

First Habib Income Fund



First Quarterly Report
September 30, 2008



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

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First Habib Income Fund

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive
Mr. Mohammad Ali Jameel	Director
Mr. Shariq Abdullah	Director
Mr. Mansoor Ali	Director

CFO and Company Secretary

Mr. Muhammad Shakeel Musani

Audit Committee

Mr. Mohammad Ali Jameel	Chairman
Mr. Shariq Abdullah	Member
Mr. Mansoor Ali	Member

Auditors

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

Internal Auditors

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

Trustee

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

Registrar

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

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
My Bank Limited
JS Bank Limited
NIB Bank Limited

Legal Advisor

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

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

DIRECTORS' REPORT

The Directors of Habib Asset Management Limited (HAML) are pleased to present the un-audited financial statements of the First Habib Income Fund (FHIF), for the quarter ended September 30, 2008.

Fund's Performance

The Net Assets of FHIF increased by Rs. 53.477 million during the period under review and stood at Rs. 1.960 billion showing an increase of 2.80% over June 30, 2008. The Net Asset Value (NAV) per Unit of the Fund increased by 10.78% (annualized) to Rs. 102.80 as at September 30, 2008 from that of Rs. 100.08 (ex-distribution) as at June 30, 2008.

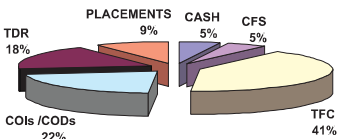
During the period under review, the FHIF earned an income of Rs. 64.641 million, and after deducting expenses of Rs. 12.719 million there is a Net Income of Rs. 51.922 million.

Dividend Distribution

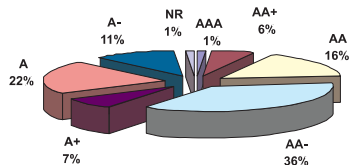
The Board of Directors has approved interim cash dividend of Rs. 2.50 per Unit for Unit holders having 'C' class of Units and 2.4925 bonus Units for every 100 Units for other Unit holders. The bonus Units have been issued on ex-dividend Net Asset Value (NAV) of Rs. 100.30 per Unit. The distribution has resulted in payment of Rs. 24.60 million in cash and Rs. 23.07 million by way of issuing bonus Units.

Asset Allocation and Quality

Asset Allocation



Asset Quality



Future Outlook

The Global economy is in severe crisis and rescue operations are being made worldwide to avert a financial collapse. In Pakistan the situation is also grim, but the State Bank of Pakistan has been taking prompt and appropriate measures to shore up the resources of financial institutions.

Against this background perhaps of an unprecedented nature, the outlook should be one of caution and we remain hopeful that with each passing day the situation will Inshallah improve. We also remain confident on the future performance of First Habib Income Fund as the returns appear increasingly attractive.

On behalf of the Board of Directors

Imran Azim
Chief Executive Officer

Karachi: October 8, 2008

First Habib Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2008

	Note	(Un-audited) 30 September 2008	(Audited) 30 June 2008
(Rupees in '000)			
Assets			
Bank balances	4	454,323	351,412
Receivable against continuous funding system transactions		86,714	275,422
Placements	5	175,000	-
Investments	6	785,128	817,111
Certificate of Investments and Deposits	7	415,000	450,000
Income receivable		41,851	51,996
Advances, deposits, prepayments and other receivables		4,526	6,495
Receivable against sale of investments		-	1,315
Preliminary expenses and floatation costs		1,921	2,053
Total assets		1,964,463	1,955,804
Liabilities			
Short term running finance		-	42,513
Payable to Habib Asset Management Limited - Management Company		2,438	2,443
Payable to Central Depository Company of Pakistan Limited - Trustee		256	268
Payable to Securities and Exchange Commission of Pakistan		505	2,239
Accrued expenses and other liabilities		1,076	1,630
Total liabilities		4,275	49,093
Commitments	8	-	-
Net assets		1,960,188	1,906,711
Unit holders' funds (as per statement attached)		1,960,188	1,906,711
(Number of units)			
Number of units in issue		19,067,447	18,632,666
(Rupees)			
Net asset value per unit		102.80	102.33

