

First Habib Cash Fund
Third Quarterly Report
March 2012

CONTENTS

	Page No.
Fund's Information	39
Directors' Report	40
Condensed Interim Statement of Assets and Liabilities	41
Condensed Interim Income Statement	42
Condensed Interim Statement of Comprehensive Income	43
Condensed Interim Distribution Statement	44
Condensed Interim Statement of Movement in Unit Holders' Funds	45
Condensed Interim Cash Flow Statement	46
Notes to the Condensed Interim Financial Statements	47

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
Vice Admiral (R) Khalid M. Mir	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

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza,
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 Shahra-e-Faisal, Karachi.

Registrar

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

Bankers to the Fund

Bank AL Habib Limited

Legal Advisor

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

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 interim financial statements of First Habib Cash Fund (FHCF) for the nine months ended March 31, 2012.

MARKET REVIEW

The State Bank of Pakistan (SBP) has maintained the discount rate at 12.00% with inflation controlled during the third quarter of financial year 2012. The current account deficit went further deep to US\$2.95 billion despite an impressive gain on workers' remittances which grew to US\$8.59 from US\$6.96 billion of the corresponding period of 8 months of the previous year. The T-Bill cutoffs of 3, 6 and 12 months stood at 11.87%, 11.94% and 11.94%.

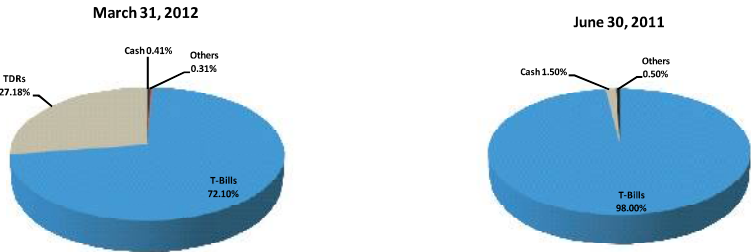
FUND'S PERFORMANCE

The net assets of the fund stood at Rs. 1,099 million as at March 31, 2012 against Rs. 569.98 million as at June 30, 2011. The fund remained invested mainly in T-Bills i.e. 72.10%. Due to better returns available on TDR in the month of March, 27.18% of net assets were invested in TDRs as on March 31, 2012. The fund earned net income of Rs. 94.80 million with annualized return of 11.21% p.a. during the nine months ended March 31, 2012.

DIVIDEND DISTRIBUTION

The Board of Directors has approved third interim cash dividend of Rs.2.70 per Unit for unit holders having 'C' class of Units, while 2.6953 bonus units for every 100 Units for other unit holders.

ASSET ALLOCATION



FUTURE OUTLOOK

The discount rate is expected to be maintained at 12.00% despite the increase in government borrowings. The overall GDP growth in the financial year 2012 is expected to be in the range of 3% to 4%. Our investment policy is designed to provide consistent long term returns to the investors.

ACKNOWLEDGMENT

The Board is thankful to its valued Unit-holders, Central Depository Company of Pakistan Limited as Trustee, the Securities and Exchange Commission of Pakistan and the management of Lahore Stock Exchange for their support and cooperation. The Board also appreciates the employees of the Management Company for their dedication and hard work.

On behalf of the Board of
Habib Asset Management Limited

April 07, 2012
Karachi

Ali Raza D. Habib
Chairman

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES
AS AT 31 MARCH 2012

		(Unaudited) 31 March 2012	(Audited) 30 June 2011
	Note	(Rupees in '000)	
Assets			
Bank balance	7	304,528	8,109
Investments	8	795,784	563,229
Placements		-	-
Income receivable		1,040	113
Prepayments		10	111
Preliminary expenses and floatation costs		2,411	2,872
Total assets		1,103,773	574,434
Liabilities			
Payable to Habib Asset Management Limited - Management Company		1,105	3,595
Payable to Central Depository Company of Pakistan Limited - Trustee		153	91
Payable to Securities and Exchange Commission of Pakistan		601	129
Workers' Welfare Fund	9	2,332	399
Accrued expenses and other liabilities		252	231
Total liabilities		4,443	4,445
Net assets		1,099,330	569,989
Unit holders' funds (as per statement attached)		1,099,330	569,989
		(Number of units)	
Number of units in issue		10,701,454	5,532,104
		(Rupees)	
Net asset value per unit		102.73	103.03

The annexed notes 1 to 15 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 INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012

