

MCB
DYNAMIC STOCK 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	<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)																
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	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Buliding No.1 Beaumont Road, Civil Lines Karachi. 75530.																
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 Stock Fund** for the nine months ended March 31, 2012.

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

During the period under review, the fund outperformed its benchmark KSE 30 index by delivering 15.4% return while KSE 30 index delivered 4.6% return. Substantial changes were made in sector and company allocations during the period on the back of changing fundamentals. Overall equity exposure of the fund was increased to 93.1% from 86.3% at the beginning of the year. On sector level exposure to Banks, Electricity, Oil and Gas and Construction Materials was increased while allocation to Chemicals was substantially reduced. Exposure towards Fixed Line Telecom sector was also built during the period.

FUTURE OUTLOOK

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 (Rupees in '000)	Audited June 30, 2011
ASSETS			
Bank balances		10,281	59,684
Investments	4	588,280	607,079
Dividend and other receivables		19,676	1,902
Receivable against sale of investments		9,495	30,195
Security deposits and prepayments		3,987	3,952
Preliminary expenses and floatation costs		-	422
Total assets		631,719	703,234
 LIABILITIES			
Payable to the Management Company		1,431	1,719
Payable to the Trustee		123	148
Annual fee payable to the Securities and Exchange Commission of Pakistan		493	635
Payable against purchase of investments		-	-
Accrued expenses and other liabilities		7,586	7,860
Total liabilities		9,635	10,362
 NET ASSETS		622,084	692,872
 Unit holders' fund (as per statement attached)		622,084	692,872
 CONTINGENCIES AND COMMITMENTS	5		
		(Number of units)	
 NUMBER OF UNITS IN ISSUE		6,516,502	8,377,549
		(Rupees)	
 NET ASSET VALUE PER UNIT		95.46	82.71

The annexed notes form an integral part of these condensed interim financial statements.

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 (Rupees in '000)	2011 (Rupees in '000)	2012 (Rupees in '000)	2011 (Rupees in '000)
INCOME					
Capital gain on sale of investments		22,560	153,976	28,668	90,962
Dividend income		46,991	38,102	23,160	19,281
Income from Government Securities		-	6,960	-	1,012
Profit on bank deposits		7,134	3,890	2,816	1,771
		76,685	202,928	54,644	113,026
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'		46,130	30,094	95,120	(51,474)
		122,815	233,022	149,764	61,552
EXPENSES					
Remuneration of the Management Company		17,354	18,842	5,681	8,425
Remuneration of the Trustee		1,039	1,256	368	561
Annual fee - Securities and Exchange Commission of Pakistan		493	597	174	267
Brokerage, capital value tax and settlement charges		4,478	6,086	2,203	3,006
Amortisation of preliminary expenses and floatation costs		423	601	102	280
Auditors' remuneration		517	516	199	230
Other expenses		393	689	(24)	343
		24,697	28,587	8,703	13,112
Net income / (loss) from operating activities		98,118	204,435	141,061	48,440
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount that forms part of the unit holders' fund	6	(14,951)	(35,291)	(17,994)	26,886
Provision for Workers' Welfare Fund		-	(3,494)	-	(567)
Net income for the period		83,167	165,650	123,067	74,759
Taxation	7	-	-	-	-
Net income for the period after taxation		83,167	165,650	123,067	74,759
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		83,167	165,650	123,067	74,759
Earnings per unit	8				

The annexed notes form an integral part of these condensed interim financial statements.

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)		(Rupees in '000)	
Accumulated loss brought forward	(144,892)	(22,327)	(192,675)	(19,412)
Final distribution for the year ended June 30, 2010 at Rs. 18.6601 per unit (Date of distribution July 1, 2010)				
- Bonus units		(120,916)	-	-
- Cash distribution		(4,697)	-	-
Net income for the period after taxation	83,167	165,650	123,067	22,241
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount that forms part of the unit holders' fund	32,177	10,323	40,060	25,203
(Accumulated loss) / undistributed income carried forward	<u>(29,548)</u>	<u>28,032</u>	<u>(29,548)</u>	<u>28,032</u>

The annexed notes form an integral part of these condensed interim financial statements.

