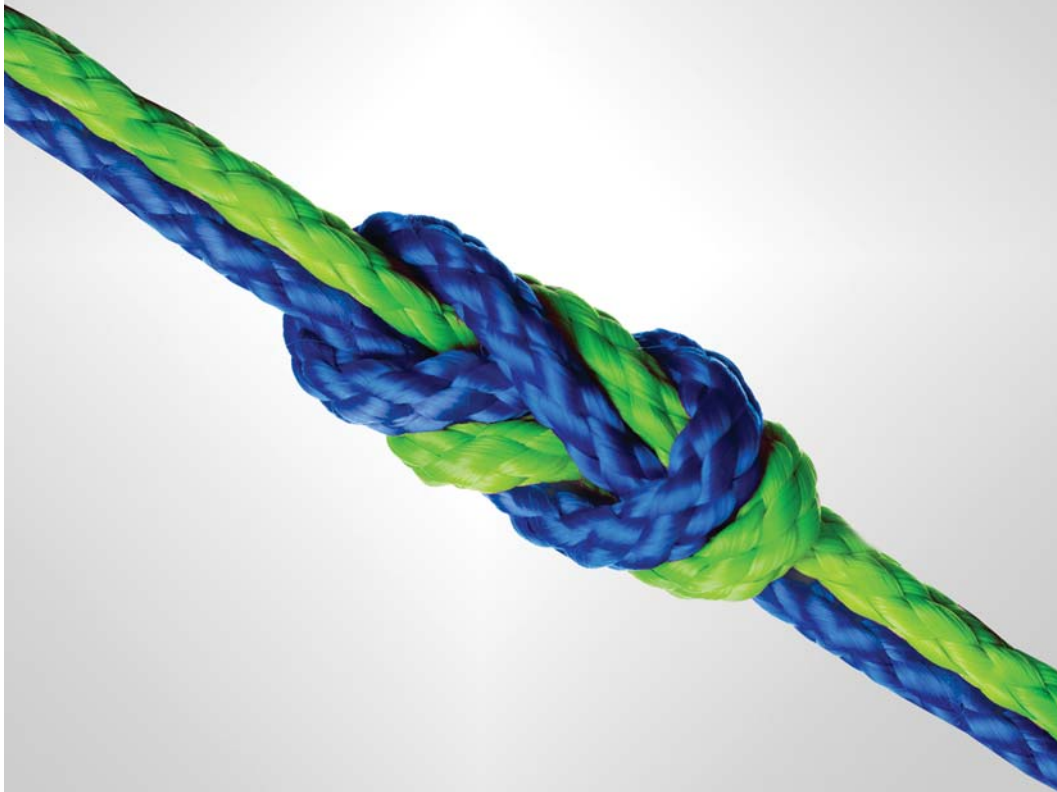


Quarterly Report

March 31, 2012
(Unaudited)



Arif Habib
Investments Limited
A subsidiary of
MCB Bank Limited

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Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

COMPANY INFORMATION

Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman (subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Chief Financial Officer & Company Secretary	Mr. Muhammad Saqib Saleem	
Auditors	Riaz Ahmad & Company Chartered Accountants 108-109, 1 st Floor, Park Avenue Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, Pakistan.	
Legal Advisors	Akhund Forbes D-21, Block 4, Scheme 5, Clifton Karachi-75600, Pakistan. Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530, Pakistan	
Share Register	Noble Computer Services (Private) Limited First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi, Pakistan. Tel: (021) 4325482-87 Fax: (021) 4325442 Website: www.noble-computers.com	
Bankers	MCB Bank Limited Bank AL Habib Limited Summit Bank Limited	
Registered Office	8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. UAN: (+92-21) 11-11-622-24, Toll Free: 0800-622-24 Fax: (+92-21) 32276898, 32276908 URL: www.mcbah.com, Email: info@mcbah.com	
Ratings (PACRA)	Entity A (Long Term) / A1 (Short Term) Asset Manager AM2 (With Positive Outlook)	

REVIEW REPORT OF THE DIRECTORS FOR THE NINE MONTHS ENDED 31 MARCH 2012

The board of Directors of Arif Habib Investment Limited (AHI) is pleased to present the affairs of AHI for the nine months ended March 31, 2012.

Company's Performance Review

Your Company recorded a gross income of Rs. 382.40 million, which includes management/investment advisory fee and other operating income. After accounting of administrative, operating & financial expenses and income sharing of Rs. 231.38 million, the company earned a profit before tax of Rs. 151.02 million. The net profit after tax for the period amounts to Rs. 102.17 million, as compared to net profit of Rs. 67.84 million for the corresponding period ended March 31, 2011. Accordingly, with the increasing trend of funds under management of the company, the company is expected to deliver better results going forward.

MARKETS & ECONOMIC REVIEW

Economy & Money Market Review

On the macroeconomic front, inflationary pressures have remained largely on the lower side during the period with YoY CPI inflation averaging 10.8% amid change in CPI methodology as well as high base-effect of last year. External account, however, has started deteriorating significantly with 8M FY12 current account balance posting a sizeable deficit of US\$ 3.0 billion amid higher trade deficit despite record remittances flows. Financial flows have remained weak during the period thereby posing serious risks towards balance of payment position as well as exchange rate. On the fiscal side, the government posted a budget deficit of 2.5% of GDP during 1H FY12 with about 94% funding coming from the domestic sources (including one-off circular debt adjustment, 1H FY12 deficit is around 4.4%). Significant deterioration in key macroeconomic indicators has compelled the SBP to keep its earlier adopted monetary easing stance at a halt during the latter part of the period under review.

