



Habib Funds

First Habib Income Fund
First Habib Stock Fund
First Habib Cash Fund
First Habib Islamic Stock Fund
First Habib Islamic Income Fund
First Habib Asset Allocation Fund

Quarter Report
30 September 2018

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DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the unaudited Financial Statements of the various Funds under its management for the Quarter ended September 30, 2018.

The stock market witnessed mixed sentiments during the quarter due to number of reasons including i) General election on July 25, 2018 ii) uncertainty regarding devaluation of PKR against US Dollar iii) Depleting Foreign exchange Reserves iv) increasing Current Account Deficit and uncertainty about bailout package from IMF. The KSE-100 index lost 912 points during the quarter to close at 40,998.59 points. The average daily volume of KSE-100 stood at 93,220,903.79 shares as compared to 85,615,619.52 shares during the corresponding period last year.

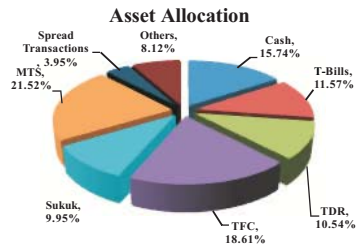
The State Bank of Pakistan increased the discount rate twice by 1% each time in July and September to 9.00% during the quarter ended 30th September, 2018. CPI Inflation for the quarter clocked in at 5.86% as compared to 3.40% during the corresponding period last year.

HABIB ASSET FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The Net Assets of the Fund as of September 30, 2018 were Rs.932 million. During the First quarter of the Financial Year 2019, the Fund generated Gross Earnings of Rs.20.11 million yielding an annualized net return of 6.26% p.a. The detail of the income generated from different avenues is given below:

	(Rs. In 000s)
	1QFY19
Profit on Bank Deposits	3,250
Income from Government Securities	2,035
Income from Margin Trading System	7,356
Profit on term deposit receipt	2,016
Profit on commercial paper	215
Income on margin deposit with National Clearing Company of Pakistan Limited	29
Dividend Income	246
Income from Term Finance Certificates (TFC)	5,355
Net Gain/loss on sale and revaluation of Investments	(390)
	<u>20,111</u>

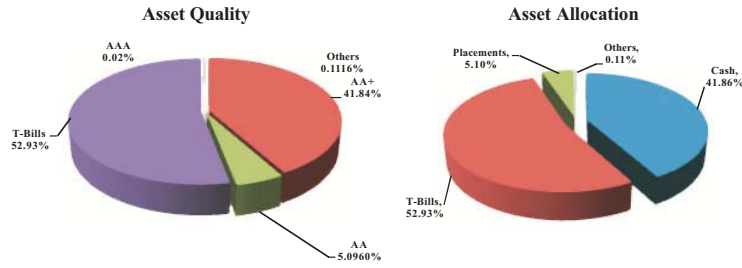


First Habib Cash Fund (FHCF)

The Fund's Net Assets at the Quarter end stood at Rs.2.92 billion. During the quarter under review, the Fund generated an annualized net return of 6.41% p.a. and earned Gross Income of Rs.54.75 million, as detailed below

	(Rs. In 000s)
	1QFY19
Profit on Bank Deposits	13,855
Income from Government Securities	35,721
Markup Income on Placements	5,871
Net Loss on sale and revaluation of Investments	(698)
	<u>54,749</u>

The Asset Quality and Asset Allocation of the Fund as at September 30, 2018, can be viewed as under :

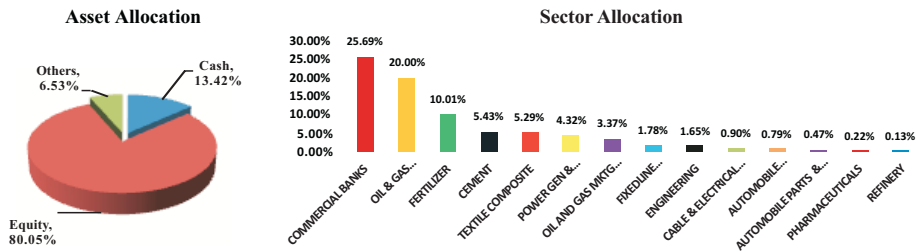


First Habib Stock Fund (FHSF)

The Fund's Net Assets as of September 30, 2018 stood at Rs.150 million. During the quarter under review, the Fund incurred a Gross loss of Rs.1.28 million, as detailed below:

	(Rs. In 000s)
	1QFY19
Profit on Bank Deposits	346
Dividend Income	1,542
Net Loss on sale and revaluation of Investments	(3,170)
	<u>(1,282)</u>

The Asset Allocation and Sector Allocation of FHSF as at September 30, 2018, can be viewed as under:

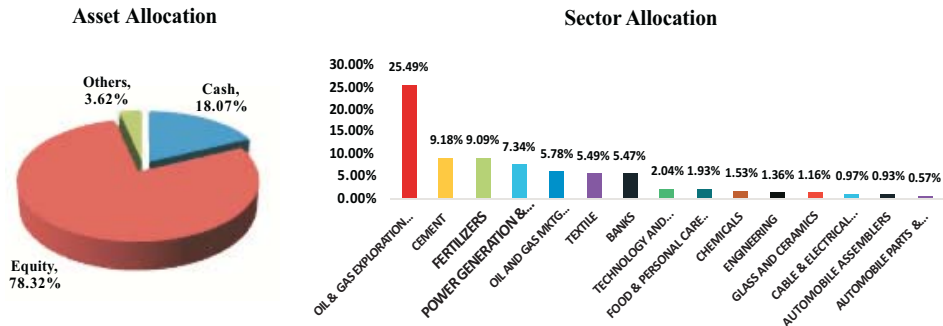


First Habib Islamic Stock Fund (FHISF)

The Fund's Net Assets stood at Rs.110.7 million as on September 30, 2018. During the quarter under review, the Fund earned a Gross income of Rs.0.85 million as detailed below:

	(Rs. In 000s)
	1QFY19
Profit on Bank Deposits	334
Dividend Income	1,164
Net Loss on sale and revaluation of Investments	(651)
	<u>847</u>

The Asset Allocation and Sector Allocation of FHISF as at September 30, 2018, can be viewed as under:



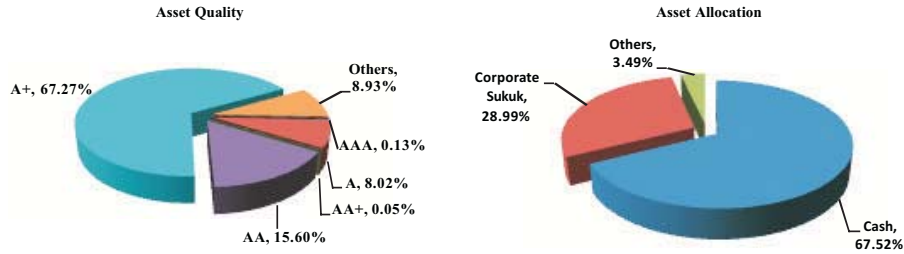
First Habib Islamic Income Fund (FHIIF)

The Fund's Net Assets stood at Rs.193.5 million as at September 30, 2018. During the quarter under review, the Fund generated an annualized net return of 5.73% p.a. and earned Gross Income of Rs.3.51 million as detailed below:

(Rs. In 000s)

	1QFY19
Profit on Bank Deposits	2,357
Income from Sukuk Certificates	968
Net Gain on sale and revaluation of Investments	182
	<u>3,507</u>

The Asset Quality and Asset Allocation of FHIIF as at September 30, 2018, can be viewed as under:



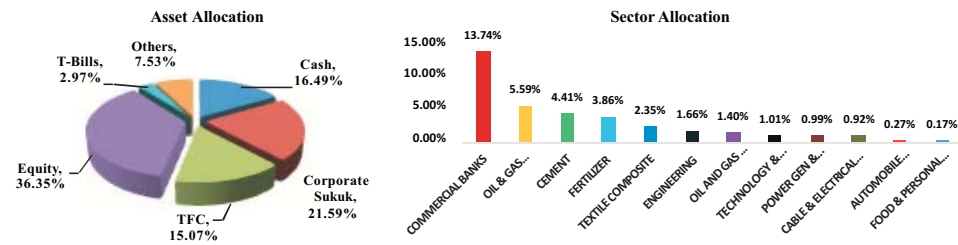
First Habib Asset Allocation Fund (FHAAF)

The Fund's Net Assets stood at Rs.164.5 million as at September 30, 2018. During the quarter under review, the Fund earned Gross Income of Rs.0.84 million as detailed below:

(Rs. In 000s)

	1QFY19
Profit on Bank Deposits	599
Income from Term Finance Certificates and Sukuk Certificates	1,225
Income from government securities	105
Income from Margin Trading System (MTS)	72
Dividend Income	504
Return on deposit with NCCPL	39
Net Gain/Loss on sale and revaluation of Investments	(1,702)
	<u>842</u>

The Asset Allocation and Sector Allocation of FHAAF as at September 30, 2018, can be viewed as under:



Acknowledgement

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

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

For and On behalf of the Board of Directors
Habib Asset Management Limited

Imran Azim
Chief Executive Officer

October 26, 2018

FIRST HABIB INCOME FUND
Quarter Report
30 September 2018

FIRST HABIB INCOME 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. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

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

Bankers to the Fund

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

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

FIRST HABIB INCOME FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2018**

	<i>Note</i>	(Unaudited) 30 September 2018 (Rupees in '000)	(Audited) 30 June 2018
Assets			
Bank balances	6	145,559	307,863
Term deposit receipts		100,000	100,000
Certificate of Commercial Paper		-	24,785
Investments	7	418,063	277,186
Fair value of derivatives		3,816	-
Receivable against Margin Trading System (MTS)		204,090	264,244
Income receivable	8	14,620	9,423
Receivable Against Sale of Investment		42,051	-
Deposits & prepayment	9	28,454	12,909
Total assets		956,653	996,410
Liabilities			
Payable to Habib Asset Management Limited - Management Company		923	832
Provision for Federal excies duty on remuneration of the - Management Company		8,746	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee		156	156
Payable to Securities and Exchange Commission of Pakistan		181	702
Provision for Sindh Workers' Welfare Fund	10	3,233	2,946
Payable against purchase of investments		8,406	13,840
Payable against redemption of units		1,244	648
Advance against sale of units		-	1,567
Accrued expenses and other liabilities		1,764	1,617
Total liabilities		24,654	31,054
Net assets		931,999	965,356
Unit holders' funds (as per statement attached)		931,999	965,356
		(Number of Units)	
Number of units in issue		9,141,339	9,011,620
		(Rupees)	
Net asset value per unit		101.95	107.12

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Note	Quarter ended 30 September	
		2018	2017
		(Rupees in '000)	
Income			
Profit on bank deposits		3,250	8,860
Profit on term deposit receipt		2,016	2,016
Income on commercial paper		215	225
Income from term finance certificates		5,355	-
Income from government securities		2,035	454
Income from Margin Trading System		7,356	3,482
Income on margin deposit with National Clearing Company of Pakistan Limited		29	302
Dividend Income		246	1,087
- Capital gain on sale of investments classified as held for trading - net		(104)	6,121
- Net unrealised (loss) / gain on revaluation of investments classified as held for trading	7.3	(4,102)	(3,046)
- Unrealised (diminution) on derivative financial instruments		3,816	(760)
		(390)	2,315
Total income		20,111	18,741
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		2,472	2,789
Sales Tax on management fee		321	365
Expenses allocated by the management company		-	221
Remuneration of Central Depository Company of Pakistan Limited - Trustee		464	497
Annual fee to Securities and Exchange Commission of Pakistan		181	199
Brokerage expense		139	596
Settlement and bank charges		1,231	411
Annual listing fee		6	13
Auditors' remuneration		93	100
Mutual fund rating fee		90	88
Printing charges		22	24
Provision for Sindh Wokrer's Welfare Fund		287	272
Fee and charges to National Clearing Company of Pakistan Limited		34	63
Total operating expenses		5,342	5,636
Net income from operating activities		14,769	13,104
Taxation		-	-
Net income for the period after taxation		14,769	13,104
Allocation of Net Income for the period:			
Net income for the period		14,769	13,104
Income already paid on units redeemed		(776)	(1,923)
		13,993	11,181
Accounting Income available for distribution:			
- Relating to capital gains		(390)	2,315
- Excluding capital gains		14,383	8,866
		13,993	11,181

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended	
	30 September	
	2018	2017
	(Rupees in '000)	
Net income for the period	14,769	13,104
Other comprehensive income for the period	-	-
Total comprehensive income for the period	14,769	13,104

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	2018			2017		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
------(Rupees in '000)-----						
Net assets at the beginning of the period	914,745	50,611	965,356	1,067,304	19,887	1,087,191
Issue of 851,699 (2017: 1,210,772) units	85,751	-	85,751	123,887	-	123,887
Redemption of 722,017 (2017: 1,787,536) units	(72,472)	(776)	(73,248)	(180,908)	-	(180,908)
	13,279	(776)	12,503	(57,021)	-	(57,021)
Total comprehensive income for the period	-	14,769	14,769	-	11,181	11,181
Final distribution for the year ended 30 June 2018: Rs. 6.75/- per units [2017: Rs. 5/- per unit declared]	-	(60,629)	(60,629)	-	-	-
Net income for the period less distribution	-	(45,860)	(45,860)	-	11,181	11,181
Net assets at the end of the period	928,024	3,975	931,999	1,010,283	31,068	1,041,351
Undistributed income brought forward						
- Realised income		50,472			19,423	
- Unrealised (loss)/ income		139			464	
		50,611			19,887	
Accounting income available for distribution						
- Relating to capital gains		(390)			2,315	
- Excluding capital gains		14,383			8,866	
		13,993			11,181	
Final distribution for the year ended 30 June 2018: Rs. 6.75/- per units [2017: Rs. 5/- per unit declared]		(60,629)				
Net income for the period after taxation		-			13,104	
Undistributed income carried forward		3,975			31,068	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			107.12			101.79
Net assets value per unit at end of the period			101.95			103.07

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB INCOME FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in '000)	
Net income for the period	13,993	11,181
Adjustments for non-cash items		
Net unrealised loss on revaluation of investments classified as fair value through profit and loss	4,102	3,046
Unrealised appreciation on derivatives financial instruments	(3,816)	760
	14,279	14,987
Decrease / (increase) in assets		
Certificate of Commercial Paper	24,785	(23,256)
Investments	(141,163)	82,741
Fair value of derivatives	(3,816)	759
Receivable Against Sale of Investment	(42,051)	180,624
Receivable Against Margine Trading System	60,154	(204,119)
Income receivable	(5,197)	(1,220)
Deposits & prepayment	(15,545)	26,274
	(122,833)	61,803
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	91	38
Payable to Central Depository Company of Pakistan Limited - Trustee	(0)	(1)
Payable to Securities and Exchange Commission of Pakistan	(521)	(719)
Provision for Sindh Workers' Welfare Fund	287	272
Payable Against Purchase of Investment	(5,434)	-
Payable Against Redemption of Units	596	-
Advance against sale of units	(1,567)	-
Accrued expenses and other liabilities	147	(8,028)
	(6,400)	(8,438)
Net cash inflow from operating activities	(114,954)	68,352
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	13,279	(57,021)
Dividend paid during the period	(60,629)	-
Net increase / (decrease) in cash and cash equivalents during the period	(162,304)	11,332
Cash and cash equivalents at beginning of the period	307,863	402,919
Cash and cash equivalents at the end of the period	145,559	414,251
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	145,559	414,251
Term deposit receipts	-	-
	145,559	414,251

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

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

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

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 2018.

