

**AH DOW JONES SAFE
PAKISTAN TITANS 15 INDEX FUND**

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Company Secretary and 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	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi.	
Bankers	Habib Metropolitan Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Buliding No.1 Beaumont Road Karachi. 75530.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Registrar	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 **AH Dow Jones SAFE Pakistan Titans 15 Index Fund's** accounts review for the first half ended December 31, 2011.

EQUITIES MARKET OVERVIEW

Bearish trend continued at the local bourses with the KSE-100 index went down by 9.2% during the period under review with abysmally low volumes. Attractive valuations were marred by the dearth of liquidity, extremely volatile global markets and fragile domestic economic and geo-political conditions. Deteriorating macroeconomic balances coupled with rising tension in the political arena restrained local investors from taking counter positions against foreigners, which remained net seller during the period with a net FIPI outflow of over US\$ 151 million. Even a cumulative reduction in DR of 200 bps by the SBP during early part of the period failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors as well as lack of clarity on political and macro fronts. Sector-wise, Chemicals and Oil & Gas sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on their respective fundamentals and valuations.

FUND PERFORMANCE

During the period, the fund outperformed its benchmark index by delivering -11% return as compared to its benchmark return of -11.9%. Earlier in the period, the fund was not able to hold MCB Bank to the tune of index weight of 21% due to group holding restriction of 10% - thereby increasing its tracking error. However towards the end of the first quarter, the SECP made changes in NBFC regulations and Index tracker funds were relaxed to keep index exposure within group companies also. The fund responded immediately and MCB Bank was replenished to the index limit. The fund rebalances its constituent allocations every month. This constant tracking of allocation changes allow fund to follow its benchmark index more closely.

FUTURE OUTLOOK

Although the external environment may remain challenging in the near term, the stock market may find support from the December earnings season with a focus on dividend laden results including Banking, Electricity and Chemicals Sectors and could redraw attention to the fundamental strength in the listed companies. Strong earnings growth, high dividend yield and relatively cheaper valuations offer decent returns for long term investors in our opinion.

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

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

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

AH Dow Jones Safe Pakistan Titans 15 Index Fund, an open-end scheme established under a Trust Deed dated March 30, 2010 executed between Arif Habib Investments Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on April 22, 2010.

1. Arif Habib Investments Limited, the Management Company of AH Dow Jones Safe Pakistan Titans 15 Index Fund, has in all material respects managed AH Dow Jones Safe Pakistan Titans 15 Index Fund, during the six months period ended December 31, 2011 in accordance with the provisions of the following.
 - (i) the limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: February 07, 2012

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

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 **AH Dow Jones SAFE Pakistan Titans 15 Index Fund** ("the Fund") as at 31 December 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 annexed condensed interim financial information as at and for the six months period ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figures for the three months period ended 31 December 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: January 27, 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) AS AT 31 DECEMBER 2011

	<i>Note</i>	31 December 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Assets			
Bank balances	5	1,187	1,682
Investments	6	102,204	108,713
Loss on sale of investments - net		202	521
Advances, deposits, prepayments and other receivables		2,615	2,600
Preliminary expenses and floatation costs		760	858
Receivable against sale of investments		-	12,734
Receivable against sale of units		-	25
Total assets		106,968	127,133
Liabilities			
Payable to the Management Company	7	108	3,812
Payable to Trustee		59	57
Annual fee payable to Securities and Exchange Commission of Pakistan		55	80
Accrued expenses and other liabilities		494	497
Total liabilities		716	4,446
Contingency	8		
Net assets		106,252	122,687
Unit holders' fund (as per the statement attached)		106,252	122,687
		(Number of units)	
Number of units in issue (face value of units is Rs. 50 each)		2,146,384	2,114,290
		(Rupees)	
Net asset value per unit		49.50	58.03

