categorised in level 2.

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part 1 of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed among the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by the fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

FIRST HABIB CASH FUND

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

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

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

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

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

	Nine Months ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	27,709	8,016	8,120	2,852
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	2,668	1,280	804	454
Bank AL Habib Limited				
Profit on bank balances	1,833	1,217	369	372

Details of the balances with connected persons are as follows:

	31 March 2013	30 June 2012
	(Unaudited)	(Audited)
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	2,465	2,068
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	253	221
Bank AL Habib Limited		
Bank balances	5,968	15,576

	Nine Months ended 31 March 2013		Nine Months ended 31 March 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	304,479	30,600	102,277	10,450
Associated Companies				
- Habib Insurance Company Limited	3,636,915	365,000	2,454,847	251,000
Other related parties				
- Directors of the Management Company	1,497	150	28,183	2,875
- Executives of the Management Company	9,519	955	1,960	200
- Habib Asset Management Limited-				
Employees Provident Fund	4,783	480	3,641	370
- Habib Sugar Mills Limited	9,948,630	1,000,000	-	-
- Sukaina Educational & Welfare Trust	149,808	15,002	-	-
- Green Shield Insurance Brokers	24,972	2,500	-	-
- Ghulaman-e-Abbas Trust	79,345	7,975	-	-
- Hasni Textiles Pvt Limited	1,742,055	175,000	-	-
- Hasni Knitwear Pvt Limited	497,707	50,000	-	-
- Dawood Habib Memorial Trust	31	3	-	-
- Mrs Razia Ali Habib	11,040	1,110	-	-
- Mr. Haider Azim	120	12	-	-

FIRST HABIB CASH FUND

	Nine Months ended 31 March 2013		Nine Months ended 31 March 2012	
	(Unaudited)		(Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Bonus units issued:				
Management Company				
- Habib Asset Management Limited	41,295	4,134	31,961	3,206
Associated Companies				
- Bank AL Habib Limited	237,817	23,797	-	-
Other related parties				
- Directors of the Management Company	3,045	303	2,303	231
- Executives of the Management Company	377	36	224	22
- Habib Asset Management Limited-				
Employees Provident Fund	407	40	355	36
- Habib Sugar Mills Limited	472,121	47,244	-	-
- Sukaina Educational & Welfare Trust	15,158	1,517	-	-
- Green Shield Insurance Brokers	210	21	-	-
- Ghulaman-e-Abbas Trust	13,267	1,327	-	-
- Hasni Textiles Pvt Limited	52,369	5,241	-	-
- Hasni Knitwear Pvt Limited	16,375	1,640	-	-
- Dawood Habib Memorial Trust	19,822	1,984	-	-
- Mr. Imran Ali Habib	655	65	257	26
- Mr. Murtaza Habib	654	65	257	26
- Mr. Asghar D Habib	655	65	257	26
- Mr. Qumail Habib	654	65	256	26
- Mr. Abas D Habib	654	65	257	26
- Mr. Ali Asad Habib	654	65	257	26
- Mrs Razia Ali Habib	6,525	654	-	-
- Mrs. Batool Ali Raza Habib	6,740	675	-	-
- Mrs. Fatima Ali Raza Habib	6,289	627	-	-
- Mr. Sajjad Hussain	4,193	420	-	-
- Mr. Aun Muhammad Ali Raza Habib	7,075	708	-	-
- Mrs. Samina Imran	23	3	-	-
- Mr. Haider Azim	86	8	-	-
- Mrs. Hina Shoaib	2	1	-	-
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	291,797	29,300	11,901	1,200
Associated Companies				
- Habib Insurance Company Limited	4,279,680	430,000	2,387,850	244,000
Other related parties				
- Directors of the Management Company	14,940	1,500	12,425	1,250
- Executives of the Management Company	13,920	1,400	1,949	200
- Habib Asset Management Limited-				
Employees Provident Fund	11,901	1,200	6,435	650
- Habib Sugar Mills Limited	10,420,752	1,045,615	-	-
- Sukaina Educational & Welfare Trust	189,076	19,000	-	-
- Green Shield Insurance Brokers	24,927	2,500	-	-
- Ghulaman-e-Abbas Trust	130,466	13,099	-	-
- Mrs Razia Ali Habib	5,129	515	-	-
- Mrs. Batool Ali Raza Habib	99,840	100	-	-
Units held by:				
Management Company				
- Habib Asset Management Limited	587,871	58,860	472,689	48,559