FIRST HABIB INCOME 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 30 June 2018.

6. BANK BALANCES	Note	(Unaudited)	(Audited)
		30 September 2018	30 June 2018
		(Rupees in '000)	
Saving accounts	6.1	145,265	306,888
Current accounts	6.2	294	975
		<u>145,559</u>	<u>307,863</u>

6.1 These carry profit rates ranging from 3.75% to 7.50% (2018: 3.75% to 7.0%) per annum. It includes balance of Rs. 3.613 million (30 June 2018: Rs 8.398 million) with Bank AL Habib Limited, a related party carrying profit rate of 5.25% (30 June 2018: 5.25%) per annum.

6.2 This represents balance with Bank AL Habib Limited, a related party.

7. INVESTMENTS - at fair value through profit or loss - held for trading	Note	(Unaudited)	(Audited)
		30 September 2018	30 June 2018
		(Rupees in '000)	
Government securities - Market Treasury Bills	7.1	109,767	39,969
Term finance certificates / Sukuk certificates	7.2	270,912	237,217
Listed equity securities (spread transactions)	7.3	37,384	-
		<u>418,063</u>	<u>277,186</u>

7.1. Government securities - Market Treasury Bills

Issue date	Face Value				As at 30 September 2018		Market value as percentage of	
	As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	net assets	total investments
(Rupees in '000)								
<i>Tresury bills - 3 Months</i>								
12-Apr-18	40,000	-	40,000	-	-	-	0.00%	0.00%
7-Jun-18	-	50,000	50,000	-	-	-	0.00%	0.00%
19-Jul-18	-	260,000	150,000	110,000	109,771	109,767	11.78%	26.26%
2-Aug-18	-	50,000	50,000	-	-	-	0.00%	0.00%
Total as at 30 September 2018					<u>109,771</u>	<u>109,767</u>		
Total as at 30 June 2018					39,973	39,969		

7.1.1 This represents Market Treasury Bill pledged with National Clearing Company of Pakistan Limited and carry rate of return of 7.68% (30 June 2018: 6.10%) per annum.

7.2 Term finance certificates / Sukuk Certificates

Issue date	Face Value				As at 30 September 2018		Market value as percentage of	
	As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	net assets	total investments
Unquoted								
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	5,000	-	-	5,000	25,161	25,093	2.69%	6.00%
Quoted								
JS Bank Limited - TFC (29-12-2017) (certificates of Rs. 100,000 each)	250	-	-	250	24,999	24,763	2.66%	5.92%
Unquoted								
TPL Corp Limited- TFC (19-12-2017) (certificates of Rs. 100,000 each)	250	-	-	250	25,033	25,023	2.68%	5.99%
Quoted								
Askari Bank Limited- TFC (30-9-2014) (certificates of Rs. 5,000 each)	5,000	-	-	5,000	25,035	25,538	2.74%	6.11%

FIRST HABIB INCOME FUND

Issue date	Face Value				As at 30 September 2018		Market value as percentage of	
	As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	net assets	total investments
Quoted MCB Bank Limited - TFC (19-06-2014) (certificates of Rs. 5,000 each)	5,000	-	-	5,000	24,999	25,085	2.69%	6.00%
Quoted Bank Alfalah Limited - TFC (20-02-2013) (certificates of Rs. 5,000 each)	5,400	-	-	5,400	27,064	26,905	2.89%	6.44%
Quoted HBL Bank Limited - TFC (19-02-2016) (certificates of Rs. 100,000 each)	150	100	-	250	24,670	24,125	2.59%	5.77%
Quoted Ghani Gases Limited- Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	250	-	-	250	18,918	19,075	2.05%	4.56%
Quoted Dawood Hercules Limited - Sukuk (I) (certificates of Rs. 100,000 each)	250	-	-	250	25,044	25,054	2.69%	5.99%
Quoted Dawood Hercules Limited - Sukuk (II) (certificates of Rs. 100,000 each)	250	-	-	250	25,015	24,985	2.68%	5.98%
Unquoted AGP Limited - Sukuk (9-6-2017) (certificates of Rs. 100,000 each)	-	250	-	250	18,836	18,891	2.03%	4.52%
Fatima Fertilizer Co Ltd- Sukuk (28-11-2016) (certificates of Rs. 100,000 each)	-	1,809	-	1,809	6,350	6,375	0.68%	1.52%
Total as at 30 September 2018					271,124	270,912		
Total as at 30 June 2018					237,074	237,217		

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

Name of security	Number of Certificates	Repayment frequency	Unredeemed face value Per TFC/Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Term Finance Certificates							
JS Bank Limited	5,000	Semi-Annually	4,997	6 Month KIBOR plus 1.4%	14-Dec-16	14-Dec-23	A+
JS Bank Limited	250	Semi-Annually	99,980	6 Month KIBOR plus 1.14%	29-Dec-17	29-Dec-24	A+
TPL Corp Limited	250	Quarterly	100,000	3 Month KIBOR plus 1.5%	19-Dec-17	19-Dec-19	AA-
Askari Bank Limited	5,000	Semi-Annually	4,993	6 Month KIBOR plus 1.2%	30-Sep-14	30-Sep-24	AA-
MCB Bank Limited	5,000	Semi-Annually	4,993	6 Month KIBOR plus 1.15%	19-Jun-14	19-Jun-22	AAA
Bank Alfalah Limited	5,400	Semi-Annually	4,990	6 Month KIBOR plus 1.25%	20-Feb-13	20-Feb-21	AA
Habib Bank Limited	250	Semi-Annually	99,920	6 Month KIBOR plus 0.5%	19-Feb-16	19-Feb-26	AA+
Sukuk Certificates							
Ghani Gases Limited	250	Quarterly	79,167	3 Month KIBOR plus 1%	2-Feb-17	2-Feb-23	A
Dawood Hercules	250	Quarterly	100,000	3 Month KIBOR plus 1%	1-Mar-18	1-Mar-23	AA
Dawood Hercules	250	Quarterly	100,000	3 Month KIBOR plus 1%	16-Nov-17	16-Nov-22	AA
AGP Limited	250	Quarterly	70,000	3 Month KIBOR plus 1.3%	9-Jun-17	9-Jun-22	A
Fatima Fertilizer Co Ltd	1,809	Semi-Annually	3,500	6 Month KIBOR plus 1.1%	28-Nov-16	28-Nov-21	AA-

7.3 Listed equity securities (spread transactions)

Name of the Investee	As at 1 July 2018	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
CEMENT										
D.G Khan Cement Limited	-	2,500	-	2,500	-	-	-	-	0.00%	0.00%
CHEMICAL										
Lotte Chemical	-	298,500	-	-	298,500	4,282	4,027	(255)	0.43%	0.96%
ENGINEERING										
International Steel Limited	-	82,000	-	82,000	-	-	-	-	0.00%	0.00%
FOOD AND PERSONAL CARE PRODUCTS										
Fauji Foods Ltd	-	61,500	-	-	61,500	2,112	1,862	(250)	0.20%	0.45%
MISCELLANEOUS										
Siddiqsons Tin Plate	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%

FIRST HABIB INCOME FUND

Name of the Investee	As at 1 July 2018	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
OIL & GAS MARKETING COMPANIES										
Pakistan State Oil Company Limited	-	4,500	-	4,500	-	-	-	-	0.00%	0.00%
Sui Southern Gas Company Limited	-	225,000	-	-	225,000	6,165	6,233	68		
						<u>6,165</u>	<u>6,233</u>	<u>68</u>		
BANASPATI & ALLIED INDUSTRIES										
Unity Foods Ltd	-	821,000	-	20,000	801,000	28,618	25,175	(3,443)	2.70%	6.02%
						<u>28,618</u>	<u>25,175</u>	<u>(3,443)</u>		
SUPPORT SERVICES										
TRG Pakistan Limited	-	16,500	-	16,500	-	-	-	-	0.00%	0.00%
TRANSPORT										
Pak Int.Bulk	-	8,000	-	-	8,000	92	87	(5)	0.01%	0.02%
						<u>92</u>	<u>87</u>	<u>(5)</u>		
Total as at 30 September 2018						<u>41,269</u>	<u>37,384</u>	<u>(3,885)</u>		
Total as at 30 June 2018						-	-	-		

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

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
	(4)	(4)
Government securities - Market Treasury Bills	(213)	143
Term finance certificates / Sukuk certificates	(3,885)	-
Listed equity securities (spread transactions)	<u>(4,102)</u>	<u>139</u>

8. INCOME RECEIVABLE

Receivable against TFCs / Sukuks	4,400	2,531
Bank deposits	1,243	341
Receivable against deposit with NCCPL	71	43
Term deposit receipts	7,299	5,282
Margin Trading System	1,361	1,226
Dividend receivable	246	-
	<u>14,620</u>	<u>9,423</u>

9. DEPOSITS & PREPAYMENTS

Security Deposit with National Clearing Company of Pakitsan Limited (NCCPL)	2,500	2,500
Cash Margin To NCCPL against equity	11.1	10,500
Deliverables future contract margin with NCCPL	13,472	-
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with NCCPL against Margin trading system (MTS)	250	250
Prepayment against MTS account maintenance fee	67	101
Prepayment against PSX annual listing fee	19	-
Advance tax	1,546	1,458
	<u>28,454</u>	<u>12,909</u>

11.1 This deposit carries return at the rate of 4% (30 June 2018: 4%) per annum.

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge, amounting to Rs. 3.233 million (30 June 2018 Rs. 2.946 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.35 (30 June 2018 Rs 0.33).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2018 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced

FIRST HABIB INCOME FUND

by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2018.

Fair value hierarchy

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

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

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

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

As at 30 September 2018, the categorisation of investments is shown below:

30 September 2018	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Government securities - Market Treasury Bills	-	109,767	-	109,767
Term finance certificates / Sukuk certificates		270,912		270,912
Listed equity securities (spread transactions)	37,384	-	-	37,384
	<u>37,384</u>	<u>380,679</u>	<u>-</u>	<u>418,063</u>

As at 30 June 2018, the categorisation of investments is shown below:

30 June 2018	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Government securities - Market Treasury Bills	-	39,969	-	39,969
Term finance certificates / Sukuk certificates	-	237,217	-	237,217
Listed equity securities (spread transactions)	-	-	-	-
	<u>-</u>	<u>277,186</u>	<u>-</u>	<u>277,186</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, First Habib Islamic Stock Fund, First Habib Islamic Income Fund and First Habib Asset Allocation Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of the transactions with connected persons are as follows:

	(Unaudited) 30 September	
	2018	2017
	------(Rupees in '000)-----	
Habib Asset Management Limited - Management Company		
- Management fee	2,472	2,789
- Sales Tax	321	365
- Allocated Expenses	-	221
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	464	497
Bank AL Habib Limited		
-Profit on Bank Balance	117	437

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
Details of balances with connected persons at period end are as follows:		
Habib Asset Management Limited - Management Company		
- Management Company fee payable	923	832
- Federal Excise duty	8,746	8,746
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	153	137
-Other CDC Charges payable	3	19
-Security deposit - Non interest bearing	100	100
Bank AL Habib Limited		
-Bank Balance	2,268	7,913

	(Unaudited) 30 September 2018		(Unaudited) 30 September 2017	
Units sold to:	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	315	32	19,632	2,000
Associated Companies				
- Habib Insurance Company Limited	-	-	341,748	35,000
Other related parties:				
- Directors and executives of the Management Company	1,459	146	-	-
- Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	-	-	4,827	494
- Sukaina Education And Welfare Trust	36	4	98,133	10,000
- Mr. Qumail Habib	1,917	192	14,724	1,500
- Greenshield Insurance Brokers (Pvt) Ltd	-	-	7,820	800
- Mr. Munawar Ali Habib	1,882	189	13,988	1,425
- Dawood Habib Memorial Trust	16	2	-	-
- Habib Insurance Company Limited- Employees Provident Fund	507	52	-	-
- Mrs. Shama Sajjad Habib	12,935	1,298	-	-
- Mr. Murtaza Habib	1,787	179	-	-
- Mr. Abas D. Habib	1,120	112	-	-
- Mr. Ali Asad Habib	2,688	270	-	-
- Mrs. Hina Shoaib	10	1	-	-
- Mr. Sajjad Hssain	1,295	130	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	392,582	40,000	19,627	2,000
Associated Companies				
- Habib Insurance Company Limited	-	-	97,179	10,000
Other related parties				
- Directors and executives of the Management Company	-	-	24,850	2,548
- Habib Asset Management Limited - Employees Provident Fund	-	-	17,132	1,750
- Greenshield Insurance Brokers (Pvt) Ltd	-	-	6,335	648
- Habib Sugar Mills Limited	-	-	-	-
- Apwa Ra'ana Liaquat Craftsmen Colony	-	-	38,774	3,972

FIRST HABIB INCOME FUND

	(Unaudited) 30 September 2018		(Unaudited) 30 September 2017	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units held by:				
Management Company				
Habib Asset Management Limited	619,114	63,112	5,585	576
Associated Companies				
- Bank AL Habib Limited	1,363,808	139,025	1,363,808	140,562
- Habib Insurance Company Limited			244,568	25,207
Other related parties				
- Directors and executives of the Management Company	38,711	3,946	72,900	7,513
- Habib Insurance Company Limited- Employees Provident Fund	-	-	103,686	10,687
- Habib Asset Management Limited - Employees Provident Fund	507	52	24,260	2,500
- Greenshield Insurance Brokers (Pvt) Ltd	-	-	4,803	495
- Sukaina Education And Welfare Trust	36	4	1,214,942	125,219
- Apwa Ra'ana Liaquat Craftsmen Colony	25,813	2,631	24,418	2,517
- Ghulaman-E-Abbas Educational & Medical Trust Endowment Fund	-	-	306,341	31,573
- Dawood Habib Memorial Trust	16	2	436,304	44,968
- Mrs. Shama Sajjad Habib	239,220	24,386	226,285	23,322
- Mr. Qumail Habib	34,467	3,514	32,548	3,355
- Mr. Abas D Habib	20,161	2,055	19,040	1,962
- Mr. Ali Asad Habib	48,361	4,930	45,673	4,707
- Mrs. Hina Shoaib	194	20	183	19
- Mr. Munawar Ali Habib	34,761	3,544	32,879	3,389
- Mr. Sajjad Hssain	23,296	2,375	22,002	2,268
- Mr. Murtaza Habib	32,152	3,278	30,366	3,130
- Mr. Ali Raza D Habib	38,270	3,901	-	-

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on **26 October 2018**.

16. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended September 30, 2018 is 0.57% which include 0.09% representing government levy, Sindh Worker Welfare Fund, SECP fee.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

Quarter Report

30 September 2018

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. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

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

Bankers to the Fund

Bank AL Habib Limited
MCB Bank Limited

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

**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2018**

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
	<i>Note</i>	-----	-----
		(Rupees in '000)	
Assets			
Bank balances	6	20,684	16,816
Investments	7	123,333	115,459
Dividend and profit receivable	8	1,634	184
Deposits, Advances and prepayments	9	6,324	6,325
Receivable against sale of Units		2,110	2,597
Total assets		154,085	141,381
Liabilities			
Payable to Habib Asset Management Limited - Management Company		282	262
Provision for Federal Excises Duty on remuneration of the Management Company		2,043	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		67	65
Payable to Securities and Exchange Commission of Pakistan		35	156
Provision for Sindh Workers' Welfare Fund (SWWF)	10	945	945
Accrued expenses and other liabilities		591	510
Total liabilities		3,963	3,981
Net assets		150,122	137,400
Unit holders' funds (as per the statement attached)		150,122	137,400
		(Number of Units)	
Number of units in issue		1,696,204	1,530,546
		(Rupees)	
Net asset value per unit - Rupees		88.50	89.77

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

Chief Financial Officer

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September	
2018	2017	
<i>Note</i>	(Rupees in '000)	
Income		
Profit on bank deposits	346	312
Dividend income	1,542	1,441
Net gain on investment at fair value through profit or loss		
- Net capital gain on sale of investments classified as held for trading	1,692	(15,011)
- Net unrealised gain / (loss) on revaluation of investment classified as held for trading	(4,862)	(23,928)
	(3,170)	(38,939)
Total income/(loss)	(1,282)	(37,186)
Expenses		
Remuneration of Habib Asset Management Limited		
- Management Company	745	1,054
Sales tax on management fee	97	137
Expenses allocated by on Management Fee	-	24
Remuneration of Central Depository Company of Pakistan Limited - Trustee	204	223
Annual fee - Securities and Exchange Commission of Pakistan	37	93
Brokerage expense	151	373
Settlement and bank charges	95	107
Annual listing fee	5	5
Auditors' remuneration	88	66
Mutual Fund Rating Fee	51	49
Printing charges	23	24
Total expenses	1,496	2,155
Net income/ (loss) from operating activities	(2,778)	(39,341)
Element of (loss) and capital / (losses) included in prices of units issued less those in units redeemed - net	-	-
Net income for the period before taxation	(2,778)	(39,341)
Taxation	-	-
Net income for the period after taxation	(2,778)	(39,341)
Allocation of Net Income for the period:		
Income already paid on units redeemed	-	(5,102)
Accounting Income available for distribution:		
- Relating to capital gains		
- Excluding capital gains	(2,778)	(44,443)
Other comprehensive income	-	-
Total comprehensive income	(2,778)	(44,443)

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

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended	
	30 September	
	2018	2017
	(Rupees in '000)	
Net income for the period	(2,778)	(44,443)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(2,778)</u>	<u>(44,443)</u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB STOCK FUND
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	2018			2017		
	----- (Rupees in '000) -----					
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
Net assets at the beginning of the period	168,617	(31,217)	137,400	197,977	9,529	207,506
Issue of 1,111,373 units (2016: 197,598 units) *	24,128	-	24,128	113,246	-	113,246
Redemption of 715,950 units (2016: 343,143 units)	(8,628)	-	(8,628)	(63,702)	-	(63,702)
	15,500	-	15,500	49,544	-	49,544
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	-	-	-
Accounting income available for distribution for the period:						
-Relating to capital gains	-	(3,170)	(3,170)	-	(38,939)	(38,939)
-Excluding capital gains	-	392	392	-	(5,504)	(5,504)
Total comprehensive income for the period	-	(2,778)	(2,778)	-	(44,443)	(44,443)
Distribution during the period:						
Net assets at the end of the period	184,117	(33,995)	150,122	247,521	(34,914)	212,607
Undistributed income brought forward						
- Realised		(26,933)			19,843	
- Unrealised		(4,284)			(10,314)	
		(31,217)			9,529	
Accounting income available for distribution						
- Relating to capital gains		(3,170)			(38,939)	
- Excluding capital gains		392			(5,504)	
		(2,778)			(44,443)	
Net (loss) / income for the period after taxation		(2,778)			(44,443)	
Distribution during the period		-			-	
Undistributed income carried forward		(33,995)			(34,914)	
Undistributed income carried forward						
- Realised		(3,170)			(38,939)	
- Unrealised		(30,825)			4,025	
		(33,995)			(34,914)	
Net assets value per unit at beginning of the period			89.77			105.25
Net assets value per unit at end of the period			88.50			89.82

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

Chief Financial Officer

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 2018	
	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	(2,778)	(44,443)
Adjustments for non-cash items		
Unrealised (diminution) / appreciation on investments at fair value through profit or loss - net	4,862	23,928
	2,084	(20,515)
Decrease / (increase) in assets		
Investments	(12,736)	5,682
Dividend and profit receivable	(1,450)	(460)
Deposits, Advances and prepayments	1	135
Receivable against sale of units	487	6,009
	(13,698)	11,366
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	20	(54)
Payable to Central Depository Company of Pakistan Limited - Trustee	2	1
Payable to Securities and Exchange Commission of Pakistan	(121)	(110)
Accrued expenses and other liabilities	81	(2,366)
	(18)	(2,529)
Net cash flow from operating activities	(11,632)	(11,678)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	15,500	49,544
Net cash (used) in / generated from financing activities	15,500	49,544
	3,868	37,866
Net increase in cash and cash equivalents during the period		
Cash and cash equivalents at the beginning of the period	16,816	3,395
Cash and cash equivalents at the end of period	20,684	41,261

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

Chief Financial Officer

Director

FIRST HABIB STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company and JCR-VIS has assigned fund stability ranking of 'MFR 3-Star' for one year, 'MFR 4-Star' for three years and 'MFR 1-Star' for five years.

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 Central Depository Company (CDC) as a trustee of the Fund.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

The Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2018

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended 30 June 2018.

6. BANK BALANCES

This represents saving account maintained with a related party and carries profit rate of 5.25% (30 June 2018: 5.25%) per annum.

FIRST HABIB STOCK FUND

7. INVESTMENTS - at fair value through profit or loss - held for trading	(Unaudited)	(Audited)
	30 September	30 June
	2018	2018
	----- (Rupees in '000) -----	
Equity securities	7.1 <u>123,333</u>	<u>115,459</u>
	<u>123,333</u>	<u>115,459</u>

7.1 Equity securities

Name of the Investee	As at 1 July 2018	Purchased/ bonus/ right shares received during the period	Disposed during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Market Value as a Percentage of:	
							Net Assets	Total Investments
-----Number of shares----- (Rupees in '000)-----								
Commercial Banks								
Askari Bank Limited	285,000	-	75,000	210,000	4,593	5,151	3.43%	4.18%
MCB Bank Limited	29,470	20,000	17,500	31,970	6,398	6,433	4.29%	5.22%
United Bank Limited	30,000	69,000	60,000	39,000	6,626	6,006	4.00%	4.87%
Bank of Punjab Limited	-	135,000	-	135,000	1,586	1,597	1.06%	1.29%
Faysal Bank Limited	122,950	-	50,000	72,950	1,897	1,959	1.30%	1.59%
Habib Bank Limited	57,500	14,500	-	72,000	11,903	10,899	7.26%	8.84%
Bank Alfalah Limited	113,000	38,800	-	151,800	7,296	7,535	5.02%	6.11%
Oil & Gas Marketing Companies								
Sui Notherm Gas Pipelines Limited	14,000	37,500	24,000	27,500	2,843	2,451	1.63%	1.99%
Pakistan State Oil Company Limited	9,000	4,500	13,500	-	-	-	0.00%	0.00%
Hi-Tech Lubricants Limited	16,500	-	-	16,500	1,672	1,377	0.92%	1.12%
Attock Petroleum Limited	2,700	-	2,700	-	-	-	0.00%	0.00%
Hascol Petroleum Limited	20	5,000	-	5,020	1,516	1,367	0.91%	1.11%
Engineering								
International Industries Limited	6,000	-	6,000	-	-	-	0.00%	0.00%
Cable & Electrical Goods								
Pak Elektron Limited	80,000	85,000	120,000	45,000	1,620	1,383	0.92%	1.12%
Fertilizers								
Fauji Fertilizer Company Limited	29,000	29,000	14,000	44,000	4,434	4,296	2.86%	3.48%
Engro Fertilizers Limited	45,000	45,000	19,000	71,000	5,395	5,360	3.57%	4.35%
Engro Corporation Limited	18,500	9,000	9,000	18,500	5,929	5,765	3.84%	4.67%
Oil & Gas Exploration Companies								
Oil and Gas Development Company Limited	67,500	9,500	-	77,000	11,958	11,780	7.85%	9.55%
Pakistan Oilfields Limited	9,000	1,300	2,500	7,800	4,367	4,284	2.85%	3.47%
Pakistan Petroleum Limited	46,700	7,500	7,000	47,200	10,098	10,072	6.71%	8.17%
Mari Petroleum Company Limited	4,000	500	1,500	3,000	4,493	4,675	3.11%	3.79%
Refinery								
Attock Refinery Limited	-	-	-	-	-	-	0.00%	0.00%
International Steel Limited	-	28,000	-	28,000	3,181	2,547	1.70%	2.07%
Pakistan Refinery Limited	6,000	-	-	6,000	208	197	0.13%	0.16%
Construction and Materials (Cement)								
Attock Cement Pakistan Limited	3,300	-	3,300	-	-	-	0.00%	0.00%
D.G Khan Cement Company limited	11,000	143,600	154,600	-	-	-	0.00%	0.00%
Lucky Cement Limited	4,650	35,250	28,350	11,550	6,455	5,924	3.95%	4.80%
Maple Leaf Cement Factory Limited	-	113,000	61,000	52,000	3,016	2,449	1.63%	1.99%
Pioneer Cement Limited	-	-	-	-	-	-	0.00%	0.00%
Automobiles and Parts								
Millat Tractor Limited	1,200	-	-	1,200	1,426	1,217	0.81%	0.99%
Automobiles Parts and Accessories								
General Tyre & Rubber Company Limited	-	-	-	-	-	-	-	-
Thal Limited	1,650	-	-	1,650	788	721	0.48%	0.58%
Loads Limited	-	-	-	-	-	-	-	-
Textile Composition								
Nishat Mills Limited	47,000	11,000	-	58,000	8,173	8,154	5.43%	6.61%
Nishat Chunian Limited	-	-	-	-	-	-	-	-
Pharmaceutical								
Abbot Lab (Pakistan) Limited	550	-	-	550	337	339	0.23%	0.27%
AGP Limited	14,000	-	14,000	-	-	-	0.00%	0.00%
Power Generation and Distribution								
Hub Power Company Limited	69,900	-	-	69,900	6,442	6,114	4.07%	4.96%
Kot Addu Power Company Limited	-	-	-	-	-	-	0.00%	0.00%
K-Electric Limited	100,000	-	-	100,000	568	535	0.36%	0.43%
Technology & Communications								
Pakistan Telecommunication Limited	130,000	-	-	130,000	1,487	1,300	0.87%	1.05%
System Limited	-	12,000	-	12,000	1,452	1,446	0.96%	1.17%
Avanceon Limited	-	-	-	-	-	-	0.00%	0.00%
Total as at 30 September 2018					<u>128,157</u>	<u>123,333</u>		
Total as at 30 June 2018					<u>119,743</u>	<u>115,459</u>		

FIRST HABIB STOCK FUND

7.2 Following shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
	----- (Number of Shares) -----	
The Hub Power Company Limited	13,500	13,500
	<u>13,500</u>	<u>13,500</u>

8. DIVIDEND AND INCOME RECEIVABLE

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
	(Rupees in '000)	
Dividend receivable	1,542	184
Profit receivable on saving account	92	-
	<u>1,634</u>	<u>184</u>

9. DEPOSITS, ADVANCES AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Cash margin to NCCPL against Equity Transaction	3,500	3,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Advance Tax	187	187
Prepayments	-	38
Listing Fee	37	-
	<u>6,324</u>	<u>6,325</u>

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management company has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The total provision for SWWF till 30 September 2018 is Rs. 0.945 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.56 (30 June 2018:0.62) per unit

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the three months period ended 30 September 2018, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2018.

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 STOCK FUND

As at 30 September 2018, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	123,333	-	123,333
Government securities	-	-	-
	123,333	-	123,333

As at 30 June 2018, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	(Rupees)		
Equity securities	115,459	-	115,459
Government securities	-	-	-
	115,459	-	115,459

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company,

First Habib Income Fund and First Habib Cash Fund, and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of transactions with connected persons are as follows:

	Quarter ended	
	30 September	
	2018	2017
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	745	1,054
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	8	8
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	204	223
Bank Al Habib Limited		
Profit on Bank Balances	346	312

Details of balances with connected persons are as follows:

	(Unaudited)	(Audited)
	30 September	30 June
	2018	2018
	(Rupees in '000)	
Bank Al Habib Limited		
Bank Balance	20,684	41,261
Habib Asset Management Limited - Management Company		
Management fee payable	2,325	2,559
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	15	15
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	67	81
- Security deposit - non interest bearing	100	100

FIRST HABIB STOCK FUND

13.1 Sale / redemption of units for the period ended 30 September	Quarter ended 30 September 2018		Quarter ended 30 September 2017	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
- Habib Asset Management Limited	-	-	393,248	40,000
Other related parties				
- Directors of the Management Company	-	-	2,768	275
- Habib Asset Management Ltd.Emp.Provident Fund	-	-	17,586	1,750
- Mrs. Ishrat Malik	-	-	8,906	928
- Mr. Haider Imran	-	-	4,951	490
Units redeemed by:				
Management Company				
- Habib Asset Management Limited	-	-	392,501	400,000
Units held by:				
Management Company				
Habib Asset Management Limited	33,562	2,971	826,280	74,220
Associated Companies				
- Bank AL Habib Limited	100,000	8,851	100,000	8,982
Other related parties				
- Directors of the Management Company	35,339	3,128	41,192	3,700
- Habib Asset Management Limited-Employees Provident Fund	17,756	1,572	17,586	1,580
- Mr. Abbas Qurban	30,535	2,703	22,723	2,041
- Mr. Qumail Habib	27,285	2,415	27,285	2,451
- Mrs. Razia Ali Habib	-	-	1,123	101
- Mr. Haider Azim	5,371	475	4,951	445
- Mrs. Fatima Ali Raza Habib	-	-	16,894	1,517
- Mr. Aun Muhammad Ali Raza Habib	-	-	17,670	1,587
- Mr. Sajjad Hussain	-	-	22,329	2,006

14. DATE OF AUTHORISATION FOR ISSUE

- 14.1 These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **26 October, 2018**.

15. TOTAL EXPENSE RATIO (TER)

In the current year, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 September 2018 is 1.01% which include 0.91% representing government levy, Sindh Worker Welfare Fund and SECP fee.

16. GENERAL

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB CASH FUND
Quarter Report
30 September 2018

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. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

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

Bankers to the Fund

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

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

FIRST HABIB CASH FUND**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2018**

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
	Note	------(Rupees in '000)-----	
Assets			
Bank balance	5	1,233,075	2,117,281
Placements	6	150,000	300,000
Investments	7	1,558,899	433,228
Income receivable	8	2,820	4,670
Advance, Deposit and Prepayments		536	588
Total assets		2,945,330	2,855,767
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,765	1,607
Provision for Federal Excise Duty on remuneration of the Management Company		13,417	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee		277	283
Payable to Securities and Exchange Commission of Pakistan		552	1,551
Provision for Sindh Workers' Welfare Fund (SWWF)	9	5,094	4,174
Payable against redemption of units		-	50,692
Accrued expenses and other liabilities		1,700	1,922
Total liabilities		22,805	73,646
Net assets		2,922,525	2,782,121
Unit holders' funds (as per statement attached)		2,922,525	2,782,121
		(Number of units)	
Number of units in issue		28,689,332	26,285,713
		(Rupees)	
Net asset value per unit		101.87	105.84

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September	
	2018	2017
	(Rupees in '000)	
Income		
Profit on bank deposits	13,855	16,824
Income from Government Securities	35,721	3,821
Markup income on Placements	5,871	1,028
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital gain on sale of investments classified as held for trading	(202)	-
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(496)	(6)
	(698)	(6)
	54,749	21,667
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	4,683	1,874
Sales tax on management fee	609	244
Expense allocated by the Management Company	-	189
Remuneration of Central Depository Company of Pakistan Limited - Trustee	837	513
Annual fee - Securities and Exchange Commission of Pakistan	554	265
Brokerage & Commission	16	7
Bank charges	13	5
Auditors' remuneration	87	91
Provision for Sindh Workers Welfare Fund	920	-
Annual listing fee	11	1
Mutual Fund Rating Fee	66	66
Printing charges	23	23
Total operating expenses	7,819	3,278
	46,930	18,389
Net income for the period before taxation	46,930	18,389
Taxation	-	-
Net income for the period after taxation	46,930	18,389
Allocation of Net Income for the period after taxation:		
Net income for the year	46,930	(2,154)
Income already paid on units redeemed	(3,698)	-
	43,232	16,235
Accounting Income available for distribution:		
- Relating to capital gains	-	
- Excluding capital gains	43,232	
	43,232	

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB CASH FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended	
	30 September	
	2018	2017
	(Rupees in '000)	
Net income for the period	43,232	16,235
Other comprehensive income for the period	-	-
Total comprehensive income for the period	43,232	16,235

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB CASH FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	2018			2017		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	------(Rupees in '000)-----					
Net assets at the beginning of the period	2,692,698	89,423	2,782,121	1,032,435	8,550	1,040,985
Issue of 7,923,650 units (2017: 12,178,213 units)						
-Amount received on issuance of units	765,276	-	765,276	1,233,079	-	1,233,079
Redemption of 5,520,031 units (2017:6,724,890 units)						
-Amount paid/payable on redemption of units	(520,904)	(3,698)	(524,602)	(680,466)		(680,466)
	244,372	(3,698)	240,674	552,613	-	552,613
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	-	-	-
Total comprehensive income for the period	-	46,930	46,930		16,235	16,235
Distribution during the period:	(147,200)	-	(147,200)	-	-	-
Net assets at the end of the period	2,789,870	132,655	2,922,525	1,585,048	24,785	1,609,833
Undistributed income brought forward						
- Realised		89,423				
- Unrealised		-				
		89,423				
Accounting income available for distribution						
- Relating to capital gains		-				
- Excluding capital gains		43,232				
		43,232				
Undistributed income carried forward		132,655				
Undistributed income carried forward comprises of:						
- Realised		133,151				
- Unrealised		(496)				
		132,655				
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			<u>105.84</u>			<u>100.40</u>
Net assets value per unit at end of the period			<u>101.87</u>			<u>101.75</u>

Net assets at the end of the period

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB CASH FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September	
	2018	2017
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	46,930	16,235
Adjustments for non-cash items		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	496	(6)
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed	-	-
Amortisation of preliminary expenses and floatation costs	-	-
	<u>47,426</u>	<u>16,229</u>
Decrease / (increase) in assets		
Investments	(1,126,167)	-
Placements	150,000	(100,000)
Income receivable	1,850	1,533
Advance, Deposit and Prepayments	52	70
	<u>(974,265)</u>	<u>(98,397)</u>
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	158	482
Provision for Sindh Workers' Welfare Fund (SWWF)	920	-
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	51
Payable to Securities and Exchange Commission of Pakistan	(999)	(626)
Payable against redemption of units	(50,692)	-
Accrued expenses and other liabilities	(222)	(10,023)
	<u>(50,841)</u>	<u>(10,116)</u>
Net cash flow from operating activities	<u>(977,680)</u>	<u>(92,284)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts/ (payments) from sale and redemption of units	240,674	552,613
Dividend paid during the period	(147,200)	-
Net increase in cash and cash equivalents during the period	<u>(884,206)</u>	<u>460,329</u>
Cash and cash equivalents at the beginning of the period	2,117,281	1,063,544
Cash and cash equivalents at the end of the period	<u><u>1,233,075</u></u>	<u><u>1,523,873</u></u>
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	1,233,075	1,523,873
Term deposit receipts maturity of 3 months and less	-	-
	<u><u>1,233,075</u></u>	<u><u>1,523,873</u></u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Cash Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 July 2010 under 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 Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team 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 JCR-VIS has assigned fund stability rating of 'AA (f)' to the Fund.

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

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

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

2. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

2.2 The Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 17 of 2017 dated 20 July 2018 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2018, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2018.

5. BANK BALANCES

	(Unaudited)	(Audited)
	<u>30 September</u>	<u>30 June</u>
	2018	2018
	(Rupees in '000)	
Savings account	5.1 <u>1,233,075</u>	<u>2,117,281</u>
	<u>1,233,075</u>	<u>2,117,281</u>

- 5.1 It represents balance with Bank Al Habib Limited, a related party which carry profit rate of 5.25% (30 June 2018: 5.25%) per annum and balance with three commercial banks which carry profit of 4.25% to 8.25% (30 June 2017: 4.25%to 7.30%)

FIRST HABIB CASH FUND

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
		(Rupees in '000)	
6. PLACEMENTS			
Clean Placement	6.1	<u>150,000</u>	<u>300,000</u>
		<u>150,000</u>	<u>300,000</u>

6.1 Clean Placement carry profit @ 8.25% (30 June 2018 : 6.30%) per annum and will be mature 29 October 2018.

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

Government securities		<u>(495)</u>	<u>(3)</u>
		<u>(495)</u>	<u>(3)</u>

7.1 Government Securities

Description	Note	Face Value			As at 30 September 2018				
		As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	Appreciation / (diminution)	Market value as percentage of Net Assets
------(Rupees in '000)-----									
Tbill 03 Months									
02-August-2018		-	14,150	2,300	11,850	1,179,072	1,178,707	(365)	-
19-August-2018		-	17,660	13,850	3,810	380,322	380,192	(130)	-
07-June-2018		4,380	-	4,380	-	-	-	-	-
Total as at 30 September 2018					<u>1,559,394</u>	<u>1,558,899</u>	<u>(495)</u>		
Total as at 30 June 2018					433,231	433,228	(3)		

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
		(Rupees in '000)	
8. INCOME RECEIVABLE			
Profit receivable on saving account		<u>2,718</u>	<u>1,767</u>
Profit receivable on Clean Placement		<u>102</u>	<u>2,903</u>
		<u>2,820</u>	<u>4,670</u>

9. PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management company has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The total provision for SWWF till 30 September 2018 is Rs. 5.094 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by Re. 1.08 (30 June 2018: Re. 0.16) per unit.

10. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2018, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for year ended 30 September 2018.

FIRST HABIB CASH FUND

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

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

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

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

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

	Quarter ended 30 September	
	2018	2017
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	<u>4,683</u>	<u>1,874</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>837</u>	<u>513</u>
Bank AL Habib Limited		
Profit on bank balances	<u>209</u>	<u>191</u>

Details of the balances with connected persons are as follows:

	(Unaudited)	(Audited)
	30 September 2018	30 June 2018
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	<u>15,182</u>	<u>11,089</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>277</u>	<u>2,302</u>
Bank AL Habib Limited		
Bank balances	<u>5,203</u>	<u>34,068</u>

	Quarter ended 30 September 2018		Quarter ended 30 September 2017	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	<u>1,807</u>	<u>184</u>	<u>-</u>	<u>-</u>
Other related parties				
- Directors of the Management Company	<u>601</u>	<u>60</u>	<u>-</u>	<u>-</u>
- Dawood Habib Memorial Trust	<u>11,716</u>	<u>1,174</u>	<u>-</u>	<u>-</u>
- Ghulman-e-Abbas Educational & Medical Trust Endowment	<u>4,732</u>	<u>479</u>	<u>-</u>	<u>-</u>
- Habib Insurance Company Limited-	<u>414,776</u>	<u>41,841</u>	<u>-</u>	<u>-</u>
- Habib Metropolitan Bank	<u>-</u>	<u>-</u>	<u>3,945,669</u>	<u>400,000</u>
- Mrs. Hina Shoaib	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
- Mr Murtaza Habib	<u>2,629</u>	<u>264</u>	<u>-</u>	<u>-</u>
- Sukaina Education & Welfare frust	<u>58,231</u>	<u>5,837</u>	<u>-</u>	<u>-</u>
- Mr Samina Imran	<u>-</u>	<u>-</u>	<u>49</u>	<u>5</u>
- Mr Ali Asad Habib	<u>1,970</u>	<u>197</u>	<u>-</u>	<u>-</u>
- Mr Munawar Ali Habib	<u>2,205</u>	<u>221</u>	<u>-</u>	<u>-</u>
- Mr Qumail Habib	<u>1,058</u>	<u>106</u>	<u>-</u>	<u>-</u>
- Mr Aun Muhammad Ali Raza Habib	<u>-</u>	<u>-</u>	<u>17</u>	<u>2</u>
- Mr Asghar D. Habib	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

FIRST HABIB CASH FUND

Units redeemed by:

Other related parties

- Directors of the Management Company	-	-	3,966	400
- Habib Asset Management Limited- Employees Provident Fund	-	-	-	-
- Habib Metropolitan Bank	-	-	3,945,669	400,595
- Habib Insurance	740,063	75,000	-	-
- Mr Abbas D Habib	-	-	40,565	4,108
- Mr Imran Ali Habib	-	-	-	-
- Mr. Haider Azim	-	-	2,680	270

Units held by:

Management Company

Habib Asset Management Limited	15,045	1,532	2,747	279
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Associated Companies

- Bank AL Habib Limited	1,392,189	141,789	1,392,189	141,654
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Other related parties

