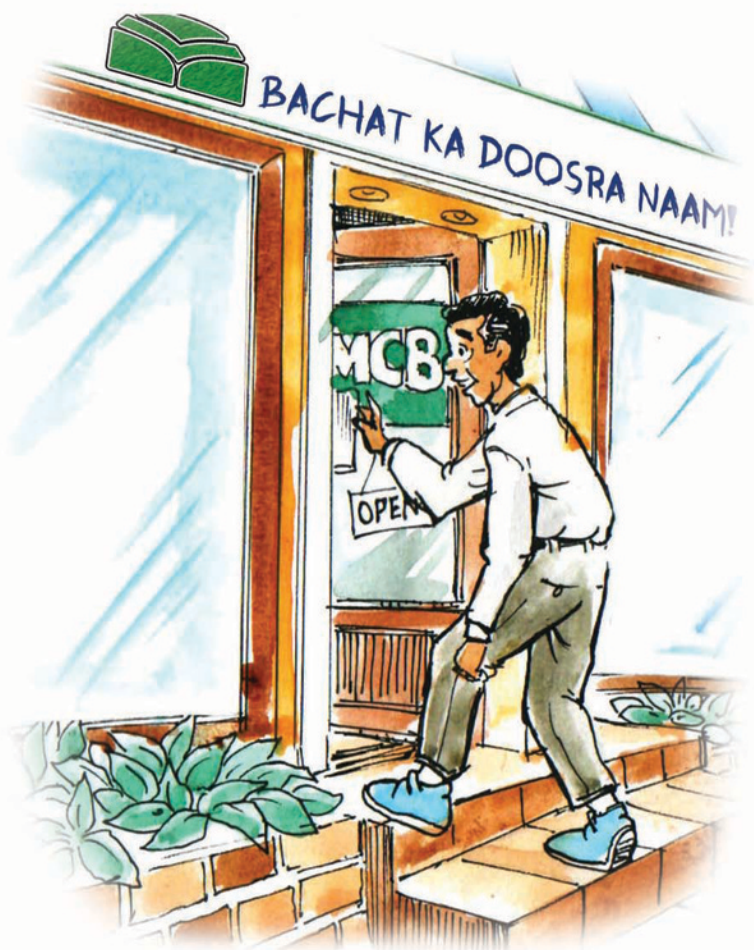




Bachat ka Doosra Naam

Quarterly Report

September 30, 2012
(Unaudited)



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Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

COMPANY INFORMATION

Board of Directors	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
Chief Financial Officer and Company Secretary	Mr. Muhammad Saqib Saleem	
Auditors	A.F. Ferguson & Co., Chartered Accountants (a member firm of Pwc network) State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000	
Legal Advisor	Akhund Forbes D-21, Block 4, Scheme 5, Clifton Karachi. 75600 Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Share Registrar	Noble Computer Services (Private) Limited First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi, Pakistan Tel: (021) 34325482-87 Fax: (021) 34325442 Website: www.noble-computers.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank AL- Habib Limited	
Registered Office	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi. UAN: (+92-21) 11-11-622-24, Toll Free: 0800-622-24 Fax: (+92-21) 32276898, 32276908 URL: www.mcbah.com, Email: info@mcbah.com	
Ratings (PACRA)	Asset Manager AM2	

REVIEW REPORT OF THE DIRECTORS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

The Board of Directors of Arif Habib Investment Limited (AHI) is pleased to present the Quarterly Report on the affairs of AHI for the period ended September 30, 2012.

Company's Performance Review

The Company recorded a gross income of Rs. 146.53 million, which includes management/investment advisory fee and other operating income. After accounting of administrative, operating & financial expenses and income sharing of Rs. 69.78 million, the company earned a profit before tax of Rs. 76.74 million. The net profit after tax for the for the period amounts to Rs. 56.57 million, as compared to net profit of Rs. 27.77 million for the corresponding period ended September 30, 2011. Accordingly, with the increasing trend of funds under management of the company, the company is expected to deliver better results going forward.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

On the macroeconomic front, CPI inflation continued to maintain its downward trajectory amid lower food inflation and gas prices with 1Q FY13 CPI inflation averaging at 9.2%. Although current account balance remained comfortable during 2MFY13 with a sizeable surplus of US\$ 919 million courtesy release of coalition support fund proceeds by the US, weaker financial and capital account coupled with sizeable repayments (including IMF) continued to put pressure on the FX reserves, which eventually came down to below US\$ 14.5 billion. On the fiscal front, the government has continued to rely on domestic sources of funding with YTD GoP borrowing from banking system has risen to PKR 173 billion by Sep'28 2012. Taking comfort from benign CPI inflation and release of CSF payments by the US as well as the need to stimulate real economic engine & private investments in the country, the State Bank of Pakistan lowered its policy discount rate by 150 bps to 10.5% in its Aug'12 monetary policy statement.

