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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 Zulfiqar
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
Director

DIRECTORS REPORT

The Board of Directors of Asian Stocks Fund Limited are pleased to present the reviewed half year financial statements of the Company for the half year ended December 31, 2010.

Financial and Operating Performance

The KSE 100 index rose by 23.66% from June 30, 2010 to December 31, 2010 to close at 12,022.46, a recovery of 2,300.55 points during the period. During the same period, the NAV per share of your fund rose from Rs. 7.04 to Rs. 7.76. (after adjusting for dividend Rs. 0.82 per share), an increase of 23.76%. The performance of the Fund for the half year ended December 31, 2010 is as follows:-

	July to December		October to December	
	2010	2009	2010	2009
	Rupees in thousands			
INCOME				
Net gain on sale of investments	20,858	76,308	18,630	27,218
Net unrealized appreciation / (diminution) on investments at fair value through profit and loss	105,495	57,982	96,611	(13,040)
Return on sukuk certificates	-	389	-	-
Dividend income	14,896	2,476	11,248	866
Other income	4,989	7,512	2,333	6,414
	146,238	144,667	128,822	21,458
OPERATING EXPENSES				
Administrative and general expense	(1,845)	(1,437)	(1,249)	(835)
Remuneration of Asset Manager	(6,504)	(6,224)	(3,212)	(3,363)
	(8,349)	(7,661)	(4,461)	(4,198)
Income before tax	137,889	137,006	124,361	17,260
Taxation	-	-	-	-
Income after tax	137,889	137,006	124,361	17,260
Earning per share (Rupees)				
- basic and diluted	1.53	1.52	1.38	0.19

Dividend Paid

At the 16th AGM of the Company, the shareholders approved the distribution of a final dividend for the year ended June 30, 2010 of Rs. 0.82 per share amounting to Rs. 73,800,000/-. Dividend warrants were dispatched to shareholders on October 30, 2010.

Future Outlook

The future outlook is discussed in detail in the Fund Manager's Report.

 **ASIAN STOCKS FUND LIMITED HALF YEARLY REPORT 2011**

Mutual Fund Ranking

The Fund's last ranking was from JCR - VIS and is based on June 30, 2010 performance. In this ranking the Fund was placed as MFR*5 for one year and MFR*4 for two and three years. MFR*5 represents the highest ranking while MFR*1 represents the lowest ranking on the JCR - VIS scale.

Election of Directors on December 27, 2010

At the EOGM of the shareholders of the Company held on December 27, 2010, the shareholders elected seven directors of the Company for a tenure of three years subject to the approval of the SECP. The majority of the directors have already been approved by the SECP however approval for Mr. Syed Ghaussudin Saif is currently under consideration.

The newly elected Board of Directors appointed Mr. Nihal Cassim as Chief Executive of the Company. Mr. Nihal Cassim has already been approved by the SECP as Chief Executive Officer.

Acknowledgement

The Board wishes to place on record its appreciation to the Securities and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Stock Exchange, Central Depository Company Limited and the National Clearing Company Limited for their continued guidance and support.

We also thank our professional service providers - Ahmed and Qazi Legal Consultants, BDO Ebrahim & Co. Chartered Accountants, and Riaz Ahmad & Co. Chartered Accountants for their advice and guidance.

The Board extends its thanks and commendation to the Asset Manager's team for their continued efforts in strengthening the policies, procedures and control environment of the Funds.

Finally, the Board thanks the shareholders and the members of the stock exchanges for their trust reposed in us, which we hope to continue to strengthen in the coming years.

For and on behalf of the Board of Directors



NIHAL CASSIM
Chief Executive Officer

Dated: February 22, 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 printed in the 2010 Annual Report.

Market Performance and Results of Operations

During the half year ended December 31, 2010, the KSE-100 rose by 2,300 points or 23.66% to closed at 12,022 points while the KSE - 30 index rose by 21.25% to close at 11,588. In comparison, the Fund achieved a NAV growth of 23.76% (after adjusting for dividend Rs.0.82 per share) during the same period from Rs. 7.04 to Rs. 7.76.

The Fund's earning for the half year was Rs. 137.889mn, higher than the corresponding prior of Rs. 137.006mn. The EPS for the half year was Rs. 1.53 per share compared to Rs. 1.52 per share in the prior year.

Much of the gains for the period were recorded in the last quarter driven primarily by a net foreign investment of USD 145 million bringing the 2011 market PE to 7.4x (ex-OGDC). Foreign interest remained in selective companies and the broader market performance began to show performance just at the very end of December 2010 and into January 2011 on the back of local institutional investment.

Economic Performance

Economic performance remained poor, with the discount rate increasing to 14% on the back of higher inflation and high government borrowing. We continue to believe that the SBP is forced to act as the fiscal managers have failed to do their part. A deeper look into most impressive economic figures shows nominal or cosmetic improvement while real and fundamental improvement is still awaited. What continues to encourage us is the confidence exhibited by sponsors in the corporate valuations and this could mean that earnings growth will begin to take off despite a tough economic environment.

Future Outlook

Looking forward there are indications that continued foreign interest, a leveraged trading platform, earnings growth and corporate payouts will keep the markets active and strengthen the local investor, however disappointment in these areas could add volatility as many companies are trading near their fair values. We also welcome the new fiscal influence within the SBP and hope that the short window given to fiscal managers to reform and act will be heeded, failing which we see the extreme opposite scenario of a long-term environment characterized by high inflation, high interest rates and accelerated devaluations of the Rupee.

Acknowledgement

The Asset Manager wishes to place on record its appreciation to the Securities and Exchange Commission of Pakistan, the Board of Asian Stocks Fund Limited, the Karachi, Lahore and Islamabad Stock Exchanges, Central Depository Company Limited and the National Clearing Company Limited for their continued guidance and support. We also thank our professional service providers - our brokers, Ahmed and Qazi Legal Consultants, BDO Ebrahim and Company Chartered Accountants and Riaz Ahmad and Company Chartered Accountants for their advice and guidance.

And last, but not least, we extend our thanks and commendation our staff for their hard work and dedication.

For and on behalf of the Board of Directors



NIHAL CASSIM
Chief Executive Officer

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ASIAN STOCKS FUND LIMITED** (the "Company") as at December 31, 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow, condensed interim statement of movement in equity and reserves-'per share' and notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial information"). Management of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarters ended December 31, 2010 and December 31, 2009 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement and condensed interim statement of movement in equity and reserves - per share have not been reviewed and we do not express a conclusion on them.

Without qualifying our opinion, we draw attention to note 6 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers' Welfare Fund. The case is currently pending adjudication at the Honorable High Court of Sindh.

KARACHI
DATED: February 22, 2011

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

 **ASIAN STOCKS FUND LIMITED HALF YEARLY REPORT 2011**

**CONDENSED INTERIM STATEMENT OF ASSETS AND
LIABILITIES (UN-AUDITED)
AS AT DECEMBER 31, 2010**

	Note	December 31, 2010 Unaudited	June 30, 2010 Audited
ASSETS			
NON-CURRENT ASSETS			
Long-term deposits		2,575	2,575
CURRENT ASSETS			
Bank balances		83,559	97,700
Short term investments	4	575,958	536,162
Dividend receivable		1,943	1,400
Income tax refundable		1,134	1,134
Receivables against sale of investments		34,979	-
Prepayments and other receivables		864	758
		<u>698,437</u>	<u>637,154</u>
TOTAL ASSETS		701,012	639,729
LIABILITIES			
CURRENT LIABILITIES			
Remuneration payable to Asset Manager		1,119	1,050
Payable against purchase of investments		114	-
Accrued expenses and other liabilities		1,121	4,110
		<u>2,354</u>	<u>5,160</u>
NET ASSETS		698,658	634,569
REPRESENTED BY:			
Share capital	5	900,000	900,000
Revenue reserve			
Unappropriated loss		(201,342)	(265,431)
CONTINGENCIES AND COMMITMENTS	6	-	-
SHAREHOLDERS' EQUITY		698,658	634,569

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



Chief Executive



Director

ASIAN STOCKS FUND LIMITED HALF YEARLY REPORT 2011

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Note	July to December		October to December	
		2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
INCOME					
Net gain on sale of investments		20,858	76,308	18,630	27,218
Net unrealized appreciation/ (diminution) on investments at fair value through profit or loss	4	105,495	57,982	96,611	(13,040)
Return on sukuk certificate		-	389	-	-
Dividend income		14,896	2,476	11,248	866
Other income		4,989	7,512	2,333	6,414
		<u>146,238</u>	<u>144,667</u>	<u>128,822</u>	<u>21,458</u>
OPERATING EXPENSES					
Annual fee - Securities and Exchange Commission of Pakistan		309	296	153	160
Settlement and custody charges		294	458	152	205
Professional fee and subscription		163	135	87	35
Auditor's remuneration		245	183	122	165
Director's remuneration and traveling		147	177	147	85
Printing, postage and stationery		115	123	115	123
Brokerage and federal excise duty		357	-	292	-
Remuneration of Asset Manager		6,504	6,224	3,212	3,363
Bank charges		52	3	50	2
Others		163	62	131	60
		<u>8,349</u>	<u>7,661</u>	<u>4,461</u>	<u>4,198</u>
Income before taxation		<u>137,889</u>	<u>137,006</u>	<u>124,361</u>	<u>17,260</u>
Taxation	7	-	-	-	-
Income for the period		<u>137,889</u>	<u>137,006</u>	<u>124,361</u>	<u>17,260</u>
Earnings per share (Rupees)-basic and diluted		<u>1.53</u>	<u>1.52</u>	<u>1.38</u>	<u>0.19</u>

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



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December		October to December	
	2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Income for the period	137,889	137,006	124,361	17,260
Other comprehensive income for the period				
Movement in available for sale investments	-	62,351	-	-
Total comprehensive income for the period	<u>137,889</u>	<u>199,357</u>	<u>124,361</u>	<u>17,260</u>

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



Chief Executive



Director

**CONDENSED INTERIM DISTRIBUTION
STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December		October to December	
	2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Unappropriated loss brought forward	(265,431)	(346,521)	(251,903)	(226,775)
Final dividend for the year ended June 30, 2010 at Rs 0.82 per share	(73,800)	-	(73,800)	-
Income for the period	137,889	137,006	124,361	17,260
Unappropriated loss carried forward	<u>(201,342)</u>	<u>(209,515)</u>	<u>(201,342)</u>	<u>(209,515)</u>

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


Chief Executive


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December	
	2010	2009
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	137,889	137,006
Adjustments:		
Net unrealised (appreciation) in fair value of investments at fair value through profit and loss	(105,495)	(57,982)
Capital gain on sale of investments classified as 'available for sale'	-	111,222
Dividend income	(14,896)	(2,478)
Mark up income	(4,989)	(7,901)
Remuneration of Asset Manager	6,504	6,224
	<u>19,013</u>	<u>186,092</u>
Decrease/(increase) in current assets		
Short term investments	65,699	(190,629)
Receivable against sale of investment	(34,979)	-
Prepayments and other receivables	(150)	(84)
	<u>30,570</u>	<u>(190,713)</u>
Increase/(decrease) in current liabilities		
Payable against purchase of investment	114	24,569
Accrued expenses and other liabilities	(3,199)	66
	<u>(3,085)</u>	<u>24,635</u>
Cash generated from operations	<u>46,498</u>	<u>20,014</u>
Remuneration of Asset Manager	(6,435)	(5,928)
Mark-up received	5,033	5,862
Dividend received	14,353	3,771
Net cash generated from operating activities	<u>59,449</u>	<u>23,719</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid and net cash used in financing activities	(73,590)	-
Net (decrease)/increase in cash and cash equivalents	<u>(14,141)</u>	<u>23,719</u>
Cash and cash equivalents at beginning of the period	<u>97,700</u>	<u>2,805</u>
Cash and cash equivalents at end of the period	<u>83,559</u>	<u>26,524</u>

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



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December		October to December	
	2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Net assets per share as at beginning of the period	7.04	5.46	7.20	7.48
Dilution due to final dividend for the year ended June 30, 2010 - Rs 0.82 per share	(0.82)	-	(0.82)	-
Net capital gain on sale of marketable securities	0.23	0.85	0.21	0.30
Net unrealized appreciation/(diminution) in the value of investments at fair value through profit or loss	1.17	0.64	1.07	(0.14)
Other net operating income for the period	0.14	0.03	0.10	0.03
Net income for the period	1.54	1.52	1.38	0.19
Movement in available for sale investments	-	0.69	-	-
Net assets per share as at end of the period	<u>7.76</u>	<u>7.67</u>	<u>7.76</u>	<u>7.67</u>

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



Chief Executive



Director

**NOTES TO THE INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial report of the Company for the six month period ended December 31, 2010 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 in these condensed interim financial statements are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the period ended June 30, 2010.

These condensed interim financial statements comprise of condensed interim statement of assets and liabilities as at December 31, 2010 and the related condensed interim income statement, condensed interim statements of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow, condensed interim statement of movement in equity and reserves 'per share' and notes thereto, for the six months and quarter ended December 31, 2010.

These condensed interim financial statements are unaudited. However, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

These condensed interim financial statements are being submitted to the share-holders as required under Regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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 financial statements for the year ended June 30, 2010. The following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial statements:

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 32 - Financial Instruments: Presentation

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and Measurement

IFRS 1 - First-time Adoption of International Financial Reporting Standards

IFRS 2 - Share-based Payment

IFRS 5 - Non-current Assets Held for Sales and Discontinued Operations

IFRS 8 - Operating Segments

ASIAN STOCKS FUND LIMITED HALF YEARLY REPORT 2011

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

Name of the Investee Company	No of shares				Balance as at December 31, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales/ adjustments during the period	As at Dec 31, 2010	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
Rupees in thousand												
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	11,659	3,647	1.67	3.03	2.02
Shakarganj Mills Limited - Cum. Red. Pref	167,500	-	-	-	167,500	1,761	504	801	297	0.11	0.48	0.14
						17,729	8,516	12,460	3,944	1.78	3.51	2.16
Industrial Metal and Mining												
Crescent Steel and Allied Products Limited	1,090,000	-	-	-	1,090,000	24,810	27,370	29,986	2,616	4.29	1.93	5.21
						24,810	27,370	29,986	2,616	4.29	1.93	5.21
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	365	(33)	0.05	0.16	0.06
Escorts Investment Bank Limited	62,150	-	-	-	62,150	243	180	173	(7)	0.02	0.14	0.03
						732	577	538	(40)	0.07	0.30	0.09
Personal Goods												
The Crescent Textile Mills Limited	1,295,031	-	-	-	1,295,031	35,934	27,934	30,718	2,784	4.40	2.63	5.33
						35,934	27,934	30,718	2,784	4.40	2.63	5.33
Construction and Materials												
D.G Khan Cement Company Limited (note 4.2)	2,747,828	-	-	-	2,747,828	73,662	58,999	75,359	16,360	10.79	0.68	13.08
Lucky Cement Limited	815,287	-	-	-	815,287	-	-	-	-	-	-	-
						73,662	58,999	75,359	16,360	10.79	0.68	13.08

ASIAN STOCKS FUND LIMITED HALF YEARLY REPORT 2011

Name of the Investee Company	No of shares			Balance as at December 31, 2010				Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales/ adjustments during the period	As at Dec 31, 2010	Cost	Carrying cost	Market Value	Appreciation/ (diminution)	Market value as a percentage of net assets	Market value as a percentage of 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												
Bank												
Allied Bank Limited	-	400,000	-	2,500	397,500	22,700	22,700	27,885	5,185	3.99	0.05	4.84
Bank Al Falah Limited (note 4.2)	6,352,691	-	-	6,352,691	-	76,110	60,096	71,214	11,118	10.19	0.47	12.36
National Bank of Pakistan Limited	-	300,000	-	300,000	-	-	-	-	-	-	-	-
Samba Bank Limited	1,998,008	-	-	1,998,008	-	6,814	4,535	3,916	(619)	0.56	0.14	0.68
United Bank Limited (note 4.2)	708,648	25,000	-	336,884	396,764	16,831	21,498	27,071	5,573	3.87	0.03	4.70
						122,455	108,829	130,086	21,257	18.61	0.69	22.58
Non Life Insurance												
Adanjee Insurance Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	-
Beema Pakistan Company Limited (note 4.3)	200,000	-	-	-	200,000	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
General Industrials												
Thal Limited	331,000	-	66,200	-	397,200	29,265	31,425	51,735	20,310	7.40	0.65	8.98
(Ordinary shares of Rs 5 each)						29,265	31,425	51,735	20,310	7.40	0.65	8.98
Industrial Transportation												
Pakistan National Shipping Corporation Limited	44,100	-	-	-	44,100	2,524	1,759	1,674	(85)	0.24	0.03	0.29
						2,524	1,759	1,674	(85)	0.24	0.03	0.29
Oil and Gas												
Attock Petroleum Limited	35,000	-	7,000	-	42,000	10,306	10,141	14,050	3,909	2.01	0.06	2.44
Pakistan Oilfields Limited	300,000	-	-	60,000	240,000	56,514	51,816	71,030	19,214	10.17	0.10	12.33
Pakistan Petroleum Limited	153,234	-	30,646	-	183,880	29,017	28,213	39,930	11,717	5.72	0.02	6.93
Pakistan State Oil Company Limited	228,091	-	-	-	228,091	66,951	59,349	67,328	7,979	9.64	0.13	11.69
						162,788	149,519	192,338	42,819	27.54	0.31	33.39

