

First Habib Income Fund
First Habib Stock Fund
First Habib Cash Fund



Third Quarterly Report

March 31, 2011



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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First Habib Cash Fund
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March 2011

FUND'S INFORMATION

Management Company

Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Ali Raza D. Habib	Chairman
Mr. Imran Azim	Chief Executive
Mr. Mohammad Ali Jameel	Director
Mr. Mansoor Ali	Director

CFO and Company Secretary

Mr. Muhammad Shakeel Musani	Chief Financial Officer / Company Secretary
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Audit Committee

Mr. Mohammad Ali Jameel	Chairman
Mr. Ali Raza D. Habib	Member
Mr. Mansoor Ali	Member

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Shiekh Sultan Trust Building No.2,
Beaumont Road, Karachi.

Internal Auditors

A.F Ferguson & Co.
Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi.

Trustee

Central Depository Company
of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shakra-e-Faisal, Karachi.

Registrar

Gangjees Registrar Services
(Pvt.) Limited
516, Clifton Centre, Block-5,
Khayaban-e-Roomi, Clifton, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Bankers to the Fund

Bank AL Habib Limited

Registered Office: 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530

DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed financial statements of First Habib Cash Fund (FHCF), for the period March 10, 2011 to March 31, 2011. The Initial Public Offer (IPO) for the Fund was made from March 7, 2011 to March 9, 2011. By the Grace of Allah, the Fund size at the close of IPO was Rs. 349.73 million.

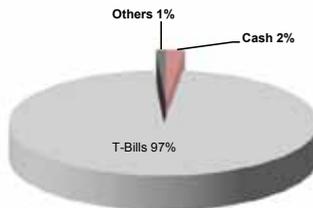
FUND'S PERFORMANCE

The Fund started its investment activity from March 11, 2011. The net assets of the Fund as at March 31, 2011 were Rs.396.86 million. The Fund earned total income of Rs. 2.95 million during the period under review, of which Rs. 2.84 i.e. 96 per cent pertains to income from government securities (T-Bills).

DIVIDEND DISTRIBUTION

The Board of Directors in their meeting held on April 13, 2011 has approved interim cash dividend of Rs.0.50 per Unit for Unit holders having class 'C' Units and 0.4972 bonus Units for every 100 Units for other Unit holders.

ASSET ALLOCATION



FUTURE OUTLOOK

During the last nine months i.e. July 2010 to March 2011, the CPI inflation by 14.20% over the same period last year. The State Bank of Pakistan has projected inflation at 14.50%-15.50% for the fiscal year 2011. However, there is improvement on the external side as the exports have gone up by 38% on year on year basis, whereas imports have increased only by 4%. The remittances have also registered an increase of 22% over last year. Domestic oil prices may increase further due to rising oil prices in the international market and along with the existing high inflation we may expect an increase in interest rates.

ACKNOWLEDGEMENT

We are indeed thankful to our valued investors for the successful launch of FHCF. We wish to thank the Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan Limited as Trustee and the Lahore Stock Exchange for their continuous support. We also wish to place on record the appreciation for the services rendered by members of staff of the Management Company.

On behalf of the Board of Directors

Karachi
April 13, 2011

Ali Raza D. Habib
Chairman

**CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES (UNAUDITED)
AS AT 31 MARCH 2011**

	<i>Note</i>	2011 (Rupees in '000)
Assets		
Bank balance	4	7,405
Investments	5	389,558
Income receivable	6	87
Deposits and prepayments	7	235
Preliminary expenses and floatation costs	8	3,025
Total assets		400,310
Liabilities		
Payable to Habib Asset Management Limited - Management Company	9	3,283
Payable to Central Depository Company of Pakistan Limited - Trustee	10	38
Payable to Securities and Exchange Commission of Pakistan	11	17
Workers' Welfare Fund	12	56
Accrued expenses and other liabilities	13	55
Total liabilities		3,449
Net assets		396,861
Unit holders' funds (as per statement attached)		396,861
		(Number of units)
Number of units in issue	14	3,941,457
		(Rupees)
Net asset value per unit		100.69

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011**

	2011
	(Rupees in '000)
Income	
Profit on bank deposits	90
Income from Government Securities	2,835
Income from Placements	45
Loss on sale of investments at fair value through profit or loss - net	(3)
Unrealised diminution on investments at fair value through profit or loss - net	(16)
Total income	<u>2,951</u>
Expenses	
Remuneration of Habib Asset Management Limited - Management Company	9 221
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10 38
Annual fee - Securities and Exchange Commission of Pakistan	11 17
Brokerage	7
Settlement and bank charges	1
Auditors' remuneration	25
Amortisation of preliminary expenses and floatation costs	8 37
Annual listing fee	20
Mutual Fund Rating Fee	10
Printing charges	6
Worker Welfare Fund	56
Total expenses	<u>438</u>
	2,513
Net element of income and capital gain included in prices of units issued less those in units redeemed	<u>203</u>
Net income for the period	<u><u>2,716</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

First Habib Cash Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011

	2011 (Rupees in '000)
Net income for the period	2,716
Other comprehensive income / (loss) for the period	-
Total comprehensive income/ (loss) for the period	2,716

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011**

	2011 (Rupees in '000)
Net income for the period	2,716
Income carried forward	<u><u>2,716</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

First Habib Cash Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011

	2011 (Rupees in '000)
Net assets at the beginning of the period	-
Amount received on issuance of units	465,330
Amount paid on redemption of units	(70,982)
	394,348
Net element of income and capital gain included in prices of units issued less those in units redeemed	(203)
Net income for the period	2,716
Net assets at the end of the period	396,861
	(Number of Units)
Units at the beginning of the period	-
Number of Units Issued	4,647,044
Number of Units Redeemed	(705,587)
	3,941,457
Units at the end of the period	3,941,457

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011**

	2011 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period	2,716
Adjustments for non-cash items	
Unrealised diminution on investments at fair value through profit or loss - net	16
Net element of income and capital gain included in prices of units issued less those in units redeemed	(203)
Amortisation of preliminary expenses and floatation costs	37
	2,566
(Increase) in assets	
Investments	(389,574)
Income receivable	(87)
Deposits and prepayments	(235)
Preliminary expenses and floatation costs	(3,062)
	(392,958)
Increase in liabilities	
Payable to Habib Asset Management Limited - Management Company	3,283
Payable to Central Depository Company of Pakistan Limited - Trustee	38
Payable to Securities and Exchange Commission of Pakistan	17
Workers' Welfare Fund	56
Accrued expenses and other liabilities	55
	3,449
Net cash flow from operating activities	(386,943)
CASH FLOW FROM FINANCING ACTIVITIES	
Net receipts from sale and redemption of units	394,348
Net increase in cash and cash equivalents during the period	7,405
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	7,405

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD FROM 10 MARCH 2011 TO 31 MARCH 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

First Habib Cash 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 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 July 2010 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.

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.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM3 -'.

The Fund has been categorized as an Open -End Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes(CIS).

The objective of the Fund is to earn consistent returns with a high level of liquidity through a blend of money market and sovereign debt instruments. The Fund, in line with its investment objective, invest primarily in treasury bills, government securities and cash and near cash instruments.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case, requirements differ, the provisions and directive of Companies Ordinance 1984, the requirements of Trust deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

This condensed interim financial information comprise of the condensed interim statement of assets and liabilities as at 31 March 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 from 10 March 2011 to 31 March 2011.

As the accounting period of the Fund started on 10 March 2011 , therefore, there are no comparative figures to report in respect of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement.

This condensed interim financial information is unaudited.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments classified as 'at fair value through profit or loss' are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgements about the carrying values of assets and liabilities that are readily not apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment are discussed below:

At fair value through profit or loss

The Management Company has determined fair value of investments classified as 'at fair value through profit or loss' by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Impairment of investment

The Fund determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows (refer note 3.1 for policy on impairment). Actual results may differ and the difference could be material.

Other assets

Judgement is also involved in assessing the realisability of assets balances.

Workers' welfare fund

For details refer note 12 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010. However these are not relevant to the Fund except in few cases these may require additional disclosures:

Improvements to IFRSs 2009

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. The amendment is not relevant to the Fund's operations.
- Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Fund's operations.
- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Fund's financial statements.
- Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Fund's financial statements.

- Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the Fund's operations .
- Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Fund's operations.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters of IFRSs that will permit entities to not reassess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Fund's operations.
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. The amendment is not relevant to the Fund's operations.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights (effective for annual periods beginning on or after 1 January 2010). Issues The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Fund's financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Fund's operations.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Fund's operations.

Improvements to IFRSs 2010

- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. The amendment is not relevant to the Fund's operations.

- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. The amendment is not relevant to the Fund's operations.

- IAS 24 Related Party Disclosures (revised 2009) These amendments will result in increase in disclosures in the Fund's financial statements. The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum Funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. These amendments are unlikely to have an impact on the Fund's financial statements.

- Amendments to IFRS 1 First-time Adoption of IFRSs (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Fund's operations.

- Amendments to IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Fund.

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IAS 34 Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IFRIC 13 Customer Loyalty Programmes. The amendments clarify that the fair value of award /credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is not relevant to the Fund's operations.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

- a) Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy.

Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in Income Statement.

- b) Available-for-sale

Available for sale financial assets are non-derivative that are either designated in this category or not classified in any other category.

- c) Loans and receivables originated by the enterprise

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

d) Financial liabilities

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instrument at fair value through profit or loss are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as at 'fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Statement of Comprehensive Income until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Fund are included in the Income Statement.

Basis of valuation of Government Securities

The investment of the Fund in government securities are valued at their fair values (determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page), based on the remaining tenor of the security.

Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2 Derivative financial instruments

Derivative instruments that are held by the Fund primarily comprise of futures contracts in the capital market and are classified in held for trading investments, subcategory under investment 'at fair value through profit or loss'. These are measured initially and of each subsequent measurement at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures contract. All derivatives in a net receivables positions (positive fair values) and reported as financial asset held for trading. All derivatives in a net payable position (negative fair values) are reported as financial liabilities held for trading. The resultant gains and losses are included in the income currently. Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard 39: Financial Instruments; Recognition and Measurement, consequently hedge accounting is not used.

3.3 Securities under resale agreements

Transactions of purchase under resale (reverse-repo) of the securities purchased under continuous funding system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are recognised as receivable against continuous funding system. The difference between purchase and resale price is treated as income from continuous funding system and accrued over the life of the agreement.

All Continuous Funding System transactions are accounted for on the settlement date.

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.5 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Fund, applicable for the day on which fund(s) have been realised in the bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the income statement.

3.7 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income of that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the Fund's unit holders.

The Fund intends to avail tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on the revaluation of derivatives to fair value are taken to the Income Statement in the period in which they arise.
- Income on reverse repurchase transactions, term finance certificates, clean placements and government securities is recognised on an accrual basis using the effective interest rate method.
- Profit on bank deposit is recognised on time proportion basis taking in to account effective yield.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

3.10 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.11 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised

over a period of five years commencing from 10 March 2011 as per the Trust Deed of the Fund.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and term deposits receipts maturing within three months. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.14 Other assets

Other assets are stated at cost less impairment losses, if any.

3.15 Dividend distributions and appropriations

Dividends declared (including distribution in the form of bonus units) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

4. BANK BALANCES	(Unaudited) 2011 Note (Rupees in '000)
Savings account	4.1 <u>7,405</u>
	<u>7,405</u>

4.1 Savings account carry profit rate of 11% per annum.

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

Government securities	5.2 <u>389,558</u>
	<u>389,558</u>

5.1 Unrealised (diminution) / appreciation on investments at fair value through profit or loss

Government Securities	<u>(16)</u>
	<u>(16)</u>

5.2 Government Securities

Issue date	Tenor	Face Value				As at 31 March 2011		Market value as percentage of	
		As at 10 March 2011	Purchases during the period	Sold / Matured during the period	As at 31 March 2011	Carrying value	Market value	Net Assets	Total Investments
(Rupees in '000)									
10-Mar-2011	3 Months	-	65,000	-	65,000	268,931	268,938	67.77	69.04
24-Feb-2011	3 Months	-	27,000	-	27,000	63,902	63,883	16.10	16.40
27-Jan-2011	3 Months	-	300,000	25,000	275,000	26,807	26,804	6.75	6.88
8-Apr-2010	1 Year	-	30,000	-	30,000	29,934	29,933	7.54	7.68
Total as at 31 March 2011						<u>389,574</u>	<u>389,558</u>		

6. INCOME RECEIVABLE	(Unaudited) 2011 Note (Rupees in '000)
Profit receivable on saving account	<u>87</u>
	<u>87</u>

7. DEPOSITS AND PREPAYMENTS

Prepayments	<u>235</u>
	<u>235</u>

8. PRELIMINARY EXPENSES

Unamortised cost	8.1 <u>3,062</u>
Amortised to the income statement during the period	<u>(37)</u>
Balance as at 31 March	<u>3,025</u>

First Habib Cash Fund

8.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 10 March 2011, i.e. after the close of initial period of the Fund.

9. PAYABLE TO HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	9.1	221
Formation cost	9.2	3,062
Others		-
		<u>3,283</u>

9.1 Under the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Company and Notified Entities Regulation 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such net assets of the Fund. The Management Company has charged its remuneration at the rate of three percent per annum for the current year in accordance with the Trust Deed.

9.2 This represents expenses incurred by the management Company for the establishment of the Fund. These expenses are reimbursable by the the fund.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily Net Asset Value of the Fund.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP at the rate of 0.075% of the average daily net assets of the Fund in accordance with regulation 62 of NBFC regulations 2008.

12. 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. A Petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their trustee 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 and 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 ab-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. 0.0558 million up to 31 March 2011.

	(Unaudited) For the period from 10 March 2011 to 31 March 2011 (Rupees in '000)
13. ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	25
Brokerage	7
Printing Charges	6
Others	17
	55

14. CLASS OF UNITS IN ISSUE

The Fund has three classes of units as per the Trust Deed. Class 'A' units pertain to core investors. Such core units are invested in the scheme for a period of two years or life of collective investment scheme whichever is earlier from the date of the closure of initial offer period. Class 'B' units are issued and redeemed in the usual course of business on a daily basis. Class 'C' units are entitled to cash dividend only even if the distribution to other classes is in the form of bonus units.

Units in issue as at March 31 in each class are:

	2011 (Number of units)
Type 'A' Units	500,000
Type 'B' Units	3,441,457
Type 'C' Units	-
	3,941,457

15. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended 31 March 2011, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons include Habib Asset Management Limited being the Management Company, First Habib Income Fund, First Habib Stock Fund, AL Habib Capital Markets (Private) Limited and Bank AL Habib Limited being companies under common management, Central Depository Company of Pakistan Limited being the trustee of the Fund and all other concerns that fall under common management or control.

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 Company and Notified Entities Regulation 2008 and the Trust Deed respectively.

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

	(Unaudited) For the period from 10 March 2011 to 31 March 2011 (Rupees in '000)
Habib Asset Management Limited - Management Company	
Management Fee	221
	38
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	38

Details of the balances with connected persons are as follows:

	(Unaudited) 31 March 2011 (Rupees in '000)
Habib Asset Management Limited - Management Company	
Management Fee	221
Others	3,062
	38
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	38

	For the period from 10 March to 31 March 2011	
	(Units)	(Rupees in '000)
Sale / Redemption of units		
Units sold to:		
Management Company		
Habib Asset Management Limited	336,776	33,678
Associated Companies		
- Bank AL Habib Limited	1,010,249	101,025
- Habib Insurance Company Limited	750,394	75,196
Other related parties		
- Directors of the Management Company	8,026	804
- Executives of the Management Company	350	35
Units held by:		
Management Company		
Habib Asset Management Limited	336,776	33,910
Associated Companies		
- Bank AL Habib Limited	1,010,249	101,722
- Habib Insurance Company Limited	750,394	75,557
Other related parties		
- Directors of the Management Company	8,026	808
- Executives of the Management Company	350	35

17. RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund's Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the fund.

The Fund primarily invests in a portfolio of equity and government securities. Such investments are subject to varying degrees of risk.

The Fund is exposed to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

17.1 Credit risk

Credit risk management

Credit risk arises from the inability of the issuers of the instruments or counter parties to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations.

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 March 2011 is as follows:

	Balance as per the Condensed Interim Statement of Assets and Liabilities (Rupees in '000)	Maximum exposure
Bank balances	7,405	7,405
Investments	389,558	-
Income receivable	87	87
Deposits	235	235
	<u>397,285</u>	<u>7,727</u>

Difference in the balances as per the statement of assets and liabilities and maximum exposure in investments was due to the fact that investments of Rs. 389,558 million relates to investments in Government securities which are not considered to carry credit risk.

The management is of view that credit risk is managed and controlled in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.

None of the financial assets of the Fund are past due / impaired.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. All of the Fund's investments are in Government securities which are not exposed to the credit risk, while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. No such borrowings was made during the period.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	31 March 2011					Total
	Carrying amount	Contractual cash flows	Upto 3 months	More than three months and upto one year	More than one year	
	(Rupees in '000)					
Payable to Habib Asset Management Limited - Management Company	3,283	3,283	3,283	-	-	3,283
Payable to Central Depository Company of Pakistan Limited - Trustee	38	38	38	-	-	38
Payable to Securities and Exchange Commission of Pakistan	17	17	-	17	-	17
Workers' Welfare Fund	56	56	-	56	-	56
Accrued expenses and other liabilities	55	55	-	55	-	55
	<u>3,449</u>	<u>3,449</u>	<u>3,321</u>	<u>128</u>	<u>-</u>	<u>3,449</u>

17.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk only.

17.3.1 Interest rate risk

17.3.1.1 Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on balance in saving account amounting to Rs. 7,405 million. Currently this carries fixed interest rate. The Management Company monitors the interest rate environment on a regular basis. Other risk management procedures are the same as those mentioned in the credit risk management.

None of the financial liabilities carry any interest rate.

17.3.1.2 The following table analyses the Fund's interest rate exposure, categorised on the basis of the earlier of contractual repricing or maturity dates:

On-balance sheet financial instruments	31 March 2011				Total
	mark-up/ profit (%)	Mark-up / profit bearing		Non mark-up / profit bearing	
		Upto 30 days	More than 30 days and upto three months		
(Rupees in '000)					
Financial assets					
Bank balances	11	7,405	-	-	7,405
Investments		389,558	-	-	389,558
Income receivable		-	-	87	87
Deposits and prepayments				235	235
		<u>396,963</u>	<u>-</u>	<u>322</u>	<u>397,285</u>
Financial liabilities					
Payable to Habib Asset Management Limited - Management Company		-	-	3,283	3,283
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	38	38
Payable to Securities and Exchange Commission of Pakistan		-	-	17	17
Workers' Welfare Fund		-	-	56	56
Accrued expenses and other liabilities		-	-	55	55
		<u>-</u>	<u>-</u>	<u>3,449</u>	<u>3,449</u>
On-balance sheet gap 2011 (a)		<u>396,963</u>	<u>-</u>	<u>(3,127)</u>	<u>393,836</u>

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

17.4 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.1 .

Fair Value Hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 March 2011.

	Level 1	Level 2	Level 3	Total
	------(Rupees)-----			
Government securities	-	389,558	-	389,558
	<u>-</u>	<u>389,558</u>	<u>-</u>	<u>389,558</u>

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund is of the view that the fair market value of the financial assets and liabilities are not significantly different from their carrying values as its assets and liabilities are essentially short term in nature and / or frequently repriced.

20. GENERAL

20.1 The Board of Directors have approved Interim cash dividend for Class 'C' unit holders @ Rs. 0.50 per unit and bonus units @ 0.4972 for Class 'A' and B' unit holders for every 100 units held as at 12 April 2011, amounting to Rs. 2.79 million, in their meeting held on 13 April 2011. These condensed interim financial statements do not reflect the impact of this distribution.

20.2 These condensed interim financial information were authorised for issue on 13 April 2011 by the board of directors of the Management Company.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director



Habib Asset Management Limited

(An Associate Company of Bank AL Habib Ltd.)

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