



**Bachat** ka Doosra Naam

# Quarterly Report

March 31, 2013  
(Unaudited)



Funds Under Management  
of  
Arif Habib Investments Limited

**PAKISTAN  
CASH MANAGEMENT FUND**

## CONTENTS

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Fund's Information	95
Report of the Directors of the Management Company	96
Condensed Interim Statement of Assets and Liabilities	98
Condensed Interim Income Statement (Un-audited)	99
Condensed Interim Distribution Statement (Un-audited)	100
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	101
Condensed Interim Cash Flow Statement (Un-audited)	102
Notes to and forming part of the Condensed Interim Financial Informations (Un-audited)	103

## FUND'S INFORMATION

<b>Management Company</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	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)
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Operating Officer</b>	Mr. Muhammad Saqib Saleem, ACA	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed, ACA	
<b>Trustee</b>	Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Allied Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co.- Chartered Accountants Cavis Court. A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	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

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Cash Management Fund'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 quarter under review, the fund generated an annualized return of 9.1% as against its benchmark return of 10.5%, an under performance of 1.4%.

The fund remained significantly invested in Treasury bills throughout the period with a focus on adjusting its portfolio duration to capitalize on the fluctuating liquidity and interest rates in the market. Investments in T-Bills remained around 69% at the end of the period as compared to initial allocation of 98.9%.

The Net Asset of the Fund as at March 31, 2013 stood at Rs. 2,533.13 million as compared to Rs 3,834.26 million as at June 30, 2012 registering a decrease of 33.93%.

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 50.1436 as compared to opening NAV of Rs. 50.0793 per unit as at June 30, 2012 registering a increase of Rs. 0.06 per unit.

## Income Distribution

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

Date of distribution	Per unit distribution
	Re.
July 25, 2012	0.3580
August 25, 2012	0.4994
September 25, 2012	0.3836
October 25, 2012	0.4001
November 25, 2012	0.3226
December 25, 2012	0.3338
January 25, 2013	0.3440
February 25, 2013	0.3277
March 25, 2013	0.3054

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

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## **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

	Note	Un-Audited March 31, 2013	Audited June 30, 2012
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Balances with banks		397,865	42,836
Investments	4	1,761,784	3,810,872
Receivable against sale of units		620	-
Profit receivable		2,041	1,213
Receivable from the Management Company		41	59
Receivable against investments		392,650	-
Preliminary expenses and floatation costs		-	145
<b>Total assets</b>		<b>2,555,001</b>	<b>3,855,125</b>
<b>LIABILITIES</b>			
Payable to the Management Company		2,076	4,634
Accrued expenses and other liabilities		19,785	16,228
<b>Total liabilities</b>		<b>21,861</b>	<b>20,862</b>
<b>NET ASSETS</b>		<b>2,533,139</b>	<b>3,834,263</b>
<b>UNIT HOLDERS' FUND</b>		<b>2,533,139</b>	<b>3,834,263</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>50,517,672</b>	<b>76,563,838</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>50.1436</b>	<b>50.0793</b>

The annexed notes from 1 to 11 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) -----			
<b>INCOME</b>					
Income from investments		202,273	184,536	44,947	54,523
Capital gain on sale of investments - net		5,748	1,573	183	602
Profit on bank deposits		5,045	4,293	2,805	1,611
Income from reverse repurchase transactions of government securities		-	4,579	-	3,926
Other income		62	1	62	-
Unrealised (loss)/gain on revaution of investments classified as 'at fair value through profit or loss' - net		(253)	(248)	(578)	154
<b>Total income</b>		<b>212,875</b>	<b>194,734</b>	<b>47,419</b>	<b>60,816</b>
<b>OPERATING EXPENSES</b>					
Performance fee of the Management Company		21,285	19,249	4,739	6,082
Sindh sales tax on performance fee of Management Company		3,406	3,080	759	973
Securities transaction cost		98	168	57	41
Legal and professional charges		-	64	(38)	22
Amortisation of preliminary expenses and floatation costs		145	149	44	50
<b>Total operating expenses</b>		<b>24,933</b>	<b>22,710</b>	<b>5,560</b>	<b>7,168</b>
<b>Net income from operating activities</b>		<b>187,942</b>	<b>172,024</b>	<b>41,859</b>	<b>53,648</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(2,607)	346	453	4,202
Provision for Workers' Welfare Fund	5	3,707	-	845	-
<b>Net income for the period before taxation</b>		<b>181,628</b>	<b>172,370</b>	<b>41,467</b>	<b>57,850</b>
<b>Taxation</b>	6	-	-	-	-
<b>Net income for the period after taxation</b>		<b>181,628</b>	<b>172,370</b>	<b>41,467</b>	<b>57,850</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>181,628</b>	<b>172,370</b>	<b>41,467</b>	<b>57,850</b>
Earnings per unit	7				