In the money market, short term market rates remained on the higher side due to relatively tight liquidity scenario in the system amid continued NFA attrition. Due to sizeable depletion in net foreign assets (NFA) of the banking system, market liquidity remained largely tight almost throughout the period - compelling the SBP to constantly inject significant amount of money in the system through OMOs in order to calm down the market.

Equities Market Review

After remained bearish for the first six months of the period under review, bullish trend returned at the local bourses during the 3Q FY12 and pushed the KSE-100 Index by significant 21% during the quarter together with buoyant volumes. The major impetus to market came primarily from Finance minister's acceptance of SECP's proposal on CGT relaxation and tax amnesty scheme that reignited the investors' interest, particularly of retail investors which were largely sidelined after the imposition of CGT. Average volumes during the third quarter also improved significantly

to 196 million shares, also largely contributed by mid to small-cap stocks. In addition to the local participation, foreign investors also made a comeback to the local bourse with a net inflow of US\$16.1 million after two consecutive quarters of net outflows. Strong corporate earnings announcement by key listed companies also served to uphold the momentum in the market despite concerns of macroeconomic imbalances.

Sector-wise, Banks, Cement, Oil & Gas and Chemical sectors remained center of major activity although significant interest was also seen in several small-cap stocks.

MARKETS & ECONOMY - FUTURE OUTLOOK

Despite relatively lower inflation, fragile external and fiscal accounts would continue to keep a check on the SBP's future monetary direction. We continue to flag realization of foreign flows as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. However, re-emergence of talks over US flows under coalition support fund (CSF) and Kerry-Lugar bill would hold the key for the economic outlook in the near term.

Although the external environment, both political and macroeconomic, may remain challenging, market should continue to find support from the earnings season with a focus on Banking, Oil & Gas and Construction Materials Sectors. However, the market could seek correction/profit taking if there is any further delay on the CGT and amnesty related announcement.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry grew significantly during the period under review and reached to a level of Rs. 336 billion till 8M FY12, a staggering growth of 51% since June 2011. Although the overall growth in Asset under Management (AUM) remained stronger, the major growth drivers for the industry continued to be conventional Fixed Income and Shariah compliant Funds that attracted sizeable inflows whereas Equity Funds witnessed a decline during the period. Unlike last year where Income Funds category was cannibalized by low-risk money market funds, the former performed really well during the period under review with a robust growth of 94% YTD to reach to a size of over Rs. 91 billion.

Money Market fund continued to be the growing segment of the industry and its assets under management went up significantly by 76% during the period to cross over Rs. 136 billion. Along with Money Market segment, Islamic Income fund category has also done quite well with an increase of about 41% YTD to reach to a size of around Rs. 31 billion.

During the earlier part of the period under review, equities funds suffered a sizeable battering with segment AUMs declining significantly, which was largely attributed to the weaker performance by the local equities market earlier. With the improvement in the local equities market during 3Q of FY12, equities funds have also done well and their YTD change in AUMs has relatively improved to around -1% by end Feb'12 to Rs. 52 billion.

MUTUAL FUND INDUSTRY OUTLOOK

Due to the continued prevalence of risk aversion, a robust growth in mutual funds has been contributed by fixed income funds, especially money market and Shariah compliant funds. This trend is unlikely to be changed going forward with prevailing interest rates environment clearly supporting fixed income funds growth. In addition, voluntary pension schemes (due to enhanced tax-advantage) and Shariah compliant funds (stable returns due to Ijarah Sukuk) should also perform better in the years to come. Similarly, given the attractive valuation multiples of Pakistan equities market coupled with significant decline in interest rates, stock fund still appears to be the right choice for longer term savings and investments.

For and on behalf of the board

Yasir Qadri
Chief Executive
Karachi: April 27, 2012

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2012**

ASSETS	Note	Un-audited 31 March 2012	Audited 30 June 2011
NON-CURRENT ASSETS			
		-----Rupees-----	
			Restated
Property, plant and equipment	6	106,029,813	113,905,121
Capital work in progress		5,560,000	5,200,000
Intangible assets	7	279,246,976	280,840,816
Long term investments	8	336,484,088	310,324,182
Long term loans and receivables		5,726,393	6,925,070
Security deposits		849,700	624,700
Deferred taxation		-	5,327,523
		733,896,970	723,147,412
CURRENT ASSETS			
Receivable from related parties		140,268,507	101,600,492
Loans and advances		1,137,562	3,029,899
Deposits, prepayments and other receivables		5,885,668	9,298,172
Accrued mark-up		193,063	1,007,993
Taxation-net		77,868,071	76,153,030
Short term investments	9	366,126,505	306,626,274
Cash and bank balances		10,363,708	57,779,770
		601,843,084	555,495,630
Non-current assets held for sale		-	77,970,426
TOTAL ASSETS		1,335,740,054	1,356,613,468
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
72,000,000 (30 June 2011: 72,000,000) ordinary shares of Rupees 10 each		720,000,000	720,000,000
Issued, subscribed and paid up share capital			
72,000,000 (30 June 2011: 72,000,000) ordinary shares of Rupees 10 each fully paid in cash	10	720,000,000	720,000,000
Reserves		505,429,507	538,729,994
Total equity		1,225,429,507	1,258,729,994
Surplus on revaluation of property, plant and equipment - net of deferred tax		10,471,989	10,870,308
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax		31,772,300	-
CURRENT LIABILITIES			
Trade and other payables		68,066,258	87,013,166
TOTAL LIABILITIES		99,838,558	87,013,166
Contingencies and Commitments	11		
TOTAL EQUITY AND LIABILITIES		1,335,740,054	1,356,613,468

