

**FIRST HABIB INCOME FUND**

**FINANCIAL STATEMENTS  
FOR THE NINE MONTHS AND QUARTER ENDED  
MARCH 31 , 2009**

### Directors' Report

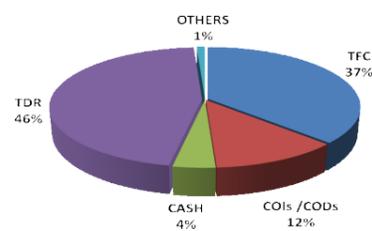
The Directors of Habib Asset Management Limited (HAML) are pleased to present the condensed financial statements of First Habib Income Fund (FHIF), for the nine months ended March 31, 2009.

### Fund's Performance

The net assets of the Fund as on March 31, 2009 stood at Rs. 1,617.85 million showing an increase of Rs. 32.15 million over December 31, 2009. During the period, Securities & Exchange Commission of Pakistan changed the method of valuation of debt securities. Under the revised method, the debt securities are valued based on market transactions. This has resulted in improvement in the term finance certificates prices. Accordingly, Fund's NAV increased by Rs. 4.71 during the quarter and stood at Rs. 101.78 as at March 31, 2009.

The Fund earned net income of Rs. 76.104 million during the quarter which comprising mainly of profit on bank deposits of Rs. 24.89 million, income from term finance certificates of Rs. 23.80 million and net capital gain of Rs. 23.25 million.

### Asset Allocation



### Future Outlook

Pakistan's economy has started showing improvement. The CPI inflation has declined to 19.1 per cent in March 2009 from a high of 25.3 per cent in August 2008 and is expected to come down to 14 per cent by June 2009. The 6 month KIBOR has come to 13.6 per cent after touching the peak of 15.76 per cent and reaching its low of 12.43 per cent. With the decrease in the KIBOR and accumulating foreign reserves, we remain optimistic of the future.

### Acknowledgement

The Board is thankful to the Fund's valued investors, the Trustee, Securities & Exchange Commission of Pakistan, Lahore Stock Exchange and National Clearing Company of Pakistan Limited for their continued co-operation and support. The Board also appreciates the efforts put in by the management team.

On behalf of the Board of Directors

Karachi: April 24, 2009

Ali Raza D. Habib  
Chairman

# First Habib Income Fund

## Condensed Interim Statement of Assets and Liabilities

As at 31 March 2009

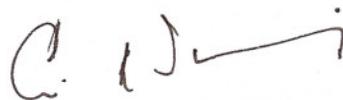
	Note	(Unaudited) 31 March 2009	(Audited) 30 June 2008
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Bank balances	5	865,252	351,412
Receivable against Continuous Funding System		-	275,422
Investments	6	589,507	817,111
Certificates of investment and deposit	7	200,000	450,000
Income receivable	8	32,274	51,996
Advances, deposits, prepayments and other receivables	9	3,877	6,495
Receivable against sale of investments		-	1,315
Preliminary expenses and floatation costs		1,660	2,053
<b>Total assets</b>		<b>1,692,570</b>	<b>1,955,804</b>
<b>Liabilities</b>			
Short term running finance		-	42,513
Payable against purchase of investments		18,479	-
Payable to Habib Asset Management Limited - Management Company		2,123	2,443
Payable to Central Depository Company of Pakistan Limited - Trustee		228	268
Payable to Securities and Exchange Commission of Pakistan		1,174	2,239
Accrued expenses and other liabilities		52,720	1,630
<b>Total liabilities</b>		<b>74,724</b>	<b>49,093</b>
<b>Commitments</b>	10	-	-
<b>Net assets</b>		<b>1,617,846</b>	<b>1,906,711</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>1,617,846</b>	<b>1,906,711</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>15,896,227</b>	<b>18,632,666</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>101.78</b>	<b>102.33</b>

The annexed notes 1 to 14 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 nine months period ended 31 March 2009

