

DIRECTORS' REPORT

The Board of Directors of Habib Asset Management Limited is pleased to present the condensed interim financial statements of **First Habib Income Fund (FHIF)**, **First Habib Stock Fund (FHSF)**, and **First Habib Cash Fund (FHCF)** for the quarter ended September 30, 2012.

MONEY MARKET REVIEW

The State Bank of Pakistan (SBP) sharply reduced the discount rate by 200bps from the beginning of the financial year 2012-13 in phases of 150bps in August 2012 and then by 50bps in October down to 10.00%. At the quarter end, the T-Bills yield of all tenures dropped to 10.23%. The 6 month KIBOR also declined by 184bps to 10.22%.

STOCK MARKET REVIEW

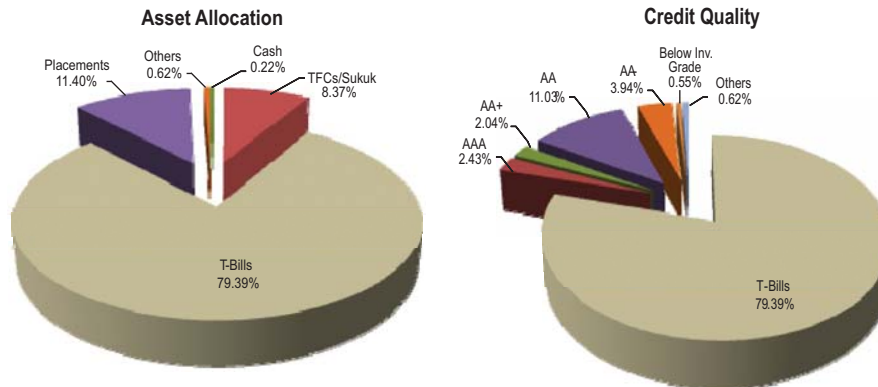
The KSE index which was at a depressed level at the close of Dec 2011 saw an upward trend during the last nine months of 2012 reaching 15445 points supported by a substantial turnover in shares averaging 128 million a day. During the first quarter of the financial year 2012-13, the foreign portfolio investment witnessed net inflow of \$92 million indicating foreign investors' confidence in the market as compared to net outflow of \$46 million during the same period last year.

FUNDS' PERFORMANCE

First Habib Income Fund (FHIF)

The gross and net income of the fund were Rs.36.48 million and Rs.28.21 million respectively for the quarter ended September 30, 2012. FHIF generated an annualized return of 10.50% for the quarter. The net assets of the Fund were at 1.03 billion on September 30, 2012 as compared to Rs. 1.02 billion on June 30, 2012. During the quarter under review, the Fund remained heavily invested in T-bills, however at the end of the quarter; some of the funds were shifted to Term Deposit Receipt (TDR) for better returns.

The asset allocation and credit quality of FHIF as on September 30, 2012, can be viewed as under



During the quarter under review, the fund distributed three monthly dividends amounting to Rs.2.45 per unit for class 'C' unit holders and 2.4485 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under

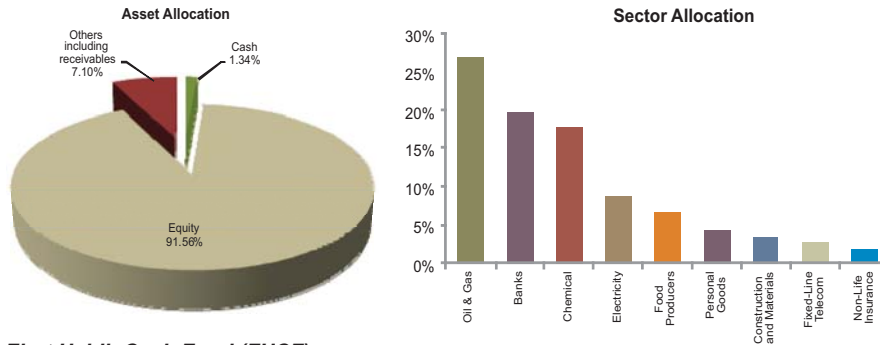
Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2012	Rs. 0.70 per unit	0.6997 units per 100 units
August 2012	Rs. 0.95 per unit	0.9499 units per 100 units
September 2012	Rs. 0.80 per unit	0.7989 units per 100 units

First Habib Stock Fund (FHSF)

During the quarter under review, the net assets of the fund increased by 3.2% to Rs. 116.63 million on September 30, 2012. The investment committee increased the fund's exposure in oil & gas, commercial banks, and electricity sectors enabling the fund to generate a return of 6.48% during the quarter.

