



Bachat ka Doosra Naam

Quarterly Report

March 31, 2013
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited

PAKISTAN STOCK MARKET FUND

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive 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 Jehangir 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 Deutsche Bank Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) 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 **Pakistan Stock Market Fund's** accounts review for the nine month period ended March 31st 2013.

EQUITIES MARKET OVERVIEW

Positive start of stock market at the beginning of FY13 proved to be a sustainable bullish trend which is still prevailing in the market on the back of positive sentiments generated by timely dissolution of assembly and smooth transition of power to the interim set up. KSE 100 index made new historical high of 18185.19 and posted an outstanding return of 30.7% during the period. Improvement in market activity was also observed and average daily volume turnover remained around 170m shares. Foreign investment continued to flow in the market at a regular pace and resulted in a net inflow of around \$227.7m during 9 months.

Major interest during the period remained in Construction & Materials, Consumer, Oil and Gas and Electricity Sectors where strong inherent bottom line growth, healthy payouts and favorable projected impact of fall in interest rates thrived investor interest. Highly levered companies were also remained in the limelight during the period amid aggressive policy rate cut of cumulative 250 bps by the SBP during the period. Fertilizer manufactures also came in strong demand on the resolution of gas supply issue in later part of the period. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market despite of major concerns on macroeconomic imbalances.

FUND PERFORMANCE

During the period under review, the fund outperformed its benchmark KSE 100 index by delivering 32.6% return vis-à-vis KSE100 index return of 30.7%. Substantial changes were made in sector and company allocations during the period on the back of changing fundamentals. Overall equity exposure of the fund was reduced to 84.1% at the end of the period as compared to 90.7% end June 2012. Major Sector level changes include increase in allocation in Construction & Materials and reduction in exposure of Banks, Oil and Gas and Electricity.

The Net Asset of the Fund as at March 31, 2013 stood at Rs.1,039.83 million as compared to Rs 921.46 million as at June 30 2012 registering an increase of 12.85%

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 68.84 as compared to opening NAV of Rs. 51.92 per unit as at June 30, 2012 registering an increase of Rs.16.92 per unit.

FUTURE OUTLOOK

Severe pressure on external account, reversal of monetary expansion cycle resulting in interest rate hike and reduction in subsidies going forward would be challenging and high volatility might be observed in the market. However in short run attractive valuations, positive earnings outlook of major companies, liquidity inflows on both local and foreign fronts are expected to keep the market get going while positive sentiments generated by smooth transfer of power to the new elected Government is expected to provided the much needed support. Prudence requires us to be cautious and extra vigilant to the unfolding macro situation while keep responding to strong fundamentals based stimuli.

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

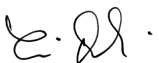
Chief Executive Officer

Dated: April 24, 2013

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2013 (UN-AUDITED)**

	<i>Note</i>	(Unaudited) 31 March 2013	(Audited) 30 June 2012
		(Rupees in '000)	
Assets			
Balances with banks		16,033	55,742
Investments	6	1,003,893	903,645
Receivable against sale of investments		-	1,664
Dividend and profit receivable		23,050	1,870
Advances and deposits		3,751	3,736
Total assets		1,046,727	966,657
Liabilities			
Payable against purchase of investments		416	39,212
Payable against redemption of units		228	-
Payable to Arif Habib Investments Limited - Management Company		2,351	2,008
Payable to Central Depository Company of Pakistan Limited - Trustee		173	166
Accrued expenses and other liabilities		2,988	2,845
Payable to Securities and Exchange Commission of Pakistan - Annual Fee		744	962
Total liabilities		6,900	45,193
Contingency	7		
Net assets		1,039,827	921,464
Unit holders' funds		1,039,827	921,464
		(Number of units)	
Number of units in issue		15,104,465	17,747,185
		(Rupees)	
Net assets value per unit		68.84	51.92

