



KPMG Taseer Hadi & Co.  
Chartered Accountants

**First Habib Income Fund**

Financial Statements  
For the six months period ended 31  
December 2009

## Directors' Report

The Directors of Habib Asset Management Limited are pleased to present the condensed financial statements of First Habib Income Fund (FHIF), for the half year ended December 31, 2009.

### Fund's Performance

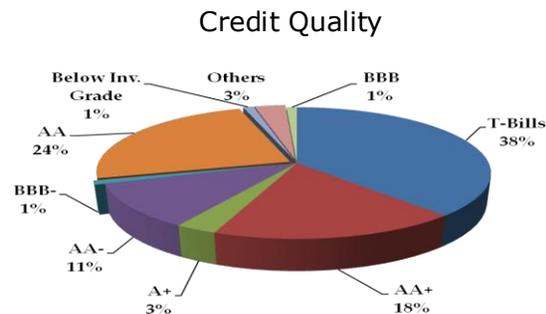
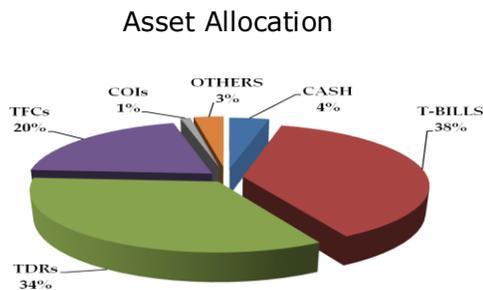
The net assets of the Fund stood at Rs. 1,819.79 million as on December 31, 2009 with Net Asset Value (NAV) per Unit of Rs. 100.27 as compared to Fund size of Rs. 1,585.68 million and NAV per Unit of Rs. 97.07 on December 31, 2008.

The Fund earned income of Rs. 105.048 million during the half year which comprised mainly of income on government securities (T-Bills) of Rs. 23.89 million and Rs. 36.39 million and Rs. 10.73 million from Term Finance Certificates and Bank Deposits respectively.

### Dividend Distribution

The Board of Directors has approved second interim cash dividend of Rs. 3.00 per Unit for Unit holders having 'C' class of Units and 2.9898 bonus Units for every 100 Units for other Unit holders in its meeting held on January 4, 2010. The distribution resulted in payment of Rs. 27.88 million in cash and Rs. 24.96 million by way of issuing bonus Units. This is in addition to the first interim dividend of Rs.2.50 per unit declared on October 8, 2009.

### Asset Allocation



### Future Outlook

After the global financial crisis in 2009, the economy of some countries seems to be gradually recovering and we are hopeful that there will be general improvement. In Pakistan, perhaps the damage was not severe and corporate earning till now for 2010 have been very encouraging. In a highly positive measure, the State Bank of Pakistan has reduced the discount rate by 150 bps during the period under review.

### **Acknowledgement**

The Board takes this opportunity to thank its valued unit holders for their confidence and patronage. The Board also wishes to place its appreciation for the help and guidance given by the Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan Limited as Trustee and the Lahore Stock Exchange.

The Board also places on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board of Directors

Karachi: February 26, 2010

**Ali Raza D. Habib**  
Chairman

## **TRUSTEE REPORT TO THE UNIT HOLDERS**

### **FIRST HABIB INCOME FUND**

#### **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 06, 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 the six months period ended December 31, 2009 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 Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 24, 2010

**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 2009 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' funds, and condensed interim cash flow statement for the six months period ended 31 December 2009 (here-in-after referred to as the "condensed interim financial information"). The Management Company is responsible for the preparation and presentation of this condensed 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 condensed 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 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 as at and for the six months period ended 31 December 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the quarter ended 31 December 2009 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date:

Karachi

*KPMGTH* **KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Mazhar Saleem

# First Habib Income Fund

## Condensed Interim Statement of Assets and Liabilities

As at 31 December 2009

		(Unaudited) 31 December 2009	(Audited) 30 June 2009
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	5	718,877	635,245
Investments	6	1,071,577	1,028,240
Certificates of investment and deposit	7	13,500	25,000
Income receivable	8	30,093	42,116
Advances, deposits, prepayments and other receivables	9	2,619	2,606
Receivable against sale of investments		17,483	-
Preliminary expenses		1,265	1,529
<b>Total assets</b>		<b>1,855,414</b>	<b>1,734,736</b>
<b>Liabilities</b>			
Payable to Habib Asset Management Limited - Management Company		2,555	71
Payable to Central Depository Company of Pakistan Limited - Trustee		255	232
Payable to Securities and Exchange Commission of Pakistan		760	1,499
Payable on redemption of units		30,863	-
Accrued expenses and other liabilities		1,190	1,254
<b>Total liabilities</b>		<b>35,623</b>	<b>3,056</b>
<b>Net assets</b>		<b>1,819,791</b>	<b>1,731,680</b>
Contingent liability	10		
<b>Unit holders' funds (as per statement attached)</b>		<b>1,819,791</b>	<b>1,731,680</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>17,614,360</b>	<b>16,952,168</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>103.31</b>	<b>102.15</b>

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

KPMGTH

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 2009*

	Six months ended 31 December		Quarter ended 31 December	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
<b>Income</b>				
Profit from bank deposits	30,733	26,583	15,147	13,239
Income from Continuous Funding System	-	13,924	-	3,313
Income from Term Finance Certificates	36,386	54,299	17,424	27,125
Income from Certificates of Investment and Deposit	2,983	31,947	2,024	16,870
Income on government securities	53,896	-	27,875	-
Income from Placements	6,752	3,915	3,486	2,423
Income on reverse repurchase transactions	2,096	-	1,347	-
Gain / (loss) on sale of investments	1,821	(13,932)	(1,277)	(12,345)
Unrealised appreciation / (diminution) on investments at fair value through profit or loss	4,679	(96,145)	8,136	(94,675)
<b>Total income</b>	<b>139,346</b>	<b>20,591</b>	<b>74,162</b>	<b>(44,050)</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	15,192	13,880	7,670	6,300
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,517	1,429	763	672
Annual fee - Securities and Exchange Commission of Pakistan	760	881	384	376
Brokerage expenses	387	655	142	111
Settlement and bank charges	134	984	86	223
Annual listing fee	15	15	8	7
Auditors' remuneration	194	129	100	68
Amortisation of preliminary expenses and floatation costs	264	264	132	132
Provision against debt securities	7,783	-	4,531	-
Legal expenses	25	31	13	24
Mutual fund rating fees	25	74	12	64
Printing charges	95	-	95	-
Fee and charges to National Clearing Company of Pakistan Limited	-	504	-	252
Financial charges	-	104	-	(4)
<b>Total expenses</b>	<b>26,391</b>	<b>18,950</b>	<b>13,936</b>	<b>8,225</b>
	<b>112,955</b>	<b>1,641</b>	<b>60,226</b>	<b>(52,275)</b>
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	(7,907)	(3,375)	(7,640)	(1,381)
<b>Net (loss) / income for the period</b>	<b>105,048</b>	<b>(1,734)</b>	<b>52,586</b>	<b>(53,656)</b>

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

*KPMB/TH*

For Habib Asset Management Limited  
(Management Company)

Chief Executive

Director

# First Habib Income Fund

## Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2009

	Six months ended		Quarter ended	
	December 31		December 31	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
Net income / (loss) for the period	105,048	(1,734)	52,586	(53,656)
Other comprehensive income / (loss) for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>105,048</b>	<b>(1,734)</b>	<b>52,586</b>	<b>(53,656)</b>

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

KPM&TH

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 2009

	Six months ended 31 December		Quarter ended 31 December	
	2009	2008	2009	2008
------(Rupees in '000)-----				
<b>Undistributed income brought forward</b>	<b>36,466</b>	<b>43,444</b>	<b>53,326</b>	<b>53,443</b>
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	-	(41,923)	-	-
Final cash dividend for class 'C' unit holders @ Rs. 2.10/- per unit and bonus units @ 2.0989/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2009	(35,602)			
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	-	(47,669)	-	(47,669)
Interim cash dividend for class 'C' unit holders @ Rs. 2.50/- per unit and bonus units @ 2.4900/- for class 'A' and 'B' unit holders for every 100 units held as at 6 October 2009	(47,557)	-	(47,557)	-
Net income / (loss) income for the period	<u>105,048</u>	<u>(1,734)</u>	<u>52,586</u>	<u>(53,656)</u>
<b>Undistributed income / (loss) carried forward</b>	<u><b>58,355</b></u>	<u><b>(47,882)</b></u>	<u><b>58,355</b></u>	<u><b>(47,882)</b></u>

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

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**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 2009

	Six months ended 31 December		Quarter ended 31 December	
	2009	2008	2009	2008
	------(Rupees in '000)-----			
Net assets at the beginning of the period	1,731,680	1,906,711	1,975,372	1,960,188
Amount received on sale of units	1,306,730	470,946	840,575	72,771
Amount paid on redemption of units	(1,285,874)	(746,432)	(1,032,889)	(370,410)
	20,856	(275,486)	(192,314)	(297,639)
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	7,907	3,375	7,640	1,381
Final cash dividend for class 'C' unit holders @ Rs. 2.1/- per unit	(22,207)	-	-	-
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)
Interim cash dividend for class 'C' unit holders @ Rs. 2.5/- per unit	(23,493)	-	(23,493)	-
Net income / (loss) for the period	105,048	(1,734)	52,586	(53,656)
Net assets at the end of the period	1,819,791	1,585,679	1,819,791	1,585,679
	------(Number of Units)-----			
Units at the beginning of the period	16,952,168	18,632,666	19,220,456	19,067,447
Number of units issued	12,804,405	4,698,458	8,194,859	750,759
Number of units redeemed	(12,515,751)	(7,418,712)	(10,040,641)	(3,712,637)
	288,654	(2,720,254)	(1,845,782)	(2,961,878)
<i>Issue of bonus units:</i>				
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
Final bonus units distribution @ 2.0989/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2009	133,852	-	-	-
Interim bonus units distribution @ 2.4900/- for class 'A' and 'B' unit holders for every 100 units held as at 6 October 2009	239,686	-	239,686	-
Units at the end of the period	17,614,360	16,335,610	17,614,360	16,335,610

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

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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 2009

	Six months ended		Quarter ended	
	31 December		31 December	
	2009	2008	2009	2008
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period	105,048	(1,734)	52,586	(53,656)
<b>Adjustments for non-cash items</b>				
Unrealised (appreciation) / diminution on investments at fair value through profit or loss - net	(4,679)	96,145	(8,136)	94,675
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	7,907	3,375	7,640	1,381
Provision against debt securities	7,783	-	4,531	-
Amortisation of preliminary expenses and floatation costs	264	264	132	132
	<u>116,323</u>	<u>98,050</u>	<u>56,753</u>	<u>42,532</u>
<b>(Increase) / decrease in assets</b>				
Term deposit receipt	150,000	250,000	-	100,000
Receivable against Continuous Funding System	-	259,335	-	70,627
Receivable against reverse repurchase transactions	-	-	94,531	-
Placements	-	-	95,000	175,000
Investments	(46,441)	124,036	336,777	93,523
Certificates of investment and deposit	11,500	(14,000)	57,750	(49,000)
Income receivable	12,023	(3,077)	(15,546)	(13,222)
Advances, deposits, prepayments and other receivables	(13)	(27,834)	8	(29,803)
Receivable against sale of investments	(17,483)	(18,337)	(7,483)	(19,652)
	<u>109,586</u>	<u>570,123</u>	<u>561,037</u>	<u>327,473</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Habib Asset Management Limited - Management Company	2,484	(415)	21	(410)
Payable to Central Depository Company of Pakistan Limited - Trustee	23	(45)	4	(33)
Payable to Securities and Exchange Commission of Pakistan	(739)	(1,358)	384	376
Payable on redemption of units	30,863	-	9,808	-
Accrued expenses and other liabilities	(64)	(781)	(108)	(227)
	<u>32,567</u>	<u>(2,599)</u>	<u>10,109</u>	<u>(294)</u>
<b>Net cash flow from operating activities</b>	<b>258,476</b>	<b>665,574</b>	<b>627,899</b>	<b>369,711</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts / (payments) from sale and redemption of units	20,856	(275,486)	(192,314)	(297,639)
Dividend paid during the period	(45,700)	(47,187)	(23,493)	(24,595)
Net increase in cash and cash equivalents during the period	<u>233,632</u>	<u>342,901</u>	<u>412,092</u>	<u>47,477</u>
Cash and cash equivalents at beginning of the period	<u>385,245</u>	<u>(41,101)</u>	<u>206,785</u>	<u>254,323</u>
Cash and cash equivalents at end of the period	<u>618,877</u>	<u>301,800</u>	<u>618,877</u>	<u>301,800</u>
<b>Cash and cash equivalents at the end of the period comprise of :</b>				
Cash and cash equivalents at end of the period	68,877	401,800	68,877	401,800
Term deposit receipts maturity of 3 months and less	550,000	(100,000)	550,000	(100,000)
	<u>618,877</u>	<u>301,800</u>	<u>618,877</u>	<u>301,800</u>

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

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For Habib Asset Management Limited  
(Management Company)

Chief Executive

Director

# First Habib Income Fund

## Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended 31 December 2009

### 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.

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.