The annexed notes from 1 to 11 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**

	Note	Nine months ended		Quarter ended	
		March 31		March 31	
		2013	2012	2013	2012
		----- (Rupees in '000) -----			
Undistributed income brought forward		6,075	62,643	6,928	11,696
Final distribution for the year ended June 30, 2012:					
Rs Nil per unit (2011: Re 1.1801 per unit)					
- Bonus units		-	(59,899)	-	-
- Cash distribution		-	(2,601)	-	-
Net income for the period after taxation		181,628	172,370	41,467	57,850
Interim distributions during the nine month ended March 31, 2013 and March 31, 2012 respectively					
- Bonus units	8	(178,048)	(153,356)	(41,630)	(54,349)
- Cash distribution	8	(326)	(6,368)	-	(2,449)
Element of income / (Loss) and capital (losses) / gains included in the prices of units issued less those in units redeemed		(2,063)	16	501	57
Undistributed income carried forward		<u>7,266</u>	<u>12,805</u>	<u>7,266</u>	<u>12,805</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

  
\_\_\_\_\_  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
\_\_\_\_\_  
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 beginning of the period	3,834,263	2,710,685	2,216,378	1,896,385
Issue of 64,977,483 units (2012: 39,647,462 units) and 20,361,035 units (2012: 17,210,200 units) for the nine months and quarter respectively	3,264,115	1,997,071	1,022,009	867,829
Redemption of 94,578,998 units (2012: 49,775,619 units) and 15,403,892 units (2012: 8,899,676 units) for the nine months and quarter respectively	(4,749,147)	(2,503,684)	(746,261)	(448,286)
	(1,485,032)	(506,613)	275,748	419,543
Issue of 3,555,349 bonus units (2012: 4,253,768 units) and 831,257 bonus units (2012: 1,082,231 bonus units) for the nine months and quarter respectively	178,048	213,255	41,630	54,349
	(1,306,984)	(293,358)	317,378	473,892
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss and capital losses - transferred to income statement	2,607	(346)	(453)	(4,202)
- amount representing loss and capital losses - transferred to distribution statement	2,063	(16)	(501)	(57)
	4,670	(362)	(954)	(4,259)
Net income for the period	181,628	172,370	41,467	57,850
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss and capital losses - transferred to distribution statement	(2,063)	16	501	57
Final distribution for the year ended June 30, 2012: Rs Nil per unit (2011: Re 1.1801 per unit)				
- Bonus units	-	(59,899)	-	-
- Cash distribution	-	(2,601)	-	-
Interim distributions during the nine months and quarter ended March 31, 2013				
- Bonus units	(178,048)	(153,356)	(41,630)	(54,349)
- Cash distribution	(326)	(6,368)	-	(2,449)
Net assets as at end of the period	2,533,139	2,367,127	2,533,139	2,367,127

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For Arif Habib Investment Limited  
(Management Company)



Chief Executive Officer

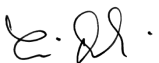


Director

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

	Nine months ended March 31		Quarter ended March 31	
Note	2013	2012	2013	2012
	----- ( Rupees in '000 ) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	181,628	172,370	41,467	57,850
<b>Adjustments for non-cash charges and other items:</b>				
Unrealised (gain) / loss on revauation of investments classified as 'at fair value through profit or loss' - net	253	248	578	(154)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	2,607	(346)	(453)	(4,202)
Amortisation of preliminary expenses and floatation costs	145	149	44	50
	184,633	172,421	41,636	53,544
<b>Decrease / (increase) in assets</b>				
Investments	798,040	(262)	24,835	141
Receivable against sale of units	(620)	(1,322)	24,440	516
Receivable against investments	(392,650)	-	(392,650)	-
Profit receivable	(828)	(192)	(1,592)	(546)
Receivable from the Management Company	18	41	74	6
	403,960	(1,735)	(344,893)	117
<b>(Decrease) / increase in liabilities</b>				
Payable to the Management Company	(2,558)	(1,267)	(402)	416
Accrued expenses and other liabilities	3,557	(10,037)	727	862
	999	(11,304)	325	1,278
<b>Net cash generated from operating activities</b>	<b>589,592</b>	<b>159,382</b>	<b>(302,932)</b>	<b>54,939</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net payment on redemption of units	(1,485,032)	(506,613)	275,748	419,543
Dividend paid	(326)	(8,969)	-	(2,449)
<b>Net cash outflow on financing activities</b>	<b>(1,485,358)</b>	<b>(515,582)</b>	<b>275,748</b>	<b>417,094</b>
<b>Net increase in cash and cash equivalents during the period</b>				
	(895,766)	(356,200)	(27,184)	472,033
Cash and cash equivalents at the beginning of the period	3,005,984	2,724,108	2,137,402	1,895,875
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>2,110,218</b>	<b>2,110,218</b>	<b>2,367,908</b>