- Directors of the Management Company	12,442	1,267	6,534	665
- Executives of the Management Company	-	-	-	-
- Habib Insurance Limited-	10,419	1,061	-	-
- Sukaina Education & Welfare Trust	1,189,074	121,103	-	-
- Sukaina Educational & Welfare Trust	-	-	-	-
- Dawood Habib Memorial Trust	450,155	45,847	-	-
- Ghulamman-e-Abbas Trust	346,486	35,288	-	-
- Mr. Munawar Ali Habib	48,645	4,954	46,439	4,725
- Mr. Murtaza Habib	54,396	5,540	37,590	3,825
- Mr. Asghar D Habib	25	3	-	-
- Mr. Qumail Habib	22,698	2,312	21,593	2,197
- Mr. Abas D Habib	-	-	-	-
- Mr. Ali Asad Habib	42,272	4,305	40,302	4,101
- Mrs Razia Ali Habib	-	-	37,986	3,865
- Mrs Batool Ali Raza Habib	-	-	6,746	686
- Mrs. Ishrat Malik	-	-	23,707	2,412
- Mrs Fatima Ali Raza Habib	-	-	12,289	1,250
- Mr. Sajjad Hussain	-	-	38,292	3,896
- Mr Aon Muhammad Ali Raza Habib	-	-	5,230	532
- Mr. Haider Azim	7,470	761	1,940	197
- Mrs. Samina Imran	134	14	80	8
- Mrs. Hina Shoaib	28	3	27	3

13. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/ 18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund TER of the Fund for the year ended 30 September, 2018 is 0.96% which include 0.25% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on **26 October, 2018**.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND
Quarter Report
30 September 2018

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FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive Officer
Mr. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

MRR-2 Star Performance Ranking by PACRA
AM3+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Habib Bank Limited
Bank AL Habib Limited
Bank Islami Pakistan Limited
MCB Bank Limited

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

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2018

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
		----- (Rupees in '000) -----	
Assets			
Bank balances	6	20,582	19,731
Investments	7	89,211	93,464
Income receivable	8	1,209	221
Advance , Deposits and other receivables	9	3,051	3,725
Receivable against sale of investments		-	1,500
Total assets		114,053	118,641
Liabilities			
Payable to Habib Asset Management Limited - Management Company		216	219
Provision for federal excise duty on remuneration of Habib Asset Management Limited - the Management Company		1,478	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee		65	65
Payable to Securities and Exchange Commission of Pakistan		28	
Provision for Sindh Workers' Welfare Fund (SWWF)	10	504	504
Payable against redemption of units		-	141
Accrued expenses and other liabilities		974	774
Total liabilities		3,266	3,295
Net assets		110,787	115,346
Unit holders' funds (as per the statement attached)		110,787	115,346
(Number of Units)			
Number of units in issue		1,267,614	1,320,611
(Rupees)			
Net asset value per unit		87.40	87.34

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	Quarter ended 30 September	
		2018	2017
		(Rupees in '000)	
Income			
Profit on bank deposits		334	208
Income from ijara sukuk certificates		-	-
Dividend income		1,164	746
Net gain on investments designated at fair value through income statement			
- Net capital (loss) / gain on sale of investments classified as held for trading		1,705	(6,656)
- Net unrealized (loss) / gain on revaluation of investments classified as held for trading	7.3	(2,355)	(16,437)
		(651)	(23,093)
Total (loss) / income		847	(22,139)
Expenses			
Remuneration of Habib Asset Management Limited - Management Company		597	683
Sales tax on management fee		78	89
Expenses allocated by the Management Company		-	22
Remuneration of Central Depository Company of Pakistan Limited - Trustee		199	210
Annual fee - Securities and Exchange Commission of Pakistan		30	29
Brokerage expense		91	162
Settlement and bank charges		95	109
Annual listing fee		7	8
Auditors' remuneration		95	99
Amortisation of preliminary expenses and floatation costs		-	52
Other expenses		3	3
Mutual Fund Rating Fee		30	31
Charity Expenses		8	9
Printing charges		23	24
Total operating expenses		1,257	1,530
Net (loss) / income from operating activities		(410)	(23,669)
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed - net		-	-
Net (loss) / income for the period before taxation		(410)	(23,669)
Taxation		-	-
Net (loss) / income for the period after taxation		(410)	(23,669)
Allocation of Net Income for the period:			
Income already paid on units redeemed		-	842
Accounting Income available for distribution:			
- Relating to capital gains		(651)	(23,093)
- Excluding capital gains		241	266
		(410)	(22,827)
Other comprehensive income		-	-
Total comprehensive income		(410)	22,826

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended 30 September 2018 (Rupees in '000)	Quarter ended 30 September 2017 (Rupees in '000)
Net income for the period	(410)	22,826
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(410)	22,826

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	2018			2017		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
- Realised income	-	(12,514)	(12,514)	-	19,676	19,676
- Unrealised income / (loss)	-	(2,933)	(2,933)	-	(9,832)	(9,832)
Net assets at the beginning of the period	130,793	(15,447)	115,346	143,830	9,844	153,674
Issue of 311,808 (2017: 311,808) units	21,882	-	21,882	31,021	-	31,021
Redemption of 261,328 (2017: 261,328) units	(26,031)	-	(26,031)	(27,142)	-	(27,142)
	(4,149)	-	(4,149)	3,879	-	3,879
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	-	-	-	-	-
Accounting income available for distribution for the period:						
-Relating to capital gains	-	(651)	(651)	-	(23,093)	(23,093)
-Excluding capital gains	-	241	241	-	266	266
Total comprehensive income for the period	-	(410)	(410)	-	(22,826)	(22,826)
Distribution during the period:						
Distribution to units holders in cash						
Net assets at the end of the period	126,644	(15,857)	110,787	147,709	(12,982)	134,726
Undistributed income brought forward		(12,514)			3,454	
- Realised		(2,933)			(16,437)	
- Unrealised		(15,447)			(12,983)	
Net (loss) / income for the year after taxation		(15,857)			(12,983)	
Undistributed (loss) / income carried forward		(13,501)			3,454	
- Realised income		(2,355)			(16,437)	
- Unrealised (loss)/ income		(15,857)			(12,982)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			87.34			104.17
Net assets value per unit at end of the year			87.40			87.34

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September	
	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(410)	(22,826)
Adjustments for non-cash items		
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	2,355	16,437
Amortisation of preliminary expenses and floatation costs	-	52
	1,946	(6,338)
Decrease / (increase) in assets		
Investments	1,898	20,490
Income receivable	(988)	(126)
Advance , Deposits and other receivables	674	(1)
	3,084	20,363
Decrease / (increase) in liabilities		
Payable to Habib Asset Management Limited - Management Company	(3)	(333)
Payable to Central Depository Company of Pakistan Limited - Trustee	0	2
Payable to Securities and Exchange Commission of Pakistan	(86)	(76)
Paid Redemption	(141)	
Accrued expenses and other liabilities	200	(1,556)
	(29)	(1,963)
Net cash flow from operating activities	5,000	12,062
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts / payable from sale and redemption of units	(4,149)	3,879
Net cash (used) in / generated from financing activities	(4,149)	3,879
	851	15,941
Net increase / (decrease) in cash and cash equivalents during the period		
Cash and cash equivalents at the beginning of the period	19,731	8,905
Cash and cash equivalents at the end of period	20,582	24,846

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

First Habib Islamic Stock Fund (formerly 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 Fund revised its Trust Deed (the Deed) dated 6 December 2016, under the Trusts Act, 1882 entered into and between Habib Asset Management Limited (Wakeel), the Management Company, and Central Depository Company of Pakistan Limited, the Trustee. The Trust Deed (revised) was approved by SECP on 24 November 2016.

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at 1st Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi, Pakistan.

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

The Fund revised its investment objectives in order to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws. Previously, the Fund has been investing 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-Starto the Fund.

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

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

2. BASIS OF PREPARATION

Statement of compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

FIRST HABIB ISLAMIC STOCK FUND

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2018.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements and for the year ended 30 June 2018.

6. BANK BALANCES

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
	Note	----- (Rupees in '000) -----	
Current account		10	169
Savings account	6.1	<u>20,572</u>	<u>19,562</u>
		<u>20,582</u>	<u>19,731</u>

6.1 Savings account carry profit rate of 4.74% to 5.60% per annum (2018 4.74% to .6.00%); and includes a balance of Rs. 2.161 million (2018: Rs 1.732 million) in saving account with Bank Al-Habib, a related party.

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

Equity securities	7.1	<u>89,211</u>	<u>93,464</u>
		<u>89,211</u>	<u>93,464</u>

7.1 Equity securities

Name of the investee	As at 1 July 2018	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Market Value as a Percentage of:	
								Net Assets	Total Investments
-----Number of shares----- (Rupees in '000)-----									
AUTOMOBILE ASSEMBLER									
Milat Tractors Limited	1,440	-	-	400	1,040	1,236	1,055	0.95%	1.18%
TOTAL	1,440	-	-	400	1,040	1,236	1,055		
COMMERCIAL BANKS									
Meezan Bank Limited	67,000	6,350	-	3,500	69,850	5,189	6,229	5.62%	6.98%
TOTAL	67,000	6,350	-	3,500	69,850	5,189	6,229		
CHEMICALS									
Engro Polymer & Chemicals Limited	70,000	-	-	10,000	60,000	1,882	1,742	1.57%	1.95%
Engro Polymer & Chemicals Limited - R	25,900	-	-	25,900	-	-	-	0.00%	0.00%
TOTAL	95,900	-	-	35,900	60,000	1,882	1,742		
FERTILIZER									
Engro Fertilizers Limited	51,500	43,000	-	23,000	71,500	5,480	5,398	4.87%	6.05%
Engro Corporation Limited	24,400	-	-	8,500	15,900	4,990	4,954	4.47%	5.55%
Fauji Fertilizer Company Limited	24,000	23,500	-	47,500	-	-	-	0.00%	0.00%
TOTAL	99,900	66,500	-	79,000	87,400	10,470	10,352		
CEMENT									
Cherat Cement Company Limited	-	-	-	-	-	-	-	-	-
D.G Khan Cement Company Limited	13,000	67,000	-	63,500	16,500	1,944	1,690	1.53%	1.89%
Kohat Cement Company Limited	7,500	-	-	7,500	-	-	-	0.00%	0.00%
Lucky Cement Limited	3,000	25,900	-	16,500	12,400	6,680	6,360	5.74%	7.13%
Maple Leaf Cement Factory Limited	32,500	183,000	-	164,500	51,000	2,948	2,402	2.17%	2.69%
TOTAL	56,000	275,900	-	252,000	79,900	11,572	10,452		
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	83,300	-	-	-	83,300	7,677	7,286	6.58%	8.17%
K-Electric Limited	200,000	-	-	-	200,000	1,136	1,070	0.97%	1.20%
TOTAL	283,300	-	-	-	283,300	8,813	8,356		

FIRST HABIB ISLAMIC STOCK FUND

Name of the Investee	As at 1 July 2018	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Market Value as a Percentage of:	
								Net Assets	Total Investments
	-----Number of shares-----				------(Rupees in '000)-----				
ENGINEERING									
Amreli Steels Limited	-	15,500	-	4,500	11,000	880	714	0.64%	0.80%
International Steels Limited	-	-	-	-	-	-	-	0.00%	0.00%
International Industries Limited	5,000	-	-	5,000	-	-	-	0.00%	0.00%
Mughal Iron & Steel Industries Limited.	15,000	30,000	-	28,000	17,000	991	832	0.75%	0.93%
TOTAL	20,000	45,500	-	37,500	28,000	1,871	1,546		
TECHNOLOGY & COMMUNICATION									
Avanceon Limited	-	-	-	-	-	-	-	0.00%	0.00%
NetSol Technologies Limited	-	-	-	-	-	-	-	0.00%	0.00%
System Limited	13,000	11,000	-	13,000	11,000	1,287	1,005	0.91%	1.13%
Pakistan Telecommunication Limited	100,500	-	-	-	100,500	1,150	1,324	1.20%	1.48%
TOTAL	113,500	11,000	-	13,000	111,500	2,437	2,329		
FOOD & PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	80,000	-	-	-	80,000	2,180	2,200	1.99%	2.47%
Treet Corporation Limited	22,000	-	-	22,000	-	-	-	0.00%	0.00%
TOTAL	102,000	-	-	22,000	80,000	2,180	2,200		
AUTOMOBILE PARTS & ACCESSORIES									
Loads Limited	33,800	-	-	10,000	23,800	742	646	0.58%	0.72%
TOTAL	33,800	-	-	10,000	23,800	742	646		
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	60,000	66,000	-	90,000	36,000	1,278	1,107	1.00%	1.24%
TOTAL	60,000	66,000	-	90,000	36,000	1,278	1,107		
PAPER & BOARD									
Cherat Packaging Limited	5,000	-	-	5,000	-	-	-	0.00%	0.00%
TOTAL	5,000	-	-	5,000	-	-	-		
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	3,620	-	-	-	3,620	5,452	5,641	5.09%	6.32%
Oil & Gas Development Company	65,500	10,000	-	4,000	71,500	11,109	10,939	9.87%	12.26%
Pakistan Oilfields Limited	7,750	-	1,350	1,000	8,100	4,534	4,448	4.01%	4.99%
Pakistan Petroleum Limited	40,000	6,000	-	8,500	37,500	8,035	8,003	7.22%	8.97%
TOTAL	116,870	16,000	1,350	13,500	120,720	29,130	29,031		
OIL & GAS MARKETING COMPANIES									
Hascol Petroleum Limited	-	8,500	-	-	8,500	2,555	2,315	2.09%	2.59%
Attock Petroleum Limited	3,100	-	-	3,100	-	-	-	0.00%	0.00%
Hi-Tech Lubricants Limited	11,000	-	-	4,000	7,000	709	584	0.53%	0.65%
Pakistan State Oil Company Limited	8,000	-	-	4,000	4,000	1,273	1,275	1.15%	1.43%
Sui Northern Gas Pipeline Limited	27,000	-	-	-	27,000	2,705	2,407	2.17%	2.70%
TOTAL	49,100	8,500	-	11,100	46,500	7,242	6,581		
TEXTILE COMPOSITE									
Nishat Mills Limited	38,000	9,000	-	2,500	44,500	6,227	6,258	5.65%	7.01%
TOTAL	38,000	9,000	-	2,500	44,500	6,227	6,258		
PHARMACEUTICALS									
The Searle Company Limited	3,500	-	-	3,500	-	-	-	0.00%	0.00%
TOTAL	3,500	-	-	3,500	-	-	-		
GLASS & CERAMICS									
Tariq Glass Limited	-	14,000	-	-	14,000	1,296	1,327	1.20%	1.49%
TOTAL	-	14,000	-	-	14,000	1,296	1,327		
Total as at 30 September 2018						91,565	89,211		
Total as at 30 June 2018						96,396	93,464		

7.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	(Unaudited)	(Audited)
	30 September	30 June
	2018	2018
	(No. of shares)	
Hub Power Company Limited	20,000	20,000
Pakistan Petroleum Limited	-	5,000
	20,000	25,000

FIRST HABIB ISLAMIC STOCK FUND

	(Unaudited)	(Audited)
	30 September	30 June
	2018	2018
	(Rupees in '000)	
7.2 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
Equity securities	<u>(2,354)</u>	<u>(2,933)</u>
	<u>(2,354)</u>	<u>(2,933)</u>
8. INCOME RECEIVABLE		
Profit receivable on saving account	75	89
Dividend receivable	<u>1,134</u>	<u>132</u>
	<u>1,209</u>	<u>221</u>
9. DEPOSITS AND OTHER RECEIVABLES		
Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Receivable against sale of investment		872
Others	198	
Advance Tax on dividend	<u>253</u>	<u>253</u>
	<u>3,051</u>	<u>3,725</u>

10. PROVISION OF SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers' Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management company has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The total provision for SWWF till 30 September 2018 is Rs. 0.504 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 September 2018 would have been higher by Re. 0.40 (30 June 2018: Re. 0.38) per unit.