The fund's gross income during the quarter amounted to Rs.9.18 million mainly due to capital gain of Rs.6.72 million. The net income of the fund amounted to Rs.7.10 million for the quarter.

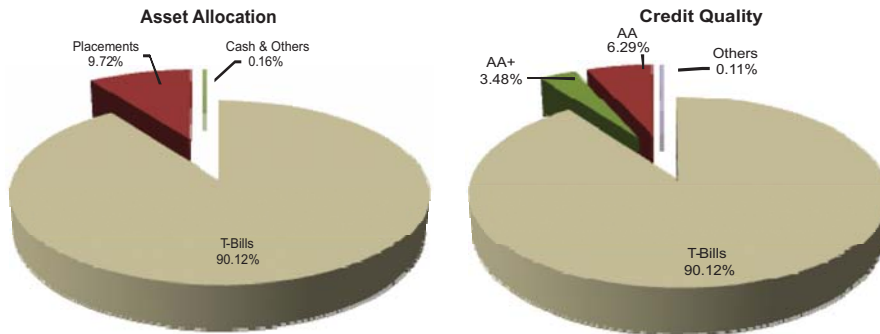
The asset allocation and sector allocation of FHSF as on September 30, 2012, can be viewed as under:



First Habib Cash Fund (FHCF)

FHCF generated an annualized return of 10.76% for the quarter ended September 30, 2012, outperforming the benchmark by 53 bps. The fund remained invested mainly in 3 and 6 months T-bills with weighted average time to maturity of net assets at 69 days on September 30, 2012. The net assets of the fund witnessed significant growth of 57% to Rs. 3.17 billion on September 30, 2012 from Rs. 2.02 billion on June 30, 2012. The gross and net income of the fund was Rs.92.77 million and Rs.84.24 million respectively for the quarter.

The asset allocation and credit quality of FHCF as on September 30, 2012, can be viewed as under:



During the quarter under review, the fund distributed three monthly dividends amounting to Rs. 2.55 per unit for class 'C' unit holders and 2.5485 bonus units per 100 units for all other unit holders. The breakup of dividend on monthly basis is given as under.

Month	Cash Dividend for Class 'C' Unit holders	Bonus Units for other Unit holders
July 2012	Rs. 0.75 per unit	0.7497 units per 100 units
August 2012	Rs. 1.00 per unit	0.9997 units per 100 units
September 2012	Rs. 0.80 per unit	0.7991 units per 100 units

Future Outlook

There are positive indicators in the Economy with continuing good payout likely to benefit from perhaps a further cut in the discount rate.

The Stock Exchange Index would likely to remain firm for the future but it is impossible to make any accurate forecast.

Acknowledgement

The Board is indeed thankful to all 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 Director
Habib Asset Management Limited

Ali Raza D. Habib
Chairman

October 22, 2012

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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,
P.O. Box 15541, Karachi-75530

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

JWAFFS Registrar Services
(Pvt.) Limited
Kashif Centre, Room No. 505,
5th Floor, near Hotel Mehran,
Shahrah-e-Faisal, 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

First Habib Cash Fund

CONDENSED INTERIM STATEMENT OF ASSET AND LIABILITIES AS AT 30 SEPTEMBER 2012

		(Unaudited) 30 September 2012	(Audited) 30 June 2012
	Note(Rupees in '000).....	
Assets			
Bank balance	5	201,720	365,576
Placements		109,000	25,000
Investments	6	2,865,477	1,639,427
Income receivable	7	1,336	1,433
Prepayments		107	121
Preliminary expenses and floatation costs		2,105	2,259
Total assets		3,179,745	2,033,816
Liabilities			
Payable to Habib Asset Management Limited - Management Company		3,244	2,068
Payable to Central Depository Company of Pakistan Limited - Trustee		308	221
Payable to Securities and Exchange Commission of Pakistan Workers' Welfare Fund	9	5,036	3,317
Payable on redemption of Units		154	-
Dividend payable		2,290	-
Accrued expenses and other liabilities		682	312
Total liabilities		12,287	6,866
Net assets		3,167,458	2,026,950
Unit holders' funds (as per statement attached)		3,167,458	2,026,950
		(Number of units)	
Number of units in issue		31,624,614	20,055,052
		(Rupees)	
Net asset value per unit		100.16	101.07