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Name of the Investee Company	No of shares				Balance as at December 31, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at Dec 31, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market values 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												
Rupees in thousand												
Automobile and Parts												
Pakistan Suzuki Motors Company Limited	131,864	-	-	-	131,864	26,003	10,453	9,207	(1,246)	1.32	0.16	1.60
Fixed Line Telecommunication												
Pakistan Telecommunication Company Limited	800,000	35,000	-	301,809	533,191	9,684	9,524	10,355	831	1.48	0.01	1.80
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	10,000	6,230	3,640	(2,590)	0.52	0.16	0.63
Chemicals												
Arif Habib Securities Limited	-	250,000	-	-	250,000	6,788	6,788	6,223	(565)	0.89	0.07	1.08
Fatima Fertilizer Company Limited	-	75,000	-	75,000	-	-	-	-	-	-	-	-
Lottee Pakistan PTA Limited	500,000	142,000	-	642,000	-	-	-	-	-	-	-	-
Electricity												
Altern Energy Limited	2,056,821	-	-	-	2,056,821	18,511	21,247	20,650	(597)	2.96	0.60	3.59
Real Estate Investment and Services												
Pace Pakistan Limited	362,221	-	-	-	362,221	1,953	1,293	989	(304)	0.14	0.13	0.17
Media												
Southern Networks Limited (note 4:3)	50,000	-	-	-	50,000	-	-	989	(304)	0.14	0.13	0.17
Total	24,025,325	1,252,000	103,846	2,808,480	22,572,691	542,838	470,463	575,958	105,495			

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.

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

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.

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.0.049 as of December 31, 2010.

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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 distributing at-least ninety percent of its accounting income for the period as reduced by capital gains, whether realised or un-realised, to its shareholders. Accordingly, no current tax liability for the period has been recognised in these financial statements.

8 TRANSACTIONS WITH CONNECTED PERSONS

Related parties include Safeway Fund Limited being the Asset Manager, Central Depository Company of Pakistan Limited being the Custodian, associated companies of the Management Company and Key Management personnel.

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

Transactions and balances with related parties are as follows:

8.1 Transactions during the period:

	July to December		October to December	
	2010	2009	2010	2009
	Unaudited		Unaudited	
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration to Asset Manager				
Safeway Fund Limited	6,504	6,224	3,212	3,363
Remuneration to Custodian				
Central Depository Company of Pakistan Limited	165	339	86	178
Commission paid				
Cassim Investments (Pvt) Limited	90	495	75	182
Fees paid to Directors	85	66	85	26
Dividend paid				
Shakarganj Mills Limited	13,321	-	13,321	-
Crescent Steel and Allied Products Limited	7,429	-	7,429	-
Samba Bank Limited	21,983	-	21,983	-
Safeway Fund Limited	7,775	-	7,775	-
Dividend income				
Crescent Steel and Allied Products Limited	1,090	-	-	-
Sale of marketable securities	-	86,498	-	-
Purchase of marketable securities	-	92,004	-	-

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	December 31, 2010 Unaudited	June 30, 2010 Audited
8.2 Balances outstanding at period end		
	(Rupees in thousand)	
Remuneration payable to Asset Manager		
Safeway Fund Limited	1,119	1,050
Remuneration to Custodian		
Central Depository Company of Pakistan Limited	29	34
Payable against purchase of investments		
Cassim Investments (Private) Limited	34	9

9 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on February 22, 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



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CORPORATE