

MCB
CASH MANAGEMENT OPTIMIZER

CONTENTS

Fund's Information	103
Report of the Directors of the Management Company	104
Report of the Trustee to the Unit Holders	105
Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information	106
Condensed Interim Statement of Assets and Liabilities	107
Condensed Interim Income Statement (Un-audited)	108
Condensed Interim Distribution Statement (Un-audited)	109
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	110
Condensed Interim Cash Flow Statement (Un-audited)	111
Notes to and forming part of the Condensed Interim Financial Information (Un-audited)	112

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)
Chief Financial Officer & Company Secretary 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 Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited United Bank Limited National Bank Of Pakistan Standard Chartered Bank Pakistan Limited Allied Bank Limited	
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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Cash Management Optimizer's** accounts review for the first half ended December 31st 2011.

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 10.9% amid change in CPI methodology as well as high base-effect of last year. External account, however, has started deteriorating significantly with 1H FY12 current account balance posting a sizeable deficit of US\$ 2.2 billion amid higher trade deficit despite record remittances flows. On the fiscal side, the government posted a budget deficit of 1.2% of GDP during 1Q FY12 with its entire funding coming from the domestic sources. Non-realization of official flows is not only hurting the BOP position, it would continue to affect the funding profile of fiscal deficit - which would have its implications on the monetary mechanism as well as exchange rate. Citing some improvements in key macro variables, the SBP decided to ease its monetary stance by lowering its policy discount rate cumulatively by 200 bps to 12.0% during early part of the period. Significant deterioration in macroeconomic balances, however, has compelled them to keep DR unchanged during the latter part.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. 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 11.7% as against its benchmark return of 6.0%, an out performance of 5.7%.

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 Dec-end, the fund's exposure towards T-Bills declined significantly to around 30% as the fund was able to divert large part of its holdings towards TDRs and bank deposits, which were offering attractive returns near quarter-end.

FUTURE OUTLOOK

Despite continued improvement on inflation front, 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. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

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: January 27, 2012

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that Arif Habib Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 23, 2012

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Cash Management Optimizer** as at December 31, 2011, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (Arif Habib Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.
Chartered Accountants
Karachi.
Dated: January 27, 2012

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

As at 31 December 2011

	Note	Unaudited December 31, 2011 ------(Rupees in '000)-----	Audited June 30, 2011
ASSETS			
Bank balances		2,910,450	2,586,205
Investments	5	3,412,497	6,894,081
Term deposit receipts		4,915,000	1,150,000
Other receivables		30,600	42,597
Preliminary expenses and floatation costs		2,745	3,249
Total assets		11,271,292	10,676,132
LIABILITIES			
Payable to the Management Company		12,313	11,111
Payable to the Trustee		777	731
Payable to Securities and Exchange Commission of Pakistan		4,043	6,858
Payable against purchase of investments		-	195,273
Accrued and other liabilities		38,615	69,038
Total liabilities		55,748	283,011
NET ASSETS		11,215,544	10,393,121
Unit holders' fund (as per statement attached)		11,215,544	10,393,121
CONTINGENCIES AND COMMITMENTS			
	7		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		108,947,990	103,671,790
		(Rupees)	
NET ASSET VALUE PER UNIT	3.1	102.94	100.25