FIRST HABIB CASH FUND

	Nine Months ended 31 March 2013		Nine Months ended 31 March 2012	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Associated Companies				
- Bank AL Habib Limited	3,243,315	324,733	1,010,249	103,783
- Habib Insurance Company Limited	1,094,184	109,554	1,785,894	183,465
Other related parties				
- Directors of the Management Company	32,117	3,216	42,400	4,356
- Executives of the Management Company	513	51	2,782	286
- Habib Asset Management Limited-				
Employees Provident Fund	1,553	156	6,978	717
- Sukaina Educational & Welfare Trust	175,985	17,620	-	-
- Green Shield Insurance Brokers	255	26	-	-
- Ghulaman-e-Abbas Trust	131,507	13,167	-	-
- Hasni Textiles Pvt Limited	1,794,424	179,664	-	-
- Hasni Knitwear Pvt Limited	514,082	51,472	-	-
- Dawood Habib Memorial Trust	270,329	27,066	-	-
- Mr. Imran Ali Habib	8,938	895	3,187	327
- Mr. Murtaza Habib	8,926	894	3,187	327
- Mr. Asghar D Habib	8,938	895	3,187	327
- Mr. Qumail Habib	8,919	893	3,187	327
- Mr. Abas D Habib	8,926	894	3,187	327
- Mr. Ali Asad Habib	8,926	894	3,187	327
- Mrs Razia Ali Habib	93,927	9,404	-	-
- Mrs. Batool Ali Raza Habib	16,183	1,620	-	-
- Mrs. Fatima Ali Raza Habib	85,768	8,587	-	-
- Mr. Sajjad Hussain	57,190	5,726	-	-
- Mr. Aun Muhammad Ali Raza Habib	96,489	9,661	-	-
- Mrs. Samina Imran	316	32	-	-
- Mr. Haider Azim	1,279	128	-	-
- Mrs. Hina Shoaib	25	2	-	-

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 26, 2013.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND
THIRD QUARTERLY REPORT
March 31, 2013

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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
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Liaquat Habib Merchant	Director

CFO and Company Secretary

Mr. Muhammad Aamir	Acting CFO
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Audit Committee

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

H.R. Committee

Auditors

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

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2013

	Note	31 March 2013 (Rupees in '000)
Assets		
Bank balances	6	75,755
Investments	7	200,502
Certificate of musharaka	8	10,000
Income receivable	9	5,154
Deposits and prepayments	10	2,638
Preliminary expenses and floatation costs	11	951
Total assets		295,000
Liabilities		
Payable to Habib Asset Management Limited - Management Company		1,316
Payable to Central Depository Company of Pakistan Limited - Trustee		49
Payable to Securities and Exchange Commission of Pakistan - SECP		101
Workers' Welfare Fund	12	331
Accrued expenses and other liabilities		506
Total liabilities		2,303
Net assets		292,697
Unit holders' funds (as per statement attached)		292,697
		(Number of Units)
Number of units in issue		2,789,713
		(Rupees)
Net asset value per unit		104.92

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013**

	Note	From 09 November	Quarter ended 31
		2012 to 31 March	March
		2013	2013
		(Rupees in '000)	
Income			
Profit on bank deposits		5,196	2,171
Income from Ijara Sukuk Certificates		2,625	1,771
Dividend income		1,829	1,825
Income from term deposit receipts		363	316
Income from certificate of musharaka		99	99
Net gain / loss on investments designated at fair value through income statement			
-Net capital gain on sale of investments classified as held for trading		6,693	6,649
-Net unrealized gain on revaluation of investments classified as held for trading	7.3	2,304	1,463
		8,997	8,112
Total income		19,109	14,294
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		1,190	747
Sales tax on management fee		190	119
Remuneration of Central Depository Company of Pakistan Limited - Trustee		238	149
Annual fee - Securities and Exchange Commission of Pakistan		101	63
Brokerage		340	255
Settlement and bank charges		120	77
Annual listing fee		57	38
Auditors' remuneration		122	59
Amortisation of preliminary expenses and floatation costs		81	52
Workers' Welfare Fund	12	331	246
Mutual fund rating fee		80	51
Printing charges		43	27
Total expenses		2,893	1,883
		16,216	12,411
Net element of income and capital gain included in prices of units issued less those in units redeemed		7	(346)
Net income for the period		16,223	12,065
Earnings per unit	13		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013

