

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



Quarterly Report

March 2015



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of **First Habib Income Fund (FHIF)**, **First Habib Stock Fund (FHSF)**, **First Habib Cash Fund (FHCF)** and **First Habib Islamic Balanced Fund (FHIBF)** for the nine months (July 2014- Mar 2015) and quarter ended March 31, 2015.

During the nine months ended on March 31, 2015, the State Bank of Pakistan reduced the key discount rate from 10% to 8%. The CPI inflation averaged at 5.14% for 9M July 2014-March 2015, as compared to 8.63% in corresponding 9M July 2013-March 2014.

On the equity markets front, KSE-100 index closed at 30,234 points on March 31, 2015 while adding up 532 points during the entire period of nine months from July 2014 to March 2015. Notably, on 4th February 2015, the index touched the highest pinnacle of 35,050 points during the intra-day trading to close at the level of 34,673 points.

FUNDS' PERFORMANCE

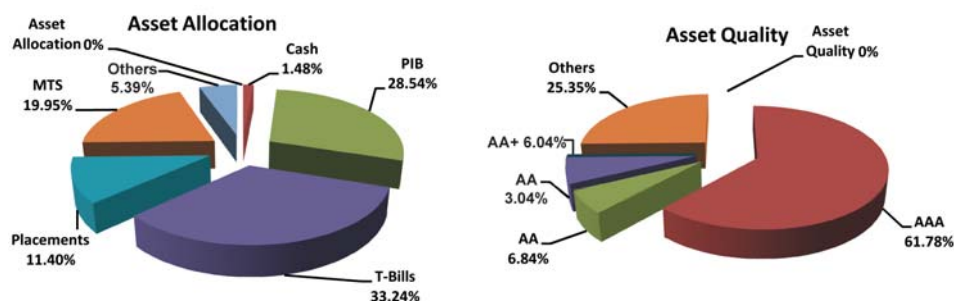
First Habib Income Fund (FHIF)

The net assets of fixed-income fund stood at Rs. 2,163mn as on March 31, 2015, yielding an annualized return of 11.82% p.a. The larger share of the fund i.e. 61.78% was invested in Government Securities (T-Bills, PIBs).

During the nine months period ended March 31, 2015, the fund's gross earnings arrived at Rs. 128.86mn, the break-up of which is detailed below:

(Rs. In 000s)	3QFY15	
Profit on bank deposits	7,394.00	6%
Income from TFCs	3,849.00	3%
Income from Government Securities	60,236.00	47%
Income from Placements	3,059.00	2%
Income from Margin Trading (MTS)	3,967.00	3%
Net Gain/Loss on sale and revaluation of investments	50,351.00	39%
Total Income	128,856.00	

The asset allocation and credit quality of FHIF as at March 31, 2015, is as under:



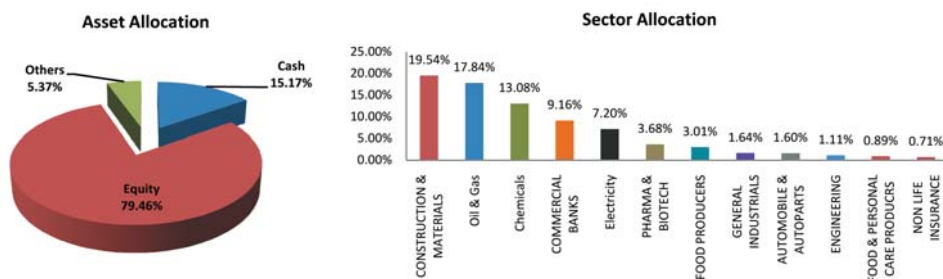
First Habib Stock Fund (FHSF)

As on March 31, 2015, the net assets of the fund stood at Rs. 190.18mn. The fund's exposure in equities was recorded at 79.46%.

During the nine months period ended March 31, 2015, the fund generated a gross income of Rs. 8.09mn, as detailed below:

(Rs. In 000s)	3QFY15	
Profit on bank deposits	917.00	11%
Dividend Income	5,665.00	70%
Net Gain/loss on sale and revaluation of investments	1,505.00	19%
Total Income	8,087.00	

The asset allocation and sector allocation of FHSF as at March 31, 2015, is as under:



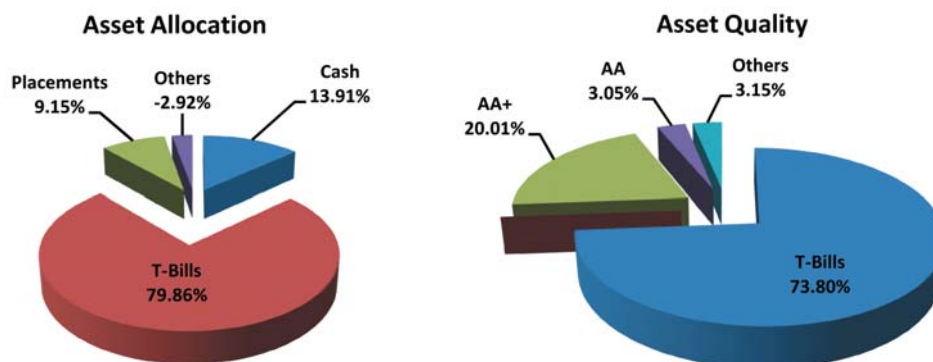
First Habib Cash Fund (FHCF)

The net assets of the fund amounted at Rs. 3.24bn as on March 31, 2015 while an annualized return of 8.48% p.a was generated for the nine months period ended March 31, 2015. The bulk of the fund i.e.79.86% was invested in T-Bills.

During the nine months period ended March 31, 2015, the fund's gross earnings totaled at Rs. 240.77mn, break-up of which is as follows:

(Rs. In 000s)	3QFY15	
Profit on bank deposits	31,597.00	13%
Income from Government Securities	198,631.00	82%
Markup income on Placements	4,518.00	2%
Net Gain/Loss on sale and revaluation of investments	6,019.00	2%
Total Income	240,765.00	

The asset allocation and credit quality of FHCF as at March 31, 2015, is as under:



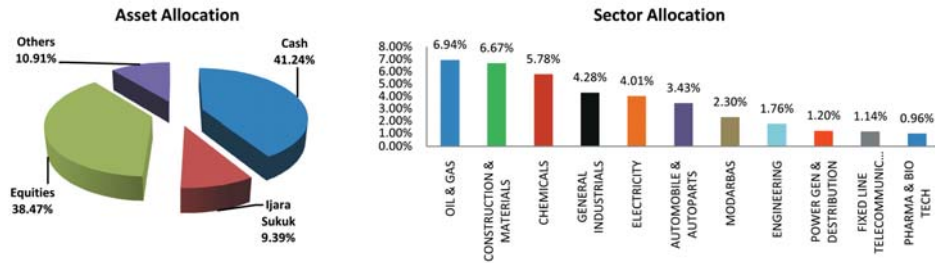
First Habib Islamic Balanced Fund (FHIBF)

As on March 31, 2015, the net assets of the fund reached Rs. 181.75mn with 38.47% of exposure in equity.

During the nine months period ended March 31, 2015, the fund earned a gross income of Rs.8.90mn, detailed as follows:

(Rs. In 000s)	3QFY15	
Profit on bank deposits	6,003.00	67%
Income from Ijara/Sukuk Certificates	2,101.00	24%
Dividend Income	5,330.00	60%
Net Gain/Loss on sale and revaluation of investments	(4,530.00)	-51%
Total Income	8,904.00	

The asset allocation and sector allocation of FHIBF as at March 31, 2015, is as under:



Future Outlook

Looking forward, positive developments in macroeconomic conditions and declining interest rate scenario are likely to strengthen the business environment and may prove effective in fostering foreign and local investments. Moreover, a staggering growth of US\$13.3bn has been registered in workers' remittances during nine months period ended March 31, 2015. The country's total forex reserves also surged by \$63mn to close in at \$16.19bn on March 31, 2015. These macroeconomic indicators are expected to result in a positive impact for the economy.

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 continuous support and extended cooperation.

The Board also acknowledges and appreciates the employees of the Management Company for their dedication and utmost hardwork.

On behalf of the Board of
Habib Asset Management Limited

April 29, 2015

FIRST HABIB INCOME FUND
Third Quarterly Report
March 2015

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Rating

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

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

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

	Note	31 March 2015 (Un-Audited)	30 June 2014 (Audited)
Assets			
Bank balances	6	382,415	6,704
Investments	7	1,356,358	488,646
Receivable against Margin Trading System	8	381,752	-
Income receivable		10,844	13,503
Receivable against Sale of investment		49,231	-
Deposits and prepayments		13,025	17,600
Total assets		2,193,625	526,453
Liabilities			
Payable to the Habib Asset Management Limited - Management Company		3,361	767
Provision for Federal excies duty on remuneration of the Management Company	9	3,708	1,064
Payable to Central Depository Company of Pakistan Limited - Trustee		234	74
Payable to Securities and Exchange Commission of Pakistan		663	459
Workers' Welfare Fund	10	18,251	14,651
Accrued expenses and other liabilities		3,963	1,026
Total liabilities		30,180	18,041
Net assets		2,163,445	508,412
Unit holders' funds (as per the statement attached)		2,163,445	508,412
		(Number of Units)	
Number of units in issue		19,843,706	5,077,135
		(Rupees)	
Net asset value per unit		109.02	100.14

The annexed notes 1 to 16 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 2015**

Note	Nine months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
(Rupees in '000)				
Income				
	7,394	5,009	5,327	1,201
Profit on bank deposits				
Income from term finance certificates	3,849	8,490	-	1,878
Income on government securities	60,236	32,047	27,883	10,313
Income from placements	3,059	61	2,160	47
Income from Margin Trading System	3,967	-	3,967	-
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	43,496	(279)	37,809	(92)
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	6,855	1,290	(1,573)	792
	50,351	1,011	36,236	700
Total income	128,856	46,618	75,573	14,139
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	13,257	7,146	7,606	1,990
Sales tax on management fee	2,307	1,326	1,324	369
Federal Excises Duty on management fee	2,121	1,143	1,217	318
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,268	810	641	225
Annual fee - Securities and Exchange Commission of Pakistan	663	357	380	99
Brokerage	886	21	629	6
Settlement and bank charges	311	218	113	73
Annual listing fee	30	30	10	10
Auditors' remuneration	300	299	108	80
Mutual fund rating fee	175	159	58	62
Printing charges	65	64	22	21
Fees & Subscription	235	-	235	-
Total expenses	21,618	11,573	12,343	3,253
	107,238	35,045	63,230	10,886
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	72,699	(1,141)	43,137	(95)
Workers' Welfare Fund	(3,599)	(678)	(2,128)	(216)
Net income for the period	176,338	33,226	104,239	10,575

The annexed notes 1 to 16 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 2015

	Nine months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net income for the period	176,338	33,226	104,239	10,575
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	176,338	33,226	104,239	10,575

The annexed notes 1 to 16 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 2015**

	Nine months ended		Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed income brought forward	1,031	6,204	73,130	750
Final cash dividend for class 'C' unit holders				
Cash @ Rs. 0.65/- per unit and bonus units @ 0.6497/-	-	(5,638)	-	-
Interim dividend 26 July 2013				
Cash @ Rs. 0.50/- per unit and bonus units @ 0.4997/-	-	(4,254)	-	-
Interim dividend 30 August 2013				
Cash @ Rs. 0.55/- per unit and bonus units @ 0.5495/-	-	(4,115)	-	-
Interim dividend 27 September 2013				
Cash @ Rs. 0.60/- per unit and bonus units @ 0.5997/-	-	(3,667)	-	-
Interim dividend 25 October 2013				
Cash @ Rs. 0.50/- per unit and bonus units @ 0.4995/-	-	(3,060)	-	-
Interim dividend 29 November 2013				
Cash @ Rs. 0.70/- per unit and bonus units @ 0.6996/-	-	(4,133)	-	-
Interim dividend 27 December 2013				
Cash @ Rs. 0.60/- per unit and bonus units @ 0.5999/-	-	(3,238)	-	-
Interim dividend 31 January 2014				
Cash @ Rs. 0.70/- per unit and bonus units @ 0.6994/-	-	(3,687)	-	(3,687)
Interim dividend 28 Feb 2014				
Cash @ Rs. 0.50/- per unit and bonus units @ 0.4998/-	-	(2,651)	-	(2,651)
Interim dividend 28 March 2014				
Cash @ Rs. 0.70/- per unit and bonus units @ 0.6991/-	-	(3,746)	-	(3,746)
Net income for the period	176,338	33,226	104,239	10,575
Undistributed income carried forward	177,369	1,241	177,369	1,241

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

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

Chief Executive

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Nine months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
Net assets at the beginning of the period* [Rs 100.14 (2014: Rs 100.70) per unit]	508,412	873,511	1,397,222	543,288
Issuance of 24,693,845 units (2014: 4,076,399 units)*	2,608,085	409,772	1,437,525	56,863
Redemption of 9,927,274 units (2014: 7,742,836 units)	(1,056,691)	(777,750)	(732,404)	(71,129)
	1,551,394	(367,978)	705,121	(14,266)
Distribution to unit holders in cash	-	(223)	-	(15)
Element of income/ (loss) and capital gains/ (loss) included in prices of units issued less those in units redeemed	(72,699)	1,141	(43,137)	95
Net income for the period	176,338	33,226	104,239	10,575
Other comprehensive gain/ (loss)	-	-	-	-
Total comprehensive income for the period	176,338	33,226	104,239	10,575
Net assets at the end of the period [Rs 109.02 (2014: Rs 100.17) per unit]	<u>2,163,445</u>	<u>539,677</u>	<u>2,163,445</u>	<u>539,677</u>

* Including Nil (2014: 379,368) units issued as bonus units during the period

The annexed notes 1 to 16 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 2015**

	Nine months ended		Quarter ended	
	31 March	2014	31 March	2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	176,338	33,226	104,239	10,575
Adjustments for non-cash items				
Unrealised gain/ (loss) on revaluation of investments at fair value through profit or loss - net	(6,855)	(1,290)	1,573	(792)
Workers' Welfare Fund	3,599	678	2,128	216
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	(72,699)	1,141	(43,137)	95
	100,383	33,755	64,803	10,094
decrease/ (increase) in assets				
Investments	(860,856)	220,882	193,634	(141,334)
Receivable against Margine Trading System	(381,752)	-	(381,752)	-
Income receivable	2,659	1,752	22,162	(1,992)
Receivable against Sale of investment	(49,231)	-	(49,231)	-
Receivable Against Sale of Units	-	-	386	-
Advances, deposits, prepayments and other receivables	4,575	(63)	(10,405)	(43)
	(1,284,605)	222,571	(225,206)	(143,369)
increase/ (decrease)in liabilities				
Payable to Management Company	2,594	(660)	1,601	(53)
Provision for Federal excies duty	2,644	-	1,217	-
Payable to Trustee	160	(63)	77	(5)
Payable to SECP	204	(454)	380	99
Payable against purchase of investment	-	-	(225,432)	-
Accrued expenses and other liabilities	2,937	28	2,863	53
	8,539	(1,149)	(219,294)	94
Net cash flow (used in)/from operating activities	(1,175,683)	255,177	(379,697)	(133,181)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payments) from sale and redemption of units	1,551,394	(367,978)	705,121	(14,266)
Dividend paid during the period	-	(223)	-	(20)
Net cash flow from / (used in) financing activities	1,551,394	(368,201)	705,121	(14,286)
Net increase in cash and cash equivalents during the period	375,711	(113,024)	325,424	(147,467)
Cash and cash equivalents at beginning of the period	6,704	120,930	56,991	155,373
Cash and cash equivalents at end of the period	382,415	7,906	382,415	7,906
Cash and cash equivalents at the end of the period comprise of :				
Bank Balance	32,415	7,906	32,415	7,906
Clean Placement	100,000	-	100,000	-
Term deposit receipts having maturity of 3 months or less	250,000	-	250,000	-
	382,415	7,906	382,415	7,906

The annexed notes 1 to 16 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 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Income Fund ("the Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as 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 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, 2014.

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 2014:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

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

FIRST HABIB INCOME FUND

6. BANK BALANCES	Note	31 March 2015 (Un-Audited)	30 June 2014 (Audited)
		(Rupees in '000)	
Savings accounts	6.1& 6.2	32,415	6,664
Current account		-	40
Term Deposit Receipts	6.3	250,000	-
Clean Placement	6.4	100,000	-
		<u>382,415</u>	<u>6,704</u>

- 6.1 Savings accounts carry profit rates at 7% to 8% (30 June 2014: 6% to 8%) per annum.
- 6.2 It includes balance of Rs. 32.406 million (30 June 2014: Rs. 6.70 million) having interest rate of 7% to 8% (30 June 2014: 6% to 8%) with Bank Al Habib, a related party.
- 6.3 Term deposit receipts (TDRs) have tenure of one month (30 June 2014: Nil) and carry profit rate of 8.60% to 8.65% (30 June 2014: Nil) per annum. These TDRs will mature on 20 April 2015.
- 6.4 Clean placement have tenure of 61 days (30 June 2014 : Nil) and carry profit rate 8.40% (30 June 2014: Nil) This Placement will mature on 27 May 2015.

7. INVESTMENTS	Note	31 March 2015 (Un-Audited)	30 June 2014 (Audited)
		(Rupees in '000)	
At fair value through profit or loss - held for trading			
Term Finance Certificates		-	63,888
Government Securities - Treasury Bills		729,116	228,284
Government Securities - Pakistan Investment Bonds		627,242	196,474
		<u>1,356,358</u>	<u>488,646</u>

7.1 Term Finance Certificates

Name of the investee company	Number of certificates				As at 31 March 2015		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 01 July 2014	Purchases during the period	Sales / Matured during the period	As at 31 March 2015	Carrying value	Market value		
----- (Rupees in '000) -----								
Held for trading								
Allied Bank Ltd - II	2,000	-	2,000	-	-	-	-	-
Bank Alfalah Limited- V TFC	5,000	-	5,000	-	-	-	-	-
Faysal Bank Limited	3,000	-	3,000	-	-	-	-	-
Standard Chartered Bank	5,000	-	5,000	-	-	-	-	-
Al Baraka Bank (Pakistan) Limited		5,000	5,000	-	-	-	-	-
NIB Bank Limited	5,000	-	5,000	-	-	-	-	-
Total as at 31 March 2015					<u>-</u>	<u>-</u>		
Total as at 30 June 2014					63,284	63,888		

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

FIRST HABIB INCOME FUND

7.2 Government Securities - Treasury Bills

Issue date	Tenor	Face Value			As at 31 March 2015		Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)	
		As at 01 July 2014	Purchases during the period	Sales / Matured during the period	As at 31 March 2015	Carrying value			Market value
(Rupees in '000)									
3 Months									
15-May-14	3 Months	83,000	-	83,000	-	-	-	-	
24-Jul-14	3 Months	-	165,000	165,000	-	-	-	-	
7-Aug-14	3 Months	-	100,000	100,000	-	-	-	-	
21-Aug-14	3 Months	-	100,000	100,000	-	-	-	-	
4-Sep-14	3 Months	-	200,000	200,000	-	-	-	-	
18-Sep-14	3 Months	-	645,000	645,000	-	-	-	-	
30-Oct-14	3 Months	-	360,000	360,000	-	-	-	-	
27-Nov-14	3 Months	-	410,000	410,000	-	-	-	-	
6 Months									
20-Mar-14	6 Months	50,000	-	50,000	-	-	-	-	
17-Apr-14	6 Months	100,000	6,000	106,000	-	-	-	-	
2-May-14	6 Months	-	200,000	200,000	-	-	-	-	
15-May-14	6 Months	-	200,000	200,000	-	-	-	-	
30-Oct-14	6 Months	-	300,000	300,000	-	-	-	-	
13-Nov-14	6 Months	-	150,000	150,000	-	-	-	-	
27-Nov-14	6 Months	-	150,000	-	150,000	148,105	148,126	6.85	
22-Jan-15	6 Months	-	250,000	250,000	-	-	-	-	
6-Feb-15	6 Months	-	250,000	250,000	-	-	-	-	
19-Feb-15	6 Months	-	125,000	125,000	-	-	-	-	
1 Year									
20-Mar-14	1 Year	-	500,000	500,000	-	-	-	-	
17-Apr-14	1 Year	-	165,000	15,000	150,000	149,492	149,502	6.91	
2-May-14	1 Year	-	400,000	155,000	245,000	243,397	243,428	11.25	
13-Nov-14	1 Year	-	400,000	400,000	-	-	-	-	
8-Jan-15	1 Year	-	250,000	200,000	50,000	46,834	47,116	2.18	
22-Jan-15	1 Year	-	250,000	100,000	150,000	140,360	140,944	6.51	
6-Feb-15	1 Year	-	250,000	250,000	-	-	-	-	
19-Feb-15	1 Year	-	125,000	125,000	-	-	-	-	
Total as at 31 March 2015						728,188	729,116		
Total as at 30 June 2014						228,360	228,284		

7.3 Government Securities - Pakistan Investment Bonds

Name of PIB	Tenor	As at 1 July 2014	Purchases during the period	Sales / Matured during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Market Value as a Percentage of:	
								Net Assets	Total Investment
(Rupees in '000)									
PIB 3Y (17-07-2014)	3 Years	-	1,262,500	1,262,500	-	-	-	-	-
PIB 3Y (18-07-2014)	3 Years	200,000	1,150,000	1,350,000	-	-	-	-	-
PIB 3Y (26-03-2015)	3 Years	-	500,000	-	500,000	50,765	50,740	2.35	3.74
PIB 5Y (19-07-2012)	5 Years	-	200,000	-	200,000	209,757	213,620	9.87	15.75
PIB 5Y (17-07-2014)	5 Years	-	925,000	925,000	-	-	-	-	-
PIB 5Y (18-07-2014)	5 Years	-	200,000	150,000	50,000	51,716	54,208	2.51	4.00
PIB 5Y (26-03-2015)	5 Years	-	450,000	150,000	300,000	309,077	308,674	14.27	22.76
PIB 10Y (22-07-2014)	10 Years	-	200,000	200,000	-	-	-	-	-
PIB 10Y (18-08-2011)	10 Years	-	300,000	300,000	-	-	-	-	-
Total as at 31 March 2015						621,315	627,242		
Total as at 30 June 2014						197,216	196,474		

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

	31 March 2015	30 June 2014
	(Rupees in '000)	
	(Un-Audited)	(Audited)
Fixed income and debt securities - Term Finance Certificates	-	604
Government Securities - Treasury Bills	928	(76)
Government Securities - Pakistan Investment Bonds	5,927	(743)
	<u>6,855</u>	<u>(215)</u>

8. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading of eligible listed equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 11.21% to 16.59%. As at March 31, 2015, the market value of listed shares held under the margin trading amounted to Rs. 392.35 million.

9. Federal Excise Duty payable on Management Fee

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2014.

10. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on March 31, 2015 amounting to Rs.18.251 million (June 30, 2014 : Rs 14.651 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.92 per unit (30 June 2014: Rs.2.89 per unit).

