

**PAKISTAN
CASH MANAGEMENT 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	Habib Metropolitan Bank Limited																
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Faysal Bank Limited NIB Bank Limited Allied 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 **Pakistan Cash Management 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 11.5% as against its benchmark return of 9.8%, an out performance of 1.7%.

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 was almost entirely invested in short term Treasury Bills with a weighted average maturity of 28 days given the expectations of no cut in upcoming monetary policy.

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	Un-Audited March 31, 2012	Audited June 30, 2011
----- (Rupees in '000) -----			
ASSETS			
Balances with banks		4,554	91,458
Investments	4	2,363,368	2,632,650
Receivable against sale of units		1,884	562
Profit receivable		816	624
Receivable from the Management Company		26	67
Preliminary expenses and floatation costs		195	344
Total assets		2,370,843	2,725,705
LIABILITIES			
Payable to the Management Company		2,536	3,803
Accrued expenses and other liabilities		1,180	11,217
Total liabilities		3,716	15,020
NET ASSETS		2,367,127	2,710,685
UNIT HOLDERS' FUND (As per statement attached)		2,367,127	2,710,685
CONTINGENCIES AND COMMITMENTS			
	5		
		(Number of units)	
Number of units in issue		47,086,490	52,960,879
		(Rupees)	
Net asset value per unit	3.4	50.2719	51.1828

The annexed notes from 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		Quarter ended	
	March 31,		March 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
INCOME				
Income from investments in government securities	184,536	251,639	54,523	91,985
Capital gain / (loss) on sale of investments - net	1,573	122	602	48
Profit on bank deposits	4,293	3,136	1,611	856
Income from reverse repurchase transactions of government securities	4,579	1,204	3,926	1,007
Other income	1	4	-	-
Unrealised diminution in the fair value of investments classified as 'at fair value through profit or loss' - net	(248)	(121)	154	167
Total income	194,734	255,984	60,816	94,063
OPERATING EXPENSES				
Performance fee of the Management Company	19,249	25,426	6,082	9,406
Sindh sales tax on performance fee of Management Company	3,080	-	973	-
Securities transaction costs	168	277	41	132
Legal and professional charges	64	93	22	30
Amortisation of preliminary expenses and floatation costs	149	150	50	49
Total operating expenses	22,710	25,946	7,168	9,617
Net income from operating activities	172,024	230,038	53,648	84,446
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	346	(1,349)	4,202	(189)
Net income for the period before taxation	172,370	228,689	57,850	84,257
Taxation	-	-	-	-
Net income for the period after taxation	172,370	228,689	57,850	84,257
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	172,370	228,689	57,850	84,257
Earnings per unit	3.5			

The annexed notes from 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

Note	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	(Rupees in '000)			
Undistributed income brought forward	62,643	28,208	11,696	15,136
Final distribution for the year ended June 30, 2011: Rs 1.1801 per unit (2010: Re 0.6900 per unit) (Date of distribution: July 4, 2011)				
- Bonus units	(59,899)	(26,683)	-	-
- Cash distribution	(2,601)	(1,382)	-	-
	143	143	11,696	15,136
Net income for the period after taxation	172,370	228,689	57,850	84,257
Interim distributions during the nine months and quarter ended March 31, 2012 and March 31, 2011 respectively				
- Bonus units	8 (153,356)	(195,578)	(54,349)	(71,132)
- Cash distribution	8 (6,368)	(7,769)	(2,449)	(2,776)
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed	16	-	57	
Undistributed income carried forward	12,805	25,485	12,805	25,485

The annexed notes from 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 beginning of the period	2,710,685	2,061,964	1,896,385	2,223,891
Issue of 39,647,462 units (2011: 70,867,018 units) and 17,210,200 units (2011: 23,292,040 units) for the nine months and quarter respectively	1,997,071	3,504,108	867,829	1,113,113
Redemption of 49,775,619 units (2011: 68,689,940 units) and 8,899,676 units (2011: 21,599,051 units) for the nine months and quarter respectively	(2,503,684)	(3,397,487)	(448,286)	(1,029,202)
	(506,613)	106,621	419,543	83,911
Issue of 4,253,768 bonus units (2011: 4,427,549 units) and 1,082,231 bonus units (2011: 1,411,625) for the half year and quarter respectively	213,255	222,261	54,349	71,132
	(293,358)	328,882	473,892	155,043
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss and capital losses - transferred to income statement	(346)	1,349	(4,202)	189
- amount representing loss and capital losses - transferred to distribution statement	(16)	-	(57)	-
	(362)	1,349	(4,259)	189
Capital gain / (loss) on sale of investments - net	1,573	122	602	48
Unrealised diminution in the value of investments classified as at fair value through profit or loss' - net	(248)	(121)	154	167
Other net income for the period	171,045	228,688	57,094	84,042
	172,370	228,689	57,850	84,257
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss and capital losses - transferred to distribution statement	16	-	57	-
Final distribution for the year ended June 30, 2011: Rs 1.1801 per unit (2010: Re 0.6900 per unit) (Date of distribution: July 4, 2011)				
-Bonus units	(59,899)	(26,683)	-	-
-Cash distribution	(2,601)	(1,382)	-	-
Interim distributions during the nine month and quarter ended March 31, 2012 and March 31, 2011 respectively				
-Bonus units	(153,356)	(195,578)	(54,349)	(71,132)
-Cash distribution	(6,368)	(7,769)	(2,449)	(2,776)
Net assets as at end of the period	2,367,127	2,389,472	2,367,127	2,389,472