### 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 audited financial statements for the year ended 30 June 2009.

This condensed interim financial information comprise of the condensed interim statement of assets and liabilities as at 31 December 2009 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 period ended 31 December 2009.

The comparatives in the statements of assets and liabilities presented in the condensed interim financial information as at 31 December 2009 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2009.

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

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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 year ended 30 June 2009 except that during the current period, International Accounting Standard (IAS) 1 (Revised), Presentation of Financial Statements became effective from annual periods beginning on or after January 1, 2009. The application of this standard has impacted the presentation aspect only (Condensed Interim Statement of Comprehensive Income). Comparative information has also been re-presented so that it conforms with the revised standard. However, this change has no effect on the Fund's income for the period or prior periods.

### 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 2009.

### 5. BANK BALANCES

	Note	(Unaudited) 31 December 2009	(Audited) 30 June 2009
		(Rupees in '000)	
Savings accounts	5.1	68,877	85,245
Term deposit receipts	5.2	650,000	550,000
		718,877	635,245

5.1 Savings accounts carry profit rates ranging from 5% to 11% (30 June 2009: 5% to 15%) per annum.

5.2 Term deposit receipts have tenor of three months to one year (2009: one month to six months) and carry profit rates ranging from 12% to 12.90% (30 June 2009: 12% to 13.40%) per annum.

### 6. INVESTMENTS

#### At fair value through profit or loss - held for trading

Term Finance Certificates	6.2	374,996	541,635
Provision	6.2.1	(15,036)	(7,253)
		359,960	534,382
Government securities	6.3	711,617	493,858
		1,071,577	1,028,240

#### 6.1 Net unrealised diminution / (appreciation) in fair value of investments classified as 'fair value through profit or loss' - held for trading

Fixed income and debt securities - Term Finance Certificates	5,092	(56,532)
Government Securities	(413)	46
	4,679	(56,486)

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

Name of security	Status	As at 1 July 2009	Purchases during the period	Sales during the period	As at 31 December 2009	Carrying value as at 31 December 2009	Market value as at 31 December 2009	Appreciation / (diminution)	Market value as a percentage of net assets	Outstanding principal value as a percentage of issued debt capital
----- (Number of certificates) -----      ----- (Rupees in '000) -----										
Allied Bank Limited	Listed	7,900	-	5,900	2,000	9,705	9,676	(29)	0.53	0.40
Askari Bank Limited - I issue	Listed	7,990	-	5,000	2,990	14,456	14,407	(49)	0.79	0.99
Askari Bank Limited - II issue	Listed	7,190	-	3,000	4,190	20,098	20,104	6	1.10	1.39
Askari Bank Limited - III issue	Listed	-	2,000	-	2,000	10,000	9,736	(264)	0.54	0.33
Bank AL Habib Limited - II issue	Listed	9,104	-	9,104	-	-	-	-	-	-
Bank Alfalah Limited - II issue	Listed	3,140	-	-	3,140	15,347	15,322	(25)	0.84	1.25
Engro Chemical Pakistan Limited PPTFC - I issue	Unlisted	12,000	-	5,000	7,000	30,976	32,447	1,471	1.78	0.88
Engro Chemical Pakistan Limited PPTFC - II issue	Unlisted	6,000	-	-	6,000	26,457	27,204	747	1.49	1.50
First Dawood Investment Bank Limited	Unlisted	2,900	-	-	2,900	11,472	10,875	(597)	0.60	4.20
First International Investment Bank Limited	Listed	5,379	-	-	5,379	13,217	13,355	138	0.73	2.69
Gharibwal Cement Limited	Listed	4,450	-	-	4,450	20,501	16,678	(3,823)	0.92	5.56
Jahangir Siddiqui & Company Limited	Unlisted	9,400	-	4,000	5,400	25,170	26,451	1,281	-	2.16
KASB Securities Limited	Unlisted	5,000	-	-	5,000	22,382	24,160	1,778	1.33	5.00
NIB Bank Limited	Listed	6,600	-	4,000	2,600	12,113	11,924	(189)	0.66	0.32
Orix Leasing Pakistan Limited	Listed	5,500	-	-	5,500	19,576	22,717	3,141	1.25	0.92
Pak American Fertilizers Limited PPTFC - II issue	Unlisted	3,000	-	3,000	-	-	-	-	-	-
The Royal Bank of Scotland [formerly ABN AMRO Bank (Pakistan) Limited]	Listed	3,090	-	-	3,090	15,295	15,259	(36)	0.84	1.93
Saudi Pak Leasing Company Limited - III issue	Listed	5,999	-	-	5,999	20,757	23,124	2,367	1.27	3.50
Sitara Chemicals Limited	Listed	4,000	-	-	4,000	19,996	19,513	(483)	1.07	1.82
Standard Chartered Bank (Pakistan) Limited	Listed	4,548	2,000	2,000	4,548	22,650	22,723	73	-	2.27
United Bank Limited -III issue	Listed	4,400	-	-	4,400	21,341	21,697	356	1.19	1.10
United Bank Limited -IV issue	Listed	3,000	1,000	-	4,000	18,395	17,624	(771)	0.97	0.33
<b>Total as at 31 December 2009</b>						<b>369,904</b>	<b>374,996</b>	<b>5,092</b>		
<b>Total as at 30 June 2009</b>						<b>598,167</b>	<b>541,635</b>	<b>(56,532)</b>		