In the money market, short term market rates remained largely on the higher side amid tight liquidity scenario in the system with few exceptions where the market witnessed floors also. The SBP has continued to inject significant amount of liquidity in the system through OMOs during the quarter. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 198 bps to 10.0%, while longer tenure 10 year PKRV adjusted downwards by 182 bps to 11.5% during the quarter under review.

REVIEW REPORT OF THE DIRECTORS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Equities Market Review

The KSE-100 index made an impressive start in FY13 and posted a return of 11.9% during 1Q 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 US\$ 92 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 150 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.

MARKET & ECONOMY - FUTURE OUTLOOK

Taking comfort from lower CPI inflation trajectory, the Central bank has decided to lower its policy discount rate further by 50 bps to 10.0% in its Oct'12 monetary policy statement. Going forward, we believe that the sustainability of external account, in addition of lower inflation, would be a key factor in shaping up interest rate direction. The Government bond market, however, is likely to remain active going forward as single digit range of YoY CPI Inflation for at least next few months would keep market players' expectations of downward yield curve adjustment intact.

On the equities front, along with attractive valuations and earnings growth, anticipation of accommodative government policies before upcoming general elections has also contributed towards strong investors' confidence. A sustained momentum, however, would require continued support on this front along with an improved fiscal and external account management. 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.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry declined by 14% during the period under review and ended the quarter at a size of around Rs.304 billion. The major reason behind this fall in AUMs was due to sizeable redemptions from one of the largest Government bond funds in the industry, which brought a decline

REVIEW REPORT OF THE DIRECTORS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

of around 33% in Income funds segment during the period. In addition, money market funds also witnessed a decline of 15% during 1Q FY13 followed by Islamic Money Market funds with a 10% decline. Islamic Income funds, on the other hand, remained better performers by posting an increase of around 2% to close the quarter at a size of around PKR 31 billion.

Unlike previous year, 1st quarter of this fiscal year turned out to be relatively better for equity funds as they posted an increase of 4% to reach to a size of around Rs. 57 billion. It is important to highlight that equity funds have not been able to attract fresh investments during this period as well and this 4% YTD increase was mainly due to strong stock market performance.

In terms of the segment share, Money Market funds continued to be the growing segment of the industry with a share of around 42%, followed by conventional Income funds 21%, Equity funds 19% and Islamic Income funds at 10%.

MUTUAL FUND INDUSTRY OUTLOOK

Due to the continued prevalence of risk aversion, a robust growth in mutual funds has been contributed by fixed income funds, especially money market and Shariah compliant funds. This trend is unlikely to be changed going forward with prevailing interest rates environment clearly supporting fixed income funds growth. In addition, voluntary pension schemes (due to enhanced tax-advantage) and Shariah compliant funds (stable returns due to Ijarah Sukuk) should also perform better in the next couple of years. Similarly, given the attractive valuation multiples of Pakistan equities market coupled with significant decline in interest rates, stock fund still appears to be the right choice for longer term savings and investments.

For and on behalf of the board



Yasir Qadri
Chief Executive Officer

Karachi: October 25, 2012

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2012

		Un-audited September 30, 2012	Audited June 30 , 2012
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	388,768,820	388,271,445
Long term investments	7	287,467,597	326,549,333
Long term loans and receivables		6,345,970	6,547,002
Long term deposits		849,700	849,700
		683,432,088	722,217,480
CURRENT ASSETS			
Receivable from related parties		115,376,178	120,913,283
loans and advances		1,778,559	1,282,238
Deposits, prepayments and other receivables		7,125,952	10,193,757
Accrued mark-up		365,640	184,225
Taxation - net		71,478,300	75,983,220
Short term investments	8	584,403,445	467,659,528
Cash and bank balances		14,853,335	11,590,602
		795,381,409	687,806,853
TOTAL ASSETS		1,478,813,497	1,410,024,333
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
72,000,000 (30 June 2012: 72,000,000) ordinary shares of Rupees 10 each		720,000,000	720,000,000
Issued, subscribed and paid up share capital	9	720,000,000	720,000,000
Reserves		517,193,544	551,591,327
Total equity		1,237,193,544	1,271,591,327
Surplus on revaluation of property, plant and equipment - net of deferred tax		10,210,397	10,335,783
NON-CURRENT LIABILITIES			
Deferred taxation		45,546,736	40,287,243
CURRENT LIABILITIES			
Trade and other payables		77,862,819	87,809,980
Dividend payable		108,000,000	-
TOTAL LIABILITIES		231,409,555	128,097,223
Contingencies and Commitments			
TOTAL EQUITY AND LIABILITIES		1,478,813,497	1,410,024,333

The annexed notes from 1 to 16 form an integral part of these financial statements.


