

FIRST HABIB CASH FUND


CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES (UNAUDITED)

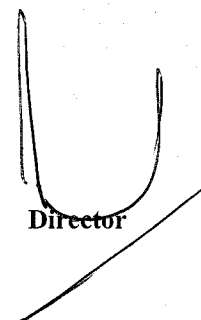
AS AT 30 September 2011

| | (Unaudited) 30 September 2011 | (Audited) 30 June 2011 |
|---|-------------------------------------|------------------------------|
| <i>Note</i> | (Rupees in '000) | |
| Assets | | |
| Bank balance | 5 331 | 8,109 |
| Investments | 6 995,906 | 563,229 |
| Placements | 15,000 | - |
| Income receivable | 7 127 | 113 |
| Prepayments | 100 | 111 |
| Preliminary expenses and floatation costs | 2,718 | 2,872 |
| Total assets | 1,014,182 | 574,434 |
| Liabilities | | |
| Payable to Habib Asset Management Limited - Management Company | 4,046 | 3,595 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 141 | 91 |
| Payable to Securities and Exchange Commission of Pakistan | 156 | 129 |
| Workers' Welfare Fund | 9 993 | 399 |
| Accrued expenses and other liabilities | 321 | 231 |
| Total liabilities | 5,657 | 4,445 |
| Net assets | 1,008,525 | 569,989 |
| Unit holders' funds (as per statement attached) | 1,008,525 | 569,989 |
| | (Number of units) | |
| Number of units in issue | 9,792,717 | 5,532,104 |
| | (Rupees), | |
| Net asset value per unit | 102.99 | 103.03 |

The annexed notes 1 to 12 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 QUARTER ENDED 30 SEPTEMBER 2011

2011
(Rupees in '000)

Income

| | |
|--|---------------|
| Profit on bank deposits | 378 |
| Income from Government Securities | 27,014 |
| Markup income on Placements | 170 |
| Gain/ (loss) on sale of investments at fair value through profit or loss - net | 199 |
| Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net | 46 |
| Total income | 27,807 |

Expenses

| | |
|---|---------------|
| Remuneration of Habib Asset Management Limited - Management Company | 2,420 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 351 |
| Annual fee - Securities and Exchange Commission of Pakistan | 157 |
| Brokerage | 55 |
| Settlement and bank charges | 51 |
| Auditors' remuneration | 72 |
| Amortisation of preliminary expenses and floatation costs | 154 |
| Annual listing fee | 10 |
| Mutual Fund Rating Fee | 40 |
| Printing charges | 57 |
| Worker Welfare Fund | 593 |
| Total expenses | 3,960 |
| | 23,847 |

Net element of income/ (loss) and capital gain/ (loss) included in
prices of units issued less those in units redeemed


5,096

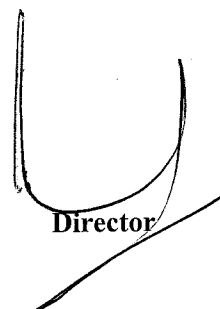
Net income for the period

28,943

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For Habib Asset Management Limited
(Management Company)


Chief Executive


Director

FIRST HABIB CASH FUND

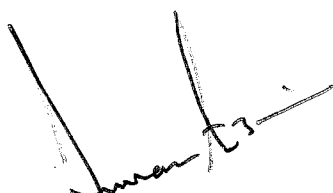
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2011

2011
(Rupees in '000)


| | |
|--|----------------------|
| Net income for the period | 28,943 |
| Other comprehensive income / (loss) for the period | - |
| Total comprehensive income/ (loss) for the period | <u>28,943</u> |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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



Chief Executive

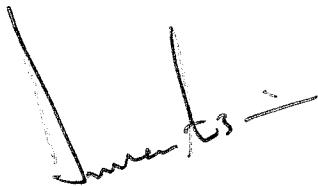


Director

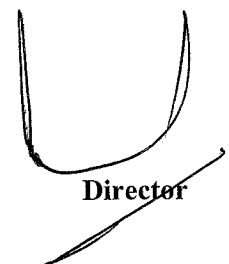
FIRST HABIB CASH FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | 2011 (Rupees in '000) |
|---|--|
| Undistributed income/ (loss) brought forward | 16,778 |
| Net income for the period | 28,943 |
| 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) |
| Undistributed Income/ (loss) carried forward | 29,125 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive

For Habib Asset Management Limited
(Management Company)

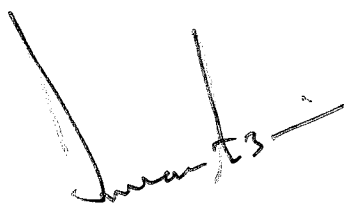

Director

FIRST HABIB CASH FUND

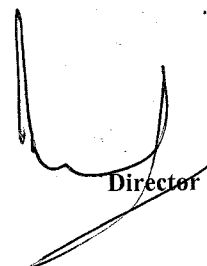
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | 2011 (Rupees in '000) |
|--|--------------------------|
| Net assets at the beginning of the period | 569,989 |
| Amount received on issuance of units | 637,973 |
| Amount paid on redemption of units | (213,326) |
| | 424,647 |
| Net element of income and capital gain included in prices of units issued less those in units redeemed | (5,096) |
| Final cash dividend for class C unit holders @ 3 per unit for class 'C' | (9,958) |
| Net income for the period | 28,943 |
| Net assets at the end of the period | 1,008,525 |
| | (Number of Units) |
| Units at the beginning of the period | 5,532,104 |
| Number of Units Issued | 6,277,840 |
| Number of Units Redeemed | (2,083,594) |
| | 4,194,246 |
| Final Bonus units distribution @ 2.991/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2011. | 66,367 |
| Units at the end of the period | 9,792,717 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive

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


Director

FIRST HABIB CASH FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

2011
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

| | |
|--|---------------|
| Net income for the period | 28,943 |
| Adjustments for non-cash items | |
| Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net | (46) |
| Workers' Welfare fund | 593 |
| Net element of loss/ (income) and capital loss/ (gain) included in prices of units issued less those in units redeemed | (5,096) |
| Amortisation of preliminary expenses and floatation costs | 154 |
| | <u>24,548</u> |

(Increase) in assets

| | |
|-------------------|------------------|
| Investments | (432,630) |
| Placements | (15,000) |
| Income receivable | (14) |
| Prepayments | 11 |
| | <u>(447,633)</u> |

Increase in liabilities

| | |
|---|------------|
| Payable to Habib Asset Management Limited - Management Company | 451 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 50 |
| Payable to Securities and Exchange Commission of Pakistan | 27 |
| Accrued expenses and other liabilities | 90 |
| | <u>618</u> |

Net cash flow from operating activities (422,467)

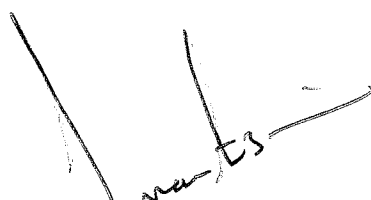
CASH FLOW FROM FINANCING ACTIVITIES

| | |
|---|----------------|
| Net receipts/ (payments) from sale and redemption of units | 424,647 |
| Dividend paid during the period | (9,958) |
| Net increase in cash and cash equivalents during the period | <u>(7,778)</u> |

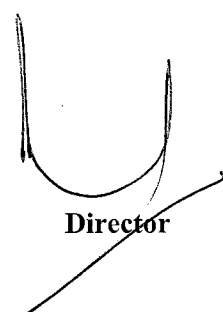
Cash and cash equivalents at the beginning of the period 8,109

Cash and cash equivalents at the end of the period 331

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive

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


Director

FIRST HABIB CASH FUND

NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 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 -' 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

This interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the period from 10 March 2011 to 30 June 2011.

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

The comparatives in the statements of assets and liabilities presented in the condensed interim financial information as at 30 September 2011 have been extracted from the audited financial statements of the Fund for the period from 10 March 2011 to 30 June 2011.

This condensed interim financial information is unaudited.

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the period from 10 March 2011 to 30 June 2011.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by the Management Company in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the period from 10 March 2011 to 30 June 2011.

