

# First Habib Income Fund



## Half Yearly Report

December 31, 2008



**Habib Asset Management Limited**

(An Associate Company of Bank AL Habib Ltd.)

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## **First Habib Income Fund**

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### **FUND'S INFORMATION**

#### **Management Company**

Habib Asset Management Limited

#### **Board of Directors of the Management Company**

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive
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

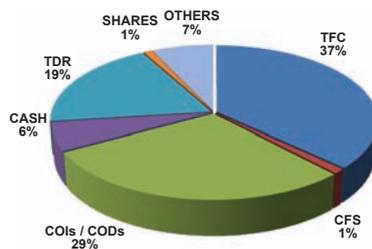
The Directors of Habib Asset Management Limited (HAML) are pleased to present the condensed financial statements of First Habib Income Fund (FHIF), for the half year ended December 31, 2008.

### Fund's Performance

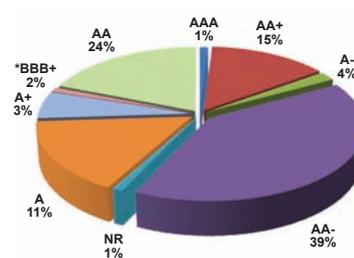
The second quarter of the financial year 2009 was a difficult period for the Mutual Fund industry. Economic slow down and liquidity crunch lead to heavy redemption, thus reducing the total size of the industry by about 40% in just three months. However, during this period FHIF size reduced by 18.87% to Rs. 1.59 billion. On November 5, 2008, Securities & Exchange Commission of Pakistan changed the valuation method of TFCs which adversely affected the industry. The Net Assets Value (NAV) of FHIF reduced by Rs. 106.49 million and as such per unit NAV dropped by Rs. 6.42 which was the third lowest fall in the mutual fund industry.

### Asset Allocation and Quality

#### Asset Allocation



#### Asset Quality



\* At the time of Investment the rating was A-, downgraded to BBB+ on November 10, 2008

### Future Outlook

The debt and equity markets have started functioning normally. The interest rates have come down as can be observed from recent auction of T-Bills. The 6 month KIBOR after touching the highest of 15.76% has come down to around 13.00%. These are encouraging factors and we are hopeful the overall position will Inshallah improve. We remain optimistic of the future.

On behalf of the Board of Directors

February 27, 2009  
Karachi

**Ali Raza D. Habib**  
Chairman

**TRUSTEE REPORT TO THE UNIT HOLDERS**

**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

The First Habib Income Fund (the Fund), an open-end Fund was established under a trust deed dated September 6, 2006, executed between Habib Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during six months period ended December 31, 2008 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

27 February 2009  
Karachi

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of First Habib Income Fund (the "Fund") as at 31 December 2008 and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof for the six months period ended 31 December 2008 (herein-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the annexed condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other matters**

The figures for the quarters ended 31 December 2008 and 2007 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 27 February 2009.  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Moneeza Usman Butt

## First Habib Income Fund

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2008

		(Unaudited) 31 December 2008	(Audited) 30 June 2008
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	5	401,800	351,412
Receivable against Continuous Funding System	6	16,087	275,422
Investments	7	596,930	817,111
Certificates of investment and deposit	8	464,000	450,000
Income receivable	9	55,073	51,996
Advances, deposits, prepayments and other receivables	10	34,329	6,495
Receivable against sale of investments		19,652	1,315
Preliminary expenses and floatation costs		1,789	2,053
<b>Total assets</b>		<b>1,589,660</b>	<b>1,955,804</b>
<b>Liabilities</b>			
Short term running finance		-	42,513
Payable to Habib Asset Management Limited - Management Company		2,028	2,443
Payable to Central Depository Company of Pakistan Limited - Trustee		223	268
Payable to Securities and Exchange Commission of Pakistan		881	2,239
Accrued expenses and other liabilities		849	1,630
<b>Total liabilities</b>		<b>3,981</b>	<b>49,093</b>
Commitments	11	-	-
<b>Net assets</b>		<b>1,585,679</b>	<b>1,906,711</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>1,585,679</b>	<b>1,906,711</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>16,335,610</b>	<b>18,632,666</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>97.07</b>	<b>102.33</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited  
(Management Company)

Chief Executive

Director

## First Habib Income Fund

### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2008

	Six months ended		Quarter ended	
	31 December		31 December	
	2008	2007	2008	2007
----- (Rupees in '000) -----				
<b>Income</b>				
Profit from bank deposits	26,583	36,975	13,239	20,726
Income from Continuous Funding System	13,924	22,346	3,313	13,893
Income from Term Finance Certificates	54,299	24,703	27,125	15,936
Income from Certificate of Investments and Deposits	31,947	17,302	16,870	12,003
Income from Placements	3,915	-	2,423	-
(Loss) / gain on sale of investments	(13,932)	4,150	(12,345)	3,256
Unrealised (diminution) / appreciation on investments at fair value through profit or loss	(96,145)	1,485	(94,675)	(1,923)
<b>Total income</b>	<b>20,591</b>	106,961	<b>(44,050)</b>	63,891
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	13,880	14,534	6,300	8,997
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,429	1,472	672	852
Annual fee - Securities and Exchange Commission of Pakistan	881	969	376	600
Brokerage	655	3,270	111	2,096
Settlement and bank charges	984	767	223	549
Auditors' remuneration	129	126	68	63
Amortisation of preliminary expenses and floatation costs	264	264	132	132
Fees and subscription	593	15	323	7
Legal and professional charges	31	-	24	-
Financial charges	104	-	(4)	-
<b>Total expenses</b>	<b>18,950</b>	21,417	<b>8,225</b>	13,296
	<b>1,641</b>	85,544	<b>(52,275)</b>	50,595
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	(3,375)	32,784	(1,381)	15,595
<b>Net (loss) / income for the period</b>	<b>(1,734)</b>	118,328	<b>(53,656)</b>	66,190