Chief Executive Officer

Executive Vice Chairman / Director


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

		Quarter ended September 30		
		2012	2011	
Note		----- Rupees -----	-----	
REVENUE				
	Management fee / Investment advisory fee	10	123,119,410	110,615,020
	Processing and other related income		151,933	2,041,880
	Return on bank deposits		504,304	1,231,401
	Gain on sale of available-for-sale investment - net		2,556,674	655,167
	Unrealised appreciation in fair value of investments at fair value through profit or loss - net		19,568,510	10,435,954
			<u>145,900,831</u>	<u>124,979,422</u>
EXPENSES				
	Administrative and operating expenses	11	(55,347,377)	(55,483,760)
	Management / Investment advisory fee / Processing and other related income sharing		(14,434,226)	(15,146,975)
	Finance cost		(2,861)	(8,468)
			<u>(69,784,464)</u>	<u>(70,639,203)</u>
	Other income		631,551	558,227
			<u>76,747,918</u>	<u>54,898,446</u>
PROFIT BEFORE TAXATION				
			76,747,918	54,898,446
Taxation				
	- Current		(14,912,611)	(7,695,746)
	- Deferred		(5,258,923)	(19,428,752)
			<u>(20,171,534)</u>	<u>(27,124,498)</u>
PROFIT FOR THE QUARTER			<u>56,576,384</u>	<u>27,773,948</u>
Earnings per share - Basic and Diluted			0.79	0.39

The annexed notes from 1 to 16 form an integral part of these financial statements.



Chief Executive Officer



Executive Vice Chairman / Director


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter ended September 30	
	2012	2011
Note	----- Rupees -----	
Profit for the period	56,576,384	27,773,948
Other comprehensive income :		
Unrealized appreciation on revaluation of available-for-sale investments	16,900,447	5,720,123
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	125,386	135,882
Other comprehensive income for the period	17,025,833	5,856,005
Total comprehensive income for the period	73,602,217	33,629,953

The annexed notes from 1 to 16 form an integral part of these financial statements.



Chief Executive Officer



Executive Vice Chairman / Director


CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	Quarter ended September 30	
		2012	2011
		----- Rupees -----	
A CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		76,747,918	54,898,446
Adjustments for non cash items:			
Depreciation		2,995,355	3,308,212
Amortization		475,248	541,301
Gain on Fixed Assets		-	(177,227)
Gain on sale of available-for-sale investment - net		(2,556,674)	(655,167)
Unrealised appreciation in fair value of investments at fair value through profit or loss - net		(19,568,510)	(10,435,954)
		<u>(18,654,581)</u>	<u>(7,418,835)</u>
		58,093,337	47,479,611
(Increase) / decrease in current assets			
Receivable from related parties		5,537,105	43,337,678
Deposits, prepayments and other receivables		3,067,805	2,134,869
Accrued mark-up		<u>(181,414)</u>	<u>353,210</u>
		8,423,496	45,825,757
Increase / (decrease) in current liabilities			
Trade and other payables		<u>(9,947,161)</u>	<u>(36,701,418)</u>
Cash generated from operations		56,569,673	56,603,950
Income tax paid		<u>(10,407,116)</u>	<u>(7,728,608)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>46,162,557</u>	<u>48,875,343</u>
B CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(3,124,440)	(1,325,670)
Payment against intangible assets		<u>(1,558,777)</u>	<u>-</u>
Proceeds from sale of property and equipment		715,347	438,720
Short term investments		<u>(224,748,383)</u>	<u>(110,000,000)</u>
Proceeds from sale of investments		186,111,718	28,000,000
Loans and advances		<u>(295,289)</u>	<u>1,823,071</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(42,899,824)</u>	<u>(81,063,879)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B)		3,262,733	(32,188,536)
Cash and cash equivalents at the beginning		<u>11,590,602</u>	<u>57,779,770</u>
Cash and cash equivalents at the end of the period		<u>14,853,335</u>	<u>25,591,234</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.



Chief Executive Officer



Executive Vice Chairman / Director

	Share Capital	Share premium	Deficit arising on amalgamation	Unrealized gain in value of investments available for sale	Unappropriated profit	Total
	Rupees					
Balance as at July 01, 2010	300,000,000	-	-	-	161,762,359	461,762,359
Bonus shares issued @ 20% of issued share capital	60,000,000	-	-	-	-	60,000,000
Issue of share capital on amalgamation	360,000,000	396,000,000	-	-	-	756,000,000
Deficit arising on account of difference in share capital of AHL and MCB AMC	-	-	(60,000,000)	-	-	(60,000,000)
Profit for the year ended June 30, 2011	-	-	-	-	71,634,948	71,634,948
Other comprehensive income - net	-	-	-	(986,262)	318,949	(667,313)
	-	-	-	(986,262)	71,953,897	70,967,635
Dividend paid @ 10% (Rupee 1 per share)	-	-	-	-	(30,000,000)	(30,000,000)
Balance as at July 01, 2011	720,000,000	396,000,000	(60,000,000)	(986,262)	203,716,256	1,258,729,994
Dividend declared @ 15% for the year ended June 30, 2011	-	-	-	-	(108,000,000)	(108,000,000)
Profit for the quarter ended September 30, 2011	-	-	-	-	27,773,948	27,773,948
Other comprehensive income - net	-	-	-	5,720,123	135,882	5,856,005
Balance as at September, 30 2011	720,000,000	396,000,000	(60,000,000)	4,733,861	123,626,086	1,184,359,947
Balance as at July 01, 2012	720,000,000	396,000,000	(60,000,000)	28,760,879	186,830,448	1,271,591,327
Dividend declared @ 15% for the year ended June 30, 2012	-	-	-	-	(108,000,000)	(108,000,000)
Profit for the quarter ended September 30, 2012	-	-	-	-	56,576,384	56,576,384
Other comprehensive income - net	-	-	-	16,900,447	125,386	17,025,833
Balance as at September, 30 2012	720,000,000	396,000,000	(60,000,000)	45,661,326	135,532,218	1,237,193,544

The annexed notes from 1 to 16 form an integral part of these financial statements.

E. D. S.

Chief Executive Officer

W

Executive Vice Chairman / Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

1. STATUS AND NATURE OF BUSINESS

Arif Habib Investments Limited (the Company) was incorporated on August 30, 2000, as an unquoted public limited company under the Companies Ordinance, 1984. During 2008, the Company was listed on the Karachi Stock Exchange by way of offer for sale of shares by a few of the existing shareholders of the Company to the general public. In the same financial year, the name of the Company was changed from Arif Habib Investment Management Limited to Arif Habib Investments Limited. The registered office of the Company is situated at 8th Floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi, Pakistan. The Company is a subsidiary of MCB Bank Limited (MCB) which has 51.33% (June 30, 2012: 51.33%) direct holding in the Company.

The Company is registered as an Asset Management Company and Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC) and Pension Fund Manager under Voluntary Pension System Rules 2005. The Company is currently acting as Asset Management Company / Pension Fund Manager for the funds / schemes hereunder. The Company also manages discretionary portfolio accounts.

	Net Asset Value as at	
	September 30, 2012	June 30, 2012
	Rupees in million	
	(Un-audited)	(Audited)
Open-end mutual funds		
Pakistan Income Fund	1,316	1,301
Pakistan Stock Market Fund	1,086	921
MetroBank-Pakistan Sovereign Fund	7,151	6,369
Pakistan International Element Islamic Asset Allocation Fund	308	294
Pakistan Capital Market Fund	372	354
Pakistan Cash Management Fund	2,933	3,836
Pakistan Income Enhancement Fund	814	991
Pakistan Capital Protected Fund - Fixed Income Securities	1.1	240
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	102	101
Pakistan Premier Fund	493	468
Pakistan Strategic Allocation Fund	344	352
MCB Islamic Income Fund	1,882	1,507
MCB Dynamic Allocation Fund	238	100
MCB Dynamic Stock Fund	816	726
MCB Cash Management Optimizer	9,529	18,971
MCB Dynamic Cash Fund	6,999	6,696
Pension Funds		
Pakistan Pension Fund	301	260
Pakistan Islamic Pension Fund	174	157
Discretionary portfolio	1,893	1,604

1.1 During the period the Fund completed its term on 15th August 2012.

1.2 In accordance with the transfer agreement signed on January 19, 2011 between Arif Habib Corporation Limited (AHCL) [the previous parent of the Company] and MCB Bank Limited (MCB Bank) [the parent of MCB Asset Management Company Limited (MCB AMC)] the entire business of MCB AMC has been transferred to the Company to achieve synergies in business and access to a wider distribution network. The scheme of amalgamation (the scheme) was approved by the shareholders of the Company and MCB AMC in their respective extra ordinary general meetings held on May 21, 2011. The Securities and Exchange Commission of Pakistan (SECP) vide its order of June 10, 2011 under Section 282(L) of the Companies Ordinance, 1984 (the Sanction Order) had approved the Scheme. As per the Sanction Order, the effective date of amalgamation was June 27, 2011 (the effective date).

Pursuant to amalgamation, the entire undertaking of MCB AMC including all properties, assets, liabilities, receivables, payables and all other rights and obligations have been transferred into and vested in the Company as on the effective date.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

As part of the Scheme, the Company was required to issue and allot 36 million Ordinary shares of Rs.10 each, as fully paid shares, to registered Ordinary shareholders of MCB AMC in the ratio of 1.2 Ordinary shares of the Company for each share of Rs.10 of MCB AMC as consideration. The fair value of the shares issued to the shareholders of MCB AMC is based on the published quoted price of the Ordinary shares of the Company as at June 24, 2011 (June 25, 2011 and June 26, 2011 being public holidays) being Rs.21 per share.

After the close of business on June 27, 2011, the SECP issued another order under Section 484(2) of the Companies Ordinance, 1984 (the Extension Order) and attempted to extend the effective date from June 27, 2011 to July 30, 2011.

Based upon legal advice, the Company filed a constitutional petition before the Honourable High Court of Sindh (the Court) on July 02, 2011 pleading that the merger is a past and closed transaction and the Extension Order was illegal and not tenable under law. On July 04, 2011, the Court suspended the operation of the Extension Order (the Suspension Order) till the disposal of the application.

2. STATEMENT OF COMPLIANCE

"These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008, and directives issued by the Securities and Exchange Commission of Pakistan (SECP)."

2.1 This condensed interim financial report is un-audited.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2012.

4. TAXATION

The charge for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or minimum taxation at the rate of one and half percent of turnover under Section 113 of the Income Tax Ordinance, 2001 (applicable for the tax year 2013) whichever is higher. Payment of minimum tax is subject to adjustment against tax liabilities of following three years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

5. FINANCIAL RISK MANAGEMENT

The Financial risk management objectives and policies adopted by the company are consistent with that as disclosed in the financial statements of the company for the year ended June 30, 2012.

6. FIXED ASSETS

		(Un-audited) September 30, 2012	(Audited) June 30, 2012
	Note	----- Rupees-----	
Property and equipment	6.1	103,392,528	104,030,443
Capital work-in-progress		5,000,000	5,000,000
Intangible Assets	6.2	280,376,292	279,241,002
		<u>388,768,820</u>	<u>388,271,445</u>

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

6.1 Following additions and deletions in operating fixed assets were made during the period.

	(Un-audited)			
	'Quarter ended September 30			
	2012	2011	2012	2011
	----- Cost of Additions -----		----- Cost of Disposals -----	
	----- Rupees -----			
Operating fixed assets				
Office Premises	-	-	-	-
Furniture and fittings	86,340	63,200	-	23,400
Office equipment	2,862,050	-	-	360,237
Motor vehicles	-	-	953,796	-
Computers	176,050	-	-	92,933
	3,124,440	63,200	953,796	476,570

(Un-audited)			
Quarter ended September 30			
2012	2011	2012	2011
Cost of Additions		Cost of Disposals	
Rupees			

6.2. INTANGIBLE ASSETS

Following additions and deletions in intangible assets were made during the period.

Computer software	1,558,777	-	-	-
Goodwill	-	-	-	-
Management rights	-	-	-	-
	<u>1,558,777</u>	<u>-</u>	<u>-</u>	<u>-</u>

		30 September 2012	30 June 2012
7 LONG TERM INVESTMENTS	Note	----- (Rupees) -----	
In Collective Investment Schemes - related parties			
Available-for-sale investments	7.1	<u>287,467,597</u>	<u>326,549,333</u>

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

7.1 Available-for-sale investments

Name of the investee / fund	Note	As at 30 September 2012			As at 30 June 2012					
		As at 01 July 2012	Bonus units acquired / units sold	As at 30 September 2012	Cost	Market value	Accumulated Unrealized gain / (loss) on revaluation of investments	Cost	Market value	Unrealized gain / (loss) on revaluation of investments
----- (Rupees) -----										
----- Units -----										
Open end mutual funds										
Pakistan Pension Fund	7.1.1	900,000	-	900,000	113,328,000	134,673,000	21,345,000	113,328,000	126,426,000	13,098,000
Pakistan Islamic Pension Fund	7.1.1	900,000	-	900,000	111,534,000	133,113,000	21,579,000	111,534,000	125,682,000	14,148,000
AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF)	7.1.1	423,942	(111,536)	312,406	17,070,214	19,681,597	2,611,383	23,164,667	24,376,683	1,212,016
MCB Islamic Income Fund	7.1.1	500,000	(500,000)	-	-	-	-	50,000,000	50,064,650	64,650
					241,932,214	287,467,597	45,535,383	298,026,667	326,549,333	28,522,666

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

8. SHORT TERM INVESTMENTS

In Collective Investment Schemes - related parties

At fair value through profit or loss
Available-for-sale investments

8.1 At fair value through profit or loss

Name of the investee Fund	As at 30 September 2012				As at 30 June 2012		
	As at 01 July 2012	Additions (Disposals)	As at 30 September 2012	Cost	Market value	Cost	Market value
Units							
(Rupees)							
Open end mutual funds							
MCB Dynamic Cash Fund	3,716,139	436,596	4,152,735	409,949,218	421,584,873	354,019,834	376,907,202
MCB Cash Management Optimizer	145,512	(145,512)	-	-	-	13,097,261	14,567,804
MCB Islamic Income Fund	605,733	(605,733)	-	-	-	50,126,600	60,651,585
MCB Dynamic Allocation Fund	-	1,406,839	1,406,839	100,000,000	106,582,853	-	-
Pakistan Cash Management Fund	262,009	261,244	523,253	25,993,219	26,215,857	13,000,000	13,115,552
Metro Bank-Pakistan Sovereign Fund	-	580,276	580,276	27,927,037	29,054,404	-	-
				563,869,474	583,437,987	430,243,695	465,242,143
Available-for-sale investments							
	As at 30 September 2012			As at 30 June 2012			

8.2 Available-for-sale investments

Name of the investee Fund	As at 30 September 2012					As at 30 June 2012			
	As at 01 July 2012	Additions (Disposals)	As at 30 September 2012	Cost	Market value	Unrealized gain on revaluation of investments	Cost	Market value	Unrealized gain on revaluation of investments
Units		(Rupees)							
Open end mutual funds									
Metro Bank-Pakistan Sovereign Fund	19,536	478	20,014	839,515	965,458	125,943	839,515	942,002	102,487
Pakistan Capital Protected Fund - Fixed Income Securities (FIS)	144,363	(144,363)	-	-	-	-	1,339,657	1,475,383	135,726
				839,515	965,458	125,943	2,179,172	2,417,385	238,213

8.2.1 The Pakistan Capital Fund - Fixed Income Securities was launched in 2010 with a fixed term of 2.5 years. Subsequent the Fund completed its term on 15th August 2012.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

9. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Un-audited) September 30, 2012	(Audited) June 30, 2012		(Un-audited) September 30, 2012	(Audited) June 30, 2012
----- Number of Shares -----			----- Rupees -----	
		Ordinary shares of Rs. 10 each		
5,000,000	5,000,000	Fully paid in cash	50,000,000	50,000,000
31,000,000	31,000,000	As fully paid bonus shares	310,000,000	310,000,000
		Shares issued for consideration other than cash		
36,000,000	36,000,000		360,000,000	360,000,000
72,000,000	72,000,000		720,000,000	720,000,000

At September 30, 2012, MCB Bank Limited, the holding company, held 36,956,768 (June 30, 2012 : 36,956,768) ordinary shares of Rs. 10 each.

10. MANAGEMENT FEE / INVESTMENT ADVISORY FEE (UN-AUDITED)

	Note	Quarter ended September 30 2012	2011
		----- Rupees -----	
From Collective Investment Schemes - related party	10.1	141,688,308	127,956,322
From Discretionary Portfolio		1,130,204	306,981
		142,818,512	128,263,303
Less : Sindh Sales Tax	10.2	(19,699,102)	(17,648,283)
		123,119,410	110,615,020

10.1 In Collective Investment Schemes - related parties

Pakistan Income Fund	5,725,374	7,685,775
Pakistan Stock Market Fund	5,936,190	6,483,524
MetroBank-Pakistan Sovereign Fund	21,618,365	12,025,654
Pakistan Premier Fund Limited	2,887,561	3,708,709
Pakistan Capital Market Fund	2,136,490	2,180,106
Pakistan Strategic Allocation Fund	2,060,549	3,420,110
Pakistan International Element Islamic Asset Allocation Fund	1,543,679	1,616,496
Pakistan Pension Fund	1,303,586	934,635
Pakistan Islamic Pension Fund	741,978	558,044
Pakistan Cash Management Fund	10,530,406	8,413,123
Pakistan Income Enhancement Fund	4,001,955	6,773,524
Pakistan Capital Protected Fund - FIS	523,164	1,033,786
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	307,583	339,121
MCB Dynamic Cash Fund	29,001,676	22,455,754
MCB Dynamic Stock Fund	4,427,843	5,584,018
MCB Dynamic Allocation Fund	911,608	1,424,220
MCB Cash Management Optimizer	41,975,642	42,490,729
MCB Islamic Income Fund	6,054,659	828,992
	141,688,308	127,956,322

10.2 Through Sind Sales Tax on Services Act 2011, sales tax on Assets Management Services has been imposed @ 16 % effective from July 01, 2011.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter ended September 30	
	2012	2011
	----- Rupees -----	
11. ADMINISTRATIVE AND OPERATING EXPENSES (UN-AUDITED)		
Salaries, allowances and other benefits	34,325,047	30,852,026
Marketing and advertising expenses	856,863	4,173,165
Legal and professional charges	3,425,042	3,485,684
Traveling and conveyance charges	794,829	603,888
Repairs and maintenance	5,087,050	4,026,178
Office supplies	77,639	86,162
Auditors' remuneration	250,000	162,675
Directors' meeting fee	325,000	500,000
Insurance	144,684	388,362
Depreciation	2,995,355	3,308,212
Amortisation	475,248	541,301
Stamp duty and taxes	13,900	70,914
Registrar fee	174,447	1,127,456
Printing and stationery	636,498	1,116,722
Utilities	854,264	1,066,990
Telephone expenses	1,121,188	1,487,925
Entertainment expenses	365,401	318,316
Books, periodicals and subscription	1,858,636	978,946
Miscellaneous expenses	1,566,286	1,188,838
	55,347,377	55,483,760

12. DISCRETIONARY PORTFOLIO

	(Unaudited)		(Audited)	
	September 30, 2012		June 30, 2012	
	-----Rupees-----		-----Rupees-----	
	Cost	Market Value	Cost	Market Value
Number of Portfolios	12		12	
- Equity Portfolio	91,647,050	101,273,463	214,465,167	216,001,972
- Debt portfolio	1,666,016,380	1,722,759,113	1,319,596,652	1,366,974,603

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, collective schemes managed by the Company, associated companies, directors and their close family members and retirement benefit plan. Transactions and Balances with related parties / associated undertakings during the period were as follows.

	Quarter ended September 30	
	2012	2011
	----- Rupees -----	
Transactions with related parties during the period		
CONTRIBUTION TO PROVIDENT FUND	1,059,668	1,191,656
MCB BANK LIMITED		
Return on bank deposits	236,146	559,831
Branch sharing expenses	481,131	308,013
Reimbursement of expenses	-	3,600,000
Commission on distribution of units	6,806,140	4,258,683
ADAMJEE LIFE ASSURANCE (PRIVATE) LIMITED		
Advisory income	688,473	-
ADAMJEE INSURANCE COMPANY LIMITED		
Amount paid against vehicles' insurance	376,366	60,000
Amount paid against life insurance	208,094	353,316

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter ended September 30	
	2012	2011
	----- Rupees -----	
SUMMIT BANK LIMITED		
Expense against differential of guaranteed return	1,596,264	500,000
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	224,283	230,110
MCB DYNAMIC CASH FUND		
Remuneration income	29,001,676	22,455,754
Share of sale load	18,284	683,632
MCB DYNAMIC STOCK FUND		
Remuneration income	4,427,843	5,584,018
Share of sale load	26,404	-
MCB DYNAMIC ALLOCATION FUND		
Remuneration income	911,608	1,424,220
Share of sale load	-	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration income	41,975,642	42,490,729
Share of sale load	7,173	-
MCB ISLAMIC INCOME FUND		
Remuneration income	6,054,659	828,992
Share of sale load	26,426	494,730
		-
PAKISTAN STOCK MARKET FUND		
Remuneration income	5,936,190	6,483,525
Share of sale load	13,058	21,241
PAKISTAN INCOME FUND		
Remuneration income	5,725,374	7,685,775
Share of sale load	23,094	4,306
PAKISTAN PREMIER FUND		
Remuneration income	2,887,561	3,708,708
METRO BANK-PAKISTAN SOVERIGN FUND		
Remuneration income	21,618,365	12,025,654
Share of sale load	8,021	6,500
PAKISTAN CAPITAL MARKET FUND		
Remuneration income	2,136,490	2,180,106
PAKISTAN STRATEGIC ALLOCATION FUND		
Remuneration income	2,060,549	3,420,110
Amount received against conversion cost	957,300	-
PAKISTAN PENSION FUND		
Remuneration income	1,303,586	934,624
Share of sale load	6,783	156,953
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration income	1,543,679	1,616,495
Share of sale load	120	3,900

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter ended September 30	
	2012	2011
	----- Rupees -----	
PAKISTAN ISLAMIC PENSION FUND		
Remuneration income	741,978	558,045
Share of sale load	4,957	23,245
PAKISTAN CAPITAL PROTECTED FUND - FIS		
Remuneration income	523,164	1,033,786
PAKISTAN CASH MANAGEMENT FUND		
Remuneration income	10,530,406	8,413,123
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration income	4,001,955	6,774,403
Share of sale load	17,613	642,359
AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND		
Remuneration income	307,583	339,124
Share of sale load	-	5,014
	(Un-audited)	(Audited)
	September 30,	June 30,
	2012	2012
Amount outstanding as at period end	----- Rupees -----	
MCB BANK LIMITED		
Bank Balance	11,379,927	7,182,164
Commission payable	18,192,921	7,284,308
Mark up receivable	419,498	156,429
ROTOCAST ENGINEERING (PRIVATE) LIMITED		
Receivable against sale of non-current assets	57,970,426	57,970,426
Payable against utilites expenses of Arif Habib Centre	5,184,592	5,184,592
SUMMIT BANK LIMITED		
Bank Balance	3,442,076	3,401,460
Payable against differential of guaranteed return	6,679,017	5,082,753
MCB DYNAMIC CASH FUND		
Remuneration receivable	9,513,116	9,529,989
Share of load receivable	3,570,669	450,789
Closing balance of investment in units	421,584,873	376,907,202
MCB DYNAMIC STOCK FUND		
Remuneration receivable	1,518,399	1,361,400
Share of load receivable	299,650	323,062
MCB DYNAMIC ALLOCATION FUND		
Remuneration receivable	331,921	143,502
Share of load receivable	8,989	18,000
Closing balance of investment in units	106,582,853	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration receivable	10,587,652	21,715,351
Closing balance of investment in units	-	14,567,804

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	----- Rupees -----	
MCB ISLAMIC INCOME FUND		
Remuneration receivable	2,062,395	1,455,141
Share of load receivable	1,817,480	787,608
Closing balance of investment in units	-	110,716,235
PAKISTAN STOCK MARKET FUND		
Remuneration receivable	2,065,895	1,754,585
Share of load receivable	338,056	298,321
PAKISTAN INCOME FUND		
Remuneration receivable	1,874,419	18,562,877
Share of load receivable	123,203	147,101
PAKISTAN PREMIER FUND		
Remuneration receivable	950,918	889,264
Conversion cost receivable	5,679,560	5,679,560
METRO BANK-PAKISTAN SOVERIGN FUND		
Remuneration receivable	7,007,440	6,636,069
Share of load receivable	57,420	446
Closing balance of investment in units	30,019,862	942,002
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	704,797	672,963
PAKISTAN STRATEGIC ALLOCATION FUND		
Remuneration receivable	659,760	667,909
Conversion cost receivable	6,642,857	7,600,157
PAKISTAN PENSION FUND		
Remuneration receivable	435,782	357,743
Share of load receivable	-	2,787
Closing balance of investment in units	134,673,000	126,426,000
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration receivable	502,647	492,829
Share of load receivable	3,228	38,828
Other receivable	10,015	
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	247,700	221,353
Closing balance of investment in units	133,113,000	125,682,000
PAKISTAN CAPITAL PROTECTED FUND - FIS		
Remuneration receivable	169,553	341,426
Others receivable	1,339,657	-
Closing balance of investment in units	-	1,475,383
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	2,963,659	4,633,730
Others receivable	80,089	50,029
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	1,215,417	1,469,726
Share of load receivable	93,457	135,034
Others receivable	3,530	7,575
AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND		
Remuneration receivable	99,154	93,320
Closing balance of investment in units	19,681,597	24,376,683

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

14. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison.

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 25, 2012 by the Board of Directors of the Company.

16. GENERAL

Figures have been rounded off to the nearest Rupee.



Chief Executive Officer



Executive Vice Chairman / Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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