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

First Habib Income Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Quarter ended 30 September 2008	Quarter ended 30 September 2007
(Rupees in '000)		
Income		
Profit on bank deposits	13,344	16,249
Income on Continuous Funding System Transactions	10,611	8,453
Income from Term Finance Certificates	27,174	8,767
Income from Certificate of Investments and Deposits	15,077	5,299
Income from Placements	1,492	-
Gain/ (loss) on sale of investments	(1,587)	894
Unrealised appreciation / (diminution) on investments at fair value through profit or loss	(1,470)	3,408
Total income	64,641	43,070
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	7,580	5,537
Remuneration of Central Depository Company of Pakistan Limited - Trustee	757	620
Annual fee - Securities and Exchange Commission of Pakistan	505	369
Brokerage	544	1,174
Settlement and bank charges	761	218
Auditors' remuneration	61	63
Amortisation of preliminary expenses and floatation costs	132	132
Fees and subscription	270	8
Legal and professional charges	7	-
Financial Charges	108	-
Total expenses	10,725	8,121
Net income from operating activities	53,916	34,949
Element of income and capital gains included in prices of units issued less those in units redeemed	(1,994)	17,188
Net income for the period	51,922	52,137

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

First Habib Income Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT(UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	<u>Quarter ended</u> 30 September 2008	<u>Quarter ended</u> 30 September 2007
	(Rupees in '000)	
Undistributed income brought forward	43,444	17,143
Distribution during the period (1 July 2007)	-	(15,466)
Distribution during the period (1 July 2008)	(41,923)	-
Net income for the period	51,922	52,137
Undistributed income carried forward	<u>53,443</u>	<u>53,814</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

First Habib Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Quarter ended 30 September 2008		Quarter ended 30 September 2007	
	Units	(Rupees in '000)	Units	(Rupees in '000)
Net assets at the beginning of the period	18,632,666	1,906,711	10,293,012	1,046,444
Amount received on sale of units	3,947,699	398,175	18,997,733	1,936,773
Amount paid on redemption of units	(3,706,075)	(376,022)	(8,626,136)	(882,451)
	241,624	22,153	10,371,597	1,054,322
Element of income and capital gains included in prices of units issued less those in units redeemed	-	1,994	-	(17,188)
Issue of bonus units on 1 July 2007 @ 1.5%	-	-	154,395	-
Issue of bonus units on 1 July 2008 @ 2.25% for Class 'A' and 'B'	193,157	-	-	-
Interim dividend distribution on 1 July 2008 @ 2.25 for Class 'C'	-	(22,592)	-	-
Net income for the period	-	51,922	-	52,137
Net assets at the end of the period	<u>19,067,447</u>	<u>1,960,188</u>	<u>20,819,004</u>	<u>2,135,715</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

First Habib Income Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Quarter ended 30 September 2008	Quarter ended 30 September 2007
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	51,922	52,137
Adjustments for non-cash items		
Unrealised (appreciation) / diminution on investments at fair value through profit or loss - net	1,470	(3,408)
Element of income and capital gains included in prices of Units issued less those in Units redeemed	1,994	(17,188)
Amortisation of preliminary expenses and floatation costs	132	132
	<u>55,518</u>	<u>31,673</u>
(Increase) / decrease in assets		
Short term investment in Term Deposit Receipt	150,000	-
Receivable against Continuous Funding System transactions Placements	188,708	219,062
Investments	(175,000)	-
Certificate of Investments and Deposits	30,513	(293,202)
Income receivable	35,000	(450,000)
Receivable against sale of investments	10,145	(24,237)
Advances, deposits, prepayments and other receivables	1,315	-
	1,969	53
	<u>242,650</u>	<u>(548,324)</u>
Increase / (decrease) in liabilities		
Payable against purchase of investments	-	(3,770)
Payable to Habib Asset Management Limited - Management Company	(5)	(2,518)
Payable to Central Depository Company of Pakistan Limited - Trustee	(12)	48
Payable to Securities and Exchange Commission of Pakistan	(1,734)	287
Accrued expenses and other liabilities	(554)	(106)
	<u>(2,305)</u>	<u>(6,059)</u>
Net cash flow from operating activities	295,863	(522,710)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from sale and redemption of units	22,153	1,054,322
Dividend paid	(22,592)	-
Net increase in cash and cash equivalents during the period	<u>295,424</u>	<u>531,612</u>
Cash and cash equivalents at the beginning of the period	(41,101)	355,975
Cash and cash equivalents as at 30 September	<u>254,323</u>	<u>887,587</u>
Cash and cash equivalents at the end of the period comprise of :		
Bank Balances	454,323	887,587
Less: Term Deposit Receipts maturing after 3 Months	(200,000)	-
	<u>254,323</u>	<u>887,587</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Income Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 August 2006 under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder, except for the units issued to core investors which are not redeemable for a period of two years from the date of issue.