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

	Note	Nine Months Ended		Quarter Ended	
		31 March			
		2012	2011	2012	2011
Rupees					
OPERATING INCOME	12	341,634,464	176,197,282	117,756,015	59,948,270
OPERATING AND ADMINISTRATIVE EXPENSES MANAGEMENT PROCESSING AND OTHER RELATED INCOME SHARING	13	(171,258,239)	(84,018,307)	(58,492,372)	(28,134,007)
		(60,086,910)	(40,285,623)	(17,687,236)	(11,310,923)
		(231,345,149)	(124,303,930)	(76,179,608)	(39,444,930)
OPERATING PROFIT		110,289,315	51,893,352	41,576,407	20,503,340
OTHER OPERATING INCOME	14	40,770,584	34,311,815	16,153,697	11,729,789
		151,059,899	86,205,167	57,730,104	32,233,129
FINANCE COST		(41,061)	(1,429)	(3,310)	(915)
PROFIT BEFORE TAXATION		151,018,838	86,203,738	57,726,794	32,232,214
TAXATION					
CURRENT -for the year		(11,944,526)	(19,471,551)	(9,271,763)	(7,696,030)
-prior year		84,339	(634,538)	-	(623,887)
DEFERRED		(36,990,218)	1,743,995	(7,838,382)	1,931,577
		(48,850,405)	(18,362,094)	(17,110,145)	(6,388,340)
NET PROFIT AFTER TAXATION		102,168,433	67,841,644	40,616,649	25,843,874
EARNINGS PER SHARE- BASIC AND DILUTED		1.42	2.26	0.56	0.86

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

	Nine months ended		Quarter ended	
	2012	2011	2012	2011
	-----31 March-----			
	-----Rupees-----			
Profit after tax	102,168,433	67,841,644	40,616,649	25,843,874
Other Comprehensive income				
Fair value adjustment on available for sale investment	26,242,346	-	22,195,996	-
Reversal of deferred tax asset arising on fair value gain	(109,585)	-	-	184,881
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	398,319	184,881	-	-
	26,531,080	184,881	22,195,996	184,881
Total comprehensive income	<u>128,699,513</u>	<u>68,026,525</u>	<u>62,812,645</u>	<u>26,028,755</u>

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

	31 March 2012	31 March 2011
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	151,018,838	86,203,739
Adjustments for non cash items:		
Depreciation	9,653,925	6,975,927
Amortisation	1,593,840	1,380,399
Gain on sale of fixed assets	(250,599)	(170,983)
Capital gain on sale of marketable securities	(8,918,121)	-
Unrealised appreciation in fair value of investments	(24,959,234)	(32,945,402)
Finance cost	41,061	1,429
	<u>(22,839,128)</u>	<u>(24,758,630)</u>
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	128,179,710	61,445,109
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Receivable from related parties	39,302,411	(3,457,470)
Deposits, prepayments and other receivables	3,412,504	(3,754,206)
Investments made-net	(25,540,429)	-
Formation cost	-	5,117,765
Mark-up accrued	814,930	(602,222)
Loans and advances	1,892,337	506,832
	19,881,753	(2,189,301)
Increase / (decrease) in current liabilities		
Trade and other payables	(18,946,908)	(12,181,127)
NET CASH USED IN WORKING CAPITAL CHANGES	934,845	(14,370,428)
CASH FLOW FROM OPERATING ACTIVITIES	129,114,555	47,074,681
Income tax paid	(13,575,213)	(14,068,254)
Finance cost paid	(41,061)	(1,429)
Dividend paid	(162,000,000)	(30,000,000)
NET CASH (USED IN) / FLOW FROM OPERATING ACTIVITIES	(46,501,719)	3,004,998
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,611,118)	(2,441,481)
Proceeds from sale of property plant and equipment	723,098	195,000
Long term loans and receivables	1,198,677	(583,720)
Security deposits	(225,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(914,343)	(2,830,201)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(47,416,062)	174,797
Cash and cash equivalents at the beginning of the period	57,779,770	12,181,925
Cash and cash equivalents at the end of the period	<u>10,363,708</u>	<u>12,356,722</u>

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN
EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

