

**MCB**  
**CASH MANAGEMENT OPTIMIZER**

# CONTENTS

---

<b>Fund's Information</b>	<b>98</b>
<b>Report of the Directors of the Management Company</b>	<b>99</b>
<b>Condensed Interim Statement of Assets and Liabilities</b>	<b>100</b>
<b>Condensed Interim Income Statement (Un-audited)</b>	<b>101</b>
<b>Condensed Interim Distribution Statement (Un-audited)</b>	<b>102</b>
<b>Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)</b>	<b>103</b>
<b>Condensed Interim Cash Flow Statement (Un-audited)</b>	<b>104</b>
<b>Notes to and forming part of the Condensed Interim Financial Information (Un-audited)</b>	<b>105</b>

## FUND'S INFORMATION

<b>Management Company</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi																
<b>Board of Directors of the Management Company</b>	<table><tr><td>Mian Mohammad Mansha</td><td>Chairman(subject to the approval of SECP)</td></tr><tr><td>Mr. Nasim Beg</td><td>Executive Vice Chairman</td></tr><tr><td>Mr. Yasir Qadri</td><td>Chief Executive (subject to the approval of SECP)</td></tr><tr><td>Syed Salman Ali Shah</td><td>Director (subject to the approval of SECP)</td></tr><tr><td>Mr. Haroun Rashid</td><td>Director (subject to the approval of SECP)</td></tr><tr><td>Mr. Ahmed Jahangir</td><td>Director (subject to the approval of SECP)</td></tr><tr><td>Mr. Samad A. Habib</td><td>Director</td></tr><tr><td>Mr. Mirza Mahmood Ahmad</td><td>Director (subject to the approval of SECP)</td></tr></table>	Mian Mohammad Mansha	Chairman(subject to the approval of SECP)	Mr. Nasim Beg	Executive Vice Chairman	Mr. Yasir Qadri	Chief Executive (subject to the approval of SECP)	Syed Salman Ali Shah	Director (subject to the approval of SECP)	Mr. Haroun Rashid	Director (subject to the approval of SECP)	Mr. Ahmed Jahangir	Director (subject to the approval of SECP)	Mr. Samad A. Habib	Director	Mr. Mirza Mahmood Ahmad	Director (subject to the approval of SECP)
Mian Mohammad Mansha	Chairman(subject to the approval of SECP)																
Mr. Nasim Beg	Executive Vice Chairman																
Mr. Yasir Qadri	Chief Executive (subject to the approval of SECP)																
Syed Salman Ali Shah	Director (subject to the approval of SECP)																
Mr. Haroun Rashid	Director (subject to the approval of SECP)																
Mr. Ahmed Jahangir	Director (subject to the approval of SECP)																
Mr. Samad A. Habib	Director																
Mr. Mirza Mahmood Ahmad	Director (subject to the approval of SECP)																
<b>Company Secretary &amp; Chief Financial Officer of the Management Company</b>	Mr. Muhammad Saqib Saleem																
<b>Audit Committee</b>	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir																
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400																
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited United Bank Limited National Bank Of Pakistan Standard Chartered Bank Pakistan Limited Allied Bank Limited Askari Bank Limited																
<b>Auditors</b>	A.F. Ferguson & Co. - Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000.																
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530																
<b>Transfer Agent</b>	Arif Habib Investments Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.																
<b>Rating</b>	AM2 (Positive Outlook) Management Quality Rating assigned by PACRA																

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present the financial results of **MCB Cash Management Optimizer** for the nine months ended March 31, 2012.

## ECONOMY AND MONEY MARKET OVERVIEW

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.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 11.4% as against its benchmark return of 6.1%, an out performance of 5.3%.

Overall, the fund remained significantly invested in Treasury bills almost throughout the period with a focus on adjusting its portfolio duration to capitalize on the fluctuating liquidity and interest rates in the market. At Mar-end, the fund's exposure towards T-Bills declined significantly to around 52% as the fund was able to divert large part of its holdings towards TDRs and bank deposits, which were offering attractive returns near quarter-end.

## 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.

In this fast changing interest rate environment, the fund would deploy its assets in attractive low risk instruments with a strong focus on its portfolio's duration to take advantage of the changing interest rate scenario.

## ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

---

Yasir Qadri  
Chief Executive Officer  
Dated: April 27, 2012

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2012

	Note	Unaudited March 31, 2012	Audited June 30, 2011
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Bank balances		3,890,569	2,586,205
Investments	5	6,899,755	6,894,081
Term deposit receipts		2,550,000	1,150,000
Other receivables		18,664	42,597
Preliminary expenses and floatation costs		2,496	3,249
<b>Total assets</b>		<b>13,361,484</b>	<b>10,676,132</b>
<b>LIABILITIES</b>			
Payable to the Management Company		14,294	11,111
Payable to the Trustee		899	731
Payable to Securities and Exchange Commission of Pakistan		6,351	6,858
Payable against purchase of investments		999,031	195,273
Accrued and other liabilities		93,244	69,038
<b>Total liabilities</b>		<b>1,113,819</b>	<b>283,011</b>
<b>NET ASSETS</b>		<b>12,247,665</b>	<b>10,393,121</b>
Unit holders' fund (as per statement attached)		<u>12,247,665</u>	<u>10,393,121</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>122,383,344</u>	<u>103,671,790</u>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>	3.1	<u>100.08</u>	<u>100.25</u>

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

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

Note	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
------(Rupees in '000)-----				
<b>INCOME</b>				
Capital gain on sale of investments	149,034	263,934	65,611	91,264
Income from government securities	697,987	407,072	197,750	138,591
Profit on money market placement	115,930	5,373	64,384	1,507
Profit on bank deposits	102,132	132,088	43,982	80,200
	1,065,083	808,467	371,727	311,562
Net unrealised appreciation/diminution on re-measurement of investments classified as ' financial assets at fair value through profit or loss'	3,375	33,520	(10,575)	18,258
	1,068,458	841,987	361,152	329,820
<b>EXPENSES</b>				
Remuneration of the Management Company	105,247	72,531	36,115	28,433
Sindh sales tax on remuneration of the Management Company	16,840	11,605	5,779	4,549
Remuneration of the Trustee	7,130	6,795	2,552	2,120
Annual fee - Securities and Exchange Commission of Pakistan	6,351	4,977	2,308	1,849
Brokerage and settlement charges	1,332	1,540	385	789
Amortisation of preliminary expenses and floatation costs	753	751	249	247
Auditors' remuneration	732	666	247	205
Other expenses	379	659	21	192
	138,764	99,524	47,656	38,384
<b>Net income from operating activities</b>	<b>929,694</b>	<b>742,463</b>	<b>313,496</b>	<b>291,436</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(23,084)	795	25,409	22,759
Provision for Workers' Welfare Fund	(4,284)	(14,865)	-	(6,284)
<b>Net income for the period before taxation</b>	<b>902,326</b>	<b>728,393</b>	<b>338,905</b>	<b>307,911</b>
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<b>902,326</b>	<b>728,393</b>	<b>338,905</b>	<b>307,911</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>902,326</b>	<b>728,393</b>	<b>338,905</b>	<b>307,911</b>
<b>Earnings per unit</b>	3.2			

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

**For Arif Habib Investments Limited  
(Management Company)**

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	(Rupees in '000)			
Undistributed income brought forward	25,946	121,057	320,749	169,414
Final distribution for the year ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	-	(4,695)	-	-
- Bonus distribution	-	(116,359)	-	-
Interim distribution during the period ended March 31, 2011:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	-	(19,128)	-	-
- Bonus distribution	-	(231,943)	-	-
On January 28, 2011 at Rs 3.1311 per unit				
- Cash distribution	-	(53,967)	-	(53,967)
- Bonus distribution	-	(255,899)	-	(255,899)
Interim distribution during the period ended March 31, 2012:				
On September 29, 2011 at Rs. 3.1330 per unit				
- Cash distribution	(60,096)	-	-	-
- Bonus distribution	(209,841)	-	-	-
On January 27, 2012 at Rs. 3.7526 per unit				
- Cash distribution	(117,038)	-	(117,038)	-
- Bonus distribution	(333,777)	-	(333,777)	-
On March 29, 2012 at Rs. 1.6894 per unit				
- Cash distribution	(54,370)	-	(54,370)	-
- Bonus distribution	(148,495)	-	(148,495)	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount forms part of the unit holders' fund	4,678	-	3,359	-
Profit during the current period	902,326	728,393	338,905	307,911
<b>Undistributed income carried forward</b>	<b>9,333</b>	<b>167,459</b>	<b>9,333</b>	<b>167,459</b>

