


FIRST HABIB STOCK FUND

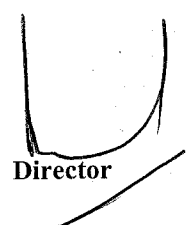
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 SEPTEMBER 2011

	(Un-audited)	(Audited)
Note	30 September 2011	30 June 2011
	(Rupees in '000)	
Assets		
Bank balances	5 1,915	2,351
Investments	6 106,118	117,988
Dividend and Income receivable	7 277	538
Deposits and prepayments	8 2,615	2,600
Receivable against sale of investments	1,684	374
Preliminary expenses and floatation costs	10 605	655
Total assets	113,214	124,506
Liabilities		
Payable to Habib Asset Management Limited - Management Company	11 313	306
Payable to Central Depository Company of Pakistan Limited - Trustee	58	58
Payable to Securities and Exchange Commission of Pakistan	26	120
Worker Welfare Fund	430	430
Accrued expenses and other liabilities	396	288
Total liabilities	1,223	1,202
Net assets	111,991	123,304
Unit holders' funds (as per statement attached)	111,991	123,304
	(Number of units)	
Number of units in issue	1,147,230	1,119,795
	(Rupees)	
Net asset value per unit	97.62	110.11

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive
For Habib Asset Management Limited
(Management Company)


Director

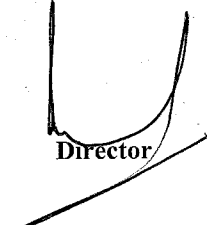
FIRST HABIB STOCK FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Quarter ended 30 September	
	2011	2010
	----- (Rupees in '000) -----	
Income		
Profit on bank deposits	134	250
Income from Government Securities	424	368
Dividend Income	695	1,512
Gain on sale of investments at fair value through profit or loss -net	766	1,421
Unrealised (diminution) / appreciation on investments at fair value through profit or loss	(3,399)	(1,895)
Total income / (loss)	(1,380)	1,656
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	970	1,001
Remuneration of Central Depository Company of Pakistan Limited - Trustee	176	176
Annual fee - Securities and Exchange Commission of Pakistan	26	32
Brokerage	42	33
Settlement and bank charges	67	52
Annual listing fee	5	5
Auditors' remuneration	72	70
Amortisation of preliminary expenses and floatation costs	50	50
Worker Welfare Fund	-	3
Mutual fund rating fee	31	-
Legal and professional charges	-	5
Federal excise duty	7	5
Printing and stationery	31	44
Total expenses	1,477	1,476
Net income / (loss) from operating activities	(2,857)	180
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	(5)	3
Net income / (loss) for the period	(2,862)	183

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


 Chief Executive

For Habib Asset Management Limited
 (Management Company)


 Director

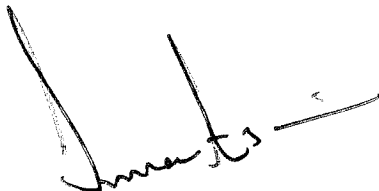
FIRST HABIB STOCK FUND

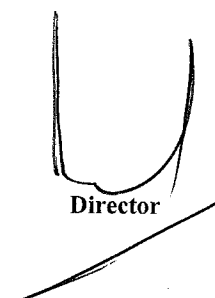
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Quarter ended 30 September	
	2011	2010
	(Rupees in '000)	
Net income / (loss) for the period	(2,862)	183
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income/ (loss) for the period	(2,862)	183

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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


Chief Executive


Director

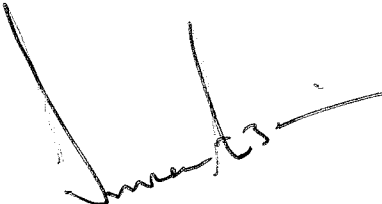
FIRST HABIB STOCK FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT(UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2011

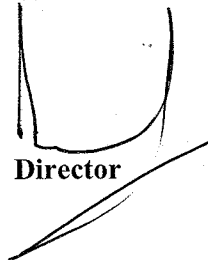
	Quarter ended 30 September	
	2011	2010
	(Rupees in '000)	
Undistributed income/ (loss) brought forward	11,325	(6,243)
Final Cash dividend distribution for Class 'C' unit holders @ Rs.10 per unit and bonus units @ 9.9890 units for Class 'A' and 'B' unit holders for every 100 units held as at 4 July 2011	(11,198)	
Net income / (loss) for the Period	(2,862)	183
Undistributed income/ (loss) carried forward	(2,735)	(6,060)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive

For Habib Asset Management Limited
(Management Company)




Director

FIRST HABIB STOCK FUND

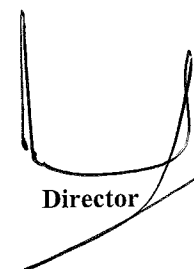
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Quarter ended 30 September	
	2011	2010
	(Rupees in '000)	
Net assets at the beginning of the period	123,304	130,227
Amount received on sale of units	168	-
Amount paid on redemption of units	(34)	(227)
	135	(227)
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	5	(3)
Final dividend distribution on 4 July 2011 @ Rs.10/- for Class 'C'	(8,591)	-
Net income / (loss) for the period	(2,862)	183
Net assets at the end of the period	111,991	130,180
	Number of Units	
Units at the beginning of the period	1,119,795	1,364,706
Number of Units Issued	1,727	-
Number of Units Redeemed	(332)	(2,300)
	1,395	(2,300)
Issue of bonus units on 4 July 2011 @ 9.9890% for Class 'A' and 'B'	26,040	-
Units at the end of the period	1,147,230	1,362,406

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chief Executive

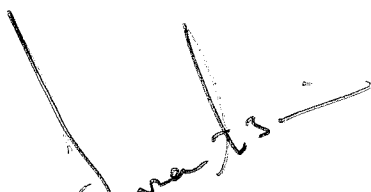
For Habib Asset Management Limited
(Management Company)


Director

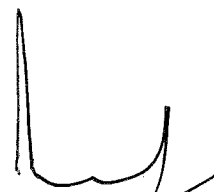
FIRST HABIB STOCK FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Quarter ended 30 September	
	2010	2010
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	(2,862)	183
Adjustments for non-cash items		
Unrealised (diminution) / appreciation on investments at fair value through profit or loss	3,399	1,895
Net Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed	5	(3)
Amortisation of preliminary expenses and floatation costs	50	50
Worker welfare fund	-	3
	<u>592</u>	<u>2,128</u>
(Increase) / decrease in assets		
Investments	8,471	(8,232)
Dividend and Income receivable	261	(740)
Deposits and prepayments	(15)	(15)
Receivable against sale of investments	(1,310)	244
	<u>7,407</u>	<u>(8,743)</u>
Increase / (decrease) in liabilities		
Payable to Habib Asset Management Limited - Management Company	7	-
Payable to Securities and Exchange Commission of Pakistan	(94)	(68)
Payable against purchase of investments	-	387
Accrued expenses and other liabilities	108	93
	<u>21</u>	<u>412</u>
Net cash flow from operating activities	8,020	(6,203)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from sale and redemption of units	135	(227)
Dividend paid during the period	(8,591)	-
	<u>(8,457)</u>	<u>(227)</u>
Net (decrease) / increase in cash and cash equivalents during the period	(436)	(6,430)
Cash and cash equivalents at the beginning of the period	2,351	10,103
Cash and cash equivalents at the end of the period	<u>1,915</u>	<u>3,673</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


 Chief Executive

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


 Director

FIRST HABIB STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Stock Fund (the "Fund") was established under a Trust Deed executed between Habib Asset Management Limited (HAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3 -' to the Management Company and JCR-VIS has assigned performance ranking of 'MFR 2-Star' to the Fund.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The policy of the Fund is to invests in a equity securities of listed company, cash and near cash instrument. The Fund has been categorized as equity scheme.

Title of the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF PRESENTATION

This 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 Period from ended 30 June 2011.

This condensed interim financial information comprise of the condensed interim statement of assets and liabilities as at 30 September 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the quarter ended 30 September 2011.

The comparatives in the statements of assets and liabilities presented in the condensed interim financial information as at 30 September 2011 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2011.

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 period ended 30 June 2011.

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 period ended 30 June 2011.

ANK BALANCES

This represents saving account maintained with Bank AL Habib Limited and carries profit rate of 11% (30 June 2011: 11%) per annum .