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

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

	Quarter ended 30 September	
	2012	2011
(Rupees in '000).....	
Income		
Profit on bank deposits	3,793	378
Income from Government Securities	82,651	27,014
Markup income on Placements	930	170
Net gain / (loss) on investments designated at fair value through income statement		
- Net capital / (loss) gain on sale of investments classified as held for trading	692	199
- Net unrealized / (loss) on revaluation of investments classified as held for trading	4,708	46
	5,400	245
	92,774	27,807
Expenses		
Remuneration of Habib Asset Management Limited - Management Company	7,637	2,086
Sales tax on management fee	1,222	334
Remuneration of Central Depository Company of Pakistan Limited - Trustee	863	351
Annual fee - Securities and Exchange Commission of Pakistan	573	157
Brokerage	30	55
Settlement and bank charges	68	51
Auditors' remuneration	84	72
Amortisation of preliminary expenses and floatation costs	154	154
Annual listing fee	10	10
Mutual Fund Rating Fee	44	40
Printing charges	22	57
Provision for Workers' Welfare Fund	1,719	593
Total expenses	12,426	3,960
	80,348	23,847
Net element of income/ (loss) and capital gain/ (loss) included in prices of units issued less those in units redeemed	3,892	5,096
Net income for the period	84,240	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 2012

	Quarter ended 30 September	
	2012	2011
(Rupees in '000).....	
Net income for the period	84,240	28,943
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income/ (loss) for the period	84,240	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

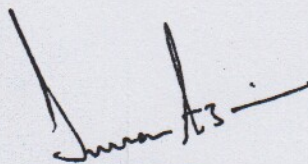
Director

FIRST HABIB CASH FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2012

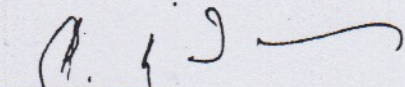
	Quarter ended 30 September	
	2012	2011
	----- (Rupees in '000) -----	
Undistributed income brought forward	21,001	16,778
Net income for the year / period	84,240	28,943
Final cash dividend for class 'C' unit holders @ Rs. 3.00/- per unit and bonus units @ 2.9991/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2011.	-	(16,596)
Final cash dividend for class 'C' unit holders @ Rs. 1.05/- per unit and bonus units @ 1.0498/- for class 'A' and 'B' unit holders for every 100 units held as at 30 June 2012	(21,057)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.75/- per unit and bonus units @ 0.7497/- for class 'A' and 'B' unit holders for every 100 units held as at 27 July 2012	(20,216)	-
Interim cash dividend for class 'C' unit holders @ Rs. 1.00/- per unit and bonus units @ 0.9997/- for class 'A' and 'B' unit holders for every 100 units held as at 24 August 2012.	(34,544)	-
Interim cash dividend for class 'C' unit holders @ Rs. 0.80/- per unit and bonus units @ 0.7991/- for class 'A' and 'B' unit holders for every 100 units held as at 28 September 2012.	(25,120)	-
Undistributed income carried forward	<u>4,304</u>	<u>29,125</u>

The annexed notes 1 to 13 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 QUARTER ENDED 30 SEPTEMBER 2012

