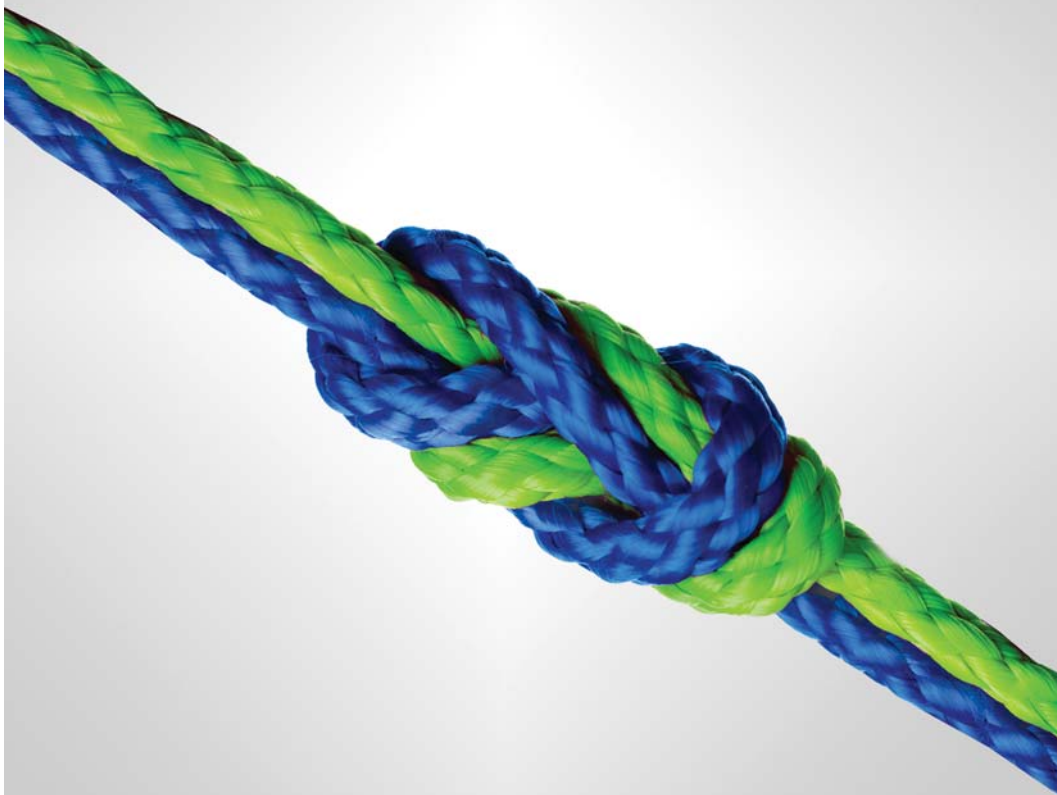


Quarterly Report

September 30, 2011
(Unaudited)



Arif Habib Investments Limited
A Subsidiary of
MCB Bank Limited

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Vision

- To use our financial and risk management expertise, product innovation ability, professionalism and quality of service to be Pakistan's premier fund management company, reaching out to all segments of investors domestic and international.
- To contribute to the economic development of the country and benefit our investor community by providing them access to the investment returns generated by Pakistan's growing economy, while diversifying the investment exposure into international opportunities as well.
- To accelerate our corporate growth significantly through investment in human resource and technology and through our physical presence in locations having proximity to our investors.

Mission

To establish a centre of excellence in the Pakistan Fund Management Community, utilizing the best local and international expertise to provide value-for-money products, which meet the needs of Pakistani and overseas investors.

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 (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. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Chief Financial Officer & Company Secretary	Mr. Muhammad Saqib Saleem	
Auditors	Riaz Ahmad & Company Chartered Accountants 108-109, 1 st Floor, Park Avenue Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, Pakistan.	
Legal Advisors	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Share Register	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) 4325482-87 Fax: (021) 4325442 Website: www.noble-computers.com	
Bankers	MCB Bank Limited Bank AL Habib Limited Deutsche Bank A.G. Allied Bank Limited Summit Bank Limited	
Registered Office	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)	Entity A (Long Term) / A1 (Short Term) Asset Manager AM2 (With Positive Outlook)	

REPORT OF THE DIRECTORS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

The board of Directors of Arif Habib Investment Limited (AHI) is pleased to present the Quarterly Report on the affairs of AHI for the quarter ended September 30, 2011.

