

MCB
DYNAMIC ALLOCATION FUND

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	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)
Company Secretary & Chief Financial Officer of the Management Company	Mr. Muhammad Saqib Saleem	
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Alfalah Limited Faysal Bank Limited NIB Bank Limited	
Auditors	A.F. Ferguson & Co. - Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	Arif Habib Investments Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.	
Rating	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 Dynamic Allocation Fund** 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.

EQUITIES MARKET OVERVIEW

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.

FUND PERFORMANCE

The fund posted a return of 7.7% during the period under review while since inception return of fund stood at 1.8%.

On the equities front, the overall allocation reduced during the period to 31.2% from 44.6% in June 2011. The fund has remained focused on maintaining a balance between defensive high yielding and growth stocks. During the period, the fund increased its exposure within Banking sector from 24% to 28%, while reducing its entire Chemical exposure. The fund also built its exposure within Construction & Materials sector during the period.

On the fixed income side, exposure towards GoP Ijarah Sukuk was reduced entirely during the period on the back of booking capital gains. The fund, on the other hand, increased its TFC allocations from 13.5% to 25.9%, while reducing its entire Treasury Bills exposure during the period under review.

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.

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-----			
ASSETS			
Bank balances		21,345	102,768
Investments	4	110,490	224,137
Dividend and other receivables		15,902	4,890
Receivable against sale of investments		41,250	
Security deposits and prepayments		4,189	4,100
Preliminary expenses and floatation cost		956	1,710
Total assets		194,132	337,605
LIABILITIES			
Payable to the Management Company		374	411
Payable to the Trustee		72	64
Annual fee payable to the Securities and Exchange Commission of Pakistan		225	349
Payable against redemption of units		76,044	10
Payable against purchase of investments		-	725
Accrued and other liabilities		2,855	3,466
Total liabilities		79,570	5,025
NET ASSETS		114,562	332,580
Unit holders' fund (as per statement attached)		114,562	332,580
CONTINGENCIES AND COMMITMENTS			
		Number of units	
NUMBER OF UNITS IN ISSUE		1,522,924	4,762,337
		Rupees	
NET ASSET VALUE PER UNIT		75.23	69.84

The annexed notes 1 to 11 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		Quarter ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Rupees in '000)		(Rupees in '000)	
INCOME				
Capital (loss)/gain on sale of investments	(3,831)	30,838	5,136	4,348
Dividend income	14,275	9,979	5,257	6,782
Income from Marginal Trading System (MTS) transactions	30	2	30	2
Income from spread transactions	(2,049)	6,467	(2,049)	6,467
Profit on bank deposits and term deposit receipts	5,351	3,927	3,208	1,874
Income from government securities	244	11,781	-	1,707
Income from term finance certificates	8,842	5,736	2,699	1,757
	22,862	68,730	14,281	22,937
Net unrealised (diminution)/appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	3,979	6,613	23,013	(5,024)
Total Income	26,841	75,343	37,294	17,913
EXPENSES				
Remuneration of the Management Company	6 3,557	4,264	1,109	1,248
Sindh sales tax on remuneration of the Management Company	569	-	177	-
Remuneration of the Trustee	526	569	174	167
Annual fee - Securities and Exchange Commission of Pakistan	225	270	70	79
Brokerage and settlement charges	2,624	2,069	1,240	730
Amortization of preliminary expenses and floatation costs	753	751	248	246
Auditors' remuneration	490	443	168	158
Other expenses	428	838	188	218
	9,172	9,204	3,374	2,846
Net income / (loss) from operating activities	17,669	66,139	33,920	15,068
Element of (loss)/income and capital gains / (losses) included in the prices of units issued less those in units redeemed	(9,461)	(13,210)	(9,519)	(11,273)
Provision for Workers' Welfare Fund	5 -	(1,059)	-	(76)
Net income for the period before taxation	8,208	51,870	24,401	3,718
Taxation	7 -	-	-	-
Net income/(loss) for the period after taxation	8,208	51,870	24,401	3,718
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive income for the period	8,208	51,870	24,401	3,718
Earnings per unit	3.4			