	Quarter ended 30 September	
	2012	2011
(Rupees in '000).....	
Net assets at the beginning of the period	2,026,950	569,989
Amount received on issuance of units	1,854,550	637,973
Amount paid on redemption of units	(783,072)	(213,326)
	1,071,478	424,647
Net element of income and capital gain included in prices of units issued less those in units redeemed	(3,892)	(5,096)
Final cash dividend for class C unit holders @ 3 per unit for class 'C'	-	(9,958)
Final cash dividend for class C unit holders @ 1.05 per unit for class 'C'	(3,897)	-
Interim cash dividend for class C unit holders @ 0.75 per unit for class 'C'	(2,043)	-
Interim cash dividend for class C unit holders @ 1.00 per unit for class 'C'	(2,921)	-
Interim cash dividend for class C unit holders @ 0.80 per unit for class 'C'	(2,457)	-
Net income for the period	84,240	28,943
Net assets at the end of the period	3,167,458	1,008,525
	------(Number of Units)-----	
Units at the beginning of the period	20,055,052	5,532,104
Number of Units Issued	18,452,893	6,277,840
Number of Units Redeemed	(7,779,082)	(2,083,594)
	10,673,811	4,194,246
Final Bonus units distribution @ 2.9991/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2011.	-	66,367
Final Bonus units distribution @ 1.0498/- for calss 'A' and 'B' units holders for every 100 units held as at 30 June 2012.	171,578	-
Interim Bonus units distribution @ 0.7497/- for calss 'A' and 'B' units holders for every 100 units held as at 27 July 2012	181,673	-
In Bonus units distribution @ 0.9997/- for calss 'A' and 'B' units holders for every 100 units held as at 24 August 2012.	316,123	-
Interim Bonus units distribution @ 0.7991/- for calss 'A' and 'B' units holders for every 100 units held as at 28 September 2012.	226,377	-
Units at the end of the period	31,624,614	9,792,717

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 CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	Quarter ended 30 September	
	2012	2011
(Rupees in '000).....	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	84,240	28,943
Adjustments for non-cash items		
Unrealised appreciation/ (diminution) on investments at fair value through profit or loss - net	(4,708)	(46)
Workers' Welfare fund	1,719	593
Net element of loss/ (income) and capital loss/ (gain) included in prices of units issued less those in units redeemed	(3,892)	(5,096)
Amortisation of preliminary expenses and floatation costs	154	154
	77,513	24,548
(Increase) in assets		
Investments	(1,221,342)	(432,630)
Placements	(84,000)	(15,000)
Income receivable	97	(14)
Prepayments	14	11
	(1,305,231)	(447,633)
Increase in liabilities		
Payable to Habib Asset Management Limited - Management Company	1,176	451
Payable to Central Depository Company of Pakistan Limited - Trustee	87	50
Payable to Securities and Exchange Commission of Pakistan	(375)	27
Accrued expenses and other liabilities	370	90
	1,258	618
Net cash flow from operating activities	(1,226,460)	(422,467)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts/ (payments) from sale and redemption of units	1,071,632	424,647
Dividend paid during the period	(9,028)	(9,958)
Net increase in cash and cash equivalents during the period	(163,856)	(7,778)
Cash and cash equivalents at the beginning of the period	365,576	8,109
Cash and cash equivalents at the end of the period	201,720	331
Cash and cash equivalents at the end of the period comprise of :		
Cash and cash equivalents at end of the period	1,720	331
Term deposit receipts maturity of 3 months and less	200,000	-
	201,720	331

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

NOTES TO CONDENSED INTERIM THE FIANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 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 Rrgulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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

These consensed interin 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, 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 SECP prevail. These consensed interin financial statements are 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).

These consensed interin financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 30 June 2012.

These consensed interin financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2012 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 2012.

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 year ended 30 June 2012.

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 for the year ended 30 June 2012.

5. BANK BALANCES

		(Unaudited) 30 September	(Audited) 30 June
	<i>Note</i>	2012	2012
	(Rupees in '000).....	
Savings account	5.1	1,720	15,576
Term Deposits Receipts (TDRs)	5.2	200,000	350,000
		<u>201,720</u>	<u>365,576</u>

5.1 Savings account carry profit rate from 9% to 10% (June 2012: 10%) per annum.

5.2 Term Deposits Receipts (TDRs) has tenor of 1 month (June 2012: 1 to 3 months) and carry profit rate from 10.45% (June 2012: 12% to 12.35%) per annum. The TDR will mature on 11 October 2012.

