



Bachat ka Doosra Naam

Quarterly Report

March 31, 2013
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited

**PAKISTAN
STRATEGIC ALLOCATION 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 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	Habib Metropolitan Bank Limited MCB 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 Strategic Allocation Fund's** accounts review for the nine months 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, PSAF underperformed KSE100 index by delivering 25.1% return as compared to KSE100 index return of 30.7%. Overall equity exposure of the fund was decreased by around 7.6% which stood at 64.3% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. Major sector level changes include increase in exposure in Chemicals and Electricity and reduction in allocation in Oil and Gas, Banks and Construction and Materials.

The Net Asset of the Fund as at March 31, 2013 stood at Rs.301.746 million as compared to Rs.351.503 million as at June 30, 2012 registering a decrease of 14.16%.

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 10.72 as compared to opening NAV of Rs.8.57 per unit as at June 30, 2012 registering an increase of Rs. 2.16 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) March 31 2013	(Audited) June 30 2012
	<i>Note</i>	----- (Rupees in '000') -----	
Assets			
Balances with banks		34,762	42,371
Investments	5	276,117	326,351
Receivable against sale of investments		143	550
Dividend and profit receivable		7,369	892
Advances, deposits and other receivables		2,970	2,971
Total assets		<u>321,361</u>	<u>373,135</u>
Liabilities			
Payable to the Arif Habib Investments Limited - Management Company		594	668
Payable to the Central Depository Company of Pakistan Limited- Trustee		59	58
Payable to Securities and Exchange Commission of Pakistan		236	476
Unclaimed dividend		12,455	12,492
Accrued expenses and other liabilities	6	6,271	7,938
Total liabilities		<u>19,615</u>	<u>21,632</u>
NET ASSETS		<u><u>301,746</u></u>	<u><u>351,503</u></u>
Contingency	7		
Unit holder's funds (as per statement attached)		<u><u>301,746</u></u>	<u><u>351,503</u></u>
			(Number of Units)
Number of units in issue		<u><u>28,137,647</u></u>	<u><u>41,032,844</u></u>
			----- (Rupees) -----
Net assets value per unit		<u><u>10.72</u></u>	<u><u>8.57</u></u>

The annexed notes 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

		Nine months ended		Quarter ended	
		March 31,		March 31,	
Note		2013	2012	2013	2012
		------(Rupees in '000')-----			
Income					
Capital gain on sale of investments - net		54,221	855	34,534	6,530
Dividend income		19,181	28,250	8,554	11,390
Income from government securities		3,757	3,312	961	512
Profit on bank deposits		2,694	6,940	930	3,163
		79,853	39,357	44,979	21,595
Unrealised appreciation / (diminution) in value of investments					
'at fair value through profit or loss' - net		4,193	23,165	(18,333)	62,104
Total income for the period		84,046	62,522	26,646	83,699
Operating expenses					
Remuneration of the Arif Habib Investments Limited - Management Company		4,979	8,106	1,504	2,260
Sales tax on remuneration of Management Company		797	1,297	241	362
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		528	811	173	226
Annual fee - Securities and Exchange Commission of Pakistan		236	385	71	107
Securities transaction cost		2,061	2,806	750	1,113
Custody, settlement and bank charges		261	243	72	91
Fees and subscription		237	250	115	50
Printing and related cost		180	399	-	114
Auditors' remuneration		437	374	137	123
Total operating expenses		9,716	14,671	3,063	4,446
Net operating income for the period		74,330	47,851	23,583	79,253
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(13,582)	2,630	(4,510)	2,230
Net income before taxation		60,748	50,481	19,073	81,483
Taxation	8	-	-	-	-
Net income after taxation		60,748	50,481	19,073	81,483
Other comprehensive income for the period					
Unrealised diminution in value of investments classified as 'available for sale'		-	(672)	-	-
Total comprehensive income for the period		60,748	49,809	19,073	81,483
Earnings per unit	9				
The annexed notes form an integral part of this condensed interim financial information.					

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Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

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

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2013	2012	2013	2012
	----- (Rupees in '000') -----			
Accumulated loss brought forward	(58,825)	(92,629)	(2,060)	(150,382)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	-	-	-
- amount representing unrealised capital (gains) / losses and capital (gains) / losses that form part of the unit holders' fund transferred to distribution statement	18,458	37,133	3,368	35,631
Total comprehensive income for the period	60,748	49,809	19,073	81,483
	79,206	86,942	22,441	117,114
Final bonus dividend @ Rs. nil per unit (2011: 0.4035 per unit)	-	(28,253)	-	-
Undistributed income / (unallocated loss) carried forward	20,381	(33,940)	20,381	(33,268)