INVESTMENTS - at fair value through profit or loss - held for trading

		(Unaudited) September 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Equity securities	6.1	90,222	102,214
Government securities	6.2	15,895	15,774
		106,118	117,988

6.1 Equity securities

Name of the Investee	Number of Shares				Balance as at 30 September 2011			Market Value as a Percentage of Net Assets	Market value of investments as percentage of paid up capital of investee company
	As at 1 July 2011	Acquired during the period	Bonus / Right issue	Sold during the period	As at 30 September 2011	Cost	Market value		
	Number of shares				(Rupees in '000)				
AUTOMOBILE PARTS & ACCESSORIES									
Pak Suzuki Motor Company Limited	25,272	-	-	25,272	-	-	-	-	-
BANKS									
United Bank Limited	32,500	-	-	-	32,500	2,012	1,955	(58)	1.75
Habib Bank Limited	24,352	-	-	9,617	14,735	1,710	1,759	49	1.57
Habib Metropolitan Bank Limited	87,277	-	-	-	87,277	1,900	1,597	(303)	1.43
MCB Bank Limited	25,570	8,255	-	-	33,825	6,595	5,861	(734)	5.23
National Bank Of Pakistan	74,718	17,000	-	15,000	76,718	3,816	3,514	(302)	3.14
CHEMICALS									
Dawood Hercules Chemicals Limited	52,632	2,000	-	22,500	32,132	2,069	1,587	(483)	1.42
Engro Chemical (Pakistan) Limited	36,060	3,500	-	5,000	34,560	5,615	4,956	(659)	4.42
Fauji Fertilizer Bin Qasim Limited	60,514	2,500	-	33,500	29,514	1,282	1,732	449	1.55
Fauji Fertilizer Company Limited	58,000	8,000	-	32,000	34,000	5,153	5,505	352	4.92
I.C.I Pakistan Limited	-	16,000	-	16,000	-	-	-	-	0.00%
Lotte Pakistan Limited	75,000	25,500	-	-	100,500	1,327	1,192	(135)	1.06
CONSTRUCTION AND MATERIALS									
Attock Cement Pakistan Limited	31,545	-	-	-	31,545	1,531	1,704	173	1.52
D. G. Khan Cement Company Limited	35,000	-	-	-	35,000	805	720	(85)	0.64
Lucky Cement Limited	3,000	-	-	3,000	-	-	-	-	0.00%
ELECTRICITY									
Hub Power Company Limited	88,500	10,000	-	34,980	63,520	2,422	2,636	215	2.35
Kot Addu Power Company	100,000	-	-	-	100,000	4,261	4,510	249	4.03
FIXED LINE TELECOMMUNICATION									
Pakistan Telecommunication Corporation Limited	203,100	23,000	-	-	226,100	3,214	2,627	(586)	2.35
GENERAL INDUSTRY									
Packages Limited	32,065	290	-	-	32,355	3,557	3,300	(257)	2.95
Tri-Pack Films Limited	7,971	-	-	7,971	-	-	-	-	0.00%
INDUSTRIAL ENGINEERING									
Al Ghazi Tractors Limited	13,972	-	-	-	13,972	3,219	2,861	(358)	2.55
INDUSTRIAL METALS AND MINING									
International Steel Limited	349,500	-	-	40,710	308,790	4,203	3,798	(405)	3.39
NON LIFE INSURANCE									
Habib Insurance Company Limited	21,381	-	-	-	21,381	236	226	(10)	0.20
OIL & GAS									
National Refinery Limited	6,405	9,500	-	6,800	9,105	3,301	3,343	41	2.98
Oil & Gas Development Company Limited	23,200	9,000	-	2,539	29,661	4,353	3,919	(433)	3.50
Pakistan Oilfields Limited	23,600	10,000	-	12,619	20,981	7,671	7,729	58	6.90
Pakistan Petroleum Limited	29,706	6,500	2,720	3,000	35,926	6,800	6,810	11	6.08
Pakistan State Oil Company Limited	21,600	3,500	-	-	25,100	6,444	6,390	(54)	5.71
Attock Petroleum Limited	10,176	1,500	-	2,000	9,676	3,612	3,850	238	3.44
Attock Refinery Limited	21,500	5,500	-	4,000	23,000	2,761	2,555	(205)	2.28
Byco Petroleum Limited	168,424	-	-	10,000	158,424	1,437	1,131	(306)	1.01
PHARMA AND BIO TECHNOLOGY									
Abbot Laboratories (Pakistan) Limited	33,971	-	-	13,000	20,971	1,961	2,101	141	1.88
PERSONAL GOODS									
Nishat Mills Limited	-	12,400	-	5,000	7,400	353	356	3	0.32
Total as at 30 September 2011						93,619	90,222	(3,396)	
Total as at 30 June 2011						93,128	102,214		