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.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting". These financial statements are un-audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2008.

3.1 Estimates and judgements

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation/ uncertainty were the same as those applied to financial statements for the year ended 30 June 2008.

First Habib Income Fund

4. BANK BALANCES

(Un-audited) (Audited)
30 September 2008 30 June 2008
 (Rupees in '000)

Savings accounts	4.1	104,323	1,412
Term deposit receipts	4.2	350,000	350,000
		<u>454,323</u>	<u>351,412</u>

4.1 Savings accounts carry profit rates ranging from 5% to 15% (30 June 2008: 4.5% to 11%) per annum.

4.2 Term deposit receipts have tenor of one month to six months (30 June 2008: three months to one year) and carry profit rates ranging from 10.90% to 15.25% (30 June 2008: 10.40% to 12.50%) per annum.

5. PLACEMENTS

Placements represent unsecured placements with Commercial Banks and have tenor of 7 days (2008: Nil) and carry profit rate of 21% (2008: Nil).

6. INVESTMENTS - at fair value through Profit or Loss

Term Finance Certificates	6.1	785,128	802,120
Investment in Shares and Mutual Funds	6.2	-	15,498
Derivatives		-	(507)
		<u>785,128</u>	<u>817,111</u>

6.1 TERM FINANCE CERTIFICATES

Name of Security	Status	----- Number of certificates -----				Market value	% of Net Assets
		As at 1 July 2008	Acquired during the period	Sold during the period	As at 30 September 2008	as at 30 September 2008	
(Rupees in '000)							

ABN Amro (Pakistan) Limited	Listed	3,090	-	-	3,090	16,189	0.83
Allied Bank Limited	Listed	10,400	-	-	10,400	54,905	2.80
Askari Commercial Bank Limited - I issue	Listed	3,000	7,000	-	10,000	51,593	2.63
Askari Commercial Bank Limited - II issue	Listed	200	1,990	-	2,190	11,319	0.58
Bank AL Habib Limited - II issue	Listed	9,200	-	-	9,200	48,542	2.48
Bank Alfalah Limited - II issue	Listed	10,000	-	-	10,000	51,675	2.64
Bank Alfalah Limited - III issue	Listed	2,000	-	-	2,000	10,331	0.53
Engro Chemical Pakistan Limited	Listed	9,281	-	5,000	4,281	21,536	1.10
Faysal Bank Limited	Listed	14,515	-	9,000	5,515	28,033	1.43
First International Investment Bank Limited	Listed	5,379	-	-	5,379	20,806	1.06
NIB Bank Limited	Listed	12,600	-	5,000	7,600	37,829	1.93
Orix Leasing Pakistan Limited	Listed	10,000	-	-	10,000	50,695	2.59
Pakistan Mobile Communication Limited	Listed	14,240	-	-	14,240	76,095	3.88
Pak Arab Fertilizers Limited	Listed	7,000	-	5,000	2,000	10,021	0.51
Standard Chartered Bank Pakistan Limited	Listed	948	-	-	948	4,992	0.25
Saudi Pak Leasing Company Limited TFC III	Listed	5,999	-	-	5,999	30,250	1.54
United Bank Limited - III issue	Listed	4,400	-	-	4,400	23,004	1.17
United Bank Limited - IV issue	Listed	3,000	5,000	-	8,000	39,608	2.02
First Dawood Investment Bank Limited	Unlisted	2,900	-	-	2,900	14,580	0.74
Jahangir Siddiqui & Company Limited	Unlisted	9,400	-	-	9,400	47,404	2.42
Engro Chemical Pakistan Limited PP TFC I	Unlisted	8,000	4,000	-	12,000	60,408	3.08
Engro Chemical Pakistan Limited PP TFC II	Unlisted	4,000	-	-	4,000	20,120	1.03
Pak American Fertilizers Limited PP TFC II	Unlisted	2,000	4,000	-	6,000	30,003	1.53
KASB Securities Limited	Unlisted	5,000	-	-	5,000	25,190	1.29

Market Value of investments as at 30 September 2008

785,128

Market Value of investments as at 30 June 2008

802,120

First Habib Income Fund

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

6.1.2 Cost of Term Finance Certificates as at 30 September 2008 is Rs. 786.60 million (30 June 2008 : Rs. 806.72 million) with an unrealised revaluation loss of Rs. 1.47 million (unrealised loss at 30 June 2008 : Rs. 4.60 million).