The annexed notes 1 to 12 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 period ended 31 March		Quarter ended 31 March	
		2013	2012	2013	2012
		----- (Rupees in '000) -----			
Income					
Capital gain on sale of investments - net		171,373	49,473	68,177	46,108
Dividend income		70,507	70,917	27,168	33,581
Income from government securities		2,173	2,624	762	151
Profit on bank accounts		3,592	6,095	1,416	3,661
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'		74,953	50,881	(2,853)	139,717
		322,598	179,990	94,670	223,218
Expenses					
Remuneration of Arif Habib Investments Limited - Management Company		15,666	15,489	5,081	4,863
Sindh Sales tax on management fee		2,506	2,478	812	778
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,529	1,512	501	480
Annual fee - Securities and Exchange Commission of Pakistan		744	739	241	231
Securities transaction cost		9,187	5,119	3,165	2,465
Fees and subscriptions		105	105	34	-
Legal and professional charges		75	82	25	32
Auditors' remuneration		425	390	134	111
Other expenses		732	924	213	289
Total expenses		30,969	26,838	10,206	9,249
		291,629	153,152	84,464	213,969
Net element of (loss) / income and capital (losses) / gain included in the prices of units issued less those in units redeemed		(32,328)	2,069	(43,917)	1,580
Net income for the period before taxation		259,301	155,221	40,547	215,549
Taxation	8	-	-	-	-
Net income for the period after taxation		259,301	155,221	40,547	215,549
Other comprehensive income for the period					
<i>Items that are or maybe reclassified subsequently to profit and loss</i>					
Net unrealised (diminution) in value of investments classified as 'available for sale'		-	(74,592)	-	(32,911)
Reclassification adjustments relating to gain realised on disposal of 'available for sale' investment securities		(2,960)	-	-	-
Total comprehensive income for the period		256,341	80,629	40,547	182,638

Earnings per unit

9

The annexed notes 1 to 12 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 period ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income/ (accumulated loss) brought forward	30,782	133,001	252,207	(52,107)
Net income for the period	259,301	155,221	40,547	215,549
Net element of income and capital gain included in the prices of units issued less those in units redeemed	5,842	15,165	3,171	9,514
Distributions to unit holders of the Fund:				
Final Issue of 2,424,371 bonus units	-	(130,431)	-	-
Final distribution at the rate of Rs. 6.3036 per unit for the year ended 30 June 2011	-	(130,431)	-	-
Undistributed income carried forward	<u>295,925</u>	<u>172,956</u>	<u>295,925</u>	<u>172,956</u>

The annexed notes 1 to 12 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 period ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	921,464	1,243,564	1,062,265	941,148
Issue of 3,298,894 units (2012: 3,773,680 units) and 600,881 units (2012: 688,714 units) for the nine months and quarter ended respectively	193,841	193,206	38,901	36,145
Redemption of 5,941,614 units (2012: 10,209,963 units) and 2,260,758 units (2012: 3,474,049) for the nine months and quarter ended respectively	(364,147)	(541,473)	(145,803)	(184,494)
Issue of NIL bonus units for the nine months ended 31 March 2013 (2012: 2,424,371 units)	-	130,431	-	-
	(170,306)	(217,836)	(106,902)	(148,349)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution statement	5,842	(15,165)	3,171	(9,514)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	32,328	(2,069)	43,917	(1,580)
- amount representing unrealised capital (gains) / losses - transferred to Distribution Statement	(5,842)	15,165	(3,171)	9,514
	26,486	13,096	40,746	7,934
Net unrealised (appreciation) in fair value of investments classified as 'available for sale' during the period	-	(74,592)	-	(32,911)
Reclassification adjustments relating to gain realised on disposal of 'available for sale' investment securities	(2,960)	-	-	-
Net income/(loss) for the period (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)	12,975	54,867	(24,777)	29,724
Capital gain on sale of investments	171,373	49,473	68,177	46,108
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	74,953	50,881	(2,853)	139,717
	259,301	155,221	40,547	215,549

Distributions to unit holders of the Fund:

Final Distribution:

Final distribution at the rate of Rs. 6.3036 per unit for the year ended

30 June 2011

- Issue of 2,424,371 bonus units

Net assets as at end of the period

-	(130,431)	-	-
1,039,827	973,857	1,039,827	973,857

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

For Arif Habib Investment Limited
(Management Company)