Company's Performance Review

Your Company recorded a gross income of Rs. 125.538 million, which includes management/ investment advisory fee and other operating income. After accounting of administrative, operating & financial expenses and income sharing of Rs. 70.6 million, the company earned a profit before tax of Rs. 54.898 million. The net profit after tax for the period amounts to Rs. 27.7 million, as compared to net profit of Rs. 23.4 million for the corresponding quarter ended September 30, 2010. 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, inflation has remained lower during the period with CPI inflation averaging 11.5% amid change in CPI methodology as well as high base-effect of last year. Like the major part of last year, external current account has also remained comfortable with a marginal deficit of US\$ 189 million during first two months of FY12. Fiscal side, on the other hand, has remained a cause of concern for the economic managers with FY11 deficit touching a level of 6.6% of the GDP (Rs. 1.2 trillion deficit size in absolute term). The government, however, has been able to keep its borrowing from SBP at lower levels, which coupled with lower inflation and contained current account deficit has compelled the central bank to lower its policy discount rate by 50 bps in Jul'11 monetary policy to bring it down to 13.5%.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to depletion in net foreign assets (NFA) as well as net retirement in government borrowing from SBP, money supply (M2) has witnessed contraction during the period under review, thereby keeping market liquidity tight almost throughout the period. The SBP has constantly been injecting significant amount of money in the system through OMOs in order to calm down the market.

Equities Market Review

Local equities market opened the year on a low with KSE100 index posting return of -5.87% during the period under review. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness

towards equity asset class. Even an unexpected 50 bps cut in DR by the SBP in July 2011 failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, especially in August, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Better corporate results and payouts by index heavy weights as well as expectations of a major cut in DR in upcoming monetary policy gave much needed support to the market towards the end of quarter and concentrated buying in selective high yielding and defensive stocks helped market to recover around 8.5% of its losses.

Sector-wise, Chemicals, Oil and Gas and Energy sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on individual financial performance.

MARKET & ECONOMY - FUTURE OUTLOOK

Given declining trend in CPI inflation coupled with a comfortable external account position, the Central bank has decided to lower its policy DR further by 150 bps to 12.0% for Oct'11 - Nov'11 period to trigger growth stimulus in the economy. We continue to flag foreign inflow as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

On the equities front, negative factors viz. alarming political and geopolitical scenario, deteriorating law and order situation, scarcity of energy, weak macroeconomic fundamentals and bearish trend in big global economies are deep rooted and not expected to reverse in short term. However sizeable cuts in discount rate cuts coupled with strong corporate results of key listed stocks are expected to provide the thrust required to keep the wheel rolling. Moreover strong earnings growth, high dividend yields and relatively cheaper valuation offer decent returns for long term investors.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry remained largely unchanged during the period under review and ended the quarter at a size of around Rs.222 billion. The overall growth in Asset Under Management (AUM) remained slow with Money Market and Islamic Funds attracting inflows while Equity and Income Funds witnessed a decline during the period. Investors continued to be extremely risk averse as reflected in movement of investment inflows towards

low risk cash funds, which primarily invest in short term Treasury Bills.

Money Market fund continued to be the growing segment of the industry and its assets under management went up by 2.4% during the period to reach over Rs. 86 billion size. Along with Money Market segment, Islamic fund category has also done reasonably well with an increase of 3% quarter on quarter to reach to a size of over Rs. 13 billion.

During the period under review, equities funds suffered a sizeable battering with segment AUMs declining by 8.4% to reach around Rs. 47 billion. This decline is mainly attributed to the weaker performance of the local equities market, with the benchmark KSE-100 posting a decline of around 6% during the period. Income funds segment also witnessed a reduction in funds sizes to the tune of around 0.8% to close the quarter at a size of around Rs. 59 billion.