5. BANK BALANCES

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

| | | | |
|-----------------|-----|------------|--------------|
| Savings account | 5.1 | 331 | 8,109 |
| | | <u>331</u> | <u>8,109</u> |

5.1 Savings account carry profit rate of 11% (June 2011: 11%) per annum.

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

| | | | |
|-----------------------|-----|----------------|----------------|
| Government securities | 6.2 | 995,906 | 563,229 |
| | | <u>995,906</u> | <u>563,229</u> |

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

| | | | |
|-----------------------|--|-----------|--------------|
| Government Securities | | 46 | (248) |
| | | <u>46</u> | <u>(248)</u> |

6.2 Government Securities

| Issue date | Tenor | Face Value | | | | As at 30 September 2011 | | 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 30 September 2011 | Carrying value | Market value | | |
| (Rupees in '000) | | | | | | | | | |
| 15-Jul-2010 | 1 Year | - | 70,000 | 70,000 | - | - | - | - | - |
| 7-Apr-2011 | 6 Months | 50,000 | 100,000 | - | 150,000 | 149,694 | 149,724 | 30 | 14.85 |
| 8-Sep-2011 | 6 Months | - | 70,000 | - | 70,000 | 66,209 | 66,240 | 31 | 6.57 |
| 25-Aug-2011 | 6 Months | - | 50,000 | - | 50,000 | 47,526 | 47,539 | 13 | 4.71 |
| 14-Jul-2011 | 6 Months | - | 155,000 | - | 155,000 | 149,464 | 149,499 | 35 | 14.82 |
| 16-Jun-2011 | 6 Months | - | 25,000 | 25,000 | - | - | - | - | - |
| 19-May-2011 | 6 Months | - | 50,000 | - | 50,000 | 49,177 | 49,161 | (16) | 4.87 |
| 28-Jul-2011 | 6 Months | - | 109,000 | 54,000 | 55,000 | 52,769 | 52,793 | 24 | 5.23 |
| 5-May-2011 | 6 Months | 70,000 | 300,000 | - | 370,000 | 365,642 | 365,617 | (25) | 36.25 |
| 2-Jun-2011 | 3 Months | 255,000 | 15,000 | 270,000 | - | - | - | - | - |
| 21-Apr-2011 | 3 Months | 100,000 | - | 100,000 | - | - | - | - | - |
| 5-May-2011 | 3 Months | 80,000 | - | 80,000 | - | - | - | - | - |
| 30-Jun-2011 | 3 Months | 20,000 | - | 20,000 | - | - | - | - | - |
| 14-Jul-2011 | 3 Months | - | 100,000 | 100,000 | - | - | - | - | - |
| 25-Aug-2011 | 3 Months | - | 87,000 | - | 87,000 | 85,584 | 85,540 | (44) | 8.48 |
| 28-Jul-2011 | 3 Months | - | 30,000 | - | 30,000 | 29,795 | 29,793 | (2) | 2.95 |
| Total as at 30 September 2011 | | | | | | <u>995,860</u> | <u>995,906</u> | <u>46</u> | |
| Total as at 30 June 2011 | | | | | | <u>563,477</u> | <u>563,229</u> | <u>(248)</u> | |

7. INCOME RECEIVABLE

| | (Unaudited) 30 September 2011 | (Audited) 30 June 2011 |
|--------------------------------------|-------------------------------------|------------------------------|
| | (Rupees in '000) | |
| Profit receivable on saving account | 122 | 113 |
| Profit receivable on Clean Placement | 5 | - |
| | <u>127</u> | <u>113</u> |

9. WORKERS' WELFARE FUND

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

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

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds. The Management Company has filed the reply to said show cause notice informing the taxation officer that levy of WWF to mutual funds is subjudice before the court and that the court has directed not to enforce recovery of WWF. Further, MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled 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.0.993 million (30 June 2011: Rs. 0.399 million) upto 30 September 2011.

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

10. EARNINGS PER UNIT

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

11. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for period from 10 March 2011 to 30 June 2011.

