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.

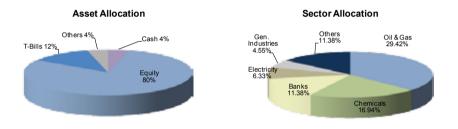
DIRECTORS' REPORT

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 | 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 | | | 60 | 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 | | | | | |
| Executives of the Management Company | 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)