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

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	10,393,121	6,525,010	11,215,544	7,701,028
Issue of 143,668,051 (2011: 119,027,752) units and 45,054,989 (2011: 44,985,567) units for the nine months and quarter respectively	14,587,333	12,087,467	4,585,562	4,586,445
Issue of 6,921,133 (2011: 6,042,008) units and 4,822,720 (2011: 2,558,990) units for the nine months and quarter respectively.	692,113	604,201	482,272	255,899
Redemption of 131,877,630 (2011: 105,688,996) units and and 36,442,355 (2011: 39,440,409) units for the nine months and quarter respectively	(13,426,695)	(10,752,797)	(3,695,529)	(4,009,170)
	1,852,751	1,938,871	1,372,305	833,174
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	23,084	(795)	(25,409)	(22,759)
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	(4,678)	-	3,359	-
	18,406	(795)	(22,050)	(22,759)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	3,375	15,262	(10,575)	(38,014)
Capital gain on Sale of Investments	149,034	263,934	65,611	91,264
Other operating income	749,917	449,197	283,869	254,661
Net income for the period	902,326	728,393	338,905	307,911
Element of (loss) / income and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	4,678	-	(3,359)	-
<b>Less: Distribution</b>				
Final distribution for the year ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	-	(4,695)	-	-
- Bonus distribution	-	(116,359)	-	-
Interim distribution during the period ended March 31, 2011:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	-	(19,128)	-	-
- Bonus distribution	-	(231,943)	-	-
On January 28, 2011 at Rs 3.1311 per unit				
- Cash distribution	-	(53,967)	-	(53,967)
- Bonus distribution	-	(255,899)	-	(255,899)
Interim distribution during the period ended March 31, 2012:				
On September 29, 2011 at Rs. 3.1330 per unit				
- Cash distribution	(60,096)	-	-	-
- Bonus distribution	(209,841)	-	-	-
On January 27, 2012 at Rs. 3.7526 per unit				
- Cash distribution	(117,038)	-	(117,038)	-
- Bonus distribution	(333,777)	-	(333,777)	-
On March 29, 2012 at Rs. 1.6894 per unit				
- Cash distribution	(54,370)	-	(54,370)	-
- Bonus distribution	(148,495)	-	(148,495)	-
	<u>12,247,665</u>	<u>8,509,488</u>	<u>12,247,665</u>	<u>8,509,488</u>

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

**For Arif Habib Investments Limited  
(Management Company)**

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

Note	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
------(Rupees in '000)-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	902,326	728,393	338,905	307,911
<b>Adjustments for non-cash charges and other items:</b>				
Capital gain on sale of investments	(149,034)	(263,934)	(65,611)	(91,264)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(3,375)	(33,520)	10,575	(18,258)
Amortisation of preliminary expenses and floatation costs	753	751	249	247
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	23,084	(795)	(25,409)	(22,759)
	773,754	430,895	258,709	175,877
<b>Decrease / (increase) in assets</b>				
Investments - net	6,987,431	(2,727,194)	2,772,018	(5,393,542)
Other receivables	23,933	1,731	11,936	19,292
	7,011,364	(2,725,463)	2,783,954	(5,374,250)
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	3,183	(355)	1,981	2,054
Payable to the Trustee	168	103	122	(69)
Payable on redemption of units	-	(18,893)	-	-
Annual Fee payable to the Securities and Exchange Commission of Pakistan	(507)	1,792	2,308	1,849
Accrued and other liabilities	24,206	17,628	54,629	6,873
	27,050	275	59,040	10,707
<b>Net cash generated from/ (used in) operating activities</b>	7,812,168	(2,294,293)	3,101,703	(5,187,666)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net receipts from issue of units	14,587,333	12,087,467	4,585,562	4,586,444
Net payments on redemption of units	(13,426,695)	(10,752,797)	(3,695,529)	(4,009,170)
Cash dividend paid	(231,504)	(77,790)	(171,408)	(53,967)
<b>Net cash generated from/ (used in) financing activities</b>	929,134	1,256,880	718,625	523,307
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	8,741,302	(1,037,413)	3,820,328	(4,664,359)
Cash and cash equivalents at the beginning of the period	4,547,176	2,297,788	9,468,150	5,924,734
<b>Cash and cash equivalents at the end of the period</b>	4 13,288,478	1,260,375	13,288,478	1,260,375