11. TAXATION

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

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, 2014.

13. 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).

FIRST HABIB INCOME FUND

As at 31 March 2015, the categorisation of investments is shown below:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates	-	-	-	-
Government securities	-	729,116	-	729,116
Pakistan Investment Bonds	-	627,242	-	627,242
	<u>-</u>	<u>1,356,358</u>	<u>-</u>	<u>1,356,358</u>

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Term finance certificates and Sukuk certificates	-	63,888	-	63,888
Government securities	-	424,758	-	424,758
	<u>-</u>	<u>488,646</u>	<u>-</u>	<u>488,646</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Stock Fund, 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.

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		Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	<u>13,257</u>	<u>7,146</u>	<u>7,606</u>	<u>1,990</u>
Sales tax on management fee	<u>2,307</u>	<u>1,326</u>	<u>1,324</u>	<u>369</u>
Federal Excises Duty on management fee	<u>2,121</u>	<u>1,143</u>	<u>1,217</u>	<u>318</u>
Purchased of PIB's	<u>110,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	<u>1,268</u>	<u>810</u>	<u>641</u>	<u>225</u>
Profit Bank Al Habib Limited				
Profit on bank balances	<u>4,810</u>	<u>549</u>	<u>3,045</u>	<u>441</u>

FIRST HABIB INCOME FUND

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

	31 March 2015 (Rupees in '000) (Un-Audited)	30 June 2014 (Rupees in '000) (Audited)
Habib Asset Management Limited - Management Company		
Management fee payable	<u>2,863</u>	<u>647</u>
Sales tax on management fee	<u>498</u>	<u>120</u>
Federal Excises Duty on management fee	<u>3,708</u>	<u>1,064</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>234</u>	<u>74</u>
Bank Al Habib Limited		
Bank balances	<u>32,406</u>	<u>6,700</u>

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

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	<u>5,310,965</u>	<u>561,565</u>	<u>-</u>	<u>-</u>
Associated Companies				
Bank AL Habib Limited	<u>-</u>	<u>-</u>	<u>3,471,130</u>	<u>348,867</u>
Habib Insurance Company Limited	<u>1,876,719</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Other related parties				
Habib Asset Management Limited - Employees Provident Fund	<u>8,679</u>	<u>900</u>	<u>4,487</u>	<u>449</u>
Habib Sugar Mills Limited	<u>7,108,201</u>	<u>750,000</u>	<u>-</u>	<u>-</u>
Sukaina Education and Welfare Trust	<u>972,300</u>	<u>102,311</u>	<u>-</u>	<u>-</u>
Directors & Executive of the Management Company	<u>45,253</u>	<u>4,734</u>	<u>-</u>	<u>-</u>
Ghulamam-E-Abbas Education & Medical Trust Endowment Fund	<u>2,772</u>	<u>300</u>	<u>-</u>	<u>-</u>
Dawood Habib Memorial Trust	<u>232,206</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Bonus Units Issued:				
Management Company				
Habib Asset Management Limited	<u>-</u>	<u>-</u>	<u>7,252</u>	<u>726</u>
Associated Companies				
Habib Insurance Company Limited	<u>-</u>	<u>-</u>	<u>4,285</u>	<u>429</u>
Bank AL Habib Limited	<u>-</u>	<u>-</u>	<u>189,569</u>	<u>18,971</u>
Other related parties				
Directors of the Management Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Executives of the Management Company	<u>-</u>	<u>-</u>	<u>73</u>	<u>7</u>
Habib Insurance Company Limited Employees Provident Fund	<u>-</u>	<u>-</u>	<u>517</u>	<u>52</u>

FIRST HABIB INCOME FUND

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Habib Asset Management Limited -				
Employees Provident Fund	-	-	227	23
Greenshield Insurance Brokers	-	-	1,880	188
Mrs. Shama Sajjad Habib	-	-	10,718	1,073
Mr. Salman Hussain D Habib	-	-	-	-
Ms. Hina Shoaib	-	-	9	1
Mr. Murtaza Habib	-	-	807	81
Mr. Qumail Habib	-	-	807	81
Mr. Abas D Habib	-	-	807	81
Mr. Ali Asad Habib	-	-	725	73
Mrs. Razia Ali Habib	-	-	-	-
Mr. Sajjad Hussain	-	-	246	25
Units redeemed by:				
Management Company				
Habib Asset Management Limited	4,922,135	524,438	-	-
Associated Companies				
Habib Insurance Company Limited	1,197,706	130,596	99,582	10,000
Bank AL Habib Limited	-	-	5,219,380	524,480
Other related parties				
Directors & Executive of the Management Company	24,508	2,638	-	-
Habib Asset Management Limited -				
Employees Provident Fund	14,591	1,526	2,143	215
Greenshield Insurance Brooker	4,976	500	4,976	500
Sukaina Education and Welfare Trust	327,869	34,912	-	-
Mr. Murtaza Habib	14,185	1,421	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	657,895	71,726	124,993	12,521
Associated Companies				
Bank AL Habib Limited	2,696,602	293,995	2,644,732	264,933
Habib Insurance Company Limited	688,017	75,010	9,003	902
Other related parties				
Directors & Executive of the Management Company	21,101	2,301	1,260	126
Habib Insurance Company Limited				
Employees Provident Fund	84,372	9,199	8,905	892
Habib Asset Management Limited -				
Employees Provident Fund	-	-	5,798	581
Greenshield Insurance Brooker	26,598	2,900	30,967	3,102
Sukaina Education and Welfare Trust	644,431	70,259	-	-
Habib Sugar Mills Limited	7,108,201	774,966	-	-
Mr. Munawar Ali Habib	4,319	471	-	-
Ghulaman-E-Abbas Education & Medical Trust	-	-	-	-
Endowment Fund	2,772	302	-	-
Dawood Habib Memorial Trust	232,206	25,316	-	-
Mrs. Shama Sajjad Habib	188,352	20,535	184,729	18,505
Mrs Hina Shoaib	152	17	149	15
Mr. Murtaza Habib	-	-	13,912	1,394
Mr. Qumail Habib	14,175	1,545	13,903	1,393
Mr. Abas D Habib	14,175	1,545	13,903	1,393
Mr. Ali Asad Habib	12,735	1,388	12,491	1,251
Mr. Sajjad Hussain	4,317	471	4,234	424

15. 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 29, 2015.

16. GENERAL

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

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

Chief Executive

Director

FIRST HABIB STOCK FUND
Third Quarterly Report
March 2015

FIRST HABIB STOCK FUND

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited

Rating

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

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

FIRST HABIB STOCK FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2015**

	Note	31 March 2015 (Un-audited)	30 June 2014 (Audited)
----- (Rupees in '000) -----			
Assets			
Bank balances	6	29,563	8,687
Investments	7	154,810	148,988
Dividend and Income receivable		2,276	402
Deposits and prepayments		3,605	5,455
Receivable against sale of investments		4,566	11,253
Preliminary expenses and floatation costs		-	55
Total assets		194,820	174,840
Liabilities			
Payable to Habib Asset Management Limited - Management Company		285	239
Provision for Federal Excise Duty on Remuneration of the Management Company	8	1,388	907
Payable to Central Depository Company of Pakistan Limited - Trustee		143	63
Payable to Securities and Exchange Commission of Pakistan (SECP)		104	171
Workers' Welfare Fund	9	2,094	2,012
Accrued expenses and other liabilities		624	23,820
Total liabilities		4,638	27,212
Net assets		190,182	147,628
Unit holders' funds (as per statement attached)		190,182	147,628
(Number of units)			
Number of units in issue		1,797,089	1,424,626
(Rupees)			
Net asset value per unit		105.83	103.63

The annexed notes 1 to 13 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 2015**

	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Income					
Profit on bank deposits		917	1,186	342	346
Income from Government Securities		-	101	-	-
Dividend income		5,665	7,869	2,414	2,396
Net gain on investment at fair value through profit or loss					
-Net capital gain on sale of investment classified as held for trading		14,657	17,926	(821)	9,468
-Net unrealised gain / (loss) on revaluation of investment classified as held for trading	7.2	(13,152)	656	(10,129)	(4,892)
		1,505	18,582	(10,950)	4,576
Total income / (loss)		8,087	27,738	(8,194)	7,318
Expenses					
Remuneration of Habib Asset Management Limited					
- Management Company		2,600	4,147	697	1,254
Federal excise duty on management fee		416	663	112	201
Sales tax on management fee		452	758	120	232
Remuneration of Central Depository Company of Pakistan Limited - Trustee		525	524	172	173
Annual fee - SECP		104	131	33	39
Brokerage expense		1,289	1,324	544	224
Settlement and bank charges		291	284	111	75
Annual listing fee		15	23	5	8
Auditors' remuneration		260	247	93	64
Amortisation of preliminary expenses and floatation costs		55	150	-	49
Mutual Fund Rating Fee		124	101	41	33
Federal excise duty		175	200	68	34
Printing charges		64	64	21	21
Total expenses		6,370	8,616	2,017	2,407
Net income / (loss) from operating activities		1,717	19,122	(10,211)	4,911
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed		2,348	3,629	1,125	(1,422)
Workers' Welfare Fund	9	(82)	(455)	181	(70)
Net income / (loss) for the period		3,983	22,296	(8,905)	3,419

The annexed notes 1 to 13 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 2015

	Nine month ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net income / (loss) for the period	3,983	22,296	(8,905)	3,419
Other comprehensive income	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>3,983</u>	<u>22,296</u>	<u>(8,905)</u>	<u>3,419</u>

The annexed notes 1 to 13 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 2015**

	Nine month Ended 31 March		Quarter ended 31 march	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed gain / (loss) brought forward	5,044	42,260	17,932	20,149
Final dividend distribution for class 'C' unit holders @ Rs.32.50/- per unit and bonus units @32.1853 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	-	(40,988)	-	-
Net income / (loss) for the period	3,983	22,296	(8,905)	3,419
Undistributed income carried forward	<u>9,027</u>	<u>23,568</u>	<u>9,027</u>	<u>23,568</u>

The annexed notes 1 to 13 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 2015**

	Nine month ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
Net assets at the beginning of the period	147,628	168,338	176,915	170,788
Amount received on issuance of units	322,792	92,681	121,723	1,062
Amount paid on redemption of units	(281,873)	(83,906)	(98,426)	(11,566)
	40,919	8,775	23,297	(10,504)
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	(2,348)	(3,629)	(1,125)	1,422
Final dividend distribution (Nil - (5 July 2013 @ Rs.32.50/- for class 'C'))	-	(30,655)	-	-
Net income / (loss) for the period	3,983	22,296	(8,905)	3,419
Net assets at the end of the period	190,182	165,125	190,182	165,125
----- (Number of Units) -----				
Units at the beginning of the period	1,424,626	1,261,174	1,583,107	1,504,407
Number of Units Issued	2,956,275	826,776	1,078,884	8,988
Number of Units Redeemed	(2,583,812)	(775,818)	(864,902)	(98,933)
	372,463	50,958	213,982	(89,945)
Issue of bonus units on 5 July 2013 @ 32.1853 for class 'A' and 'B'	-	102,330	-	-
Units at the end of the period	1,797,089	1,414,462	1,797,089	1,414,462

The annexed notes 1 to 13 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 2015**

	Nine months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	3,983	22,296	(8,905)	3,419
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	13,152	(656)	10,129	4,892
Net element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed	(2,348)	(3,629)	(1,125)	1,422
Workers' Welfare fund	82	455	(181)	70
Amortisation of preliminary expenses and floatation costs	55	150	-	49
	<u>14,924</u>	<u>18,616</u>	<u>(82)</u>	<u>9,852</u>
(Increase) / decrease in assets				
Investments	(18,974)	31,462	596	19,829
Dividend and Income receivable	(1,874)	(1,241)	(2,075)	(1,009)
Deposits and prepayments	1,850	(1,007)	5	8
Receivable against sale of investments	6,687	(3,209)	(4,566)	(305)
Advance against subscription of shares	-	-	-	1,836
	<u>(12,311)</u>	<u>26,005</u>	<u>(6,040)</u>	<u>20,359</u>
Increase / (decrease) in liabilities				
Payable to Management Company	46	(2)	(62)	(50)
Provision for Federal Excise Duty	481	-	181	-
Payable to Trustee	80	-	84	5
Payable to SECP	(67)	(21)	33	39
Payable against purchase of investments	-	(4,273)	-	-
Accrued expenses and other liabilities	(23,196)	90	(755)	113
	<u>(22,656)</u>	<u>(4,206)</u>	<u>(519)</u>	<u>107</u>
Net cash (utilized in) / generated from operating activities	(20,043)	40,415	(6,641)	30,318
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	40,919	8,775	23,297	(10,504)
Dividend paid during the period	-	(30,655)	-	-
	<u>40,919</u>	<u>(21,880)</u>	<u>23,297</u>	<u>(10,504)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>20,876</u>	<u>18,535</u>	<u>16,656</u>	<u>19,814</u>
Cash and cash equivalents at the beginning of the period	8,687	8,061	12,907	6,782
Cash and cash equivalents at the end of period	<u>29,563</u>	<u>26,596</u>	<u>29,563</u>	<u>26,596</u>

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

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

Chief Executive

Director

FIRST HABIB STOCK FUND

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

2. BASIS OF 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, 2014.

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 2014.