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2018, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

"The income of the fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in this financial statements.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended September 30, 2018.

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 ISLAMIC STOCK FUND

As at 30 September 2018, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	89,211	-	89,211
	89,211	-	89,211
	89,211	-	89,211

As at 30 June 2018, the categorisation of investments is shown below:

	Level 1	Level 2	Total
	----- (Rupees) -----		
Equity securities	93,464	-	93,464
	93,464	-	93,464
	93,464	-	93,464

14. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Cash Fund, First Habib Stock Fund, First Habib Islamic Income Fund, First Habib Asset Allocation Fund and Bank Al Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of transactions with connected persons are as follows:

	Quarter ended 30 September 2018	Quarter ended 30 September 2017
Habib Asset Management Limited - Management Company		
Management fee	597	683
Sales tax on management fee	78	89
Expenses allocated by the Management Company	-	22
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	199	210
Bank Al Habib Limited		
Profit on Bank Balances	7	24
Details of balances with connected persons are as follows:	(Unaudited)	(Audited)
	30 September	30 June
	2018	2018
	----- (Rupees in '000) -----	
Bank Al Habib Limited		
Bank Balance	38	23,834
Habib Asset Management Limited - Management Company		
Management fee payable	216	362
FED Payable	1,478	1,478
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	6	-
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	65	67
- Security deposit - non interest bearing	100	100

FIRST HABIB ISLAMIC STOCK FUND

14.1 Sale / redemption of units for the period ended 30 September	Quarter ended 30 September 2018		Quarter ended 30 September 2017	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	-	-	197,106	20,000
Other related parties				
- Directors of the Management Company	-	-	534	53
Units redeemed by:				
Management Company				
Habib Asset Management Limited	173,136	15,000	246,889	25,000
Units held by:				
Management Company				
Habib Asset Management Limited	131,219	11,469	580,497	51,261
Habib Asset Management Limited- Employment Provident Fund	16,952	1,482		
Other related parties				
- Directors of the Management Company	24,192	2,115	40,894	3,611
Associated Companies				
- Bank AL Habib Limited	100,000	8,822	100,929	8,913
Other related parties				
- Habib Insurance Company Ltd - Employees Provident Fund	-	-	16,952	1,497

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on **26, October 2018**.

16. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/ 18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended September 30, 2018 is 1.06% which include 0.95% representing government levy, Worker Welfare Fund and SECP fee.

17. GENERAL

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

Quarter Report

30 September 2018

FIRST HABIB ISLAMIC INCOME 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. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

AM3+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

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

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

FIRST HABIB ISLAMIC INCOME FUND**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2018**

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
	<i>Note</i>		
		(Rupees in '000)	
Assets			
Bank balances	6	131,602	147,353
Investments	7	56,277	40,503
Dividend and profit receivable	8	2,044	1,269
Preliminary expenses and floatation costs		1,118	1,203
Deposits, prepayments and other receivables	9	3,198	3,165
Total assets		194,240	193,493
Liabilities			
Payable to Habib Asset Management Limited - Management Company		151	98
Payable to Central Depository Company of Pakistan Limited - Trustee		30	24
Payable to Securities and Exchange Commission of Pakistan Provision for Sindh Workers' Welfare Fund	10	36	88
Accrued expenses and other liabilities		337	576
Total liabilities		714	896
Net assets		193,525	192,597
Unit holders' funds (as per statement attached)		193,525	192,597
(Number of Units)			
Number of units in issue		1,905,280	1,860,236
(Rupees)			
Net asset value per unit		101.57	103.53

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September 2018 (Rupees in '000)	Quarter ended 30 September 2017 (Rupees in '000)
Income		
Profit on deposits	2,357	824
Income from sukuk certificate	968	171
Dividend income	-	219
Net gain / (loss) on investments designated at fair value through profit or loss		
- Net capital gain / (loss) on sale of investments classified as held for trading	-	648
- Net unrealised gain / (loss) on revaluation of investments classified as held for trading	182	87
- Unrealised (diminution) on derivative financial instruments	-	(611)
	182	123
Total income	3,506	1,337
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	363	283
Sales Tax on management fee	47	37
Remuneration of Central Depository Company of Pakistan Limited - Trustee	91	50
Annual fee to Securities and Exchange Commission of Pakistan	36	20
Brokerage expense	8	82
Settlement and bank charges	8	76
Annual listing fee	6	6
Auditors' remuneration	50	79
Amortization of formation cost	88	85
Mutual fund rating fee	29	30
Printing charges	22	24
Provision for Sindh Wokrer's Welfare Fund	51	17
Total expenses	799	789
Net income from operating activities	2,707	548
Taxation	-	-
Net income for the period after taxation	2,707	548
Allocation of Net Income for the period:		
Net income for the period after taxation	2,707	548
Income already paid on units redeemed	(190)	(3)
	2,517	545
Accounting Income available for distribution:		
- Relating to capital gains	182	123
- Excluding capital gains	2,335	422
	2,517	545

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended 30 September 2018 (Rupees in '000)	Quarter ended 30 September 2017 (Rupees in '000)
Net income for the period	2,707	548
Other comprehensive income for the period	-	-
Total comprehensive income for the period	2,707	548

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	2018			2017		
	Capital Value	Un distributed income	Net Asset	Capital Value	Un distributed income	Net Asset
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period	189,574	3,023	192,597	101,910	38	101,948
Issue of 350,868 units (2017: 64,218 units)	35,454	-	35,454	6,445	-	6,445
Redemption of 305,824 units (2017: 32,287 units)	(30,718)	(190)	(30,908)	(3,234)	(3)	(3,237)
	4,736	(190)	4,546	3,211	(3)	3,208
Total comprehensive income for the year	-	2,707	2,707	-	548	548
Final cash distribution for the year ended 30 June 2018: Rs. 3.40/- [2017: Rs. 1.40/- per unit declare on 15 June 2017.]	-	(6,325)	(6,325)	-	-	-
Net income for the year less distribution	-	(3,618)	(3,618)	-	548	548
Net assets at end of the period	194,310	(785)	193,525	105,121	583	105,704
Undistributed income brought forward						
- Realised		2,939			38	
- Unrealised		84			-	
		<u>3,023</u>			<u>38</u>	
Accounting income available for distribution						
-Relating to capital gains		182			123	
-Excluding capital gains		2,335			422	
		<u>2,517</u>			<u>545</u>	
Net income for the year after taxation					545	
Final cash distribution for the year ended 30 June 2018: Rs. 3.40/- [2017: Rs. 1.40/- per unit declare on 15 June 2017.]		(6,325)				
Undistributed income carried forward		<u>(785)</u>			<u>583</u>	
Undistributed income carried forward comprise of:						
- Realised		(967)			496	
- Unrealised		182			87	
		<u>(785)</u>			<u>583</u>	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			<u>103.53</u>			<u>100.04</u>
Net assets value per unit at end of the period			<u>101.57</u>			<u>100.57</u>

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ISLAMIC INCOME FUND

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September 2018	Quarter ended 30 September 2017
	(Rupees in '000)	(Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	2,707	545
Adjustments for non-cash items		
Net unrealised loss on revaluation of investments classified as fair value through profit and loss	(182)	(87)
Unrealised appreciation on derivatives financial instruments	-	611
	2,525	1,069
Decrease / (increase) in assets		
Investments	(16,168)	25,406
Fair value of derivatives	-	383
Dividend and profit receivable	(775)	(148)
Preliminary expenses and floatation costs	85	85
Receivables against sale of investment	-	(1,967)
Deposits, prepayments and other receivables	(33)	1,470
	(16,892)	25,229
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	53	(4)
Payable to Central Depository Company of Pakistan Limited - Trustee	6	2
Payable to Securities and Exchange Commission of Pakistan	(52)	(31)
Provision for Sindh Workers' Welfare Fund	51	16
Payable Against Purchase of Investment	-	(4,210)
Accrued expenses and other liabilities	337	(81)
	394	(4,308)
Net cash inflow from operating activities	(13,972)	21,990
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	4,546	3,211
Dividend paid during the period	(6,325)	-
Net increase / (decrease) in cash and cash equivalents during the period	(15,751)	25,201
Cash and cash equivalents at beginning of the period	147,353	34,410
Cash and cash equivalents at the end of the period	131,602	59,611
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - saving account	131,602	59,611
	131,602	59,611

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

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

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Islamic Income Fund ("the Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 30 August 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 August 2016 under 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 Pakistan 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.

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company.

2. BASIS OF PRESENTATION

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

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

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

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, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

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.

FIRST HABIB ISLAMIC INCOME FUND

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2018.

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 2018.

		(Unaudited)	(Audited)
6. BANK BALANCES	<i>Note</i>	30 September	30 June
		2018	2018
		(Rupees in '000)	
Saving Accounts	6.1	131,286	147,170
Current Accounts	6.2	316	183
		131,602	147,353

6.1 These carry profit rates ranging from 3.5% to 7.45% (30 June 2018: 3.5% to 6.6%) per annum.

6.2 This includes balance of Rs. 0.316 million (30 June 2018: 0.093) with Bank AL Habib Limited, a related party.

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

Investment in Sukuk Certificate	7.1	<u>56,277</u>	<u>40,503</u>
		56,277	40,503

7.1 Sukuk Certificate

Name of the Investee	Face Value				As at 30 September 2018		Market value as percentage of	
	As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	net assets	total investments
(Rupees in '000)								
UnQuoted								
Ghani Gases Limited- Secured (2-2-2017) (certificates of Rs. 100,000 each)	105	-	-	105	7,945	8,012	4.14%	14.24%
AGP Limited - Secured (9-6-2017) (certificates of Rs. 100,000 each)	100	-	-	100	7,570	7,556	3.90%	13.43%
International Brands Limited - Unsecured (15-11-2017) (certificates of Rs. 100,000 each)	100	-	-	100	10,000	10,115	5.23%	17.97%
Quoted								
Dawood Hercules Corporation Limited- Secured (16-11-2017) (certificates of Rs. 100,000 each)	100	-	-	100	10,018	10,037	5.19%	17.83%
Dawood Hercules Corporation Limited - II- Secured (1-3-18) (certificates of Rs. 100,000 each)	40	60	-	100	10,002	9,994	5.16%	17.76%
Engro Fertilizer Limited - 09-07-2014 (certificates of Rs. 100,000 each)	-	6,000	-	6,000	10,560	10,563	5.46%	18.77%
Total as at 30 September 2018					56,095	56,277		
Total as at 30 June 2018					40,420	40,503		

7.1.1 Significant terms and conditions of Sukuk Certificates outstanding at the period end are as follows:

Name of security	Number of Certificate	Repayment frequency	Unredeemed face value per Sukuk	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Sukuk Certificates							
UnQuoted							
Ghani Gases Limited- Secured (2-2-2017)	105	Quarterly	79,167	3 Month KIBOR plus 1%	2-Feb-17	2-Feb-23	A
International Brands Limited - Unsecured (15-11-2017)	100	Annually	100,000	One Year Kibor plus 0.5%	15-Nov-17	15-Nov-21	AA
AGP Limited - Secured (9-6-2017)	100	Quarterly	80,000	3 Month KIBOR plus 1.3%	9-Jun-17	9-Jun-22	A
Quoted							
Dawood Hercules Corporation Limited- Secured (16-11-2017)	100	Quarterly	100,000	3 Month KIBOR plus 1%	16-Nov-17	16-Nov-22	AA
Dawood Hercules Corporation Limited - II- Secured (1-3-18)	100	Quarterly	100,000	3 Month KIBOR plus 1.15%	1-Mar-18	1-Mar-23	AA
Engro Fertilizer Limited (09-07-2014)	6,000	Half Yearly	1,750	6 Month KIBOR plus 1.75%	9-Jul-14	9-Jul-19	AA

FIRST HABIB ISLAMIC INCOME FUND

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)		
7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss		
Investment in Sukuk Certificate	182	84
	<u>182</u>	<u>84</u>
8. DIVIDEND AND PROFIT RECEIVABLE		
Profit accrued on sukuk certificate	1,160	680
Profit receivable on bank deposits	884	589
	<u>2,044</u>	<u>1,269</u>
9. DEPOSITS AND PREPAYMENTS & OTHER RECEIVABLES		
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Withholding tax deducted on income	436	422
Prepayments	19	-
Receivable from Habib Asset Management Limited (formation cost)	143	143
	<u>3,198</u>	<u>3,165</u>

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge , amounting to Rs. 0.161 million (30 June 2018 Rs. 0.110 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.084 (30 June 2018 Rs 0.059).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2018 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2018.