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## **First Habib Income Fund**

### **CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2008**

	<b>Six months ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>------(Rupees in '000)-----</b>			
<b>Undistributed income brought forward</b>	<b>43,444</b>	17,143	<b>53,443</b>	53,815
Final bonus units distribution of 1.5 units for every 100 units held for the period ended 30 June 2007	-	(15,466)	-	-
Final cash dividend for class 'C' unit holders @ Rs. 2.25/- per unit and bonus units @ 2.2482/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2008	<b>(41,923)</b>	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.50/- per unit and bonus units @ 2.4925/- for class 'A' and 'B' unit holders for every 100 units held as at 30 September 2008	<b>(47,669)</b>	-	<b>(47,669)</b>	-
Net (loss) / income for the period	<b>(1,734)</b>	118,328	<b>(53,656)</b>	66,190
<b>Undistributed (loss) / income carried forward</b>	<b><u>(47,882)</u></b>	<b><u>120,005</u></b>	<b><u>(47,882)</u></b>	<b><u>120,005</u></b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## First Habib Income Fund

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2008

	Six months ended 31 December		Quarter ended 31 December	
	2008	2007	2008	2007
------(Rupees in '000)-----				
Net assets at the beginning of the period	1,906,711	1,046,444	1,960,188	2,135,716
Amount received on sale of units	470,946	4,703,315	72,771	2,766,542
Amount paid on redemption of units	(746,432)	(3,199,568)	(370,410)	(2,317,118)
	(275,486)	1,503,747	(297,639)	449,424
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	3,375	(32,784)	1,381	(15,595)
Final cash dividend for class 'C' unit holders @ Rs. 2.25/- per unit	(22,592)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.50/- per unit	(24,595)	-	(24,595)	-
Net (loss) / income for the period	(1,734)	118,328	(53,656)	66,190
Net assets at the end of the period	<u>1,585,679</u>	<u>2,635,735</u>	<u>1,585,679</u>	<u>2,635,735</u>

	-----Number of Units-----			
	2008	2007	2008	2007
Units at the beginning of the period	18,632,666	10,293,012	19,067,447	20,819,004
Number of units issued	4,698,458	45,596,431	750,759	26,598,698
Number of units redeemed	(7,418,712)	(30,886,540)	(3,712,637)	(22,260,404)
	(2,720,254)	14,709,891	(2,961,878)	4,338,294
<i>Issue of bonus units:</i>				
Final bonus units distribution of 1.5 units for every 100 units held for the period ended 30 June 2007	-	154,395	-	-
Final bonus units distribution @ 2.2482/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2008	193,157	-	-	-
Interim bonus units distribution @ 2.4925/- for class 'A' and 'B' unit holders for every 100 units held as at 30 September 2008	230,041	-	230,041	-
Units at the end of the period	<u>16,335,610</u>	<u>25,157,298</u>	<u>16,335,610</u>	<u>25,157,298</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## First Habib Income Fund

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2008

	Six months ended 31 December 2008		Quarter ended 31 December 2007	
	----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period	(1,734)	118,328	(53,656)	66,190
<b>Adjustments for non-cash items</b>				
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	96,145	(1,485)	94,675	1,923
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	3,375	(32,784)	1,381	(15,595)
Amortisation of preliminary expenses and floatation costs	264	264	132	132
	<u>98,050</u>	<u>84,323</u>	<u>42,532</u>	<u>52,650</u>
<b>(Increase) / decrease in assets</b>				
Term deposit receipt	250,000	-	100,000	-
Receivable against Continuous Funding System	259,335	(70,861)	70,627	(289,923)
Placements	-	-	175,000	-
Investments	124,036	(451,270)	93,523	(158,067)
Certificate of investments and deposits	(14,000)	(450,000)	(49,000)	-
Income receivable	(3,077)	(39,004)	(13,222)	(14,767)
Advances, deposits, prepayments and other receivables	(27,834)	(2,446)	(29,803)	(2,499)
Receivable against sale of investments	(18,337)	(48,426)	(19,652)	(48,426)
	<u>570,123</u>	<u>(1,062,007)</u>	<u>327,473</u>	<u>(513,682)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable against purchase of investments	-	(5,275)	-	(1,505)
Payable to Habib Asset Management Limited - Management Company	(415)	(1,637)	(410)	881
Payable to Central Depository Company of Pakistan Limited - Trustee	(45)	144	(33)	96
Payable to Securities and Exchange Commission of Pakistan	(1,358)	887	376	600
Accrued expenses and other liabilities	(781)	53,911	(227)	54,017
	<u>(2,599)</u>	<u>48,030</u>	<u>(294)</u>	<u>54,089</u>
<b>Net cash flow from / (used in) operating activities</b>	<u>665,574</u>	<u>(929,654)</u>	<u>369,711</u>	<u>(406,943)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net (payments) / receipts from sale and redemption of units	(275,486)	1,503,747	(297,639)	449,424
Dividend paid	(47,187)	-	(24,595)	-
Net increase in cash and cash equivalents during the period	<u>342,901</u>	<u>574,093</u>	<u>47,477</u>	<u>42,481</u>
Cash and cash equivalents at the beginning of the period	(41,101)	355,975	254,323	887,587
Cash and cash equivalents at end of the Period	<u>301,800</u>	<u>930,068</u>	<u>301,800</u>	<u>930,068</u>
<b>Cash and cash equivalents at the end of the period comprise of :</b>				
Cash and cash equivalents at end of the Period	401,800	930,068	401,800	930,068
Term deposit receipts maturing after 3 months	(100,000)	-	(100,000)	-
	<u>301,800</u>	<u>930,068</u>	<u>301,800</u>	<u>930,068</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 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 unit 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 seeks to enhance returns through active portfolio management using efficiency tools.