Chief Executive Officer

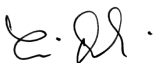


Director

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

	Note Nine months period ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period after taxation	259,301	155,221	40,547	215,549
<i>Adjustments for non cash and other items</i>				
Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss'	(74,953)	(50,881)	2,853	(139,717)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	32,328	(2,069)	43,917	(1,580)
	<u>216,676</u>	<u>102,271</u>	<u>87,317</u>	<u>74,252</u>
(Increase) / decrease in assets				
Receivable against sale of investments	1,664	(10,037)	36,029	2,205
Investments	(28,328)	186,703	11,287	66,406
Dividend and profit receivable	(21,180)	(23,876)	(21,997)	(25,772)
Advances and deposits	(15)	(15)	5	111
	<u>(47,859)</u>	<u>152,775</u>	<u>25,324</u>	<u>42,950</u>
(Decrease) / increase in liabilities				
Payable against purchase of investments	(38,796)	-	416	-
Payable to Arif Habib Investments Limited - Management Company	343	(435)	(57)	49
Payable to Central Depository Company of Pakistan Limited - Trustee	7	(37)	(3)	(1)
Accrued expenses and other liabilities	143	1,328	(260)	231
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(218)	(748)	241	560
	<u>(38,521)</u>	<u>108</u>	<u>337</u>	<u>839</u>
Net cash generated from operating activities	<u>130,296</u>	<u>255,154</u>	<u>112,978</u>	<u>118,041</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	193,841	193,206	38,928	39,146
Payment on redemption of units	(363,919)	(542,708)	(145,611)	(187,228)
Net cash used in financing activities	<u>(170,078)</u>	<u>(349,502)</u>	<u>(106,683)</u>	<u>(148,082)</u>
Net increase / (decrease) in cash and cash equivalents during the period	(39,782)	(94,348)	6,295	(30,041)
Cash and cash equivalents at beginning of the period	104,895	127,057	58,818	62,750
Cash and cash equivalents at end of the period	<u>10</u> <u>65,113</u>	<u>32,709</u>	<u>65,113</u>	<u>32,709</u>

The annexed notes 1 to 12 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

Pakistan Stock Market Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 23 October 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 28 February 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)]. In conformity with Circular 7 of 2009 dated 6 March 2009 issued by the SECP, certain amendments have been made in the Trust Deed of the Fund duly approved by the SECP, whereby the Fund has been assigned "Equity" category.

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 the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB-Asset Management Company 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 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 SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. No hearing since then has taken place. Irrespective of the final ruling, the Fund's assets Net assets value (NAV) remain unaffected.

The Fund is an open-ended mutual fund, listed on the Karachi 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 Fund is a stock market fund, which primarily invests in shares of listed companies.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of 'AM2' to the Management Company and 3-Star Normal and 3-Star Long Term to the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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.

2.1.2 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.

2.1.3 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.

2.1.4 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.

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

2.1.5 The comparatives in the condensed interim statement of assets and liabilities presented in the 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 comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of moment 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

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2012.

3.2 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 have any impact on the accounting policies of the Fund except where changes affected presentation and disclosures in this condensed interim financial information.

4. ESTIMATES AND JUDGMENTS

4.1 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.

4.2 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.

5. FINANCIAL RISK MANAGEMENT

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

6. INVESTMENTS

		(Unaudited) 31 March 2013	(Audited) 30 June 2012
INVESTMENTS			
(Rupees in '000)			
'At fair value through profit or loss' - held for trading			
- Quoted equity securities	6.1	877,436	845,660
- Unquoted equity securities	6.2	2,966	-
- Fixed income and other debt securities	6.3	123,491	49,153
'Available for sale'			
- Quoted equity securities		-	8,832
		1,003,893	903,645