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 31 December 2011	For the period ended 16 August 2010 to 31 December 2010	Quarter ended 31 December 2011	31 December 2010
------(Rupees in '000)-----					
Income					
Profit on bank deposits		347	309	47	309
Dividend income		3,952	1,300	2,392	880
Loss on sale of investments - net		(338)	-	(197)	-
Unrealised (diminution) / appreciation in the value of investments 'at fair value through profit or loss'	6.1	(15,966)	14,436	(11,944)	14,856
Total income		(12,005)	16,045	(9,702)	16,045
Expenses					
Remuneration of the Management Company	7	672	237	333	237
Remuneration to Trustee		352	149	176	149
Annual fee to Securities and Exchange Commission of Pakistan		55	23	27	23
Securities transaction cost		56	251	9	251
Settlement and bank charges		103	55	54	55
Fees and subscriptions		65	24	20	24
Auditor's remuneration		231	111	138	111
Professional charges		56	23	37	23
Contingency		47	37	17	37
Amortisation of preliminary expenses and floatation costs		98	43	48	43
Total expenses		1,735	953	859	953
Net (loss) / income from operating activities		(13,740)	15,092	(10,561)	15,092
Net element of income and capital gains included in prices of units issued less those in units redeemed		165	426	2	426
Net (loss) / income carried forward		(13,575)	15,518	(10,559)	15,518
Earnings / (loss) per unit	10				

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

	<u>Half year ended</u> 31 December 2011	<u>For the period ended</u> 16 August 2010 to 31 December 2010	<u>Quarter ended</u> 31 December 2011	<u>31 December</u> 2010
	------(Rupees in '000)-----			
Net (loss) / income for the period	(13,575)	15,518	(10,559)	15,518
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u><u>(13,575)</u></u>	<u><u>15,518</u></u>	<u><u>(10,559)</u></u>	<u><u>15,518</u></u>

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

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director

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

	Half year ended 31 December 2011	For the period ended 16 August 2010 to 31 December 2010	Quarter ended 31 December 2011	31 December 2010
	----- (Rupees in '000) -----			
Undistributed income brought forward	16,973	-	9,518	-
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution)	187	-	(25)	-
Final distribution for the year ended 30 June 2011 @ Rs. 2.2 per unit (30 June 2010: Nil)	(4,651)	-	-	-
Comprehensive (loss) / income for the period	(13,575)	15,518	(10,559)	15,518
Net (loss) / income for the period less distribution	(18,039)	15,518	(10,584)	15,518
Undistributed (loss) / income carried forward	(1,066)	15,518	(1,066)	15,518

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

	<u>Half year ended</u> 31 December 2011	<u>For the period ended</u> 16 August 2010 to 31 December 2010	<u>Quarter ended</u> 31 December 2011	<u>31 December</u> <u>2010</u>
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	122,687	-	117,047	-
Issuance of 26,178 units (2010: 2,228,736 units) and 1,807 units (2010: 2,228,736 units) for the half year and quarter respectively	1,452	112,133	100	112,133
Issue of 67,552 bonus units for the year ended 30 June 2011 (2010: Nil)	3,771	-	-	-
Redemption of 61,636 units (2010: 67,452 units) and 6,038 units (2010: 67,452 units) for the half year and quarter respectively	(3,267)	(3,643)	(334)	(3,643)
	1,956	108,490	(234)	108,490
Element of (income) / loss in prices of units issued less those in units redeemed				
- amount representing income and capital gains transferred to the Income Statement	(165)	(426)	(2)	(426)
- amount representing unrealised capital (gains) / losses that forms part of unit holder's fund transferred to Distribution Statement	(187)	-	25	-
	(352)	(426)	23	(426)
Element of income / (loss) representing unrealised capital gains / (losses) that forms part of unit holder's fund transferred to Distribution Statement	187	-	(25)	-
Final distribution for the year ended 30 June 2011 @ Rs 2.2 per unit (30 June 2010: Nil)				
- Cash distribution	(880)	-	-	-
- Bonus distribution	(3,771)	-	-	-
	(4,651)	-	-	-
Unrealised (diminution) / appreciation in the value of investments 'at fair value through profit or loss'	(15,966)	14,436	(11,944)	14,856
Net income for the period	2,391	1,082	1,385	662
	(13,575)	15,518	(10,559)	15,518
Net assets at the end of the period	106,252	123,582	106,252	123,582
	(Rupees)			
Net asset value per unit at the end of the period	49.50	57.18	49.50	57.18