6.2.1 Provision

	None	(Unaudited) 31 December 2009	(Audited) 30 June 2009
Opening balance		7,253	-
Provision for the period	6.2.1.1	7,783	7,253
Closing balance		<u>15,036</u>	<u>7,253</u>

6.2.1.1 This represents specific provision made against a debt security in accordance with the provisioning policy of the Fund approved by the Board of Directors of the Management Company

6.2.2 Significant terms and conditions of Term Finance Certificates outstanding as at period ended 31 December 2009.

Name of the investee company	Remaining principal (per TFC) as at 31 December 2009	Mark-up rate (per annum)	Start date	Maturity	Secured / unsecured	TFC rating
Allied Bank Limited	4,994.00	6 Month KIBOR + 1.90	6-Dec-06	6-Dec-14	Un-Secured	AA -
Askari Bank Limited - I issue	4,991.00	6 Month KIBOR + 1.50	4-Feb-05	4-Feb-13	Un-Secured	AA -
Askari Bank Limited - II issue	4,992.00	6 Month KIBOR + 1.50	31-Oct-05	31-Oct-13	Un-Secured	AA -
Askari Bank Limited - III issue	5,000.00	6 Month KIBOR + 2.50	18-Nov-09	18-Nov-19	Un-Secured	AA -
Bank Alfalah Limited - II issue	4,990.38	6 Month KIBOR + 1.50	23-Nov-04	23-Nov-12	Un-Secured	AA -
Engro Chemical Pakistan Limited PPTFC - I issue	5,000.00	6 Month KIBOR + 1.25	18-Mar-08	18-Mar-19	Secured	AA
Engro Chemical Pakistan Limited PPTFC - II issue	5,000.00	6 Month KIBOR + 1.70	18-Mar-08	18-Mar-19	Secured	AA
First Dawood Investment Bank Limited	5,000.00	6 Month KIBOR + 1.60	11-Sep-07	11-Sep-12	Secured	CCC
First International Investment Bank Limited	2,499.00	6 Month KIBOR + 2.25	11-Jul-06	11-Jul-11	Secured	A +
Gharibwal Cement Limited	4,997.00	6 Month KIBOR + 3.00	18-Jan-08	18-Jan-13	Secured	D
Jahangir Siddiqui & Company Limited	4,996.00	6 Month KIBOR + 1.70	4-Jul-07	4-Jul-13	Secured	AA +
KASB Securities Limited	4,995.00	6 Month KIBOR + 1.90	27-Jun-07	27-Jun-12	Un-Secured	AA -
NIB Bank Limited	4,997.00	6 Month KIBOR + 1.15	5-Mar-08	5-Mar-16	Secured	A
Orix Leasing Pakistan Limited	4,163.34	6 Month KIBOR + 1.50	25-May-07	25-May-12	Secured	AA +
The Royal Bank of Scotland [formerly ABN AMRO Bank (Pakistan) Limited]	4,991.00	6 Month KIBOR + 1.90	10-Feb-05	10-Feb-13	Un-Secured	AA -
Saudi Pak Leasing Company Limited - III issue	4,373.25	6 Month KIBOR + 1.50	13-Mar-08	13-Mar-13	Secured	BBB-
Sitara Chemicals Limited	5,000.00	3 Month KIBOR + 1.00	2-Jan-08	2-Jan-13	Secured	AA-
Standard Chartered Bank (Pakistan) Limited	4,993.00	6 Month KIBOR + 2.00	1-Feb-06	1-Feb-13	Un-Secured	AAA
United Bank Limited -III issue	4,994.00	6 Month KIBOR + 1.70	8-Sep-06	8-Sep-14	Un-Secured	AA
United Bank Limited -IV issue	4,997.00	6 Month KIBOR + 0.85	14-Feb-08	14-Feb-18	Un-Secured	AA

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6.3 Government Securities

Issue date	Tenor	Face Value			As at 31 December 2009				Market value as a percentage of net assets
		As at 01 July 2009	Purchases during the year	Sales / Matured during the year	As at 31 December 2009	Carrying value	Market value	Appreciation / (diminution)	
------(Rupees in '000)-----									
12-Feb-09	6 Months	250,000	50,000	300,000	-	-	-	-	-
7-May-09	3 Months	50,000	-	50,000	-	-	-	-	-
29-Jan-09	6 Months	200,000	-	200,000	-	-	-	-	-
23-Apr-09	6 Months	-	100,000	100,000	-	-	-	-	-
7-May-09	6 Months	-	150,000	150,000	-	-	-	-	-
12-Mar-09	1 Year	-	200,000	-	200,000	195,899	195,531	(368)	10.74
10-Sep-09	3 Months	-	127,000	127,000	-	-	-	-	-
26-Sep-09	3 Months	-	134,000	134,000	-	-	-	-	-
10-Sep-09	6 Months	-	150,000	-	150,000	146,665	146,648	(17)	8.06
12-Mar-09	6 Months	-	200,000	200,000	-	-	-	-	-
26-Feb-09	6 Months	-	200,000	200,000	-	-	-	-	-
26-Mar-09	6 Months	-	300,000	300,000	-	-	-	-	-
26-Sep-09	6 Months	-	50,000	50,000	-	-	-	-	-
12-Feb-09	1 Year	-	300,000	200,000	100,000	98,728	98,662	(66)	5.42
27-Aug-09	6 Months	-	100,000	-	100,000	98,204	98,214	10	5.40
29-Jan-09	1 Year	-	100,000	-	100,000	99,108	99,118	10	5.45
8-Oct-09	3 Months	-	200,000	200,000	-	-	-	-	-
19-Nov-09	3 Months	-	50,000	-	50,000	49,327	49,331	4	2.71
4-Jun-09	6 Months	-	40,000	40,000	-	-	-	-	-
22-Oct-09	3 Months	-	50,000	50,000	-	-	-	-	-
27-Aug-09	3 Months	-	50,000	50,000	-	-	-	-	-
22-Oct-09	6 Months	-	25,000	-	25,000	24,099	24,113	14	1.33
						712,030	711,617	(413)	
Total as at 30 June 2009						493,812	493,858	46	

7. CERTIFICATES OF INVESTMENT AND DEPOSIT

	Note	(Unaudited) 31 December 2009	(Audited) 30 June 2008
(Rupees in '000)			
Saudi Pak Leasing Company Limited	7.1	13,500	25,000

7.1 Certificates of investment have maturity of nine months (30 June 2009: three months) and carry profit rate of 9.5% (30 June 2009: 15.24%) per annum.

8. INCOME RECEIVABLE

Profit accrued on Term Finance Certificates	15,853	27,587
Profit receivable on Bank Deposits	14,219	13,965
Profit accrued on Certificates of Investment	21	564
	30,093	42,116

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposit with National Clearing Company of Pakistan Limited	9.1	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	9.1	100	100
Other receivables		19	6
		2,619	2,606

9.1 These deposits are non remunerative.

10. CONTINGENT LIABILITY

Through Finance Act, 2008 an amendment was made in section 2(f) of 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. Management, based on legal advice, is of a firm view that as Collective Investment Schemes are paper entities and are not establishment, accordingly the WWF ordinance, 1971 is not applicable, and therefore no provision is required in this condensed interim financial information. However, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishments, the impact on NAV per unit will be Rs. 0.25 as of 31 December 2009.

Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying to declare that the collective investment schemes are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

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11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 December 2009, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. 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 2009.

13. 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:

	Six months ended 31 December		Quarter ended 31 December	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	15,192	13,880	7,670	6,300
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	1,517	1,429	763	672

Details of the balances with connected persons are as follows:

	(Unaudited)	(Audited)
	31 December 2009	30 June 2009
	(Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	2,555	71
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	255	232

	Six months ended 31 December 2009		Six months ended 31 December 2008	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	81,566	8,300	782,936	79,290
<i>Associated Companies</i>				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	4,094,300	420,000	921,371	90,000
- The Habib Foundation	-	-	-	-
<i>Other related parties</i>				
- Directors of the Management Company	2,461	250	18,514	1,793
- Executives of the Management Company	-	-	5,565	565
- Habib Insurance Company Limited	-	-	-	-
- Employees Provident Fund	-	-	-	-
- Habib Asset Management Limited - Employees Provident Fund	1,069	109	1,956	200
<b>Bonus Units Issued:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	37,196	3,728	25,852	2,592
<i>Associated Companies</i>				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	24,353	2,438	31,335	3,141
- Trakker Direct Insurance Limited	-	-	2,434	244
<i>Other related parties</i>				
- Directors of the Management Company	1,048	105	97	10
- Executives of the Management Company	167	16	286	28
- Habib Sugar Mills Limited - Staff Provident Fund	6,717	673	6,511	652
- Habib Sugar Mills Limited - Employees Gratuity Fund	6,717	673	6,511	652
- Hyderi Hostel Trust	1,622	163	2,865	287
- Habib Insurance Company Limited - Employees Provident Fund	2,408	241	2,335	234
- Habib Asset Management Limited - Employees Provident Fund	162	16	105	10
- Mrs. Shama Sajjad Habib	5,377	538	5,212	522
- Central Depository Company of Pakistan Limited	-	-	5,209	521
<b>Units redeemed by:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	289,374	29,500	14,317	1,500
<i>Associated Companies</i>				
- Habib Insurance Company Limited	3,878,784	399,136	8,345,799	862,871

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	Six months ended 31 December 2009		Six months ended 31 December 2008	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Other related parties</b>				
- Directors of the Management Company	493	50	16,511	1,596
- Executives of the Management Company	1,738	175	6,891	666
- Hyderi Hostel Trust	42,943	4,373	-	-
- Habib Asset Mangement Limited - Employees Provident Fund	492	50	1,737	175
- Central Depository Company of Pakistan Limited	-	-	113,804	11,491
<b>Units held by:</b>				
<i>Management Company</i>				
Habib Asset Management Limited	734,547	75,886	911,671	88,496
<i>Associated Companies</i>				
- Bank AL Habib Limited	7,224,291	746,342	7,224,291	701,262
- Habib Insurance Company Limited	1,209,950	125,000	1,140,725	110,730
- Trakker Direct Insurance Limited	-	-	53,184	5,163
<b>Other related parties</b>				
- Directors of the Management Company	24,794	2,561	3,105	301
- Executives of the Management Company	2,952	116	2,828	275
- Habib Sugar Mills Limited - Staff Provident Fund	151,433	15,645	142,255	13,809
- Habib Sugar Mills Limited - Employees Gratuity Fund	151,433	16,645	142,255	13,809
- Hyderi Hostel Trust	-	-	62,592	6,076
- Habib Insurance Company Limited Employees Provident Fund	54,302	5,610	51,011	4,952
- Habib Asset Mangement Limited - Employees Provident Fund	4,149	429	2,388	232
- Mrs. Shama Sajjad Habib	121,223	12,524	113,876	11,054

#### 14. GENERAL

14.1 The Board of Directors have approved final cash dividend for class 'C' unit holders @ Rs. 3.00 per unit and bonus units @ 2.9898 for class 'A' and 'B' unit holders for every 100 units held as at 3 January 2010, amounting to Rs. 52.843 million, in their meeting held on 04 January 2010. These interim financial information do not reflect this distribution.

14.2 These interim financial information were authorised for issue by the Board of Directors of the Management Company on \_\_\_\_\_.

*KPMG/TA*

For Habib Asset Management Limited  
(Management Company)

Chief Executive

Director