	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2013
	(Rupees in '000)	
Net income for the period	16,223	12,065
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>16,223</u>	<u>12,065</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013**

	From 09 November 2012 31 March 2013	Quarter ended 31 March 2013
	(Rupees in '000)	
Undistributed income brought forward	-	1,661
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit bonus units @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	(2,497)	-
Net income for the period	16,223	12,065
Undistributed income carried forward	<u>13,726</u>	<u>13,726</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013**

	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2013
	(Rupees in '000)	
Net assets at the beginning of the period	-	336,269
Amount received on sale of units	365,257	30,987
Amount paid on redemption of units	(87,982)	(86,970)
	277,275	(55,983)
Element of (income) and capital (gain) included in prices of units issued less those in units redeemed	(7)	346
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit	(794)	-
Net income for the period	16,223	12,065
Net assets at the end of the period	292,697	292,697
	Number of Units	
Units at the beginning of the period	-	3,345,998
Number of units issued	3,642,293	303,151
Number of units redeemed	(869,530)	(859,436)
	2,772,763	(556,285)
<i>Issue of bonus units:</i>		
Interim bonus units distribution @ 0.7468/- for class 'A' and 'B' unit holders for every 100 units held as at 28 December 2012	16,950	-
Units at the end of the period	2,789,713	2,789,713

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013**

	From 09 November 2012 to 31 March 2013	Quarter ended 31 March 2013
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	16,223	12,065
Adjustments for non-cash items		
Unrealised loss on revaluation of investments at fair value through profit or loss - net	(2,304)	(1,463)
Workers' Welfare Fund	331	246
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(7)	346
Amortisation of preliminary expenses and floatation costs	81	52
	14,324	11,246
(Increase)/ decrease in assets		
Investments	(198,198)	(57,922)
Income receivable	(5,154)	(3,128)
Certificate of musharaka	(10,000)	(10,000)
Advances, deposits, prepayments and other receivables	(2,638)	38
	(215,990)	(71,012)
Increase / (decrease) in liabilities		
Payable to - Management Company	1,316	(46)
Payable to - Trustee	49	(8)
Payable to - SECP	101	63
Accrued expenses and other liabilities	(526)	(7,402)
	940	(7,393)
Net cash flow from / (used in) operating activities	(200,726)	(67,159)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / (payments) from sale and redemption of units	277,275	(55,983)
Dividend paid during the period	(794)	(794)
Net cash flow from/ (used in) financing activities	276,481	(56,777)
Net increase in cash and cash equivalents during the period	75,755	(123,936)
Cash and cash equivalents at beginning of the period	-	199,691
Cash and cash equivalents at end of the period	75,755	75,755

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD FROM NOVEMBER 09, 2012 TO MARCH 31, 2013**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.

2. BASIS OF PRESENTATION

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

Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments classified as 'at fair value through profit or loss' are measured at fair value.

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Fund for the period from November 09, 2012 to December 31, 2012.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgements about the carrying values of assets and liabilities that are readily not apparent from other sources. Actual results may differ from these estimates.

FIRST HABIB ISLAMIC BALANCED FUND

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the period ended from November 09, 2012 to December 31, 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the period ended from November 09, 2012 to December 31, 2012.