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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		Quarter ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Rupees in '000)		(Rupees in '000)	
Accumulated loss brought forward	(143,654)	(112,192)	(156,569)	(118,779)
Final distributions for the year ended June 30, 2010:				
On July 01, 2010 at Rs. 10.089 per unit				
- Cash distribution	-	(12,849)		-
- Bonus distribution	-	(39,133)		-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount that forms part of the unit holders' fund	97,715	32,138	94,437	34,895
Net income for the period after taxation	8,208	51,870	24,401	3,718
Accumulated loss carried forward	(37,731)	(80,166)	(37,731)	(80,166)

The annexed notes 1 to 11 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		Quarter ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Rupees in '000)		(Rupees in '000)	
Net assets at beginning of the period	332,580	403,041	308,798	405,106
Issue of 33,304 (2011: 7,255) units and 4,757 (2011: 167) units for the nine months and quarter respectively	2,281	515	338	14
Issue of Nil bonus units relating to the period ended March 31, 2012 (2011: 574,336 bonus units)	-	39,133	-	-
Redemption of 3,272,717 (2011: 1,590,196) units and 3,135,499 (2011: 1,095,295) units for the half year and quarter respectively	(237,969)	(121,580)	(228,495)	(85,904)
	(235,688)	(81,932)	(228,157)	(85,890)
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	9,461	13,210	9,519	11,273
- amount representing income that forms part of unit holders' fund - transferred to distribution statement	(97,715)	(32,138)	(94,437)	(34,895)
	(88,254)	(18,928)	(84,918)	(23,622)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	97,715	32,138	94,437	34,895
Net unrealised (diminution) / appreciation on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	3,979	6,613	23,013	(5,024)
Income from other operating activities	4,229	45,257	1,388	8,742
Net (loss) / income for the period	8,208	51,870	24,401	3,718
Final distributions for the year ended June 30, 2010: On July 01, 2010 at Rs. 10.089 per unit				
- Cash distribution	-	(12,849)	-	-
- Bonus distribution	-	(39,133)	-	-
	-	(51,982)	-	-
Net assets as at the end of the period	114,562	334,207	114,562	334,207

The annexed notes 1 to 11 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

	Nine months ended		Quarter ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(loss) for the period before taxation	8,208	51,870	24,401	3,718
Adjustments				
Capital (loss)/gain on sale of investment	3,831	(30,838)	(5,136)	(4,348)
Dividend income	(14,275)	(9,979)	(5,257)	(6,782)
Net unrealised appreciation/(diminution) on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(3,979)	(6,613)	(23,013)	5,024
Amortization of preliminary expenses and floatation costs	753	751	248	246
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	9,461	13,210	9,519	11,273
	3,999	18,401	762	9,131
(Increase) / decrease in assets				
Investments - net	71,820	141,895	139,330	(5,725)
Receivable against Marginal Trading System (MTS) transactions		(2,449)		(2,449)
Other receivable	(7,177)	(2,707)	(2,200)	(2,676)
Security deposits and prepayments	(89)	(281)	32	(216)
	64,554	136,458	137,162	(11,066)
Increase / (decrease) in liabilities				
Payable to the Management Company	(37)	(99)	(91)	(90)
Payable to the Trustee	8	(13)	9	(13)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(124)	(304)	70	79
Accrued and other liabilities	(611)	992	33	130
	(764)	576	21	106
Dividend income received	10,442	3,461	1,397	256
Net cash (outflow) / inflow from operating activities	78,231	158,896	139,342	(1,572)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	2,281	515	338	14
Net payments on redemption of units	(161,935)	(121,580)	(152,461)	(85,904)
Distribution during the period	-	(12,849)	-	-
Net cash outflow from financing activities	(159,654)	(133,914)	(152,123)	(85,890)
Net (decrease) / increase in cash and cash equivalents	(81,423)	24,982	(12,781)	(87,462)
Cash and cash equivalents at the beginning of the period	102,768	116,796	34,126	229,241
Cash and cash equivalents at the end of the period	21,345	141,779	21,345	141,779