4. 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 2014, except as described below:

New, Revised and Amended Standards and Interpretations

The Fund has adopted the following amendments of IFRSs which became effective for the current year:

Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IFRS 7 – Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information.

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities.

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

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 7.5% (30 June 2014: 7.5%) per annum.

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

	31 March 2015	30 June 2014
	(Un-audited)	(Audited)
	(Rupees in '000)	
Equity securities	<i>7.1</i> 154,810	148,988
	154,810	148,988

7.1 Equity securities

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
		-----Number of shares-----			----- (Rupees in '000) -----			
AUTOMOBILE PARTS & ACCESSORIES								
Atlas Battery Limited	-	5,100	5,100	-	-	-	-	-
Atlas Honda Limited	7,500	-	7,500	-	-	-	-	-
Gandhara Nissan Limited	-	57,500	57,500	-	-	-	-	-
General Tyre and Rubber Co. of Pakistan Limited	-	68,500	68,500	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	155,000	138,000	17,000	3,300	3,118	1.64	0.22
Indus Motor Company Limited	-	3,000	3,000	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	44,500	44,500	-	-	-	-	-
HinoPak Motors Limited	-	2,600	2,600	-	-	-	-	-
BANKS								
Allied Bank Limited	-	60,000	60,000	-	-	-	-	-
Askari Commercial Bank Limited	-	95,000	95,000	-	-	-	-	-
Bank Alfalah Limited	-	140,000	15,000	125,000	4,043	3,204	1.68	0.02
Faysal Bank Limited	90,000	136,000	226,000	-	-	-	-	-
Habib Bank Limited	21,200	16,000	26,200	11,000	2,258	1,957	1.03	0.01
Habib Metropolitan Bank Limited	25,000	-	25,000	-	-	-	-	-
MCB Bank Limited	25,370	58,100	68,000	15,470	4,407	3,814	2.01	0.03
National Bank of Pakistan Limited	80,000	78,000	88,000	70,000	4,465	3,541	1.86	0.02
United Bank Limited	34,771	54,400	54,500	34,671	5,830	5,336	2.81	0.04
CHEMICALS								
Colgate Palmolive (Pakistan) Limited	-	1,160	1,160	-	-	-	-	-
Dawood Hercules Corporation Limited	-	16,500	16,500	-	-	-	-	-
Engro Fertilizers Limited	-	434,500	383,000	51,500	4,231	3,973	2.09	0.03
Engro Corporation Limited	-	264,300	230,300	34,000	9,347	8,734	4.59	0.17
Fauji Fertilizer Bin Qasim Limited	-	227,500	107,500	120,000	5,875	5,577	2.93	0.06
Fauji Fertilizer Company Limited	35,047	97,000	92,500	39,547	5,143	5,269	2.77	0.04
Ghani Gases Limited	-	50,000	50,000	-	-	-	-	-
I.C.I. Pakistan Limited	20,200	43,250	58,450	5,000	2,666	1,923	1.01	0.21

FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
				-----Number of shares-----		----- (Rupees in '000) -----		
CONSTRUCTION AND MATERIALS								
Attock Cement (Pakistan) Limited	-	15,000	15,000	-	-	-	-	-
Akzo Nobel Pakistan Limited	-	3,500	3,500	-	-	-	-	-
Berger Paints Pakistan Limited	-	99,500	99,500	-	-	-	-	-
Cherat Cement Company Limited	130,000	437,500	497,500	70,000	5,543	4,803	2.53	0.27
D.G. Khan Cement Company Limited	60,000	425,500	402,500	83,000	9,946	9,279	4.88	0.21
Fauji Cement Company Limited	150,000	437,500	422,500	165,000	4,917	4,697	2.47	0.04
Fecto Cement Limited	-	92,500	92,500	-	-	-	-	-
Kohat Cement Limited	15,000	66,000	81,000	-	-	-	-	-
Lafarge Pakistan Cement Limited	310,000	-	310,000	-	-	-	-	-
Lucky Cement Limited	17,400	97,800	89,500	25,700	12,222	11,461	6.03	0.35
Maple Leaf Cement Factory Limited	181,500	359,000	435,500	105,000	5,435	5,044	2.65	0.10
Pioneer Cement Limited	-	283,000	247,500	35,500	2,942	2,790	1.47	0.12
ELECTRICITY								
Engro Powergen Qadirpur Limited	-	100,000	100,000	-	-	-	-	-
Hub Power Company Limited	35,000	429,500	360,500	104,000	9,043	8,879	4.67	0.08
Kot Addu Power Company Limited	20,000	-	20,000	-	-	-	-	-
K-Electric Limited	250,000	-	250,000	-	-	-	-	-
Nishat Chunian Power Limited	65,500	5,000	20,500	50,000	1,914	2,574	1.35	0.07
Nishat Power Limited	69,000	-	19,000	50,000	1,779	2,572	1.35	0.07
Saif Power Limited	-	50,000	50,000	-	-	-	-	-
ENGINEERING								
Al-Ghazi Tractors Limited	-	19,100	14,600	4,500	1,932	1,456	0.77	0.50
Millat Tractors Limited	-	20,700	19,400	1,300	847	697	0.37	0.16
FIXED LINE TELECOMMUNICATION								
Pakistan Telecommunication Company Limited	135,000	135,000	270,000	-	-	-	-	-
FOOD PRODUCERS								
Clover Pakistan Limited	-	26,600	26,600	-	-	-	-	-
Noon Pakistan Limited	-	28,500	5,500	23,000	1,867	1,732	0.91	1.47
Shezan International Limited	-	3,600	3,600	-	-	-	-	-
Engro Foods Limited	33,500	85,500	66,000	53,000	6,325	5,862	3.08	0.08
Habib Sugar Mills Limited	100,000	-	100,000	-	-	-	-	-
Mitchells Fruit Farms Limited	3,300	3,200	6,500	-	-	-	-	-
National Foods Limited	-	1,950	1,950	-	-	-	-	-
Nestle Pakistan Limited	140	-	140	-	-	-	-	-
Shahmurad Sugar Mills Limited	-	64,500	64,500	-	-	-	-	-
GENERAL INDUSTRIALS								
Siemens Pakistan Engineering Co. Limited	1,400	1,000	2,400	-	-	-	-	-
Thal Limited	39,900	17,000	44,400	12,500	2,974	3,192	1.68	0.79
Tri-Pack Films Limited	-	19,900	19,900	-	-	-	-	-
INDUSTRIAL METALS AND MINING								
International Industries Limited	-	50,000	50,000	-	-	-	-	-
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	23,306	91,500	80,000	34,806	1,748	1,391	0.73	0.04
EFU General Insurance Limited	-	45,400	45,400	-	-	-	-	-
IGI Life Insurance	-	6,000	6,000	-	-	-	-	-
OIL & GAS								
Attock Petroleum Limited	-	18,300	18,300	-	-	-	-	-
Attock Refinery Limited	15,000	28,500	43,500	-	-	-	-	-
Hascol Petroleum Limited	-	50,000	50,000	-	-	-	-	-
Mari Petroleum Company Limited	-	108,600	94,600	14,000	7,202	7,223	3.80	0.66
Oil and Gas Development Company Limited	19,969	76,600	63,500	33,069	7,039	6,003	3.16	0.01
Pakistan Oilfields Limited	8,169	62,900	47,300	23,769	8,933	7,761	4.08	0.33
Pakistan Petroleum Limited	9,251	85,500	58,000	36,751	6,889	5,684	2.99	0.24
Pakistan State Oil Company Limited	25,800	119,400	121,700	23,500	8,863	8,094	4.26	0.34
Shell Pakistan Limited	7,500	21,000	28,500	-	-	-	-	-

FIRST HABIB STOCK FUND

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
	-----Number of shares-----			------(Rupees in '000)-----				
OIL & GAS MARKETING COMPANIES								
Sui Southern Gas Co. Limited.	-	30,000	30,000	-	-	-	-	-
PERSONAL GOODS								
Gadoon Textile Mills Limited	-	13,500	13,500	-	-	-	-	-
Gul Ahmed Textile Mills Limited	15,000	25,000	40,000	-	-	-	-	-
Masood Textile Mills Limited	-	8,000	8,000	-	-	-	-	-
Nishat Chunian Limited	30,000	-	30,000	-	-	-	-	-
Nishat Mills Limited	18,500	54,500	73,000	-	-	-	-	-
Sapphire Fibers Limited	8,600	-	8,600	-	-	-	-	-
Service Industries Limited	9,000	-	9,000	-	-	-	-	-
Shams Textile Mills Limited	16,000	-	16,000	-	-	-	-	-
Treet Corporation Limited	-	36,500	36,500	-	-	-	-	-
PHARMA AND BIOTECH								
Abbot Laboratories (Pakistan) Limited	-	30,750	26,750	4,000	2,037	1,989	1.05	0.20
GlaxoSmithKline (Pakistan) Limited	-	2,000	2,000	-	-	-	-	-
Sanofi-Aventis Pakistan Limited	-	4,400	2,600	1,800	1,548	1,172	0.62	1.22
The Searle Company Limited	-	89,200	70,200	19,000	4,452	4,009	2.11	1.87
Ferozsons Laboratories Limited	-	17,000	17,000	-	-	-	-	-
TRANSPORT								
Pakistan National Shipping Corporation Limited	-	27,000	27,000	-	-	-	-	-
WOOLEN								
Bannu Woollen Mills Limited	-	15,000	15,000	-	-	-	-	-
HOUSEHOLD GOODS								
Pak Elektron Limited	-	278,000	278,000	-	-	-	-	-
Total as at 31 March 2015					<u>167,962</u>	<u>154,810</u>		
Total as at 30 June 2014					<u>146,094</u>	<u>148,988</u>		
					31 March 2015	30 June 2014		
					(Un-audited)	(Audited)		
					(Rupees in '000)			

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

Equity Securities	<u><u>(13,152)</u></u>	<u><u>2,849</u></u>
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8. Federal Excise Duty payable on Management Fee

There is no change in the status of petition pending with SHC as reported in note 12 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on March 31, 2015 amounting to Rs.2.094 million (June 30, 2014 : Rs 2.012 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.117 per unit (30 June 2014: Rs.1.412 per unit).