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

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

Name of the investee company	(Number of shares)				As at 31 March 2013	Balance as at 31 March 2013			Market value as a percentage of total investments	Market value as a percentage of total net assets	Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at 1 July 2012	Purchases during the period	Bonus / right issue during the period	Sales during the period		Carrying cost	Market value	(Diminution) /appreciation			
----- (Rupees in 000) -----											
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Attock Petroleum Limited	174,506	49,000	-	190,825	32,681	15,807	15,948	141	0.02	1.53	0.05
Attock Refinery Limited	-	30,000	-	30,000	-	-	-	-	-	-	-
National Refinery Limited	-	60,000	-	60,000	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	212,081	974,300	-	836,000	350,381	68,212	71,457	3,245	0.08	6.85	0.01
Pakistan Oilfield Limited	229,287	94,100	-	161,000	162,387	62,857	73,664	10,807	0.08	7.06	0.07
Pakistan Petroleum Limited	482,839	350,000	102,709	470,000	465,548	78,259	81,569	3,310	0.09	7.82	0.03
Pakistan State Oil Company Limited	40,289	295,000	26,000	325,289	36,000	7,380	7,313	(67)	0.01	0.70	0.01
Shell Pakistan Limited	-	31,700	-	-	31,700	4,368	4,568	200	0.01	0.44	0.04
						236,883	254,519	17,636			
CHEMICALS											
Clariant Pakistan Limited	-	47,000	-	47,000	-	-	-	-	-	-	-
Dawood Hercules Corporation Limited	-	812,000	-	389,500	422,500	21,415	21,898	483	0.02	2.10	0.09
Engro Corporation Limited	210,000	1,585,600	-	966,900	828,700	89,070	106,902	17,832	0.12	10.25	0.16
Fatima Fertilizer Company Limited	1,799,315	1,435,500	-	3,234,315	500	13	11	(2)	0.00	0.00	0.00
Fauji Fertilizer Bin Qasim Company Limited	-	463,500	-	452,582	10,918	424	411	(13)	0.00	0.04	0.00
Fauji Fertilizer Company Limited	496,521	1,383,000	-	1,879,521	-	-	-	-	-	-	-
I.C.I. Pakistan Limited	-	233,700	-	233,700	-	-	-	-	-	-	-
Lotte Pakistan PTA Limited	-	1,680,000	-	1,680,000	-	-	-	-	-	-	-
						110,922	129,222	18,300			
FORESTRY AND PAPER											
Century Paper & Board Mills Limited	466,047	-	57,409	523,456	-	-	-	-	-	-	-
						-	-	-			
CONSTRUCTION AND MATERIALS											
Cherat Cement Company Limited	411,593	1,228,500	-	736,347	903,746	40,264	46,706	6,442	0.05	4.48	0.95
D. G. Khan Cement Company Limited	187,250	1,606,000	-	1,313,500	479,750	25,478	33,232	7,754	0.04	3.19	0.11
Fauji Cement Company Limited	-	7,906,000	-	2,525,000	5,381,000	40,255	45,254	4,999	0.05	4.34	0.40
Fecto Cement Limited	-	470,350	-	377,500	92,850	2,810	3,291	481	0.00	0.32	0.19
Kohat Cement Limited	245,308	697,779	-	603,657	339,430	23,867	26,465	2,598	0.03	2.54	0.26
Lafarge Pakistan Cement	2,381,049	732,500	-	3,113,500	49	0	0	0	0.00	0.00	0.00
Lucky Cement Limited	367,391	878,908	-	938,200	308,099	47,087	51,634	4,547	0.06	4.95	0.10
						179,761	206,582	26,821			
GENERAL INDUSTRIALS											
Thal Limited	-	53,000	-	53,000	-	-	-	-	-	-	-
						-	-	-			
INDUSTRIAL ENGINEERING											
Millat Tractors Limited	46,400	94,719	1	141,100	20	11	10	(1)	0.00	0.00	0.00
						11	10	(1)			
AUTOMOBILE AND PARTS											
EXIDE Pakistan Limited	24,582	5,600	-	30,182	-	-	-	-	-	-	-
Indus Motor Company Limited	-	47,800	-	47,800	-	-	-	-	-	-	-
						-	-	-			
FOOD PRODUCERS											
Engro Foods Limited	-	292,000	-	292,000	-	-	-	-	-	-	-
Uni Lever Pakistan Limited	-	3,166	-	2,566	600	7,056	7,350	294	0.01	0.70	0.00
						7,056	7,350	294			
PERSONAL GOODS											
Azgard Nine Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Blessed Textile Limited	-	72,000	-	21,000	51,000	4,845	6,238	1,393	0.01	0.60	0.79
Gadoon Textile Mills Limited	-	80,000	-	60,500	19,500	2,179	2,164	(15)	0.00	0.21	0.08
Nishat Chunian Limited	-	920,000	-	697,000	223,000	8,045	10,760	2,715	0.01	1.03	0.12
Nishat Mills Limited.	-	1,771,500	-	1,145,000	626,500	44,755	52,808	8,053	0.06	5.06	0.18
						59,824	71,970	12,146			
PHARMA AND BIO TECH											
Abbot Laboratories (Pakistan) Limited	109,386	-	-	109,386	-	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	128	-	-	128	-	-	-	-	-	-	-
Hum Network Limited	-	198,000	-	198,000	-	-	-	-	-	-	-
						-	-	-			
FIXED LINE											
TELECOMMUNICATION											
Pakistan Telecommunication Company Limited "A"	-	3,355,000	-	3,355,000	-	-	-	-	-	-	-
Telecard Limited	-	108,500	-	108,500	-	-	-	-	-	-	-
Wateen Telecom Limited	2,747,678	1,805,000	-	3,774,178	778,500	3,265	3,270	5	0.00	0.31	0.13
WorldCall Telecom Limited	-	1,300,000	-	1,300,000	-	-	-	-	-	-	-
						3,265	3,270	5			
ELECTRICITY											
Hub Power Company Limited	1,717,128	1,371,500	-	1,507,000	1,581,628	70,803	79,493	8,690	0.09	7.62	0.14
Kot Addu Power Company Limited	-	1,634,000	-	1,634,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	1,587,842	1,975,000	-	3,562,842	-	-	-	-	-	-	-
Nishat Power Limited	-	1,470,500	-	1,470,500	-	-	-	-	-	-	-
Pakgen Power Limited	-	145,500	-	145,500	-	-	-	-	-	-	-
						70,803	79,493	8,690			

