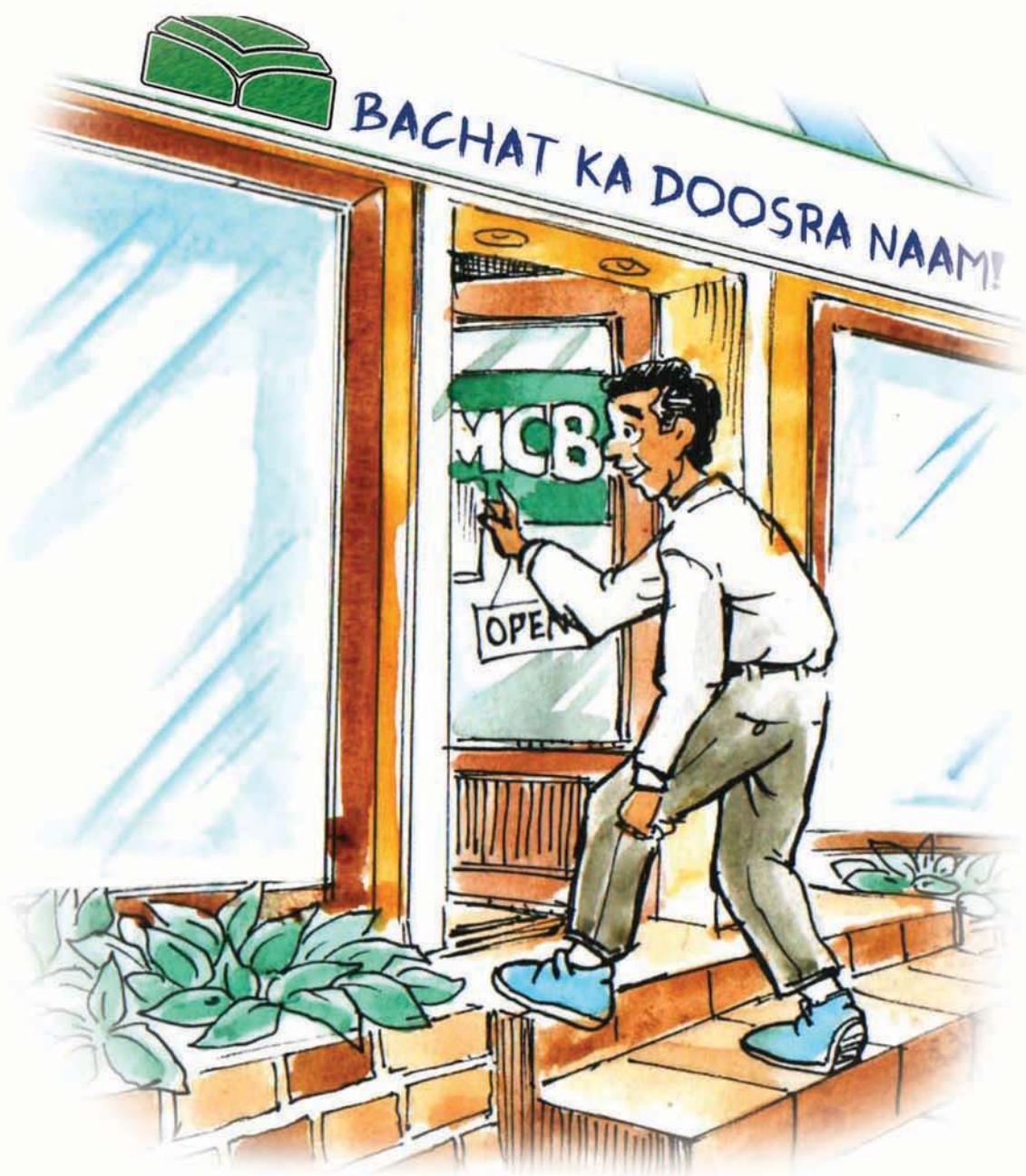




Bachat ka Doosra Naam

Quarterly Report
September 30, 2012
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

**PAKISTAN
CAPITAL PROTECTED FUND
(FIXED INCOME SECURITIES)**

CONTENTS

Fund's Information	263
Report of the Directors of the Management Company	264
Condensed Interim Statement of Assets and Liabilities	265
Condensed Interim Income Statement (Un-audited)	266
Condensed Interim Distribution Statement (Un-audited)	267
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	268
Condensed Interim Cash Flow Statement (Un-audited)	269
Notes to and forming poart of the Condensed Interim Financial Statements (Un-audited)	270

