



Bachat ka Doosra Naam

Quarterly Report

March 31, 2013
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited

MCB CASH MANAGEMENT OPTIMIZER

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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 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 & Remuneration Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem, ACA	
Chief Financial Officer	Mr. Umair Ahmed, ACA	
Trustee	Central Despository 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 Al-Falah Limited Habib Bank Limited Faysal Bank Limited United Bank Limited National Bank of Pakistan Standard Chartered Bank Pakistan Limited Allied Bank Limited Askari 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 OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Cash Management Optimizer's accounts review for the nine months ended March 31st 2013.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, Mar'13 YoY CPI inflation of 6.57% was lowest since Aug'07, with 9M FY13 average CPI at 7.98%. CPI inflation may dip further in April and remain in the lower range for the next few months. However, with the base effect neutralizing CPI would start rising again expectedly towards the later part of the year. On the other hand, external current account had witnessed significant pressures during the past few months and changed its course during Feb'13 by posting a CA Deficit of US\$ 596 million - taking the 8M FY13 CAB to a deficit of US\$ 700 million. FX reserves continued to remain under pressure amid weaker financial account flows and heavy debt repayments including that of IMF during Mar'13- touching US\$ 12.37 billion mark, as of Mar' 22 2013. On the fiscal front, the government's reliance on domestic sources for fiscal funding has continued with YTD borrowing from banking system stood at an alarming level of PKR 937 billion by Mar'22 2013. With stressing its concerns on the external and fiscal accounts, the State Bank of Pakistan took comfort from declining inflationary trend and lowered its policy discount rate cumulatively by 250 bps to 9.5% during the period under review.

The short term money market rates remained in the higher range during most part of the period owing to relatively tight liquidity position in the system with few exceptions where the market witnessed floors also. SBP continued to inject sizeable amount through Open Market Operations to provide needed liquidity in the market. 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 246 bps to 9.51%, while longer tenure 10 year PKRV adjusted downwards by 139 bps to 11.89% during the period under review.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 9.4% as against its benchmark return of 5.8%, an out performance of 3.6%. The fund changed its WAM significantly several times during the period to take advantage of varying interest rate scenarios. During monitoring easing phase by SBP WAM was kept between 70-90 days range. After realizing gains from downward adjustment in the yield curve, the fund gradually lowered its portfolio WAM to around 28 days end December, which stands at around 73 days at the end of the period.

The fund was around 97.3% invested in T-Bills at the end of the period as compared to 67.7%, 14.6% and 2.9% in T-Bills, TDR and PIBs respectively at the beginning of the period.

The Net Asset of the Fund as at March 31, 2013 stood at Rs.9.1273 billion as compared to Rs 18.9714 billion as at June 30, 2012 registering a decrease of 51.89%.

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 100.31 as compared to opening NAV of Rs.100.17 per unit as at June 30, 2012 registering an increase of Rs. 0.14 per unit.

Income Distribution

During the period The Management Company has announced the following interim distribution:

Date of distribution	Per unit distribution
September 27, 2012	2.6745
December 26, 2012	2.1522
January 28, 2013	0.7366
February 25, 2013	0.5562
March 25, 2013	0.5988

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

FUTURE OUTLOOK

Going forward despite continued lower range of CPI inflation, further rate cut seems a distant possibility given deteriorating fiscal and external accounts, significant IMF repayments ahead and alarming monetary growth - while the potential return to the IMF may result in a cycle of monetary tightening by end of 2Q CY13. Government bond market, which remained active for last few months on the back of soft inflation numbers and expected monetary easing, has started to become relatively less active, especially on the longer end, with the anticipation of no rate cut and possible rate hikes in the next 2-4 months. In this backdrop, the activities are expected to be concentrated at short-end Treasury Bills 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 varying interest rate scenario.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri

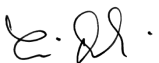
Chief Executive Officer

Dated: April 24, 2013

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2013**

	<i>Note</i>	March 31 2013 (Unaudited) (Rupees in '000)	June 30 2012 (Audited)
Assets			
Balance with banks	6.	233,763	2,770,702
Investments	8.	8,972,478	13,465,964
Term deposit receipts	9.	-	2,785,000
Prepayments, profit and other receivable		9,285	42,431
Preliminary expenses and floatation charges		1,496	2,246
Total assets		9,217,022	19,066,343
Liabilities			
Payable to the Arif Habib Investments Limited - Management Company		8,353	21,715
Payable to Central Depository Company of Pakistan Limited - Trustee		686	1,248
Annual Fee payable to Securities and Exchange Commission of Pakistan		5,850	9,772
Accrued and other liabilities		74,785	62,245
Total liabilities		89,674	94,980
Net assets		9,127,348	18,971,363
Unit holders' funds		9,127,348	18,971,363
(Number of units)			
Number of units in issue		90,988,917	189,391,069
(Rupees)			
Net asset value per unit		100.31	100.17

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Note	Nine months ended March 31		Quarter ended March 31	
		2013	2012	2013	2012
		----- (Rupees in '000) -----			
Income					
Capital gain on sale of investments - net		37,441	149,034	(1,673)	65,611
Income from government securities		655,769	697,987	154,202	197,750
Income from reverse repurchase transactions in government securities		1,322	-	-	-
Profit on money market placement		75,455	115,930	40,982	64,384
Profit on bank deposits		75,347	102,132	25,842	43,982
		<u>845,334</u>	<u>1,065,083</u>	<u>219,353</u>	<u>371,727</u>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'		(2,774)	3,375	(2,941)	(10,575)
Total income		<u>842,560</u>	<u>1,068,458</u>	<u>216,412</u>	<u>361,152</u>
Expenses					
Remuneration of Arif Habib Investment Limited - Management Company		82,426	105,247	21,805	36,115
Sindh sales tax on management fee		13,188	16,840	3,489	5,779
Remuneration of Central Depository Company of Pakistan Limited - Trustee		6,662	7,130	2,052	2,552
Annual fee to Securities and Exchange Commission of Pakistan		5,850	6,351	1,775	2,308
Auditor's remuneration		635	732	76	247
Amortisation of preliminary expenses		751	753	247	249
Brokerage expenses		889	1,332	215	385
Other expenses		691	379	274	21
Total operating expenses		<u>111,092</u>	<u>138,764</u>	<u>29,933</u>	<u>47,656</u>
Net operating income for the year		<u>731,468</u>	<u>929,694</u>	<u>186,479</u>	<u>313,496</u>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(86,475)	(23,084)	2,192	25,409
Provision for workers' welfare fund	10.	(12,900)	(4,284)	(3,774)	-
Net income for the period before taxation		<u>632,093</u>	<u>902,326</u>	<u>184,897</u>	<u>338,905</u>
Taxation	11.	-	-	-	-
Net income for the period after taxation		<u>632,093</u>	<u>902,326</u>	<u>184,897</u>	<u>338,905</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>632,093</u>	<u>902,326</u>	<u>184,897</u>	<u>338,905</u>
Earnings per unit	12.				

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Nine months ended March 31		Quarter ended March 31	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income brought forward	32,255	25,946	25,567	320,749
Total comprehensive income for the period	632,093	902,326	184,897	338,905
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(16,759)	4,678	1,086	3,359

Interim distributions to the unit holders of the Fund:

Distributed in September 2012 at the rate of Rs. 2.6745 (2011: Rs. 3.1333) per unit				
- Bonus distribution	(242,437)	(209,841)	-	-
- Cash distribution	(5,330)	(60,096)	-	-
Distributed in December 2012 at the rate of Rs. 2.1522 (2011: Rs. 3.7526) per unit				
- Bonus distribution	(183,989)	(333,777)	-	(333,777)
- Cash distribution	(4,283)	(117,038)	-	(117,038)
Distributed in January 2013 at the rate of Rs. 0.7366 (2012: Rs. Nil) per unit				
- Bonus distribution	(75,585)	-	(75,585)	-
- Cash distribution	(1,872)	-	(1,872)	-
Distributed in February 2013 at the rate of Rs. 0.5562 (2012: Rs. nil) per unit				
- Bonus distribution	(47,786)	-	(47,786)	-
- Cash distribution	(1,423)	-	(1,423)	-
Distributed in March 2013 at the rate of Rs. 0.5988 (2012: Rs. 1.6894) per unit				
- Bonus distribution	(56,402)	(148,495)	(56,402)	(148,495)
- Cash distribution	(30)	(54,370)	(30)	(54,370)
	(619,137)	(923,617)	(183,098)	(653,680)
Undistributed income carried forward	28,452	9,333	28,452	9,333

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended March 31		Quarter ended March 31	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	18,971,363	10,393,121	8,487,001	11,215,544
Issue of 135,630,662 units (2012: 143,668,051 units) and 54,736,752 units (2012: 45,054,989 units) for the nine months and quarter ended respectively	13,714,415	14,587,333	5,499,012	4,585,562
Issue of 6,051,679 bonus units (2012: 6,921,133 bonus units) and 1,794,670 bonus units (2012: 4,822,720 bonus units) for the nine months and ended respectively	606,199	692,113	179,773	482,272
Redemption of 240,084,493 units (2012: 131,877,630 units) and 50,156,836 units (2012: 36,442,355 units) for the nine months and quarter ended respectively	(24,264,060)	(13,426,695)	(5,038,045)	(3,695,529)
	(9,943,446)	1,852,751	640,740	1,372,305
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:				
- amount representing loss / (income) and capital losses / (gains) transferred to income statement	86,475	23,084	(2,192)	(25,409)
- amount representing loss / (income) that forms part of unit holder's fund transferred to distribution statement	16,759	(4,678)	(1,086)	(3,359)
	103,234	18,406	(3,278)	(28,768)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(16,759)	4,678	1,086	3,359
Net income for the period (excluding net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital (loss) / gains on sale of investments)	597,426	749,917	189,511	283,869
Capital gain / (loss) on sale of investments - net	37,441	149,034	(1,673)	65,611
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	(2,774)	3,375	(2,941)	(10,575)
	632,093	902,326	184,897	338,905
Interim distributions to the unit holders of the Fund:				
Distributed in September 2012 at the rate of Rs. 2.6745 (2011: Rs. 3.1333) per unit				
- Bonus distribution	(242,437)	(209,841)	-	-
- Cash distribution	(5,330)	(60,096)	-	-
Distributed in December 2012 at the rate of Rs. 2.1522 (2011: Rs. 3.7526) per unit				
- Bonus distribution	(183,989)	(333,777)	-	(333,777)
- Cash distribution	(4,283)	(117,038)	-	(117,038)
Distributed in January 2013 at the rate of Rs. 0.7366 (2012: Rs. Nil) per unit				
- Bonus distribution	(75,585)	-	(75,585)	-
- Cash distribution	(1,872)	-	(1,872)	-
Distributed in February 2013 at the rate of Rs. 0.5562 (2012: Rs. nil) per unit				
- Bonus distribution	(47,786)	-	(47,786)	-
- Cash distribution	(1,423)	-	(1,423)	-
Distributed in March 2013 at the rate of Rs. 0.5988 (2012: Rs. 1.6894) per unit				
- Bonus distribution	(56,402)	(148,495)	(56,402)	(148,495)
- Cash distribution	(30)	(54,370)	(30)	(54,370)
	(619,137)	(923,617)	(183,098)	(653,680)
Net assets at end of the period	9,127,348	12,247,665	9,127,348	12,247,665

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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



Chief Executive Officer

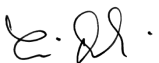


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Note	Nine months ended		Quarter ended	
		March 31		March 31	
		2013	2012	2013	2012
		----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation		632,093	902,326	184,897	338,905
Adjustments for non cash and other items:					
Capital gain on sale of investments - net		(37,441)	(149,034)	1,673	(65,611)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'		2,774	(3,375)	2,941	10,575
Amortisation of preliminary expenses		751	753	247	249
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		86,475	23,084	(2,192)	(25,409)
		52,559	(128,572)	2,669	(80,196)
		684,652	773,754	187,566	258,709
Decrease / (increase) in assets					
Investments		(295,164)	6,987,431	(2,487,152)	2,772,018
Prepayments, profit and other receivable		33,146	23,933	22,493	11,936
		(262,018)	7,011,364	(2,464,659)	2,783,954
(Decrease) / increase in liabilities					
Payable to the Arif Habib Investments Limited - Management Company		(13,362)	3,183	(531)	1,981
Payable to Central Depository Company of Pakistan Limited - Trustee		(562)	168	5	122
Annual Fee payable to Securities and Exchange Commission of Pakistan		(3,922)	(507)	1,775	2,308
Accrued expenses and other liabilities		12,540	24,206	3,117	54,629
		(5,306)	27,050	4,366	59,040
Net cash flow generated from / (used in) operating activities		417,328	7,812,168	(2,272,727)	3,101,703
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from issuance of units		13,714,414	14,587,333	5,499,011	4,585,562
Payments on redemption of units		(24,264,059)	(13,426,695)	(5,038,044)	(3,695,529)
Cash distribution		(12,938)	(231,504)	(3,325)	(171,408)
Net cash (used in) / generated from financing activities		(10,562,583)	929,134	457,642	718,625
Net (decrease) / increase in cash and cash equivalents		(10,145,255)	8,741,302	(1,815,085)	3,820,328
Cash and cash equivalents at beginning of the period		16,329,963	4,547,176	7,999,793	9,468,150
Cash and cash equivalents as at end of the period	7.	6,184,708	13,288,478	6,184,708	13,288,478

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

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 30 July 2009. It was constituted under a Trust Deed dated 10 July 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.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated 6 March 2009.

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

- 1.1 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issue by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.
- 1.2 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 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.

- 1.3 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2' to the Arif Habib Investments Limited, the Asset Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) to the Fund.
- 1.4 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the 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 requirement of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2012.
- 2.3** This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees.
- 2.4** The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.
- 2.5** The comparatives in the condensed interim statement of assets and liabilities presented in this condensed interim financial information as at 31 March 2013 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2012, where as the comparatives in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for 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 2012.

- 3.1** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies of the Fund.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2012.

	31 March 2013 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
6. BALANCE WITH BANKS		
Saving accounts	<u>233,763</u>	<u>2,770,702</u>
7. CASH AND CASH EQUIVALENTS		
Balances with banks	233,763	2,770,702
Treasury Bills having maturity of 3 months or less	5,950,945	10,774,261
Term Deposit Receipts	-	2,785,000
	<u>6,184,708</u>	<u>16,329,963</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

8. INVESTMENTS

		31 March 2013 (Unaudited)	30 June 2012 (Audited)
	'at fair value through profit or loss' - held for trading	(Rupees in '000)	
Pakistan Investment Bonds	8.1	-	548,950
Market Treasury Bills	8.1	8,972,478	12,917,014
		8,972,478	13,465,964

8.1 Government securities - 'at fair value through profit or loss'

	Tenor	Face value				Balance as at 31 March 2013			Market value	
		As at 1 July 2012	Purchases during the period	Sales / matured during the period	As at 31 March 2013	Carrying value	Market value	Appreciation/ (diminution)	As a percentage of net assets	As a percentage of total investments
		----- (Rupees in '000) -----								
Pakistan Investment Bond										
3 September 2009	3 years	550,000	-	550,000	-	-	-	-	-	-
Total - 31 March 2013						-	-	-		
Total - 30 June 2012						548,892	548,950	58		
Market Treasury Bills										
Treasury bills - 3 months		10,868,000	26,123,525	30,941,905	6,049,620	5,951,359	5,950,945	(414)	65.20	66.32
Treasury bills - 6 months		1,039,000	28,387,995	26,782,995	2,644,000	2,588,208	2,586,022	(2,186)	28.33	28.82
Treasury bills - 12 months		1,120,740	20,377,100	21,047,840	450,000	435,685	435,511	(174)	4.77	4.85
Total - 31 March 2013						8,975,252	8,972,478	(2,774)		
Total - 30 June 2012						12,880,532	12,917,014	3,662		
Total Investment in Government Securities - 31 March 2013						8,975,252	8,972,478	(2,774)		
Total Investment in Government Securities - 30 June 2012						13,429,424	13,465,964	3,720		

9. TERM DEPOSIT RECEIPTS

	31 March 2013 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	
Term Deposit Receipts	-	2,785,000

10. CONTINGENCY

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

Subsequent to 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. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per our legal counsel the stay granted to Collective Investment Schemes (CIS) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by SHC judgment. Considering the unit holding structure of the funds concentrated on few large ticket investors, coupled with the recent changes in Tax Laws, the Management Company as a matter of abundant precaution has continue to charge provision for WWF, amounting to Rs. 74.261 million (including Rs. 12.90 million for the current period) in order to protect the interest of unit holders. (NAV per unit : Re 0.14)

11. 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 Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The management of the Fund intends to distribute at least 90% of the income earned by the Fund by the year end 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. Accordingly, no provision for taxation has been made in this condensed interim financial information.

12. EARNINGS PER UNIT

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

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties 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 Trustees, directors and key management personnel and other associated undertakings.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

13.1 Details of transactions with the connected persons / related parties during the period are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Unaudited			
	Nine months ended		Quarter ended	
	31 March		31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Arif Habib Investments Limited				
Remuneration to Management Company	82,426	105,247	21,805	36,115
Sindh sales tax paid on remuneration	13,188	16,840	3,489	5,779
Central Depository Company of Pakistan Limited				
Remuneration for the period	6,662	7,130	2,052	2,552
MCB Bank Limited				
Markup Income	9,181	41,132	861	24,095
Bank Charges	37	40	10	16

13.2 Balance outstanding as at the period / year end are as follows:

	31 March 2013 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	
Arif Habib Investments Limited		
Remuneration to Management Company payable	7,191	18,720
Sindh sales tax paid on remuneration payable	1,151	2,995
Sales load payable	11	-
Central Depository Company of Pakistan Limited		
Remuneration payable	686	1,248
MCB Bank Limited		
Bank deposits	11,988	119,348
Profit receivable	383	2,404

13.3 Transactions during the period with connected persons / related parties in the units of the Fund:

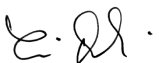
	Unaudited			
	Nine months ended		Nine months ended	
	31 March 2013		31 March 2012	
	Units	(Rupees in '000)	Units	(Rupees in '000)
Units sold to:				
Adamjee Insurance Company Limited	25,229,354	2,568,281	27,801,447	2,828,415
Adamjee Life Assurance Company Limited	451,789	46,148	139,720	14,100
Indus Motor Company Limited	22,788,665	2,301,175	11,444,657	1,180,535
Pakistan Petroleum Limited	1,364	137	5,797	584
Key management personnel	25,955	2,644	36,315	3,673

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Unaudited			
	Nine months ended		Nine months ended	
	31 March 2013		31 March 2012	
	Units	(Rupees in 000)	Units	(Rupees in 000)
Bonus units issued to:				
Arif Habib Investments Limited	-	-	45,003	4,500
Staff Provident Fund of Management Company	230	23	1,911	191
Adamjee Insurance Company Limited	423,386	42,411	465,936	46,594
Adamjee Life Assurance Company Limited	25,268	2,531	5,107	510
Indus Motor Company Limited	433,074	43,381	468,627	46,863
Pakistan Petroleum Limited	789,536	79,088	617,450	61,745
Key management personnel	1,669	167	3,070	307
Units redeemed by:				
Arif Habib Investments Limited	145,512	14,698	511,738	51,460
MCB Bank Limited	69,330,201	6,966,084	-	-
Staff Provident Fund of Management Company	23,576	2,385	4,465	450
Adamjee Insurance Company Limited	20,446,563	2,074,330	32,604,901	3,328,415
Adamjee Life Assurance Company Limited	525,794	53,379	49,216	5,000
Indus Motor Company Limited	13,256,561	1,342,907	7,930,580	807,244
Pakistan Petroleum Limited	3,742,840	375,000	-	-
Key management personnel	96,093	9,696	81,846	8,286
	31 March	30 June	31 March	30 June
	2013	2012	2013	2012
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Units		(Rupees in '000)	
Units held by:				
Arif Habib Investments Limited	-	145,512	-	14,576
MCB Bank Limited	-	69,330,201	-	6,944,827
Staff Provident Fund of Management Company	815	24,161	82	2,420
Adamjee Insurance Company Limited	9,978,946	4,772,769	1,000,988	478,088
Adamjee Life Assurance Company Limited	306,565	355,302	30,752	35,591
Indus Motor Company Limited	9,967,087	1,909	999,798	191
Pakistan Petroleum Limited	9,171,476	12,123,416	919,991	1,213,725
Key management personnel	5,969	74,438	599	7,456

14. DATE OF AUTHORISATION

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on 24 April 2013.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

Arif Habib Investments 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,
Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908, URL: www.mcbah.com