6. BANK BALANCES	<i>Note</i>	(Unaudited) 31 March 2013 (Rupees in '000)
Current account		372
Savings account	6.1	<u>75,383</u>
		<u><u>75,755</u></u>

6.1 Savings account carry profit rate of 9% per annum.

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

Equity securities	7.1	120,212
Sukuk certificates	7.2	<u>80,290</u>
		<u><u>200,502</u></u>

7.1 Equity Securities

Name of the Investee company	As at 1 July 2012	Purchased/ Bonus/ right shares received during the period	Disposed of during the period	As at 31 March 2013	Carrying value as at 31 March 2013	Market value as at 31 March 2013	Market Value as a Percentage of:	
							Net Assets	Total Investment
------(Rupees in '000)-----								
AUTOMOBILE PARTS & ACCESSORIES								
Pak Suzuki Motor Co. Ltd.	-	10,000	-	10,000	990	980	0.33	0.49
CHEMICALS								
Fauji Fertilizer Bin Qasim Limited	-	106,000	-	106,000	4,069	3,987	1.36	1.99
Fauji Fertilizer Company Limited	-	112,500	32,500	80,000	8,880	8,792	3.00	4.38
ICI Pakistan Limited	-	29,600	-	29,600	4,167	4,105	1.40	2.05
ELECTRICITY								
Hub Power Company Limited	-	234,000	84,000	150,000	6,883	7,539	2.58	3.76
OIL & GAS								
Attock Petroleum Limited	-	24,000	-	24,000	12,068	11,712	4.00	5.84
Attock Refinery Limited	-	79,300	69,300	10,000	1,774	2,005	0.69	1.00
Mari Petroleum Company Limited	-	32,500	20,500	12,000	1,142	1,155	0.39	0.58
National Refinery Limited	-	20,000	-	20,000	4,270	4,553	1.56	2.27
Oil & Gas Development Company Limited	-	55,800	30,000	25,800	4,839	5,262	1.80	2.62
Pakistan Oilfields Limited	-	43,900	23,000	20,900	9,201	9,481	3.24	4.73
Pakistan Petroleum Limited	-	70,400	33,800	36,600	6,410	6,413	2.19	3.20
Pakistan State Oil Company Limited	-	72,960	38,000	34,960	6,782	7,101	2.43	3.54
CONSTRUCTION AND MATERIALS								
Attock Cement Pakistan Limited	-	1,500	1,500	-	-	-	-	-
Cherat Cement Company Limited	-	122,000	56,000	66,000	3,436	3,411	1.17	1.70
D. G. Khan Cement Company Limited	-	271,500	144,500	127,000	7,345	8,798	3.01	4.39
Lucky Cement Limited	-	102,300	49,100	53,200	8,743	8,916	3.05	4.45
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Corporation Limited	-	409,500	309,500	100,000	1,980	2,030	0.69	1.01
ENGINEERING								
Al-Ghazi Tractors Limited	-	5,600	5,600	-	-	-	-	-
PERSONAL GOODS								
Nishat Mills Limited	-	210,000	110,000	100,000	8,321	8,429	2.88	4.20
PHARMACEUTICALS								
The Searle Company Limited	-	13,500	13,500	-	-	-	-	-
FOOD PRODUCERS								
Engro Foods Limited	-	66,000	48,000	18,000	2,312	2,288	0.78	1.14
Habib Sugar Mills Limited	-	185,000	-	185,000	4,149	3,958	1.35	1.97
BANKS								
Meezan Bank Limited	-	249,750	-	249,750	6,596	6,512	2.22	3.25
GENERAL INDUSTRIES								
MACPAC Films Limited	-	32,000	-	32,000	867	864	0.30	0.43
MULTIUTILITIES(GAS & WATER)								
Sui Northern Gas Pipe Line Limited	-	110,000	-	110,000	2,520	1,921	0.66	0.96
Total as at 31 March 2013					<u>117,744</u>	<u>120,212</u>		

FIRST HABIB ISLAMIC BALANCED FUND

7.2 Sukuk certificates

Name of the investee company	As at 1 July 2012	Number of certificates			As at 31 March 2013		Market Value as a Percentage of:	
		Acquired during the period	Sold/Redeemed during the period	As at 31 March 2013	Carrying value	Market Value	Net Assets	Total Investment
------(Rupees in '000)-----								
GOP Ijara Sukuk 6	-	5,000	-	5,000	25,130	25,088	8.57	12.51
GOP Ijara Sukuk 9	-	9,000	-	9,000	45,324	45,202	15.44	22.54
Aisha Steel Mills Limited - Sukuk	-	2,000	-	2,000	10,000	10,000	3.42	4.99
Total as at 31 March 2013					80,454	80,290		

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

	(Unaudited)
	31 March 2013
	(Rupees in '000)
	Note
Equity securities	2,468
Sukuk certificates	(164)
	2,304

8. CERTIFICATE OF MUSHARAKA

Certificate of musharaka	8.1	10,000
		10,000

8.1 Certificate of musharaka has tenure of 3 months and carry profit rate of 9% per annum. The certificate will mature on 20 May 2013.