The annexed notes from 1 to 11 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

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Habib Metropolitan Bank Limited. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 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/MCBAMCL & AHIL/271/2011 dated 10 June 2011). Arif Habib Investments Limited 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 & 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 honorable Sindh High Court (SHC). The honorable Sindh High Court (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 open-ended mutual fund and is listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

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

Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 to the management company and AAA(f) as stability rating to the Fund.

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and figures have been rounded off to the nearest Rupees unless otherwise specified.

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

## 2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information 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, 2008 (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.

**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 comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the nine months period ended March 31, 2013 and the three months period ended March 31, 2013 are un-audited and have been included to facilitate comparison.
- 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.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2012.

<b>Note</b>	<b>Un-audited March 31, 2013</b>	<b>Audited June 30, 2012</b>
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	<b>(Rupees in '000)</b>	

**4. INVESTMENTS**

**At fair value through profit or loss**

Market Treasury Bills	4.1	<u>1,761,784</u>	<u>3,810,872</u>
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**4.1 At fair value through profit or loss**

Particulars	Face value .....				Balance as at March 31, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2012	Purchases during the period	Sales / Matured during the period	As at March 31, 2013	Carrying value	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									

**Market Treasury Bills**

Treasury Bill - 3 Months	2,986,000	12,726,000	13,974,000	1,738,000	1,712,597	1,712,353	(244)	97.19	67.60
Treasury Bill - 6 Months	-	2,085,000	2,085,000	-	-	-	-	-	-
Treasury Bill - 12 Months	858,700	5,636,000	6,444,700	50,000	49,441	49,431	(10)	2.81	1.95

**Total as at March 31, 2013**

<u>1,762,038</u>	<u>1,761,784</u>	<u>(254)</u>
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**Total as at June 30, 2012**

<u>3,811,409</u>	<u>3,810,872</u>	<u>(537)</u>
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## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

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### 5. PROVISION FOR 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 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.

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 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. 19.654 million (including Rs. 3.70 million for the current period) in order to protect the interest of unit holders.

### 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 provision for taxation as the Management Company, on behalf of the Scheme, intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

### 7. Earnings per unit

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

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

**8. INTERIM DISTRIBUTIONS**

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

Date	Rate Per Unit	Bonus *		Cash Distribution** (Rupees in '000)	Total
		Units	Amount		
July 25, 2012	Re. 0.3580	386,578	19,359	71	19,431
August 25, 2012	Re. 0.4994	592,973	29,696	99	29,795
September 25, 2012	Re. 0.3836	470,905	23,580	76	23,657
October 25, 2012	Re. 0.4001	525,176	26,300	80	26,380
November 25, 2012	Re. 0.3226	399,601	20,012	-	20,012
December 25, 2012	Re. 0.3338	348,859	17,471	-	17,471
January 25, 2013	Re. 0.3440	290,005	14,523	-	14,523
February 25, 2013	Re. 0.3277	240,883	12,063	-	12,063
March 25, 2013	Re. 0.3054	300,369	15,043	-	15,043
		<b>3,555,349</b>	<b>178,048</b>	<b>326</b>	<b>178,374</b>

\* Bonus units have been distributed to unit holders under plan A for all type of investors

\*\* Cash dividends have been distributed to unit holders under plan B for institutional investors only

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

<b>Un-audited</b>	<b>Audited</b>
<b>March</b>	<b>June</b>
<b>31, 2013</b>	<b>30, 2012</b>
<b>(Rupees in '000)</b>	

**9. CASH AND CASH EQUIVALENTS**

Bank balances	<b>397,865</b>	<b>42,836</b>
Treasury bills with 3 months maturity	<b>1,712,353</b>	<b>2,963,148</b>
	<b>2,110,218</b>	<b>3,005,984</b>

**10. TRANSACTIONS WITH CONNECTED PERSONS**

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 and other associated undertaking.