The annexed notes from 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

	Nine Months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
(Rupees in '000)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	172,370	228,689	57,850	84,257
Adjustments for non-cash charges and other items:				
Unrealised diminution in the fair value of investments classified as 'at fair value through profit or loss' - net	248	121	(154)	(167)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	(346)	1,349	(4,202)	189
Amortisation of preliminary expenses and floatation costs	149	150	50	49
	172,421	230,309	53,544	84,328
Decrease / (increase) in assets				
Investments	269,034	(394,919)	(604,874)	(344,853)
Receivable against sale of units	(1,322)	(4,933)	516	(3,143)
Profit receivable	(192)	(97)	(546)	372
Other receivables	41	(48)	6	(20)
	267,561	(399,997)	(604,898)	(347,644)
(Decrease) / increase in liabilities				
Payable to the Management Company	(1,267)	950	416	549
Accrued expenses and other liabilities	(10,037)	(334)	862	(21,958)
	(11,304)	616	1,278	(21,409)
Net cash generated from operating activities	428,678	(169,072)	(550,076)	(284,726)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (payment) / receipts on redemption / issuance of units	(506,613)	106,620	419,543	83,911
Dividend paid	(8,969)	(9,151)	(2,449)	(2,776)
Net cash (outflow on) / inflow from financing activities	(515,582)	97,469	417,094	81,135
Net increase in cash and cash equivalents during the period				
	(86,904)	(71,603)	(132,982)	(203,591)
Cash and cash equivalents at the beginning of the period	91,458	74,872	137,536	206,860
Cash and cash equivalents at the end of the period	4,554	3,269	4,554	3,269

The annexed notes from 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

Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited ("the Management Company", "AHIL") and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008.

The Management Company of the Fund has been licensed to act as the Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB Asset Management Limited (MCB-AMC) and AHIL 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). AHIL being a listed company is the surviving entity and 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 & AHIL/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.

PCF is an open-end mutual fund. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as money market scheme by the Board of Directors of the Asset Management Company.

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

The Fund is allowed to invest in treasury bills, short term government instruments and reverse repurchase transactions against government securities and uninvested portion is deposited in bank accounts.

Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 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 International Accounting Standard (IAS) 34: 'Interim Financial Reporting', 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 does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2011.
- 2.3 This condensed interim financial information is unaudited. The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

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 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

During the period the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and the remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is included in the distribution statement. Previously, the proportion of opening undistributed income received / paid on issue / redemption of units was being recognised in the income statement.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- income for the year would have been higher by Rs 16 thousand.
- amount taken to distribution statement would have been lower by Rs 16 thousand.

3.2 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 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.

3.3 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 this condensed interim financial information.

3.4 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 issue at the period end.

3.5 Earnings per unit

Earnings per unit (EPU) 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.

4 INVESTMENTS

At fair value through profit or loss

Market Treasury Bills

Note	Un-audited March 31, 2012	Audited June 30, 2011
	----- (Rupees in '000) -----	
4.1	<u>2,363,368</u>	<u>2,632,650</u>

4.1 At fair value through profit or loss

Particulars 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	Purchases during the period	Sales / Matured during the period	As at March 31, 2012	Carrying value	Market value	Appreciation / (Diminution)		

----- (Rupees in '000) -----

Market Treasury Bills

Treasury Bill - 3 Months	2,680,000	4,530,600	(5,475,600)	1,735,000	1,714,526	1,714,306	(220)	72.54	72.42
Treasury Bill - 6 Months	-	6,867,370	(6,217,370)	650,000	649,090	649,062	(28)	27.46	27.42
Treasury Bill - 12 Months	-	100,000	(100,000)	-	-	-	-		
Total as at March 31, 2012					<u>2,363,616</u>	<u>2,363,368</u>	<u>(248)</u>		
Total as at June 30, 2011					<u>2,633,408</u>	<u>2,632,650</u>	<u>(758)</u>		

5 CONTINGENCIES AND COMMITMENTS

5.1 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", "SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

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 SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Pakistan Cash Management Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognized amount of WWF as at March 31, 2012 amounted to Rs 13.948 million (including Rs. 10.5 million for prior years).

5.2 There were no other contingencies and commitments outstanding as at March 31, 2012. (June 30, 2011: Nil).

6 SINDH SALES TAX ON PERFORMANCE FEE OF MANAGEMENT COMPANY

During the current period, the provincial 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 July 1, 2011.