Investment in government securities - 'At fair value through profit or loss'

Issue date	Tenor	Face value			As at 30 September 2011			Market value as a percentage of net assets
		As at 1 July 2011	Purchases during the period	Disposed / Matured during the period	As at 30 September 2011	Carrying value	Market value	
(Rupees in '000)								
21 April 2011	3 Months	6,000	-	6,000	-	-	-	-
02 June 2011	3 Months	10,000	-	10,000	-	-	-	-
28 July 2011	3 Months	-	5,000	-	5,000	4,966	4,965	(0)
11 August 2011	3 Months	-	5,000	-	5,000	4,943	4,941	(2)
14 July 2011	3 Months	-	6,000	-	6,000	5,989	5,989	(0)
Total as at 30 September 2011					15,898	15,895	(3)	
Total as at 30 June 2011					15,777	15,774		

7 DIVIDEND AND INCOME RECEIVABLE

(Unaudited) (Audited)
September 30 June
2011 2011
(Rupees in '000)

Dividend receivable	239	508
Profit receivable on saving account	38	30
	277	538

8 DEPOSITS AND PREPAYMENTS

Deposit with National Clearing Company of Pakistan Limited	8.1	2,500	2,500
Deposit with Central Depository Company of Pakistan Limited	8.1	100	100
Prepayments		15	-
		2,615	2,600

8.1 These deposits are non-remunerative

9. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. Consequently, a petition was filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustees on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds. The Management Company has filed the reply to said show cause notice informing the taxation officer that levy of WWF on mutual funds is *subjudice* before the court and that the court has directed not to enforce recovery of WWF. Further, MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled *ad-initio* clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 0.430 million (30 June 2011: Rs. 0.430 million) upto 30 September 2011.

Recently, the Lahore High Court in a petition filed by an industrial establishment has declared the amendments introduced in the WWF Ordinance through Finance Act, 2006 and 2008 as unconstitutional and has therefore struck them down. The Management Company is evaluating the implications of the above developments.

10 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 30 September 2011, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the period ended 30 June 2011.

TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, Central Depository Company Limited being the Trustee of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to management company and trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulation 2007 and the Trust Deed respectively.

Details of the transactions with connected persons and balances with them are as follows:

	(Unaudited) September	
	2011	2010
	(Rupees in '000)	
Habib Asset Management Limited - Management Company Management fee	970	1,001
AL Habib Capital Markets (Private) Limited - Brokerage house Brokerage	14	16
Central Depository Company of Pakistan Limited - Trustee Remuneration	176	176
Bank AL Habib Limited Profit on Bank Deposit	134	250

Details of the balances with connected persons are as follows:

	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	
Habib Asset Management Limited - Management Company Management fee and others	313	306
Central Depository Company of Pakistan Limited - Trustee Remuneration	58	58
Bank AL Habib Limited Bank Balances	1,915	2,351


	2011		2010	
	(Units)	Rupees in '000	(Units)	(Rupees in '000)
Units sold to:				
<i>Management Company</i>				
Habib Asset Management Limited	-	-	-	-
<i>Associated Companies</i>				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	-	-	-	-
- Tracker Direct Insurance Limited	-	-	-	-
<i>Other related parties</i>				
- Directors of the Management Company	187	18	-	-
- Executives of the Management Company	-	-	-	-
- Habib Asset Management Limited-Employees Provident Fund	1,041	100	-	-
Bonus Units Issued:				
<i>Management Company</i>				
Habib Asset Management Limited	14,893	1,491	-	-
<i>Other related parties</i>				
- Directors of the Management Company	770	77	-	-
Units held by:				
<i>Management Company</i>				
Habib Asset Management Limited	163,988	16,009	150,100	14,342
<i>Associated Companies</i>				
- Bank AL Habib Limited	500,000	48,810	500,000	47,776
- Habib Insurance Company Limited	359,109	35,056	350,000	33,443
- Tracker Direct Insurance Limited	-	-	5,000	478
<i>Other related parties</i>				
- Directors of the Management Company	8,668	846	7,357	703
- Executives of the Management Company	-	-	153	15
- Habib Asset Management Limited-Employees Provident Fund	1,041	102	1,683	161

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 17, 2011 by the Board of Directors of the Management Company.


Chief Executive

For Habib Asset Management Limited
(Management Company)


Director