**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 (Rupees in '000)	2011	2012 (Rupees in '000)	2011
Net assets at the beginning of the period	692,872	650,847	690,676	721,474
Issue of 2,152,417 units (2011: 553,126 units) and 339,055 units (2011: 123,046 units) for the nine months and quarter respectively	181,337	47,880	28,933	12,341
Issue of nil bonus units relating to the year ended 30 June 2011 (June 2010: 1,609,919 units)		120,916	-	-
Redemption of 4,013,463 units (2011: 2,632,779 units) and 2,656,048 units (2011: 1,269,898 units) for the nine months and quarter respectively	(350,243) (168,906)	(240,738) (71,942)	(238,586) (209,653)	(127,455) (115,114)
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	14,951	35,291	17,994	(26,886)
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	(32,177) (17,226)	(10,323) 24,969	(40,060) (22,066)	(25,203) (52,088)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as ' financial assets at fair value through profit or loss'	46,130	30,094	95,120	(51,474)
Other operating income	37,037 83,167	135,556 165,650	27,947 123,067	126,233 74,759
Element of income / (loss) and capital gains included in prices of units issued less those in units redeemed				
- amount representing income / (loss) that forms part of unit holders' fund	32,177	10,323	40,060	25,203
Final distribution for the period ended June 30, 2010 at Rs. 18.6601 per unit (Date of distribution July 1, 2010)				
- Bonus units		(120,916)	-	-
- Cash Dividend		(4,697)		
Net assets as at the end of the period	622,084	654,233	622,084	654,233

The annexed notes form an integral part of these condensed interim financial statements.

**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

	Notes		Nine months ended		Quarter ended	
			March 31		March 31	
	2012	2011	(Rupees in '000)		2012	2011
			(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period	83,167	165,650	123,067	74,759		
Adjustments for non-cash charges and other items:						
Capital gain on sale of investments	(22,560)	(153,976)	(28,668)	(90,962)		
Dividend income	(46,991)	(38,102)	(23,160)	(19,281)		
Profit on bank deposits	(7,134)	(3,890)	(2,816)	(1,771)		
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	(46,130)	(30,094)	(95,120)	51,474		
Amortisation of preliminary expenses and floatation costs	423	601	102	280		
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	14,951	35,291	17,994	(26,886)		
	(24,274)	(24,520)	(8,601)	(12,387)		
(Increase) / decrease in assets						
Investments - net	108,189	142,757	135,336	(13,446)		
Security deposits and prepayments	(35)	(9)	34	61		
	108,154	142,748	135,370	(13,385)		
Increase / (decrease) in liabilities						
Payable to the Management Company	(288)	(1,158)	(637)	(1,285)		
Payable to the Trustee	(25)	(82)	(9)	(92)		
Annual fee payable to the Securities and Exchange Commission of Pakistan	(142)	(81)	174	267		
Accrued expenses and other liabilities	(274)	3,866	120	733		
	(729)	2,547	(352)	(377)		
Dividend received	83,151	120,775	126,417	(26,149)		
Profit received on bank deposits	29,896	36,684	4,951	16,556		
Profit received on bank deposits	6,456	3,806	2,774	1,776		
Net cash flow generated from operating activities	119,503	161,265	134,142	(7,817)		
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipt from issue of units	181,337	47,880	28,933	12,341		
Payments on redemption of units	(350,243)	(240,738)	(238,586)	(152,165)		
Cash distribution	-	(4,697)	-	-		
Net cash used in financing activities	(168,906)	(197,555)	(209,653)	(139,824)		
Net (decrease) in cash and cash equivalents during the period	(49,403)	(36,290)	(75,511)	(147,641)		
Cash and cash equivalents at the beginning of the period	59,684	48,508	85,792	159,859		
Cash and cash equivalents as at March 31, 2012	10,281	12,218	10,281	12,218		

The annexed notes form an integral part of these condensed interim financial statements.

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 Dynamic Stock Fund ("The Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as a collective investment scheme by the Securities and Exchange Commission of Pakistan ("SECP") on 12 December 2006. It was constituted under a Trust Deed dated 10 November 2006 amended by a Supplemental Trust Deed dated 21 January 2007 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 ("CDC") as the Trustee, also incorporated under the Companies Ordinance, 1984.

Based on shareholders' resolutions of MCB Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27 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 10 June 2011). Arif Habib Investments Limited 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 30 July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated 27 June 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 Sindh High Court (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 an 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 ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.

The principal activity of the Fund is to make investments in securities listed on the stock exchanges. The Fund is an equity fund and its objective is to provide long term capital appreciation.

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 star ranking rating of "4-Star-normal" and long term star ranking of "5-star normal" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

2.3 The directors of the management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements 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 periods 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.