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half Year ended December 31, 2011 (Rupees in '000)	Half Year ended December 31, 2010 (Rupees in '000)	Quarter ended December 31, 2011 (Rupees in '000)	Quarter ended December 31, 2010 (Rupees in '000)
INCOME					
Capital gain on sale of investments		83,423	172,670	55,280	131,292
Income from government securities		500,237	268,481	173,471	150,077
Profit on money market placement		51,546	3,866	51,546	1,858
Profit on bank deposits		58,150	51,888	11,277	23,472
		693,356	496,905	291,574	306,699
Net unrealised appreciation on re-measurement of investments classified as ' financial assets at fair value through profit or loss'		13,950	15,262	44,335	(38,014)
		707,306	512,167	335,909	268,685
EXPENSES					
Remuneration of the Management Company		69,132	51,154	32,502	26,806
Sindh sales tax on remuneration of the Management Company	6	11,061	-	5,200	-
Remuneration of the Trustee		4,578	4,675	2,239	2,397
Annual fee - Securities and Exchange Commission of Pakistan		4,043	3,128	1,968	1,608
Brokerage and settlement charges		947	751	521	415
Amortisation of preliminary expenses and floatation costs		504	504	252	252
Auditors' remuneration		485	461	264	234
Other expenses		358	467	95	182
		91,108	61,140	43,041	31,894
Net income from operating activities		616,198	451,027	292,868	236,791
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		(48,493)	(21,964)	16,032	(8,126)
Provision for Workers' Welfare Fund		(4,284)	(8,581)	-	(4,573)
Net income for the period before taxation		563,421	420,482	308,900	224,092
Taxation	8	-	-	-	-
Net income for the period after taxation		563,421	420,482	308,900	224,092
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		563,421	420,482	308,900	224,092

Earnings per unit

3.2

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half Year ended December 31, 2011	Half Year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
	(Rupees in '000)		(Rupees in '000)	
Undistributed income brought forward	25,946	121,057	15,285	196,393
Final distribution for the year ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	-	(4,695)	-	-
- Bonus distribution	-	(116,359)	-	-
Interim distribution during the period ended December 31, 2010:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	-	(19,128)	-	(19,128)
- Bonus distribution	-	(231,943)	-	(231,943)
Interim distribution during the period ended September 30, 2011:				
On September 29, 2011 at Rs. 3.1330 per unit				
- Cash distribution	(60,096)	-	-	-
- Bonus distribution	(209,841)	-	-	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount forms part of the unit holders' fund	1,319		(3,436)	
Profit during the current period	563,421	420,482	308,900	224,092
Undistributed income carried forward	320,749	169,414	320,749	169,414

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half Year ended December 31, 2011 (Rupees in '000)	Half Year ended December 31, 2010 (Rupees in '000)	Quarter ended December 31, 2011 (Rupees in '000)	Quarter ended December 31, 2010 (Rupees in '000)
Net assets at the beginning of the period	10,393,121	6,525,010	8,472,503	7,615,958
Issue of 98,613,062 (2010: 74,042,185) units and 50,592,873 (2010: 34,232,970) units for the six months and quarter respectively	10,001,771	7,501,022	5,130,133	3,480,139
Issue of 2,098,413 (2010: 3,483,018) units and Nil (2010: 2,319,433) units for the six months and quarter respectively.	209,841	348,302	-	231,943
Redemption of 95,435,275 (2010: 66,248,588) units and and 26,312,206 (2010: 35,431,852) units for the six months and quarter respectively	(9,731,166)	(6,743,627)	(2,679,960)	(3,608,159)
	480,446	1,105,697	2,450,173	103,923
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	48,493	21,964	(16,032)	8,126
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	1,319	-	(3,436)	-
	49,812	21,964	(19,468)	8,126
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	13,950	15,262	44,335	(38,014)
Capital gain on Sale of Investments	83,423	172,670	55,280	131,292
Other operating income	466,048	232,550	209,285	130,814
Net income for the period	563,421	420,482	308,900	224,092
Element of (loss) / income and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	(1,319)	-	3,436	-
Less: Distribution				
Final distribution for the period ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	-	(4,695)	-	-
- Bonus distribution	-	(116,359)	-	-
Interim distribution for the period ended December 31, 2010:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	-	(19,128)	-	(19,128)
- Bonus distribution	-	(231,943)	-	(231,943)
Interim distribution for the period ended December 31, 2011:				
On September 29, 2011 at Rs 3.1330 per unit				
- Cash distribution	(60,096)	-	-	-
- Bonus distribution	(209,841)	-	-	-
Net assets at the end of the period	11,215,544	7,701,028	11,215,544	7,701,028