9. INCOME RECEIVABLE

Profit receivable on saving account	1,277
Profit receivable on sukuk	2,001
Profit receivable on certificate of musharaka	99
Dividend receivable	1,777
	5,154

10. DEPOSITS AND PREPAYMENTS

Deposit with Central Depository Company of Pakistan Limited	100
Deposit with National Clearing Company of Pakistan Limited	2,500
Prepayments	38
	2,638

11. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost incurred	11.1	1,032
Amortization for the period		(81)
Balance as at 31 March 2013		951

11.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 09 November 2012, i.e. after the close of initial period of the Fund.

12. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year have been brought within the scope of WWF Ordinance thus rendering them liable to pay contribution to WWF @ 2% of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgement in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struckdown.

As the matter relating to levy of WWF is currently pending in Court, the Management Company, as a matter of abundant caution, has decided to create a provision of Rs. 0.331 million in these Condensed Interim Financial Statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs. 0.1187 per unit.

FIRST HABIB ISLAMIC BALANCED FUND

13. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2013, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

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

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

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

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

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

	For the period from 09 November 2012 to 31 March 2013	Quarter ended 31 March 2013
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	<u>1,190</u>	<u>747</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>238</u>	<u>149</u>
Details of the balances with connected persons are as follows:		(Unaudited) 31 March 2013 (Rupees in '000)
Habib Asset Management Limited - Management Company		
Management fee		<u>1,316</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration		<u>49</u>
	For the period from 09 November 2012 to 31 March 2013	
Sale / Redemption of units	(Units)	(Rupees in '000)
Units sold to:		
Management Company		
Habib Asset Management Limited	<u>152,252</u>	<u>15,225</u>
Associated Companies		
- Bank AL Habib Limited	<u>252,322</u>	<u>25,232</u>
- Habib Insurance Company Limited	<u>706,724</u>	<u>70,701</u>
Other related parties		
- Directors of the Management Company	<u>10,141</u>	<u>1,015</u>
- Habib Insurance Company Limited- Employees Provident Fund	<u>9,620</u>	<u>1,000</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>9,000</u>	<u>900</u>

FIRST HABIB ISLAMIC BALANCED FUND

	For the period from 09 November 2012 to 31 March 2012	
	(Units)	(Rupees in '000)
Bonus units issued:		
Management Company		
Habib Asset Management Limited	<u>1,137</u>	<u>114</u>
Other related parties		
- Directors of the Management Company	<u>-</u>	<u>-</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>30</u>	<u>3</u>
Other related parties		
- Habib Asset Management Limited - Employees Provident Fund	<u>4,988</u>	<u>500</u>
Units held by:		
Management Company		
Habib Asset Management Limited	<u>153,389</u>	<u>16,094</u>
Associated Companies		
- Bank AL Habib Limited	<u>252,322</u>	<u>26,474</u>
- Habib Insurance Company Limited	<u>706,724</u>	<u>74,150</u>
Other related parties		
- Directors of the Management Company	<u>10,141</u>	<u>1,064</u>
- Habib Insurance Company Limited- Employees Provident Fund	<u>9,620</u>	<u>1,009</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>4,042</u>	<u>424</u>

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.1 .

Fair Value Hierarchy

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

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

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

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

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 March 2013.

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Equity securities	<u>120,212</u>	<u>-</u>	<u>-</u>	<u>120,212</u>
Sukuk certificates	<u>-</u>	<u>80,290</u>	<u>-</u>	<u>80,290</u>
	<u>-</u>	<u>80,290</u>	<u>-</u>	<u>200,502</u>

16. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

17. GENERAL

17.1 These condensed interim financial information were authorised for issue on April 26, 2013 by the board of directors of the Management Company.

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

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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

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