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 Officer (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)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & CFO of the Management Company	Mr. Muhammad Saqib Saleem	
Trustee	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I Chundrigar Road Karachi - 74000	
Bankers	Habib Metro Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT TO THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2012

On behalf of the Board of Directors, I am pleased to present accounts review of Pakistan Capital Protected Fund - Fixed Income Securities for the first quarter ended September 30th 2012.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, CPI inflation continued to maintain its downward trajectory amid lower food inflation and gas prices with 1Q FY13 CPI inflation averaging at 9.2%. Although current account balance remained comfortable during 2MFY13 with a sizeable surplus of US\$ 919 million courtesy release of coalition support fund proceeds by the US, weaker financial and capital account coupled with sizeable repayments (including IMF) continued to put pressure on the FX reserves, which eventually came down to below US\$ 14.5 billion. On the fiscal front, the government has continued to rely on domestic sources of funding with YTD GoP borrowing from banking system has risen to PKR 173 billion by Sep'28 2012. Taking comfort from benign CPI inflation and release of CSF payments by the US as well as the need to stimulate real economic engine & private investments in the country, the State Bank of Pakistan lowered its policy discount rate by 150 bps to 10.5% in its Aug'12 monetary policy statement.

In the money market, short term market rates remained largely on the higher side amid tight liquidity scenario in the system with few exceptions where the market witnessed floors also. The SBP has continued to inject significant amount of liquidity in the system through OMOs during the quarter. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 198 bps to 10.0%, while longer tenure 10 year PKRV adjusted downwards by 182 bps to 11.5% during the quarter under review.

FUND PERFORMANCE

The fund had a fixed life and it was matured during the period under review. During its life, the fund was not only able to protect the capital as committed; it also provided decent returns on the growth segment. As on August 15th 2012, the fund stood dissolved at a NAV of Rs. 10.3, thereby providing CAGR return of 8.2% returns over the life of fund as against the benchmark return of 11.6%.

The Net Asset of the Fund as at September 30, 2012 stood at Rs. 233.948 million as compared to Rs 239.829 million as at June 30 2012 registering a decrease of 2.45 %

The Net Asset Value (NAV) per unit as at September 30, 2012 was Rs. 10.19 as compared to opening NAV of Rs.10.22 per unit as at June 30, 2012 registering an increase of Re.0.03 per unit.

The duration of the Fund was 30 (thirty) months from the last day of initial offering / launch period. The Fund has matured on 15 August 2012 and is under the process of liquidation. However, as there are certain illiquid/non-performing corporate debt instruments held in the portfolio of the Fund, such illiquid securities will remain in custody of the Trustee till the time of realization and the proceeds will be disbursed to the respective unit holders in proportion to their holdings at maturity date. The detail of the securities is mentioned below:

Name of the investee company	Original Maturity date	Maturity date after restructuring	Outstanding face value	Amount before provisioning	Provision held	Amount net of provision	Percent age of net assets	Percenta ge of gross assets
Pak Elektron Limited - Sukuk	28-Sep-12	28-Sep-14	6,857	6,363	6,363	-	-	-
Escort Investment Bank Limited	15-Mar-12	15-Sep-14	4,012	2,937	-	2,937	1.26	100

FUTURE OUTLOOK

Taking comfort from lower CPI inflation trajectory, the Central bank has decided to lower its policy discount rate further by 50 bps to 10.0% in its Oct'12 monetary policy statement. Going forward, we believe that the sustainability of external account, in addition of lower inflation, would be a key factor in shaping up interest rate direction. The Government bond market, however, is likely to remain active going forward as single digit range of YoY CPI Inflation for at least next few months would keep market players' expectations of downward yield curve adjustment intact.