	Nine months 31 March 2012	Period from 10 March to 31 march 2011	Quarter 31 March 2012	Period from 10 March to 31 march 2011
	(Rupees in '000)			
Income				
Profit on bank deposits	7,233	90	4,801	90
Income from Government Securities	91,069	2,835	28,301	2,835
Markup income on Placements	924	45	481	45
Net gain / (loss) on investments designated at fair value through income statement				
- Net capital gain / (loss) on sale of investments classified as held for trading	833	(3)	(88)	(3)
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading	(488)	(16)	(309)	(16)
	345	(19)	(397)	(19)
Total income	99,571	2,951	33,186	2,951
Expenses				
Remuneration of Habib Asset Management Limited - Management Company	8,016	221	2,852	221
Sales Tax on Management Fee	1,283	-	-	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,280	38	454	38
Annual fee - Securities and Exchange Commission of Pakistan	601	17	214	17
Brokerage	140	7	42	7
Settlement and bank charges	158	1	59	1
Auditors' remuneration	217	25	71	25
Amortisation of preliminary expenses and floatation costs	461	37	153	37
Annual listing fee	30	20	10	20
Mutual Fund Rating Fee	120	10	40	10
Printing charges	139	6	47	6
Worker's Welfare Fund	1,933	56	542	56
Total expenses	14,378	438	4,484	438
	85,193	2,513	28,702	2,513
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	9,611	203	(1,471)	203
Net income for the period	94,804	2,716	27,231	2,716

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

	Nine months 31 March 2012	Period from 10 March to 31 March 2011	Quarter 31 March 2012	Period from 10 March to 31 March 2011
	(Rupees in '000)			
Net income for the period	94,804	2,716	26,774	2716
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	94,804	2,716	26,774	2,716

The annexed notes 1 to 15 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 DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012

	Nine months 31 March 2012	Period from 10 March to 31 March 2011	Quarter 31 March 2012	Period from 10 March to 31 March 2011
	(Rupees in '000)			
Undistributed income / (loss) brought forward	16,778	-	40,863	-
Final cash dividend for class 'C' unit holders @ Rs. 3.00/- per unit and bonus units @ 2.9991/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2011.	(16,596)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.75/- per unit and bonus units @ 2.7382/- for class 'A' and 'B' unit holders for every 100 units held as at 5 October 2011.	(27,349)	-	-	-
Interim cash dividend for class 'C' unit holders @ Rs. 2.80/- per unit and bonus units @ 2.7859/- for class 'A' and 'B' unit holders for every 100 units held as at 9 January 2012.	(38,607)		(38,607)	
Net income for the period	94,804	2,716	26,774	2,716
Undistributed Income / (loss) carried forward	<u>29,030</u>	<u>2,716</u>	<u>29,030</u>	<u>2,716</u>

The annexed notes 1 to 15 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 NINE MONTHS PERIOD ENDED 31 MARCH 2012

	Nine months 31 March 2012	Period from 10 March to 31 March 2011	Quarter 31 March 2012	Period from 10 March to 31 March 2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	569,989	-	1,394,203	-
Amount received on issuance of units	1,662,394	465,330	478,471	465,330
Amount paid on redemption of units	(1,179,804)	(70,982)	(784,670)	(70,982)
	482,590	394,348	(306,199)	394,348
Net element of income and capital gain included in prices of units issued less those in units redeemed	(9,611)	(203)	1,471	(203)
Final cash dividend for class C unit holders @ 3 per unit	(9,958)	-	-	-
Interim cash dividend for class C unit holders @ 2.75 per unit	(11,565)	-	-	-
Interim cash dividend for class C unit holders @ 2.80 per unit	(16,919)	-	(16,919)	-
Net income for the period	94,804	2,716	26,774	2,716
Net assets at the end of the period	1,099,330	396,861	1,099,330	396,861
	----- (Number of Units) -----			
Units at the beginning of the period	5,532,104	-	13,531,017	-
Number of Units Issued	16,338,315	4,647,044	4,690,519	4,647,044
Number of Units Redeemed	(11,608,283)	(705,587)	(7,735,863)	(705,587)
	4,730,032	3,941,457	(3,045,344)	3,941,457
Final Bonus units distribution @ 2.9991/- for class 'A' and 'B' units holders for every 100 units held as at 30 June 2011	66,367	-	-	-
Interim Bonus units distribution @ 2.7382/- for class 'A' and 'B' units holders for every 100 units held as at 05 October 2011	157,170	-	-	-
Interim Bonus units distribution @ 2.7859/- for class 'A' and 'B' units holders for every 100 units held as at 9 January 2012	215,781	-	215,781	-
Units at the end of the period	10,701,454	3,941,457	10,701,454	3,941,457