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

Name of the investee company	(Number of shares)					Balance as at 31 March 2013			Market value as a percentage of total investments	Market value as a percentage of total net assets	Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at 1 July 2012	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2013	Carrying cost	Market value	(Diminution) /appreciation			
----- (Rupees in 000) -----											
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
COMMERCIAL BANKS											
Allied Bank Limited	93,895	-	-	93,895	-	-	-	-	-	-	-
Askari Bank Limited	673,932	2,788,500	-	3,462,000	432	6	8	2	0.00	0.00	0.00
Bank Al-Falah Limited	4,436,246	2,937,683	-	6,634,929	739,000	13,538	11,159	(2,379)	0.01	1.07	0.05
Bank AL-Habib Limited	1,502,992	2,066,500	-	1,820,500	1,748,992	52,381	46,033	(6,348)	0.05	4.41	0.17
BankIslami Pakistan Limited	-	22,000	-	-	22,000	198	139	(59)	0.00	0.01	0.00
Habib Bank Limited	-	72,200	7,220	1,000	78,420	8,484	7,568	(916)	0.01	0.73	0.01
JS Bank Limited	-	750,000	-	750,000	-	-	-	-	-	-	-
MCB Bank Limited	46,554	291,600	-	338,154	-	-	-	-	-	-	-
Meezan Bank Limited	-	603,500	66,385	-	669,885	17,654	17,471	(183)	0.02	1.68	0.07
National Bank Of Pakistan	154,000	1,418,500	86,700	1,258,500	400,700	18,012	15,635	(2,377)	0.02	1.50	0.02
United Bank Limited	629,345	1,133,000	-	1,762,249	96	9	8	(1)	-	0.00	0.00
						110,282	98,021	(12,261)			
NON LIFE INSURANCE											
Adamjee Insurance Company.Limited	-	140,000	-	33,000	107,000	7,890	7,517	(373)	0.01	0.72	0.09
Pakistan Reinsurance Company Limited	-	1,498,600	-	735,500	763,100	15,726	19,482	3,756	0.02	1.87	0.25
						23,616	26,999	3,383			
Total as at 31 March 2013						802,423	877,436	75,013			
Total as at 30 June 2012						792,685	842,646	49,961			

Unquoted equity securities

Fully paid ordinary shares of Rs. 10 each unless stated otherwise

Pakistan International Bulk Terminal Limited (Note 6.2.1)	301,387	-	-	-	301,387	3,014	2,966	(48)	0.00	0.28	0.01
						3,014	2,966	(48)			
Total as at 31 March 2013						3,014	2,966	(48)			
Total as at 30 June 2012						3,014	3,014	-			

Last year Pakistan International Container Terminal Limited distributed specie dividend in the form of shares of its wholly owned unlisted subsidiary i.e. Pakistan International Bulk Terminal (Private) Limited (PIBTL) approved in its EOGM held on 3 August 2011. Listing of above shares is in progress and in absence of quoted price management has valued such shares at its breakup value based on annual audited financial statements of PIBTL as at 30 June 2012. The management in anticipation of listing of such shares has classified it as 'at fair value through profit or loss'- held for trading.