	Share Capital	Share premium	Deficit arising on amalgamation	Unrealized gain in value of investments available for sale	Unappropriated profit	Total
	Rupees					
Balance as at July, 01 2010	300,000,000	-	-	-	161,762,359	461,762,359
Profit for the nine months ended March 31, 2011	-	-	-	-	67,841,644	67,841,644
Other comprehensive income - net	-	-	-	-	184,881	184,881
Interim Dividend @ 10% (Rupee 1 per share)	-	-	-	-	68,026,525	68,026,525
Balance as at March, 31 2011	300,000,000	-	-	-	199,788,884	499,788,884
Balance as at July 01, 2010	300,000,000	-	-	-	161,762,359	461,762,359
Bonus shares issued @ 20% of issued share capital	60,000,000	-	-	-	-	60,000,000
Issue of share capital on amalgamation	360,000,000	396,000,000	-	-	-	756,000,000
Deficit arising on account of difference in share capital of AHL and MCB AMC	-	-	(60,000,000)	-	-	(60,000,000)
Profit for the year ended June 30, 2011	-	-	-	-	71,634,948	71,634,948
Other comprehensive income - net	-	-	-	(986,262)	318,949	(667,313)
Dividend paid @ 10% (Rupee 1 per share)	-	-	-	-	71,953,897	70,967,635
Balance as at June 30, 2011	720,000,000	396,000,000	(60,000,000)	(986,262)	203,716,256	1,258,729,994
Dividend declared @ 15% for the year ended June 30, 2011	-	-	-	-	(108,000,000)	(108,000,000)
Profit for the nine months ended March 31, 2012	-	-	-	-	102,168,433	102,168,433
Other comprehensive income - net	-	-	-	26,132,761	398,319	26,531,080
Interim Dividend @ 7.5% (Rupee 0.75 per share)	-	-	-	26,132,761	102,566,752	128,699,513
Balance as at March, 31 2012	720,000,000	396,000,000	(60,000,000)	25,146,499	144,283,008	1,225,429,507

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Investments Limited (the Company) was incorporated on 30 August 2000, as an unquoted public limited company under the Companies Ordinance, 1984. During 2008, the Company was listed on the Karachi Stock Exchange by way of offer for sale of shares by a few of the existing shareholders of the Company to the general public. In the same financial year, the name of the Company was changed from Arif Habib Investment Management Limited to Arif Habib Investments Limited. The registered office of the Company is situated at 8th Floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi, Pakistan. The Company is a subsidiary of MCB Bank Limited (MCB) which has 51.33% (30 June 2011: 51.33%) direct holding in the Company.

1.2 During the year ended 30 June 2011, a transfer agreement was signed on 19 January 2011 between Arif Habib Corporation Limited (AHCL) [the then parent of the Company] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for the transfer of entire business of MCB AMC to the Company to achieve synergies in business and access to a wider distribution network. The scheme of amalgamation (the scheme) was approved by the shareholders of the Company and MCB AMC in their respective extra ordinary general meetings held on 21 May 2011. The Securities and Exchange Commission of Pakistan (SECP) vide its order dated 10 June 2011 under Section 282(L) of the Companies Ordinance, 1984 (the Sanction Order) approved the Scheme. As per the Sanction Order, the effective date of amalgamation was 27 June 2011 (the effective date).

Pursuant to amalgamation, the entire undertaking of MCB AMC including all properties, assets, liabilities, receivables, payables and all other rights and obligations was transferred into and vested in the Company as on the effective date. As part of the Scheme, the Company issued and allotted 36 million Ordinary shares of Rupees 10 each, as fully paid shares, to registered Ordinary shareholders of MCB AMC in the ratio of 1.2 Ordinary shares of the Company for each share of Rupees 10 of MCB AMC as consideration. The fair value of the shares issued to the shareholders of MCB AMC was based on the published quoted price of the Ordinary shares of the Company as at 24 June 2011 (25 June 2011 and 26 June 2011 being public holidays) being Rupees 21 per share.

Accordingly, the Company is a subsidiary of MCB Bank Limited from the end of the preceding year which owns 51.33% Ordinary shares in the Company (30 June 2011: 51.33% Ordinary shares as at the effective date).

After the close of business on 27 June 2011, the SECP issued another order under Section 484(2) of the Companies Ordinance, 1984 (the Extension Order) to extend the effective date from 27 June 2011 to 30 July 2011.

Based upon legal advice, the Company filed a constitutional petition before the Honorable High Court of Sindh (the Court) on 02 July 2011 pleading that the merger is a past and closed transaction and the Extension Order was illegal and not tenable under law. On 04 July 2011, the Court suspended the operation of the Extension Order till the disposal of the application.

On the basis of the order of the Honorable High Court of Sindh dated 04 July 2011 and the legal advice regarding merits of the case, management strongly believes that the outcome of the petition would be in its favor.

1.3 The Company is registered as an Asset Management Company and Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Pension Fund Manager under Voluntary Pension System Rules 2005. The Company also manages discretionary portfolio accounts.

1.4 The Company is currently acting as Asset Management Company of the following open ended funds:

	Net Asset Value as at	
	31 March 2012 (Unaudited)	30 June 2011 (Audited)
	Rupees in million	
Open-end mutual funds		
Pakistan Income Fund	1,422	1,814
Pakistan Stock Market Fund	974	1,244
Metro Bank-Pakistan Sovereign Fund	6,313	2,999
Pakistan International Element Islamic Fund	312	337
Pakistan Capital Market Fund	360	390
Pakistan Cash Management Fund	2,366	2,711
Pakistan Income Enhancement Fund	1,298	1,624
Pakistan Capital Protected Fund - Fixed Income Securities	238	237
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	117	123
Pakistan Premier Fund	485	688
Pakistan Strategic Allocation Fund	452	608
MCB Islamic Income Fund	1,061	182
MCB Dynamic Allocation Fund	115	333
MCB Dynamic Stock Fund	622	693
MCB Cash Management Optimizer	12,248	10,393
MCB Dynamic Cash Fund	6,445	5,020
Pension Funds		
Pakistan Pension Fund	229	221
Pakistan Islamic Pension Fund	143	127
Discretionary portfolio	1,194	801
The company is also managing investors under discretionary portfolio management agreement, the details of which is given below:		
Number of accounts	8	8
Cost of the Portfolio - Rupees	1,120,998,821	706,469,688
Market Value of Portfolio - Rupees	1,130,782,553	718,679,880
Management Fee earned - Rupees	1,468,092	221,203