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: October 25th, 2012

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	Un-Audited 30 September 2012	Audited 30 June 2012
Note	(Rupees in '000)	
Assets		
<i>Capital Protection Segment</i>		
Term deposit receipts	-	160,136
Profit receivable	-	45,350
	-	205,486
<i>Investment Segment</i>		
Balances with banks	232,223	8,233
Profit receivable	175	218
Investments	2,937	31,770
Deposits and prepayments	350	350
	235,685	40,571
Preliminary expenses and floatation costs	-	49
Total assets	235,685	246,106
Liabilities		
Payable to the Management Company	169	341
Payable to MCB Financial Services Limited - Trustee	21	41
Payable to Securities and Exchange Commission of Pakistan	23	181
Accrued expenses and other liabilities	1,524	5,714
Total liabilities	1,737	6,277
Net assets	233,948	239,829
Unit holders' funds (as per statement attached)	233,948	239,829
	(Number of units)	
Number of units in issue	22,948,453	23,463,878
	(Rupees)	
Net asset value per unit	10.19	10.22

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



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012


	Note	30 September 2012	30 September 2011
		(Rupees in '000)	
Income			
Capital loss on sale of investments		(15)	-
Income from term deposit receipts - Capital Protection Segment		2,465	4,849
Income from term finance and sukuk certificates		165	910
Income from commercial papers			585
Income from government securities		309	65
Unrealised appreciation / (diminution) in fair value of investments- at fair value through profit or loss'	4.1	274	(1,010)
Back-end load income		160	123
Profit on bank deposits		2,537	348
Total income		5,895	5,870
Expenses			
Remuneration of Arif Habib Investments Limited			
- Management Company		451	891
Sales tax on remuneration of Management Company		72	143
Remuneration of MCB Financial Services Limited - Trustee		63	126
Annual fee - Securities and Exchange Commission of Pakistan		23	45
Securities transaction cost		2	2
Auditors' remuneration		50	99
Amortisation of preliminary expenses and floatation costs		49	101
Printing and related cost		-	31
Fees and subscription		106	681
Provision against non-performing term finance certificates	4.1.1	4,800	-
Total expenses		5,616	2,119
Net element of income / (loss) and capital gain / (losses) for the period included in prices of units issued less those in units redeemed		(17)	(12)
Provision for Workers' Welfare Fund	5	(873)	
Net (loss) / income for the period before taxation		(611)	3,739
Taxation		-	-
Net (loss) / income for the period after taxation		(611)	3,739
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(611)	3,739
Earning per unit (EPU)	7		

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



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



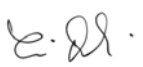
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	30 September 2012	30 September 2011
	(Rupees in '000)	
Undistributed income brought forward	4,466	22,286
Final distribution for the year ended June 30, 2011 Rs 0.8564 Date of distribution: July 04, 2011	-	(18,360)
Net element of income and capital gains for the period included in prices of units issued less those in units redeemed - net - amount representing unrealised capital gains - transferred to the Distribution Statement	(116)	269
Total comprehensive (loss) / income for the period	(611)	3,739
Undistributed income carried forward	<u>3,739</u>	<u>7,934</u>

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



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	30 September 2012	30 September 2011
	(Rupees in '000)	
Net assets at beginning of the period	239,829	236,675
Redemption of 515,424 (2011: 298,914) units during the period	(5,287)	(3,056)
Final distribution of 1,803,605 bonus units for the period year ended 30 June 2011 at the rate of Re. 0.8564	-	18,360
Net element of (income) / loss and capital (gains) / losses for the period included in prices of units issued less those in units redeemed - net		
- amount representing income and capital gains - transferred to the Income Statement	17	12
- amount representing unrealised capital gains - transferred to the Distribution Statement	116	(269)
	133	(257)
Net element of income / (loss) and capital gains / (losses) for the year included in prices of units issued less those in units redeemed amount representing unrealised capital gains - transferred to the Distribution Statement	(116)	269
Total comprehensive (loss) / income for the period	(611)	3,739
Final distribution of 1,803,605 bonus units for the year ended 30 June 2011 at the rate of Re. 0.8564 per unit - Date of distribution 4 July 2011	-	(18,360)
Net assets at end of the period	<u>233,948</u>	<u>237,370</u>

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



Chief Executive Officer

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



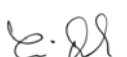
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012