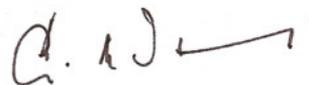
	Nine months ended 31 March		Quarter ended 31 March	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
<b>Income</b>				
Profit from bank deposits	51,476	54,914	24,893	17,939
Income from Continuous Funding System	14,079	43,272	155	20,926
Income from Term Finance Certificates	78,102	42,673	23,803	17,970
Income from Certificates of Investment and Deposit	43,496	29,320	11,549	12,018
Income from Placements	4,154	-	239	-
Dividend Income	8	-	8	-
(Loss) / gain on sale of investments	(33,629)	9,346	(19,697)	5,196
Unrealised (diminution) / appreciation on investments at fair value through profit or loss	(53,194)	1,904	42,951	419
<b>Total income</b>	<b>104,492</b>	<b>181,429</b>	<b>83,901</b>	<b>74,468</b>
<b>Expenses</b>				
Remuneration of Habib Asset Management Limited - Management Company	19,751	24,329	5,871	9,795
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,067	2,373	638	901
Annual fee - Securities and Exchange Commission of Pakistan	1,174	1,622	293	653
Brokerage	919	6,378	264	3,108
Settlement and bank charges	1,000	1,742	16	975
Auditors' remuneration	219	188	90	62
Amortisation of preliminary expenses and floatation costs	393	395	129	131
Fees and subscription	910	23	317	8
Legal and professional charges	143	-	112	-
Financial charges	104	-	-	-
<b>Total expenses</b>	<b>26,680</b>	<b>37,050</b>	<b>7,730</b>	<b>15,633</b>
	<b>77,812</b>	<b>144,379</b>	<b>76,171</b>	<b>58,835</b>
Net element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	(3,442)	34,784	(67)	2,000
<b>Net (loss) / income for the period</b>	<b>74,370</b>	<b>179,163</b>	<b>76,104</b>	<b>60,835</b>

The annexed notes 1 to 14 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 nine months period ended 31 March 2009*

	Nine months ended 31 March		Quarter ended 31 March	
	2009	2008	2009	2008
----- (Rupees in '000) -----				
<b>Undistributed income brought forward</b>	<b>43,444</b>	17,143	<b>(47,882)</b>	120,005
Final bonus units distribution of 1.4975 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>	-	-	-
Net income for the period	<u>74,370</u>	179,163	<u>76,104</u>	60,835
<b>Undistributed (loss) / income carried forward</b>	<u><b>28,222</b></u>	<u>180,840</u>	<u><b>28,222</b></u>	<u>180,840</u>

The annexed notes 1 to 14 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 nine months period ended 31 March 2009

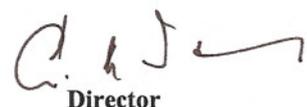
	Nine months ended 31 March		Quarter ended 31 March	
	2009	2008	2009	2008
----- (Rupees in '000) -----				
Net assets at the beginning of the period	1,906,711	1,046,444	1,585,679	2,635,735
Amount received on sale of units	679,861	5,445,927	208,915	742,612
Amount paid on redemption of units	(999,351)	(3,924,418)	(252,919)	(724,850)
	(319,490)	1,521,509	(44,004)	17,762
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	3,442	(34,784)	67	(2,000)
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)	-	-	-
Net income for the period	74,370	179,163	76,104	60,835
Net assets at the end of the period	<u>1,617,846</u>	<u>2,712,332</u>	<u>1,617,846</u>	<u>2,712,332</u>
----- Number of Units -----				
Units at the beginning of the period	18,632,666	10,293,012	16,335,610	25,157,298
Number of units issued	6,789,085	52,593,392	2,090,627	6,996,961
Number of units redeemed	(9,948,722)	(37,725,892)	(2,530,010)	(6,839,352)
	(3,159,637)	14,867,500	(439,383)	157,609
<i>Issue of bonus units:</i>				
Final bonus units distribution of 1.4975 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	-	-	-
Units at the end of the period	<u>15,896,227</u>	<u>25,314,907</u>	<u>15,896,227</u>	<u>25,314,907</u>

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

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



Chief Executive



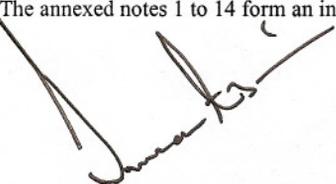
Director

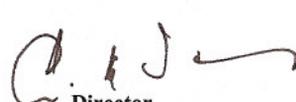
**First Habib Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the nine months period ended 31 March 2009*

	Nine months ended 31 March		Quarter ended 31 March	
	2009	2008	2009	2008
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period	74,370	179,163	76,104	60,835
<b>Adjustments for non-cash items</b>				
Unrealised diminution / (appreciation) on investments at fair value through profit or loss - net	53,194	(1,904)	(42,951)	(419)
Net element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	3,442	(34,784)	67	(2,000)
Amortisation of preliminary expenses and floatation costs	393	395	129	131
	<u>131,399</u>	<u>142,870</u>	<u>33,349</u>	<u>58,547</u>
<b>(Increase) / decrease in assets</b>				
Term deposit receipt	-	-	(250,000)	-
Receivable against Continuous Funding System	275,422	(298,222)	16,087	(227,361)
Investments	174,410	(751,748)	50,374	(300,478)
Certificates of investment and deposit	250,000	(450,000)	264,000	-
Income receivable	19,722	(29,629)	22,799	9,375
Advances, deposits, prepayments and other receivables	2,618	(8,044)	30,452	(5,598)
Receivable against sale of investments	1,315	-	19,652	48,426
	<u>723,487</u>	<u>(1,537,643)</u>	<u>153,364</u>	<u>(475,636)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable against purchase of investments	18,479	103,452	18,479	108,727
Payable to Habib Asset Management Limited - Management Company	(320)	(1,608)	95	29
Payable to Central Depository Company of Pakistan Limited - Trustee	(40)	111	5	(33)
Payable to Securities and Exchange Commission of Pakistan	(1,065)	1,540	293	653
Accrued expenses and other liabilities	51,090	1,124	51,871	(52,787)
	<u>68,144</u>	<u>104,619</u>	<u>70,743</u>	<u>56,589</u>
<b>Net cash flow from / (used in) operating activities</b>	<u>923,030</u>	<u>(1,290,154)</u>	<u>257,456</u>	<u>(360,500)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net (payments) / receipts from sale and redemption of units	(319,490)	1,521,509	(44,004)	17,762
Dividend paid	(47,187)	-	-	-
Net increase in cash and cash equivalents during the period	<u>556,353</u>	<u>231,355</u>	<u>213,452</u>	<u>(342,738)</u>
Cash and cash equivalents at the beginning of the period	<u>(41,101)</u>	<u>355,975</u>	<u>301,800</u>	<u>930,068</u>
Cash and cash equivalents as at 31 March	<u>515,252</u>	<u>587,330</u>	<u>515,252</u>	<u>587,330</u>
<b>Cash and cash equivalents at the end of the period comprise of :</b>				
Cash and cash equivalents as at 31 March	865,252	587,330	865,252	587,330
Less: Term deposit receipts maturing after 3 months	(350,000)	-	(350,000)	-
	<u>515,252</u>	<u>587,330</u>	<u>515,252</u>	<u>587,330</u>

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

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

  
**Chief Executive**

  
**Director**

# First Habib Income Fund

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

*For the nine months period ended 31 March 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, 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 consistently 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 audited 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 March 2009 and the related interim income statement, distribution statement, statement of movement in unit holders' fund, cash flow statement and notes thereto for the period ended 31 March 2009.

The comparatives in the statements of assets and liabilities presented in the condensed interim financial information as at 31 March 2009 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.

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 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 from 05 November 2008 to 10 January 2009, 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. During the said period, these investments were 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.

