

CONTENTS

GENERAL INFORMATION.....	01
DIRECTORS' REPORT.....	02
FUND MANAGER'S REPORT.....	03
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES.....	04
CONDENSED INTERIM INCOME STATEMENT.....	05
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME.....	06
CONDENSED INTERIM DISTRIBUTION STATEMENT.....	07
CONDENSED INTERIM CASH FLOW STATEMENT.....	08
CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - 'PER SHARE'.....	09
NOTES TO THE INTERIM FINANCIAL INFORMATION.....	10

GENERAL INFORMATION

Name of Company

Asian Stocks Fund Limited

Legal Status

Public limited company incorporated in Pakistan on June 13, 1994 under the Companies Ordinance, 1984. The ordinary shares of the Company are listed with all the stock exchanges of Pakistan, namely Karachi, Lahore and Islamabad Stock Exchanges.

Website and Email address

www.safewayfund.com
info@safewayfund.com

Company Registration number

0032734

National Tax Number

0709734-4

Asset Management Company

Safeway Fund Limited

Custodian

Central Depository Company
of Pakistan Limited

Internal Auditors

Riaz Ahmad & Company
Chartered Accountants
(Engagement Partner: Mr Muhammad
Kamran Nasir)

External Auditors

BDO Ebrahim & Company
Chartered Accountants
(Engagement Partner: Mr Zulfikar Causer)

Board of Directors

Mr. Pervez Akhtar
Mr. Nihal Cassim
Mr. Abdul Rauf
Mr. Ali Altaf Saleem
Mr. Asif Ali
Mr. Muhammad Naguib Saigal
Mr. Syed Ghausuddin Saif

CFO & Company Secretary

Ms. Tehmeena Khan
Email: tehmeena.khan@safewayfund.com

Share Registrar

Corptech Associates (Pvt) Limited
7/3-G, Mushtaq Ahmed Gurmani Road
Gulberg III
Lahore

Bankers

Bank Al Falah Limited
Soneri Bank Limited

Legal Advisors

Ahmed & Qazi Advocates

Credit Rating Agency

JCR-VIS Credit Rating Company

Registered Office

10th Floor, BOP Tower,
10-B, Block E-2,
Gulberg III, Lahore.
Phone: 042 - 35788097-98
Fax: 042 - 35755215

Karachi Office

D-41, Block 9, Scheme V, Clifton, Karachi.
Phone: 021 - 35869233-35
Fax: 021 - 35869236

Chairman
Chief Executive Officer
Director
Director
Director
Director

DIRECTORS' REPORT

The Directors of Asian Stocks Fund Limited are pleased to present the quarterly financial statements of the Fund for the quarter and the nine months ended March 31st, 2011.

Financial and Operating Performance

During the quarter ended March 31, 2011, the KSE-100 index decline by 212.92 points or 1.77% to close at 11,809.54 while the KSE-30 index decline by 26.74 points or 0.23% to close at 11,561.50. The Fund's NAV declined from Rs. 7.76 to Rs. 7.42 or a negative of 4.38% in the same period. On a year to date basis, the KSE-100 index rose by 21.47%, the KSE-30 rose by 20.98% and the Fund is up by 18.34%. The Fund had a loss for the quarter ended March 31, 2011 of Rs. 30.131m, compared to profit in the corresponding period of the prior year of Rs. 30.423m. The quarterly EPS was Rs. (0.33), while the cumulative year to date EPS stands at Rs. 1.20. The performance for the quarter and nine months ended March 31, 2011 is summarized below:-

	January to March		July to March	
	2011	2010	2011	2010
	----- Rupees in Thousands -----			
Income	(25,948)	34,439	120,288	179,106
Operating Expenses	4,183	4,016	12,530	11,677
	(30,131)	30,423	107,758	167,429
Taxation	-	-	-	-
Income/(loss) after tax	(30,131)	30,423	107,758	167,429
Earnings/(loss) per share	(0.33)	0.34	1.20	1.86

An analysis of the performance of the Fund is discussed in the Fund Manager's Report. This report has been reviewed by the Board of Directors and forms an integral part of this Directors' Report.

Future Outlook

We expect strong earnings growth due to increased rural incomes. Earnings of corporates and large banks are expected to do well. A commodity based spike in inflation is a cause of concern however we believe that Pakistan should be entering a lower interest rate environment before the end of CY2011.