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

Karachi: October 26, 2011

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2011

		Unaudited September 30, 2011	Audited June 30, 2011
	Note	----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	381,058,251	383,843,590
Long-term investments	7	316,013,305	310,324,182
Long-term loans and receivables		6,788,357	6,925,070
Long-term deposits		624,700	624,700
Deferred taxation		7,471,740	26,900,491
		711,956,353	728,618,033
CURRENT ASSETS			
Receivable from related parties		58,262,814	101,600,492
Loans and advances		1,343,541	3,029,899
Deposits, prepayments and other receivables		7,163,303	9,298,172
Accrued mark-up		654,783	1,007,993
Taxation - net		70,715,271	70,682,409
Short-term investments	8	399,748,396	306,626,274
Cash and bank balances		25,591,234	57,779,770
		563,479,342	550,025,009
Non-current assets held for sale		77,970,426	77,970,426
TOTAL ASSETS		1,353,406,121	1,356,613,468
SHARE CAPITAL AND RESERVES			
Authorised capital 72,000,000 (June 30, 2011: 72,000,000) Ordinary shares of Rs.10 each		720,000,000	720,000,000
Issued, subscribed and paid-up capital	9	720,000,000	720,000,000
Reserves		464,359,947	538,729,994
TOTAL EQUITY		1,184,359,947	1,258,729,994
Surplus on revaluation of fixed assets - net of tax		10,734,426	10,870,308
CURRENT LIABILITIES			
Dividend payable	10	108,000,000	-
Trade and other payables		50,311,748	87,013,166
TOTAL LIABILITIES		158,311,748	87,013,166
CONTINGENCIES			
	11		
TOTAL EQUITY AND LIABILITIES		1,353,406,121	1,356,613,468

The annexed notes from 1 to 18 form an integral part of these financial statements.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		September 30, 2011	September 30, 2010
	Note	----- Rupees -----	
REVENUE			
Management fee / Investment advisory fee	12	110,615,020	57,199,335
Processing and other related income		2,041,880	21,833
Return on bank deposits		1,231,401	291,404
Gain on sale of available-for-sale investment - net		655,167	-
Unrealised appreciation in fair value of investments at fair value through profit or loss - net		10,435,954	11,855,157
		<u>124,979,422</u>	<u>69,367,729</u>
EXPENSES			
Administrative and operating expenses	13	(55,483,760)	(26,342,273)
Management / Investment advisory fee / Processing and other related income sharing		(15,146,975)	(10,412,132)
Finance cost		(8,468)	(348)
		(70,639,203)	(36,754,753)
Other income		558,227	160,450
		<u>54,898,446</u>	<u>32,773,426</u>
PROFIT BEFORE TAXATION			
Taxation			
- Current		(7,695,746)	(7,539,588)
- Deferred		(19,428,752)	(1,799,139)
		(27,124,498)	(9,338,727)
PROFIT FOR THE QUARTER		<u><u>27,773,948</u></u>	<u><u>23,434,699</u></u>
Earnings per share - Basic and Diluted		<u><u>0.39</u></u>	<u><u>0.33</u></u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30, 2011	September 30, 2010
Note	----- Rupees -----	
Profit for the period	27,773,948	23,434,699
Other comprehensive income :		
Unrealized appreciation on revaluation of available-for-sale investments	5,720,123	-
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	135,882	11,557
Other comprehensive income for the year	5,856,005	11,557
Total comprehensive income for the period	33,629,953	23,446,256