FIRST HABIB STOCK FUND

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

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

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

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

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

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

11. TAXATION

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

12. 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	
	2015	2014	2015	2014
	(Rupees in '000)		(Rupees in '000)	
Habib Asset Management Limited - Management Company				
Management fee	2,600	4,147	697	1,254
Sales Tax on Management Fee	452	758	120	232
Federal Excise Duty on Management Fee	416	663	112	201
AL Habib Capital Markets (Private) Limited - Brokerage house				
Brokerage	132	168	63	72
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	525	524	172	173
Bank Al Habib Limited				
Profit on Bank Balances	917	1,186	342	346

FIRST HABIB STOCK FUND

Details of the balances with connected persons at period end are as follows:	31 March 2015	30 June 2014
	(Unaudited)	(Audited)
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	<u>29,563</u>	<u>8,687</u>
Habib Asset Management Limited - Management Company		
Management fee payable	<u>243</u>	<u>151</u>
Sales Tax payable on Management Fee	<u>42</u>	<u>88</u>
Federal Excise Duty payable on Management Fee	<u>1,388</u>	<u>907</u>
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	<u>189</u>	<u>175</u>
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	<u>143</u>	<u>63</u>
- Security deposit - Non interest bearing	<u>100</u>	<u>100</u>
Dividend Payable		
Bank Al Habib Limited	<u>-</u>	<u>10,000</u>
Habib Insurance Company Limited	<u>-</u>	<u>11,340</u>

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

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	<u>2,381,355</u>	<u>257,693</u>	<u>2,098</u>	<u>250</u>
Associated Companies				
- Habib Insurance Company Limited	<u>-</u>	<u>-</u>	<u>803,146</u>	<u>90,000</u>
Other related parties				
- Directors of the Management Company	<u>4,124</u>	<u>443</u>	<u>844</u>	<u>96</u>
- Executives of the Management Company	<u>45,896</u>	<u>5,190</u>	<u>-</u>	<u>-</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>8,062</u>	<u>917</u>	<u>585</u>	<u>70</u>
- Sukaina Educational and Welfare Trust	<u>-</u>	<u>-</u>	<u>52,851</u>	<u>6,000</u>
Bonus Units Issued:				
Management Company				
- Habib Asset Management Limited	<u>-</u>	<u>-</u>	<u>38,469</u>	<u>3,885</u>
Other related parties				
- Directors of the Management Company	<u>-</u>	<u>-</u>	<u>1,927</u>	<u>195</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>-</u>	<u>-</u>	<u>348</u>	<u>35</u>
- Mrs. Razia Habib	<u>-</u>	<u>-</u>	<u>6,085</u>	<u>614</u>
- Mr. Sajjad Hussain	<u>-</u>	<u>-</u>	<u>3,405</u>	<u>344</u>
- Mr. Aun Mohammad Ali Raza Habib	<u>-</u>	<u>-</u>	<u>8,332</u>	<u>841</u>
- Mrs. Batoool Ali Raza Habib	<u>-</u>	<u>-</u>	<u>6,874</u>	<u>865</u>
- Mrs. Fatima Ali Raza Habib	<u>-</u>	<u>-</u>	<u>6,874</u>	<u>694</u>
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	<u>1,487,151</u>	<u>163,408</u>	<u>42,667</u>	<u>5,000</u>
Associated Companies				
- Habib Insurance Company Limited	<u>630,016</u>	<u>65,675</u>	<u>616,362</u>	<u>66,000</u>

FIRST HABIB STOCK FUND

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Sukaina Educational and Welfare Trust	-	-	52,581	6,151
- Habib Asset Management Limited - Employees Provident Fund	4,239	500	1,067	125
- Mrs. Razia Habib	-	-	24,286	2,500
- Mr. Aun Mohammad Ali Raza Habib	-	-	19,429	2,000
- Executives of the Management Company	35,509	3,909	-	-
- Mrs. Batoool Ali Raza Habib	-	-	35,198	3,996
- Mrs. Fatima Ali Raza Habib	-	-	17,653	2,004
Units held by:				
Management Company				
- Habib Asset Management Limited	894,204	94,632	117,412	13,707
Associated Companies				
- Bank AL Habib Limited	500,000	52,914	500,000	58,370
- Habib Insurance Company Limited	-	-	630,016	151,436
Other related parties				
- Directors of the Management Company	14,587	1,544	8,758	1,022
- Habib Asset Management Limited-Employees Provident Fund	4,954	524	947	111
- Mr. Ali Raza D Habib	50,754	5,371	-	-
- Mrs. Razia Habib	840	89	703	82
- Mr. Sajjad Hussain	16,706	1,768	13,984	1,632
- Mr. Aun Mohammad Ali Raza Habib	17,670	1,870	14,790	1,727
- Mr. Abbas	12,270	1,299	-	-
- Mr. Haider Azim	289	31	-	-
- Mrs. Fatima Ali Raza Habib	12,640	1,338	10,580	1,235

13. DATE OF AUTHORISATION FOR ISSUE

13.1 These condensed interim financial statements were authorised for issue by the board of directors of the Management Company on April 29, 2015.

13.2 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 2015

FIRST HABIB CASH FUND

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FUND'S INFORMATION**Management Company**

Habib Asset Management Limited

Board of Directors of the Management Company

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

Audit Committee

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

CFO and Company Secretary

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

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

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

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 MARCH 2015**

	Note	31 March 2015 (Unaudited)	30 June 2014 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	6	856,248	707,907
Investments	7	2,619,434	3,024,303
Income receivable		2,538	4,295
Prepayments		182	131
Preliminary expenses and floatation costs		576	1,036
Total assets		3,478,978	3,737,672
Liabilities			
Payable to Habib Asset Management Limited - Management Company		2,582	2,264
Provision for Federal Excise Duty on remuneration of Management Company	8	10,604	7,006
Payable to Central Depository Company of Pakistan Limited - Trustee		258	306
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,834	3,198
Workers' Welfare Fund	9	19,340	15,379
Payable against Redemption of Units		2,545	-
Payable against Purchase of Investment		198,799	-
Accrued expenses and other liabilities		804	4,112
Total liabilities		236,766	32,265
Net assets		3,242,212	3,705,407
Unit holders' funds (as per statement attached)		3,242,212	3,705,407
(Number of units)			
Number of units in issue		30,437,360	37,000,462
(Rupees)			
Net asset value per unit		106.52	100.14

The annexed notes 1 to 14 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 2015**

	Nine months ended		Quarter ended	
	31 March		31 March	
Note	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	31,597	37,742	8,369	10,851
Income from Government Securities	198,631	263,805	57,242	101,745
Markup income on Placements	4,518	1,684	3,627	1,156
Gain / (loss) on sale of investments designated at fair value through income statement				
- Net capital gain on sale of investment classified as held for trading	3,652	(13)	1,317	(646)
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	2,367	(934)	2,470	1,367
7.1	6,019	(947)	3,787	721
Total income	240,765	302,284	73,025	114,473
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	22,487	32,213	6,539	11,537
Federal Excise Duty on management fee	3,598	5,156	1,046	1,318
Sales tax on management fee	3,913	5,979	1,137	2,671
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,397	2,979	762	1,050
Annual fee - SECP	1,834	2,416	577	865
Brokerage	154	253	56	101
Settlement and bank charges	103	140	67	54
Auditors' remuneration	277	244	98	63
Amortisation of preliminary expenses and floatation costs	459	462	151	151
Annual listing fee	30	30	10	10
Mutual Fund Rating Fee	143	141	47	50
Printing charges	64	64	-	21
Total expenses	35,459	50,077	10,490	17,891
	205,306	252,207	62,535	96,582
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	(7,284)	5,617	2,299	(1,943)
Workers' Welfare Fund	(3,961)	(5,155)	(1,297)	(1,892)
9	(3,961)	(5,155)	(1,297)	(1,892)
Net income for the period	194,061	252,669	63,537	92,747

The annexed notes 1 to 14 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 2015

	Nine Months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net income for the period	194,061	252,669	63,537	92,747
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	194,061	252,669	63,537	92,747

The annexed notes 1 to 14 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 2015**

	Nine Months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Undistributed income brought forward	4,123	16,734	134,647	3,317
Final cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6996/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013	-	(16,033)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5496/- for class 'A' and 'B' unit holders for every 100 units held as at 26 July 2013	-	(18,901)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.65/- per unit and bonus units @ 0.6493/- for class 'A' and 'B' unit holders for every 100 units held as at 30 August 2013.	-	(25,901)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.60/- per unit and bonus units @ 0.5997/- for class 'A' and 'B' unit holders for every 100 units held as at 27 September 2013.	-	(23,958)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.55/- per unit and bonus units @ 0.5495/- for class 'A' and 'B' unit holders for every 100 units held as at 25 October 2013.	-	(23,945)	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.70/- per unit and bonus units @ 0.6995/- for class 'A' and 'B' unit holders for every 100 units held as at 29 November 2013.	-	(32,555)	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.65/- per unit and bonus units @0.6497 /- for class 'A' and 'B' unit holders for every 100 units held as at 27 December 2013.	-	(32,046)	-	-
Interim cash dividend for class 'C' unit holders @ Rs.0.70/- per unit and bonus units @0.6993 /- for class 'A' and 'B' unit holders for every 100 units held as at 31 January 2014.	-	(34,818)	-	(34,818)
Interim cash dividend for class 'C' unit holders @ Rs.0.70/- per unit and bonus units @0.6998 /- for class 'A' and 'B' unit holders for every 100 units held as at 28 February 2014.	-	(31,746)	-	(31,746)
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 28 March 2014.	-	(25,302)	-	(25,302)
Net income for the period	194,061	252,669	63,537	92,747
Undistributed Income carried forward	198,184	4,198	198,184	4,198

The annexed notes 1 to 14 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 2015**

	Nine Months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net assets at the beginning of the period	3,705,407	2,307,647	3,163,332	4,984,202
Amount received on issuance of units	1,904,334	6,029,874	576,286	1,720,840
Amount paid on redemption of units	(2,568,874)	(4,328,254)	(558,644)	(2,551,186)
	(664,540)	1,701,620	17,642	(830,346)
Net element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	7,284	(5,617)	(2,299)	1,943
Interim cash dividend for class C unit holders @ 0.70 per unit	-	(943)	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	-	(988)	-	-
Interim cash dividend for class C unit holders @ 0.65 per unit	-	(1,070)	-	-
Interim cash dividend for class C unit holders @ 0.60 per unit	-	(390)	-	-
Interim cash dividend for class C unit holders @ 0.55 per unit	-	(1,125)	-	-
Interim cash dividend for class C unit holders @ 0.70 per unit	-	(1,467)	-	-
Interim cash dividend for class C unit holders @ 0.65 per unit	-	(1,790)	-	-
Interim cash dividend for class C unit holders @ 0.70 per unit	-	(2,092)	-	(2,092)
Interim cash dividend for class C unit holders @ 0.70 per unit	-	(2,731)	-	(2,731)
Interim cash dividend for class C unit holders @ 0.60 per unit	-	(2,252)	-	(2,252)
Net income for the period	194,061	252,669	63,537	92,747
Net assets at the end of the period	3,242,212	4,241,471	3,242,212	4,241,471

The annexed notes 1 to 14 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 2015**