The annexed notes 1 to 11 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

- 1.1 MCB Dynamic Allocation Fund (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, 2007 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007. It was constituted under a Trust Deed dated November 22, 2007 between MCB Asset Management Company Limited (MCB-AMC) 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.
- 1.2 Based on shareholders' resolutions of MCB-AMC and Arif Habib Investments Limited (AHI) the two companies have merged as of June 27, 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 Limited. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to July 30, 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 honorable Sindh High Court (SHC). The honorable 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.
- 1.3 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.
- 1.4 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the 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.
- 1.5 The Fund is an asset allocation fund and is allowed to shift total exposure into debt or equity instruments as per market conditions and the discretion of the Management Company. The objective of the Fund is to provide a high return which commensurate the higher risk taken due to pro-active allocation of funds across various asset and debt classes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2' (positive outlook) to the Management Company and a Short Term ranking of '4-Star Normal' and Long Term ranking of '4-Star Normal' to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This 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 Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 This condensed interim financial information is unaudited.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted 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 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 emphasises 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 this condensed interim financial information.

3.2 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 this condensed interim financial information.

3.3 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period / year end.

3.4 Earnings per unit

Earning per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

	Note	Unaudited March 31, 2012	Audited June 30, 2011
Rupees in '000			
4 INVESTMENTS			
Financial assets at 'fair value through profit or loss'			
- Listed equity securities	4.1	60,445	150,485
- Listed debt securities	4.2	44,979	40,612
- Unlisted debt securities	4.3	5,066	5,067
- Government Securities	4.4	-	24,756
- Derivatives		-	11
Loans and Receivable			
- Margin Trading System(MTS)		-	3,206
		110,490	224,137

4.1 Listed equity securities

Name of investee company	Number of shares				As at December 31, 2012	Balance as at Mar 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment	Market value as a percentage of paid up capital of investee
	As at July 1, 2011	Purchased during the period	Bonus/ rights shares	Disposed off during the period		Carrying Value	Market value	Appreciation/ (diminution)			
Unless states otherwise, the holding are in ordinary shares having a face value of Rs. 10 each											
------(Rupees in '000)-----											
Auto Mobile & Parts											
Agriauto Industries Limited*	10,000	-	-	825	9,175	638	605	(33)	0.53%	0.55%	0.035%
						<u>638</u>	<u>605</u>	<u>(33)</u>	<u>0.53%</u>	<u>0.55%</u>	
Construction & Materials											
D.G. Khan Cement Limited	-	32,000	-	-	32,000	1,037	1,164	127	1.02%	1.05%	0.010%
Fauji Cement Limited	-	300,000	-	300,000	68,641	-	-	-	0.00%	0.00%	0.000%
Lucky Cement Limited	-	762,990	-	694,349	68,641	6,691	7,787	1,096	6.80%	7.05%	0.021%
						<u>7,728</u>	<u>8,951</u>	<u>1,223</u>	<u>7.81%</u>	<u>8.10%</u>	
Chemicals											
Engro Corporation Limited	85,000	790,500	9,000	875,500	9,000	1,041	894	(147)	0.78%	0.81%	0.002%
Fatima Fertilizers Limited	773,995	1,260,000	-	2,033,995	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Bin Qasim Limited	10,000	5,000	-	15,000	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Company Limited	106,011	458,181	11,828	576,020	-	-	-	-	0.00%	0.00%	0.000%
						<u>1,040</u>	<u>894</u>	<u>(147)</u>	<u>0.78%</u>	<u>0.81%</u>	
Food Producers											
Engro Foods Limited	-	20,000	-	20,000	-	-	-	-	0.00%	0.00%	0.000%
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
Banks											
Allied Bank Limited	104,923	100,000	-	204,923	-	-	-	-	0.00%	0.00%	0.000%
Meezan Bank Limited	401,136	-	25,142	243,473	182,805	2,839	5,173	2,334	4.52%	4.68%	0.023%
Soneri Bank Limited	770,000	58,000	60,960	888,960	-	-	-	-	0.00%	0.00%	0.000%
Bank Al-Falah Limited	-	250,000	-	249,600	400	6	6	-	0.01%	0.01%	0.000%
Bank Al-Habib Limited	291,206	12,615	12,245	303,551	12,515	324	346	22	0.30%	0.31%	0.001%
MCB Bank Limited	5,870	47,964	400	53,834	400	66	70	4	0.06%	0.06%	0.000%
National Bank of Pakistan	27,213	335,000	-	362,213	-	-	-	-	0.00%	0.00%	0.000%
United Bank Limited	136,583	158,186	-	294,769	-	-	-	-	0.00%	0.00%	0.000%
						<u>3,235</u>	<u>5,595</u>	<u>2,361</u>	<u>4.88%</u>	<u>5.06%</u>	
Sugar and Allied Industries											
JDW Sugar	10,000	1,000	1,000	12,000	-	-	-	-	0.00%	0.00%	0.000%
JDW Sugar right	1,000	-	-	1,000	-	-	-	-	0.00%	0.00%	0.000%
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
Personal goods											
Nishat Chunian Limited	-	409,044	-	402,836	6,208	126	125	(1)	0.11%	0.11%	0.002%
Nishat Mills Limited	65,000	165,000	-	230,000	-	-	-	-	0.00%	0.00%	0.000%
						<u>126</u>	<u>125</u>	<u>(1)</u>	<u>0.11%</u>	<u>0.11%</u>	
Oil and gas											
Attock Petroleum Limited	5,000	61,712	-	53,500	13,212	5,683	5,988	304	5.23%	5.42%	0.022%
Pakistan Oil Fields Limited	33,713	554,202	-	587,915	-	-	-	-	0.00%	0.00%	0.000%
Pakistan Petroleum Limited	25,000	291,500	2,820	282,200	37,120	6,583	6,785	202	5.92%	6.14%	0.003%
Oil and Gas Development Company Limited	-	35,805	-	35,805	-	-	-	-	0.00%	0.00%	0.000%
Attock Refinery Limited	-	103,794	-	103,794	-	-	-	-	0.00%	0.00%	0.000%
National Refinery Limited	-	48,000	-	48,000	-	-	-	-	0.00%	0.00%	0.000%
Pakistan State Oil Company Limited	58,009	71,080	-	104,500	24,589	6,359	6,131	(228)	5.35%	5.55%	0.014%
						<u>18,625</u>	<u>18,904</u>	<u>278</u>	<u>16.50%</u>	<u>17.11%</u>	
Non Life Insurance											
Adamjee Insurance Company Limited	-	500	-	500	-	-	-	-	0.00%	0.00%	0.000%
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
General Industries											
Packages Limited	17,950	-	-	17,950	-	-	-	-	0.00%	0.00%	0.000%
						<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
Fixed Line Telecommunications											
Pakistan Telecommunication Company Limited	-	2,240,983	-	1,775,855	465,128	5,316	5,726	410	5.00%	5.18%	0.012%
						<u>5,316</u>	<u>5,726</u>	<u>410</u>	<u>5.00%</u>	<u>5.18%</u>	
Electricity											
HUB Power Company Limited	207,333	1,367,987	-	1,306,217	269,103	10,187	10,126	(61)	8.84%	9.16%	0.023%
Kot Addu Power Company Limited	237,798	396,464	-	634,262	-	-	-	-	0.00%	0.00%	0.000%
Nishat Chunian Power Limited	165,799	1,041,544	-	662,890	544,453	8,711	7,606	(1,105)	6.88%	6.88%	0.148%
Nishat Power Limited	564,746	734,134	-	1,160,540	138,340	1,998	1,912	(86)	1.67%	1.73%	0.039%
						<u>20,896</u>	<u>19,644</u>	<u>(1,252)</u>	<u>10.51%</u>	<u>17.78%</u>	
Total March 31, 2012						<u>57,604</u>	<u>60,445</u>	<u>2,839</u>	<u>46.12%</u>	<u>54.71%</u>	
Total June 30, 2011						<u>148,412</u>	<u>150,485</u>	<u>2,073</u>	<u>45.25%</u>	<u>67.14%</u>	