The annexed notes from 1 to 18 form an integral part of these financial statements.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30 2011	September 30 2010
	----- Rupees -----	
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,898,446	32,773,426
Adjustments for non cash items:		
Depreciation	3,308,212	2,349,639
Amortization	541,301	472,626
Gain on fixed assets	(177,227)	-
Gain on sale of available-for-sale investment - net	(655,167)	-
Unrealised appreciation in fair value of investments at fair value through profit or loss - net	(10,435,954)	(11,855,157)
	(7,418,835)	(9,032,892)
	47,479,611	23,740,534
Decrease / (Increase) in current assets		
Receivable from related parties	43,337,678	(2,881,703)
Deposits, prepayments and other receivables	2,134,869	(5,692,872)
Accrued mark-up	353,210	(186,026)
Other receivables	-	870,498
	45,825,757	(7,890,103)
(Decrease) in current liabilities		
Trade and other payables	(36,701,418)	(732,613)
Cash generated from operations	56,603,950	15,117,818
Income tax paid	(7,728,608)	(7,143,119)
NET CASH FLOWS FROM OPERATING ACTIVITIES	48,875,343	7,974,699
B CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,325,670)	(3,327,060)
Payment against intangible assets	-	379,775
Proceeds from sale of property and equipment	438,720	875,000
Purchase Investments	(110,000,000)	-
Proceeds from sale of investments	28,000,000	-
Loans and advances	1,823,071	(742,710)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(81,063,879)	(2,814,995)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B)	(32,188,536)	5,159,704
Cash and cash equivalents at the beginning	57,779,770	12,181,925
Cash and cash equivalents at the end of the period	25,591,234	17,341,629

The annexed notes from 1 to 18 form an integral part of these financial statements.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER, 30 2011

	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
Profit for the quarter ended September 30, 2010	-	-	-	-	23,434,699	23,434,699
Other comprehensive income - net	-	-	-	-	11,557	11,557
Balance as at September, 30 2010	300,000,000	-	-	-	185,208,615	485,208,615
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 AHI 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 June 30, 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

The annexed notes from 1 to 18 form an integral part of these financial statements.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

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, 2011: 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, 2011	June 30, 2011
	Rupees in million	
	(Unaudited)	(Audited)
Open-end mutual funds		
Pakistan Income Fund	1,711	1,814
Pakistan Stock Market Fund	1,073	1,244
MetroBank-Pakistan Sovereign Fund	5,270	2,999
Pakistan International Element Islamic Fund	319	337
Pakistan Capital Market Fund	368	390
Pakistan Cash Management Fund	1,930	2,711
Pakistan Income Enhancement Fund	1,456	1,624
Pakistan Capital Protected Fund - Fixed Income Securities	237	237
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	117	123
Pakistan Premier Fund	602	688
Pakistan Strategic Allocation Fund	593	608
MCB Islamic Income Fund	291	182
MCB Dynamic Allocation Fund	331	333
MCB Dynamic Stock Fund	636	693
MCB Cash Management Optimizer	8,473	10,393
MCB Dynamic Cash Fund	5,246	5,020
Pension Funds		
Pakistan Pension Fund	212	221
Pakistan Islamic Pension Fund	130	127
Discretionary portfolio	939	801

- 1.1** 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.

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.

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).

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, 2011.

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 six percent of turnover under Section 153 of the Income Tax Ordinance, 2001. 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, 2011.

6. FIXED ASSETS

	Note	(Unaudited) September 30, 2011	(Audited) June 30, 2011
		----- Rupees-----	
Property and equipment	6.1	110,398,612	113,905,121
Capital work-in-progress		6,462,470	5,200,000
Intangible Assets	6.2	264,197,169	264,738,469
		<u>381,058,251</u>	<u>383,843,590</u>

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

		(Unaudited)	
		'Quarter ended September 30	
		2011	2010
		----- Cost of Additions -----	----- Cost of Disposals -----
		----- Rupees-----	
Operating fixed assets			
Office Premises	-	-	-
Furniture and fittings	63,200	-	23,400
Office equipment	-	261,800	360,237
Motor vehicles	-	-	-
Computers	-	186,568	92,933
	<u>63,200</u>	<u>448,368</u>	<u>476,570</u>

6.2. INTANGIBLE ASSETS

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

Computer software	-	-	-	-
Goodwill	-	-	-	-
Management rights	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	(Unaudited) September 30, 2011	(Audited) June 30, 2011
		----- Rupees-----	
7. LONG-TERM INVESTMENTS			
In Collective Investment Schemes - related party	7.1	<u>316,013,305</u>	<u>310,324,182</u>

SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

7.1 Available-for-sale - In collective investment schemes - related parties

Name of the investee fund	As at September 30, 2011				As at June 30, 2011			
	As at the beginning of the period	Purchase / (sale) / bonus units - net	As at September 30, 2011	Cost	Market value	Unrealised gain / (loss) on revaluation of investments	Cost	Market value
	Units			(Rupees)				
Pakistan Pension Fund	900,000	-	900,000	113,328,000	115,182,000	1,854,000	113,328,000	112,992,000
Pakistan Islamic Pension Fund	900,000	-	900,000	111,534,000	114,018,000	2,484,000	111,534,000	110,991,000
Pakistan Capital Protected Fund - Fixed Income Securities (FIS)	126,502	-	126,502	1,339,657	1,419,442	79,785	1,339,657	1,396,582
AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF)	600,000	-	600,000	35,220,000	33,938,663	(1,281,337)	35,220,000	34,818,000
MCB Islamic Income Fund	500,000	-	500,000	50,000,000	51,455,200	1,455,200	50,000,000	50,126,600
				311,421,657	316,013,305	4,591,648	311,421,657	310,324,182
								(1,097,475)

8 SHORT-TERM INVESTMENTS

At fair value through profit or loss - In Collective Investment Schemes - related parties
Available-for-sale - In Collective Investment Schemes - related parties

	(Rupees)
	398,876,253
	872,143
	399,748,396
	306,626,274

At fair value through profit or loss - In Collective Investment Schemes - related parties

Name of the investee fund	As at September 30, 2011				As at June 30, 2011				
	As at the beginning of the period	Purchase / (sale) / bonus units - net	As at September 30, 2011	As at September 30, 2011		As at June 30, 2011			
				Cost	Market value / fair value	Unrealised appreciation in fair value of investments at fair value through profit or loss - net	Cost	Market value / fair value	Unrealised appreciation in fair value of investments at fair value through profit or loss - net
Units									
MCB Dynamic Cash Fund	1,920,726	892,702	2,813,428	277,272,154	284,340,799	7,068,645	172,449,232	194,616,986	22,167,754
MCB Cash Management Optimizer	608,892	19,077	627,969	61,041,545	62,819,685	1,778,140	54,660,191	61,041,545	6,381,354
MCB Islamic Income Fund	500,000	2,532	502,532	50,126,600	51,715,769	1,589,169	50,000,000	50,126,600	126,600
				388,440,299	398,876,253	10,435,954	277,109,423	305,785,131	28,675,708

Name of the investee fund	As at September 30, 2011			As at June 30, 2011		
	As at the beginning of the period	Purchase / (transfer)* / (sale) / bonus units net	As at September 31, 2011	Cost	Market value / fair value	Unrealised gain / (loss) in value of investments - available-for-sale
				Cost	Market value / fair value	Unrealised gain / (loss) in value of investments - available-for-sale

9. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Unaudited) September 30, 2011	(Audited) June 30, 2011		(Unaudited) September 30, 2011	(Audited) June 30, 2011
----- 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		
36,000,000	36,000,000	other than cash	360,000,000	360,000,000
<u>72,000,000</u>	<u>72,000,000</u>		<u>720,000,000</u>	<u>720,000,000</u>

- 9.1 At September 30, 2011, MCB Bank Limited, the holding company, held 36,956,768 (June 30, 2011: 36,956,768) ordinary shares of Rs. 10 each.

10. DIVIDEND PAYABLE

During the quarter, the Board of Directors proposed final cash dividend for the year ended June 30, 2011 @15% per share in its meeting held on September 29, 2011.

11. CONTINGENCIES

Bank Guarantee of Rs.1,550,000/- (June 30, 2011 : Rs.1,550,000/-) against the limit of Rs. 2,100,000/- (June 30, 2011: Rs.2,100,000/-) has been issued by SBL, a related party, in favour of a commercial bank in relation to credit cards issued to the employees of the Company by the said commercial bank.

12. MANAGEMENT FEE / INVESTMENT ADVISORY FEE (UNAUDITED)

	Note	Quarter ended September 30 2011 2010	
		----- Rupees -----	
From Collective Investment Schemes - related party	12.1	127,956,322	57,186,025
From Discretionary Portfolio		306,981	13,310
		128,263,303	57,199,335
Less : Sindh Sales Tax	12.2	(17,648,283)	-
		<u>110,615,020</u>	<u>57,199,335</u>

	Quarter ended September 30	
	2011	2010
	Rupees	
12.1 In Collective Investment Schemes - related parties		
Pakistan Income Fund	7,685,775	-
Pakistan Stock Market Fund	6,483,524	-
MetroBank-Pakistan Sovereign Fund	12,025,654	-
Pakistan Premier Fund	3,708,709	-
Pakistan Capital Market Fund	2,180,106	-
Pakistan Strategic Allocation Fund	3,420,110	-
Pakistan International Element Islamic Fund	1,616,496	-
Pakistan Pension Fund	934,635	-
Pakistan Islamic Pension Fund	558,044	-
Pakistan Cash Management Fund	8,413,123	-
Pakistan Income Enhancement Fund	6,773,524	-
Pakistan Capital Protected Fund - FIS	1,033,786	-
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	339,121	-
MCB Dynamic Cash Fund	22,455,754	22,590,035
MCB Dynamic Stock Fund	5,584,018	5,141,898
MCB Dynamic Allocation Fund	1,424,222	1,511,876
MCB Cash Management Optimizer	42,490,729	24,348,263
MCB Islamic Income Fund	828,992	-
MCB Sarmaya Mehfooz Fund 1	-	3,593,953
	127,956,322	57,186,025

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

13. ADMINISTRATIVE AND OPERATING EXPENSES (UNAUDITED)

Salaries, allowances and other benefits	30,852,026	15,431,996
Marketing and advertising expenses	4,173,165	1,368,999
Legal and professional charges	3,485,684	713,690
Traveling and conveyance charges	603,888	261,574
Repairs and maintenance	4,026,178	1,094,483
Office supplies	86,162	324,118
Auditors' remuneration	162,675	56,250
Directors' meeting fee	500,000	100,000
Insurance	388,362	580,798
Depreciation	3,308,212	2,349,639
Amortisation	541,301	472,626
Stamp duty and taxes	70,914	105,550
Registrar fee	1,127,456	-
Printing and stationery	1,116,722	818,859
Utilities	1,066,990	417,258
Telephone expenses	1,487,925	614,424
Entertainment expenses	318,316	176,525
Books, periodicals and subscription	978,946	671,931
Miscellaneous expenses	1,188,838	783,553
	55,483,760	26,342,273

14. DISCRETIONARY PORTFOLIO

	(Unaudited) September 30, 2011		(Audited) June 30, 2011	
	-----Rupees-----		-----Rupees-----	
	Cost	Market Value	Cost	Market Value
Number of Portfolios	11		8	
- Equity Portfolio	108,909,733	118,539,141	96,822,012	109,674,282
- Debt portfolio	726,740,263	732,090,085	609,647,676	609,005,598

15. 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	
	2011	2010
	----- Rupees -----	
TRANSACTIONS WITH RELATED PARTIES DURING THE PERIOD		
CONTRIBUTION TO PROVIDENT FUND	1,191,656	540,410
MCB BANK LIMITED		
Return on bank deposits	559,831	291,404
Reimbursement of expenses	3,600,000	985,268
Management fee sharing	4,258,683	3,099,529
MANAGEMENT FEE / INVESTMENT ADVISORY FEE / PROCESSING AND OTHER RELATED INCOME		
Pakistan Income Fund	7,690,081	-
Pakistan Stock Market Fund	6,504,765	-
MetroBank-Pakistan Sovereign Fund	12,030,654	-
Pakistan Premier Fund	3,708,709	-
Pakistan Capital Market Fund	2,180,106	-
Pakistan Strategic Allocation Fund	3,420,110	-
Pakistan International Element Islamic Fund	1,620,396	-
Pakistan Pension Fund	1,091,588	-
Pakistan Islamic Pension Fund	581,289	-
Pakistan Cash Management Fund	8,413,123	-
Pakistan Income Enhancement Fund	7,415,884	-
Pakistan Capital Protected Fund - FIS	1,033,786	-
AH Dow Jones SAFE Pakistan Titans 15 Index Fund	344,135	-
MCB Dynamic Cash Fund	23,139,386	22,590,035
MCB Dynamic Stock Fund	5,584,018	5,141,898
MCB Dynamic Allocation Fund	1,424,220	1,511,876
MCB Cash Management Optimizer	42,490,729	24,348,263
MCB Islamic Income Fund	1,323,722	-
MCB Sarmaya Mehfooz Fund I	-	3,593,953