Mutual Fund Ranking

JCR-VIS Credit Rating Company Limited has assessed the Company's performance 1 year ranking at 'MFR 5' Star and 2 year and 3 year weighted average ranking at 'MFR 4' Star as at June 30, 2010.

Approval of Directors

The Company has submitted to the SECP an application for the approval of Mr. Syed Saif Ghausuddin as director of the Company. This application is currently under consideration.

Acknowledgement

The Board places on record its thanks to the regulatory authorities, the stock exchanges, the Mutual Funds Association of Pakistan, the Asset Management Company, the Custodian and the bankers of the Fund for their continued cooperation and services. The Board also extends its gratitude to its shareholders for their trust reposed in us.

On behalf of the Board of Directors



Nihal Cassim
Chief Executive

Lahore
April 21, 2011

FUND MANAGER'S REPORT

Investment Philosophy & Strategy

The investment objective of the Fund is to provide its shareholders a vehicle for long-term capital appreciation. The investment philosophy and strategy, risk management policies and corporate governance policies have been more fully described in the Fund Manager's Report in the 2010 Annual Report.

Market Performance and Results of Operations

During the quarter ended March 31, 2011, the KSE-100 index declined by 212.92 points or 1.77% to close at 11,809.54 while the KSE-30 index declined by 0.23% to close at 11,561.50. The Fund's NAV declined from Rs. 7.76 to Rs. 7.42 or a negative of 4.38% during the same period. On a year to date basis, the KSE-100 index rose by 21.47%, the KSE-30 rose by 20.98% and the Fund is up by 18.34%.

The Fund's performance suffered this quarter as our portfolio's cyclical companies yielded poor results. We continue to see value in our investee companies and realize that an uptick in the economic cycle is required improve performance. In the market the fertilizer sector was the only significant beneficiary - unfortunately the Fund had no investment in this sector.

On the economic front, there is a visible rise in the demand from rural areas. Fiscal managers have been active in cutting energy subsidies and implementing a flood surcharge to meet revenue projections. The SBP has been tolerant due to the improved fiscal management and has maintained the discount rate at 14%. Our focus will now be on seeing if these trends can sustain. Once fiscal confidence is achieved, we hope for attention on building dams and increasing the power capacity in the country.

Future Outlook

We expect strong earnings growth due to increased rural incomes. Earnings of corporates and large banks are expected to do well. A commodity based spike in inflation is a cause of concern however we believe that Pakistan should be entering a lower interest rate environment before the end of CY2011.

Acknowledgement

We extend our gratitude to the stock exchanges, the regulators, CDC, NCCPL and the Board of Asian Stocks Fund Limited for their continued guidance and support, and to our team for their hard work and dedication.

For and on behalf of Safeway Fund Limited



NIHAL CASSIM
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF ASSETS AND
LIABILITIES (UN-AUDITED)
AS AT MARCH 31, 2011**

	Note	Unaudited March 31, 2011	Audited June 30, 2010
ASSETS			
NON CURRENT ASSETS			
Long term deposit		2,575	2,575
CURRENT ASSETS			
Bank balances		14,004	97,700
Short term investments	4	501,187	536,162
Dividends receivable		5,418	1,400
Investment in treasury bills		145,507	-
Income tax refundable		1,134	1,134
Prepayments and other receivable		3,765	758
		671,015	637,154
TOTAL ASSETS		673,590	639,729
LIABILITIES			
CURRENT LIABILITIES			
Remuneration payable to Asset Manager		1,086	1,050
Payable against purchase of investments		2,791	107
Accrued expenses and other liabilities		1,186	4,003
		5,063	5,160
NET ASSETS		668,527	634,569
REPRESENTED BY:			
Share capital	5	900,000	900,000
Revenue reserve			
Unappropriated loss		(231,473)	(265,431)
CONTINGENCIES AND COMMITMENTS	6		
SHAREHOLDERS' EQUITY		668,527	634,569

The annexed notes 1 to 10 form an integral part of these financial statements.



Chief Executive



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

Note	January to March		July to March	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
INCOME				
Net gain on sale of investments	21,663	38,715	42,521	115,023
Net unrealized (diminution) / appreciation on investments at fair value through profit or loss	(60,860)	(11,461)	44,633	46,521
Return on treasury bills / sukuk certificate	3,411	-	3,411	389
Dividend income	8,318	6,492	23,214	8,968
Profit on bank account	1,495	693	6,484	8,204
Other income	25	-	25	1
	(25,948)	34,439	120,288	179,106
OPERATING EXPENSES				
Annual fee - Securities and Exchange Commission of Pakistan	160	167	469	462
Settlement and custody charges	144	134	436	649
Professional fees and subscription	111	114	308	194
Auditor's remuneration	104	-	349	183
Directors' remuneration and traveling	35	67	182	149
Printing, postage and stationery	8	21	123	240
Brokerage and federal excise duty	256	-	614	-
Remuneration of Asset Manager	3,365	3,511	9,869	9,735
Advertisement	-	-	128	55
Bank charges	-	2	52	10
	4,183	4,016	12,530	11,677
(Loss) / income before taxation	(30,131)	30,423	107,758	167,429
Taxation	7	-	-	-
(Loss) / income for the period	(30,131)	30,423	107,758	167,429
Earnings per share (Rupees) - basic and diluted	(0.33)	0.34	1.20	1.86

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	January to March		July to March	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
(Loss) / income for the period	(30,131)	30,423	107,758	167,429
Other comprehensive income for the period				
Movement in available for sale of investments	-	-	-	62,351
Total comprehensive (loss) / income for the period	<u>(30,131)</u>	<u>30,423</u>	<u>107,758</u>	<u>229,780</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive



Director

**CONDENSED INTERIM DISTRIBUTION
STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	January to March		July to March	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
Unappropriated loss brought forward	(201,342)	(209,515)	(265,431)	(346,521)
Final dividend for the year ended June 30, 2010 at Rs.0.82 per share	-	-	(73,800)	-
Net (loss) / income for the period	(30,131)	30,423	107,758	167,429
Unappropriated loss carried forward	<u>(231,473)</u>	<u>(179,092)</u>	<u>(231,473)</u>	<u>(179,092)</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	<u>July to March</u>	
	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	107,758	167,429
Adjustments:		
Net unrealized (appreciation) in fair value of investments at fair value through profit and loss	(44,633)	(46,521)
Capital gain on sale of investments classified as 'available for sale'	-	111,222
Dividend income	(23,214)	(8,968)
Mark up and other income	(9,895)	(8,205)
Remuneration of Asset Manager	9,869	9,735
	<u>39,885</u>	<u>224,692</u>
(Increase) in current assets		
Short term investments	79,608	(90,867)
Treasury bills	(145,507)	-
Receivable against sale of investment	-	(38,643)
Prepayments and other receivable	(106)	(13,119)
	<u>(66,005)</u>	<u>(142,629)</u>
(Decrease) in current liabilities		
Payable against purchase of investment	2,684	(101)
Accrued expenses and other liabilities	(3,022)	(122)
	<u>(338)</u>	<u>(223)</u>
Cash (used in) / generated from operations	<u>(26,458)</u>	<u>81,840</u>
Remuneration of Asset Manager	(9,833)	(9,392)
Mark up received	6,994	7,916
Dividend received	19,196	4,636
Net cash generated from operating activities	<u>(10,101)</u>	<u>85,000</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid and net cash used in financing activities	(73,595)	-
	<u>(73,595)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	<u>(83,696)</u>	<u>85,000</u>
Cash and cash equivalents at the beginning of the period	<u>97,700</u>	<u>2,805</u>
Cash and cash equivalents at the end of the period	<u>14,004</u>	<u>87,805</u>

The annexed notes 1 to 10 form an integral part of these financial statements.



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	January to March		July to March	
	2011 (Rupees in thousand)	2010	2011 (Rupees in thousand)	2010
Net assets per share as at the beginning of the period	7.76	7.67	7.04	5.46
Dilution due to final dividend for the year ended June 30, 2010 - Rs. 0.82 per share	-	-	(0.82)	-
Net capital gain on sale of marketable securities	0.24	0.43	0.47	1.26
Unrealized (diminution) / appreciation in value of investment at fair value through profit or loss	(0.68)	(0.14)	0.50	0.52
Other net operating income for the period	0.10	0.04	0.23	0.07
Net (loss) / income for the period	(0.34)	0.33	1.20	1.85
Movement in available for sale of investments	-	-	-	0.69
Net assets per share as at the end of the period	7.42	8.00	7.42	8.00

The annexed notes 1 to 10 form an integral part of these financial statements.



Chief Executive



Director

**NOTES TO THE INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

1. LEGAL STATUS AND NATURE OF BUSINESS

Asian Stocks Fund Limited (the Company) is a public limited company incorporated in June 1994 under the Companies Ordinance, 1984 and has been registered with the Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Asset Managers Rules, 1971 to carry on the business of a closed end investment company. The Company is registered as a notified entity as per section 46 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company commenced its business in July 1994 and is listed on Karachi, Lahore and Islamabad Stock Exchanges.

The Company has entered into an agreement with Safeway Fund Limited (SFL) to act as its Asset Management Company. SFL is duly licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 to act as an Asset Management Company. The Company primarily invests in shares of listed companies.

JCR-VIS Credit Rating Company Limited has assessed the Company's performance 1 year ranking at 'MFR 5' Star and 2 year and 3 year weighted average ranking at 'MFR 4' Star as at June 30, 2010. SFL MQR is AM 4+.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended March 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provisions of or directives of Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

The disclosures made in these condensed interim financial information, however, are limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited and are being circulated to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 and requirements of section 52(b) of the NBFC Regulations.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets have been included at fair value in accordance with the recognition criteria specified in the relevant IAS applicable to these assets and the requirements of the NBFC Rules and the NBFC Regulations.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual statements for the year ended June 30, 2010.

4. Investments in marketable securities - 'at fair value through profit or loss'

Name of the Investee Company	No of shares				Balance as at March 31, 2011				Percentage in relation to			
	As at July 01, 2010	Purchases/ adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at March 31, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of the paid-up capital of the investee company	Market value as a percentage of total market value of investments
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise												
RELATED PARTIES												
Food Producers												
Shakarganj Mills Limited	2,108,319	-	-	-	2,108,319	15,968	8,012	12,207	4,195	1.83	3.03	2.44
Shakarganj Mills Limited - Cum. Red. Pref	167,500	-	-	-	167,500	1,761	504	486	(18)	0.07	0.48	0.10
						17,729	8,516	12,693	4,177	1.90	3.51	2.54
Industrial Metal and Mining												
Crescent Steel & Allied Products Limited	1,090,000	-	-	-	1,090,000	24,810	27,370	29,430	2,060	4.40	1.93	5.87
						24,810	27,370	29,430	2,060	4.40	1.93	5.87
OTHERS												
Financial Services												
Innovative Investment Bank Limited (note 4.1)	20,000	-	-	-	20,000	-	-	-	-	-	-	-
Invest Capital Investment Bank Limited	467,532	-	-	-	467,532	489	397	234	(163)	0.04	0.16	0.05
Escorts Investment Bank Limited	62,150	-	-	-	62,150	243	180	145	(35)	0.02	0.14	0.03
						732	577	379	(198)	0.06	0.30	0.08
Personal Goods												
The Crescent Textile Mills Limited	1,295,031	-	-	-	1,295,031	35,934	27,934	20,293	(7,641)	3.04	2.63	4.05
						35,934	27,934	20,293	(7,641)	3.04	2.63	4.05
Construction and Materials												
D.G Khan Cement Company Limited (note 4.2)	2,747,828	-	-	250,000	2,497,828	73,662	58,999	64,269	5,270	9.61	0.68	12.82
D.G Khan Cement Company Limited - Right	-	-	499,565	-	499,565	-	-	2,853	2,853	0.43	-	0.57
Lucky Cement Limited	815,287	-	-	815,287	-	73,662	58,999	67,122	8,123	10.04	0.68	13.39
						15,045	15,045	15,873	828	2.37	0.25	3.17
						15,045	15,045	15,873	828	2.37	0.25	3.17
Industrial Metal and Mining												
International Industries Limited	-	300,000	-	-	300,000	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Bank												
Allied Bank Limited	-	400,000	-	400,000	-	-	60,096	62,383	2,287	9.33	0.47	12.45
Bank Al Falah Limited (note 4.2)	6,352,691	-	-	-	6,352,691	76,110	-	-	-	-	-	-
National Bank of Pakistan Limited	1,998,008	350,000	-	350,000	1,998,008	6,814	4,535	3,417	(1,118)	0.51	0.14	0.68
Samba Bank Limited	-	-	-	-	-	2,744	2,744	2,744	-	0.41	0.07	0.55
Soneri Bank Limited	-	437,000	-	-	437,000	-	-	-	-	-	-	-
United Bank Limited (note 4.2)	708,648	519,707	-	356,884	891,471	48,591	53,257	54,825	1,568	8.20	0.07	10.94
						134,259	120,632	123,369	2,757	18.45	0.75	24.62

Rupees in thousand

ASIAN STOCKS FUND LIMITED 3rd QUARTERLY REPORT 2011

Name of the Investee Company	No of shares				Balance as at March 31, 2011			Percentage in relation to				
	As at July 01, 2010	Purchases/ adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at March 31, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of the paid-up capital of the investee company	Market value as a percentage of total market value of investments
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Non Life Insurance												
Adamjee Insurance Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	-
Beema Pakistan Company Limited (note 4.3)	200,000	-	-	-	200,000	518	-	-	-	-	0.48	-
						518	-	-	-	-	0.48	-
General Industrials												
Thal Limited	331,000	-	66,200	-	397,200	29,265	31,425	42,691	11,266	6.39	0.65	8.52
(Ordinary shares of Rs 5 each)						29,265	31,425	42,691	11,266	6.39	0.65	8.52
Industrial Transportation												
Pakistan National Shipping Corporation Limited	44,100	-	-	-	44,100	2,524	1,759	1,367	(392)	0.20	0.03	0.27
						2,524	1,759	1,367	(392)	0.20	0.03	0.27
Oil and Gas												
Attock Petroleum Limited	35,000	-	7,000	42,000	-	-	-	-	-	-	-	-
Pakistan Oilfields Limited	300,000	-	-	100,000	200,000	47,095	43,180	65,018	21,838	9.73	0.88	12.97
Pakistan Petroleum Limited	153,234	-	30,646	83,880	100,000	15,780	15,343	21,141	5,798	3.16	0.01	4.22
Pakistan State Oil Company Limited	228,091	-	-	-	228,091	66,951	59,349	63,298	3,949	9.47	0.13	12.63
						129,826	117,872	149,457	31,585	22.36	0.22	29.82
Automobile and Parts												
Pakistan Suzuki Motors Company Limited	131,864	-	-	-	131,864	26,003	10,453	9,161	(1,292)	1.37	0.16	1.83
						26,003	10,453	9,161	(1,292)	1.37	0.16	1.83
Fixed Line Telecommunication												
Pakistan Telecommunication Company Limited	800,000	35,000	-	431,809	403,191	7,323	7,202	6,854	(348)	1.03	0.01	1.37
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	10,000	6,230	2,850	(3,880)	0.43	0.16	0.57
						17,323	13,432	9,704	(3,728)	1.46	0.17	1.94
Chemicals												
Arief Habib Corporation Limited	-	250,000	-	250,000	-	-	-	-	-	-	-	-
Fatma Fertilizer Company Limited	-	-	75,000	75,000	-	-	-	-	-	-	-	-
Lottee Pakistan PTA Limited	500,000	142,000	-	642,000	-	-	-	-	-	-	-	-

ASIAN STOCKS FUND LIMITED 3rd QUARTERLY REPORT 2011

Name of the Investee Company	No of shares			Balance as at March 31, 2011			Percentage in relation to				
	As at July 01, 2010	Purchases/ adjustments during the period	Bonus/ rights	Sales/ adjustments during the period	As at March 31, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market values as a percentage of the paid-up capital of the investee company	Market value as a percentage of total market value of investments
----- Rupees in thousand -----											
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise											
Electricity											
Altem Energy Limited	2,056,821	-	-	-	2,056,821	18,511	21,247	18,511	(2,736)	2.77	0.60
						18,511	21,247	18,511	(2,736)	2.77	0.60
Real Estate Investment and Services											
Pace Pakistan Limited	362,221	-	-	-	362,221	1,953	1,293	1,137	(156)	0.17	0.13
						1,953	1,293	1,137	(156)	0.17	0.13
Media											
Southern Networks Limited (note-4.3)	50,000	-	-	-	50,000	489	-	-	-	-	-
						489	-	-	-	-	0.10
Total	24,025,325	2,458,707	678,411	3,801,860	23,360,583	528,583	456,554	501,187	44,633		

4.1 Innovative Investment Bank Limited (formerly International Housing Finance Limited) (IIBL) is an unlisted company so its fair value can not be ascertained reliably. Based on the prudence principle of accounting the investment in the shares of IIBL has been recorded at NIL value, being the carrying value of investment in CSIBL shares at the time of derecognition. SECP has passed an order for liquidation of IIBL.

4.2 4,463,534 shares of Bank Al Falah Limited, 1,289,857 shares of D.G.Khan Cement Company Limited and 200,000 shares of United Bank Limited have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the stock exchange.

4.3 The fair value of investment in securities of Southern Networks Limited (SNL) and Beema Pakistan Company Limited (BEEM) cannot be ascertained reliably. The trading of the said securities has been suspended on Karachi Stock Exchange. Based on the prudence principle of accounting the investment in the shares of SNL and BEEM have been recorded at NIL value.

 **ASIAN STOCKS FUND LIMITED 3rd QUARTERLY REPORT 2011**

	Note	Unaudited March 31, 2011	Audited June 30, 2010
(Rupees in thousand)			
5. SHARE CAPITAL			
Authorized share capital			
100,000,000 (June 30, 2010: 100,000,000)		<u>1,000,000</u>	<u>1,000,000</u>
ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital			
90,000,000 (June 30, 2010: 90,000,000)		<u>900,000</u>	<u>900,000</u>
ordinary shares of Rs.10 each			

6. CONTINGENCIES AND COMMITMENTS

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. Some CISs and The Central Depository Company of Pakistan Limited on behalf of funds under its trusteeship have filed a petition before the Honorable High Court of Sindh on the grounds that 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 July 08, 2010 issued advice and clarifications which stated that WWF Ordinance 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 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 July 15, 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. 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 October 06, 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 Tax department 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 and we understand that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds.

On December 14, 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, clarification of the Ministry and the response filed by the Ministry in the Court.

This matter continues to be unresolved, however, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishment, the impact on the NAV per share will be Rs.0.042 as of March 31, 2011.

ASIAN STOCKS FUND LIMITED 3rd QUARTERLY REPORT 2011

7. PROVISION FOR TAXATION

The company intends to avail the tax exemption under clause 99 of the Second Schedule to the Income Tax Ordinance, 2001 by at-least ninety percent of its accounting income for the period as reduced by capital gains, whether realized or un-realized, to its shareholders. Accordingly, no current tax liability for the period has been recognized in these financial statements.

8. TRANSACTIONS WITH CONNECTED PERSONS

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

Transactions during the period:

	January to March		July to March	
	2011 (Rupees in thousand)	2010 (Rupees in thousand)	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Remuneration to Asset Manager				
Safeway Fund Limited	3,365	3,511	9,869	9,735
Remuneration to Custodian				
Central Depository Company of Pakistan Limited	94	167	293	472
Commission and fees paid				
Cassim Investments (Pvt.) Limited	27	108	117	603
Fees paid to Directors	35	30	115	96
Dividend paid				
Shakarganj Mills Limited	-	-	13,321	-
Crescent Steel & Allied Products Limited	-	-	7,429	-
Samba Bank Limited*	-	-	21,983	-
Safeway Fund Limited	-	-	7,775	-
Dividend income				
Crescent Steel & Allied Products Limited	1,090	1,090	2,180	1,090
Sale of marketable securities	-	-	-	86,498
Purchase of marketable securities	-	-	-	92,004

Unaudited **Audited**
March 31, **June 30,**
2011 **2010**
(Rupees in thousand)

Balances outstanding at period end:

Remuneration payable to Asset Manager			
Safeway Fund Limited		1,086	1,050
Remuneration to Custodian			
Central Depository Company of Pakistan Limited		24	34
Payable against purchase of investments			
Cassim Investments (Private) Limited		-	9

* This entity is no longer a related party.

9. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on April 21, 2011 by the Board of Directors of the Company.

10. GENERAL

- 10.1 The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.
- 10.2 Figures have been rounded off to the nearest thousand rupees.
- 10.3 Comparative figures for brokerage and federal excise duty have not been presented as these were not practically ascertainable.



Chief Executive



Director