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

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

## 1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2009. It was constituted under a Trust Deed dated July 10, 2009 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

Based on shareholders' resolutions of MCB-AMC and Arif Habib Investments Limited (AHI) the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011 ). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However, subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable SHC. The honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Fund is an open end mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorised as a Money market Scheme as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes.

The Fund is purely a money market fund and has a policy to invest in short-term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 (positive outlook) to the Management Company and a stability rating of AA+ (f) to the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

**2.1.1** The condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IAS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.2** This condensed interim financial information is unaudited.

**2.1.3** The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial information.

**2.3 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial information.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

**3.1 Net Asset Value per unit**

The net asset value (NAV) per unit, as disclosed on the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

**3.2 Earning / (loss) per unit**

Earnings / (loss) per unit has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating loss per unit is not practicable.

4 CASH AND CASH EQUIVALENTS	Note	Unaudited March 31, 2012	Audited June 30, 2011
		(Rupees in '000)	
Bank balances		3,890,569	2,586,205
Term deposit receipts		2,550,000	1,150,000
T-Bills - 3 Months		6,847,909	810,971
		13,288,478	4,547,176

**5 INVESTMENTS**

Financial assets at fair value through profit or loss

- Investment in government securities	5.1	6,899,755	6,894,081
---------------------------------------	-----	-----------	-----------

**5.1 Investment in government securities**

Government securities	Face Value				Balance as at March 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2011	Purchased during the period	Disposed / Matured during the period	As at Mar 31, 2012	Carrying Value	Market value	Appreciation / (diminution)		
	-----Rupees in '000-----								
Treasury Bills - 1 year	1,000	14,702,390	13,569,700	1,133,690	1,128,456	1,129,810	1,354	9.22	16.37
Treasury Bills - 6 months	6,330,000	33,117,430	38,230,730	1,216,700	1,204,456	1,209,178	4,722	9.87	17.52
Treasury Bills - 3 months	825,000	14,813,450	10,983,150	4,655,300	4,563,467	4,560,767	(2,701)	37.24	66.11
Total - March 31, 2012					6,896,379	6,899,755	3,375	56.34	100
Total: June 30 2011					6,877,857	6,894,081	16,224	66.33	99.99

**6 SINDH SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY**

During the period, through Sindh sales tax on services Act 2011, General Sales Tax on Fund management services has been imposed at the rate of 16%, effective from July 01, 2011.

**7 CONTINGENCIES AND COMMITMENTS**

The Finance Act 2008 introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes/ mutual funds (CISs) whose income exceed 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2011.

Subsequently, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and a response filed by the Ministry in Court.

During the period, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). On the basis of recent development, the Management Company has stopped making accrual of this liability with effect from August 24, 2011. However, provision made till this date has not been reversed. The aggregate amount of the Fund's liability in respect of WWF amounts to Rs. 51.098 million till March 31, 2012. Out of this amount, an amount of Rs. 37.249 million has been recognised by the Fund including an amount of Rs 4.284 million recognised during the current period.

**8 TAXATION**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company, on behalf of the Scheme, intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES**

**9.1** Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

**9.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

**9.3** Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**9.4 Transactions during the period**

	Unaudited			
	Nine months ended March 31, 2012 (Rupees in '000)	Nine months ended March 31, 2011	Quarter ended March 31, 2012 (Rupees in '000)	Quarter ended March 31, 2011 (Rupees in '000)
<b>Details of the Transactions with connected persons during the period are as follows:</b>				
<b>MCB Bank Limited</b>				
Profit received on deposit accounts	40,272	2,218	21,456	563
<b>Arif Habib Investments Limited</b>				
Remuneration of the Management Company	105,247	84,136	36,115	32,982
Issue of units Nil (March 2011: Nil units)	-	-	-	-
Issue of 45,003 bonus units: (March 2011: 45,109 bonus units)	4,500	4,511	2,592	1,767
Redemption of 511,738 units (March 2011: Nil units)	51,460	-	51,460	-
<b>Staff Provident of Management Company</b>				
<b>Provident Fund</b>				
Issue of bonus units: 1,911 (March 2011: 1,000 units)	191	100	123	39
Redemption of 4,465 units (March 2011: Nil units)	450	-	0	-