The annexed notes 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		Quarter ended	
	March 31,		March 31,	
	2013	2012	2013	2012
	------(Rupees in '000')-----			
Net assets at beginning of the period	351,503	608,242	302,856	541,026
Amount received on issue of 254,579 units (2012: 979,821 units) and 241,217 units (2012: 407,231 units) for the nine months and quarter respectively	2,539	7,979	2,414	3,361
Bonus units issued nil (2012: 3,408,084 units)	-	28,253	-	-
Amount paid / payable on redemption of 13,149,776 units (2012: 25,862,581 units) and 2,596,490 units (2012 : 21,002,709 units) for the nine months and quarter respectively	(126,626)	(211,216)	(27,107)	(171,456)
	(124,087)	(174,984)	(24,693)	(168,095)
	227,416	433,258	278,163	372,931
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed :				
- amount representing accrued loss / (income) and capital losses / (gains) - transferred to income statement	13,582	(2,630)	4,510	(2,230)
- amount representing unrealised capital (gains) / losses and capital (gains) / losses that form part of the unit holders' fund transferred to distribution statement	(18,458)	(37,133)	(3,368)	(35,631)
	(4,876)	(39,763)	1,142	(37,861)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed transferred to distribution statement	18,458	37,133	3,368	35,631
Capital gain on sale of investments - net				
Unrealised appreciation / (diminution) in value of investments	54,221	855	34,534	6,530
Unrealised appreciation / (diminution) in value of investments 'at fair value through profit or loss' - net	4,193	23,165	(18,333)	62,104
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)	2,334	26,461	2,872	72,723
	60,748	50,481	19,073	141,357
Unrealised diminution in value of investments classified as 'available for sale'	-	(672)	-	-
Final bonus dividend @ Rs. nil per unit (2012: 0.4035 per unit)	-	(28,253)	-	-
Net assets at the end of the period	301,746	452,184	301,746	512,058

The annexed notes 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,	
	2013	2012	2013	2012
	------(Rupees in '000')-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	60,748	50,481	19,073	81,483
Adjustments for :				
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	13,582	(2,630)	4,510	(2,230)
Unrealised (appreciation) / diminution in value of investments 'at fair value through profit or loss' - net	(4,193)	(23,165)	18,333	(62,104)
Dividend income	(19,181)	(28,250)	(8,554)	(11,390)
	50,956	(3,564)	33,362	5,759
Decrease / (increase) in assets				
Investments	54,426	198,179	(29,809)	94,473
Receivable against sale of investments	407	126	7,060	-
Profit receivable	390	(1,568)	(50)	(261)
Advances, deposits and other receivables	1	4,872	(46)	-
	55,224	201,609	(22,845)	94,212
Increase / (decrease) in liabilities				
Payable to the Arif Habib Investments Limited - Management Company	(74)	(251)	(33)	(216)
Payable to the Central Depository Company - Trustee	1	(38)	(1)	(115)
Payable to Securities and Exchange Commission of Pakistan	(240)	(1,100)	71	107
Accrued expenses and other liabilities	(1,667)	(925)	(1,408)	719
	(1,980)	(2,314)	(1,371)	495
	104,200	195,731	9,146	100,466
Dividend received	12,315	23,175	1,503	2,797
Net cash generated from operating activities	116,515	218,906	10,649	103,263
CASH FLOW FROM FINANCING ACTIVITIES				
Cash received from units sold	2,539	7,979	2,414	3,361
Cash paid on units redeemed	(126,626)	(211,216)	(27,107)	(171,456)
Dividend paid	(37)	(263)	(14)	-
Net cash used in financing activities	(124,124)	(203,500)	(24,707)	(168,095)
Net increase in cash and cash equivalents	(7,609)	15,406	(14,058)	(64,832)
Cash and cash equivalents at beginning of the period	42,371	42,757	48,820	122,995
Cash and cash equivalents at end of the period	34,762	58,163	34,762	58,163

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


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 Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004. 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).

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/348/2011dated 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.

Formation of the Fund as a closed-end fund was authorised by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The conversion was authorised by the Securities & Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010. The Post conversion Trust Deed and Post conversion offering Document were approved by the SECP vide letter No. SCD/NBFC-II/PSAF/760/2010 dated October 4, 2010 and letter no. SCD/NBFC-II/PSAF/820/2010 dated October 28, 2010 respectively. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

The Fund is an open-ended 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 primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2' to the Management Company and 4-Star Normal and 4-Star Long Term to the Fund.

This condensed interim financial information 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.

Title to the assets of the Fund is held in the name of the Trustee.

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of 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 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 the SECP shall 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 statement of movement in unit holders' fund and condensed interim cash flow statement 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 statements 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 ended March 31, 2013 and the quarter ended March 31, 2013 are un-audited and have been included to facilitate comparison.

2.3 This condensed interim financial information is unaudited. The directors of the asset management company declare that this condensed interim financial information give a true and fair value of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.2 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.

3.3 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. 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.