*The face value of shares held of Agriauto Industries Limited is Rs.5

4.1.1 Investment in listed equity securities includes shares with market value aggregating to Rs. 13.469 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.2 Listed Debt Securities

Name of investee company	Number of Certificates				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 01, 2011	Purchased during the period	Disposed during the period	As at December 31, 2012	Carrying Value	Market value	Appreciation/ (Diminution)		
------(Rupees in '000)-----									
Certificates having a face value of Rs. 5,000 each unless stated otherwise									
Bank Alfalah Limited-II	2,000	-	-	2,000	6,719	6,720	1	5.87%	6.08%
Askari Bank Limited-III	5,000	-	-	5,000	25,838	26,709	871	23.31%	24.17%
United Bank Limited-I	1,000	-	-	1,000	1,401	1,591	190	1.39%	1.44%
NIB Bank Limited	-	2,000	-	2,000	9,884	9,959	75	8.69%	9.01%
Total - March 31, 2012					43,842	44,979	1,137	39.26%	40.71%
Total - June 30, 2011					39,329	40,612	1,283	12.20%	18.12%

4.3 Unlisted Debt Securities

Name of investee company	Number of Certificates				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 01, 2011	Purchased during the period	Disposed during the period	As at December 31, 2012	Carrying Value	Market value	Appreciation/ (Diminution)		
------(Rupees in '000)-----									
Certificates having a face value of Rs. 5,000 each unless stated otherwise									
Bank Alfalah Limited-IV	1,000	-	-	1,000	5,066	5,066	-	4.42%	4.59%
Total - March 31, 2012					5,066	5,066	-	4.42%	4.59%
Total - June 30, 2011					5,067	5,067	-	1.52%	2.26%

4.4 Government Securities

Name of security	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 during the period	Matured during the period	As at December 31, 2012	Carrying value	Market Value	Appreciation / (diminution)		
------(Rupees in '000')-----										
Treasury bills	25,000	300,000	300,000	25,000	-	-	-	0.00%	0.00%	
GoP Ijara Sukuks	-	50,000	50,000	-	-	-	-	0.00%	0.00%	
Total - March 31, 2012								0.00%	0.00%	
Total - June 30, 2011						24,765	24,756	(9)	7.44%	
								11.05%		

5 CONTINGENCIES AND COMMITMENTS

PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) 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 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, 2010 and 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 the 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, as a matter of abundant caution, has not reversed the existing provision of Rs. 0.543 million for WWF. The aggregate unrecognised amount of WWF as at March 31, 2012 amounted to Rs. 0.164 million.

6 SIND SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY

During the period the provincial government has levied General Sales Tax @16% on the remuneration of management company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. Accordingly management fee charged during the period includes General Sales Tax.

7 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 period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

The Scheme 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.

8 TRANSACTIONS WITH CONNECTED PERSONS

8.1 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.

8.2 The transactions with connected persons are in the normal course of business, at contracted rates.

8.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

8.4 Details of transaction with the connected persons during the nine months ended are as follows:

	Unaudited Nine months ended March 31		Unaudited Quarter ended March 31	
	2012	2011	2012	2011
	Rupees in '000		Rupees in '000	
MCB Bank Limited				
- Dividend received	75	-	12	-
- Profit received on saving accounts	90	528	22	93
- Redemption of Nil units (2011:1,000,000 units)	-	78,419	-	78,419
Arif Habib Investments Limited				
- Remuneration of the Management Company	3,557	4,264	1,109	1,248
- Sales tax on remuneration of the Management Company	569	-	177	-
Central Depository Company of Pakistan Limited				
- Remuneration of the Trustee	526	569	174	167
- CDC settlement charges	41	40	23	14
Habib Metropolitan Bank Limited				
Redemption of Nil units (December 31, 2010: 237,819 units)	-	16,888	-	16,888
Nishat Mills Limited				
- Dividend Received	-	573	-	-
D.G Khan Cement Company Limited - Employee Provident Fund				
- Issue of Nil bonus units (2011:2,270 units)	-	155	-	-
Siddiquisons Tin Plate Ltd-Staff Provident Fund				
- Issue of Nil bonus units (2011: 2,221 bonus units)	-	151	-	-
Trustee Karachi Electric Provident Fund				
- Issue of Nil bonus units (2011:222,106 units)		15,133		
- Redemption of 2,030,698 units (2011: Nil units)	147,212	-		
Capital Development Authority				
- Issue of Nil bonus units(2011:111,912 bonus units)		7,625		
- Redemption of 1,023,207 units (2011: Nil units)	75,480	-		
Hub Power Company Limited				
- Dividend received	3,995	612	3,995	-

	Unaudited March 31, 2012	Audited June 30, 2011
	Rupees in '000	
Amount outstanding as at period / year end		
MCB Bank Limited		
- Bank balances	1,215	93,233
- Profit receivable on saving accounts	119	125
- 400 shares held by the Fund as at March 31, 2012 (June 30, 2011: 5,870 shares)	70	1,170
Arif Habib Investments Limited		
- Remuneration payable to the Management Company	369	411
Central Depository Company of Pakistan Limited		
- Remuneration payable to the Trustee	59	55
- CDC settlement charges	13	9
- Security Deposits	100	100
Capital Development Authority		
- NIL units held as at March 31, 2012 (June 30, 2011: 1,023,707 units)	-	71,456
D.G Khan Cement Company Limited - Employee Provident Fund		
- 20,760 units held as at March 31, 2012 (June 30, 2011: 20,760 units)	1,545	1,450
Hub Power Company Limited		
- 269,103 shares held by the Fund as at March 31, 2012 (June 30, 2011: 207,333 shares)	10,126	7,775
Nishat Mills Limited		
- Nil shares held by the Fund as at March 31, 2012 (June 30, 2011: 65,000 shares)	-	3,272
Nishat Power Limited		
- 138,340 shares held by the Fund as at March 31, 2012 (June 30, 2011: 564,746 shares)	1,912	8,720
Nishat Chunian Power Limited		
- 544,453 shares held by the Fund as at March 31, 2012 (June 30, 2011: 165,799 shares)	7,606	2,275
Trustee - Karachi Electric Provident Fund		
- Nil units held by the Fund as at March 31, 2012 (June 30, 2011: 2,030,698 units)	-	141,815
Trustee - Pakistan Services Ltd (Employees Provident Fund)		
- 270,759 units held by the Fund as at March 31, 2012 (June 30, 2011: 270,759 units)	20,368	18,910
Nishat Chunian Power Limited		
- 6,208 shares held by the Fund as at March 31, 2012 (June 30, 2011: Nil shares)	126	-
D.G. Khan Cement Limited		
- 32,000 shares held by the Fund as at March 31, 2012 (June 30, 2011: Nil shares)	1,037	-
Fatima Fertilizer Company Limited		
- Nil shares held by the Fund as at March 31, 2012 (June 30, 2011: 773,995 shares)	-	12,879

9 DATE OF AUTHORIZATION FOR ISSUE

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

10 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.

11 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