First Habib Income Fund First Habib Stock Fund First Habib Cash Fund



## Third Quarterly Report March 31, 2011



Habib Asset Management Limited (An Associate Company of Bank AL Habib Ltd.)

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# First Habib Stock Fund Third Quarterly Report

March 2011

#### FUND'S INFORMATION

#### **Management Company**

Habib Asset Management Limited

#### Board of Directors of the Management Company

Mr. Ali Raza D. Habib Mr. Imran Azim Mr. Mohammad Ali Jameel Mr. Mansoor Ali

#### **CFO and Company Secretary**

Mr. Muhammad Shakeel Musani

#### Audit Committee

Mr. Mohammad Ali Jameel Mr. Ali Raza D. Habib Mr. Mansoor Ali

#### Auditors

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

#### Trustee

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

#### Legal Advisor

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

Bankers to the Fund Bank AL Habib Limited

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

Chief Executive Director Director

Chairman

Chief Financial Officer / Company Secretary

Chairman Member Member

#### **Internal Auditors**

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

#### Registrar

Gangjees Registrar Services (Pvt.) Limited 516, Clifton Centre, Block-5, Khayaban-e-Roomi, Clifton, Karachi.

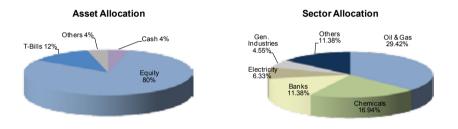
#### DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited are pleased to present condensed interim financial statements of First Habib Stock Fund (FHSF) for the nine months ended March 31, 2011.

#### FUND'S PERFORMANCE

The net assets of the Fund stood at Rs. 116.46 million as at March 31, 2011. Net Assets Value (NAV) per Unit of the Fund improved significantly from Rs. 95.43 to Rs. 110.13 (after paying dividend of Rs. 2.80 per unit). Gross income of the Fund was Rs. 27.56 million for the period under review which was mainly contributed by unrealized appreciation in investments by Rs. 11.32 million, realized gain of Rs. 8.99 million and dividend income of Rs. 5.43 million. The Fund has already distributed an amount of Rs. 3.49 million in the form of interim dividend.

#### ASSET ALLOCATION



#### FUTURE OUTLOOK

The KSE 100 index of the Karachi Stock Exchange is presently hovering on the 12000 level. Despite the many conflicting factors, we feel positive that the benchmark will be sustained in view of the bright corporate results being regularly announced.

#### ACKNOWLEDGEMENT

We are indeed thankful to our valued investors who have placed their faith and confidence by investing in FHSF. We wish to thank the Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan Limited as Trustee and the Lahore Stock Exchange for their continuous support. We also wish to place on record the appreciation for the services rendered the members of staff of the Management Company.

On behalf of the Board of Directors

Ali Raza D. Habib Chairman

April 13, 2011 Karachi

#### CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES (UNAUDITED) AS AT 31 MARCH 2011

	Note	(Un-audited) 31 March 2011	(Audited) 30 June 2010
			es in '000)
Assets			
Bank balances	5	4,661	10,103
Investments	6	108,462	117,683
Dividend and Income receivable	7	1,817	515
Deposits and prepayments	8	2,605	2,600
Receivable against sale of investments		-	244
Preliminary expenses and floatation costs	9	705	855
Total assets		118,250	132,000
Liabilities			
Payable to Habib Asset Management Limited - Management Company	11	292	1,321
Payable to Central Depository Company of Pakistan Limited - Trustee		60	59
Payable to Securities and Exchange Commission of Pakistan		91	100
Payable against purchase of investment		560	-
Worker Welfare Fund		417	-
Accrued expenses and other liabilities		370	293
Total liabilities	-	1,790	1,773
Net assets	-	116,460	130,227
Unit holders' funds (as per statement attached)	=	116,460	130,227
		(Numbe	er of units)
Number of units in issue	=	1,057,453	1,364,706
		(Ru	ipees)
Net asset value per unit		110.13	95.43
	-		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited (Management Company)

#### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

Throme from Government Securities1,2671,23320060Gain on sale of investments at fair value through profit or loss -net8,9933,8236,0093,24Unrealised (diminution) /appreciation on investments at fair value through profit or loss11,3201,040(4,307)3,94Petturn on Margin Deposit1-7-7-Dividend Income5,4312,4912,4202,113Total income27,55910,4064,49110,55Expenses27,55910,4064,49110,55Remuneration of Habib Asset Management Limited - Management Company Romuneration of Central Depository Company of Pakistan Brokerage2,8842,1478591,12Remuneration of Central Depository Company of Pakistan Brokerage140207677Settlement and bank charges Annual listing fee1562552Annual listing fee15625522Auditors' remuneration Mutual Fund Rating Fee94-31-Printing charges Worker Welfare Fund4,7533,2651,4001,67Net income from operating activities22,8067,1413,0918,88Net Element of income / (loss) and capital gains / (loss) included in prices of units22,8067,1413,0918,88		Nine Months Ended 31 March		Quarter ended 31 March		
Income5481,812169443Profit on bank deposits1,2671,23320066Gain on sale of investments at fair value through profit or loss -net8,9933,8236,0093,24Unrealised (diminution) /appreciation on investments at fair value through profit or loss11,3201,040(4,307)3,94Return on Margin Deposit11,3201,040(4,307)3,94Dividend Income5,4312,4912,4202,113Total income27,55910,4064,49110,55Expenses27,55910,4064,49110,55Remuneration of Habib Asset Management Limited - Management Company Remuneration of Central Depository Company of Pakistan Brokerage2,8842,1478591,12Settlement and bank charges1402076772Annual iter - Securities and Exchange Commission of Pakistan Brokerage184169692Settlement and bank charges18416969222Auditors' remuneration Mutual Fund Rating Fee18416969222Printing charges94-31Worker Welfare Fund2,8067,1413,0918,86Net Income from operating activities22,8067,1413,0918,86Net Element of income / (loss) and capital gains / loss) included in prices of units		2011	2010	2011	2010	
Profit on bank deposits       548       1,812       169       44         Income from Government Securities       1,267       1,233       200       66         Gain on sale of investments at fair value through profit or loss -net       8,993       3,823       6,009       3,22         Unrealised (diminution) /appreciation on investments at fair value through profit or loss       11,320       1,040       (4,307)       3,94         Pettur on Margin Deposit       -       7       -       105       5       7       105       -       7       -       -       11,12       105       5       11,12       5       5       7				es in '000) ———		
Dividend Income         5,431         2,491         2,420         2,19           Total income         27,559         10,406         4,491         10,55           Expenses         27,559         10,406         4,491         10,55           Expenses         2,147         322         172         172           Annual fee - Securities and Exchange Commission of Pakistan         171         322         172         172           Brokerage         91         68         27         159         140         207         54         67         55           Annual fiee - Securities and Exchange Commission of Pakistan         159         145         54         62         5         5         5         5         5         5         5         5         5         5         5         5         5         5         5         - <th>Profit on bank deposits Income from Government Securities Gain on sale of investments at fair value through profit or loss -net Unrealised (diminution) /appreciation on investments at fair value through</th> <th>1,267 8,993</th> <th>1,233 3,823</th> <th>200 6,009</th> <th>496 679 3,241 3,944</th>	Profit on bank deposits Income from Government Securities Gain on sale of investments at fair value through profit or loss -net Unrealised (diminution) /appreciation on investments at fair value through	1,267 8,993	1,233 3,823	200 6,009	496 679 3,241 3,944	
Total income         27,559         10,406         4,491         10,55           Expenses         Remuneration of Central Depository Company of Pakistan Limited - Trustee         2,884         2,147         322         112		-		-	1	
Expenses Remuneration of Habib Asset Management Limited - Management Company Remuneration of Central Depository Company of Pakistan Limited - Trustee Annual fee - Securities and Exchange Commission of Pakistan Brokerage2,884 2,147 332 91 145 159 1592,147 332 172 332 173 174 1759859 1172 172 173 175 1759Settlement and bank charges Annual listing fee Auditors' remuneration draitors' remuneration Amortisation of preliminary expenses and floatation costs Legal Expenses150 195 					2,195	
Remuneration of Habib Asset Management Limited - Management Company Remuneration of Central Depository Company of Pakistan Limited - Trustee Annual fee - Securities and Exchange Commission of Pakistan Brokerage2,884 332 912,147 332 332 91859 1,12 132 172 172 173 1741,12 172 172 173 174Brokerage Brokerage Settlement and bank charges Annual fied = C Auditors' remuneration Annual fied = Manual field Settlement and bank charges Annual field Settlement and bank charges Mutual Fund Rating Fee Pather Printing charges Worker Welfare Fund Total expenses Attict from operating activities2,806 T,1412,147 5,44 5,44 5,44 6,475,33 3,2651,400 1,66 1,66Net income from operating activities22,806 T,1417,1413,0918,86Net Element of income / (loss) and capital gains / (loss) included in prices of units111	l otal income	27,559	10,406	4,491	10,556	
Remuneration of Central Depository Company of Pakistan Limited - Trustee     525     332     172       Annual fee - Securities and Exchange Commission of Pakistan     91     68     27       Brokerage     91     68     27       Settlement and bank charges     159     145     54       Annual listing fee     15     62     5       Auditors' remuneration     184     169     69       Amortisation of preliminary expenses and floatation costs     150     95     49       Legal Expenses     5     -     -       Mutual Fund Rating Fee     94     -     31       Printing charges     89     40     43       Worker Welfare Fund     4177     -     24       Total expenses     4,753     3,265     1,400     1,67       Net income from operating activities     22,806     7,141     3,091     8,86						
Annual fee - Securities and Exchange Commission of Pakistan         91         68         27         3           Brokerage         140         207         67         7	5 0 I J				1,128	
Brokerage         140         207         67           Settlement and bank charges         159         145         54           Annual listing fee         15         62         5           Auditors' remuneration         184         169         69         68           Amoutisation of preliminary expenses and floatation costs         184         169         69         68           Legal Expenses         5         -         -         -         -         -           Mutual Fund Rating Fee         94         -         31         -         -         -           Printing charges         89         40         433         -         -         -           Vorker Welfare Fund         -         4177         -         24         -         -           Total expenses         -         4,753         3,265         1,400         1,65           Net income from operating activities         22,806         7,141         3,091         8,86					173	
Settlement and bank charges       159       145       54       66         Annual listing fee       15       62       5       5         Auditor' remuneration       184       169       69       8         Amortisation of preliminary expenses and floatation costs       150       95       49       9         Legal Expenses       5       -       -       -       -         Mutual Fund Rating Fee       94       -       31       -         Printing charges       89       40       43       3         Worker Welfare Fund       417       -       24       -         Total expenses       4,753       3,265       1,400       1,67         Net income from operating activities       22,806       7,141       3,091       8,88         Net Element of income / (loss) and capital gains / (loss) included in prices of units       5       -       -		• · · · ·			36 74	
Annual listing fee       15       62       5         Auditors' remuneration       184       169       69       68         Amortisation of preliminary expenses and floatation costs       95       49       65       -         Legal Expenses       5       -       -       -       -       -         Mutual Fund Rating Fee       94       -       31       -       -       -         Printing charges       89       40       433       -       -       -       -         Vorker Welfare Fund       417       -       24       -       -       -       -         Net income from operating activities       22,806       7,141       3,091       8,86         Net Element of income / (loss) and capital gains / (loss) included in prices of units       -       -       -       -					62	
Auditors' remuneration       184       169       69       49         Amortisation of preliminary expenses and floatation costs       150       95       -         Legal Expenses       5       -       -       31         Mutual Fund Rating Fee       94       -       31       -         Printing charges       89       40       43       -         Worker Welfare Fund       -       24       -       -         Total expenses       4,753       3,265       1,400       1,67         Net income from operating activities       22,806       7,141       3,091       8,88         Net Element of income / (loss) and capital gains / (loss) included in prices of units       -       -       -       -					32	
Amortisation of preliminary expenses and floatation costs       150       95       49       5         Legal Expenses       5       -       -       -       -         Mutual Fund Rating Fee       94       -       31       -         Printing charges       89       40       43       32         Worker Welfare Fund       417       -       24       -         Total expenses       4,753       3,265       1,400       1,67         Net income from operating activities       22,806       7,141       3,091       8,88         Net Element of income / (loss) and capital gains / (loss) included in prices of units       5       -       -       -					88	
Legal Expenses       5       -       -         Mutual Fund Rating Fee       94       -       31         Printing charges       89       40       43       3         Worker Welfare Fund       417       -       24       -         Total expenses       4,753       3,265       1,400       1,67         Net income from operating activities       22,806       7,141       3,091       8,88         Net Element of income / (loss) and capital gains / (loss) included in prices of units       -       -       -					50	
Mutual Fund Rating Fee     94     -     31     -       Printing charges     89     40     43     33       Worker Welfare Fund     -     24     -       Total expenses     4,753     3,265     1,400     1,65       Net income from operating activities     22,806     7,141     3,091     8,86		5	-		-	
Printing charges     89     40     43     33       Worker Welfare Fund     -     24     -       Total expenses     4,753     3,265     1,400     1,67       Net income from operating activities     22,806     7,141     3,091     8,88       Net Element of income / (loss) and capital gains / (loss) included in prices of units     -     -     -		94	-	31	-	
Worker Welfare Fund     417     -     24     -       Total expenses     4,753     3,265     1,400     1,67       Net income from operating activities     22,806     7,141     3,091     8,88       Net Element of income / (loss) and capital gains / (loss) included in prices of units     -     -     -	•		40	43	30	
Net income from operating activities         22,806         7,141         3,091         8,88           Net Element of income / (loss) and capital gains / (loss) included in prices of units         7,141         3,091         8,88	5 5	417	-	24		
Net Element of income / (loss) and capital gains / (loss) included in prices of units	Total expenses	4,753	3,265	1,400	1,673	
	Net income from operating activities	22,806	7,141	3,091	8,883	
issued issuinds in drink redeemed (2,330) (751) (1,867) (76	Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	(2,350)	(751)	(1,867)	(763)	
Net income for the period 20,456 6.390 1,224 8.12	Net income for the period	20,456	6,390	1,224	8.120	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited (Management Company)

#### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Nine Months Ended 31 March		Quarter e 31 Mar	
	2011	2010	2011	2010
		(Rupees in	'000) ————	
Net income for the period	20,456	6,390	1,224	8,120
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	20,456	6,390	1,224	8,120

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited (Management Company)

#### CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Nine Months Ended 31 March		Quarter er 31 Marc			
	2011	2010	2011	2010		
		(Rupees	in '000)			
Undistributed income/ (loss) brought forward	(6,243)	-	12,989	-		
Interim Cash Dividend for class 'C' unit holders @ Rs. 2.80 per unit and bonus units @ 2.6025 for class 'A' and 'B' unit holders for every 100 units held						
as at 3 January 2011.	(3,497)	-	(3,497)	-		
Net income for the period	20,456	6,390	1,224	8,120		
Undistributed income/ (loss) carried forward	10,716	6,390	10,716	8,120		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited (Management Company)

#### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Nine Months 31 Marc		Quarter e 31 Mar	
	2011	2010	2011	2010
		(Rupees in	ı '000)	
Net assets at the beginning of the period	130,227	-	137,893	150,723
Amount received on sale of units	296	153,269	276	93
Amount paid on redemption of units	(35,469)	(19,054) 134,215	(23,400)	(18,343)
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	(35,173) 2,350	751	(23,124) 1,867	(18,250) 763
Interim Cash Dividend for class 'C' unit holders @ Rs. 2.80 per unit	(1,400)	-	(1,400)	-
Net income for the period	20,456	6,390	1,224	8,120
Net assets at the end of the period	116,460	141,356	116,460	141,356
		-Number of U	Jnits	
Units at the beginning of the period	1,364,706	-	1,249,024	1,524,525
Number of Units Issued	2,728	1,532,818	2,527	943
Number of Units Redeemed	(329,474)	(183,155)	(213,591)	(175,805)
	(326,746)	1,349,663	(211,064)	(174,862)
Interim bonus units distribution @ 2,6026 for class 'A' and 'B' unot holders for every 100 units held as at January 3, 2011	19,493	-	19,493	-
Units at the end of the period	1,057,453	1,349,663	1,057,453	1,349,663

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited (Management Company)

#### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

2011         2010         2011         2010           CASH FLOW FROM OPERATING ACTIVITIES		Nine Months Ended 31 March		Quarter 31 Ma	
CASH FLOW FROM OPERATING ACTIVITIES           Net income for the period         20,456         6,390         1,224         8,120           Adjustments for non-cash items         Unrealised (diminution)/appreciation on investments at fair value through profit or loss         (11,320)         (1,040)         4,307         (3,944)           Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed         2,350         751         1,867         763           Worker Welfare fund         417         -         24         -           Amortisation of preliminary expenses and floatation costs         150         95         49         50           Investments         1         (12,0751)         22,457         (1,090)         -         (1,302)           Preliminary expenses and floatation costs         10         (1,207)         22,457         (1,090)         -           Investments         20,541         (12,0751)         22,457         (1,302)         204         (1,302)         -           Preliminary expenses and floatation costs         19,478         (12,7918)         20,923         3,116           Increase / (decrease) in liabilities         19,478         (12,7918)         20,923         3,116         -           Payable to					
Net income for the period         20,456         6,390         1,224         8,120           Adjustments for non-cash items         Unrealised (diminution) /appreciation on investments at fair value through profit or loss         (11,320)         (1,040)         4,307         (3,944)           Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed         2,350         751         1,867         763           Worker Welfare fund         417         -         24         -           Amortisation of preliminary expenses and floatation costs         150         95         49         50           Uncrease) / decrease in assets         150         95         49         50         12,053         6,196         7,471         4,989           (Increase) / decrease in assets         100         417         -         24         -         13,020         (12,0751)         22,457         (6,097)         (1,693)         29         50         12,053         6,196         7,471         4,989         (1,320)         -         (1,320)         21,015         22,457         (6,097)         (1,693)         29,494         (1,000)         -         -         (1,320)         21,115         22,457         (1,320)         21,12,433         (1,320)			(Rupees I	n '000)	
Adjustments for non-cash itemsUnrealised (diminution) /appreciation on investments at fair value through profit or loss(11,320)(1,040)4,307(3,944)Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed2,3507511,867763Worker Welfare fund417-24Amortisation of preliminary expenses and floatation costs150954950Investments150954950-Dividend and Income receivable(1,302)(2,214)(1,743)(1,683)Deposits and prepayments(5)(2,633)532Receivable against sale of investments20,441(12,7918)20,424(1,320)Preliminary expenses and floatation costs19,478(127,918)20,9233,116Increase / (decrease) in liabilities19,478(127,918)20,9233,116Payable to Securities and Exchange Commission of Pakistan961273,66Payable to Securities and Exchange Commission of Pakistan19,478(127,918)28,0505,5067722.26119118118Met cash flow from operating activities(35,173)134,215(23,124)(18,250)Net cash flow from operating activities(1,400)-(1,400)-(1,27,44)Cash and cash equivalents during the period(5,442)16,8333,526(12,744)Cash and cash equivalents during the period(1,400	CASH FLOW FROM OPERATING ACTIVITIES				
Unrealised (diminution) /appreciation on investments at fair value through profit or loss         (11,320)         (1,040)         4,307         (3,944)           Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed         2,350         751         1,867         763           Worker Welfare fund         417         -         24         -           Amortisation of preliminary expenses and floatation costs         150         95         49         50           Investments         12,053         6,196         7,471         4,989           Investments         (11,320)         (120,751)         22,457         6,097           Dividend and Income receivable         (1,302)         (2,214)         (1,320)         (1,400)         -           Investments         20,541         (120,751)         22,457         6,097         (1,320)         (1,000)         -         -           Investments         20,541         (120,751)         22,457         (1,320)         (1,400)         -         -         -           Preliminary expenses and floatation costs         19,478         (1,300)         -         -         -         -         -         -         -         -         -         -         - <td>Net income for the period</td> <td>20,456</td> <td>6,390</td> <td>1,224</td> <td>8,120</td>	Net income for the period	20,456	6,390	1,224	8,120
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed         2,350         751         1,867         763           Worker Welfare fund         417         -         24         -           Amortisation of preliminary expenses and floatation costs         150         95         49         50           Investments         12,053         6,196         7,471         4,989           Investments         20,541         (120,751)         22,457         6,097           Dividend and Income receivable         20,541         (1,20,751)         22,457         6,097           Dividend and Income receivable         20,541         (1,20,751)         22,457         6,097           Dividend and Income receivable         20,541         (1,20,751)         22,457         6,097           Investments         1,9478         (120,751)         22,457         6,097           Preliminary expenses and floatation costs         19,478         (120,791)         20,923         3,116           Increase / (decrease) in liabilities         19,478         (12,7918)         20,923         3,116           Payable to Securities and Exchange Commission of Pakistan         Fig.99         61         27         36           9 49	•				
issued less those in units redeemed       2,350       751       1,867       763         Worker Welfare fund       417       -       24       -         Amortisation of preliminary expenses and floatation costs       150       95       49       50         Investments       12,053       6,196       7,471       4,989         Investments       20,541       (120,751)       (2,2457)       6,097         Dividend and Income receivable       (1,302)       (2,633)       5       32         Receivable against sale of investments       (1,320)       (2,633)       5       32         Preliminary expenses and floatation costs       19,478       (12,918)       20,923       3,116         Increase / (decrease) in labilities       19,478       (1,020)       -       1         Payable to Habib Asset Management Limited - Management Company       1       9       61       -       1         Payable to Securities and Exchange Commission of Pakistan       760       22       1       1         Payable to Securities and ther liabilities       77       2       26       27       36         Payable to Securities and ther liabilities       7       36       2       36       2       36       2		(11,320)	(1,040)	4,307	(3,944)
Worker Welfare fund417 $\cdot$ 24 $\cdot$ Amortisation of preliminary expenses and floatation costs $150$ $95$ $49$ $50$ Increase) / decrease in assetsInvestments $12,053$ $6,196$ $7,471$ $4,989$ Dividend and Income receivable $20,541$ $(120,751)$ $22,457$ $6,097$ Deposits and prepayments $(1,320)$ $(2,214)$ $(1,743)$ $(1,633)$ Deceivable against sale of investments $244$ $(1,320)$ $204$ $(1,320)$ Preliminary expenses and floatation costs $19,478$ $(127,918)$ $20,923$ $3,116$ Increase / (decrease) in liabilities $19,478$ $(127,918)$ $20,923$ $3,116$ Increase / decrease of investments $99$ $668$ $277$ $366$ Payable to Securities and Exchange Commission of Pakistan $99$ $668$ $277$ $366$ Acrued expenses and other liabilities $77$ $2266$ $119$ $118$ Acrued expenses and other liabilities $31,131$ $(117,382)$ $28,050$ $5,506$ CASH FLOW FROM FINANCING ACTIVITIES $(35,173)$ $134,215$ $(23,124)$ $(18,250)$ Dividend paid during the period $(1,400)$ $ (1,400)$ $-$ Net noceasin cash and cash equivalents during the period $(0,5442)$ $16,833$ $3,526$ $(12,744)$		0.050	754	4 007	700
Amortisation of preliminary expenses and floatation costs150954950Increase / decrease in assetsInvestmentsDividend and Income receivableDeposits and prepaymentsReceivable against sale of investmentsPreliminary expenses and floatation costsPreliminary expenses and floatation costsIncrease / (decrease) in liabilitiesPayable to Habib Asset Management Limited - Management CompanyPayable to Habib Asset Management Limited - Management CompanyPayable to Securities and Exchange Commission of PakistanPayable to Securities and Exchange Commission of PakistanPayable to Securities and Exchange Commission of PakistanPayable to SecuritiesAccrued expenses and other liabilitiesPayable to SecuritiesAccrued expenses and other liabilitiesPayable to Securities and Exchange Commission of PakistanMet cash flow from operating activitiesAccrued expenses and other liabilitiesNet cash flow from operating activitiesCASH FLOW FROM FINANCING ACTIVITIESNet receipts from sale and redemption of unitsDividend paid during the periodNet increase in cash and cash equivalents during the period(1,400)-(1,400)-(1,400)-(1,400)-(1,400)-(1,400) <t< td=""><td></td><td>,</td><td>/51</td><td>,</td><td>763</td></t<>		,	/51	,	763
12,053       6,196       7,471       4,989         Increase / decrease in assets         Investments         Dividend and Income receivable         Deposits and prepayments       (1,027,51)       (1,743)       (1,693)         Receivable against sale of investments       (1,000)       -       (1,320)       -         Preliminary expenses and floatation costs       19,478       (127,918)       20,923       3,116         Increase / (decrease) in liabilities       Payable to Habib Asset Management Limited - Trustee       1       -       1       -       -       -       1       -       -       1       -       -       -       -       -       -       -       1       -       -       -       1       -			-		-
(Increase / decrease in assetsInvestments $20,541$ $(120,751)$ $22,457$ $6,097$ Dividend and Income receivable $(1,302)$ $(2,214)$ $(1,743)$ $(1,693)$ Deposits and prepaymentsReceivable against sale of investments $2044$ $(1,320)$ $204$ $(1,320)$ Preliminary expenses and floatation costs $19,478$ $(127,918)$ $20,923$ $3,116$ Increase / (decrease) in liabilities $19,478$ $(127,918)$ $20,923$ $3,116$ Payable to Abib Asset Management Limited - Management Company $1,9478$ $(17,918)$ $20,923$ $3,116$ Increase / (decrease) in liabilities $10,009$ $3,985$ $(1,050)$ $2$ $2$ Payable to Securities and Exchange Commission of Pakistan $99$ $68$ $27$ $36$ Payable against purchase of investments $560$ $ 226$ $119$ $118$ Accrued expenses and other liabilities $77$ $226$ $119$ $118$ (400) $4,340$ $(344)$ $(2,599)$ $118$ Net cash flow from operating activities $31,131$ $(117,382)$ $28,050$ $5,506$ CASH FLOW FROM FINANCING ACTIVITIES $(35,173)$ $134,215$ $(23,124)$ $(18,250)$ Dividend paid during the period $(1,400)$ $ (1,400)$ $-$ Net increase in cash and cash equivalents during the period $(0,103)$ $ 1,135$ $29,577$	Amonisation of preliminary expenses and loatation costs				
Investments       20,541       (120,751)       22,457       6,097         Dividend and Income receivable       (1,302)       (2,214)       (1,743)       (1,693)         Deposits and prepayments       (5)       244       (1,320)       204       (1,320)         Preliminary expenses and floatation costs       19,478       (127,918)       20,923       3,116         Increase / (decrease) in liabilities       19,478       (127,918)       20,923       3,116         Payable to Habib Asset Management Limited - Management Company       1       61       -       1         Payable to Securities and Exchange Commission of Pakistan       1       68       27       36         Payable against purchase of investments       560       -       1       36         Accrued expenses and other liabilities       77       226       119       118         (4000)       4,340       (344)       (2,599)       118         Net cash flow from operating activities       31,131       (117,382)       28,050       5,506         CASH FLOW FROM FINANCING ACTIVITIES       14,400       -       (1,400)       -       (1,400)       -         Net increase in cash and cash equivalents during the period       (1,400)       -       (1,400)		12,000	0,130	7,471	4,303
Dividend and Income receivable       (1,302)       (2,214)       (1,743)       (1,693)         Deposits and prepayments       (5)       (2,633)       5       32         Receivable against sale of investments       244       (1,320)       (1,1320)       (1,1320)       -         Preliminary expenses and floatation costs       1       19,478       (127,918)       20,923       3,116         Increase / (decrease) in liabilities       Payable to Habib Asset Management Limited - Management Company       1       61       -       1         Payable to Central Depository Company of Pakistan Limited - Trustee       1       61       27       36         Payable to Securities and Exchange Commission of Pakistan       560       -       1       1         Payable against purchase of investments       560       -       1       1         Accrued expenses and other liabilities       77       226       119       118         Met cash flow from operating activities       31,131       (117,382)       28,050       5,506         CASH FLOW FROM FINANCING ACTIVITIES       14,400       -       (1,400)       -       -         Net receipts from sale and redemption of units       (1,400)       -       (1,400)       -       (12,744) <td< td=""><td>. ,</td><td></td><td>, r</td><td></td><td></td></td<>	. ,		, r		
Deposits and prepayments(5)(2,633)532Receivable against sale of investments244(1,320)204(1,320)Preliminary expenses and floatation costs19,478(127,918)20,9233,116Increase / (decrease) in liabilities19,478(127,918)20,9233,116Payable to Habib Asset Management Limited - Management Company3,985(1,050)21Payable to Securities and Exchange Commission of Pakistan19)682736Payable dagainst purchase of investments560-77226119(1,766)Accrued expenses and other liabilities777226119(18,250)28,0505,506CASH FLOW FROM FINANCING ACTIVITIES(35,173)134,215(23,124)(18,250)-Net receipts from sale and redemption of units(35,173)134,215(23,124)(18,250)-Dividend paid during the period(1,400)-(1,400)Net increase in cash and cash equivalents during the period(5,442)16,8333,526(12,744)Cash and cash equivalents at the beginning of the period10,103-1,13529,577					
Receivable against sale of investments244 $(1,320)$ 204 $(1,320)$ Preliminary expenses and floatation costs1 $(1,320)$ $(1,320)$ $(1,320)$ $(1,320)$ Increase / (decrease) in liabilitiesPayable to Habib Asset Management Limited - Management CompanyPayable to Securities and Exchange Commission of PakistanPayable to Securities and Exchange Commission of PakistanPayable to Securities and Exchange Commission of PakistanPayable against purchase of investmentsAccrued expenses and other liabilitiesAccrued expenses and other liabilitiesPayable flow from operating activitiesAct rued expenses and redemption of unitsOther FLOW FROM FINANCING ACTIVITIESNet receipts from sale and redemption of unitsDividend paid during the periodNet increase in cash and cash equivalents during the periodCash and cash equivalents at the beginning of the periodCash and cash equivalents at the beginning of the period10,103-11,13529,577			,	· · · · · · · · · · · · · · · · · · ·	
Preliminary expenses and floatation costs       -       (1,000)       -       -         Increase / (decrease) in liabilities         Payable to Habib Asset Management Limited - Management Company       3,985       (1,050)       2         Payable to Central Depository Company of Pakistan Limited - Trustee       1       61       -       1         Payable to Securities and Exchange Commission of Pakistan       (9)       68       27       36         Payable against purchase of investments       560       -       119       36       111         Accrued expenses and other liabilities       77       226       119       118         (400)       4,340       (344)       (2,599)       118         Net cash flow from operating activities       31,131       (117,382)       28,050       5,506         CASH FLOW FROM FINANCING ACTIVITIES       (35,173)       134,215       (23,124)       (18,250)         Dividend paid during the period       (1,400)       -       (1,400)       -         Net increase in cash and cash equivalents during the period       (5,442)       16,833       3,526       (12,744)         Cash and cash equivalents at the beginning of the period       10,103       -       1,135       29,577					
Increase / (decrease) in liabilities         Payable to Habib Asset Management Limited - Management Company         Payable to Habib Asset Management Limited - Management Company         Payable to Central Depository Company of Pakistan Limited - Trustee         Payable to Securities and Exchange Commission of Pakistan         Payable to Securities and Exchange Commission of Pakistan         Payable against purchase of investments         Accrued expenses and other liabilities         Payable against purchase of investments         Accrued expenses and other liabilities         Payable for more ating activities         Other ating activities         CASH FLOW FROM FINANCING ACTIVITIES         Net receipts from sale and redemption of units         Dividend paid during the period         Net increase in cash and cash equivalents during the period         Cash and cash equivalents at the beginning of the period         Cash and cash equivalents at the beginning of the period         10,103         -       1,135         29,577	5	244		204	(1,320)
Increase / (decrease) in liabilities         Payable to Habib Asset Management Limited - Management Company         Payable to Central Depository Company of Pakistan Limited - Trustee         Payable to Securities and Exchange Commission of Pakistan         Payable dagainst purchase of investments         Accrued expenses and other liabilities         Net cash flow from operating activities         Octamentary         Optimized flow from operating activities         Optimized flow from operating activities         Optimized flow from sale and redemption of units         Dividend paid during the period         Net increase in cash and cash equivalents during the period         Cash and cash equivalents at the beginning of the period	Preliminary expenses and floatation costs			l	-
Payable to Habib Asset Management Limited - Management Company       3,985       (1,029)       3,985       1         Payable to Central Depository Company of Pakistan Limited - Trustee       1       68       27       36         Payable to Securities and Exchange Commission of Pakistan       90       61       27       36         Payable against purchase of investments       560       -       26       119       118         Accrued expenses and other liabilities       77       226       119       118       (2,756)         Net cash flow from operating activities       31,131       (117,382)       28,050       5,506         CASH FLOW FROM FINANCING ACTIVITIES       134,215       (23,124)       (18,250)       -         Net increase in cash and cash equivalents during the period       (1,400)       -       (1,400)       -         Net increase in cash and cash equivalents during the period       10,103       -       1,135       29,577		19,478	(127,918)	20,923	3,116
Payable to Central Depository Company of Pakistan Limited - Trustee       1       61       -       1         Payable to Securities and Exchange Commission of Pakistan       (9)       68       27       36         Payable against purchase of investments       560       -       10       11         Accrued expenses and other liabilities       77       226       119       118         Met cash flow from operating activities       31,131       (117,382)       28,050       5,506         CASH FLOW FROM FINANCING ACTIVITIES       134,215       (23,124)       (18,250)         Dividend paid during the period       (1,400)       -       (1,400)       -         Net increase in cash and cash equivalents during the period       (5,442)       16,833       3,526       (12,744)         Cash and cash equivalents at the beginning of the period       10,103       -       1,135       29,577		(1.020)	3 085	(1.050)	2
Payable to Securities and Exchange Commission of Pakistan         (9)         68         27         36           Payable against purchase of investments         560         -         560         -         119         118           Accrued expenses and other liabilities         (400)         4,340         (344)         (2,756)           Net cash flow from operating activities         31,131         (117,382)         28,050         5,506           CASH FLOW FROM FINANCING ACTIVITIES         31,131         (117,382)         28,050         5,506           Net receipts from sale and redemption of units         (35,173)         134,215         (23,124)         (18,250)           Dividend paid during the period         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577			· · · · · · · · · · · · · · · · · · ·		
Payable against purchase of investments         560         -         560         (2,756)           Accrued expenses and other liabilities         77         226         119         118           (400)         4,340         (344)         (2,599)           Net cash flow from operating activities         31,131         (117,382)         28,050         5,506           CASH FLOW FROM FINANCING ACTIVITIES         31,131         (117,382)         28,050         5,506           Dividend paid during the period         (14,00)         -         (14,00)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577		(9)	68	27	36
(400)         4,340         (344)         (2,599)           Net cash flow from operating activities         31,131         (117,382)         28,050         5,506           CASH FLOW FROM FINANCING ACTIVITIES           Net receipts from sale and redemption of units         (35,173)         134,215         (23,124)         (18,250)           Dividend paid during the period         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577	Payable against purchase of investments	560	-	560	(2,756)
Net cash flow from operating activities         31,131         (117,382)         28,050         5,506           CASH FLOW FROM FINANCING ACTIVITIES           Net receipts from sale and redemption of units         (35,173)         134,215         (23,124)         (18,250)           Dividend paid during the period         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577	Accrued expenses and other liabilities	77	226	119	118
CASH FLOW FROM FINANCING ACTIVITIES           Net receipts from sale and redemption of units         (35,173)         134,215         (23,124)         (18,250)           Dividend paid during the period         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577		(400)	4,340	(344)	(2,599)
Net receipts from sale and redemption of units         (35,173)         134,215         (23,124)         (18,250)           Dividend paid during the period         (1,400)         -         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577	Net cash flow from operating activities	31,131	(117,382)	28,050	5,506
Dividend paid during the period         (1,400)         -         (1,400)         -           Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577	CASH FLOW FROM FINANCING ACTIVITIES				
Net increase in cash and cash equivalents during the period         (5,442)         16,833         3,526         (12,744)           Cash and cash equivalents at the beginning of the period         10,103         -         1,135         29,577	Net receipts from sale and redemption of units	(35,173)	134,215	(23,124)	(18,250)
Cash and cash equivalents at the beginning of the period 10,103 - 1,135 29,577	Dividend paid during the period	(1,400)	-	(1,400)	-
	Net increase in cash and cash equivalents during the period	(5,442)	16,833	3,526	(12,744)
Cash and cash equivalents as at 31 March 2011 4,661 16,833 4,661 16,833	Cash and cash equivalents at the beginning of the period	10,103	-	1,135	29,577
	Cash and cash equivalents as at 31 March 2011	4,661	16,833	4,661	16,833

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

#### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

#### 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 has been categorised as Open-Ended Stock Fund as per the criteria laid down by Securities & Exchange Commission Pakistan for categorisation of Collective Investment Schemes. The Fund is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

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

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 invests in a equity securities of listed company, cash and near cash instrument. The Fund has been categorized as equity scheme.

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

#### 2. BASIS OF PRESENTATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include all the information reported for full annual financial statements and should therefore be read in conjunction with the audited financial statements for the Period ended 30 June 2010.

This condensed interim financial information is unaudited and is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

This condensed interim financial information comprise of the condensed interim statement of assets and liabilities as at 31 March 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the nine months period ended 31 March 2011.

The comparatives in the the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2011 have been extracted from the audited financial statements of the Fund as at and for the period ended 30 June 2010.

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.

#### 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 period ended 30 June 2010.

#### 4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable with 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 applied to financial statements as at and for the period ended 30 June 2010.

#### 5 BANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 11% per annum.

#### 6 INVESTMENTS - at fair value through profit or loss - held for trading

		(Unaudited	(Audited)
		31 March	30 June
		2011	2010
		(Rupee	es in '000)
Equity securities	6.1	93,744	117,683
Government securities	6.2	14,718	-
		108,462	117,683

6.1 Equity securities

			Number of Sha			R3	at 31 March 20		Market Value	Market value
	As at 1 uly 2010	Acquired during the period	Bonus / Right issue	Sold during the period	As at 31 March 2011	Cost		Appreciation / (diminution)	as a Percentage of Net Assets	investments a percentage of paid up capital of investee compa
			Number of shar	es —		(	Rupees in '000	)		
UTOMOBILE PARTS & ACCESSORIES ak Suzuki Motor Company Limited	28,760	2,500	-	5,988	25,272	2,008	1,756	(252)	1.51	0.21
ANKS										
lied Bank Limited	-	5,415	-	5,415	-	•	-	•	-	
skari Bank Limited ank Al-Falah Limited	73.000	21,000	-	21,000 73.000	-	•	-	•		
ank Al-Palan Limited abib Bank Limited	70,945	500	2,444	47,000	26,889	2,379	3,003	624	2.58	0.03
abib Metropolitan Bank Limited	82,000	500	2,444	25,000	20,009	2,379	1,347	(15)	1.16	0.03
CB Bank Limited	21,500	15.500	1.870	16.300	22,570	4.036	4.684	648	4.02	0.06
ational Bank Of Pakistan	45,875	10,100	9,743	13,000	52,718	2,748	3,006	258	2.58	0.02
ited Bank Limited		49,000	-	27,000	22,000	1,405	1,353	(52)	1.16	0.01
HEMICALS										
awood Hercules Chemicals Limited	24,537	4,498	45,474	13,877	60,632	2,706	4,517	1,811	3.88	0.09
ngro Chemical (Pakistan) Limited	18,800	16,000	2,260	17,000	20,060	3,419	4,128	709	3.54	0.10
auji Fertilizer Bin Qasim Limited	52,500	4,000	-	19,500	37,000	963	1,532	569	1.32	0.02
auji Fertilizer Company Limited	65,100	13,800	9,800	35,700	53,000	4,810	7,308	2,498	6.28	0.09
I Pakistan Limited	47,676	11,000	-	46,249	12,427	1,473	2,053	580	1.76	0.15
tte Pakistan Limited	57,000	-	-	32,000	25,000	202	403	201	0.35	0.00
DNSTRUCTION AND MATERIALS tock Cement Pakistan Limited	12.400	12.500	-	3.000	21,900	1,359	1,148	(211)	0.99	0.13
G. Khan Cement Company Limited	49,500	2,000		3,000	21,900	833	901	(211) 68	0.99	0.13
G. Khan Cement Company Limited - Righ		2,000	7,000	10,000	7,000	000	40	40	0.03	0.00
uji Cement Company Limited		68,500	-	27,500	41,000	205	174	(31)		0.00
ECTRICITY										
ub Power Company Limited	116,000	2,000	-	29,500	88,500	2,833	3,331	498	2.86	0.03
t Addu Power Company Limited	157,500	3,500	-	61,000	100,000	4,169	4,118	(51)	3.54	0.05
shat Power Limited	-	10,000	-	10,000	-	-	-	-	-	-
NANCIAL SERVICES hangir Siddiqui Company Limited	53.000	-		53.000	-	-	-			-
XED LINE TELECOMMUNICATION										
akistan Telecommunication Corporation										
Limited	182,600	-	-	5,000	177,600	3,161	3,019	(142)	2.59	0.01
ENERAL INDUSTRY										
ackages Limited	54,700	-	-	22,635	32,065	3,800	3,781	(19)	3.25	0.45
i-Pack Films Limited	23,515	1,000	-	14,166	10,349	1,011	1,573	562	1.35	0.52
DUSTRIAL ENGINEERING										
illat Tractors Limited	1,561	500	225	2,286	-		-	-	2.47	1.34
Ghazi Tractors Limited	7,713	11,472	-	5,213	13,972	2,941	2,871	(70)	2.47	1.34
DUSTRIAL METALS AND MINING ernational Industries Limited.	26,987	7,945	4,997	39,929	-	-		-		-
ON LIFE INSURANCE										
damjee Insurance Company Limited astern Federal Union Insurance Company	26,400	5,050	-	31,450	-	-	-	•	•	-
imited	63,506	-	-	63,506			-	•	•	•
bib Insurance Company Limited	19,006	-	-	-	19,006	239	264	25	0.23	0.07
L & GAS ock Petroleum Limited		10.176		500	9,676	3,504	3,552	48	3.05	0.51
tock Refinery Limited	-	18,000		500	9,676	2,274	3,552	40 (47)	1.91	0.26
CO Peroleum Pakistan Limited		111.000			111.000	1.262	1.033	(47)	0.89	0.03
itional Refinery Limited	46,220	8,420		44,735	9,905	2,473	3,085	(229) 612	2.65	0.39
& Gas Development Company Limited	41,000	13,000		22,800	31,200	4,444	4,233	(211)	3.63	0.00
kistan Oilfields Limited	27,000	13,600		17,000	23,600	6,028	7,672	1,644	6.59	0.32
kistan Petroleum Limited	41,500	2,806	6,400	23,000	27,706	4,301	5,857	1,556	5.03	0.05
kistan State Oil Company Limited ell Pakistan Limited	27,000 20,795	11,100 1,957	-	26,000 5,990	12,100 16,762	3,195 3,847	3,358 3,608	163 (239)	2.88 3.10	0.20 0.53
HARMA AND BIO TECHNOLOGY	20,790	1,90/	-	5,890	10,702	3,047	3,008	(239)	a. 10	0.00
HARMA AND BIO TECHNOLOGY obot Laboatories (Pakistan) Limited	34,556	2,600	-	4,108	33,048	3,034	2,809	(225)	2.41	0.29
obor Edobatonoo (r anotan) Ennitoo										
otal as at 31 March 2011					-	82,424	93,744	11,320		

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

			Face	value		As	at 31 March 2	011	
Issue date	Tenor	As at 1 July 2010	Purchases during the period	Disposed / Matured during the period	As at 31 March 2011	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets
					(Rupee	es in '000)——-			
13-Aug-10	1 year	-	20,000	-	20,000	-			-
14-Nov-10	3 months	-	20,000	20,000	-	-	-	-	-
13-Aug-10	3 months	-	20,000		20,000	-	-	-	-
21-Oct-10	3 months	-	8,000	8,000	-	-	-	-	-
10-Feb-11	3 months	-	5,000	-	5,000	4,939	4,939	-	4.24
10-Mar-11	3 months	-	10,000	-	10,000	9,779	9,779	-	8.40
						14,718	14,718	•	

(Audited)

(Unaudited)

#### 7 DIVIDEND AND INCOME RECEIVABLE

			31 March 2,011	30 June 2010
			(Rupees	s in '000)
	Dividend receivable		1,770	431
	Profit receivable on saving account		47	84
			1,817	515
8	DEPOSITS AND PREPAYMENTS			
	Deposit with National Clearing Company of Pakistan Limited	8.1	2,500	2,500
	Deposit with Central Depository Company of Pakistan Limited	8.1	100	100
	Prepayments		2.605	
8.1	These deposits are non-renumerative		2,605	2,600
9	PRELIMINARY EXPENSES AND FLOATATION COSTS			
	Unamortised cost	9.1	855	1,000
	Amortised to the income statement during the period		(150)	(145)
	Balance as at 31 March 2011		705	855

9.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 10 October 2009, i.e. after the close of initial period of the Fund.

#### 10. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A Petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance, 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law ibid. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 0.417 million (30 June 2010: Nil) up to 31 March 2011.

#### PAYABLE TO HABIB ASSET MANAGEMENT LIMITED-MANAGEMENT COMPANY 11

Management fee	11.1	292	321
Preliminary expenses and floatation costs	11.2	-	1,000
		292	1,321

- Under the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such net assets of the Fund. The Management Company 11.1 has charged its remuneration at the rate of three percent per annum for the current year in accordance with the Trust Deed.
- 11.2 This represented expenses incurred by the management Company for the establishment of the funds under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. These expenses have been reimbursed by the the fund to the management company.

#### 12 EARNING PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2011, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

#### 13 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the period ended 30 June 2010

#### 14 TRANSACTIONS WITH CONNECTED PERSONS

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

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

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2007 and the Trust Deed respectively.

	Details of the balacnes with connected persons are follows:			(Unaudited) 31 March 2011 (Rupees	(Audited) 30 June 2010 s in '000)
	Habib Asset Management Limited - Management Company Management fee and others			292	1,321
	waragement lee and onlers		=	LJL	1,021
	Central Depository Company of Pakistan Limited - Trustee			<b>60</b>	50
	Remuneration			60	59
	Details of the transactions with connected persons and balances with them at are	as follows:			
					ths Ended larch
			-	2011	2010 s in '000)
	Habib Asset Management Limited - Management Company Management fee			2,884	2,147
	First Habib Stock Fund - Associated Undertaking Government security sold			19,960	-
	AL Habib Capital Markets (Private) Limited - Brokerage house Brokerage		_	32	55
	Central Depository Company of Pakistan Limited - Trustee Remuneration			525	332
			31 Ma	rch	
14.1					
14.1	Sale / Redemption of units for the period ended 31 March <u>Units sold to:</u>	2011 (Units) (R	upees in '000)		10 Rupees in '000)
14.1			upees in '000)		
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies		upees in '000) _	(Units) ( 150,100	Rupees in '000) 15,010
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bark AL Habib Limited - Habib Insurace Company Limited		upees in '000) - - -	(Units) ( 150,100 500,000 350,000	Rupees in '000) 15,010 50,000 35,000
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited		· · ·	(Units) ( 150,100 500,000	Rupees in '000) 15,010 50,000
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited Other related parties - Directors of the Management Company		· · ·	(Units) ( 150,100 500,000 350,000 5,000 6,046	Rupees in '000) 15,010 50,000 35,000 500 600
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited Other related parties		· · ·	(Units) ( 150,100 500,000 350,000 5,000	Rupees in '000) 15,010 50,000 35,000 500
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited Other related parties - Directors of the Management Company - Executives of the Management Company		· · ·	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited Other related parties - Directors of the Management Company - Executives of the Management Company - Habib Asset Mangement Limited-Employees Provident Fund		· · ·	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurace Company Limited - Habib Insurace Company Limited - Directors of the Management Company - Executives of the Management Company - Habib Asset Management Limited-Employees Provident Fund Bonus Units Issued: Management Company Habib Asset Management Limited Associated Companies	(Units) (R	· · · · · · · · · · · · · · · · · · ·	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited Other related parties - Directors of the Management Company - Executives of the Management Company - Habib Asset Mangement Limited-Employees Provident Fund Bonus Units Issued: Management Company Habib Asset Management Limited - Bank AL Habib Limited - Habib Insurance Company Limited	(Units) (R	· · · · · · · · · · · · · · · · · · ·	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurance Company Limited - Trakker Direct Insurance Limited - Directors of the Management Company - Executives of the Management Company - Habib Asset Management Limited-Employees Provident Fund Bonus Units Issued: Management Company Habib Asset Management Limited - Associated Companies - Bank AL Habib Limited	(Units) (R	- - - - - 420	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies - Bank AL Habib Limited - Habib Insurace Company Limited - Habib Insurace Company Limited - Directors of the Management Company - Executives of the Management Company - Babib Asset Management Company - Habib Asset Management Company - Habib Asset Management Limited-Employees Provident Fund Bonus Units Issued: Management Company Habib Asset Management Limited - Sasociated Companies - Bank AL Habib Limited - Bank AL Habib Limited - Trakker Direct Insurance Limited - Trakker Direct Insurance Limited	(Units) (R	- - - - - - - - - - - - - - - - - - -	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25
14.1	Units sold to: Management Company Habib Asset Management Limited Associated Companies • Bank AL Habib Limited • Habib Insurance Company Limited • Trakker Direct Insurance Limited • Directors of the Management Company • Executives of the Management Company • Habib Asset Management Limited-Employees Provident Fund Bonus Units Issued: Management Company Habib Asset Management Limited • Bank AL Habib Limited • Bank AL Habib Limited • Bank AL Habib Limited • Bank AL Habib Limited	(Units) (R	- - - - 420 980	(Units) ( 150,100 500,000 350,000 5,000 6,046 253	Rupees in '000) 15,010 35,000 35,000 500 600 25

	31 March				
	2011		2010		
Units redeemed by:	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)	
Management Company					
Habib Asset Management Limited	4,911	530	-	•	
Other related parties					
<ul> <li>Executives of the Management Company</li> </ul>	153	17	100	10	
Habib Asset Mangement Limited Employees Provident Fund	1,683	171	393	40	
Units held by:					
Management Company					
Habib Asset Management Limited	149,095	16,420	150,100	15,721	
Associated Companies					
- Bank AL Habib Limited	500,000	55,065	500,000	52,365	
- Habib Insurance Company Limited	359,109	39,549	350,000	36,656	
- Trakker Direct Insurance Limited	5,130	565	5,000	524	
Other related parties					
Directors of the Management Company	7,548	831	6.046	633	
- Executives of the Management Company	-		153	16	
- Habib Asset Mangement Limited-Employees Provident Fund	-	-	628	66	

#### 15. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 13, 2011 by the Board of Directors of the Management Company.

#### 16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For Habib Asset Management Limited (Management Company)