1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 to the Company.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial report of the Company for the nine months ended 31 March 2012 has been prepared in accordance with the requirements of the International Accounting standard (IAS) 34– ‘Interim Financial Reporting’ and provisions of and directives issued under the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

2.2 This condensed interim financial report is un-audited.

2.3 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention except that office premises are stated at revalued amount in accordance with International Accounting Standard (IAS) 16 ‘Property, Plant and Equipment’ and investments are stated at fair value in accordance with IAS 39 ‘Financial Instruments: Recognition and Measurement’. Accrual basis of accounting has been used except for the cash flow statement.

2.4 This condensed interim financial information is presented in Pak Rupees, which is the Company’s functional and presentation currency.

3. ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2011 except for the effects of finalization of fair values of the assets assumed under amalgamation during the last year as stated in Note 5.

5. BUSINESS COMBINATION - FINALIZATION OF FAIR VALUES

The Company’s financial statements for the year ended 30 June 2011 were prepared using reverse acquisition method in accordance with the requirements of the International Financial Reporting Standard – 3 (revised) ‘Business Combinations’. As permitted under IFRS – 3, the fair values of the assets of the Company assumed and accounted for under reverse acquisition method were incorporated provisionally in the aforementioned financial statements based on limited information. IFRS 3 requires to retrospectively adjust such provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The provisional amounts recognized were required to be adjusted during the ‘Measurement period’ which cannot exceed one year from the acquisition date.

As disclosed in the financial statements for the half year ended 31 December 2011, the management has finalized the fair values of such assets. The retrospective adjustment has been made in the balance sheet and the comparatives have been revised as under:

	Carrying amount as at 26 June 2011	Fair values provisionally determined as at 26 June 2011	Further adjustments to finalize the fair values identified during the period	Fair values finalized and adjusted retrospectively
	-----Rupees-----			
Fixed assets	35,752,429	34,654,895	-	34,654,895
Investments	262,261,172	262,261,172	-	262,261,172
Long-term loans and receivables	6,051,191	6,051,191	-	6,051,191
Long-term deposits	115,000	115,000	-	115,000
Intangible assets acquired on amalgamation	-	109,000,000	83,000,000	192,000,000
Deferred tax asset	62,760,149	62,760,149	(21,572,968)	41,187,181
Cash and bank balances	41,573,019	41,573,019	-	41,573,019
Other current assets – net	160,705,655	160,705,655	5,470,621	166,176,276
Total assets	569,218,615	677,121,081	66,897,653	744,018,734
Liabilities				
Trade and other payables	50,535,712	67,776,760	-	67,776,760
Provision for taxation	2,368,907	2,368,907	-	2,368,907
Total liabilities	52,904,619	70,145,667	-	70,145,667
Net assets acquired	516,313,996	606,975,414	66,897,653	673,873,067
Fair value of the consideration transferred		756,000,000	-	756,000,000
Goodwill arising on acquisition – adjusted		149,024,586	66,897,653	82,126,933

This exercise has resulted in an increase in the value of 'Intangible Asset-Management Rights' by Rupees 83 million, a decrease in the 'Deferred Tax Asset' by Rupees 21.572 million, an increase in 'Other Current Assets' of Rupees 5.471 million and a corresponding decrease in the 'Goodwill' by Rupees 66.898 million.

The fair value of 'Intangible Asset-Management Rights' has been worked out by an independent valuer as at 31 December, 2011 based on future projections of earnings after taking into account reasonable assumptions and related data. The 'Deferred Tax Asset' and 'Other Current Assets' have been adjusted upon identifying further information that could not be substantiated as at the acquisition date as disclosed in the financial statements for the half year ended December 31, 2011. No change has been identified with respect to the values of all other assets due to which such values have now been treated as final. Further, management believes that the exercise of finalizing the fair values is now complete.

	Un-audited 31 March 2012	Audited 30 June 2011
	-----Rupees-----	
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	113,905,121	80,533,526
Add: Revaluation surplus	-	15,260,062
Add: Cost of additions during the half year/year (Note 6.1)	2,251,118	3,434,438
Less: Deletion during the half year/ year - book value (Note 6.2)	(472,501)	(57,444)
Add: Assets acquired under amalgamation	-	23,906,132
	115,683,738	123,076,714
Less: Depreciation during the nine months/year	9,653,925	9,171,593
	<u>106,029,813</u>	<u>113,905,121</u>

		Un-audited 31 March 2012	Audited 30 June 2011
	Note	-----Rupees-----	
6.1	Cost of additions during the nine months / year		
	Office furniture	1,489,771	1,604,766
	Office equipment	425,147	982,286
	Computer hardware	336,200	847,336
		<u>2,251,118</u>	<u>3,434,388</u>
6.2	Book value of assets deleted during the nine months / year		
	Office furniture	203,551	-
	Office equipment	159,697	36,950
	Motor vehicles	-	4,884,663
	Computer hardware	109,253	61,712
		<u>472,501</u>	<u>4,983,325</u>
7.	INTANGIBLE ASSETS		Restated
	Opening book value	280,840,816	2,784,373
	Add: Addition during the half year/year	-	38,144
	Add: Assets acquired under amalgamation	-	279,675,696
		<u>280,840,816</u>	<u>282,498,213</u>
	Less: Amortization during the half year/year	1,593,840	1,657,397
		<u>279,246,976</u>	<u>280,840,816</u>
		7.1	
7.1	Intangible assets includes		
	Computer software	5,120,043	6,713,883
	Goodwill	82,126,933	82,126,933
	Management rights	192,000,000	192,000,000
		<u>279,246,976</u>	<u>280,840,816</u>
8.	LONG TERM INVESTMENTS		
	In Collective Investment Schemes - related parties		
	Available-for-sale investments	8.1 <u>336,484,088</u>	<u>310,324,182</u>

8.1 Available-for-sale investments	As at 31 March 2012					As at 30 June 2011					
	Name of the investee / fund	Note	As at 01 July 2011	Bonus units	As at 31 March 2012	Cost	Market value	Accumulated Unrealized gain / (loss) on revaluation of investments	Cost	Market value	Unrealized gain / (loss) on revaluation of investments
----- Units -----											
----- (Rupees) -----											
Open end mutual funds											
Pakistan Pension Fund	8.1.1	900,000	-	900,000	113,328,000	123,765,000	10,437,000	113,328,000	112,992,000		(336,000)
Pakistan Islamic Pension Fund	8.1.1	900,000	-	900,000	111,534,000	123,288,000	11,754,000	111,534,000	110,991,000		(543,000)
Pakistan Capital Protected Fund - Fixed Income Securities (FIS)	8.1.1	126,502	10,642	137,144	1,339,657	1,461,955	122,298	1,339,657	1,396,582		56,925
AH Dow Jones SAFE Pakistan Trians 15 Index Fund (AHDJPF)	8.1.1	600,000	23,643	623,643	35,220,000	37,836,433	2,616,433	35,220,000	34,818,000		(402,000)
MCB Islamic Income Fund	8.1.1	500,000	-	500,000	50,000,000	50,132,700	132,700	50,000,000	50,126,600		126,600
						<u>311,421,657</u>	<u>336,484,088</u>	<u>25,062,431</u>	<u>311,421,657</u>	<u>310,324,182</u>	<u>(1,097,475)</u>

8.1.1 This represents investment in seed capital of the Fund.

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Note	31 March 2012		30 June 2011	
		(Rupees)		(Rupees)	
9. SHORT TERM INVESTMENTS					
In Collective Investment Schemes - related parties					
At fair value through profit or loss	9.1	365,202,922	305,785,131		
Available-for-sale investments	9.2	923,583	841,143		
		<u>366,126,505</u>	<u>306,626,274</u>		
9.1 At fair value through profit or loss					
		As at 31 March 2012		As at 30 June 2011	
Name of the investee Fund		As at 01 July 2011	Additions\ (Deletions) March 2012	Market value	Unrealized gain on revaluation of investments
		As at 31 - - As at 31 - -		Cost	Unrealized gain on revaluation of investments
		March 2012			
			Units	(Rupees)	
Open end mutual funds					
MCB Dynamic Cash Fund		1,920,726	976,466	2,897,192	277,019,831
				292,767,883	15,748,052
				172,449,232	194,616,986
MCB Cash Management Optimizer		608,892	(466,735)	142,157	13,097,261
				14,219,249	1,121,988
				54,660,191	6,381,354
MCB Islamic Income Fund		500,000	80,617	580,617	50,126,600
				340,243,692	24,959,230
				277,109,423	305,785,131
				28,675,708	
9.2 Available-for-sale investments					
		As at 31 March 2012		As at 30 June 2011	
Name of the investee Fund		As at 01 July 2011	Additions\ (Deletions) March 2012	Market value	Accumulated unrealized gain on revaluation of investments
		As at 31 - - As at 31 - -		Cost	Unrealized gain on revaluation of investments
		March 2012			
			Units	(Rupees)	
Open end mutual funds					
Metro Bank-Pakistan Sovereign Fund		16,494	2,671	19,165	839,515
				923,583	84,068
				841,143	1,628

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Unaudited) 31 March 2012	(Audited) 30 June 2011		(Unaudited) 31 March 2012	(Audited) 30 June 2011
----- Number of Shares -----			----- Rupees -----	
5,000,000	5,000,000	Ordinary shares of Rupees 10 each fully paid in cash	50,000,000	50,000,000
31,000,000	31,000,000	Issued as fully paid bonus shares of Rupees 10 each	310,000,000	310,000,000
36,000,000	36,000,000	Ordinary shares of Rupees 10 each issued for consideration other than cash	360,000,000	360,000,000
72,000,000	72,000,000		720,000,000	720,000,000

11.1 At 31 March 2012, MCB Bank Limited, the holding company, held 36,956,768 (30 June 2011: 36,956,768) ordinary shares of Rupees 10 each.

11. CONTINGENCIES AND COMMITMENTS

11.1 Bank Guarantee of Rupees Nil (30 June 2011 : Rupees.1,550,000) against the limit of Rupees Nil (30 June 2011: Rupees 2,100,000) issued by Summit Bank Limited, a related party, in favour of a commercial bank in relation to credit cards issued to the employees of the Company by the said commercial bank.

11.2 There were no capital or other commitments as at 31 March 2012 (30 June 2011 : Nil).

----- (Un-audited) -----			
Nine months ended		Quarter ended	
31 March 2012	31 March 2011	31 March 2012	31 March 2011
----- (Rupees) -----			

12. OPERATING INCOME

From collective investment				
Schemes - related party	391,978,241	176,103,299	135,372,563	59,910,763
From discretionary portfolio	1,468,092	60,840	827,707	28,382
Less : Sindh Sales Tax (Note 12.1)	(54,270,214)	-	(18,860,720)	-
	339,176,119	176,164,139	117,339,550	59,939,145
Sales Load Income	2,458,345	33,143	416,465	9,125
	341,634,464	176,197,282	117,756,015	59,948,270

12.1 Through Sindh Sales Tax on Services Act 2011, sales tax on asset management services has been imposed at the rate of 16 percent effective from 01 July 2011.

13. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	98,077,572	50,257,624	35,618,616	16,177,176
Marketing and advertising expenses	2,618,456	2,032,066	315,031	139,000
Legal and professional charges	11,451,751	2,969,145	3,773,839	1,592,715
Traveling and conveyance charges	2,458,963	1,082,946	1,006,196	594,442
Repairs and maintenance	17,957,184	4,275,096	4,911,347	383,290
Office supplies	339,161	1,058,314	82,296	342,158
Directors' meeting fee	925,000	100,000	300,000	-
Insurance	911,139	1,644,318	222,533	486,131
Depreciation	9,653,925	6,975,927	3,120,222	2,316,051
Amortisation	1,593,840	1,380,399	519,246	435,627
Stamp duty and taxes	283,273	105,550	179,509	-
Registrar fee	2,684,103	-	495,184	-
Printing and stationery	3,182,480	1,816,099	1,156,773	447,630
Utilities	4,847,575	2,061,000	1,620,256	1,229,408
Telephone expenses	4,065,078	1,874,531	1,217,135	617,562
Entertainment expenses	1,552,311	559,605	887,756	166,413
Books, periodicals and subscription	5,507,508	4,090,725	1,897,729	2,527,530
Miscellaneous expenses	3,148,920	1,734,962	1,168,704	678,874
	171,258,239	84,018,307	58,492,372	28,134,007

14. OTHER OPERATING INCOME

Capital gain on sale of marketable securities	8,918,121	-	5,101,645	-
Mark-up on bank deposits	1,532,172	1,178,630	90,826	466,204
Unrealised appreciation in fair value of investments	24,959,234	32,945,402	8,342,876	11,251,502
Other income	5,361,057	187,783	2,618,350	12,083
	40,770,584	34,311,815	16,153,697	11,729,789

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, collective investment schemes managed by the company, associated companies, directors and their close family members and post employment contribution plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows: -

	Un-audited	Un-audited
	31 March	31 March
	2012	2011
	-----Rupees-----	

15.1 Transactions with related parties during the period

MCB BANK LIMITED

Return on bank deposits	610,469	576,408
Reimbursement of expenses	10,254,325	3,272,732
Commission on distribution of units	52,262,091	8,623,822

	Un-audited 31 March 2012	Un-audited 31 March 2011
	-----Rupees-----	
ROTOCAST ENGINEERING (PVT) LIMITED		
Disposal of non current assets	77,970,426	-
MCB DYNAMIC CASH FUND		
Remuneration income	72,274,881	61,755,936
Share of sale load	869,827	-
Investment made	242,000,000	-
Investments realised	216,459,571	-
MCB DYNAMIC STOCK FUND		
Remuneration income	17,353,800	15,141,128
Share of sale load	2,063	-
MCB DYNAMIC ALLOCATION FUND		
Remuneration income	4,126,561	4,263,977
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration income	122,086,579	84,135,668
Formation cost received	-	5,000,000
MCB SARMA YA MEHFOOZ FUND		
Remuneration income	-	10,806,590
Reimbursable expenses received	-	2,635,000
Formation Cost received	-	1,330,765
MCB ISLAMIC INCOME FUND		
Remuneration income	5,182,108	-
Share of sale load	507,243	-
Formation cost received	1,000,000	-
PAKISTAN STOCK MARKET FUND		
Remuneration income	17,961,085	-
Share of sale load	21,969	-
PAKISTAN INCOME FUND		
Remuneration income	21,925,452	-
Share of sale load	6,228	-