4 INVESTMENTS

'Financial assets at fair value through profit or loss - held for trading'
Listed equity securities

Note	(Unaudited) March 31 2012	(Audited) June 30 2011
	(Rupees in '000)	
4.1	588,280	607,079
	<u>588,280</u>	<u>607,079</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

4.1 'Financial assets at fair value through profit or loss - held for trading' Listed equity securities

Name of the investee company	As at 1 July 2011	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2012	Carrying Value	Market Value	Appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
Automobile and parts											
-----Number of shares-----						----- (Rupees in '000) -----					
Agrianto Industries Limited*	123,313	29,337	-	-	152,650	10,257	10,063	(194)	1.62	1.71	0.53
Pak Suzuki Motor Corporation Limited	3,579	-	-	(3,579)	-	-	-	-	-	-	-
						10,257	10,063	(194)	1.62	1.71	-
Banks											
Allied Bank Limited	314,737	361,600	58,872	(278,993)	456,216	26,426	29,234	2,808	4.70	4.97	0.05
Askari Bank Limited	-	950,000	112,500	(950,000)	112,500	1,390	1,647	257	0.26	0.28	0.01
Bank Alfalah Limited	-	2,230,317	-	-	2,230,317	34,201	36,131	1,930	5.81	6.14	0.17
Bank Al-Habib Limited	658,399	586,000	145,895	(371,763)	1,018,531	26,518	28,173	1,655	4.53	4.79	0.10
Habib Bank Ltd	-	185,000	18,389	(62,919)	140,470	15,551	15,644	93	2.51	2.66	0.01
MCB Bank Limited	-	355,196	20,984	(170,551)	205,629	30,517	36,076	5,559	5.80	6.13	0.02
Meezan Bank Limited	1,291,574	16,200	125,971	(300,000)	1,133,745	17,624	32,085	14,461	5.16	5.45	0.13
National Bank of Pakistan	85,000	1,067,300	-	(975,000)	177,300	8,053	8,088	35	1.30	1.37	0.01
Soneri Bank Limited	1,910,000	300,000	221,530	(2,431,530)	-	-	-	-	-	-	-
United Bank Limited	316,686	801,442	-	(1,118,128)	-	-	-	-	-	-	-
						160,280	187,078	26,798	30.07	31.80	-
Chemicals											
Engro Corporation Limited	310,856	895,915	66,504	(1,200,091)	73,184	8,078	7,266	(812)	1.17	1.24	0.01
Fatima Fertilizers Company Limited	2,092,762	1,718,000	-	(3,720,799)	89,963	2,081	2,134	53	0.34	0.36	0.00
Fauji Fertilizer Bin Qasim Limited	693,639	100,000	-	(793,639)	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	450,215	465,935	33,005	(949,155)	-	-	-	-	-	-	-
						10,159	9,400	(759)	1.51	1.60	-
Construction and materials											
Lucky Cement Limited	119,635	1,201,887	-	(767,298)	554,224	48,986	62,877	13,891	10.11	10.69	0.17
						48,986	62,877	13,891	10.11	10.69	-
Electricity											
The Hub Power Company Limited	1,526,718	1,743,171	-	(1,466,327)	1,803,562	67,872	67,868	(4)	10.91	11.54	0.16
Kot Addu Power Company Limited	363,585	557,520	-	(921,105)	-	-	-	-	-	-	-
Nishat Chunian Power Limited	664,471	100,000	-	(764,471)	-	-	-	-	-	-	-
Nishat Power Limited	1,645,504	627,713	-	(918,528)	1,354,689	20,576	18,722	(1,854)	3.01	3.18	0.38
						88,448	86,590	(1,858)	13.92	14.72	-
Fixed line telecommunication											
Pakistan Telecommunication Company Limited	-	3,818,213	-	(1,553,100)	2,265,113	26,637	27,884	1,247	4.48	4.74	0.06
						26,637	27,884	1,247	4.48	4.74	-
Oil and gas											
Attock Refinery Limited	-	195,000	-	(195,000)	-	-	-	-	-	-	-
National Refinery Limited	-	117,819	-	(117,819)	-	-	-	-	-	-	-
Attock Petroleum Limited	77,112	78,856	-	(48,926)	107,042	42,801	48,517	5,716	7.80	8.25	0.15
Oil and Gas Development Company Limited	99,100	492,905	-	(443,720)	148,285	24,651	24,861	210	4.00	4.23	0.00
Pakistan Oilfields Limited	151,561	272,500	-	(306,513)	117,548	42,306	42,933	627	6.90	7.30	0.05
Pakistan Petroleum Limited	237,151	396,768	18,212	(349,296)	302,835	54,344	55,355	1,011	8.90	9.41	0.02
Pakistan State Oil Company Limited	213,615	155,165	-	(249,247)	119,533	30,533	29,802	(731)	4.79	5.07	0.07
						194,635	201,468	6,833	32.39	34.25	-
Personal goods											
Gadoon Textile Mills Limited	3,778	-	-	(3,778)	-	-	-	-	-	-	-
Nishat Mills Limited	-	190,000	-	(137,000)	53,000	2,748	2,920	172	0.47	0.50	0.02
						2,748	2,920	172	0.47	0.50	-
Food producers											
Engro Foods Limited	-	55,000	-	(55,000)	-	-	-	-	-	-	-
						-	-	-	-	-	-
Non life insurance											
Adamjee Insurance Company Limited	-	29,562	-	(29,562)	-	-	-	-	-	-	-
						-	-	-	-	-	-
Total - 31 March 2012						542,150	588,280	46,130	94.57	100	
Total - 30 June 2011						589,238	607,079	17,841	87.64	100	

4.1.1 * the face value of shares held is Rs. 5 per share

Investments include shares with market value aggregating of Rs. 48.710 million (June 30, 2011: 43.143 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

5 REMUNERATION TO THE MANAGEMENT COMPANY

During the current period the Sindh government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from 1 July 2011. Accordingly the Management fee charged during the period includes General Sales Tax.