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

Government securities	6.2	<u>2,865,477</u>	<u>1,639,427</u>
		<u>2,865,477</u>	<u>1,639,427</u>

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

Government Securities		<u>4,708</u>	<u>(538)</u>
		<u>4,708</u>	<u>(538)</u>

First Habib Cash Fund

6.2 Government Securities

Issue date	Tenor	Face value			As at 31 September 2012			Market value as a percentage of net assets
		As at 1 July 2012	Purchased during the period	Sold / matured during the period	As at 30 September 2012	Carrying value	Market value	
.....(Rupees in '000).....								
11-Aug-2011	1 YEAR	-	1,300,000	-	1,300,000	-	-	-
25-Aug-2011	1 YEAR	1,350,000	3,000,000	-	4,350,000	-	-	-
08-Sep-2011	1 YEAR	2,200,000	-	-	2,200,000	-	-	-
06-Oct-2011	1 YEAR	1,000,000	-	-	1,000,000	99,829	99,914	85
01-Dec-2011	1 YEAR	-	5,000,000	-	5,000,000	491,321	491,812	491
19-Apr-2012	3 MONTHS	500,000	-	-	500,000	-	-	-
03-May-2012	3 MONTHS	650,000	-	-	650,000	-	-	-
17-May-2012	3 MONTHS	3,680,000	1,500,000	1,000,000	4,180,000	-	-	-
31-May-2012	3 MONTHS	1,550,000	-	-	1,550,000	-	-	-
14-Jun-2012	3 MONTHS	2,250,000	-	-	2,250,000	-	-	-
28-Jun-2012	3 MONTHS	-	2,000,000	350,000	1,650,000	-	-	-
12-Jul-2012	3 MONTHS	-	2,500,000	400,000	2,100,000	209,810	209,820	10
26-Jul-2012	3 MONTHS	-	2,350,000	-	2,350,000	233,740	233,870	130
09-Aug-2012	3 MONTHS	-	5,600,000	3,600,000	2,000,000	198,124	198,254	130
23-Aug-2012	3 MONTHS	-	3,150,000	-	3,150,000	311,053	311,035	(18)
06-Sep-2012	3 MONTHS	-	2,500,000	2,500,000	-	-	-	-
20-Sep-2012	3 MONTHS	-	1,650,000	-	1,650,000	161,702	161,692	(10)
12-Jan-2012	6 MONTHS	850,000	-	-	850,000	-	-	-
26-Jan-2012	6 MONTHS	1,870,000	-	-	1,870,000	-	-	-
09-Feb-2012	6 MONTHS	750,000	-	750,000	-	-	-	-
12-Jul-2012	6 MONTHS	-	1,350,000	-	1,350,000	130,797	131,326	529
26-Jul-2012	6 MONTHS	-	2,400,000	-	2,400,000	231,538	232,620	1,082
09-Aug-2012	6 MONTHS	-	4,750,000	-	4,750,000	456,768	458,723	1,955
23-Aug-2012	6 MONTHS	-	2,500,000	-	2,500,000	240,296	240,548	252
06-Sep-2012	6 MONTHS	-	1,000,000	-	1,000,000	95,791	95,863	72
Total as at 30 September 2012						2,860,769	2,865,477	4,708
Total as at 30 June 2012						1,639,965	1,639,427	(538)

7. INCOME RECEIVABLE

	(Unaudited) 30 September 2012	(Audited) 30 June 2012
.....(Rupees in '000).....		
Profit receivable on saving account	101	166
Profit receivable on Term Deposit receipt	1,145	1,251
Profit receivable on Clean Placement	90	16
	<u>1,336</u>	<u>1,433</u>

8. 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 is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs. 5,036,100 (30 June 2012: Rs. 3,316,890) in these financial statements. Had the provision not been made, the net asset value of the Fund would be higher by Rs 0.1592 per unit (30 June 2012: Rs. 0.165 per unit).

9. EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended 30 September 2012, has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. 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 year ended 30 June 2012.

11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include Habib Asset Management Limited being the Management Company, associated companies of the Management Company, First Habib Income Fund, First Habib Stock Fund beings the Funds managed by the common Management Company, Central Depository Company Limited being the trustee of the Fund.

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 period end are as follows:

	Quarter ended 30 September	
	2012	2011
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	7,637	2,086
First Habib Income Fund - Associated Undertaking		
Government security purchased	99,216	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	863	351
Bank AL Habib Limited		
Profit on bank balances	715	378

Details of the balances with connected persons are as follows:

	(Unaudited) 30 September	(Audited) 30 June
	2012	2012
	----- (Rupees in '000) -----	
Habib Asset Management Limited - Management Company		
Management fee	3,244	2,068
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	308	221
Bank AL Habib Limited		
Bank balances	1,720	15,576

First Habib Cash Fund

	Quarter ended 30 September 2012		Quarter ended 30 September 2011	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
Habib Asset Management Limited	93,214	9,400	-	-
Associated Companies				
- Habib Insurance Company Limited	1,145,728	115,000	543,001	55,000
- Habib Sugar Mill Limited	7,963,253	800,000	-	-
- Green Shield Insurance Brokers	24,972	2,500	-	-
Other related parties				
- Directors of the Management Company	1,497	150	14,710	1,500
- Executives of the Management Company	597	60	-	-
- Habib Asset Management Limited- Employees Provident Fund	2,490	250	1,679	170
- Sukaina Educational & Welfare Trust	49,969	5,002	-	-
- Ghulam-an-e-Abbas Trust	52,374	5,262	-	-
Bonus units issued:				
Management Company				
Habib Asset Management Limited	19,492	2,149	10,150	1,015
Associated Companies				
- Bank AL Habib Limited	109,606	10,966	-	-
- Habib Sugar Mill Limited	159,114	15,921	-	-
- Green Shield Insurance Brokers	200	20	-	-
Other related parties				
- Directors of the Management Company	1,382	137	555	55
- Executives of the Management Company	25	2	3	-
- Habib Asset Management Limited- Employees Provident Fund	205	20	89	9
- Sukaina Educational & Welfare Trust	7,142	715	-	-
- Ghulam-an-e-Abbas Trust	7,112	712	-	-
- Mr. Imran Ali Habib	302	30	-	-
- Mr. Murtaza Habib	302	30	-	-
- Mr. Asghar D Habib	302	30	-	-
- Mr. Qumail Habib	301	30	-	-
- Mr. Abas D Habib	301	30	-	-
- Mr. Ali Asad Habib	302	30	-	-
- Mrs Razia Ali Habib	2,972	294	-	-
Units redeemed by:				
Management Company				
Habib Asset Management Limited	142,495	14,300	-	-
Associated Companies				
- Bank AL Habib Limited	-	-	-	-
- Habib Insurance Company Limited	1,291,035	130,000	246,998	25,000
Other related parties				
- Directors of the Management Company	-	-	12,425	1,250
- Executives of the Management Company	1,738	175	-	-
- Habib Asset Management Limited- Sukaina Educational & Welfare Trust	6,435	650	-	-
- Sukaina Educational & Welfare Trust	69,434	7,000	-	-
Units held by:				
Management Company				
Habib Asset Management Limited	504,104	50,490	348,601	35,902
Associated Companies				
- Bank AL Habib Limited	3,115,104	312,003	1,010,249	104,046
- Habib Insurance Company Limited	1,591,641	159,416	2,011,900	207,206
- Habib Sugar Mill Limited	8,122,366	813,520	-	-
- Green Shield Insurance Brokers	25,172	2,521	-	-
Other related parties				
- Directors of the Management Company	40,444	4,051	21,329	2,197
- Executives of the Management Company	-	-	104	11
- Habib Asset Management Limited- Employees Provident Fund	4,524	453	4,750	489
- Sukaina Educational & Welfare Trust	187,771	18,807	-	-
- Ghulam-an-e-Abbas Trust	228,847	22,921	-	-
- Mr. Imran Ali Habib	8,584	860	-	-
- Mr. Murtaza Habib	8,573	859	-	-
- Mr. Asghar D Habib	8,584	860	-	-
- Mr. Qumail Habib	8,566	858	-	-
- Mr. Abas D Habib	8,573	859	-	-
- Mr. Ali Asad Habib	8,573	859	-	-
- Mrs Razia Ali Habib	84,462	8,460	-	-

12. DATE OF AUTHORISATION FOR ISSUE

These interim financial information were authorised for issue by the Board of Directors of the Management Company on October 22, 2012.

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

Chief Executive

Director

First Habib Cash Fund
First Quarterly Report
September 2012