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

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3-' to the Management Company on 20 January 2009. The Management Company is in the process of obtaining the rating of the Fund.

**2. BASIS OF PRESENTATION**

This interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting 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 does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2008.

This condensed interim financial information comprise of the condensed interim statement of assets and liabilities as at 31 December 2008 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the period ended 31 December 2008.

The comparative in the statements of assets and liabilities presented in the condensed interim financial information as at 31 December 2008 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2008.

This condensed interim financial information is unaudited and has been reviewed by the auditors.

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.

## First Habib Income Fund

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### 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation/ uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2008 except for the following:

During the period, the Management Company changed the basis for determination of fair value of investments in Term Finance Certificates (TFCs) in compliance with the requirements of Circular no. 26/2008 dated 5 November 2008 issued by SECP. These investments are now valued at the lower of rates notified by the Mutual Funds Association of Pakistan (MUFAP) on its website or the value as calculated under the said Circular.

Previously, TFCs were being valued at rates notified by MUFAP as required under Regulation 2 (1) (xvi) (b) of the Non-Banking Finance Companies and Notified Entities Regulations, 2007. Had all the Term Finance Certificates been valued on previous basis, the net assets value of the Fund calculated during the Period from 6 November 2008 to 31 December 2008 would have been different and consequently management fee, trustee fee, SECP fee and element of income/loss and capital gains/losses included in the prices of units issued less those in units redeemed by the fund would also have been different. These effects have not been quantified as it was impracticable to do so.

### 5. BANK BALANCES

		(Unaudited)	(Audited)
	<i>Note</i>	<b>31 December</b>	30 June
		<b>2008</b>	2008
		<b>(Rupees in '000)</b>	
Savings accounts	5.1	<b>101,800</b>	1,412
Term deposit receipts	5.2	<b>300,000</b>	350,000
		<b>401,800</b>	351,412

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

**5.2** Term deposit receipts have tenor of three months to one year (2008: three months to one year ) and carry profit rates ranging from 10.90% to 17.25% (30 June 2008: 10.40% to 12.50%) per annum.

### 6. RECEIVABLE AGAINST CONTINUOUS FUNDING SYSTEM

This represent receivables under Continuous Funding System transactions outstanding since 13 October 2008 for which the respective brokers have not opted for settlement under the CFS MK-II square-up scheme. At 31 December 2008 the fair value of collaterals against such receivables amounted to Rs. 8.455 million. The amount has been fully settled on 6 February 2009 (Refer note 7.3.1 also.)

## First Habib Income Fund

### 7. INVESTMENTS

		(Unaudited) 31 December 2008	(Audited) 30 June 2008
	Note	(Rupees in '000)	
<b>At fair value through profit or loss</b>			
Fixed income and debt securities	7.2	587,541	802,120
Quoted equity securities	7.3	9,389	15,498
Derivatives		-	(507)
		596,930	817,111
<b>7.1 Net unrealised (diminution) / appreciation in fair value of investments classified as 'fair value through profit or loss'</b>			
Fixed income and debt securities - Term Finance Certificates		(95,467)	(4,597)
Quoted equity securities - Shares and mutual fund		(678)	572
		(96,145)	(4,025)
<b>7.2 Fixed income and debt securities</b>			

#### Term Finance Certificates (TFCs) of Rs. 5,000 each.

Name of security	Status	As at 1 July 2008	Purchases during the period	Sales during the period	As at 31 December 2008	Cost	Market value as at 31 December 2008	Market value as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of debt issued
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----- (Number of certificates) ----- ---- (Rupees in '000) ----