	30 September 2012	30 September 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(611)	3,739
Adjustments		
Unrealised (appreciation) / diminution in fair value of investments - 'at fair value through profit or loss'	(274)	1,010
Amortisation of preliminary expenses and floatation costs	49	101
Net element of (income) / loss and capital (gain) / losses for the period included in prices of units issued less those in units redeemed	17	12
	(819)	4,862
(Increase) / decrease in assets		
Term deposit receipts	160,136	2,000
Profit receivable in term deposit receipts	45,350	(4,497)
Receivable against sale of investments	-	1,678
Profit receivable	43	189
Investments	29,107	(1,747)
Deposits and prepayments	-	(7)
	234,636	(2,384)
Increase / (decrease) in liabilities		
Payable to Arif Habib Investments Limited - Management Company	(172)	(2)
Payable to MCB Financial Services Limited - Trustee	(20)	-
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(158)	(143)
Accrued expenses and other liabilities	(4,190)	745
	(4,540)	600
Net cash generated from operating activities	229,277	3,078
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments against redemption of units	(5,287)	(3,056)
Net increase in cash and cash equivalents during the period	223,990	22
Cash and cash equivalents at the beginning of the period	8,233	12,807
Cash and cash equivalents at the end of the period	232,223	12,829

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



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Capital Protected Fund - Fixed Income Securities ("the Fund") was established under a Trust Deed executed on 15 June 2009 between Arif Habib Investments Limited (a subsidiary of MCB Bank Limited) as Management Company and MCB Financial Services Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 7 August 2009 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In conformity with circular 7 of 2009 dated March 6, 2009 issued by the SECP, the Fund has been assigned "Capital Protected" category. The Fund is listed on Islamabad Stock Exchange (Guarantee) Limited.
- 1.2** Based on shareholders' resolutions of MCB-AMC and AHI the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to July 30, 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the 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.
- 1.3** Formation of the Fund as an open end fund was authorized by SECP on 7 August 2009. 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 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at Techno City Corporate Tower, 8th Floor, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2' (positive outlook) to the Management Company. The Management Company has initiated the process of obtaining the rating of the Fund which is expected to be completed in the year 2012.
- 1.5** The Fund is a capital protected fund and has an objective to pay back investors (with certain conditions) whole of their initial investment (net of Front end load) i.e. Rs. 10 per unit over the term of its life in the form of dividend or return of capital on its termination. In addition, the Fund has an objective to maximize the return by investing in fixed income instruments, money and debt market instruments to achieve the investment objective.
- 1.6** The Fund consists of two segments, Capital Protected Segment and an Investment Segment. The Capital Protected Segment aims at protecting investors capital by placing the assets of the segment in bank deposits having at least long term credit rating of AA- (Double A minus) or above at the time of placement. To achieve the objective the Fund has placed 81.85% of Fund property (net of loads and charges, if any) with Habib Metropolitan Bank Limited to ensure that these funds grow to become at least 100% of the total initial investment value (net of all expenses and taxes) at the time of maturity. The remaining assets of the Fund have been allocated to the Investment Segment that will be invested in fixed income instruments, money and debt market instruments with an objective of providing higher return than the minimum protection provided by the Capital Protection Segment.
- 1.7** The duration of the Fund was 30 (thirty) months from the last day of initial offering / launch period. The Fund has matured on 15 August 2012 and is under the process of liquidation. However, as there are certain illiquid/non-performing corporate debt instruments held in the portfolio of the Fund, such illiquid securities will remain in custody of the Trustee till the time of realization and the proceeds will be disbursed to the respective unit holders in proportion to their holdings at maturity date. The detail of these securities is mentioned in note 4.1 to these Condensed Interim Financial Statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting Convention

As stated in note 1.7, the Fund matured on August 15, 2012. Accordingly, these financial statements have been prepared on the following basis:

- All assets are stated at their net realisable values; and
- All liabilities are stated at the amount payable.

2.3 These condensed interim financial statements are unaudited.

2.4 The directors of the Management Company declare that these financial statements give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2012.

4. INVESTMENTS

Investments Classified as

at fair value through profit or loss - held for trading'

- Fixed income and other debt securities
- Government securities
- Fixed income and other debt securities

	Unaudited 30 September 2012	Audited 30 June 2012
	(Rupees in '000)	
4.1	2,937	11,101
4.2	-	20,669
	2,937	31,770

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

4.1 Fixed income and other debt securities- 'at fair value through profit or loss'- held for trading

Term Finance Certificates (TFCs) of Rs. 5,000 each.

Name of the investee company	Profit / mark-up percentage	As at 01 July 2012	Purchases during the period	Sales during the period	As at 30 Sep. 2012	Balance as at 30 September 2012			Market value as a percentage of net assets	Market value as a percentage of total investments	Par value as a percentage of issued debt capital of investee company
						Cost	Market value	Appreciation / (diminution)			
<div>(Rupees in '000)</div>											
Pak Elektron Limited - Sukuk	15.05%	3,200	-	-	3,200	6,363	6,363	-	2.72	216.65	0.53
Bank Alfalah Limited (IV) - Floating	14.51%	500	-	500	-	-	-	-	0.00	-	-
Escort Investment Bank Limited	8.00%	4,016	-	-	4,016	2,663	2,937	274	1.26	100.00	0.53
Total as at 30 September 2012						9,026	9,300	274			
<div>(Rupees in '000)</div>											
Provision against Non performance exposure						(6,363)	(6,363)				
Total as at 30 Sep 2012						2,663	2,937	274			

4.1.1 Pakistan Elektron Limited has defaulted in the payment of coupons due on 28 December 2011 and 28 June 2012. In accordance with the requirements of Circular 1 of 2009, issued by the SECP, no further mark-up is being accrued on such investment from the date the coupon was due. Further, provision amounting to Rs 6,363 million (including 1,563 million made last year) has been made in accordance with the provisioning policy approved by the Board of Directors of the Management Company.

4.1.2 The above securities were performing and liquid at the time of acquisitions and expected to be liquidated before the maturity of the Fund. However, because of rescheduling the maturity dates were extended well beyond the maturity date of the Fund. The details are as follows:

Name of the investee company	Original Maturity date	Maturity date after restructuring	Outstanding face value	Amount before provisioning	Provision held	Amount net of provision	Percentage of net assets	Percentage of gross assets
(Rupees in '000)								
Pak Elektron Limited - Sukuk	28-Sep-12	28-Sep-14	6,857	6,363	6,363	-	-	-
Escort Investment Bank Limited	15-Mar-12	15-Sep-14	4,012	2,937	-	2,937	1.26	100

4.2 Government Securities - Treasury Bill

Issue date	Tenor	As at 01 July 2012	Purchases during the period	Sales during the period	As at 30 Sep. 2012	Balance as at 30 September 2012				Market value as a percentage of net assets	Market value as a percentage of total investments
						Cost	Market value	Appreciation / (diminution)			
(Face Value in '000)											
T-bills	3 Months	2,000	-	2,000	-	-	-	-	-	-	-
T-bills	12 Months	19,000	-	19,000	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

5 CONTRIBUTION TO WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, 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 year ended 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 SHC.

However, due to maturity of the fund, the Management company, as a matter of abundant caution, has decided to charge the entire provision for WWF amounting to Rs 0.873 million (including Rs 0.867 million for the years 2010-2012) in these financial statements. If the same were not made the Net Asset Value of the fund would have been higher by Rs. 0.04 per unit.

6 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 a tax liability in respect of income relating to the current period as the management company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

8 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

- 8.1** Connected persons of the Fund include the Management Company, other collective investment, schemes being managed by the Management Company, MCB Bank Limited being the parent company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more units of the Fund.
- 8.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3** Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.
- 8.4** Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	30 September 2012	30 September 2011
8.5 Transactions during the period with connected persons / related parties	(Rupees in '000)	
<i>Arif Habib Investments Limited - the Management Company</i>		
Remuneration for the period	451	1,034
<i>MCB Financial Services Limited - Trustee</i>		
Remuneration for the period	63	126
Other	-	-
<i>Units issued as bonus to:</i>		
Arif Habib Investments Limited - Management Company 10,642 (2010: 4,245)	-	108
Summit Bank Limited - more than 10% unit holder 858,202 (2010: 342,329)	-	8,736

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

8.6 Balances outstanding as at the period end	Unaudited 30 September 2012	Audited 30 June 2012
	(Rupees in '000)	
<i>Arif Habib Investments Limited - the Management Company</i>		
Remuneration payable	169	341
<i>MCB Financial Services Limited - Trustee</i>		
Remuneration payable	21	41
<u>Units held by:</u>		
Arif Habib Investments Limited Management Company 144,362 units	1,472	1,475
Summit Bank Limited - 11,641,736 units.	118,682	118,979
Pakistan Mobile Communication Limited - Provident Fund more than 10%: 2,290,777 units	23,353	23,414

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 25, 2012** by the Board of Directors of the Management Company.

10 GENERAL

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



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST), Peshawar 091-5852961,

Toll Free: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908, URL: www.mcbah.com