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half Year ended December 31, 2011 (Rupees in '000)	Half Year ended December 31, 2010 (Rupees in '000)	Quarter ended December 31, 2011 (Rupees in '000)	Quarter ended December 31, 2010 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	563,421	420,482	308,900	224,092
Adjustments for non-cash charges and other items:				
Capital gain on sale of investments	(83,423)	-	(55,280)	(16,422)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(13,950)	(15,262)	(44,335)	38,014
Amortisation of preliminary expenses and floatation costs	504	504	252	252
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	48,493	21,964	(16,032)	8,126
	515,045	427,688	193,505	254,062
Decrease / (increase) in assets				
Investments - net	4,215,413	2,493,679	(606,646)	(1,397,714)
Other receivables	11,997	(17,561)	(17,278)	(20,873)
	4,227,410	2,476,118	(623,924)	(1,418,587)
Increase / (decrease) in liabilities				
Payable to the Management Company	1,202	(2,409)	(717)	(4,083)
Payable to the Trustee	46	172	52	50
Payable on redemption of units	-	(18,893)	-	-
Annual Fee payable to the Securities and Exchange Commission of Pakistan	(2,815)	(57)	1,968	1,608
Accrued and other liabilities	(30,423)	10,755	(62,784)	5,903
	(31,990)	(10,432)	(61,481)	3,478
Net cashflow generated from/ (used in) operating activities	4,710,465	2,893,374	(491,900)	(1,161,047)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	10,001,771	7,501,022	5,130,133	3,480,139
Net payments on redemption of units	(9,731,166)	(6,743,627)	(2,679,960)	(3,608,160)
Cash dividend paid	(60,096)	(23,823)	-	(19,128)
Net cash generated from/ (used in) financing activities	210,509	733,572	2,450,173	(147,149)
Net increase / (decrease) in cash and cash equivalents during the period	4,920,974	3,626,946	1,958,273	(1,308,196)
Cash and cash equivalents at the beginning of the period	4,547,176	2,297,788	7,509,877	7,232,930
Cash and cash equivalents at the end of the period	4	9,468,150	5,924,734	9,468,150
		5,924,734	9,468,150	5,924,734

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.1.2 This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Net Asset Value per unit

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

3.2 Earning / (loss) per unit

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

4 CASH AND CASH EQUIVALENTS

	Note	December 31, 2011	June 30, 2011
		(Rupees in '000's)	
Bank balances		2,910,450	2,586,205
Term deposit receipts		4,915,000	1,150,000
T-Bills - 3 Months		1,642,700	810,971
		<u>9,468,150</u>	<u>4,547,176</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss

- Investment in government securities	5.1	<u>3,412,497</u>	<u>6,894,081</u>
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5.1 Investment in government securities

Government securities	Face Value				Balance as at December 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2011	Purchased during the period	Disposed / Matured during the period	As at Dec 31, 2011	Carrying Value	Market value	Appreciation / (diminution)		
	Rupees in '000								
Treasury Bills - 1 year	1,000	3,273,500	1,825,500	1,449,000	1,420,126	1,418,332	(1,794)	12.65	41.56
Treasury Bills - 6 months	6,330,000	22,493,430	26,847,830	1,975,600	1,904,308	1,920,106	15,798	17.12	56.27
Treasury Bills - 3 months	825,000	2,520,950	3,270,950	75,000	74,113	74,059	(54)	0.66	2.17
Total - December 31, 2011					<u>3,398,547</u>	<u>3,412,497</u>	<u>13,950</u>	<u>30.43</u>	<u>100.00</u>
Total: June 30 2011					<u>6,877,857</u>	<u>6,894,081</u>	<u>16,224</u>	<u>66.33</u>	<u>99.99</u>

6 SINDH SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY

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

7 CONTINGENCIES AND COMMITMENTS

The Finance Act 2008 introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes/ mutual funds (CISs) whose income exceed Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2011.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and a response filed by the Ministry in Court.

Subsequent to June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). On the basis of recent development, the Management Company has stopped making accrual of this liability with effect from August 24, 2011. However, provision made till this date has not been reversed. The aggregate amount of the Fund's liability in respect of WWF amounts to Rs. 44.320 million till December 31, 2011. Out of this amount, an amount of Rs. 37.249 million has been recognised by the Fund including an amount of Rs 4.284 million recognised during the current period.