	Nine Months ended		Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
Units at the beginning of the period	37,000,462	22,904,353	30,284,162	49,790,357
Number of Units Issued	18,417,042	60,062,345	5,440,443	17,141,649
Number of Units Redeemed	(24,980,145)	(43,110,353)	(5,287,246)	(25,421,147)
	(6,563,102)	16,951,992	153,198	(8,279,498)
Final Bonus units distribution @ 0.6996/- as at June 2013.	-	150,827	-	-
Interim Bonus units distribution @ 0.5496/- as at July 2013.	-	178,998	-	-
Interim Bonus units distribution @ 0.6493/- as at August 2013.	-	248,051	-	-
Interim Bonus units distribution @ 0.5997/- as at September 2013.	-	235,562	-	-
Interim Bonus units distribution @ 0.5495/- as at October 2013.	-	227,981	-	-
Interim Bonus units distribution @ 0.6995/- as at November 2013.	-	310,665	-	-
Interim Bonus units distribution @ 0.6497/- as at December 2013.	-	302,430	-	-
Interim Bonus units distribution @ 0.6993/- as at January 2014.	-	326,913	-	326,913
Interim Bonus units distribution @ 0.6998/- as at February 2014.	-	290,079	-	290,079
Interim Bonus units distribution @ 0.5996/- as at March 2014.	-	230,356	-	230,356
Units at the end of the period	30,437,360	42,358,207	30,437,360	42,358,207

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements

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

Chief Executive

Director

FIRST HABIB CASH FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Nine Months ended		Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	194,061	252,669	63,537	92,747
Adjustments for non-cash items				
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net	(2,367)	934	(2,470)	(1,367)
Workers' Welfare fund	3,961	5,155	1,297	1,892
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	7,284	(5,617)	(2,299)	1,943
Amortisation of preliminary expenses and floatation costs	459	462	151	151
	203,398	253,603	60,216	95,366
(Increase) / decrease in assets				
Investments	407,237	(1,961,561)	(146,477)	(24,901)
Income receivable	1,757	(911)	1,528	3,884
Receivable against sale of units	-	(2)	-	(2)
Prepayments	(51)	(59)	(127)	(130)
	408,943	(1,962,533)	(145,076)	(21,149)
Increase / (decrease) in liabilities				
Payable to Management Company	318	2,486	(233)	(615)
Provision for Federal Excise Duty	3,598	-	1,047	-
Payable to Trustee	(48)	132	(17)	(34)
Payable to SECP	(1,364)	196	577	865
Payable against Redemption of Units	2,545	25,053	2,545	25,053
Payable against Purchase of Investment	198,799	-	198,799	-
Accrued expenses and other liabilities	(3,308)	(23)	(338)	185
	200,540	27,844	202,380	25,454
Net cash (utilized in) / generated from operating activities	812,881	(1,681,086)	117,520	99,671
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from sale and redemption of units	(664,540)	1,701,620	17,641	(830,346)
Dividend paid during the period	-	(12,596)	-	(6,613)
	(664,540)	1,689,024	17,641	(836,959)
Net increase in cash and cash equivalents during the period	148,341	7,938	135,161	(737,288)
Cash and cash equivalents at the beginning of the period	707,907	403,542	721,087	1,148,768
Cash and cash equivalents at the end of the period	856,248	411,480	856,248	411,480
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	456,248	36,480	456,248	36,480
Term deposit receipts maturity of 3 months and less	300,000	300,000	300,000	300,000
Clean Placement	100,000	-	100,000	-
	856,248	336,480	856,248	336,480

The annexed notes 1 to 14 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 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

The Fund has been 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, 2014.

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 2014, except as described below:

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 2014.

5. FINANCIAL RISK MANAGEMENT

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

FIRST HABIB CASH FUND

6. BANK BALANCES	Note	31 March	30 June
		2015	2014
		(Un-audited)	(Audited)
		(Rupees in '000)	
Savings account	6.1	456,248	107,907
Term deposit receipts	6.2	300,000	600,000
Clean Placement	6.3	100,000	-
		<u>856,248</u>	<u>707,907</u>

6.1 It includes balance with Bank AL Habib Limited amounting Rs.308.562 million (Rs. 55.069 million), a related party, which carries profit rate of 8% (30 June 2014: 8.5%) per annum.

6.2 Term Deposit receipts (TDRs) have tenor of 32 days and 60 days (30 June 2014 : two month) and carry profit rate of 8.60% & 8.65% (30 June 2014 : 10.30%). These TDRs will mature on 20 April 2015. (30 June 2014 : 24 November 2014).

6.3 Clean placement have tenor of 61 days (30 June 2014 : Nil) and carry profit rate 8.40% (30 June 2014: Nil) This Placement will mature on 25 May 2015.

7. INVESTMENTS - at fair value through profit or loss - held for trading	Note	31 March	30 June
		2015	2014
		(Unaudited)	(Audited)
		(Rupees in '000)	
Government securities		<u>2,619,434</u>	<u>3,024,303</u>
		<u>2,619,434</u>	<u>3,024,303</u>

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

Government Securities	<u>2,367</u>	<u>(591)</u>
	<u>2,367</u>	<u>(591)</u>

7.2 Government Securities - Treasury Bills

Issue date	Face Value				As at 31 March 2015			Market value as percentage of	
	As at 01 July 2014	Purchases during the period	Sold / Matured during the period	As at 31 March 2015	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Issued Size
(Rupees in '000)									
3 Months									
18-Sep-14	-	19,750,000	16,700,000	3,050,000	-	-	-	-	-
26-Jun-14	-	3,700,000	850,000	2,850,000	-	-	-	-	-
24-Jul-14	-	2,000,000	-	2,000,000	-	-	-	-	-
28-Nov-14	-	5,000,000	4,000,000	1,000,000	-	-	-	-	-
22-Jan-15	-	4,000,000	2,350,000	1,650,000	164,424	164,453	29	5.07	6.28
27-Nov-14	-	8,750,000	8,750,000	-	-	-	-	-	-
2-May-14	750,000	-	750,000	-	-	-	-	-	-
19-Mar-15	-	2,200,000	-	2,200,000	216,574	216,592	18	6.68	8.27
15-May-14	8,820,000	800,000	9,620,000	-	-	-	-	-	-
17-Apr-14	4,160,000	-	4,160,000	-	-	-	-	-	-
7-Aug-14	-	7,300,000	7,300,000	-	-	-	-	-	-
4-Sep-14	-	11,000,000	6,000,000	5,000,000	-	-	-	-	-
30-Oct-14	-	6,000,000	3,750,000	2,250,000	-	-	-	-	-
13-Nov-14	-	1,500,000	1,500,000	-	-	-	-	-	-
10-Jul-14	-	6,000,000	6,000,000	-	-	-	-	-	-
18-Sep-14	-	1,000,000	1,000,000	-	-	-	-	-	-
8-Jan-15	-	3,000,000	3,000,000	-	-	-	-	-	-
12-Jun-14	4,500,000	1,500,000	5,350,000	650,000	-	-	-	-	-

FIRST HABIB CASH FUND

Issue date	Face Value				As at 31 March 2015			Market value as percentage of	
	As at 01 July 2014	Purchases during the period	Sold / Matured during the period	As at 31 March 2015	Carrying value	Market value	Appreciation / (diminution)	Net Assets	Total Issued Size
----- (Rupees in '000) -----									
6 Months									
22-Jan-15	-	4,750,000	-	4,750,000	462,553	463,506	953	14.30	17.69
5-Mar-15	-	3,375,000	-	3,375,000	326,293	326,438	144	10.07	12.46
13-Nov-14	-	10,500,000	7,500,000	3,000,000	296,673	297,158	485	9.17	11.34
15-May-14	-	1,000,000	1,000,000	-	-	-	-	-	-
8-Jan-15	-	4,000,000	2,000,000	2,000,000	195,066	195,696	629	6.04	7.47
19-Mar-15	-	4,000,000	500,000	3,500,000	337,634	337,544	(90)	10.41	12.89
23-Jan-14	1,000,000	-	1,000,000	-	-	-	-	-	-
20-Mar-14	3,500,000	-	3,500,000	-	-	-	-	-	-
2-Jun-15	-	2,500,000	2,500,000	-	-	-	-	-	-
19-Feb-15	-	1,250,000	-	1,250,000	121,136	121,257	121	3.74	4.63
27-Nov-14	-	1,500,000	1,500,000	-	-	-	-	-	-
30-Oct-14	-	3,000,000	1,000,000	2,000,000	198,713	198,716	3	6.13	7.59
17-Apr-14	8,000,000	5,000,000	13,000,000	-	-	-	-	-	-
1 Year									
17-04-14	-	1,500,000	1,500,000	-	-	-	-	-	-
5-Feb-14	-	3,500,000	500,000	3,000,000	298,001	298,075	74	9.19	11.38
20-Mar-14	-	20,900,000	20,650,000	250,000	-	-	-	-	-
Total as at 31 March 2015					2,617,067	2,619,434	2,367		
Total as at 30 June 2014					3,024,893	3,024,303	(591)		

8. Federal Excise Duty payable on Management Fee

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on March 31, 2015 amounting to Rs.19.340 million (June 30, 2014 : Rs 15.379 million).

Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.0635 per unit (30 June 2014: Rs.0.4156 per unit).

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair Value Hierarchy

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

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

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

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

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

FIRST HABIB CASH FUND

11. TAXATION

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

12. 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 are as follows:

	Nine Months ended 31 March		Quarter ended 31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	22,487	32,213	6,539	11,537
Sales tax on management fee	3,913	5,979	1,361	2,671
Federal Excise Duty on management fee	3,598	5,156	822	1,318
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	2,397	2,979	762	1,050
Bank AL Habib Limited				
Profit on bank balances	4,815	5,208	428	821

Details of the balances with connected persons are as follows:

	31 March 2015	30 June 2014
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee payable	2,199	2,112
Sales Tax payable on Management Fee	383	152
Federal Excise Duty payable on Management Fee	10,604	7,006
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	258	306
Bank AL Habib Limited		
Bank balances	308,562	55,069

FIRST HABIB CASH FUND

	Nine Months ended 31 March 2015 (Unaudited)		Nine Months ended 31 March 2014 (Unaudited)	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	1,194,538	121,658	453,700	30,600
Associated Companies				
- Bank AL Habib Limited	-	-	2,708,315	272,383
- Habib Insurance Company Limited	2,954,087	301,080	4,879,672	489,500
Other related parties				
- Directors of the Management Company	10,766	1,098	10,660	1,070
- Executives of the Management Company	-	-	9,656	970
- Habib Asset Management Limited- Employees Provident Fund	-	-	6,239	625
- Habib Sugar Mills Limited	-	-	15,938,690	1,600,000
- Sukaina Educational & Welfare Trust	79,133	8,000	275,360	27,620
- Green Shield Insurance Brokers	-	-	-	-
- Ghulamam-e-Abbas Trust	197,314	20,100	1,799	180
- Hasni Textiles Pvt Limited	-	-	198,610	20,000
- Hasni Knitwear Pvt Limited	-	-	-	-
- Dawood Habib Memorial Trust	-	-	14,018	1,410
- Mr. Ali Asad Habib	-	-	9,681	975
- Mr. Abbas D. Habib	-	-	9,930	1,000
- Mr. Haider Azim	794	80	50	5
Bonus units issued:				
Management Company				
- Habib Asset Management Limited	-	-	101,363	10,143
Associated Companies				
- Bank AL Habib Limited	-	-	199,029	19,916
Other related parties				
- Directors of the Management Company	-	-	1,874	188
- Executives of the Management Company	-	-	359	36
- Habib Asset Management Limited- Employees Provident Fund	-	-	466	47
- Habib Sugar Mills Limited	-	-	684,093	68,459
- Sukaina Educational & Welfare Trust	-	-	25,105	2,512
- Green Shield Insurance Brokers	-	-	17	2
- Ghulamam-e-Abbas Trust	-	-	8,132	814
- Hasni Textiles Pvt Limited	-	-	120,178	12,026
- Hasni Knitwear Pvt Limited	-	-	26,032	2,605
- Dawood Habib Memorial Trust	-	-	18,219	1,823
- Mr. Imran Ali Habib	-	-	1,250	125
- Mr. Murtaza Habib	-	-	1,249	125
- Mr. Asghar D Habib	-	-	1,250	125
- Mr. Qumail Habib	-	-	1,249	125
- Mr. Abas D Habib	-	-	1,249	125
- Mr. Ali Asad Habib	-	-	1,233	123
- Mrs Razia Ali Habib	-	-	5,199	152
- Mrs. Batool Ali Raza Habib	-	-	3,180	319
- Mrs. Fatima Ali Raza Habib	-	-	5,624	563
- Mr. Sajjad Hussain	-	-	2,460	246
- Mr. Aun Muhammad Ali Raza Habib	-	-	6,851	686
- Mrs. Samina Imran	-	-	6	-
- Mr. Haider Azim	-	-	25	3
- Mrs. Hina Shoaib	-	-	2	-
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	3,005,994	306,641	374,010	37,600
Associated Companies				
- Bank AL Habib Limited	-	-	3,005,498	302,272
- Habib Insurance Company Limited	4,994,068	518,569	4,382,349	440,000