The annexed notes 1 to 15 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 CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012

	Nine months 31 March 2012	Period from 10 March to 31 March 2011	Quarter 31 March 2012	Period from 10 March to 31 March 2011
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	94,804	2,716	26,774	2,716
Adjustments for non-cash items				
- Net unrealized gain / (loss) on revaluation of investments classified as held for trading	488	16	309	16
Workers' Welfare fund	1,933	56	542	56
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	(9,611)	(203)	1,471	(203)
Amortisation of preliminary expenses and floatation costs	461	37	153	37
	88,075	2,622	29,249	2,622
(Increase) / Decrease in assets				
Investments	(233,043)	(389,574)	295,425	(389,574)
Placements	-	-	-	-
Income receivable	(927)	(87)	619	(87)
Prepayments	101	(235)	40	(235)
Preliminary expenses and floatation costs	-	(3,062)	-	(3,062)
	(233,869)	(392,958)	296,084	(392,958)
Increase / (Decrease) in liabilities				
Payable to Habib Asset Management Limited - Management Company	(2,490)	3,283	(247)	3,283
Payable to Central Depository Company of Pakistan Limited - Trustee	62	38	(18)	38
Payable to Securities and Exchange Commission of Pakistan	472	17	214	17
Accrued expenses and other liabilities	21	55	25	55
	(1,935)	3,393	(26)	3,393
Net cash flow from operating activities	(147,729)	(386,943)	325,307	(386,943)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payments) from sale and redemption of units	482,590	394,348	(306,199)	394,348
Dividend paid during the period	(38,442)	-	(16,919)	-
Net cash flow from financing activities	444,148	394,348	(323,118)	394,348
Net increase in cash and cash equivalents during the period	296,419	7,405	2,189	7,405
Cash and cash equivalents at the beginning of the period	8,109	-	302,339	-
Cash and cash equivalents at the end of the period	304,528	7,405	304,528	7,405
Cash and cash equivalents at the end of the period comprise of :				
Cash and cash equivalents at end of the period	4,528	7,405	4,528	7,405
Term deposit receipts maturity of 3 months and less	300,000	-	300,000	-
	304,528	7,405	304,528	7,405

The annexed notes 1 to 15 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 INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

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 -' and JCR-VIS has assigned fund stability rating of "AA+(f)" to the Fund.

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** These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2011.

First Habib Cash Fund

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2011 except as mentioned in note 6.

5 FINANCIAL RISK MANAGEMENT

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

6 ELEMENT OF INCOME / (LOSS) AND CAPITAL GAIN / (LOSS) INCLUDED IN PRICES OF UNITS SOLD LESS THOSE IN UNITS REDEEMED

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" is created.

The "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gain accounted for in the announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gain accounted for in the last announced net asset value and included in the redemption price.

During the period, the Fund has revised its methodology for recognition of element of income / (loss) and capital gain / (loss) included in the prices of units sold less in those in the units redeemed in the financial statements. As per the revised methodology, element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed is recognised in the income statement to the extent it is represented by increase in net income and capital gains earned during the year. Previously, the element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in the units redeemed represented by net income and capital gain carried forward from previous period was also recognised in the income statement. The effect of revision in the methodology has been incorporated in the current period.

Had the methodology not been changed, net income and total comprehensive income for the year would have been higher by Rs. 155,081. However, the change has no effect on the net assets of the Fund.

7 BANK BALANCES

	(Unaudited) 31 March 2012	(Audited) 30 June 2011
	(Rupees in '000)	

Savings account	5.1	4,528	8,109
Term Deposits Receipts (TDRs)	5.2	300,000	-
		<u>304,528</u>	<u>8,109</u>

7.1 Savings account carry profit rate from 10% to 11% (June 2011: 11%) per annum.

7.2 Term deposit receipts (TDRs) have tenor of one and three months (30 June 2011: nil) and carry profit rate of 12% to 12.25% per annum. These TDRs will mature up to 8 May 2012.