	(Un-Audited) March 31 2013	(Audited) June 30 2012
<i>Note</i>		
(Rupees in '000').....	

5. INVESTMENTS

At fair value through profit or loss

Listed equity securities	5.1	206,613	252,754
Government securities	5.2	69,504	73,597
		<u>276,117</u>	<u>326,351</u>

(Face value of Rs. 10/- each unless stated otherwise)

The above include shares with a market value aggregating to Rs. 12.396 million (June 2012: Rs. 45.36 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

Tenor	Face Value				Balance as at March 31, 2013				
	As at July 01, 2012	Purchases during the year	Sales / Matured during the year	As at March 31, 2013	Carrying value	Market value	Appreciation	Market value as % of net assets	Market value as % of total investments
Rupees in '000'									
Treasury Bills									
3 Months	75,000.00	245,000	275,000	45,000	44,796	44,788	(8)	0	0
1 year	-	40,000.00	15,000.00	25,000.00	24,721.00	24,716.00	(5.00)	0.08	0.09
Total - March 31, 2013					69,517	69,504	(13)		
Total - June 30, 2012					73,605	73,597	(8)		

	(Un-Audited)	(Audited)
	March 31	June 30
Note	2013	2012
6. ACCRUED EXPENSES AND OTHER LIABILITIES(Rupees in '000').....	
Auditors' remuneration	295	360
Legal and professional	135	55
Brokerage	230	426
Conversion cost	5,123	6,643
Others	488	454
	6,271	7,938

7. CONTINGENCY

7.1 CONTRIBUTION TO WORKERS WELFARE FUND

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

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010, the Ministry filed its response against the Constitutional Petition requesting the court to dismiss the petition. According to the legal 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 by the 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. 12.129 million (NAV per unit Re. 0.43) including Rs 1.487 million for the nine months ended 31 March 2013.

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

8. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

9. EARNINGS PER UNIT

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

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 undertakings.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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

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

10.1 Transactions during the period	Nine months ended March 31		Quarter ended March 31	
	2013	2012	2013	2012
	------(Rupees in '000')-----			
Arif Habib Investments Limited - Management Company				
Remuneration	4,979	8,106	1,504	2,260
Central Depository Company - Trustee				
Remuneration	528	811	173	226
CDS charges for conversion	208	-	142	-
Other charges	-	25	-	12
Arif Habib Limited - Brokerage house				
Brokerage *	55	271	-	179
Summit Bank Limited				
Mark up income during the period	-	1,389	-	12
Bank charges	-	4	-	-
MCB Bank Limited				
Mark up income during the period	1,397	4,256	748	2,361
Bank charges	7	-	2	-
Directors and executives of the Management Company				
Bonus units issued: Nil (2012: 1,996 Units)	-	17	-	-
Redemption of 46,717 units (2012: 1,049 units) and Nil units (2012: Nil units) for the nine months and quarter respectively	423	8	-	-
Next Capital				
Brokerage *	101	-	67	-
Nishat Mills Limited				
Bonus unit issued: Nil (2012: 24,336 units)	-	201	-	-
Mohammad Aslam Motiwala (holding 10% or more)				
Bonus unit issued: Nil (2012: 625,522)	-	5,186	-	-
Redemption of Nil units (2012 : 13,477,023 units) and Nil units (2012: 13,477,023 units) for the nine months and quarter respectively	-	106,603	-	106,603
Habib Bank Limited (holding 10% or more)				
Bonus unit issued: Nil (2012: 365,048 units)	-	3,026	-	-
DG Khan Cement Limited				
Dividend received	154	-	-	-
Nishat Chunian Power Limited				
Dividend received	1,520	-	-	-

* 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**

	(Un-audited) March 31 2013	(Audited) June 30 2012
	----- (Rupees in '000') -----	
10.2 Amounts outstanding as at the period / year end		
Arif Habib Investments Limited - Management Company		
Remuneration payable	594	668
Conversion cost payable	5,123	6,643
Central Depository Company - Trustee		
Remuneration payable	59	58
Security deposit	300	300
Arif Habib Limited - Brokerage house		
Brokerage payable	-	33
Summit Bank Limited		
Balance with bank	-	5,173
MCB Bank Limited		
Balances with Bank	19,577	5,938
Accrued mark-up	160	517
Next Capital		
Brokerage payable	-	-
Directors and officers of the Management Company		
Unit held: Nil units (June 30, 2012: 46,617 units)	-	400
10.3 Investment in Associated undertakings		
Fatima Fertilizer Company Limited		
Shares held: 352,700 shares (June 30, 2012: 405,200 shares)	899	9,996
D.G Khan Cement Limited		
Shares held: 25,100 shares (June 30, 2012: 8,900 shares)	1,739	350
Nishat Chunian Power Limited		
Shares held: Nil shares (June 30, 2012: 400,00 shares)	-	5,932

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**

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