	(Unaudited) September 30, 2011	(Audited) June 30, 2011
	----- Rupees -----	
AMOUNT OUTSTANDING AS AT PERIOD END		
MCB BANK LIMITED		
Bank Balance	16,925,717	16,179,858
Commission payable	2,002	3,500,000
Mark up receivable	597,382	730,957
MCB DYNAMIC CASH FUND		
Remuneration receivable	7,159,988	5,780,321
Share of load receivable	683,632	2,836
Closing balance of investment in units	284,340,799	194,616,986
MCB DYNAMIC STOCK FUND		
Remuneration receivable	1,779,365	1,712,517
Share of load receivable	-	6,445
MCB DYNAMIC ALLOCATION FUND		
Remuneration receivable	464,185	411,462
Share of load receivable	-	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration receivable	13,752,469	11,111,400
Closing balance of investment in units	62,819,685	61,041,545
MCB SARMAYA MEHFOOZ FUND 1		
Remuneration receivable	-	721,399
Other receivable	-	55,332,624
MCB ISLAMIC INCOME FUND		
Remuneration receivable	346,405	50,777
Other receivable	-	85,000
Share of load receivable	494,730	-
Long term receivable - formation cost	1,000,000	1,000,000
Closing balance of investment in units	103,170,969	100,253,200
PAKISTAN STOCK MARKET FUND		
Remuneration receivable	2,006,289	2,096,477
Share of load receivable	271,178	266,702
PAKISTAN INCOME FUND		
Remuneration receivable	2,450,479	2,234,200
Share of load receivable	109,563	124,754

	(Unaudited) September 30, 2011	(Audited) June 30, 2011
	----- Rupees -----	
PAKISTAN PREMIER FUND		
Remuneration receivable	1,163,838	1,160,319
Conversion cost receivable	5,679,560	5,679,560
METRO BANK-PAKISTAN SOVERIGN FUND		
Remuneration receivable	8,060,590	1,855,296
Closing balance of investment in units	872,143	841,143
Share of load receivable	9,468	2,968
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	1,420,153	652,122
PAKISTAN STRATEGIC ALLOCATION FUND		
Remuneration receivable	1,109,886	1,123,743
Conversion cost receivable	7,600,157	7,600,157
PAKISTAN PENSION FUND		
Remuneration receivable	301,686	265,852
Closing balance of investment in units	115,182,000	112,992,000
Share of load receivable	124,129	36,264
PAKISTAN ISLAMIC INTERNATIONAL ELEMENT FUND		
Remuneration receivable	516,794	503,002
Share of load receivable	13,748	45,128
PAKISTAN CAPITAL PROTECTED FUND-I		
Others receivable	-	286,155
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	183,052	156,708
Closing balance of investment in units	114,018,000	110,991,000
Share of load receivable	1,226	15,412
PAKISTAN CAPITAL PROTECTED FUND - FIS		
Remuneration receivable	335,962	292,377
Closing balance of investment in units	1,419,442	1,396,582
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	2,486,919	3,203,401
Others receivable	70,679	70,679
Formation cost - receivable	600,000	600,000

	(Unaudited) September 30, 2011	(Audited) June 30, 2011
	----- Rupees -----	
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	2,111,712	2,003,530
Share of load receivable	350,247	133,472
Others receivable	2,000	2,000
Formation cost - receivable	600,000	600,000
AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND		
Remuneration receivable	107,732	102,055
Closing balance of investment in units	33,938,663	34,818,000
Others receivable	2,720,000	2,720,000
Formation cost - receivable	1,000,000	1,000,000

16. CORRESPONDING FIGURES

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

17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 26, 2011 by the Board of Directors of the Company.

18. GENERAL

Figures have been rounded off to the nearest Rupee.

Yasir Qadri
Chief Executive

Nasim Beg
Executive Vice Chairman / Director



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