Performance fee payable to the Management Company is determined in accordance with the provisions of the Non Banking Finance Companies and Notified Entities Regulation, 2008 and constitutive documents of the Fund. Other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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

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

**10.1 Transactions during the period**

	Nine months ended March 31		Quarter ended March 31	
	2013	2012	2013	2012
	(Rupees in '000)			
<b>Arif Habib Investments Limited - Management Company</b>				
Performance fee for the period	21,285	19,249	4,739	6,082
Sales tax on performance fee	3,406	3,080	759	973
<b>Habib Metropolitan Bank Limited - Trustee</b>				
Profit on bank deposits	1,926	4,277	517	3,220
Bank Charges				
<b>MCB Bank Limited</b>				
Profit on bank deposits	845	-	253	-
Bank Charges				
<b>Fatima Fertilizer Company Limited</b>				
Issue of Nil Bonus units (2012: 61,243 units) and Nil units for the nine months and quarter respectively	-	3,063	-	-
Redemption of Nil units (2012: 2,041,567 units) and Nil units for the nine months and quarter respectively	-	102,234	-	-
<b>Arif Habib REIT Management Limited</b>				
Redemption of Nill units (2012: 206,963) and 48,968 units (2012: 58,831) for the nine months and quarter respectively	2,460	10,463	-	3,014
Issue of 431 bonus units (2012: 14,426) and 25 units (2012: 1,632) for the half year and quarter respectively	22	723	2	82
Issue of 49,866 units and Nill units for the nine months and quarter respectively	2,500	-	-	-
<b>Arif Habib Real Estate Services (Pvt) Limited</b>				
Issue of Nil units (2012: 66,686 units) and Nil units (2011: Nill units) for the nine months and quarter respectively	-	3,350	-	-
Redemption of Nil units (2012: 112,590units) and Nil units (2012: 70,043) for the nine months and quarter respectively	-	5,673	-	3,030
Issue of Nil bonus units (2012: 9,053) and Nil units (2012: 2,027) for the nine months and quarter respectively	-	454	-	102



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (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) -----			
<b>Cyan Limited (More than 10 %)</b>				
Issue of 7,887,291 units (2012: Nil units) and Nil units (2012: Nil units) for the nine months and quarter respectively	<b>396,000</b>	-	396,000	-
Redemption of 2,011,429 units (2012: Nil units) and Nil units (2012: Nil units) for the nine months and quarter respectively	<b>101,205</b>	-	101,205	-
Issue of 55,814 bonus units (2012: Nil units) and Nil units (2012: Nil units) for the nine months and quarter respectively	<b>2,795</b>	-	2,795	-
<b>Key Managemnet Personnel</b>				
Issue of 147,570 units (2012: 362,948 units) and 18,213 units (2012: 35,833 units) for the nine months and quarter respectively	7,412	18,263	914	1,800
Redemption of 257,514 units (2012: 288,043 units) and 21,863 units (2012: 23,362 units) for the nine months and quarter respectively	12,930	14,564	1,099	1,173
Issue of 5,559 bonus units (2012: 4,961 units) and 690 units (2012: 2,113 units) for the nine months and quarter respectively	275	249	31	87
			<b>Un-audited March 31, 2013</b>	<b>Audited June 30 2012</b>
<b>10.2 Amounts outstanding as at period / year end</b>			<b>(Rupees in '000)</b>	
<b>Arif Habib Investments Limited - Management Company</b>				
Performance fee payable			2,076	4,634
Receivable from the Management Company			115	-
<b>Habib Metropolitan Bank Limited - Trustee</b>				
Bank balance			15,099	12,505
Profit receivable on bank deposits			169	192
<b>Mcb Bank Limited</b>				
Bank Balances			86,830	-
Profit receivable on bank deposit			280	-
<b>Arif Habib Investments Limited</b>				
Nil units held (June 30, 2012: 262,009 units held)			-	13,121
<b>Arif Habib REIT Management Limited</b>				
Units held 1,330 units (June 30, 2012: Nil units)			67	-
<b>Key Managemnet Personnel</b>				
Units held 44,362 units (June 30, 2012: 185,000 units)			2,224	9,265

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

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**11. DATE OF AUTHORISATION FOR ISSUE**

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



Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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