The Management Company has charged its remuneration at the rate of three percent per annum upto 7th March 2012 and at the rate of 2% thereafter as the Fund has completed five years of operations on that date.

6 CONTINGENCY

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, 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 this recent positive development, the management has decided not to accrue further provision against WWF. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has not reversed the provision of Rs. 6.457 million for WWF. The aggregate unrecognised amount of WWF as at March 31, 2012 amounted to Rs. 1.663 million.

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 year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders. The management company intends to avail the tax benefit at the year end.

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

8 EARNINGS 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 earnings / (loss) per unit is not practicable.

9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

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.

9.1 Details of the transactions with the connected persons during the period are as follows:

	-----Unaudited-----			
	Nine months ended March 31		Quarter ended March 31	
	2012	2011	2012	2011
	(Rupees in '000)		(Rupees in '000)	
Arif Habib Investments Limited				
Remuneration to Management Company	17,354	18,842	5,681	8,425
MCB Bank Limited				
Mark-up received	3,726	1,156	1,039	222
Dividend received	703	381	-	46
MCB Employees Provident Fund				
Issue of Nil bonus units (2011: 192,511 units)	-	15,021	-	-
MCB Employees Pension Fund				
Issue of Nil bonus units (2011: 147,527 units)	-	11,511	-	-
D.G. Khan Cement Company Limited Employees Provident Fund				
Issue of Nil bonus units (2010: 3,259 units)	-	254	-	-
Nishat Mills Limited				
Dividend received	-	1,625	-	-
Nishat Chunian Power Limited				
Dividend received	175	-	-	-
Central Depository Company of Pakistan Limited				
Remuneration for the period	1,039	1,256	368	561
CDC settlement charges	51	98	35	32
Key management personnel				
Issue of 8,776 units (2010: 7,103 units)	780	1,129	550	720
Issue of Nil bonus units (2011: 1,090 units)	-	84	-	-
Redemption of 20,783 units (2011: 6,230 units)	1,818	558	604	226
Bank of Punjab				
Issue of Nil bonus units (2011: 387,024 units)	-	30,197	-	-
Redemption of 496,075 units (2011: Nil)	41,300	-	-	-
Staff provident fund of Management Company				
Issue of Nil bonus units (2011: 1,667 units)	-	130	-	-
Redemption of Nil units (2011: 8,636 units)	-	731	-	-

	March 31 2012 Unaudited	June 30 2011 Audited
	(Rupees in '000)	
9.2 Amount outstanding as at the period / year end		
Arif Habib Investment Limited		
Management fee payable	1,431	1,713
MCB Bank Limited		
Bank balances	5,825	43,839
Profit receivable on bank balances	718	80
205,629 shares held by the Fund (June 30 2011: Nil shares)	36,076	-
Sales load payable	-	15
Dividend receivable	630	-
Nishat Mills Limited		
53,000 shares held by the Fund (June 30 2011: Nil shares)	2,920	-
Nishat Power Limited		
1,354,689 shares held by the Fund (June 30 2011: 1,645,504 shares)	18,722	25,407
Dividend receivable	1,355	0
Nishat Chunian Power Limited		
Nil shares held by the Fund (June 30 2011: 664,471 shares)	-	9,116
Fatima Fertilizers Company Limited		
89,963 shares held by the Fund (June 30 2011: 2,092,762 shares)	2,134	34,823
Dera Ghazi Khan Cement Company Limited Employees Provident Fund		
21,065 units held (June 30 2011: 21,065)	2,011	1,742
Bank of Punjab		
2,005,311 units held (June 30 2011: 2,501,386)	191,433	206,879
MCB Employees Provident Fund		
1,244,225 units held (June 30 2011: 1,244,225 units)	118,777	102,905
MCB Employees Pension Fund		
953,483 units held (June 30 2011: 953,483 units)	91,022	78,859
Central Depository Company of Pakistan Limited		
Trustee fee payable	123	114
CDC settlement charges payable	34	34
Security deposit	200	200
Key management personnel		
9,421 units held (June 30 2011: 21,437)	899	1,776

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were 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.

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