The Royal Bank of Scotland										
[Formerly ABN Amro (Pakistan) Limited]	Listed	3,090	-	-	3,090	16,113	13,500	0.85	2.26	1.93
Allied Bank Limited	Listed	10,400	-	1,500	8,900	46,971	38,906	2.45	6.52	1.78
Askari Bank Limited - I issue	Listed	3,000	7,000	4,000	6,000	30,498	26,213	1.65	4.39	2.00
Askari Bank Limited - II issue	Listed	200	1,990	-	2,190	11,059	9,570	0.60	1.60	0.73
Bank AL Habib Limited-II issue	Listed	9,200	-	200	9,000	47,724	39,351	2.48	6.59	3.00
Bank Alfalah Limited - II issue	Listed	10,000	-	6,860	3,140	16,176	13,716	0.86	2.30	1.26
Bank Alfalah Limited - III issue	Listed	2,000	-	-	2,000	10,311	8,740	0.55	1.46	0.83
Engro Chemical Pakistan Limited	Listed	9,281	-	6,000	3,281	16,567	14,759	0.93	2.47	0.41
Faysal Bank Limited	Listed	14,515	-	9,000	5,515	28,249	24,118	1.52	4.04	2.76
First International Investment										
Bank Limited	Listed	5,379	-	-	5,379	20,735	17,139	1.08	2.87	5.38
NIB Bank Limited	Listed	12,600	-	5,000	7,600	38,451	32,294	2.04	5.41	0.95
Orix Leasing Pakistan Limited	Listed	10,000	-	4,000	6,000	30,377	27,733	1.75	4.65	1.20
Pakistan Mobile Communication										
Limited	Listed	14,240	-	2,180	12,060	64,180	52,710	3.32	8.83	2.01
Pak Arab Fertilizers Limited	Listed	7,000	-	5,000	2,000	9,982	8,998	0.57	1.51	0.20
Standard Chartered Bank										
(Pakistan) Limited	Listed	948	-	-	948	4,974	4,498	0.28	0.75	0.47
Saudi Pak Leasing Company										
Limited- III issue	Listed	5,999	-	-	5,999	30,230	23,991	1.51	4.02	4.00
United Bank Limited -III issue	Listed	4,400	-	-	4,400	23,022	19,784	1.25	3.31	1.10
United Bank Limited -IV issue	Listed	3,000	5,000	-	8,000	39,419	35,993	2.27	6.03	0.67
First Dawood Investment Bank										
Limited	Unlisted	2,900	-	-	2,900	14,649	11,963	0.75	2.00	4.20
Jahangir Siddiqui & Company										
Limited	Unlisted	9,400	-	-	9,400	47,452	43,458	2.74	7.28	3.76
Engro Chemical Pakistan										
Limited PPTFC - I issue	Unlisted	8,000	4,000	-	12,000	60,494	54,000	3.41	9.05	1.50
Engro Chemical Pakistan										
Limited PPTFC - II issue	Unlisted	4,000	-	-	4,000	20,125	18,000	1.14	3.02	1.00
Pak American Fertilizers										
Limited PPTFC -II issue	Unlisted	2,000	4,000	-	6,000	29,918	26,245	1.66	4.40	0.43
KASB Securities Limited	Unlisted	5,000	-	-	5,000	25,334	21,862	1.38	3.66	5.00
<b>Total as at 31 December 2008</b>						<b>683,008</b>	<b>587,541</b>			
Total as at 30 June 2008						806,717	802,120			

**7.2.1** Investments include Term Finance Certificates with market value as at 31 December 2008 aggregating to Rs. 87.256 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Funds trade in accordance with Circular No. 11 dated 23 October 2007 issued by SECP.

## First Habib Income Fund

### 7.2.2 Significant terms and conditions of Term Finance Certificates outstanding as at period ended 31 December 2008.

Name of the investee company	Remaining principal (per TFC) as at 31 December 2008	Mark-up rate (per annum)	Start date	Maturity	Secured / unsecured	TFC rating
The Royal Bank of Scotland [Formerly ABN Amro (Pakistan) Limited]	4,993.00	1.90%+6 Month KIBOR	10-Feb-05	10-Feb-13	UnSecured	AA-
Allied Bank Limited	4,996.00	1.90%+6 Month KIBOR	6-Dec-06	6-Dec-14	UnSecured	AA-
Askari Bank Limited - I issue	4,993.00	1.50%+6 Month KIBOR	4-Feb-05	4-Feb-13	UnSecured	AA-
Askari Bank Limited - II issue	4,994.00	1.50%+6 Month KIBOR	31-Oct-05	31-Oct-13	UnSecured	AA-
Bank AL Habib Limited-II issue	4,997.00	1.95%+6 Month KIBOR	7-Feb-07	7-Feb-15	UnSecured	AA-
Bank Alfalah Limited - II issue	4,992.31	1.50%+6 Month KIBOR	23-Nov-04	23-Nov-12	UnSecured	AA-
Bank Alfalah Limited - III issue	4,994.23	1.50%+6 Month KIBOR	25-Nov-05	25-Nov-13	UnSecured	AA-
Engro Chemical Pakistan Limited	4,998.00	1.55%+6 Month KIBOR	30-Nov-07	30-Nov-15	Secured	AA
Faysal Bank Limited	4,998.00	1.40%+6 Month KIBOR	12-Nov-07	12-Nov-14	UnSecured	AA-
First International Investment Bank Limited	3,748.50	2.25%+6 Month KIBOR	11-Jul-06	11-Jul-11	Secured	A+
NIB Bank Limited	4,999.00	1.15%+6 Month KIBOR	5-Mar-08	5-Mar-16	UnSecured	A+
Orix Leasing Pakistan Limited	4,997.00	1.50%+6 Month KIBOR	25-May-07	25-May-12	Secured	AA+
Pakistan Mobile Communication Limited	4,995.00	2.85%+6 Month KIBOR	31-May-06	31-May-13	Secured	AA-
Pak Arab Fertilizers Limited	4,999.00	1.50%+6 Month KIBOR	28-Feb-08	28-Feb-13	Secured	AA
Standard Chartered Bank (Pakistan) Limited	4,995.00	2.00%+6 Month KIBOR	1-Feb-06	1-Feb-13	UnSecured	AAA
Saudi Pak Leasing Company Limited TFC III	4,999.00	1.50%+6 Month KIBOR	13-Mar-08	13-Mar-13	Secured	A-
United Bank Limited -III issue	4,996.00	1.70%+6 Month KIBOR	8-Sep-06	8-Sep-14	UnSecured	AA
United Bank Limited -IV issue	4,999.00	0.85%+6 Month KIBOR	14-Feb-08	14-Feb-16	UnSecured	AA
First Dawood Investment Bank Limited	5,000.00	1.60%+6 Month KIBOR	11-Sep-07	11-Sep-12	Secured	A
Jahangir Siddiqui & Company Limited	4,998.00	1.70%+6 Month KIBOR	4-Jul-07	4-Jul-13	Secured	AA+
Engro Chemical Pakistan Limited PPTFC- I issue	5,000.00	1.70%+6 Month KIBOR	18-Mar-08	18-Mar-18	Secured	AA
Engro Chemical Pakistan Limited PPTFC- II issue	5,000.00	1.25%+6 Month KIBOR	18-Mar-08	18-Mar-18	Secured	AA
Pak American Fertilizers Limited PPTFC- II issue	4,999.00	1.75%+6 Month KIBOR	14-Jan-08	14-Jan-15	Secured	AA-
KASB Securities Limited	4,997.00	1.90%+6 Month KIBOR	27-Jun-07	27-Jun-12	Secured	AA-