	Un-audited 31 March 2012	Un-audited 31 March 2011
	-----Rupees-----	
PAKISTAN PREMIER FUND		
Remuneration income	9,887,848	-
METRO BANK-PAKISTAN SOVERIGN FUND		
Remuneration income	51,713,399	-
Share of sale load	21,328	
PAKISTAN CAPITAL MARKET FUND		
Remuneration income	6,256,927	-
PAKISTAN STRATEGIC ALLOCATION FUND		
Remuneration income	9,403,415	-
PAKISTAN PENSION FUND		
Remuneration income	2,789,333	-
Share of sale load	286,389	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC FUND		
Remuneration income	4,569,050	-
Share of sale load	3,900	-
PAKISTAN ISLAMIC PENSION FUND		
Remuneration income	1,706,416	-
Share of sale load	46,550	-
PAKISTAN CAPITAL PROTECTED FUND - FIS		
Remuneration income	3,111,130	-
PAKISTAN CASH MANAGEMENT FUND		
Remuneration income	22,328,836	-
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration income	18,290,537	-
Share of sale load	687,734	-
AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND		
Remuneration income	1,008,853	-
Share of sale load	5,114	-
MCB AMC Staff Provident Fund		
Contribution made to provident	3,298,315	1,767,195

	Un-audited 31 March 2012	Audited 30 June 2011
	-----Rupees-----	
15.2 Amount outstanding as at half year / year end		
MCB BANK LIMITED		
Bank Balances	5,702,961	16,179,858
Accrued markup receivable	193,063	730,957
Receivable against property tax	274,885	-
Sale commission & others payable	12,744,430	3,500,000
ROTOCAST ENGINEERING (PVT) LIMITED		
Receivable against disposal of non current assets	77,970,426	-
MCB DYNAMIC CASH FUND		
Remuneration receivable	9,235,043	5,780,321
Sales load receivable	6,060,631	2,836
Investment 2,897,192 units (June 2011: 1,920,726 units)	292,767,883	194,616,986
MCB DYNAMIC STOCK FUND		
Remuneration receivable	1,430,981	1,712,517
Sales load receivable	233,000	6,445
MCB DYNAMIC ALLOCATION FUND		
Remuneration receivable	368,698	411,462
Sales load receivable	3,000	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration receivable	14,293,622	11,111,400
Investment units 142,157 (June 2011: 608,892 units)	14,219,249	61,041,545
MCB SARMA YA MEHFOOZ FUND		
Remuneration receivable	721,399	721,339
Other receivable	-	55,332,624
MCB ISLAMIC INCOME FUND		
Remuneration receivable	1,062,925	50,777
Other receivable	-	85,000
Share of load receivable	2,008,281	-
Long term receivable - formation cost	-	1,000,000
Investment units 1,080,617 (June 2011: 1,000,000 units)	108,348,490	100,253,200
PAKISTAN STOCK MARKET FUND		
Remuneration receivable	1,913,121	2,096,477
Share of load receivable	275,405	266,702
PAKISTAN INCOME FUND		
Remuneration receivable	2,097,654	2,234,200
Share of load receivable	136,791	124,754

	Un-audited 31 March 2012	Audited 30 June 2011
	-----Rupees-----	
PAKISTAN PREMIER FUND		
Remuneration receivable	949,974	1,160,319
Conversion cost receivable	5,679,560	5,679,560
METRO BANK-PAKISTAN SOVERIGN FUND		
Remuneration receivable	6,971,577	1,855,296
Share of load receivable	-	2,968
Investment units 19,165 (June 2011: 16,494 units)	923,583	841,143
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	699,570	652,122
PAKISTAN STRATEGIC ALLOCATION FUND		
Remuneration receivable	873,025	1,123,743
Conversion cost receivable	7,600,157	7,600,157
PAKISTAN PENSION FUND		
Remuneration receivable	329,538	265,852
Share of load receivable	-	36,264
Investment units 900,000 (June 2011: 900,000 units)	123,765,000	112,992,000
PAKISTAN ISLAMIC INTERNATIONAL ELEMENT FUND		
Remuneration receivable	507,012	503,002
Share of load receivable	20,228	45,128
PAKISTAN CAPITAL PROTECTED FUND-I		
Others receivable	-	286,155
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	199,412	156,708
Share of load receivable	-	15,412
Investment units 900,000 (June 2011: 900,000 units)	123,288,000	110,991,000
PAKISTAN CAPITAL PROTECTED FUND - FIS		
Remuneration receivable	350,286	292,377
Investment units 137,144 (June 2011: 126,502 units)	1,461,955	1,396,582
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	2,536,398	3,203,401
Others receivable	54,664	70,679
Formation cost - receivable	-	600,000

	Un-audited 31 March 2012	Audited 30 June 2011
	-----Rupees-----	
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	1,921,064	2,003,530
Share of load receivable	171,481	133,472
Others receivable	-	2,000
Formation cost - receivable	-	600,000
AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND		
Remuneration receivable	113,390	102,055
Investment units 623,643(June 2011: 600,000 units)	37,836,433	34,818,000
Others receivable	2,000	2,720,000
Formation cost - receivable	-	1,000,000

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue by the Board of Directors of the company in their meeting held on 27 April 2012

17 GENERAL

17.1 No significant reclassification or rearrangement of the corresponding figures has been made except the retrospective restatements disclosed in note 5 to this condensed interim financial information.

17.2 As at 30 June 2011, the amalgamation was accounted for under reverse acquisition method. Accordingly, in this condensed interim financial information the corresponding figures of profit and loss account and statement of comprehensive income for the nine months ended and quarter ended 31 March 2011 have been given only for MCB AMC.

17.3 Figures have been rounded off to the nearest of Rupee.

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman



Arif Habib
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MCB Bank Limited

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