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

	Half year ended 31 December 2011	For the period ended 16 August 2010 to 31 December 2010	Quarter ended 31 December 2011	31 December 2010
	------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) / income for the period	(13,575)	15,518	(10,559)	15,518
Adjustments				
Dividend income	(3,952)	(1,300)	(2,392)	(1,300)
Unrealised diminution / (appreciation) in the value of investments 'at fair value through profit or loss'	15,966	(14,436)	11,944	(14,436)
Amortisation of preliminary expenses and floatation costs	98	43	48	43
Net element of income and capital gains included in prices of units issued less those in units redeemed	(165)	(426)	(2)	(426)
	(1,628)	(601)	(961)	(601)
Decrease / (increase) in assets				
Investments	(9,457)	(106,991)	793	(106,991)
Profit receivable	(5)	(21)	26	185
Receivable against sale of investments	12,734	-	-	-
Receivable against sale of units	25	-	-	-
Advances, deposits, prepayments and other receivables	(15)	(3,656)	185	(56)
	3,282	(110,668)	1,004	(106,862)
(Decrease) / increase in liabilities				
Payable to the Management Company	(3,704)	3,820	(3,710)	180
Payable to Trustee	2	59	2	59
Annual fee payable to Securities and Exchange Commission of Pakistan	(25)	23	27	23
Accrued expenses and other liabilities	(3)	212	(194)	(1,118)
	(3,730)	4,114	(3,875)	(856)
Dividend received	4,276	597	3,004	597
Net cash generated from / (used in) operating activities	2,200	(106,558)	(828)	(107,722)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (payments) / receipts from issuance / redemption of units	(1,815)	108,490	(234)	8,490
Dividend paid	(880)	-	-	-
Net cash (used in) / generated from financing activities	(2,695)	108,490	(234)	8,490
Net (decrease) / increase in cash and cash equivalents during the period	(495)	1,932	(1,062)	(99,232)
Cash and cash equivalents at the beginning of the period	1,682	-	2,249	101,164
Cash and cash equivalents at the end of the period	1,187	1,932	1,187	1,932

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

AH Dow Jones SAFE Pakistan Titans 15 Index Fund ("the Fund") was established under a Trust Deed executed on 30 March 2010 between Arif Habib Investments Limited as Management Company and MCB Financial Services Limited as Trustee of the Fund. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan ("SECP") on 19 March 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations").

Formation of the Fund as open end fund was authorized by SECP on 22 April 2010. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) 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 Company Limited (MCBAMCL) and Arif Habib Investment Limited (AHIL) the two companies have merged as of 27 June 2011 through operation of an order from the Securities and Exchange Commission of Pakistan (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). AHIL 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 & AHIL/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 Honourable Sindh High Court (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 Fund is an index tracker scheme and aims to provide investors with a total return that before expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the return of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

The Fund invests in local equity stocks in respective weightages of Dow Jones SAFE Pakistan Titans 15 Index to achieve the investment objective. The fund manager monitors the performance of the Fund and the benchmark index on a continuous basis. Upon rebalancing of the Index the Management Company may also rebalance the portfolio within 21 Dealing Days with the objective to minimize the tracking error.

The Fund shall strive to remain fully invested in accordance with the stated index; however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index during the year based on monthly average investment calculated on daily basis. The uninvested amount shall be kept in:

- (a) Cash and / or near cash instruments where near cash instruments include cash in bank account (excluding TDRs); and
- (b) Treasury Bills not exceeding 90 Days maturity.

The duration of the Fund is perpetual. It offers and redeem units on a continuous basis.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("NBFC Rules"), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations 2008") and directives issued by the Securities and Exchange Commission of Pakistan ("SECP"). Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives shall prevail.