### 7.3 Quoted equity securities

Name of the investee company	As at 1 July 2008	Purchases during the period	Bonus / rights issue	Sales during the period	As at 31 December 2008	Cost	Market value as at 31 December 2008	Market value as percentage of net assets	Market value as a percentage of total investments	Face value of investments as percentage of paid up capital of investee company
----- Number of shares/ certificates ----- (Rupees in '000) -----										
<b>CEMENT</b>										
Al Abbas Cement Industries Limited	-	217	-	-	217	0.61	0.84	**	**	**
Deewan Cement Limited	-	93	-	-	93	0.32	0.28	**	**	**
D.G Khan Cement Company Limited	-	64,200	-	-	64,200	1,465.00	1,365.53	0.09	0.23	0.03
Fauji Cement Company Limited	-	2,020	-	-	2,020	7.07	9.49	**	**	**
Lucky Cement Limited	-	21,242	-	-	21,242	713.17	664.24	0.04	0.11	0.01
Maple Leaf Cement Factory Limited	-	288	-	-	288	0.78	1.18	**	**	**
Pakistan Cement Company Limited	-	5,200	-	-	5,200	10.33	16.64	**	**	**
Pioneer Cement Limited	-	63	-	-	63	1.33	1.52	**	**	**
						<u>2,198.61</u>	<u>2,059.72</u>			
<b>CLOSED END MUTUAL FUND</b>										
JS Value Fund Limited	-	1,048	-	-	1,048	2.89	4.71	**	**	**
PICIC Growth Fund	-	212	-	-	212	1.48	1.19	**	**	**
Pakistan Premier Fund Limited	-	977	-	-	977	1.56	1.97	**	**	**
						<u>5.93</u>	<u>7.86</u>			
<b>AUTOMOBILE ASSEMBLER</b>										
Honda Atlas Cars (Pakistan) Limited	-	112	-	-	112	1.51	1.29	**	**	**
Indus Motor Company Limited	-	1	-	-	1	0.12	0.12	**	**	**
						<u>1.63</u>	<u>1.41</u>			

## First Habib Income Fund

Name of the investee company	As at 1 July 2008	Purchases during the period	Bonus /rights issue	Sales during the period	As at 31 December 2008	Cost	Market value as at 31 December 2008	Market value as percentage of net assets	Market value as a percentage of total investments	Face value of investments as percentage of paid up capital of investee company
----- Number of shares/ certificates ----- (Rupees in '000) -----										
<b>COMMERCIAL BANKS</b>										
Allied Bank Limited	-	47	-	-	47	1.58	1.47	**	**	**
Arif Habib Bank Limited	-	999	-	-	999	3.45	5.52	**	**	**
Askari Bank Limited	-	73,631	-	-	73,631	1,196.42	1,072.80	0.07	0.18	0.02
Bank Alfalah Limited	-	14,917	-	-	14,917	270.97	249.56	0.02	0.04	**
Bank AL Habib Limited	-	111	-	-	111	2.70	2.76	**	**	**
Bank Islami Pakistan Limited	-	622	-	-	622	3.16	4.51	**	**	**
The Bank of Punjab	-	1,436	-	-	1,436	21.61	18.96	**	**	**
Faysal Bank Limited	-	81	-	-	81	1.10	0.93	**	**	**
Habib Bank Limited	-	758	-	-	758	60.95	56.74	**	0.01	**
JS Bank Limited	-	239	-	-	239	0.84	1.37	**	**	**
MCB Bank Limited *	-	162,281	-	156,000	6,281	848.84	790.21	0.05	0.13	**
Meezan Bank Limited	-	46	-	-	46	1.01	0.99	**	**	**
National Bank of Pakistan	-	9,183	-	-	9,183	496.17	462.09	0.03	0.08	**
NIB Bank Limited	-	1,955	-	-	1,955	5.66	9.13	**	**	**
Soneri Bank Limited	-	369	-	-	369	3.13	4.06	**	**	**
Saudi Pak Commercial Bank Limited	-	149	-	-	149	0.77	0.75	**	**	**
United Bank Limited	-	6,870	-	-	6,870	272.31	253.57	0.02	0.04	**
						<u>3,190.66</u>	<u>2,935.43</u>			
<b>CHEMICALS</b>										
BOC Pakistan Limited	-	10	-	-	10	1.20	1.13	**	**	**
ICI Pakistan Limited	-	2	-	-	2	0.15	0.14	**	**	**
Pakistan PTA Limited	-	1,771	-	-	1,771	2.03	2.82	**	**	**
Sitara Peroxide Limited	-	95	-	-	95	1.53	1.72	**	**	**
						<u>4.90</u>	<u>5.80</u>			
<b>PHARMACEUTICALS</b>										
Searle Pakistan Limited	-	1	-	-	1	0.06	0.06	**	**	**
						<u>0.06</u>	<u>0.06</u>			
<b>FERTILIZER</b>										
Engro Chemical Pakistan Limited	-	8,072	-	-	8,072	836.33	778.63	0.05	0.13	**
Fauji Fertilizer Bin Qasim Limited	-	14,790	-	-	14,790	188.30	190.79	0.01	0.03	**
Fauji Fertilizer Company Limited	-	64	-	-	64	3.57	3.76	**	**	**
						<u>1,028.19</u>	<u>973.17</u>			
<b>TECHNOLOGIES &amp; COMMUNICATION</b>										
Netsol Technologies Limited	-	281	-	-	281	7.62	7.10	**	**	**
Pakistan Telecommunication Company Limited	-	15	-	-	15	0.27	0.25	**	**	**
Telecard Limited	-	924	-	-	924	1.23	1.84	**	**	**
TRG Pakistan Limited -A	-	1,000	-	-	1,000	1.23	1.78	**	**	**
Worldcall Telecom Limited	-	821	-	-	821	2.31	2.44	**	**	**
						<u>12.67</u>	<u>13.41</u>			
<b>ENGINEERING</b>										
Crescent Steel and Allied Products Limited	-	107	-	-	107	1.84	1.82	**	**	**
Dost Steels Limited	-	581	-	-	581	4.73	4.60	**	**	**
						<u>6.57</u>	<u>6.42</u>			
<b>SYNTHETIC &amp; RAYON</b>										
Dewan Salman Fibre Limited	-	1,307	-	-	1,307	1.21	1.84	**	**	**
						<u>1.21</u>	<u>1.84</u>			
<b>REFINERY</b>										
Attock Refinery Limited	-	7,963	-	-	7,963	512.19	476.90	0.03	0.08	0.01
Boscor Pakistan Limited	-	935	-	-	935	3.09	4.36	**	**	**
National Refinery Limited	-	2	-	-	2	0.20	0.19	**	**	**
Pakistan Refinery Limited	-	361	-	-	361	31.08	33.75	**	0.01	**
						<u>546.57</u>	<u>515.20</u>			
<b>CABLES AND ELECTRICAL GOODS</b>										
Pak Elektron Limited	-	51	-	-	51	1.24	1.16	**	**	**
						<u>1.24</u>	<u>1.16</u>			

## First Habib Income Fund

Name of the investee company	As at 1 July 2008	Purchases during the period	Bonus / rights issue	Sales during the period	As at 31 December 2008	Cost	Market value as at 31 December 2008	Market value as percentage of net assets	Market value as a percentage of total investments	Face value of investments as percentage of paid up capital of investee company
----- Number of shares/ certificates ----- (Rupees in '000) -----										
<b>INVESTMENT BANK/SECURITIES</b>										
Arif Habib Limited	-	65	-	-	65	4.86	5.55	**	**	**
Arif Habib Securities Limited	-	1,528	-	-	1,528	69.09	64.27	**	0.01	**
Dawood Equities Limited	-	22	-	-	22	0.20	0.18	**	**	**
First National Equities Limited	-	3	-	-	3	0.14	0.15	**	**	**
Javed Omer Vohra and Company Limited	-	116	-	-	116	1.33	1.05	**	**	**
Jahangir Siddiqui and Company Limited *	-	8,972	-	8,500	472	26.50	24.68	**	**	**
JS Investments Limited	-	11	-	-	11	0.44	0.48	**	**	**
Pervez Ahmed Securities Limited	-	14,043	-	-	14,043	93.51	50.70	**	0.01	0.02
						<u>196.06</u>	<u>147.06</u>			
<b>TEXTILE COMPOSITE</b>										
Azgard Nine Limited	-	6	-	-	6	0.11	0.10	**	**	**
Dawood Lawrencepur Limited	-	70	-	-	70	3.05	3.49	**	**	**
Nishat Churian Limited	-	235	-	-	235	1.71	2.27	**	**	**
Nishat Mills Limited	-	19,996	-	-	19,996	439.16	451.91	0.03	0.08	0.01
						<u>444.03</u>	<u>457.77</u>			
<b>TRANSPORT</b>										
Pakistan International Container Terminal Limited-	-	7	-	-	7	0.31	0.32	**	**	**
						<u>0.31</u>	<u>0.32</u>			
<b>INSURANCE</b>										
Adamjee Insurance Company Limited *	-	28,665	-	10,500	18,165	1,987.11	1,849.92	0.12	0.31	0.02
Pakistan Reinsurance Company Limited	-	47	-	-	47	1.20	1.11	**	**	**
						<u>1,988.31</u>	<u>1,851.04</u>			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Oil & Gas Development Company Limited *	-	64,815	-	63,500	1,315	70.59	65.74	**	0.01	**
Pakistan Petroleum Limited *	63,000	857	-	63,000	857	92.62	86.23	0.01	0.01	**
Pakitan Oilfields Limited	-	792	-	-	792	87.19	81.17	0.01	0.01	**
						<u>250.39</u>	<u>233.14</u>			
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
The Hub Power Company Limited	-	157	-	-	157	1.84	2.21	**	**	**
Kot Addu Power Company Limited	-	265	-	-	265	6.17	8.36	**	**	**
						<u>8.01</u>	<u>10.58</u>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	-	5	-	-	5	0.78	0.72	**	**	**
Pakistan State Oil Company Limited *	-	21,055	-	20,000	1,055	163.84	152.53	0.01	0.03	**
Sui Northern Gas Pipelines Limited	-	93	-	-	93	1.51	2.00	**	**	**
Sui Southern Gas Company Limited	-	138	-	-	138	1.61	1.45	**	**	**
						<u>167.73</u>	<u>156.70</u>			
<b>MISCELLANEOUS</b>										
Pace Pakistan Limited	-	1,262	-	-	1,262	13.52	10.90	**	**	**
Tri-Pack Films Limited	-	1	-	-	1	0.13	0.12	**	**	**
						<u>13.64</u>	<u>11.03</u>			
<b>Total as at 31 December 2008</b>						<u>10,067</u>	<u>9,389</u>			
<b>Total as at 30 June 2008</b>						<u>14,926</u>	<u>15,498</u>			

\* These shares include those which were purchased in ready market and simultaneously sold in future market.

\*\* Only the % of 0.01 or above are disclosed.

## **First Habib Income Fund**

**7.3.1** On 25 December 2008, the National Clearing Company of Pakistan (NCCPL) as facilitation agent in consultation with SECP announced a CFS MK-II square-up scheme to facilitate the settlement of outstanding dues between authorised financiers and financees. The Management Company on behalf of the Fund opted for the scheme through its letter of consent dated 28 December 2008. The details of CFS MK-II square up scheme are as under:

- 30% of the principal amount of finance outstanding under open CFS MK-II transactions to be settled through purchase of shares at closing prices prevailing on 24 December 2008 after applying 12.5% discount.
- Remaining balance to be settled by accepting payment from NCCPL after completion of squaring-up process as full and final settlement.

Under the said scheme, principal and income thereon amounting to Rs. 35.629 million was received by the Fund in the following manner:

- Quoted equity securities valuing Rs. 10.066 million received on 31 December 2008.
- Balance amount of Rs. 25.563 million was received on 2 January 2009

SECP vide its letter no. NBFC-II/D/MUFAP /01/2009 dated 1 January 2009, has allowed income funds to keep shares acquired through aforesaid scheme for a period of three months extendable to another three months upon application to SECP. However, the Funds have been directed to immediately dispose off such securities when their prices attain the level determined under the CFS MK-II square-up scheme i.e 12.5% discount on 24 December 2008 closing prices.

These shares are being marked to market in accordance with regulation 66(a) of NBFC Regulations 2008.

SECP through its circular no. Enf/D-III/Misc/1/2009 dated 29 January 2009 has clarified that the market prices quoted on the stock exchange on 31 December 2008 may be used as fair value of securities as of that date for the purpose of preparation of financial statement for the period ended 31 December 2008. Accordingly equity securities are being valued at the market price as quoted on the stock exchange on 31 December 2008.

<b>8. CERTIFICATES OF INVESTMENT AND DEPOSIT</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>Note</i> <b>31 December</b>	30 June
	<b>2008</b>	2008
	<b>(Rupees in '000)</b>	
IGI Investment Bank	<b>150,000</b>	150,000
Pak Libya Holding Company	<b>200,000</b>	200,000
First Dawood Investment Bank	8.2 <b>39,000</b>	50,000
Saudi Pak Leasing Company	<b>25,000</b>	50,000
Pak Oman Investment Company Limited	<b>50,000</b>	-
	<b><u>464,000</u></b>	<b><u>450,000</u></b>

## First Habib Income Fund

**8.1** Certificate of Investments and Deposits have maturity of one to eighteen months (30 June 2008: twelve to eighteen months) and carry profit rates ranging from 10.92% to 20% (30 June 2008: 10.92% to 13.43%) per annum.

**8.2** Subsequent to period end these certificates of investment have been settled by the borrower through its core investment in the fund and transfer of term finance certificates of other investee companies.

<b>9. INCOME RECEIVABLE</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>Note</i> <b>31 December</b>	30 June
	<b>2008</b>	<b>2008</b>
	<b>(Rupees in '000)</b>	
Income accrued on Continuous Funding System	<b>1,098</b>	1,389
Profit accrued on Term Finance Certificates	<b>28,370</b>	22,378
Profit receivable on Bank Deposits	<b>11,927</b>	15,507
Profit accrued on Certificates of Investment and Deposit	<b>13,678</b>	12,060
Dividend Receivable	<b>-</b>	662
	<u><b>55,073</b></u>	<u>51,996</u>

### **10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Deposit with National Clearing Company of Pakistan Limited	<b>3,500</b>	3,500
Deposit with Central Depository Company of Pakistan Limited	<b>100</b>	100
Receivable from National Clearing Company of Pakistan Limited	<i>10.1</i> <b>30,132</b>	-
Cash margin with National Clearing Company of Pakistan Limited	<b>1</b>	2,000
Prepaid annual fee to National Clearing Company of Pakistan Limited	<b>367</b>	871
Legal and professional fee	<b>188</b>	-
Others	<b>41</b>	24
	<u><b>34,329</b></u>	<u>6,495</u>

**10.1** This includes Rs. 25.563 million receivable from NCCPL under the CFS MK-II square up scheme. (Refer note 7.3.1)

<b>11. COMMITMENTS</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31 December</b>	30 June
	<b>2008</b>	<b>2008</b>
	<b>(Rupees in '000)</b>	
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.	<b>-</b>	95,061
	<u><b>-</b></u>	<u>95,061</u>

### **12. EARNINGS PER UNIT**

Earnings per unit (EPU) for the period ended 31 December 2008, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## First Habib Income Fund

### 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 year ended 30 June 2008.

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

Details of the transactions with connected persons are as follows:

	<b>Six months ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited -</b>				
<b>Management Company</b>				
Management fee	<u>13,880</u>	<u>14,534</u>	<u>6,300</u>	<u>8,997</u>
<b>AL Habib Capital Markets (Private)</b>				
<b>Limited - Brokerage house</b>				
Brokerage	<u>-</u>	<u>508</u>	<u>-</u>	<u>324</u>
<b>Central Depository Company of</b>				
<b>Pakistan Limited - Trustee</b>				
Remuneration	<u>1,429</u>	<u>1,472</u>	<u>672</u>	<u>852</u>

Details of the balances with connected persons are as follows:

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2008</b>	<b>2008</b>
	(Rupees in '000)	
<b>Habib Asset Management Limited -</b>		
<b>Management Company</b>		
Management fee	<u>2,028</u>	<u>2,443</u>
<b>Central Depository Company of</b>		
<b>Pakistan Limited - Trustee</b>		
Remuneration	<u>223</u>	<u>268</u>

## First Habib Income Fund

	Six months ended 31 December 2008		Six months ended 31 December 2007	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	<u>782,936</u>	<u>79,290</u>	<u>19,214</u>	<u>2,000</u>
<b>Associated Companies</b>				
- Bank AL Habib Limited	<u>-</u>	<u>-</u>	<u>14,808,840</u>	<u>1,525,000</u>
- Habib Insurance Company Limited	<u>921,371</u>	<u>90,000</u>	<u>490,581</u>	<u>50,000</u>
- The Habib Foundation	<u>-</u>	<u>-</u>	<u>48,871</u>	<u>5,000</u>
<b>Other related parties</b>				
- Directors of the Management Company	<u>18,514</u>	<u>1,793</u>	<u>1,992</u>	<u>200</u>
- Executives of the Management Company	<u>5,565</u>	<u>565</u>	<u>1,445</u>	<u>150</u>
- Habib Insurance Company Limited Employees Provident Fund	<u>-</u>	<u>-</u>	<u>4,896</u>	<u>500</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>1,956</u>	<u>200</u>	<u>772</u>	<u>80</u>
<b>Bonus Units Issued:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	<u>25,852</u>	<u>2,592</u>	<u>725</u>	<u>73</u>
<b>Associated Companies</b>				
- Bank AL Habib Limited	<u>-</u>	<u>-</u>	<u>11,250</u>	<u>1,127</u>
- Habib Insurance Company Limited	<u>31,335</u>	<u>3,141</u>	<u>3,713</u>	<u>372</u>
- Trakker Direct Insurance Limited	<u>2,434</u>	<u>244</u>	<u>750</u>	<u>75</u>
<b>Other related parties</b>				
- Directors of the Management Company	<u>97</u>	<u>10</u>	<u>460</u>	<u>46</u>
- Executives of the Management Company	<u>286</u>	<u>28</u>	<u>36</u>	<u>4</u>
- Habib Sugar Mills Limited - Staff Provident Fund	<u>6,511</u>	<u>652</u>	<u>1,875</u>	<u>188</u>
- Habib Sugar Mills Limited - Employees Gratuity Fund	<u>6,511</u>	<u>652</u>	<u>1,875</u>	<u>188</u>
- Hyderi Hostel Trust	<u>2,865</u>	<u>287</u>	<u>825</u>	<u>83</u>
- Habib Insurance Company Limited Employees Provident Fund	<u>2,335</u>	<u>234</u>	<u>600</u>	<u>60</u>
- Habib Asset Management Limited - Employees Provident Fund	<u>105</u>	<u>10</u>	<u>-</u>	<u>-</u>
- Mrs. Shama Sajjad Habib	<u>5,212</u>	<u>522</u>	<u>1,501</u>	<u>150</u>
- Central Depository Company of Pakistan Limited	<u>5,209</u>	<u>521</u>	<u>1,500</u>	<u>150</u>

## First Habib Income Fund

	Six months ended 31 December 2008 (Units) (Rupees in '000)		Six months ended 31 December 2007 (Units) (Rupees in '000)	
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	47,858	4,800	14,317	1,500
<b>Associated Companies</b>				
- Habib Insurance Company Limited	259,014	25,000	8,345,799	862,871
<b>Other related parties</b>				
- Directors of the Management Company	16,511	1,596	26,945	2,763
- Executives of the Management Company	6,891	666	1,653	166
- Habib Asset Management Limited - Employees Provident Fund	1,737	175	-	-
- Central Depository Company of Pakistan Limited	113,804	11,491	-	-
<b>Units held by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	911,671	88,496	68,263	7,152
<b>Associated Companies</b>				
- Bank AL Habib Limited	7,224,291	701,262	7,224,291	756,889
- Habib Insurance Company Limited	1,140,725	110,730	741,794	77,718
- Trakker Direct Insurance Limited	53,184	5,163	50,750	5,317
- The Habib Foundation	-	-	48,871	5,120
<b>Other related parties</b>				
- Directors of the Management Company	3,105	301	6,189	648
- Executives of the Management Company	2,828	275	2,207	231
- Habib Sugar Mills Limited - Staff Provident Fund	142,255	13,809	126,875	13,293
- Habib Sugar Mills Limited - Employees Gratuity Fund	142,255	13,809	126,875	13,293
- Hyderi Hostel Trust	62,592	6,076	55,825	5,849
- Habib Insurance Company Limited Employees Provident Fund	51,011	4,952	45,496	4,767
- Habib Asset Management Limited - Employees Provident Fund	2,388	232	772	81
- Mrs. Shama Sajjad Habib	113,876	11,054	101,564	10,641
- Central Depository Company of Pakistan Limited	-	-	101,500	10,634

### 15. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2009.

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

Chief Executive

Director

## **First Habib Income Fund**

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### **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](http://www.habibfunds.com)