First Habib Cash Fund

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

Government securities	6.2	<u>795,784</u>	<u>563,229</u>
		<u>795,784</u>	<u>563,229</u>

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

Government Securities	<u>(488)</u>	<u>(248)</u>
	<u>(488)</u>	<u>(248)</u>

8.2 Government Securities

Issue date	Tenor	Face Value				As at 31 March 2012		Appreciation / (diminution)	Market value as percentage of Net Assets
		As at 01 July 2011	Purchases during the period	Sold / Matured during the period	As at 31 March 2012	Carrying value	Market value		
------(Rupees in '000)-----									
15-Jul-2010	1 Year	-	70,000	70,000	-	-	-	-	-
10-Feb-2011	1 Year	-	50,000	50,000	-	-	-	-	-
21-Apr-2011	3 MONTHS	100,000	-	100,000	-	-	-	-	-
5-May-2011	3 MONTHS	80,000	-	80,000	-	-	-	-	-
2-Jun-2011	3 MONTHS	255,000	15,000	270,000	-	-	-	-	-
30-Jun-2011	3 MONTHS	20,000	-	20,000	-	-	-	-	-
14-Jul-2011	3 MONTHS	-	100,000	100,000	-	-	-	-	-
28-Jul-2011	3 MONTHS	-	30,000	30,000	-	-	-	-	-
25-Aug-2011	3 MONTHS	-	87,000	87,000	-	-	-	-	-
3-Nov-2011	3 MONTHS	-	250,000	250,000	-	-	-	-	-
17-Nov-2011	3 MONTHS	-	410,000	410,000	-	-	-	-	-
26-Jan-2012	3 MONTHS	-	272,000	171,200	100,800	100,238	100,214	(24)	9.12
9-Feb-2012	3 MONTHS	-	330,000	300,000	30,000	29,700	29,693	(7)	2.70
8-Mar-2012	3 MONTHS	-	210,000	-	210,000	206,045	205,997	(48)	18.74
10-Mar-2011	6 MONTHS	-	50,000	50,000	-	-	-	-	-
7-Apr-2011	6 MONTHS	50,000	100,000	150,000	-	-	-	-	-
5-May-2011	6 MONTHS	70,000	300,000	370,000	-	-	-	-	-
19-May-2011	6 MONTHS	-	250,000	250,000	-	-	-	-	-
16-Jun-2011	6 MONTHS	-	160,000	160,000	-	-	-	-	-
14-Jul-2011	6 MONTHS	-	155,000	155,000	-	-	-	-	-
14-Jul-2011	6 MONTHS	-	25,000	25,000	-	-	-	-	-
28-Jul-2011	6 MONTHS	-	509,000	509,000	-	-	-	-	-
11-Aug-2011	6 MONTHS	-	120,000	120,000	-	-	-	-	-
25-Aug-2011	6 MONTHS	-	50,000	50,000	-	-	-	-	-
8-Sep-2011	6 MONTHS	-	70,000	70,000	-	-	-	-	-
22-Sep-2011	6 MONTHS	-	160,000	160,000	-	-	-	-	-
6-Oct-2011	6 MONTHS	-	275,000	275,000	-	-	-	-	-
20-Oct-2011	6 MONTHS	-	70,000	-	70,000	69,604	69,593	(11)	6.33
3-Nov-2011	6 MONTHS	-	65,000	-	65,000	64,357	64,334	(23)	5.85
17-Nov-2011	6 MONTHS	-	50,000	-	50,000	49,297	49,266	(31)	4.48
1-Dec-2011	6 MONTHS	-	25,000	-	25,000	24,530	24,524	(6)	2.23
26-Jan-2012	6 MONTHS	-	187,000	-	187,000	180,469	180,208	(261)	16.39
9-Feb-2012	6 MONTHS	-	75,000	-	75,000	72,032	71,955	(77)	
Total as at 31 March 2012					812,800	796,272	795,784	(488)	
Total as at 30 June 2011						563,477	563,229	(248)	

First Habib Cash Fund

9 WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax period, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During last year, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated October 06, 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated January 04, 2011 have cancelled its earlier letter dated October 06, 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During the period, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

However, keeping in view the uncertainty on the applicability of WWF to mutual fund, the management company as a matter of prudence has decided to continue to maintain the provision for WWF amounting to Rs. 2.332 million (30 June 2011 : Rs. 0.399 million) upto 31 March 2012.

10 EARNINGS PER UNIT

Earnings per unit (EPU) for the nine months period ended 31 March 2012, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial information.