6.1.3 Significant terms and conditions of Term Finance Certificates outstanding as at quarter ended 30 September 2008.

Name of the investee company	Remaining principal (per TFC) as at 30 September 2008	Mark-up Rate (Per annum)	Start date	Maturity	Secured /Unsecured	TFC rating
ABN Amro (Pakistan) Limited	4,993	1.90%+6 Month KIBOR	10-Feb-05	10-Feb-13	UnSecured	AA-
Allied Bank Limited	4,997	1.90%+6 Month KIBOR	6-Dec-06	6-Dec-14	UnSecured	AA-
Askari Commercial Bank Limited - I issue	4,993	1.50%+6 Month KIBOR	4-Feb-05	4-Feb-13	UnSecured	AA-
Askari Commercial Bank Limited - II issue	4,995	1.50%+6 Month KIBOR	31-Oct-05	31-Oct-13	UnSecured	AA-
Bank AL Habib Limited - II issue	4,997	1.95%+6 Month KIBOR	7-Feb-07	7-Feb-15	UnSecured	AA-
Bank Alfalah Limited - II issue	4,993	1.50%+6 Month KIBOR	23-Nov-04	23-Nov-12	UnSecured	AA-
Bank Alfalah Limited - III issue	4,995	1.50%+6 Month KIBOR	25-Nov-05	25-Nov-13	UnSecured	AA-
Engro Chemical Pakistan Limited	4,999	1.55%+6 Month KIBOR	30-Nov-07	30-Nov-15	Secured	AA
Faysal Bank Limited	4,999	1.40%+6 Month KIBOR	12-Nov-07	12-Nov-14	UnSecured	AA-
First International Investment Bank Limited	3,748	2.25%+6 Month KIBOR	11-Jul-06	11-Jul-11	Secured	A+
NIB Bank Limited	4,999	1.15%+6 Month KIBOR	5-Mar-08	5-Mar-16	UnSecured	A
Orix Leasing Pakistan Limited	4,998	1.50%+6 Month KIBOR	25-May-07	25-May-12	Secured	AA+
Pakistan Mobile Communication Limited	4,996	2.85%+6 Month KIBOR	31-May-06	31-May-13	Secured	AA-
Pak Arab Fertilizers Limited	4,999	1.50%+6 Month KIBOR	28-Feb-08	28-Feb-13	Secured	AA
Standard Chartered Bank Pakistan Limited	4,995	2.00%+6 Month KIBOR	1-Feb-06	1-Feb-13	UnSecured	AAA
Saudi Pak Leasing Company Limited TFC III	4,999	1.50%+6 Month KIBOR	13-Mar-08	13-Mar-13	Secured	A
United Bank Limited - III issue	4,996	1.70%+6 Month KIBOR	8-Sep-06	8-Sep-14	UnSecured	AA
United Bank Limited - IV issue	4,999	0.85%+6 Month KIBOR	14-Feb-08	14-Feb-18	UnSecured	AA
First Dawood Investment Bank Limited	5,000	1.60%+6 Month KIBOR	11-Sep-07	11-Sep-12	Secured	AA-
Jahangir Siddiqui & Company Limited	4,998	1.70%+6 Month KIBOR	4-Jul-07	4-Jul-13	Secured	AA+
Engro Chemical Pakistan Limited PP TFC I	5,000	1.70%+6 Month KIBOR	18-Mar-08	18-Mar-18	Secured	AA
Engro Chemical Pakistan Limited PP TFC II	5,000	1.25%+6 Month KIBOR	18-Mar-08	18-Mar-18	Secured	AA
Pak American Fertilizers Limited PP TFC II	4,999	1.75%+6 Month KIBOR	14-Jan-08	14-Jan-15	Secured	AA-
KASB Securities Limited	4,998	1.90%+6 Month KIBOR	27-Jun-07	27-Jun-12	Secured	AA-

6.2 Shares and Mutual Funds - Listed

Name of the Investee	Number of Units					Market Value as at 30 September 2008
	As at 1 July 2008	Acquired during the period	Bonus / Right issue	Sold during the period	As at 30 September 2008	
(Rupees in '000)						
COMMERCIAL BANKS						
MCB Bank Limited	-	156,000	-	156,000	-	-
INVESTMENT BANK / SECURITIES						
Jahangir Siddiqui & Company Limited	-	8,500	-	8,500	-	-
INSURANCE						
Adamjee Insurance Company Limited	-	10,500	-	10,500	-	-
OIL & GAS EXPLORATION COMPANIES						
Pakistan Petroleum Limited	63,000	-	-	63,000	-	-
Oil & Gas Development Company Limited	-	63,500	-	63,500	-	-
OIL & GAS MARKETING COMPANIES						
Pakistan State Oil Limited	-	20,000	-	20,000	-	-
Market Value of investments as at 30 September 2008						-
Market Value of investments as at 30 June 2008						15,498