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 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.

8 INTERIM DISTRIBUTIONS

The Fund makes distribution on a monthly basis and has made following distributions during the period.

Date	Rate Per Unit	Bonus *		Cash Distribution** (Rupees in '000)	Total
		Units	Amount		
July 25, 2011	Re. 0.3581	311,981	15,612	789	16,401
August 25, 2011	Re. 0.4583	368,365	18,453	1,010	19,463
September 25, 2011	Re. 0.4414	317,947	15,943	973	16,916
October 25, 2011	Re. 0.4414	326,679	16,413	972	17,385
November 25, 2011	Re. 0.4414	324,373	16,298	88	16,386
December 25, 2011	Re. 0.4414	324,299	16,288	87	16,375
January 25, 2012	Re. 0.4414	254,282	17,798	88	17,886
February 25, 2012	Re. 0.4414	355,013	17,831	88	17,919
March 25, 2012	Re. 0.4414	372,936	18,720	2,273	20,993
		2,955,875	153,356	6,368	102,926

* Bonus units have been distributed to unit holders under plan A

** Cash dividends have been distributed to unit holders under plan B

As per clause 12 of the Trust Deed and clause 6 of Part VI of the Offering Document, the Management Company on behalf of the Fund on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 25th of each month may be distributed by the Management Company. The Board of Directors on September 22, 2008 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 25th of each month. The SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

9 TRANSACTIONS WITH CONNECTED PERSONS

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.

Performance fee payable to the Management Company is determined in accordance with the provisions of the Non Banking Finance Companies and Notified Entities Regulation, 2008 and constitutive documents of the Fund.

Other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Details of the transactions with the connected persons and balances with them at period end are as follows:

9.1 Transactions during the period	Unaudited			
	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Arif Habib Investments Limited - Management Company				
Performance fee for the period	19,249	25,426	10,836	9,406
Habib Metropolitan Bank Limited - Trustee				
Profit on bank deposits	4,277	3,084	3,220	810
Fatima Fertilizer Company Limited				
Issue of 61,243 bonus units (2011: Nil units) and Nil units for the nine months and quarter respectively	3,063	-	-	-
Redemption of 2,041,567 units (2011: Nil units) and Nil units for the nine months and quarter respectively	102,234	-	-	-
Arif Habib Reit Management Limited				
Redemption of 206,963 units (2011: Nil) and 58,831 units (2011: Nil) for the nine months and quarter respectively	10,463	-	3,014	-
Issue of 14,426 bonus units (2011: Nil) and 1,632 units (2011: Nil) for the nine months and quarter respectively	723	-	82	-
9.2 Transactions during the period				
Arif Habib Real Estate Services (Pvt) Limited				
Issue of 66,686 units (2011: Nil units) and Nil units (2011: Nil units) for the nine months and quarter respectively	3,350	-	-	-
Redemption of 112,590 units (2011: Nil) and 70,043 units (2011: Nil) for the nine months and quarter respectively	5,673	-	3,030	-
Issue of 9,053 bonus units (2011: Nil) and 2,027 units (2011: Nil) for the nine months and quarter respectively	454	-	102	-
Key Management Personnel				
Issue of 362,948 units (2011: 237,535 units) and 35,833 units (2011: 95,466 units) for the nine months and quarter respectively	18,263	11,970	1,800	4,820
Redemption of 288,043 units (2011: 166,492 units) and 23,362 units (2011: 83,519 units) for the nine months and quarter respectively	14,564	8,404	1,173	4,224
Issue of 4,961 bonus units (2011: 6,005 units) and 2,113 units (2011: 3,139 units) for the nine months and quarter respectively	249	302	87	158

9.3 Amounts outstanding as at period / year end	Un-audited March 31, 2012	Audited June 30 2011 (Rupees in '000)
Arif Habib Investments Limited - Management Company		
Performance fee payable	2,187	3,803
Sales tax payable on performance fee	350	
Receivable from the Management Company	26	67
Habib Metropolitan Bank Limited - Trustee		
Bank balance at the end of the period / year	4,071	90,990
Profit receivable on bank deposits	816	-
Fatima Fertilizer Company Limited		
Units held: Nil (June 30, 2011: 1,980,324 units)	-	101,326
Arif Habib Reit Management Limited		
Units held 26,628 units (June 30, 2011: 220,166 units)	1,338	11,265
Arif Habib Real Estate Services (Pvt) Limited		
Units held 47,595 units (June 30, 2011: 84,445 units)	2,393	4,321
Amounts due on account of Conversion / Transfer of units		
Payable to Pakistan Income Fund	-	10,000
Key Managemnet Personnel		
Units held 102,915 units (June 30, 2011: 151,567 units)	5,174	7,755

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant changes or reclassifications were made in these condensed interim financial information.

11 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.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman