

Half Year Report
December 31, 2012
(Unaudited)



AH DOW JONES

CONTENTS

Fund's Information	212
Report of the Directors of the Management Company	213
Report of the Trustee to the Unit Holders	214
Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information	215
Condensed Interim Statement of Assets and Liabilities	217
Condensed Interim Income Statement (Un-audited)	218
Condensed Interim Distribution Statement (Un-audited)	219
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	220
Condensed Interim Cash Flow Statement (Un-audited)	221
Notes to and forming part of the Condensed Interim Financial Informations (Un-audited)	222

FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present AH Dow Jones SAFE Pakistan Titans 15 Index Fund's accounts review for the half year ended December 31st 2012.

EQUITIES MARKET OVERVIEW

The KSE-100 index made an impressive start in FY13 as well and posted a return of 22.5% during the first half of FY13, outperforming most of the regional players. Although the market remained strong as far as returns are concerned, activity remained dull in terms of both volumes and turnover. Foreigners, however, made a strong return to the local market with a cumulative net inflow of around US\$ 157 million during the period under review.

Major interest during the period remained in Construction & Materials, Consumer 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. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market.

FUND PERFORMANCE

During the period under review, AHDJ underperformed its benchmark by delivering 15.2% return as compared to benchmark return of 20.1%. AHDJ being a tracker fund, tried to mimic its benchmark allocations closely. The fund, however, on average remained invested around 93% while rest of the assets mostly got stuck in receivables, which remained the major cause of the fund's tracking error.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 23.69 million as compared to Rs 100.63 million as at June 30 2012 registering a decrease of 76.46%

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 64.71 as compared to opening NAV of Rs. 57.50 per unit as at June 30, 2012 registering an increase of Re. 7.21 per unit

The Fund size and is currently below the statutory requirement of Rs.100 million as set out by the Securities and Exchange Commission of Pakistan (SECP) under Regulation 54(3a) of the NBFC & NE Regulations. The Management Company is of the view that the continuity of the scheme is no more commercially viable.

Accordingly as per Regulation 45B(1) of NBFC & NE Regulations, the issuance and redemption of units are being suspended with effect from 24th January 2013 and the Scheme have ceased to carry on its business except so far as may be required for the said winding up.

Considering the above mentioned facts the condensed interim financial information of the Fund has not been prepared on going concern basis and assets have been stated on realizable value and liabilities have been stated on their expected settlement amounts. This resulted in a change in NAV announced by the Management Company. A reconciliation between announced NAV and the NAV as per the financial information is disclosed in note 13 of the annexed financial information.

FUTURE OUTLOOK

Investors are pinning hopes on Dec-end results, expecting strong payout from Commercial Banks, Electricity, Chemicals, and Oil & Gas sectors. However, on the account of mounting political uncertainty and precarious macroeconomic position especially on the external front reflected through depleting FX reserves and steady depreciation of Pak Rupee, the market could correct itself in the shorter term. We therefore prefer to remain vigilant of fading triggers on macro front and potential opportunities arising out of micro dynamics in stock and sector allocation.

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

February 04, 2013

TRUSTEE REPORT TO THE UNIT HOLDERS



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AH Dow Jones Safe Pakistan Titans 15 Index Fund, an open-end scheme established under a Trust Deed dated March 30, 2010 executed between Arif Habib Investments Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on April 22, 2010.

1. Arif Habib Investments Limited, the Management Company of AH Dow Jones Safe Pakistan Titans 15 Index Fund, has in all material respects managed AH Dow Jones Safe Pakistan Titans 15 Index Fund, during the six months period ended 31st December 2012 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws,
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

For the purpose of information, the attention of unit holder's is drawn towards auditor's report and note 1.2 to the condensed interim financial information which states that from November 07, 2012, the Fund's net assets declined below the one hundred threshold, prescribed by the SECP. Due to continued non compliance, the Management Company, subsequent to the six months period ended 31st December 2012 decided to wind up the Fund. Consequently, the condensed interim financial information of the Fund has been prepared on realizable value basis as stated in note 2.2 to the financial information.

Further, we draw attention to note 8 to the financial information relating to the pending outcome of the litigation regarding contribution to Worker's Welfare Fund (WWF) in Honorable Sindh High Court. In vie of the matters more fully discussed in the above note, provision against amounting to Rs. 0.528 million is not being maintained by the Fund.

A handwritten signature in black ink, appearing to read 'Anwar', is placed above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 20, 2013

3rd Floor, Adamjee House, I. I. Chundrigar Road, Karachi - 74000
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371
Website: <http://www.mcbfsl.com.pk>

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditor's Report to the Unit Holders on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AH Dow Jones SAFE Pakistan Titans 15 Index Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Emphasis of matter

We draw attention to note 1.2 to the condensed interim financial information which states that from 7 November 2012, the Fund's net assets declined below the one hundred million threshold, prescribed by the Securities and Exchange Commission of Pakistan. Due to continued non compliance, the Management Company, subsequent to the six months period ended 31 December 2012 decided to wind up the Fund. Consequently, the condensed interim financial information of the Fund has been prepared on realisable value basis as stated in note 2.2 to the financial information.

Further, we draw attention to note 8 to the financial information relating to Workers' Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sind High Court. In view of the matter more fully discussed in the above

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



KPMG Taseer Hadi & Co.

note, provision against WWF amounting to Rs. 0.528 million in aggregate is not being maintained by the Fund.

Our conclusion is not qualified in respect of above matters.

Other matters

The figures for the three months period ended 31 December 2012 and 31 December 2011 in the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement, have not been reviewed by us and we do not express a conclusion on them.

Date: 04 February 2013

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2012

	<i>Note</i>	31 December 2012 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
Assets			
Balance with banks	6	114	228
Dividend and profit receivable		86	217
Investments	7	21,666	97,846
Deposits and other receivables		2,615	2,600
Preliminary expenses and floatation costs		-	658
Total assets		24,481	101,549
Liabilities			
Payable to the Arif Habib Investment Limited - Management Company		32	93
Payable to MCB Financial Services Limited - Trustee		59	55
Annual fee payable to Securities and Exchange Commission of Pakistan		43	109
Accrued expenses and other liabilities		653	664
Total liabilities		787	921
Contingencies and commitments	8	-	-
Net assets		23,694	100,628
Unit holders' fund		23,694	100,628
		(Number of units)	
Number of units in issue (face value of units is Rs. 50 each)		366,168	1,749,946
		(Rupees)	
Net asset value per unit		64.71	57.50

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

		Half year ended		Quarter ended	
	Note	31 December 2012	31 December 2011	31 December 2012	31 December 2011
		----- (Rupees in '000) -----			
Income					
Capital gain / (loss) on sale of investments - net		8,640	(338)	7,749	(197)
Dividend income		3,385	3,952	1,429	2,392
Profit on bank deposits		105	347	87	47
		12,130	3,961	9,265	2,242
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'		2,583	(15,966)	(4,939)	(11,944)
Total income		14,713	(12,005)	4,326	(9,702)
Expenses					
Remuneration of Arif Habib Investment Limited - Management Company		453	579	187	287
Sindh sales tax on management fee		72	93	30	46
Remuneration to MCB Financial Services Limited - Trustee		355	352	177	176
Annual fee - Securities and Exchange Commission of Pakistan		43	55	18	27
Securities transaction cost		152	56	133	9
Settlement and bank charges		104	103	57	54
Fees and subscriptions		66	65	33	20
Auditor's remuneration		253	231	116	138
Professional charges		97	56	78	37
Printing and related cost		65	47	35	17
Write off / Amortisation of preliminary expenses	9	658	98	608	48
Total operating expenses		2,318	1,735	1,472	859
Net operating income / (loss) for the period		12,395	(13,740)	2,854	(10,561)
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(9,762)	165	(8,982)	2
Net income / (loss) for the period before taxation		2,633	(13,575)	(6,128)	(10,559)
Taxation	10	-	-	-	-
Net income / (loss) for the period after taxation		2,633	(13,575)	(6,128)	(10,559)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		2,633	(13,575)	(6,128)	(10,559)
Earnings / (loss) per unit	11				

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
Undistributed income brought forward	13,131	16,973	20,733	9,518
Net income / (loss) for the period	2,633	(13,575)	(6,128)	(10,559)
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(10,378)	187	(9,219)	(25)
Distributions to the unit holders of the Fund:				
Final distribution at the rate Rs. nil (30 June 2011: Rs. 2.2) per unit for the year ended 30 June 2012 Distributed on 4 July 2011				
- Cash distribution	-	(880)	-	-
- Bonus units	-	(3,771)	-	-
	-	(4,651)	-	-
Undistributed income / accumulated (losses) carried forward	5,386	(1,066)	5,386	(1,066)

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	100,628	122,687	100,582	117,047
Issuance of 23,326 units (2011: 26,178 units) and 18,221 units (2011: 1,807 units) for the half year and quarter respectively	1,508	1,452	1,201	100
Issue of nil bonus units for the year ended 30 June 2012 (2011: 67,522 bonus units)	-	3,771	-	-
Redemption of 1,407,104 units (2011: 61,636 units) and 1,248,863 units (2011: 6,038 units) for the half year and quarter respectively	(90,837)	(3,267)	(80,943)	(334)
	(89,329)	1,956	(79,742)	(234)
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 capital (gains) / losses transferred to the income statement	9,762	(165)	8,982	(2)
- amount representing unrealised capital (gains) / losses - transferred to the distribution statement	10,378	(187)	9,219	25
	20,140	(352)	18,201	23
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to distribution statement	(10,378)	187	(9,219)	(25)
Net income for the period [excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gains / (loss) on sale of investments]	(8,590)	2,729	(8,938)	1,582
Capital gain on sale of investments - net	8,640	(338)	7,749	(197)
Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	2,583	(15,966)	(4,939)	(11,944)
	2,633	(13,575)	(6,128)	(10,559)
Distributions to the unit holders of the Fund:				
Final distribution at the rate Rs. nil (30 June 2011: Rs. 2.2) per unit for the year ended 30 June 2012				
Distributed on 4 July 2011				
- Cash distribution	-	(880)	-	-
- Bonus units	-	(3,771)	-	-
	-	(4,651)	-	-
Net assets at the end of the period	23,694	106,252	23,694	106,252

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Arif Habib Investment Limited
(Management Company)

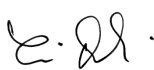

Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended		Quarter ended	
Note	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	2,633	(13,575)	(6,128)	(10,559)
Adjustments for non cash and other items:				
Dividend income	(3,385)	(3,952)	(1,429)	(2,392)
Unrealised (appreciation) / diminution in the value of investments 'at fair value through profit or loss'	(2,583)	15,966	4,939	11,944
Amortisation of preliminary expenses	658	98	608	48
Net element of income and capital gains included in prices of units issued less those in units redeemed	9,762	(165)	8,982	(2)
	4,452	11,947	13,100	9,598
	7,085	(1,628)	6,972	(961)
Decrease / (increase) in assets				
Investments	78,763	(9,457)	69,882	793
Profit receivable	(51)	(5)	1,042	26
Receivable against sale of investments	-	12,734	-	-
Receivable against sale of units	-	25	-	-
Receivable against sale of units	(15)	(15)	(15)	185
	78,697	3,282	70,909	1,004
(Decrease) / increase in liabilities				
Payable to the Arif Habib Investment Limited - Management Company	(61)	(3,704)	(67)	(3,710)
Payable to MCB Financial Services Limited - Trustee	4	2	1	2
Annual fee payable to Securities and Exchange Commission of Pakistan	(66)	(25)	18	27
Accrued expenses and other liabilities	(11)	(3)	146	(194)
	(134)	(3,730)	98	(3,875)
Dividend received	3,567	4,276	3,567	3,004
Net cash generated from / (used in) operating activities	89,215	2,200	81,546	(828)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	1,508	1,452	1,201	100
Payments against redemption of units	(90,837)	(3,267)	(80,943)	(334)
Dividend paid	-	(880)	-	-
Net cash (used in) / generated from financing activities	(89,329)	(2,695)	(79,742)	(234)
Net (decrease) / increase in cash and cash equivalents during the period	(114)	(495)	1,804	(1,062)
Cash and cash equivalents at beginning of the period	228	1,682	(1,690)	2,249
Cash and cash equivalents at end of the period	114	1,187	114	1,187

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

AH Dow Jones SAFE Pakistan Titans 15 Index Fund ("the Fund") was established under a Trust Deed executed on 30 March 2010 between Arif Habib Investments Limited as Management Company and MCB Financial Services Limited as Trustee of the Fund. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan ("SECP") on 19 March 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations").

Formation of the Fund as open end fund was authorized by SECP on 22 April 2010. 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 (the NBFC Rules) through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

The Board of Directors approved the Fund to be categorised as "Index Tracker Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated 6 March 2009. The Fund provided investors with a total return that before expenses closely corresponded to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the return of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

Based on shareholders' resolutions of MCB Asset Management Company Limited (MCBAMCL) and Arif Habib Investment Limited (AHIL) the two companies have merged as of 27 June 2011 through operation of an order from the Securities and Exchange Commission of Pakistan (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). AHIL 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 Honourable Sindh High Court (SHC). The Honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Fund invested in local equity stocks in respective weightages of Dow Jones SAFE Pakistan Titans 15 Index to achieve the investment objective. The fund manager monitored the performance of the Fund and the benchmark index on a continuous basis. Upon rebalancing of the Index the Management Company also rebalanced the portfolio within 21 Dealing Days with the objective to minimize the tracking error.

The Fund strived to remain fully invested in accordance with the stated index; however, under no circumstances it invested less than 85% of its net assets in securities covered in the index during the year based on monthly average investment calculated on daily basis. The uninvested amount were kept in:

- (a) Cash and / or near cash instruments where near cash instruments include cash in bank account (excluding TDRs); and
- (b) Treasury Bills not exceeding 90 Days maturity.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

- 1.2 According to Clause 54 (3a) of the Non Banking Finance Companies & Notified Entities Regulations, 2008 the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme and all existing Open End Schemes shall ensure compliance with this minimum scheme size limit by 1 July 2012.

The Fund's net assets declined below one hundred million threshold from 7 November 2012, prescribed by the SECP, due to heavy redemption by the unit holders of the Fund. Subsequent to the period ended 31 December 2012, due to continued non compliance with the above mentioned regulation the Board of Directors of the Management Company decided to wind up the Fund as in the view of the management the continued operation of the Scheme is no more commercially viable.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Accordingly, the winding up of the Fund has been announced by the Trustee through public notice dated 24 January 2013 and in line with Regulation 45B(1) of NBFC & Notified Entities Regulations, 2008 the issuance and redemption of units has been suspended with effect from 24 January 2013 and the Scheme ceased to carry on business except so far as may be required for the said winding up. The winding up proceeds will be distributed to the unit holders in accordance with the requirements of NBFC & Notified Entities Regulations, 2008 and the constitutive document of the Fund.

Considering the above mentioned facts the condensed interim financial information of the Fund has not been prepared on going concern basis and assets have been stated on realizable value and liabilities have been stated on their expected settlement amounts.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the requirement of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the period ended 30 June 2012.

This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.

This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors of the Fund. 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.

The comparatives in the condensed interim statement of assets and liabilities presented in this condensed interim financial information as at 31 December 2012 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 movement in unit holders' fund, and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 31 December 2011.

2.2 Basis of measurement

This condensed interim financial information has not been prepared on going concern basis and assets have been stated at realisable values and liabilities have been stated at their expected settlement amounts.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

4. ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

6. BALANCE WITH BANKS

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	

Saving accounts	6.1	114	228
-----------------	-----	-----	-----

6.1 This balance (30 June 2012: Rs. 0.228 million) is held with a related party carrying profit rates ranging from of 7.75% to 9.50% per annum (30 June 2012: 9.50% to 10.50% per annum).

7. INVESTMENTS

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

	7.1	21,666	97,846
--	-----	--------	--------

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

7.1 Quoted equity securities - 'at fair value through profit and loss'

Name of the Investee Company	Number of shares					Balance as at 31 December 2012			Market value		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	Sales during the period	As at 31 December 2012	Carrying value	Market value	Appreciation / (diminution)	As percentage of net assets	As percentage of total investments		
------(Rupees in '000)-----												
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.												
Oil and gas												
Pakistan State Oil Company Limited	19,454	593	3,579	20,547	3,079	613	715	102	3.02	3.30	0.002	
Pakistan Oilfields Limited	16,833	235	-	14,096	2,972	1,093	1,300	207	5.49	6.00	0.001	
Pakistan Petroleum Limited	43,545	1,890	10,008	44,626	10,817	1,662	1,912	250	8.07	8.82	0.001	
Oil and Gas Development Company Limited	99,027	4,364	-	84,089	19,302	3,172	3,718	546	15.69	17.16	-	
						6,540	7,645	1,105				
Chemicals												
Fatima Fertilizer Company Limited	140,982	15,336	-	123,628	32,690	817	863	46	3.64	3.98	0.002	
Fauji Fertilizer Company Limited	109,081	1,531	-	92,720	17,892	1,988	2,096	108	8.85	9.67	0.001	
Fauji Fertilizer Bin Qasim Limited	46,353	1,013	-	38,420	8,946	363	345	(18)	1.46	1.59	0.001	
Engro Corporation Limited	48,624	1,302	-	40,746	9,180	928	845	(83)	3.57	3.90	0.002	
			-	-		4,096	4,149	53				
Construction and materials												
Lucky Cement Limited	42,695	1,518	-	35,699	8,514	1,021	1,290	269	5.44	5.95	0.003	
Electricity												
Hub Power Company Limited	110,268	10,614	-	92,166	28,716	1,225	1,299	74	5.48	6.00	0.003	
Banks												
Bank AlHabib Limited	127,680	7,359	-	107,523	27,516	805	873	68	3.68	4.03	0.003	
Habib Bank Limited	14,933	441	-	12,472	2,902	329	342	13	1.44	1.58	-	
MCB Bank Limited	120,165	3,535	-	100,666	23,034	3,932	4,832	900	20.39	22.30	0.003	
National Bank of Pakistan	70,487	2,571	-	59,218	13,840	613	684	71	2.89	3.16	0.001	
United Bank Limited	33,777	1,346	-	28,527	6,596	522	552	30	2.33	2.55	0.001	
						6,201	7,283	1,082				
						19,083	21,666	2,583				
Total - 31 December 2012						95,113	97,846	2,733				
Total - 30 June 2012												

- 7.1.1** Investments include shares with market value of Rs.3.929 million (30 June 2012: 43.308 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

8. CONTINGENCIES AND COMMITMENTS

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 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 council 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. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. Pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at 31 December 2012 amounted to Rs 0.528 million (NAV per unit: Rs. 1.44).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

**9. WRITE-OFF / AMORTISATION OF PRELIMINARY
EXPENSES AND FLOATATION COSTS**

31 December 2012 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
658	858
<u>(658)</u>	<u>(200)</u>
<u>-</u>	<u>658</u>

Balance as at the beginning of the period / year
Write-off / Amortisation for the period / year
Balance as at the end of the period / year

- 9.1** Preliminary expenses and floatation costs have been fully written off during the current period as the winding up of the fund has been initiated as more fully explained in note 1.2.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to 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 Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains 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. No provision for taxation has been made in this condensed interim financial information as the winding up of the Fund has been announced and the winding up proceeds will be distributed to the unit holders subsequent to the year end, as mentioned in note 1.2 above.

11. EARNINGS / (LOSS) PER UNIT

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of weighted average units is not practicable.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustees, directors and key management personnel and other associated undertakings.

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

12.1 Transactions during the period with connected persons / related parties are as follows:

		Half year ended		Quarter ended	
	Note	31 December 2012	31 December 2011	31 December 2012	31 December 2011
		----- (Rupees in '000) -----			
Arif Habib Investments Limited - Management Company					
Remuneration for the period		<u>453</u>	<u>579</u>	<u>187</u>	<u>287</u>
Sindh sales tax paid on remuneration		<u>72</u>	<u>93</u>	<u>30</u>	<u>46</u>
Front end load for the period		<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Arif Habib Limited					
Brokerage for the period	12.4	<u>9</u>	<u>9</u>	<u>9</u>	<u>6</u>
MCB Financial Services Limited - Trustee					
Remuneration for the period		<u>355</u>	<u>352</u>	<u>177</u>	<u>176</u>
Allied Bank Limited - more than 10% unit holder					
Cash Dividend received		<u>-</u>	<u>880</u>	<u>-</u>	<u>-</u>
Next Capital Limited					
Brokerage for the period	12.4	<u>8</u>	<u>-</u>	<u>5</u>	<u>-</u>

12.2 Balance outstanding as at the period end are as follows:

	<i>Note</i>	31 December 2012 (Unaudited)	30 June 2012 Audited
(Rupees in '000)			
Arif Habib Investments Limited - Management Company			
Remuneration payable		<u>27</u>	<u>80</u>
Sindh sales tax payable on remuneration		<u>5</u>	<u>13</u>
MCB Financial Services Limited - Trustee			
Remuneration payable		<u>59</u>	<u>55</u>
MCB Bank Limited			
Investments in listed securities		<u>4,832</u>	<u>19,976</u>
Next Capital Limited			
Brokerage	12.4	<u>5</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

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

	Half year ended		Half year ended	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	(Unaudited)		(Unaudited)	
	(Units)		(Rupees in '000)	
Units sold to:				
Directors and executives of the Management Company	-	5,667	-	308
Bonus units issued to:				
Arif Habib Investments Limited - Management Company	-	23,643	-	1,320
Directors and executives of the Management Company	-	53	-	3
National Bank of Pakistan	-	23,643	-	1,320
Habib Metropolitan Bank Limited	-	15,762	-	880
Units redeemed by:				
Arif Habib Investments Limited - Management Company	111,536	-	7,000	-
Habib Metropolitan Bank Limited	248,165	-	15,870	-
National Bank of Pakistan	623,643	-	40,119	-
Allied Bank Limited	400,000	-	26,348	-
	31 December	30 June 2012	31 December	30 June 2012
	2012		2012	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Units		(Rupees in '000)	
Units held by:				
Arif Habib Investments Limited - Management Company	312,406	423,942	20,216	24,377
Directors and executives of the Management Company	597	597	39	34
National Bank of Pakistan	-	623,643	-	35,859
Habib Metropolitan Bank Limited	-	248,165	-	14,269
Allied Bank Limited	-	400,000	-	23,000

12.4 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.

13. EVENTS AFTER THE REPORTING DATE

13.1 As the financial information is prepared not on the going concern basis as detailed in note 2.2 to the financial information. The Net Asset Value (NAV) of the Fund as per this financial information is different from the one announced by the management company. A reconciliation of the net assets between the announced NAV and the NAV as per the financial information is as follows:

	Number of	Net	Net Asset
	Units	Assets	Value (NAV)
		(Rupees in '000)	Rupees
Announced NAV as of 31 December 2012	366,168	24,251	66.23
Expense:			
Write-off of preliminary expenses and floatation costs	-	(557)	-
Revised NAV as of 31 December 2012	366,168	23,694	64.71

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

13.2 Date of Authorisation for Issue

This condensed interim financial information was authorised for issue on February 04, 2013 by the Board of Directors of the Management Company.



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 (A subsidiary of MCB Bank Limited)

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

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST), Peshawar 091-5852961,
Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908, URL: www.mcbah.com