FIRST HABIB CASH FUND

	Nine Months ended 31 March 2015		Nine Months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Other related parties				
- Directors of the Management Company	9,508	996	19,885	2,000
- Executives of the Management Company	17,186	1,777	3,087	310
- Habib Asset Management Limited- Employees Provident Fund	10,967	1,100	-	-
- Habib Sugar Mills Limited	-	-	16,622,783	1,667,001
- Sukaina Educational & Welfare Trust	765,068	79,311	79,542	7,979
- Green Shield Insurance Brokers	14,925	1,500	-	-
- Ghulaman-e-Abbass Trust	324,824	33,281	59,359	5,965
- Hasni Textiles Pvt Limited	-	-	79,759	8,000
- Hasni Knitwear Pvt Limited	-	-	309,068	31,000
- Mrs Razia Ali Habib	194	20	143,140	14,070
- Mrs. Batool Ali Raza Habib	-	-	94,806	9,500
- Mrs. Fatima Ali Raza Habib	-	-	149,734	15,001
- Mr. Sajjad Hussain	-	-	74,753	7,500
- Mr. Aun Muhammad Ali Raza Habib	-	-	348,631	34,999
- Mr. Murtaza Habib	2,994	300	-	-
- Dawood Habib Memorial Trust	237,303	25,000	-	-
Units held by:				
Management Company				
- Habib Asset Management Limited	-	-	1,736,385	173,870
Associated Companies				
- Bank AL Habib Limited	3,254,840	346,708	3,189,069	319,332
- Habib Insurance Company Limited	-	-	1,843,854	184,631
Other related parties				
- Directors of the Management Company	26,007	2,770	31,435	3,148
- Executives of the Management Company	-	-	10,346	1,036
- Habib Asset Management Limited- Employees Provident Fund	366	39	11,103	1,112
- Sukaina Educational & Welfare Trust	-	-	543,489	54,421
- Green Shield Insurance Brokers	349	37	275	28
- Ghulaman-e-Abbass Trust	958	102	125,871	12,604
- Hasni Textiles Pvt Limited	-	-	2,057,746	206,049
- Hasni Knitwear Pvt Limited	-	-	238,006	23,832
- Dawood Habib Memorial Trust	75,239	8,014	306,226	30,663
- Mr Ali Razia D Habib	44,242	4,712	-	-
- Mr Munawar Ali Habib	29,719	3,166	-	-
- Mr. Imran Ali Habib	30,657	3,266	20,241	2,027
- Mr. Murtaza Habib	27,650	2,945	20,228	2,025
- Mr. Asghar D Habib	20,658	2,201	20,241	2,027
- Mr. Qumail Habib	30,637	3,263	20,220	2,025
- Mr. Abas D Habib	30,635	3,263	20,225	2,025
- Mr. Ali Asad Habib	30,371	3,235	19,961	1,999
- Mrs Razia Ali Habib	31,913	3,399	31,268	3,131
- Mrs. Batool Ali Raza Habib	5,667	604	5,553	556
- Mrs. Fatima Ali Raza Habib	10,324	1,100	10,115	1,013
- Mr. Sajjad Hussain	22,884	2,438	12,631	1,265
- Mr. Aun Muhammad Ali Raza Habib	5,214	555	5,108	512
- Mrs. Samina Imran	103	11	101	10
- Mr. Haider Azim	1,220	130	418	42
- Mrs. Hina Shoab	27	3	27	3

13. 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 29, 2015.

14. 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 2015

FIRST HABIB ISLAMIC BALANCED FUND

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

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

CFO and Company Secretary

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

Audit Committee

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

Human Resource Committee

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

Auditors

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

Registrar

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

Trustee

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

Legal Advisor

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

Bankers to the Fund

Bank AL Habib Limited
Habib Bank Limited

Rating

MFR 2 Star Performance Ranking By PACRA.
AM3 Management Company Quality Rating
Assigned by PACRA.

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

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

		31 March 2015 (Unaudited)	30 June 2014 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	6	76,461	144,817
Investments	7	88,720	169,614
Income receivable		1,889	1,421
Deposits and prepayments		2,607	20,410
Receivable against sale of investment		15,187	-
Preliminary expenses and floatation costs		538	693
Total assets		185,402	336,955
Liabilities			
Payable to the Habib Asset Management Limited - Management Company		335	447
Provision for federal excise duty on remuneration of Habib Asset - Management Company	8	1,166	571
Payable to Central Depository Company of Pakistan Limited - Trustee		59	58
Payable to Securities and Exchange Commission of Pakistan - SECP		182	308
Workers' Welfare Fund	9	1,521	1,521
Accrued expenses and other liabilities		386	1,173
Total liabilities		3,649	4,078
Net assets		181,753	332,877
Unit holders' funds (as per the statement attached)		181,753	332,877
(Number of Units)			
Number of units in issue		1,800,528	3,258,358
(Rupees)			
Net asset value per unit		100.94	102.16

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
	----- (Rupees in '000) -----			
Income				
Profit on bank deposits	6,003	9,057	1,845	3,133
Income from Ijara Sukuk Certificates	2,101	4,240	587	1,092
Dividend income	5,330	7,050	1,941	1,985
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	6,571	23,284	(7,262)	13,181
-Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(11,101)	(3,072)	(5,200)	(8,215)
	(4,530)	20,212	(12,462)	4,966
Total income/ (loss)	8,904	40,559	(8,089)	11,176
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	2,889	3,112	893	1,208
Sales tax on management fee	503	578	156	225
Federal Excise Duty on management fee	462	498	143	193
Remuneration of Central Depository Company of Pakistan Limited - Trustee	525	564	172	183
Annual fee - Securities and Exchange Commission of Pakistan	182	238	56	76
Brokerage	1,412	1,107	522	281
Settlement and bank charges	341	232	111	74
Annual listing fee	23	23	8	8
Auditors' remuneration	230	284	80	74
Amortisation of preliminary expenses and floatation costs	155	155	51	51
Mutual fund rating fee	168	-	67	-
Charity Expense	89	132	27	22
Printing charges	65	64	18	21
Total expenses	7,044	6,987	2,304	2,416
	1,860	33,572	(10,393)	8,760
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(4,068)	(5,194)	(1,745)	(5,275)
Workers' Welfare Fund	-	(568)	199	(69)
Net (loss) / income for the period	(2,208)	27,810	(11,939)	3,416

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
	----- (Rupees in '000) -----			
Net (loss) / income for the period	(2,208)	27,810	(11,939)	3,416
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(2,208)</u>	<u>27,810</u>	<u>(11,939)</u>	<u>3,416</u>

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
	----- (Rupees in '000) -----			
Undistributed income brought forward	7,005	34,124	16,736	26,904
Final Dividend distribution for Class 'C' unit holders @ Rs. 9.75/- per unit and bonus units @ 9.6472 units for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2013.	-	(31,614)	-	-
Net (loss) / income for the period	(2,208)	27,810	(11,939)	3,416
Undistributed income carried forward	4,797	30,320	4,797	30,320

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
----- (Rupees in '000) -----				
Net assets at the beginning of the period [Rs.102.16 (2014: Rs 110.53) per unit]	332,877	358,401	271,046	387,903
Issuance of 1,471,099 Units (2014: 357,675 Units) *	152,102	33,888	6,998	715
Redemption of 2,928,929 units (2014: 859,474 Units)	(305,086)	(89,719)	(86,097)	(74,723)
	(152,984)	(55,831)	(79,099)	(74,008)
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	4,068	5,194	1,745	5,275
Final dividend distribution for class "C" unit holders @ Rs. 9.75 per unit declared on 5 July 2013 for the year ended 30 June 2013	-	(12,988)	-	-
Net (loss) / income for the period	(2,208)	27,810	(11,939)	3,416
Other Comprehensive income	-	-	-	-
Total Comprehensive (loss) / income for the period	(2,208)	27,810	(11,939)	3,416
Net assets at the end of the period [Rs.100.94 (2014: Rs 110.27) per unit]	181,753	322,586	181,753	322,586

* Including Nil (2014: 184,815) units issued as bonus units during the period

The annexed notes 1 to 14 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / income for the period	(2,208)	27,810	(11,939)	3,416
Adjustments for non-cash items				
Unrealised (loss) on revaluation of investments at fair value through profit or loss - net	11,101	3,072	5,200	8,215
Workers' Welfare Fund	-	568	(199)	69
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	4,068	5,194	1,745	5,275
Amortisation of preliminary expenses and floatation costs	155	155	51	51
	13,116	36,799	(5,142)	17,026
Increase in assets				
Investments	69,793	33,130	42,915	41,191
Income receivable	(468)	(1,938)	(276)	(781)
Receivable against sale of investment	(15,187)	(4,790)	(15,187)	(11,331)
Advances, deposits, prepayments and other receivables	17,803	(7)	8	8
	71,941	26,395	27,460	29,087
(decrease) / Increase in liabilities				
Payable to - Management Company	(112)	144	(41)	49
Provision for federal excise duty	595	-	142	-
Payable to - Trustee	1	4	-	(7)
Payable to - SECP	(126)	71	56	76
Accrued expenses and other liabilities	(787)	(1)	(8)	78
Payable against purchase of investments	-	-	(1,333)	(3,610)
	(429)	218	(1,184)	(3,414)
Net cash flow from operating activities	84,628	63,412	21,134	42,699
CASH FLOW FROM FINANCING ACTIVITIES				
Net (payments) / receipts from sale and redemption of units	(152,984)	(55,831)	(79,098)	(74,008)
Dividend paid during the period	-	(12,988)	-	-
Net cash flow (used in) / from financing activities	(152,984)	(68,819)	(79,098)	(74,008)
Net (decreased) / increase in cash and cash equivalents during the period	(68,356)	(5,407)	(57,964)	(31,309)
Cash and cash equivalents at beginning of the period	144,817	145,793	134,425	171,695
Cash and cash equivalents at end of the period	76,461	140,386	76,461	140,386
Cash and cash equivalents				
Cash and cash equivalents at end of the period	76,461	140,386	76,461	140,386
	76,461	140,386	76,461	140,386

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

FIRST HABIB ISLAMIC BALANCED FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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 Trust deed, the NBFC Rules, the NBFC regulations or the directives issued by the SECP shall prevail.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements.