First Habib Income Fund

- 6.2.1** These shares were purchased in ready market and simultaneously sold in future market.
- 6.2.2** Cost of investment in shares and mutual funds as at 30 September 2008 is 'Nil' (30 June 2008: Rs. 14.93 million) with an unrealised revaluation gain is 'Nil' (unrealised loss at 30 June 2008: Rs. 0.57 million).

7. CERTIFICATE OF INVESTMENTS AND DEPOSITS	(Un-audited)	(Audited)
	30 September	30 June
	2008	2008
	(Rupees in '000)	
IGI Investment Bank	150,000	150,000
Pak Libya Holding Company	200,000	200,000
First Dawood Investment Bank	40,000	50,000
Saudi Pak Leasing Company	25,000	50,000
	<u>415,000</u>	<u>450,000</u>

- 7.1** Certificate of Investments and Deposits have maturity of three months to six months (30 June 2008: twelve months to eighteen months) and carry profit rates ranging from 14.41% to 16.80% (30 June 2008: 10.92% to 13.43%) per annum.

8. COMMITMENTS

Continuous funding system transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at 30 September

-	<u>95,061</u>
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9. 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 of Pakistan 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 transactions with connected persons are as follows:

	<u>Quarter ended</u>	<u>Quarter ended</u>
	30 September	30 September
	2008	2007
	(Rupees in '000)	
Habib Asset Management Limited - Management Company		
Management fee	7,580	5,537
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	-	184
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	757	620

First Habib Income Fund

9.1 Sale / Redemption of units for the period ended 30 September 2008

	Sale		Redemption		Bonus	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
Habib Asset Management Limited - Management Company	752,916	76,290	5,838	600	3,389	339
Bank AL Habib Limited	-	-	-	-	-	-
Habib Insurance Company Limited	396,877	40,000	-	-	10,050	1,006
Trakker Direct Insurance Limited	-	-	-	-	1,141	114
Directors of the Management Company	1,966	200	-	-	23	2
Executives of the Management Company	4,512	560	1,472	150	87	9
Habib Sugar Mills Limited - Staff Provident Fund	-	-	-	-	3,052	305
Habib Sugar Mills Limited - Employees Gratuity Fund	-	-	-	-	3,052	305
Hyderi Hostel Trust	-	-	-	-	1,343	134
Habib Insurance Company Limited - Pakistan Employees Provident Fund	-	-	-	-	1,094	110
Habib Asset Management Limited - Employees Provident Fund	1,956	200	1,737	175	46	5
Mrs. Shama Sajjad Habib	-	-	-	-	2,443	244
Central Depository Company of Pakistan Limited	-	-	-	-	2,441	244

9.2 Sale / Redemption of units for the period ended 30 September 2007

	Sale		Redemption		Bonus	
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)
Habib Asset Management Limited - Management Company	-	-	-	-	725	73
Bank AL Habib Limited	8,345,799	850,000	4,193,381	429,193	11,250	1,127
Habib Insurance Company Limited	490,581	50,000	-	-	3,713	372
Trakker Direct Insurance Limited	-	-	-	-	750	75
Directors of the Management Company	1,992	200	6,925	700	460	46
Executives of the Management Company	-	-	1,511	152	36	4
Habib Sugar Mills Limited - Staff Provident Fund	-	-	-	-	1,875	188
Habib Sugar Mills Limited - Employees Gratuity Fund	-	-	-	-	1,875	188
Hyderi Hostel Trust	-	-	-	-	825	83
Habib Insurance Company Limited - Pakistan Employees Provident Fund	4,896	500	-	-	600	60
Mrs. Shama Sajjad Habib	-	-	-	-	1,501	150
Central Depository Company of Pakistan Limited	-	-	-	-	1,500	150

10. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have approved interim cash dividend for class 'C' unit holders @ Rs. 2.5/- per unit and bonus units @ 2.4925/- for class 'A' and 'B' unit holders for every 100 units held as at 30 September 2008, amounting to Rs. 47.668 million, in their meeting held on 8 October 2008. These financial statements do not reflect this distribution.