12 FINANCIAL RISK MANAGEMENT

The Fund's accounting policy on fair value measurements is disclosed in the financial statements for the year ended June 30, 2011

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 price (unadjusted) in an active market 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 measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

First Habib Cash Fund

As at 31 March 2012, the categorisation of investments is shown below:

	Level 1 -----	Level 2 (Rupees) -----	Total -----
Government securities	-	795,784	795,784
	<u>-</u>	<u>795,784</u>	<u>795,784</u>

As at 30 June 2011, the categorisation of investments is shown below:

	Level 1 -----	Level 2 (Rupees) -----	Total -----
Government securities	-	563,229	563,229
	<u>-</u>	<u>563,229</u>	<u>563,229</u>

13 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 are as follows:

	Nine months 31 March 2012	Period from 10 March to 31 March 2011	Quarter 31 March 2012	Period from 10 March to 31 March 2011
	----- (Rupees in '000) -----			
Habib Asset Management Limited - Management Company				
Management fee	<u>8,016</u>	<u>221</u>	<u>2,852</u>	<u>221</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	<u>1,280</u>	<u>38</u>	<u>454</u>	<u>38</u>
Bank AL Habib Limited				
Profit on bank balances	<u>1,217</u>	<u>90</u>	<u>372</u>	<u>90</u>

Details of the balances with connected persons are as follows:

	(Unaudited) 31 March 2012	(Audited) 30 June 2011
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee payable and formation cost	<u>1,105</u>	<u>3,595</u>
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	<u>153</u>	<u>91</u>
Bank AL Habib Limited		
Bank balances	<u>4,528</u>	<u>8,109</u>

13.1 Sale / Redemption of units for the period ended March 31

	Nine months 31 March 2012	Period from 10 March to 31 March 2011
	Units Rs. '000'	Units Rs. '000'
Units sold to:		
Management Company		
Habib Asset Management Limited	<u>102,277</u>	<u>336,776</u>
Associated Companies		
- Bank AL Habib Limited	<u>-</u>	<u>1,010,249</u>
- Habib Insurance Company Limited	<u>2,457,847</u>	<u>75,196</u>
Other related parties		
- Directors of the Management Company	<u>28,183</u>	<u>8,026</u>
- Executives of the Management Company	<u>1,960</u>	<u>350</u>
- Habib Asset Management Limited- Employees Provident Fund	<u>3,641</u>	<u>-</u>

First Habib Cash Fund

	Nine months 31 March 2012		Period from 10 March to 31 March 2011	
	Units	Rs. '000'	Units	Rs. '000'
Bonus units issued:				
Management Company				
Habib Asset Management Limited	31,961	3,206	-	-
Other related parties				
- Directors of the Management Company	2,303	231	-	-
- Executives of the Management Company	224	22	-	-
- Habib Asset Management Limited-				
Employees Provident Fund	355	36	-	-
- Mr. Imran Ali Habib	257	26	-	-
- Mr. Murtaza Habib	257	26	-	-
- Mr. Asghar D Habib	257	26	-	-
- Mr. Qumail Habib	256	26	-	-
- Mr. Abbas D Habib	257	26	-	-
- Mr. Ali Asad Habib	257	26	-	-
Units redeemed by:				
Associated Companies				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	2,387,850	244,000	-	-
Other related parties				
- Directors of the Management Company	12,425	1,250	-	-
- Executives of the Management Company	1,949	200	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	472,689	48,559	336,776	33,910
Associated Companies				
- Bank AL Habib Limited	1,010,249	103,783	1,010,249	101,722
- Habib Insurance Company Limited	1,785,894	183,465	750,394	75,557
Other related parties				
- Directors of the Management Company	42,400	4,356	8,026	808
- Executives of the Management Company	2,782	286	350	35
- Habib Asset Management Limited-				
Employees Provident Fund	6,978	717	-	-
- Mr. Imran Ali Habib	3,187	327	-	-
- Mr. Murtaza Habib	3,187	327	-	-
- Mr. Asghar D Habib	3,187	327	-	-
- Mr. Qumail Habib	3,182	327	-	-
- Mr. Abbas D Habib	3,187	327	-	-
- Mr. Ali Asad Habib	3,187	327	-	-

14 DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on April 7, 2012.

15 GENERAL

Figures have been rounded off to the nearest thousands of rupee.

For Habib Asset Management Limited
(Management Company)

Chief Executive

Director