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 as at and for the year ended June 30, 2014.

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.

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 June 30, 2014.

FIRST HABIB ISLAMIC BALANCED FUND

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 June 30, 2014.

6. BANK BALANCES

	Note	31 March 2015 (Un-audited) (Rupees in '000)	30 June 2014 (Audited)
Current account		1,580	7,323
Savings account	6.1	74,881	137,494
		76,461	144,817

6.1 Saving account carry profit rate ranging from 6.27% to 7.5% (30 June 2014: 6.27% and 8.5%) per annum. It includes a balance with Bank Al Habib Limited, a related party of Rs. 0.261 million (30 June 2014: 10.846 million).

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

	Note	31 March 2015 (Un-audited) (Rupees in '000)	30 June 2014 (Audited)
Equity securities	7.1	71,315	124,038
Sukuk certificates	7.2	17,405	45,576
		88,720	169,614

7.1 Equity Securities

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Market Value as a Percentage of:	
							Net Assets	Paid up Capital
-----Number of shares----- -----(Rupees in '000)-----								
AUTOMOBILE & PARTS								
Atlas Honda Limited	32,500	-	32,500	-	-	-	-	-
Atlas Battery Limited	-	20,500	-	11,000	9,500	8,182	6,354	3,50
Ghandhara Nissan Limited	-	157,500	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	126,000	-	-	-	-	-	-
Indus Motor Company Limited	-	30,650	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	32,600	-	-	-	-	-	-
CHEMICALS								
Archroma Pak Limited	-	15,000	15,000	-	-	-	-	-
Colgate Palmolive Limited	-	3,500	-	3,500	7,454	5,676	3,12	1.18
Fauji Fertilizer Bin Qasim Limited	-	473,500	399,500	74,000	3,656	3,440	1.89	0.04
Fauji Fertilizer Company Limited	-	140,500	128,500	12,000	1,610	1,599	0.88	0.01
Ghani Gases Limited	-	337,500	337,500	-	-	-	-	-
ICI Pakistan Limited	32,800	35,500	68,300	-	-	-	-	-
Sifara Peroxide Limited	-	100,000	100,000	-	-	-	-	-
CONSTRUCTION AND MATERIALS (CEMENT)								
Lafarge Pakistan Cement Limited	100,000	50,000	150,000	-	-	-	-	-
Attock Cement Limited	-	50,000	50,000	-	-	-	-	-
Akzo Nobel Pakistan Limited	-	21,200	21,200	-	-	-	-	-
Pioneer Cement Limited	-	440,000	440,000	-	-	-	-	-
Fauji Cement Limited	150,000	346,500	426,500	70,000	1,920	1,993	1.10	0.01
Fecto Cement Limited	-	208,000	208,000	-	-	-	-	-
Cherat Cement Limited	97,150	464,000	532,650	28,500	2,181	1,956	1.08	0.11
D. G. Khan Cement Limited	78,000	499,500	570,000	7,500	827	839	0.46	0.02
Kohat Cement Limited	15,000	47,900	62,900	-	-	-	-	-
Lucky Cement Limited	5,000	128,900	116,900	17,000	7,966	7,581	4.17	0.23
Maple Leaf Cement Limited	196,000	468,500	664,500	-	-	-	-	-
ELECTRICITY								
Hub Power Company Limited	122,500	330,500	366,000	87,000	7,518	7,428	4.09	0.06
K- Electric Limited	50,000	186,000	236,000	-	-	-	-	-
Kohinoor Energy	-	69,500	20,000	49,500	2,364	2,218	1.22	0.13
ENGINEERING								
Millat Tractors Limited	-	48,800	48,800	-	-	-	-	-
Hinopak Motors Limited	-	1,800	1,800	-	-	-	-	-
Al-Ghazi Tractors Limited	-	49,600	39,500	10,100	4,070	3,269	1.80	1.13
FIXED LINE TELECOMMUNICATION								
P.T.C.L. "A"*	175,000	400,000	475,000	100,000	2,330	2,106	1.16	0.01
FOOD PRODUCERS								
Engro Foods Limited	21,000	-	21,000	-	-	-	-	-
National Foods Limited	-	36,600	36,600	-	-	-	-	-
GENERAL INDUSTRIALS								
Thal Limited	71,600	24,000	64,500	31,100	8,248	7,941	4.37	1.96
Siemens (Pakistan) Engineering Limited	880	-	880	-	-	-	-	-
OIL & GAS								
Attock Refinery Limited	9,700	59,700	69,400	-	-	-	-	-
Attock Petroleum Limited	-	34,100	34,100	-	-	-	-	-
Mari Petroleum Company Limited	-	116,200	111,200	5,000	2,558	2,579	1.42	0.23
Shell (Pakistan) Limited	11,000	14,300	25,300	-	-	-	-	-

FIRST HABIB ISLAMIC BALANCED FUND

Name of the Investee	As at 1 July 2014	Purchased/ Bonus/ right shares received during the period	Disposed during the period	As at 31 March 2015	Carrying value as at 31 March 2015	Market value as at 31 March 2015	Percentage of:	
							Net Assets	Paid up Capital
	-----Number of shares-----			----- (Rupees in '000) -----				
Oil & Gas Development Company Limited	45,500	85,000	130,500	-	-	-	-	-
Pakistan Oilfields Limited	10,800	81,700	72,000	20,500	8,446	6,692	3.68	0.28
Pakistan Petroleum Limited	-	96,000	72,800	23,200	4,768	3,588	1.97	0.02
Pakistan State Oil Company Limited	28,660	175,500	204,160	-	-	-	-	-
PERSONAL GOODS (TEXTILE)								
Service Industries Pakistan Limited	23,600	-	23,600	-	-	-	-	-
Nisbat Mills Limited	-	58,100	58,100	-	-	-	-	-
Treet Corp	-	70,000	70,000	-	-	-	-	-
Artistic Denim	-	21,700	21,700	-	-	-	-	-
Bannu Woollen	-	25,500	25,500	-	-	-	-	-
PHARMA AND BIO TECH								
Abbott Lab (Pakistan) Limited	-	59,250	59,250	-	-	-	-	-
GlaxoSmithKline Limited	-	60,700	60,700	-	-	-	-	-
Sanofi-aventis Limited	-	3,400	650	2,750	2,346	1,788	0.98	1.85
Searl Company Limited	-	165,800	165,800	-	-	-	-	-
Ferozsons Laboratories Limited	-	10,600	10,600	-	-	-	-	-
INDUSTRIAL TRANSPORT								
P.N.S.C	-	85,500	85,500	-	-	-	-	-
MODARBAS								
Habib Modaraba	-	441,500	-	441,500	4,805	4,268	2.35	0.42
Total as at 31 March 2015					81,249	71,315		
Total as at 30 June 2014					126,207	124,038		

7.2 Sukuk certificates

Name of the investee company	Number of certificates				As at 31 March 2015		Market Value as a Percentage of:		
	As at 1 July 2014	Acquired during the period	Sold / Redeemed during the period	As at 31 March 2015	Carrying value	Market Value	Net Assets	Issued Size	
	----- (Rupees in '000) -----								
GOP Ijara Sukuk 9	9,000	-	-	9,000	-	-	-	-	
Al Baraka Bank (Pakistan) Ltd	-	25.00	6.42	18.58	18,572	17,405	9.58	0.87	
Total as at 31 March 2015					18,572	17,405			
Total as at 30 June 2014					45,032	45,576			

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

	31 March 2015 (Un-audited)	30 June 2014 (Audited)
	(Rupees in '000)	
Equity securities	(9,934)	(2,169)
Sukuk certificates	(1,167)	544
	(11,101)	(1,625)

8. Federal Excise Duty payable on Management Fee

There is no change in the status of petition pending with SHC as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2014.

9. WORKERS' WELFARE FUND

There is no change in the status of petition pending with the Honourable Sindh High Court (SHC) as reported in note 14 to annual financial statements of the Fund for the year ended June 30, 2014.

The Fund maintained a provision for WWF as on March 31, 2015 amounting to Rs.1.521 million (June 30, 2014 : Rs 1.521 million).

10. 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. This distribution excludes any bonus dividend, that is only cash distribution will be accounted for taxation purposes. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

FIRST HABIB ISLAMIC BALANCED FUND

11. 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.

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

	Nine Months ended 31 March 2015	Nine Months ended 31 March 2014	Quarter ended 31 March 2015	Quarter ended 31 March 2014
(Rupees in '000)				
Habib Asset Management Limited - Management Company				
Management fee	2,889	3,112	893	1,208
Sales Tax on Management fee	503	578	156	225
Federal Excises Duty on Management fee	462	498	143	193
Al Habib Capital Markets (Private) Limited - Brokerage House				
Brokerage	134	108	40	33
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	525	564	172	183
Bank Al Habib Limited				
Profit on Bank Balances	433	57	82	57

Details of the balances with connected persons are as follows:

	31 March 2015 (Un-audited)	30 June 2014 (Audited)
(Rupees in '000)		
Bank Al Habib Limited		
Bank Balance	261	10,846
Habib Asset Management Limited - Management Company		
Management fee	285	377
Sales Tax on Management fee	50	70
Federal Excises Duty on Management fee	1,166	571
Al Habib Capital Markets (Private) Limited - Brokerage House		
Brokerage Payable	-	4
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	59	58
Security Deposit - Non Interest bearing	100	100

Sale / Redemption of units for the period ended 31 March

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	626,586	64,887	9,735	1,000
Other related parties				
- Directors of the Management Company	1,496	160	-	-
- Hamdard laboratories Waqf Pakistan	-	-	241,516	25,000
- Executive of the Management Company	-	-	1,075	110
- Habib Insurance Company Limited- Employees Provident Fund	-	-	4,745	500
- Habib Asset Management Limited - Employees Provident Fund	1,887	200	-	-
Bonus units issued:				
Management Company				
- Habib Asset Management Limited	-	-	17,445	1,758
Other related parties				
- Executive of the Management Company	-	-	2,609	263
- Habib Insurance Company Limited- Employees Provident Fund	-	-	931	94
- Habib Asset Management Limited - Employees Provident Fund	-	-	391	39
- Pioneer Cables Limited	-	-	116,533	11,745

FIRST HABIB ISLAMIC BALANCED FUND

	Nine months ended 31 March 2015		Nine months ended 31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
<i>Management Company</i>				
- Habib Asset Management Limited	630,410	66,144	63,447	70,000
- Habib Asset Management Limited - Employees Provident Fund	1,887	199	4,443	449
- Executive of the Management Company	-	-	14,229	1,497
- Hamdard laboratories Waqf Pakistan	706,724	73,902	614,566	66,609
- Habib Insurance Company Limited	-	-	-	-
Units held by:				
<i>Management Company</i>				
- Habib Asset Management Limited	45,446	4,588	144,062	15,885
<i>Associated Companies</i>				
- Bank AL Habib Limited	252,322	25,471	252,322	27,823
- Habib Insurance Company Limited	-	-	706,724	77,929
Other related parties				
- Directors of the Management Company	40,380	4,076	-	-
- Executive of the Management Company	-	-	16,423	1,811
- Habib Insurance Company Limited- Employees Provident Fund	16,952	1,711	15,296	1,687
- Habib Asset Management Limited - Employees Provident Fund	-	-	-	-
- Pioneer Cables Limited	-	-	1,321,108	145,675

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.

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 2015.

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Equity securities	71,315	-	-	71,315
Sukuk certificates	-	17,405	-	17,405
	<u>71,315</u>	<u>17,405</u>	<u>-</u>	<u>88,720</u>

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on April 29, 2015 by the board of directors of the Management Company.

14. GENERAL

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

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

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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

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