12. 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) Quarter ended 30 September 2011 (Rupees in '000) |
|---|--|
| Habib Asset Management Limited - Management Company Management fee | <u>2,420</u> |
| Central Depository Company of Pakistan Limited - Trustee Remuneration | <u>351</u> |
| Bank AL Habib Limited Profit on bank balances | <u>378</u> |

Details of the balances with connected persons are as follows:

| | (Unaudited) 30 September 2011 (Rupees in '000) | (Audited) 30 June 2011 (Rupees in '000) |
|---|---|--|
| Habib Asset Management Limited - Management Company | <u>4,046</u> | <u>3,595</u> |
| Central Depository Company of Pakistan Limited - Trustee Remuneration | <u>141</u> | <u>91</u> |
| Bank AL Habib Limited Bank balances | <u>331</u> | <u>8,109</u> |

| | Quarter ended 30 September 2011 | |
|---|------------------------------------|------------------|
| | (Units) | (Rupees in '000) |
| Units sold to: | | |
| Management Company | | |
| Habib Asset Management Limited | <u>-</u> | <u>-</u> |
| Associated Companies | | |
| - Bank AL Habib Limited | <u>-</u> | <u>-</u> |
| - Habib Insurance Company Limited | <u>543,001</u> | <u>55,000</u> |
| Other related parties | | |
| - Directors of the Management Company | <u>14,710</u> | <u>1,500</u> |
| - Executives of the Management Company | <u>-</u> | <u>-</u> |
| - Habib Asset Management Limited- Employees Provident Fund | <u>1,679</u> | <u>170</u> |
| Bonus units issued: | | |
| Management Company | | |
| Habib Asset Management Limited | <u>10,150</u> | <u>1,015</u> |
| Associated Companies | | |
| - Bank AL Habib Limited | <u>-</u> | <u>-</u> |
| - Habib Insurance Company Limited | <u>-</u> | <u>-</u> |

Other related parties

| | | |
|---|------------|-----------|
| - Directors of the Management Company | <u>555</u> | <u>55</u> |
| - Executives of the Management Company | <u>3</u> | <u>-</u> |
| - Habib Asset Management Limited- Employees Provident Fund | <u>89</u> | <u>9</u> |

Units redeemed by:

Management Company

| | | |
|--------------------------------|----------|----------|
| Habib Asset Management Limited | <u>-</u> | <u>-</u> |
|--------------------------------|----------|----------|

Associated Companies

| | | |
|-----------------------------------|----------------|---------------|
| - Bank AL Habib Limited | <u>-</u> | <u>-</u> |
| - Habib Insurance Company Limited | <u>246,998</u> | <u>25,000</u> |

Other related parties

| | | |
|---|---------------|--------------|
| - Directors of the Management Company | <u>12,425</u> | <u>1,250</u> |
| - Executives of the Management Company | <u>-</u> | <u>-</u> |
| - Habib Asset Management Limited- Employees Provident Fund | <u>-</u> | <u>-</u> |

Units held by:

Management Company

| | | |
|--------------------------------|----------------|---------------|
| Habib Asset Management Limited | <u>348,601</u> | <u>35,902</u> |
|--------------------------------|----------------|---------------|

Associated Companies

| | | |
|-----------------------------------|------------------|----------------|
| - Bank AL Habib Limited | <u>1,010,249</u> | <u>104,046</u> |
| - Habib Insurance Company Limited | <u>2,011,900</u> | <u>207,206</u> |

Other related parties

| | | |
|---|---------------|--------------|
| - Directors of the Management Company | <u>21,329</u> | <u>2,197</u> |
| - Executives of the Management Company | <u>104</u> | <u>11</u> |
| - Habib Asset Management Limited- Employees Provident Fund | <u>4,750</u> | <u>489</u> |

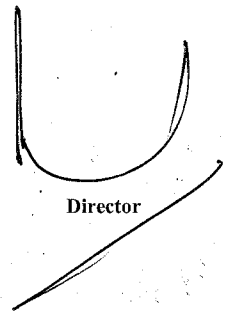
13. DATE OF AUTHORISATION FOR ISSUE

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

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



Chief Executive



Director