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.

FIRST HABIB ISLAMIC INCOME FUND

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

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

As at 30 September 2018, the categorisation of investments is shown below:

30 September 2018	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment in Sukuk Certificate	<u>56,277</u>	<u>-</u>	<u>-</u>	<u>56,277</u>
	<u>56,277</u>	<u>-</u>	<u>-</u>	<u>56,277</u>

As at 30 June 2018, the categorisation of investments is shown below:

30 June 2018	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment in Sukuk Certificate	<u>40,503</u>	<u>-</u>	<u>-</u>	<u>40,503</u>
	<u>40,503</u>	<u>-</u>	<u>-</u>	<u>40,503</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 Income Fund, First Habib Stock Fund, First Habib Cash Fund, First Habib Islamic Stock Fund and First Habib Asset Allocation Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of the transactions with connected persons are as follows:

	(Unaudited) 30 September 2018 (Rupees in '000)	(Unaudited) 30 September 2017 (Rupees in '000)
Habib Asset Management Limited - Management Company		
- Management fee	363	283
- Sales Tax	47	37
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	91	50
	(Unaudited) 30 September 2018	(Audited) 30 June 2018

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

Habib Asset Management Limited - Management Company		
- Management Company fee payable	151	98
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	30	24
-Security deposit - Non interest bearing	100	100

FIRST HABIB ISLAMIC INCOME FUND

Units sold to:	(Unaudited) 30 September 2018		(Unaudited) 30 September 2017	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Management Company				
Habib Asset Management Limited	-	-	19,959	2,000
Associated Companies				
- Habib Insurance Company Limited	15,473	1,549	-	-
Other related parties:				
- Directors and executives of the Management Company	92	9	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	98,506	10,000	-	-
Associated Companies				
- Bank AL Habib Limited	-	-	3,497	351
Units held by:				
Management Company				
Habib Asset Management Limited	511,347	51,939	344,851	34,682
Associated Companies				
- Bank AL Habib Limited	250,421	25,436	250,421	25,185
- Habib Insurance Company Limited	483,969	49,158		
Other related parties				
- Directors and executives of the Management Company	3,182	323	3,041	306

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20,2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended September 30, 2018 is 0.44% which include 0.08% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on **26 October 2018**.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

Quarter Report

30 September 2018

FIRST HABIB ASSET ALLOCATION 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. Mansoor Ali	Director
Vice Admiral (R) Khalid M. Mir	Director
Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

CFO and Company Secretary

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

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

Human Resource Committee

Mr. Aun Mohammad A Habib	Director (Subject to SECP approval)
Mr. Mansoor Ali	Member
Mr. Sajjad Hussain Habib	Director (Subject to SECP approval)

Investment Committee

Mr. Mansoor Ali	Chairman
Mr. Imran Azim	Member

Auditors

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

Legal Advisor

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

Trustee

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

Rating

AM3+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

JS Bank Limited
Khushali Microfinance Bank
NRSP Microfinance Bank

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

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 30 SEPTEMBER 2018

		(Unaudited)	(Audited)
	<i>Note</i>	30 September	30 June
		2018	2018
		(Rupees in '000)	
Assets			
Bank balances	6	26,700	29,816
Investments	7	127,370	129,438
Receivable against Margin Trading System (MTS)		-	1,268
Profit and dividend receivable	8	2,670	1,423
Preliminary expenses and floatation costs		937	994
Receivable against sale of units		-	50,487
Deposits, advances and other receivables		8,712	8,661
Total assets		166,389	222,087
Liabilities			
Payable to Habib Asset Management Limited - Management Company		308	399
Payable to Central Depository Company of Pakistan Limited - Trustee		65	65
Payable to Securities and Exchange Commission of Pakistan		41	131
Provision for Sindh Workers' Welfare Fund	10	120	81
Payable against purchase of investment		225	5,221
Accrued expenses and other liabilities		1,064	441
Total liabilities		1,824	6,338
Net assets		164,565	215,749
Unit holders' funds (as per statement attached)		164,565	215,749
		(Number of Units)	
Number of units in issue		1,653,196	2,139,748
		(Rupees)	
Net asset value per unit		99.54	100.83

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	<i>Note</i>	Quarter ended 30 September 2018 (Rupees in '000)
Income		
Profit on deposits		599
Income from Term Finance Certificates and Sukuk Certificates		1,225
Income from government securities		105
Income from Margin Trading System (MTS)		72
Dividend income		504
Return on deposit with NCCPL		39
Net gain / (loss) on investments designated at fair value through profit or loss		
- Net capital gain on sale of investments classified as held for trading		670
- Net unrealised (loss) on revaluation of investments classified as held for trading	7.3	(2,373)
		(1,702)
Total income		842
Expenses		
Remuneration of Habib Asset Management Limited -		
Management Company		862
Sales Tax on management fee		112
Remuneration of Central Depository Company of Pakistan Limited -		
Trustee		199
Annual fee to Securities and Exchange Commission of Pakistan		41
Brokerage expense		142
Settlement and bank charges		108
Annual listing fee		5
Auditors' remuneration		58
Amortization of formation cost		57
Printing charges		22
Provision for Sindh Wokrer's Welfare Fund		11
Fee and charges to National Clearing Company of Pakistan Limited		81
Total operating expenses		1,699
Net loss from operating activities		(857)
Taxation		-
Net loss for the period after taxation		(857)
Allocation of net income for the period after taxation:		
Net loss for the period		(857)
Income already paid on units redeemed		-
		(857)
Accounting income available for distribution:		
- Relating to capital gains		-
- Excluding capital gains		-
		-

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

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

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	<u>Quarter ended</u> <u>30 September</u> <u>2018</u> (Rupees in '000)
Net loss for the period	(857)
Other comprehensive income for the period	-
Total comprehensive loss for the period	<u><u>(857)</u></u>

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	2018		Net Asset
	Capital Value	Un distributed income	
	(Rupees in '000)		
Net assets at the beginning of the period	213,864	1,885	215,749
Issue of 51,077 units	5,191	-	5,191
Redemption of 537,628 units	(53,102)	-	(53,102)
	(47,911)	-	(47,911)
Total comprehensive loss for the period		(857)	(857)
Final cash distribution for the year ended 30 June 2018: Rs. 1.18/-		(2,416)	(2,416)
	-	(3,273)	(3,273)
Net assets at end of the period	165,953	(1,388)	164,565
Undistributed income brought forward			
- Realised		5,785	
- Unrealised		(3,900)	
		1,885	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		-	
		-	
Distribution during the period		(2,416)	
Undistributed loss carried forward		(531)	
Undistributed loss carried forward comprises of:			
- Realised		1,842	
- Unrealised		(2,373)	
		(531)	
			(Rupees)
Net assets value per unit at end of the period			99.54

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

For Habib Asset Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

FIRST HABIB ASSET ALLOCATION FUND**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter ended 30 September 2018
	(Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Net loss for the period	(857)
Adjustments for non-cash items	
Net unrealised loss on revaluation of investments classified as fair value through profit and loss	2,373
	<u>1,515</u>
Decrease / (increase) in assets	
Investments	(305)
Receivable against Margin Trading System (MTS)	1,268
Profit and dividend receivable	(1,248)
Preliminary expenses and floatation costs	57
Receivable against sale of units	50,487
Deposits, advances and other receivables	(51)
	<u>50,209</u>
Increase / (decrease) in liabilities	
Payable to Habib Asset Management Limited - Management Company	(91)
Payable to Central Depository Company of Pakistan Limited - Trustee	0
Payable to Securities and Exchange Commission of Pakistan	(90)
Provision for Sindh Workers' Welfare Fund	39
Payable Against Purchase of Investment	(4,996)
Accrued expenses and other liabilities	623
	<u>(4,514)</u>
Net cash inflow from operating activities	47,210
CASH FLOW FROM FINANCING ACTIVITIES	
Net payments from sale and redemption of units	(47,911)
Dividend paid during the period	(2,416)
Net increase / (decrease) in cash and cash equivalents during the period	(3,116)
Cash and cash equivalents at beginning of the period	29,816
Cash and cash equivalents at the end of the period	<u>26,700</u>
Cash and cash equivalents at the end of the year comprise of :	
Cash at bank - saving account	26,700
	<u>26,700</u>

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

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

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by the SECP. The registered office of the management company is situated at 1st floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

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

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

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

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3+' to the Management Company.

2. BASIS OF PRESENTATION

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

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

FIRST HABIB ASSET ALLOCATION FUND

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

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, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2018.

Financial Instruments – IFRS - 9

Effective from July 01, 2018, the fund has adopted IFRS 9: “Financial Instruments” which has replaced IAS 39: “Financial Instruments: Recognition and Measurement”. The standard addresses recognition, classification, and measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on ‘expected credit losses’ (ECL) approach rather than ‘incurred credit losses’ approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (“FVOCI”) or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognized in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The dividend income for equity securities classified under FVOCI are to be recognized in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognized in “other comprehensive income” and is not recycled to the Income Statement (even on disposal).

Upon transition to IFRS 9, there was no material impact on the Fund’s financial position at July 1, 2018.

FIRST HABIB ASSET ALLOCATION FUND

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 2018.

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 2018.

		(Unaudited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)			
6. BANK BALANCES	Note		
Saving Accounts	6.1	26,488	29,685
Current Account		<u>211</u>	<u>131</u>
		<u>26,700</u>	<u>29,816</u>

6.1 This represents saving accounts, carrying profit rates ranging from 6% to 7% per annum.

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

Term Finance Certificates	7.1	61,445	66,112
Listed equity securities	7.2	60,936	53,359
Government securities - Market Treasury Bills	7.3	4,989	9,967
		<u>127,370</u>	<u>129,438</u>

7.1 Term Finance Certificates

Name of the Investee	Face Value				As at 30 September 2018		Market value as percentage of	
	As at 01 July 2018	Purchases during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	net assets	total investments
(Rupees in '000)								
<u>Unquoted</u>								
Askari Bank Limited - PPTFC (30-09-2014) (certificates of Rs. 100,000 each)	2,000	-	-	2,000	10,014	10,215	6.21%	8.02%
TPL Corp Limited - TFC (12-12-2017) (certificates of Rs. 100,000 each)	50	-	-	50	5,007	5,005	3.04%	3.93%
JS Bank Limited - TFC (14-12-2016) (certificates of Rs. 5,000 each)	2,000	-	-	2,000	10,065	10,037	6.10%	7.88%
Byco Petroleum - Sukuk (18-01-2017) (certificates of Rs. 100,000 each)	60	-	-	60	5,992	5,997	3.64%	4.71%
Dawood Hercules Corporation - Sukuk-I (16-11-17) (certificates of Rs. 100,000 each)	100	-	-	100	10,018	10,022	6.09%	7.87%
Dawood Hercules Corporation - Sukuk-II (1-3-18) (certificates of Rs. 100,000 each)	100	-	50	50	5,002	4,997	3.04%	3.92%
International Brand Limited - Sukuk (15-11-2017) (certificates of Rs. 100,000 each)	150	-	-	150	15,000	15,172	9.22%	11.91%
Total as at 30 September 2018					<u>61,098</u>	<u>61,445</u>		
Total as at 30 June 2018					66,046	66,112		

FIRST HABIB ASSET ALLOCATION FUND

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

Name of security	Number of Certificate	Repayment frequency	Unredeemed face value Per TFC/Sukuk (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Term Finance Certificates							
JS Bank Limited	2,000	Semi-Annually	4,997	6 Month KIBOR plus 1.4%	14-Dec-16	14-Dec-23	A+
TPL Corp. Limited	50	Quarterly	100,000	3 Month KIBOR plus 1.5%	19-Dec-17	19-Dec-19	AA-
Askari Bank Limited	2,000	Semi-Annually	4,993	6 Month KIBOR plus 1.2%	30-Sep-14	30-Sep-24	AA-
Dawood Hercules Corporation	100	Quarterly	100,000	3 Month KIBOR plus 1%	1-Mar-18	1-Mar-23	AA
Dawood Hercules Corporation	50	Quarterly	100,000	3 Month KIBOR plus 1%	16-Nov-17	16-Nov-22	AA
International Brands Limited	150	Annually	100,000	One Year Kibor plus 0.5%	15-Nov-17	15-Nov-21	AA
Byco Petroleum	60	Quarterly	100,000	3 Month KIBOR plus 1.05%	18-Jan-17	18-Jan-22	AAA

7.2 Listed equity securities

Name of the Investee	As at 1 July 2018	Purchased during the period	Bonus / right issue	Sold during the period	As at 30 September 2018	Carrying value as at 30 September 2018	Market value as at 30 September 2018	Appreciation / (diminution)	Market Value as a Percentage of:	
									Net Assets	Total Investments
Automobile Parts and Accessories										
Loads Limited	2,000	-	-	-	2,000	62	54	(8)	0.03%	0.04%
Thall Limited	900	-	-	-	900	430	393	(37)	0.24%	0.31%
Banks										
Askari Bank Limited	180,000	-	-	-	180,000	3,937	4,415	478	2.68%	3.47%
Bank Alfah Limited	74,000	-	7,150	2,500	78,650	3,739	3,904	165	2.37%	3.07%
Bank of Punjab	-	145,000	-	-	145,000	1,680	1,715	35	1.04%	1.35%
Faysal Bank Limited	80,000	-	-	80,000	-	-	-	-	0.00%	0.00%
Habib Bank Limited	36,700	31,000	-	27,000	40,700	6,617	6,161	(456)	3.74%	4.84%
Muslim Commercial Bank Limited	30,800	23,200	-	35,300	18,700	3,735	3,763	28	2.29%	2.95%
United Bank Limited	13,000	20,000	-	13,000	20,000	3,470	3,080	(390)	1.87%	2.42%
Cable and Electrical Goods										
Pak Electron Limited	125,000	91,000	-	166,000	50,000	1,675	1,537	(138)	0.93%	1.21%
Fertilizer										
Engro Corporation Limited	2,600	20,000	-	17,600	5,000	1,707	1,558	(149)	0.95%	1.22%
Engro Fertilizer Limited	-	72,000	-	51,000	21,000	1,711	1,585	(126)	0.96%	1.24%
Fauji Fertilizer Company Limited	-	51,500	-	17,500	34,000	3,420	3,320	(100)	2.02%	2.61%
Cement										
Attock Cement Limited	1,000	-	-	1,000	-	-	-	-	0.00%	0.00%
D.G. Khan Cement Company Limited	-	30,700	-	17,700	13,000	1,650	1,331	(319)	0.81%	1.04%
Fauji Cement Company Limited	70,000	-	-	-	70,000	1,600	1,565	(35)	0.95%	1.23%
Lucky Cement Company Limited	-	19,500	-	13,500	6,000	3,429	3,078	(351)	1.87%	2.42%
Maple Leaf Cement Company Limited	-	91,000	-	61,000	30,000	1,710	1,413	(297)	0.86%	1.11%
Engineering										
Asha Steel Limited	110,000	-	-	-	110,000	1,735	1,412	(323)	0.86%	1.11%
International Steel Limited	-	15,000	-	-	15,000	1,729	1,365	(364)	0.83%	1.07%
Food and Personal Care Products										
Treet Corporation Limited	10,000	-	-	-	10,000	342	279	(63)	0.17%	0.22%
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	49,500	26,000	-	24,000	51,500	7,935	7,879	(56)	4.79%	6.19%
Pakistan Oilfield Limited	9,000	-	-	9,000	-	-	-	-	0.00%	0.00%
Pakistan Petroleum Limited	3,000	14,000	-	10,000	7,000	1,467	1,494	27	0.91%	1.17%
Oil and Gas Marketing Companies										
Attock Petroleum Limited	2,500	-	-	2,500	-	-	-	-	0.00%	0.00%
Hi-Tech Lubricants Limited	10,000	-	-	-	10,000	1,013	835	(178)	0.51%	0.66%
Pakistan State Oil Company Limited	1,000	14,900	-	15,900	-	-	-	-	0.00%	0.00%
Sui Northern Gas Company Limited	-	45,000	-	28,000	17,000	1,674	1,515	(159)	0.92%	1.19%
Power Generation and Distribution										
Habpower Company Limited	-	19,000	-	-	19,000	1,701	1,662	(39)	1.01%	1.30%
Software & Computer Services										
Netsol Technologies	-	14,000	-	14,000	-	-	-	-	0.00%	0.00%
Technology & Communication										
System Limited	-	14,000	-	-	14,000	1,693	1,685	(8)	1.02%	1.32%
Textile Composite										
Nishat Mills Limited	16,500	30,000	-	18,500	28,000	3,794	3,938	144	2.39%	3.09%
Total as at 30 September 2018						63,655	60,936	(2,719)		
Total as at 30 June 2018						57,322	53,359	(3,963)		

7.3 Government securities - Market Treasury Bills

Issue date	Face Value			As at 30 September 2018				Market value as a percentage of net assets (%)	Market value as a percentage of total investments (%)
	As at 01 July 2018	Purchased during the period	Sold / Matured during the period	As at 30 September 2018	Carrying value	Market value	Unrealised loss		
(Rupees in '000)									
Treasury bills - 3 months									
26-Apr-18	100	0	100	-	-	-	-	0.00%	0.00%
19-Jul-18	-	50	-	50	4,990	4,989	(1)	3.03%	3.92%
Total as at 30 September 2018					4,990	4,989	(1)		
Total as at 30 June 2018					9,970	9,967	(3)		

FIRST HABIB ASSET ALLOCATION FUND

7.3 Unrealised appreciation / (diminution) on investments at fair value through profit or loss	Note	(Unaudited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)			
Term Finance Certificates		347	66
Listed equity securities		(2,719)	(3,963)
Government securities - Market Treasury Bills		(1)	(3)
		(2,373)	(3,900)
8. DIVIDEND AND PROFIT RECEIVABLE			
Profit accrued on sukuk certificate		1,950	1,159
Profit receivable on bank deposits		171	199
Profit receivable on Margine Trading System (MTS)		-	22
Dividend receivable		506	12
Profit receivable on cash margin deposit with NCCPL		43	31
		2,670	1,423
9. DEPOSITS AND PREPAYMENTS & OTHER RECEIVABLES			
Deposit with National Clearing Company of Pakistan Limited		2,750	2,750
Cash Margin to NCCPL against equity transactions	11.1	5,000	5,000
Deposit with Central Depository Company of Pakistan Limited		100	100
Withholding tax deducted on income		785	686
Prepayment		77	125
		8,712	8,661

11.1 This deposit carries return at the rate of 3% (30 June 2018: 3%) per annum.

10. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Management Company has recognised SWWF charge , amounting to Rs. 0.120 million (30 June 2018 Rs. 0.081 million). Had the 'SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.073 (30 June 2018 Rs 0.037).

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2018 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. TAXATION

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2018.

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:

FIRST HABIB ASSET ALLOCATION FUND

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

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

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

As at 30 September 2018, the categorisation of investments is shown below:

30 September 2018	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Government securities - Market Treasury Bills	-	4,989	-	4,989
Listed equity securities	60,936	-	-	60,936
Term Finance Certificates	-	61,445	-	61,445
	<u>60,936</u>	<u>66,434</u>	<u>-</u>	<u>127,370</u>

As at 30 June 2018, the categorisation of investments is shown below:

30 June 2018	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Government securities - Market Treasury Bills		9,967	-	9,967
Listed equity securities	53,359		-	53,359
Term Finance Certificates		66,112	-	66,112
	<u>53,359</u>	<u>76,079</u>	<u>-</u>	<u>129,438</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 Income Fund, First Habib Stock Fund, First Habib Cash Fund, First Habib Islamic Stock Fund and First Habib Islamic Income Fund being the Funds managed by common Management Company, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

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

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

Details of the transactions with connected persons are as follows:

	(Unaudited) 30 September 2018 (Rupees in '000)	
Habib Asset Management Limited - Management Company		
- Management fee	862	
- Sales Tax	112	
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration to the Trustee	199	
	(Unaudited) 30 September 2018	(Audited) 30 June 2018

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

Habib Asset Management Limited - Management Company		
- Management Company fee payable	308	399
Central Depository Company of Pakistan Limited - Trustee		
-Remuneration payable	65	65
-Security deposit - Non interest bearing	100	100

FIRST HABIB ASSET ALLOCATION FUND

<u>Units sold to:</u>	(Unaudited) 30 September 2018	
	(Units)	(Rupees in '000)
<i>Associated Companies</i>		
- Bank AL Habib Limited	0.12	0.01
Other related parties		
- Directors and executives of the Management Company	72.44	7.00
<u>Units held by:</u>		
<i>Management Company</i>		
Habib Asset Management Limited	22,427	2,232
<i>Associated Companies</i>		
- Bank AL Habib Limited	1,000,746	100,903
Other related parties		
- Directors and executives of the Management Company	7,080	707

15. TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20,2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS /the Fund. TER of the Fund for the period ended September 30, 2018 is 1.00% which include 0.11% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on **26 October 2018**.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Chief Financial Officer

Director

فرسٹ حبیب ایسٹ ایلوکیشن فنڈ: (FHAAF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 164.5 ملین روپے تھے موجودہ سہ ماہی کے دوران فنڈ نے مجموعی طور پر 0.84 ملین روپے کا منافع حاصل کیا جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)	
599	بینک ڈپازٹس پر منافع
1,225	ٹرم فنانس سرٹیفکیٹ اور سکوک سرٹیفکیٹ پر منافع
105	گورنمنٹ سیکورٹیز پر منافع
72	مارجن ڈیویڈنڈ سے آمدنی
304	ڈیویڈنڈ انکم
39	نیشنل کلیرینگ ڈپازٹس پر منافع
(1,702)	سرماہ کاری کی خرید و فروخت پر نقصان
<u>842</u>	

30 ستمبر 2018ء کیلئے FHAAF کی کوالٹی اور ایسٹ ایلوکیشن کی معلومات کو ذیل میں دیکھا جاسکتا ہے۔

اعتراف نامہ

بورڈ یقیناً اپنے قابل قدر یونٹ ہولڈرز، سینئرل ڈیپازٹری کمپنی آف پاکستان کے بطور سٹی، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور بینچمنٹ آف پاکستان اسٹاک ایکسچینج کی حمایت اور تعاون کے لئے ان کے شکر گزار ہے۔

بورڈ بینچمنٹ کمپنی کے ملازمین کو ان کی لگن اور محنت کے لیے بھی سراہتا ہے۔

حبیب ایسٹ بینچمنٹ لمیٹڈ
عمران عظیم
چیف ایگزیکٹو آفیسر

تاریخ: 26 اکتوبر 2018

فرسٹ حبیب اسٹاک فنڈ: (FHSF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 150 ملین روپے تھے موجودہ سہ ماہی کے اختتام پر فنڈ کو 1.28 ملین کا نقصان ہوا جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)	
346	بینک ڈپازٹس پر منافع
1,542	ڈیویڈنڈ انکم
(3,170)	سرمایہ کاری کی خرید و فروخت پر نقصان
<u>(1,282)</u>	

30 ستمبر 2018ء کیلئے FHSF کی کوالٹی اور ایسٹ ایلیکشن کی معلومات کو ذیل میں دیکھا جاسکتا ہے۔

فرسٹ حبیب اسلامک اسٹاک فنڈ: (FHISF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 110.7 ملین روپے تھے موجودہ سہ ماہی کے اختتام پر فنڈ نے 0.85 ملین روپے کی آمدنی حاصل کی جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)	
334	بینک ڈپازٹس پر منافع
1164	ڈیویڈنڈ انکم
(631)	سرمایہ کاری کی خرید و فروخت پر نقصان
<u>847</u>	

30 ستمبر 2018ء کیلئے FHISF کی کوالٹی اور ایسٹ ایلیکشن کی معلومات کی ذیل میں دیکھا جاسکتا ہے۔

فرسٹ حبیب اسلامک انکم فنڈ: (FHIF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 193.5 ملین روپے تھے موجودہ سہ ماہی کے اختتام پر فنڈ نے %5.73 کارپوریشن حاصل کیا اور 3.51 ملین کی آمدنی حاصل کی جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)	
2,357	بینک ڈپازٹس پر منافع
968	سلوک سرٹیفکیٹ سے آمدنی
182	سرمایہ کاری کی خرید و فروخت پر منافع
<u>3,507</u>	

30 ستمبر 2018ء کیلئے FHIF کی کوالٹی اور ایسٹ ایلیکشن کی معلومات کو ذیل میں دیکھا جاسکتا ہے۔

ڈائریکٹرز رپورٹ

حبیب ایسٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2018ء کو اختتام پذیر ہونے والی سہ ماہی کیلئے مینجمنٹ کے ماتحت فنڈز کے مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

موجودہ سہ ماہی کے دوران اسٹاک ایکچینج میں مالا جلا رحمان پایا گیا جسکی وجہ، نئی حکومت کا چناؤ (انتخابات)، روپے کی قدر میں کمی، غیر ملکی ریزرو میں کمی، غیر ملکی قرضوں میں اضافہ اور غیر یقینی صورتحال تیل آؤٹ پیکیج ہے۔ پاکستان اسٹاک ایکچینج میں 912 پوائنٹس کی کمی واقع ہوئی اور اس سہ ماہی کے اختتام پر انڈیکس 40,998.59 پوائنٹس پر بند ہوا۔ روزانہ کی بنیاد پر حصص کا حجم 93,220,903.79 رہا جبکہ کچھیلی سہ ماہی میں یہ مقدار 85,615,619.52 تھی۔

موجودہ سہ ماہی کے دوران اسٹیٹ بینک آف پاکستان نے شرح سود میں 1% کا اضافہ دہم تہ کیا اور شرح سود اضافہ کے بعد 9% مخز کی گئی۔ کنزیومر پرائز انڈیکس موجودہ سہ ماہی کے دوران 5.86% رہا جبکہ گڈ شٹس سہ ماہی کے دوران یہ شرح 3.40% تھی۔

حبیب ایسیٹ فنڈز کی کارکردگی:

فرسٹ حبیب انکم فنڈ: (FHIF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 932 ملین روپے تھے سال 2019ء کی پہلی سہ ماہی کے اختتام پر فنڈ نے مجموعی طور پر 20.11 ملین روپے کی آمدنی حاصل کی اور 6.26% کارپیرن حاصل کیا جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)

3,250	بینک ڈپازٹس پر منافع
2,035	گورنمنٹ سیکورٹیز سے حاصل کردہ آمدنی
7,356	مارجن ٹریڈنگ سے حاصل کردہ آمدنی
2,016	ٹرم ڈپازٹس پر منافع
215	سکرٹل ڈپازٹس پیچرز پر منافع
29	نیشنل کلیئرنگ ڈپازٹس پر منافع
246	ڈیویڈنڈ انکم
5,355	ٹرم فنانس سرٹیفکیٹ سے آمدنی
(390)	سرمایہ کاری کی خرید و فروخت میں منافع / نقصان
<u>20,111</u>	

30 ستمبر 2018ء کیلئے FHIF ایسیٹ کی کوالٹی اور ایسیٹ ایلوکیشن کی معلومات کو ذیل میں دیکھا جاسکتا ہے۔

فرسٹ حبیب کیش فنڈ: (FHCF)

30 ستمبر 2018ء پر فنڈ کے خالص اثاثہ جات 2.92 ارب روپے تھے موجودہ سہ ماہی کے اختتام پر فنڈ نے 6.41% کارپیرن حاصل کیا اور 54.75 ملین کی آمدنی حاصل کی جسکی تفصیل درج ذیل ہے۔

(000 روپے میں)

13,855	بینک ڈپازٹس پر منافع
35,721	گورنمنٹ سیکورٹیز سے حاصل کردہ آمدنی
5,871	ٹیلیمنٹ سے آمدنی
(698)	سرمایہ کاری کی خرید و فروخت پر نقصان
<u>54,749</u>	

30 ستمبر 2018ء کیلئے FHCF کی کوالٹی اور ایسیٹ ایلوکیشن کی معلومات کو ذیل میں دیکھا جاسکتا ہے۔

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








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
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