The comparatives in the statement of assets and liabilities presented in this condensed interim financial information as at 31 December 2011 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2011, where as the comparative condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund are stated from unaudited condensed interim financial information for the half year ended 31 December 2010.

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'. These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.2 Basis of measurement

This condensed interim financial information has been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2011.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the year ended 30 June 2011.

An equalisation account called the "element of income / (loss) and capital gain / (losses) included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

During the period the Fund has revised the calculation of element of income and capital gains included in the prices of units issued less those in the units redeemed ("element"). As per the revised calculation element to the extent that it is represented by income / (loss) earned / (incurred) during the period is recognised in the income statement and the element represented by income/ (loss) earned / (incurred) carried forward from prior year is included in the distribution statement. Previously the entire element was recorded in the income statement.

The revised calculation, 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 calculation not been changed, the net income for the year ended 30 December 2011 would have been higher by Rs. 0.187 million.

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

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

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

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Management is currently considering the impact of said disclosures on 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 01 July 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. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2011.

5. BANK BALANCES

	31 December 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited) (Rupees in '000)
Deposit accounts	5.1 <u>1,187</u>	<u>1,682</u>

5.1 These balances in deposit accounts are maintained with Habib Metropolitan Bank (a connected person) carrying profit rates ranging from of 5% to 9.5% per annum (30 June 2011: 5% to 10.5% per annum).

6. INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS' (held for trading)

	31 December 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited) (Rupees in '000)
Investment in shares listed in Pakistan	6.1 <u>102,204</u>	<u>108,713</u>

6.1 Investment in shares listed in Pakistan

Name of the Investee Company	Number of shares				Balance as at 31 December 2011		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
	As at 1 July 2011	Purchases during the period	Bonus / right issue	Sales during the period	As at 31 December 2011	Cost			
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise									
------(Rupees in '000)-----									
Oil and gas producers									
Pakistan State Oil Company Limited	22,271	3,553	-	1,520	24,304	6,412	5,522 (890)	5.20%	5.40%
Pakistan Oilfields Limited	19,196	2,737	-	976	20,957	7,553	7,261 (292)	6.83%	7.10%
Pakistan Petroleum Limited	45,291	7,191	4,854	2,825	54,511	10,241	9,175 (1,066)	8.64%	8.98%
Oil and Gas Development Company Limited	188,669	1,546	-	66,891	123,324	18,872	18,698 (174)	17.60%	18.29%
						43,078	40,656 (2,422)	38.27%	
Chemicals									
Dawood Hercules Chemicals Limited	50,273	6,956	-	2,598	54,631	3,496	2,316 (1,180)	2.18%	2.27%
Fauji Fertilizer Company Limited	83,341	11,062	-	3,515	90,888	13,702	13,591 (111)	12.79%	13.30%
Fauji Fertilizer Bin Qasim Limited	53,024	6,787	-	2,058	57,753	2,450	2,450 -	2.31%	2.40%
Engro Corporation Limited	42,695	5,574	-	1,758	46,511	7,538	4,312 (3,226)	4.06%	4.22%
				-		27,186	22,669 (4,517)	21.34%	
Construction and materials									
Lucky Cement Limited	40,286	5,213	-	1,566	43,933	3,121	3,298 177	3.10%	3.23%
						3,121	3,298 177	3.10%	
Electricity									
Hub Power Company Limited	125,888	18,049	-	6,087	137,850	5,178	4,714 (464)	4.44%	4.61%
						5,178	4,714 (464)	4.44%	
Banks									
Bank AL-Habib Limited	126,416	17,153	-	5,562	138,007	4,062	3,937 (125)	3.71%	3.85%
Habib Bank Limited	27,072	3,740	-	1,271	29,541	3,427	3,134 (293)	2.95%	3.07%
MCB Bank Limited	61,023	78,499	-	3,571	135,951	25,473	18,299 (7,174)	17.22%	17.90%
National Bank of Pakistan	73,187	9,695	-	2,811	80,071	4,043	3,287 (756)	3.09%	3.22%
United Bank Limited	38,578	5,495	-	1,895	42,178	2,602	2,210 (392)	2.08%	2.16%
						39,607	30,867 (8,740)	29.05%	
Total						118,170	102,204 (15,966)	96.20%	

6.1.1 Investments include shares with market value of Rs.43,134 million (30 June 2011: 45,216 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.