8 TAXATION

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

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

9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

- 9.1 Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

9.4 Transactions during the period

	Half Year ended December 31, 2011 (Rupees in '000)	Half Year ended December 31, 2010	Quarter ended December 31, 2011 (Rupees in '000)	Quarter ended December 31, 2010
Details of the Transactions with connected persons during the period are as follows:				
MCB Bank Limited				
Profit received on deposit accounts	18,816	1,655	5,436	1,273
Arif Habib Investments Limited				
Remuneration of the Management Company	69,132	51,154	26,641	26,806
Issue of 19,076 bonus units: (December 2010: 27,448 bonus units)	1,908	2,744	-	1,730
Staff Provident of Management Company				
Provident Fund				
Issue of bonus units: 679 (December 31, 2010: 609 units)	68	61	-	39
Redemption of 4,465 units (December 31, 2010: Nil units)	450	-	-	-
Central Depository Company of Pakistan Limited-Trustee				
Fee charged during the period	4,578	4,675	2,239	2,397
Adamjee Insurance Company Limited				
Issue of units: 18,667,969				
(December 2010: 11,315,143 Units)	1,900,000	1,150,000	200,000	700,000
Issue of bonus units: 136,087 (December 2010: 107,749 units)	13,609	10,775	-	7,838
Redemption of units: 22,947,060				
(December 2010: 9,045,283 units)	2,350,000	916,601	100,000	557,643

	Half Year ended December 31, 2011 (Rupees in '000)	Half Year ended December 31, 2010 (Rupees in '000)	Quarter ended December 31, 2011 (Rupees in '000)	Quarter ended December 31, 2010 (Rupees in '000)
Adamjee Life Assurance Company Limited				
Issue of units: 33,848 units (December 2010: 11,315,143 Units)	3,400	-	-	-
Issue of bonus units: 1,848	185	-	-	-
Redemption of units: 49,216 (December 2010: 9,045,283 units)	5,000	-	4,000	-
Habib Metropolitan Bank Limited				
Issue of Nil bonus units (December 2010: 345,977 units)	-	34,597	-	34,597
Issue of units: 17,928 (December 2010: 2,984,678 units)	1,823	300,754	1,823	300,754
Dividend paid	30,828	-	30,828	-
Allied Bank Limited				
Issue of 14,908,432 units (December 2010: Nil units)	1,533,863	-	1,533,863	-
Key Management Personnel				
Issue of units: 32,039 (December 2010: 2,274 units)	3,240	230	1,815	45
Issue of bonus units: 1,585 (December 2010: 718 units)	160	106	86	58
Redemption of units: 79,334 (December 2010: 8,411 units)	8,006	853	6,760	40
9.5 Amount outstanding as at period end			December 31, 2011 (Rupees in '000)	June 30, 2011
MCB Bank Limited				
Bank balance			537,856	362,061
Profit receivable on deposit accounts			1,633	7,821
Arif Habib Investments Limited				
Remuneration payable of the Management Company			12,313	11,111
Units held: 627,968 (June 30, 2011: 608,892 units)			64,609	61,018
Central Depository Company of Pakistan Limited-Trustee				
Fee payable			777	731
Staff Provident of Management Company				
Units held: 22,372 (June 30, 2011: 26,158 units)			2,302	2,621
Adamjee Insurance Company Limited				
Units held: 5,478,668 (June 30, 2011: 9,621,671 units)			563,676	964,208
Adamjee Life Assurance Company Limited				
Units held : 21,555 (June 30, 2011: 9,830,125 units)			2,218	985,098
Habib Metropolitan Bank Limited				
Units held : 9,848,054 (June 30, 2011: Nil units)			1,013,223	-
Allied Bank Limited				
Units held : 14,908,432 (June 30, 2011: Nil units)			1,533,863	-
Key Management Personnel				
Units held : 38,737 (June 30, 2011: 21,670)			3,986	2,184

10 DATE OF AUTHORISATION FOR ISSUE

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

11 CORRESPONDING FIGURES

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

12 GENERAL

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

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director