Except for the above period, TFCs were being valued at rates notified by MUFAP as required under Regulation 66 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

### 5. BANK BALANCES

		(Unaudited) 31 March 2009	(Audited) 30 June 2008
(Rupees in '000)			
Savings accounts	5.1	115,252	1,412
Term deposit receipts	5.2	750,000	350,000
		<u>865,252</u>	<u>351,412</u>

5.1 Savings accounts carry profit rates ranging from 5% to 12.25% (30 June 2008: 4.5% to 11%) per annum.

5.2 Term deposit receipts have tenor of two to six months (2008: three months to one year ) and carry profit rates ranging from 12.00% to 16.00% (30 June 2008: 10.40% to 12.50%) per annum.

6. INVESTMENTS

(Unaudited) (Audited)  
31 March 30 June  
2009 2008  
(Rupees in '000)

At fair value through profit or loss

Fixed income and debt securities	6.2	588,877	802,120
Quoted equity securities	6.3	630	15,498
Derivatives		-	(507)
		<u>589,507</u>	<u>817,111</u>

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

Fixed income and debt securities - Term Finance Certificates	(45,005)	(4,597)
Quoted equity securities - Shares and mutual fund	(312)	572
	<u>(45,317)</u>	<u>(4,025)</u>

6.2 Fixed income and debt securities

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 March 2009	Cost	Market value as at 31 March 2009	Market value as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of issued debt capital
		----- (Number of certificates) -----				---- (Rupees in '000) ----				
ABN Amro (Pakistan) Limited	Listed	3,090	-	-	3,090	16,036	15,011	0.93	2.55	1.93
Allied Bank Limited	Listed	10,400	3,000	5,500	7,900	40,421	39,542	2.44	6.71	1.58
Askari Commercial Bank Limited - I issue	Listed	3,000	8,990	4,000	7,990	40,296	39,477	2.44	6.70	2.66
Askari Commercial Bank Limited - II issue	Listed	200	1,990	-	2,190	11,054	10,773	0.67	1.83	0.73
Bank AL Habib Limited - II issue	Listed	9,200	-	200	9,000	47,613	44,964	2.78	7.63	3.00
Bank Alfalah Limited - II issue	Listed	10,000	-	6,860	3,140	16,146	14,826	0.92	2.51	1.26
Bank Alfalah Limited - III issue	Listed	2,000	-	-	2,000	10,297	9,312	0.58	1.58	0.83
Engro Chemical Pakistan Limited	Listed	9,281	-	9,281	-	-	-	-	-	-
Faysal Bank Limited	Listed	14,515	-	13,000	1,515	7,753	7,451	0.46	1.26	0.76
First International Investment Bank Limited	Listed	5,379	-	-	5,379	17,271	16,557	1.02	2.81	5.38
NIB Bank Limited	Listed	12,600	2,000	8,000	6,600	32,788	31,517	1.95	5.35	0.83
Orix Leasing Pakistan Limited	Listed	10,000	1,500	4,000	7,500	37,831	38,014	2.35	6.45	1.50
Pakistan Mobile Communication Limited	Listed	14,240	-	14,240	-	-	-	-	-	-
Pak Arab Fertilizers Limited	Listed	7,000	-	7,000	-	-	-	-	-	-
Standard Chartered Bank Pakistan Limited	Listed	948	3,600	-	4,548	22,932	22,713	1.40	3.85	2.27
Saudi Pak Leasing Company Limited - III issue	Listed	5,999	-	-	5,999	30,198	22,187	1.37	3.76	4.00
Soneri Bank Limited	Listed	-	5,000	-	5,000	24,845	24,840	1.54	4.21	2.08
United Bank Limited -III issue	Listed	4,400	-	-	4,400	22,963	21,978	1.36	3.73	1.10
United Bank Limited -IV issue	Listed	3,000	5,000	5,000	3,000	14,783	13,781	0.85	2.34	0.25
First Dawood Investment Bank Limited -	Unlisted	2,900	-	-	2,900	14,640	10,875	0.67	1.84	4.20
Jahangir Siddiqui & Company Limited	Unlisted	9,400	-	-	9,400	47,421	41,570	2.57	7.05	3.76
Engro Chemical Pakistan Limited PPTFC - I issue	Unlisted	8,000	4,000	-	12,000	60,487	52,800	3.26	8.96	1.50
Engro Chemical Pakistan Limited PPTFC - II issue	Unlisted	4,000	2,000	-	6,000	29,049	26,300	1.63	4.46	1.50
Gharibwal Cement Limited	Unlisted	-	4,450	-	4,450	22,241	12,215	0.76	2.07	5.56
Pak American Fertilizers Limited PPTFC -II issue	Unlisted	2,000	4,000	-	6,000	29,917	28,155	1.74	4.78	0.43
KASB Securities Limited	Unlisted	5,000	-	-	5,000	25,310	24,419	1.51	4.14	5.00
Sitara Chemicals Limited Sukuk - I	Unlisted	-	4,000	-	4,000	19,467	19,600	1.21	3.32	1.82