Investments as at 31 March 2013 include shares having a market value of Rs. 44.182 million (30 June 2012: 36.357 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

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

Issue date	Face value			As at 31 March 2013	Carrying Cost as at 31 March 2013	Market value as at 31 March 2013	Appreciation /(diminution) as at 31 March 2013	Market value as a	
	As at 1 July 2012	Purchases during the period	Sales / matured during the period					percentage of investments	net assets
----- (Rupees in '000) -----									
Market Treasury Bills									
Treasury bills - 3 months	50,000	225,000	225,000	50,000	49,085	49,080	(5)	7%	5%
Treasury bills - 6 months	-	253,000	178,000	75,000	74,418	74,411	(7)	12%	7%
Total as at 31 March 2013	50,000	478,000	403,000	125,000	123,503	123,491	(12)		

7 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 for an adjudication.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its

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

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 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. 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 and hence no provision has been recognised by the Management Company in this condensed interim financial information. The aggregate unrecognised amount of WWF as at 31 March 2013 amounted to Rs. 21.161 million including Rs. 5.186 million for the current period. (NAV per unit Re. 1.401).

8 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 unrealized capital gains to the unit holders. The management 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.

9 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.

	(Unaudited) 31 March 2013	(Audited) 30 June 2012
	(Rupees in '000)	
10 Cash and cash equivalent		
Bank Balances	16,033	55,742
Treasury Bills with maturity less than 3 months	49,080	49,153
	65,113	104,895

11 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 Trustee, directors and key management personnel and other associated undertaking.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

11.1 Details of transactions with connected persons are as follows:

	Nine months period ended 31 March		Quarter ended 31 March	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Arif Habib Investment Management Limited - Management Company				
Remuneration during the period	15,666	15,489	5,081	4,863
Sindh sales tax on management fee	2,506	2,478	812	778
Summit Bank Limited				
Profit on deposit accounts	44	547	25	60
MCB Bank Limited				
Profit on deposit accounts	2,094	2,548	1,468	2,120
Dividend Received	289	425	-	425
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	1,529	1,512	501	480
CDS charges	146	54	67	21
Next Capital Limited				
Brokerage *	201	129	74	53
Arif Habib Limited				
Brokerage *	620	343	205	228
Nishat Mills Limited				
Dividend Received	3,140	1,190	-	-
Nishat Chunian Power Limited				
Dividend Received	1,910	-	-	-
D.G Khan Cement Company Limited				
Dividend Received	962	-	-	-
Pakgen Power Limited				
Dividend Received	145	-	145	-
Other Related Parties - Directors and Executive of the Management Company				
Issue of 13,053 units (2012: 25,849 units) during the nine months period ended	892	1,412	841	607
Issue of Nil bonus units (2012: 3,519 units) for nine months period ended	-	189	-	-
Redemption of 43,591 units (2012: 24,340 units) during the nine months period ended	2,632	1,264	902	658

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

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

	(Unaudited) 31 March 2013	(Audited) 30 June 2012
	(Rupees in '000)	
11.2 Amounts outstanding as at the period / year end :		
Summit Bank Limited		
Accrued mark-up receivable	-	4
Balances with bank	-	1,961
MCB Bank Limited		
Nil Shares held (30 June 2012: 46,554)	-	7,739
Accrued mark-up receivable	487	927
Balances with bank	2,268	7,316
Arif Habib Investment Management Limited Management Company		
Management fee payable	2,038	1,755
Sales load payable	313	253
Directors and Executive of the Management Company		
Units held 15,946 (June 2012: 46,484 units)	1,098	1,734
Central Depository Company of Pakistan Limited - Trustee		
Security Deposit	200	200
Trustee fee and CDS charges	173	166
Next Capital		
Brokerage payable *	56	154
Arif Habib Limited		
Brokerage payable *	50	22
Nishat Mills Limited		
626,500 shares held (30 June 2012: NIL shares)	52,808	-
Fatima Fertilizer Company Limited		
500 shares held (30 June 2012: 1,799,315 shares)	11	44,389
D.G Khan Cement Company Limited		
479,750 shares held (30 June 2012: 187,250)	33,232	7,374
Nishat Chunian Power Limited		
223,000 shares (30 June 2012: 1,587,842 shares)	10,760	23,548
Adamjee Insurance Company Limited		
107,000 shares held (30 June 2012: NIL shares)	7,517	-

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

12 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

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**

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