6.2 Cost of 'at fair value through profit or loss - held for trading' investments as at 31 December 2011 amounted to Rs. 118,170 million (30 June 2011: 96,898 million) having market value of 102,204 million (30 June 2011: 108,713 million)

7. PAYABLE TO THE MANAGEMENT COMPANY

- 7.1 During the period, the Fund has reimbursed Rs. 1 million in respect of preliminary expenses and floatation costs and Rs. 2.64 million in respect of account opening deposit to bank, central depository company of Pakistan and National Clearing Company of Management Company.
- 7.2 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.

8. CONTINGENCY

Provision for Worker's 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 for an adjudication.

Subsequent to the year ended 30 June 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 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal council 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.

Subsequent to 30 June 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 SHC. Pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at 31 December 2011 amounted to Rs 0.34 million.

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. No provision for taxation has been made in this condensed interim financial statement due to loss for the period.

10. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more of units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively. Other transactions are at agreed rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

11.1 Transactions during the period with connected persons / related parties

	Half year ended	For the period ended	Quarter ended	
	31 December 2011	16 August 2010 to 31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Arif Habib Investments Limited - Management Company				
Remuneration for the period	672	237	333	237
Front end load for the period	1	50	-	50
Mark up on core investment	-	475	-	83
Arif Habib Limited				
Brokerage for the period	9	41	6	41
MCB Financial Services Limited - Trustee				
Remuneration for the period	352	149	176	149
Cash Dividend Received By				
Allied Bank Limited - more than 10% unit holder	880	-	-	-

11.2 Balance outstanding as at the period end

	31 December 2011 (Unaudited) (Rupees in '000)	30 June 2011 Audited
Arif Habib Investments Limited - Management Company		
Remuneration payable	108	102
Payable against formation costs	-	3,710
MCB Financial Services Limited		
Remuneration payable	59	57
MCB Bank Limited		
Investments in listed securities	18,299	12,163

	Half year ended	For the period ended	Half year ended	For the period ended
	31 December 2011 (Unaudited) Units	16 August 2010 to 31 December 2010	31 December 2011 (Unaudited) (Rupees in '000)	16 August 2010 to 31 December 2010

Units issued

Arif Habib Investments Limited - Management Company	-	600,000	-	30,000
Directors and executives of the Management Company	5,667	25,835	308	1,341
National Bank of Pakistan - more than 10% unit holder	-	600,000	-	30,000
Habib Metropolitan Bank Limited - more than 10% unit holder	-	400,000	-	20,000
Allied Bank Limited - more than 10% unit holder	-	400,000	-	20,000

Units issued as bonus to

Arif Habib Investments Limited - Management Company	23,643	-	1,320	-
Directors and executives of the Management Company	53	-	3	-
National Bank of Pakistan - more than 10% unit holder	23,643	-	1,320	-
Habib Metropolitan Bank Limited - more than 10% unit holder	15,762	-	880	-

Units redeemed by:

Directors and executives of the Management Company	-	22,467	-	1,189
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	Half year ended		Half year ended	
	31 December 2011 (Unaudited)	30 June 2011 (Audited)	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	Units		(Rupees in '000)	
Units held by:				
Arif Habib Investments Limited - Management Company	623,643	600,000	30,870	34,818
Directors and executives of the Management Company	7,062	3,324	350	193
National Bank of Pakistan - more than 10% unit holder	623,643	600,000	30,870	34,818
Habib Metropolitan Bank Limited - more than 10% unit holder	415,762	400,000	20,580	23,212
Allied Bank Limited - more than 10% unit holder	400,000	400,000	19,800	23,212

- 11.3** The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

12. 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.

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

Yasir Qadri
Chief Executive Officer

Nasim Beg
Director