Total as at 31 March 2009

641,759 588,877

Total as at 30 June 2008

806,717 802,120



Name of the investee company	As at 1 July 2008	Purchases during the period	Bonus / rights issue	Sales during the period	As at 31 March 2009	Cost	Market value as at 31 March 2009	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>PHARMACEUTICALS</b>										
Searle Pakistan Limited	-	1	-	1	-	-	-	-	-	-
<b>FERTILIZER</b>										
Engro Chemical Pakistan Limited	-	8,072	-	8,072	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	14,790	-	14,790	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	64	-	64	-	-	-	-	-	-
<b>INVESTMENT BANK/SECURITIES</b>										
Arif Habib Limited	-	65	-	65	-	-	-	-	-	-
Arif Habib Securities Limited	-	1,528	-	1,528	-	-	-	-	-	-
Dawood Equities Limited	-	22	-	22	-	-	-	-	-	-
First National Equities Limited	-	3	-	3	-	-	-	-	-	-
Javed Omer Vohra and Company Limited	-	116	-	116	-	-	-	-	-	-
Jahangir Siddiqui and Company Limited *	-	8,972	-	8,972	-	-	-	-	-	-
JS Investments Limited	-	11	-	11	-	-	-	-	-	-
Pervez Ahmed Securities Limited	-	14,043	-	4,043	10,000	66.59	41.90	**	0.01	0.01
						66.59	41.90			
<b>TEXTILE COMPOSITE</b>										
Azgard Nine Limited	-	6	-	6	-	-	-	-	-	-
Dawood Lawrencepur Limited	-	70	-	70	-	-	-	-	-	-
Nishat Chunian Limited	-	235	-	235	-	-	-	-	-	-
Nishat Mills Limited	-	19,996	-	19,996	-	-	-	-	-	-
<b>TRANSPORT</b>										
Pakistan International Container Terminal Limited	-	7	-	7	-	-	-	-	-	-
<b>INSURANCE</b>										
Adanjee Insurance Company Limited *	-	28,665	800	20,665	8,800	875.14	587.66	0.04	0.10	0.01
Pakistan Reinsurance Company Limited	-	47	-	47	-	-	-	-	-	-
						875.14	587.66			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Oil & Gas Development Company Limited *	-	64,815	-	64,815	-	-	-	-	-	-
Pakistan Petroleum Limited *	63,000	857	-	63,857	-	-	-	-	-	-
Pakistan Oilfields Limited	-	792	-	792	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
The Hub Power Company Limited	-	157	-	157	-	-	-	-	-	-
Kot Addu Power Company Limited	-	265	-	265	-	-	-	-	-	-
<b>TECHNOLOGIES &amp; COMMUNICATION</b>										
Netsol Technologies Limited	-	281	-	281	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	15	-	15	-	-	-	-	-	-
Telecard Limited	-	924	-	924	-	-	-	-	-	-
TRG Pakistan Limited -A	-	1,000	-	1,000	-	-	-	-	-	-
Worldcall Telecom Limited	-	821	-	821	-	-	-	-	-	-
<b>ENGINEERING</b>										
Crescent Steel and Allied Products Limited	-	107	-	107	-	-	-	-	-	-
Dost Steels Limited	-	581	-	581	-	-	-	-	-	-
<b>SYNTHETIC &amp; RAYON</b>										
Dewan Salman Fibre Limited	-	1,307	-	1,307	-	-	-	-	-	-
<b>REFINERY</b>										
Attock Refinery Limited	-	7,963	-	7,963	-	-	-	-	-	-
Bosicor Pakistan Limited	-	935	-	935	-	-	-	-	-	-
National Refinery Limited	-	2	-	2	-	-	-	-	-	-
Pakistan Refinery Limited	-	361	-	361	-	-	-	-	-	-
<b>CABLES AND ELECTRICAL GOODS</b>										
Pak Elektron Limited	-	51	-	51	-	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	-	5	-	5	-	-	-	-	-	-
Pakistan State Oil Company Limited *	-	21,055	-	21,055	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	93	-	93	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	138	-	138	-	-	-	-	-	-
<b>MISCELLANEOUS</b>										
Pace Pakistan Limited	-	1,262	-	1,262	-	-	-	-	-	-
Tri-Pack Films Limited	-	1	-	1	-	-	-	-	-	-
<b>Total as at 31 December 2008</b>						<b>942</b>	<b>630</b>			
<b>Total as at 30 June 2008</b>						<b>14,926</b>	<b>15,498</b>			

\* 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.

6.3.1 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.

## 7. CERTIFICATES OF INVESTMENT AND DEPOSIT

	(Unaudited) 31 March 2009	(Audited) 30 June 2008
	(Rupees in '000)	
IGI Investment Bank	-	150,000
Pak Libya Holding Company	50,000	200,000
First Dawood Investment Bank	-	50,000
Saudi Pak Leasing Company	25,000	50,000
Pak Oman Investment Company	25,000	-
Pak Kuwait Investment Company	100,000	-
	<u>200,000</u>	<u>450,000</u>

7.1 Certificate of Investments and Deposits have maturity of three months to one year (30 June 2008: twelve to eighteen months) and carry profit rates ranging from 12.00% to 16.00% (30 June 2008: 10.92% to 13.43%) per annum.

**8. INCOME RECEIVABLE**

(Unaudited) (Audited)  
31 March 30 June  
2009 2008  
(Rupees in '000)

Income accrued on Continuous Funding System	-	1,389
Profit accrued on Term Finance Certificates	20,177	22,378
Profit receivable on Bank Deposits	1,217	15,507
Profit accrued on Certificates of Investment and Deposit	10,880	12,060
Dividend Receivable	-	662
	<u>32,274</u>	<u>51,996</u>

**9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Deposit with National Clearing Company of Pakistan Limited	3,500	3,500
Deposit with Central Depository Company of Pakistan Limited	100	100
Dividend Receivable	8	-
Cash margin with National Clearing Company of Pakistan Limited	-	2,000
Prepaid annual fee to National Clearing Company of Pakistan Limited	121	871
Legal and professional fee	94	-
Prepaid fee to Lahore Stock Exchange Guarantee Limited	8	-
Others	46	24
	<u>3,877</u>	<u>6,495</u>

**10. 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.

- 95,061

**11. EARNINGS PER UNIT**

Earnings per unit (EPU) for the period ended 31 March 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 2008.

### 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:

	Nine months ended 31 March		Quarter ended 31 March	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
<b>Habib Asset Management Limited - Management Company</b>				
Management fee	<u>19,751</u>	<u>24,329</u>	<u>5,871</u>	<u>9,795</u>
<b>AL Habib Capital Markets (Private) Limited - Brokerage house</b>				
Brokerage	<u>-</u>	<u>722</u>	<u>-</u>	<u>214</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	<u>2,067</u>	<u>2,373</u>	<u>638</u>	<u>901</u>

Details of the balances with connected persons are as follows:

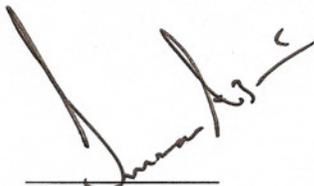
	(Unaudited)	(Audited)
	31 March 2009	30 June 2008
	(Rupees in '000)	
<b>Habib Asset Management Limited - Management Company</b>		
Management fee	<u>2,123</u>	<u>2,443</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	<u>228</u>	<u>268</u>

	Nine months ended 31 March 2009		Nine months ended 31 March 2008	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Units sold to:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	908,403	91,542	73,703	7,800
<b>Associated Companies</b>				
- Bank AL Habib Limited	-	-	14,808,840	1,525,000
- Habib Insurance Company Limited	921,371	90,000	490,581	50,000
- The Habib Foundation	-	-	48,871	5,000
<b>Other related parties</b>				
- Directors of the Management Company	31,641	3,108	1,992	200
- Executives of the Management Company	7,098	715	2,580	270
- Habib Insurance Company Limited Employees Provident Fund	-	-	4,896	500
- Habib Asset Management Limited - Employees Provident Fund	1,956	200	772	80
<b>Bonus Units Issued:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	25,852	2,592	725	73
<b>Associated Companies</b>				
- Bank AL Habib Limited	-	-	11,250	1,127
- Habib Insurance Company Limited	31,335	3,141	3,713	372
- Trakker Direct Insurance Limited	2,434	244	750	75
<b>Other related parties</b>				
- Directors of the Management Company	97	10	460	46
- Executives of the Management Company	286	28	36	4
- Habib Sugar Mills Limited - Staff Provident Fund	6,511	652	1,875	188
- Habib Sugar Mills Limited - Employees Gratuity Fund	6,511	652	1,875	188
- Hyderi Hostel Trust	2,865	287	825	83
- Habib Insurance Company Limited Employees Provident Fund	2,335	234	600	60
- Habib Asset Management Limited - Employees Provident Fund	105	10	-	-
- Mrs. Shama Sajjad Habib	5,212	522	1,501	150
- Central Depository Company of Pakistan Limited	5,209	521	1,500	150
<b>Units redeemed by:</b>				
<b>Management Company</b>				
Habib Asset Management Limited	201,502	19,897	14,317	1,500
<b>Associated Companies</b>				
- Habib Insurance Company Limited	1,062,132	105,000	8,345,799	862,871
- The Habib Foundation	-	-	48,871	5,131

	Nine months ended 31 March 2009		Nine months ended 31 March 2008	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
<b>Other related parties</b>				
- Directors of the Management Company	16,511	1,596	26,945	2,763
- Executives of the Management Company	8,170	791	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	883,495	89,922	108,435	11,618
<b>Associated Companies</b>				
- Bank AL Habib Limited	7,224,291	735,288	7,224,291	774,010
- Habib Insurance Company Limited	337,606	34,362	741,794	79,476
- Trakker Direct Insurance Limited	53,184	5,413	50,750	5,437
- The Habib Foundation	-	-	-	-
<b>Other related parties</b>				
- Directors of the Management Company	16,232	1,652	4,159	446
- Executives of the Management Company	3,082	314	2,835	303
- Habib Sugar Mills Limited - Staff Provident Fund	142,255	14,479	126,875	13,593
- Habib Sugar Mills Limited - Employees Gratuity Fund	142,255	14,479	126,875	13,593
- Hyderi Hostel Trust	62,592	6,371	55,825	5,981
- Habib Insurance Company Limited Employees Provident Fund	51,011	5,192	45,496	4,875
- Habib Asset Management Limited - Employees Provident Fund	2,388	243	772	83
- Mrs. Shama Sajjad Habib	113,876	11,590	101,564	10,882
- Central Depository Company of Pakistan Limited	-	-	101,500	10,875

#### 14. DATE OF AUTHORISATION

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



Chief Executive

For Habib Asset Management Limited  
(Management Company)



Director