11. DATE OF AUTHORISATION

These financial statements were authorised for issue on 8 October 2008 by the Board of Directors of the Management Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

First Habib Income Fund

AUTHORISED BRANCHES OF BANK AL HABIB LIMITED

Karachi

Main Branch
Mackinnons Building , I.I. Chundrigar Road
Phones : (92-21) 2412986 &
(92-21) 111-786-110
Fax : (92-21) 2425423 & 2412028
Telex : 21286 ALHAB PK

Tariq Road Branch
Shop No .1 & 2, Plot no 277-278
Ahmed Chamber, Main Tariq Road, P.E.C.H.S
Phone : (92-21) 4397632-4
(92-21) 4397631

Shahra-e-Faisal Branch
19-1-A, Block 6, PECHS, Shahra-e-Faisal.
Phones : (92-21) 4544383-87
Fax : (92-21) 4530143

ZamZama Branch
16-C, Commercial Lane 3, Phase V
Zamzama Boulevard , DHA
Phones : (92-21) 5302230-37
Fax : (92-21) 5863914

Korangi Road Branch
Speedy Towers Plot No. 131/1
Phase-1, Defence Housing Authority
Phones : (92-21) 5386797-99
Fax : (92-21) 5386796

S.I.T.E Branch
B/76, S.S. Chambers, S.I.T.E.,
Phones : (92-21) 2571710-11 & 2571521
Fax : (92-21) 2571522

Rizvia Society Branch
D-9, Ishrat Arcade , Rizvia Co-Operative
Housing Society, Nazimabad.
Phones : (92-21) 6607992-95
Fax : (92-21) 6607996

Barkat-E-Hydari Branch
Al-Burhan Arcade , Block-E, North Nazimabad
Phones : (92-21) 6670115, 6631793-94
Fax : (92-21) 6670116

Gulshan Chowrangi Branch
Plot No. FL-3, Block No. 3,
KDA Scheme No. 24, Gulshan-e-Iqbal.
Phones : (92-21) 4811971-3
Fax : (92-21) 4985045

Hyderabad

Qasre Fatima
90/1-2 Saddar Bazar, Cantonment Area.
Phones : (92-22) 2785803
Fax : (92-22) 2781955

Lahore

Main Branch
87, Shahrah-e-Quaid-e-Azam
Phones : (92-42) 6305042-45, 111-786-110
Fax : (92-42) 6368864 & 6305046
Telex : 44 610 BAHLR PK

Gulberg Branch
3-E, Block E, Ground Floor,
Main Market, Gulberg II.
Phones : (92-42) 5750145-47
Fax : (92-42) 5762501

Defence Branch
82-Y Commercial, Phase III, D.H.A
Phones : (92-42) 5894113-5894116
Fax : (92-42) 5893303

Allama Iqbal Town Branch
7-Chenab Block, Main Boulevard ,
Allama Iqbal Town
Phones : (92-42) 5340918-20
Fax : (92-42) 5340921

Islamabad

Main Branch
90-91, Razia Sharif Plaza ,
Jinnah Avenue , Blue Area.
Phones : (92-51) 2270883-4 &
(92 -51) 111-786-110
Fax : (92-51) 2270885

Rawalpindi

City Branch
C/30, C/32, Iqbal Road , Trunk Bazar,
Rawalpindi City .
Phones : (92-51) 5553462-5553664
Fax : (92-51) 5554493

Peshawar

Peshawar Branch
105-106, F.C. Trust Building ,
Sonehri Masjid Road .
Phones : (92-91) 5279814 &
(92-91) 111-786-110
Fax : (92-21) 5279861

Multan

Hussain Agahi Branch
Lohari Gate Shopping Centre,
Hussain Agahi Road .
Phones : (92-61) 4513893 & 4513577
Fax : (92-61) 4513793

Faisalabad

Bank Square, Outside Kutchery Bazar
Phones : (92-41) 2637301-3 &
(92-41) 111-786-110
Fax : (92-41) 2614266
Telex : 43528 ALHAB PK

Sialkot

Paris Road
Phones : (92-52) 4597064 &
(92-52) 111-786-110
Fax : (92-52) 4592747
Telex : 46426 ALHAB PK



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

1st Floor, Imperial Court, Ziauddin Ahmed Road, Karachi-75530, Pakistan
UAN: (92-21) 111-342-242 (111-D-Habib) Fax: (92-21) 5223710 Website: www.habibfunds.com