	Unaudited			
	Nine months ended March 31, 2012 (Rupees in '000)	Nine months ended March 31, 2011	Quarter ended March 31, 2012 (Rupees in '000)	Quarter ended March 31, 2011
<b>Central Depository Company of Pakistan Limited- Trustee</b>				
Fee charged during the period	7,130	6,795	2,552	2,120
<b>Adamjee Insurance Company Limited</b>				
Issue of units: 27,801,447 (March 2011: 14,254,036 Units)	2,828,415	1,450,000	928,415	300,000
Issue of bonus units: 465,936 (March 2011: 291,776 units)	46,594	29,177	32,985	18,402
Redemption of units: 32,604,901 (March 2011: 13,978,246 Units)	3,328,415	1,416,601	978,415	500,000
<b>Adamjee Life Assurance Company Limited - Nil Fund</b>				
Issue of units: 139,720 units (March 2011: 45,670 Units)	14,100	4,605	10,700	4,605
Issue of bonus units: 4,823 (March 2011: Nil bonus units)	482	-	297	-
Redemption of units: 49,216 (March 2011: Nil Units)	5,000	-	0	-
<b>Adamjee Life Assurance Company Limited - IMF</b>				
Issue of units: 16,858 units (March 2011: Nil Units)	1,700	-	1,700	-
Issue of bonus units: 284 (March 2011: Nil bonus units)	28	-	28	-
<b>Allied Bank Limited</b>				
Issue of 14,908,432 units (March 2011: Nil units)	1,500,000	-	-	-
Issue of bonus units: 811,316 (March 2011: Nil units)	81,131	-	-	-
Redemption of units: 811,316 (March 2011: Nil units)	81,131	-	-	-
<b>Key Management Personnel</b>				
Issue of units: 36,315 (March 2011: 17,848 units)	3,673	1,805	433	1,575
Issue of bonus units: 3,070 (March 2011: 1,530 units)	307	153	147	47
Redemption of units: 81,846 (March 2011: 26,515 units)	8,286	2,705	280	1,852
<b>9.5 Amount outstanding as at period end</b>			<b>Unaudited March 31, 2012 (Rupees in '000)</b>	<b>Audited June 30, 2011</b>
<b>MCB Bank Limited</b>				
Bank balance			436,662	362,061
Profit receivable on deposit accounts			9,005	7,821
<b>Arif Habib Investments Limited</b>				
Remuneration payable of the Management Company			14,294	11,111
Units held: 142,157 (June 30, 2011: 608,892 units)			14,227	61,018
<b>Central Depository Company of Pakistan Limited-Trustee</b>				
Fee payable			899	731
<b>Staff Provident of Management Company</b>				
Units held: 23,604 (June 30, 2011: 26,158 units)			2,362	2,621
<b>Adamjee Insurance Company Limited</b>				
Units held: 5,284,153 (June 30, 2011: 9,621,671 units)			528,818	964,208
<b>Adamjee Life Assurance Company Limited Nil Fund</b>				
Units held : 130,402 (June 30, 2011: 9,830,125 units)			13,050	985,098
<b>Adamjee Life Assurance Company Limited - IMF</b>				
Units held : 5,639,499 (June 30, 2011: Nil units)			564,380	985,098
<b>Allied Bank Limited</b>				
Units held : 14,908,432 (June 30, 2011: Nil units)			1,491,980	-
<b>Key Management Personnel</b>				
Units held : 41,989 (June 30, 2011: 21,670)			4,202	2,184

**10 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 27, 2012 by the Board of Directors of the Management Company.

**11 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. During the current period, there were no major reclassifications.

**12 GENERAL**

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**For Arif Habib Investments Limited  
(Management Company)**

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman