



Bachat ka Dusra Naam

**Annual Report
2012**



MCB

CASH MANAGEMENT OPTIMIZER

Aam Kay Aam, Guthliyon Kay Daam

Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

MCB CASH MANAGEMENT OPTIMIZER

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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.

MCB CASH MANAGEMENT OPTIMIZER 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 (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	Dr. Salman Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jehangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & CFO of the Management Company	Mr. Muhammad Saqib Saleem	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metro Bank Limited Bank Al-Falah Limited Habib Bank Limited Faysal Bank Limited United Bank Limited National Bank of Pakistan Standard Chartered Bank Pakistan Limited Allied Bank Limited Askari Bank Limited	
Auditors	A.F. Ferguson & Co.-Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000	
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	

MCB CASH MANAGEMENT OPTIMIZER REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2012

The board of Directors of Arif Habib Investment Limited, the Management Company of MCB Cash Management Optimizer (C'MOP), is pleased to present the Annual Report on the affairs of C'MOP for the year ended June 30, 2012.

Economy and Money Market Overview

Despite continued macro-economic challenges throughout the period, the year under review (July '11-June '12) could be classified as a mixed bag for the economy and capital markets as some of the key macroeconomic indicators have depicted positive trend during the period under review despite having burgeoning fiscal challenges.

The external account, which was the top performing sector during the previous year, couldn't maintain its positive trend during FY12 owing to widening trade deficit on the back of lower cotton and higher oil prices despite having record-high workers' remittances. During the year, export dipped by 3% while imports grew by 12% causing the overall trade deficit to widen to around US\$ 15.4 billion, 46% higher YoY. Despite record-high level of workers' remittances flow of US\$ 13.2 billion, higher trade and income deficit caused the current account balance to post a deficit of US\$ 4.5 billion as against a surplus of US\$ 214 million last year. Given higher current account deficit coupled with meager financial account flows, country's balance of payment position declined significantly during the year by around US\$ 3.3 billion - taking the FX reserves down to a level of US\$ 15.3 billion, while also causing sizeable depreciation of 10% in the PKR-USD exchange rate during the year.

Inflationary pressures, on the other hand, have remained largely on the lower side during the period with YoY CPI Inflation averaging 11.0% amid change in CPI methodology as well as high base-effect of last year. Moreover, real economy has shown a relatively improved picture during the year with FY12 real GDP growth stood at 3.7%, slightly higher than the revised GDP growth of 3.0% during the last year.

Fiscal indiscipline continued to remain a cause of concern for the economic managers as the country is expected to witness a higher deficit of over 8% of the GDP during FY12 (including one-off circular debt adjustments). Even during the first 9M of the fiscal year, the country witnessed a fiscal deficit of Rs. 895 billion, 4.3% of the GDP. Although growth in tax revenue collection has been strong, lower non-tax revenue on the back of non-realization of CSF proceeds coupled with higher current expenditure has been the chief reason behind ballooning fiscal deficit. Unfortunately, development expenditure is expected to be under-spent for yet another year to meet revised fiscal deficit targets. In addition of having a higher fiscal deficit, the financing mix is also alarming as the country had to resort to domestic sources of funding to a large extent in the absence of sizeable foreign flows during the period under review. Government borrowing from Central Bank has gone up by Rs. 508 billion during FY12, which is staggering 44% of total outstanding stock.

Considering the volatility in the macroeconomic variables, the State Bank of Pakistan has also altered its monetary stance at least twice during the year. Given benign YoY CPI Inflation coupled with lower GoP borrowing from SBP as well as contained external current account deficit during the earlier part of the year, the SBP cut its policy discount rate cumulatively by 200 bps to 12.0%. However, gradual deterioration in the macro-economic environment lately has compelled the central bank to keep its policy DR unchanged for the next 4 policies during the latter part of the year. Due to an overall relatively lower interest rate environment, 1 year PKRV averaged at around 12.4% during FY12, much lower than the average 13.4% a year ago.

During FY12, key monetary indicators have shown reasonable improvement with money supply (M2) posting a strong growth of 14.4%. Although Net Domestic Asset (NDA) growth has been a key contributor behind M2 growth during this year as well, sizeable YoY decline of 32% in Net Foreign Assets (NFA) has been very alarming - also reflecting weak BOP position.

Significant credit demand by the government coupled with an attractive risk-return profile has kept government papers, especially of shorter tenure, a very attractive investment vehicle for the investors throughout this year also.

Future outlook

Although medium term macroeconomic picture remains gloomy, benign CPI inflation trend coupled with the release of US\$ 1.18 billion under Coalition Support Fund by the US does provide a short term breather thereby creates a potential room for monetary easing by the State Bank of Pakistan in the upcoming monetary policy announcement. We continue to emphasize that the realization of sizeable foreign inflows holds the key in rejuvenating economic engine, while a potential return to IMF program in the next 6-8 months would adversely affect the liquidity and interest rate scenario.

Fund's Performance

During the year, the net assets of the fund grown by a staggering 83% to reach to around PKR 19.0 billion as on June 30, 2012. The investment objective of the fund is to provide investors competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity. The fund is benchmarked against average 3-month deposit rates of AA and above-rated scheduled banks, net of expenses. The fund, through active management and carefully selected trading positions was able to yield an annualized return of 11.3% during the period under review, which was significantly higher than the Fund's benchmark return of 6.1% during the same period.

Considering the risk-return profile of government papers, the fund kept its exposure significantly higher towards government papers while maintaining decent allocations towards TDRs and bank deposits. Although the fund maintained decent exposure towards government papers throughout the year, it altered its portfolio's duration actively to take advantage of the fast changing interest rate scenario.

The Fund yields for the period under review remained as follows:

Performance Information (%)	MCB CMOP	Benchmark
Last twelve Months Return (Annualized)	11.3%	6.1%
Since Inception(CAGR)	11.3%	5.9%

MCB CASH MANAGEMENT OPTIMIZER REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2012

During the year your fund earned net income of Rs 1,391 million. The Board in the meeting held on June 25, 2012 has declared final distribution amounting to Rs.121.131 million (i.e. Rs.0.6469 per unit). In addition to final distribution, the Board / CE has approved following interim distribution during the year ended June 30, 2012.

Date of distribution	Distribution PKR / Unit
28 September 2011	Re. 3.1330 per unit
27 January 2012	Re. 3.7526 per unit
29 March 2012	Re. 1.6894 per unit
28 May 2012	Re. 1.7021 per unit

During the period, units worth Rs.28.822 million (including Rs. 905.598 million worth of bonus units) were issued and units with a value of Rs. 20,208.293 million were redeemed. As on 30 June 2012 the NAV of the Fund was Rs. 100.17 per unit.

Update on Workers' Welfare Fund

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

Subsequent to the year ended June 30, 2011, the Honorable 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. 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.

The Management Company is hopeful that the decision of the LHC will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). However, considering the unit holding structure of the Funds concentrated on few large ticket investors coupled with the recent changes in tax laws, the Management Company as a matter of abundant caution has decided to retain the provision for WWF in these financial statements in order to protect the interests of small investor/unit holders.

Corporate Governance

The Fund is committed to high standards of corporate governance and the Board of Directors of the Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Lahore Stock Exchange.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly the statement of affairs, the results of operations, cash flows and Change in unit holders' fund.
- b. Proper books of accounts of the Fund have been maintained during the year.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable prudent judgment.
- d. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.

**MCB CASH MANAGEMENT OPTIMIZER
REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2012**

- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company; hence appropriate disclosure has been made in the Directors' Report of the Management Company.
- k. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in note 23 to the attached financial statements. During the year four meetings of Audit Committee were held on 19th September 2011, 26th October 2012, 26 January 2012 and 24th April 2012, the details of attendance is as follows:

S. No.	Name	Designation	Attendance required	Attended	Leave granted
1.	Mr. Haroun Rashid	Chairman	4	3	1
2.	Mr. Nasim Beg	Member - Executive Vice Chairman	4	4	-
3.	Mr. Samad A. Habib	Member	4	2	2
4.	Mr. Ali Munir	Member	4	2	2

- m. As required by the Code, all the directors of the Management Company will attend the training Program for directors by the year 2016. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the management company.
- n. No trades in the Units of the Fund were carried out during the year by Directors, CEO, Company Secretary and Chief Financial Officer of the Management Company and their spouses and minor children.

External Auditors

The fund's external auditors, A.F. Ferguson & Co., Chartered Accountants, have retired after the conclusion of audit for current year. Since AFF have consented to act as the External Auditors of the Management Company, they are not eligible for reappointment as statutory auditors of the Fund. The audit committee of the Board has recommended appointment of KPMG Taseer Hadi & Co., Chartered Accountants, (who have given consent to such appointment) as auditors for the year ending June 30, 2013.

Acknowledgement

The Board of Directors of the Management Company is thankful to the valued investors of the Fund for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (the Trustee of the Fund) and the management of the Lahore Stock Exchange for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Management Company for the growth and meticulous management of the Fund.

For and on behalf of the Board

Yasir Qadri
Chief Executive Officer

Karachi: August 15, 2012

MCB CASH MANAGEMENT OPTIMIZER REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2012

Fund Type and Category

MCB Cash Management Optimizer (MCB CMOP) is an Open-End Money Market Scheme.

Fund Benchmark

The benchmark for MCB CMOP is an average of 3 month deposit rates of AA and above rated scheduled bank for the period of return. The performance of the fund will be compared to its benchmark after deducting all the expenses which are charged to the fund.

Investment Objective

To provide unit-holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity. The fund achieved its objective by posting a decent return while minimizing risk.

Investment Strategy

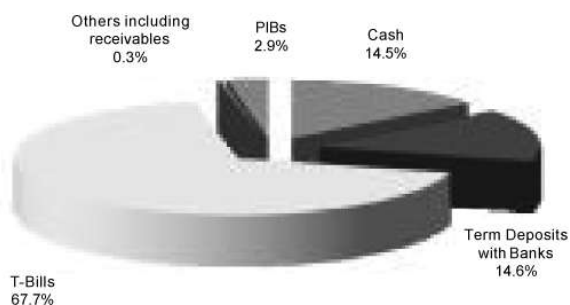
The Fund will invest the entire net assets in authorized short term money market instruments with a maximum time to maturity of six months. This is intended to reduce risk while maintaining liquidity.

Manager's Review

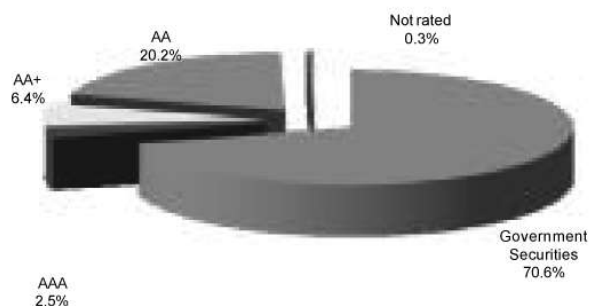
During the year under review, the fund performed reasonably well generating an annualized return of 11.3% as against its benchmark return of 6.1%, an outperformance of 5.2%. Considering its objectives, the fund continued to deploy its assets carefully without aggressively chasing them. Given the volatility in the overall interest rate environment, the fund continued to alter its portfolio WAM actively in order to take advantage of shifts in the yield curve. During the early part of the year under review, the SBP eased its monetary stance by lowering DR cumulatively by 200 bps and hence the fund kept its portfolio WAM at higher range of over 70 days. Given deterioration in key macroeconomic indicators lately, especially on the external account, the SBP kept a status-quo in its next four MPS. Given the monetary scenario, the fund continued to bring its portfolio WAM down from 2Q onwards and eventually closed the year at a level of around 22 days.

Moreover, the fund's net assets have grown significantly to PKR 19.0 billion as on June 30th 2012 from PKR 10.4 billion a year ago.

Asset Allocation as on June 30, 2012 (% of total assets)



Asset Quality as on June 30, 2012 (% of total assets)



Mr. Kashif Rafi
Fund Manager

Karachi: August 15, 2012

**MCB CASH MANAGEMENT OPTIMIZER
TRUSTEE REPORT TO THE UNIT HOLDERS
FOR THE YEAR ENDED JUNE 30, 2012**

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



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TRUSTEE REPORT TO THE UNIT HOLDERS

MCB CASH MANAGEMENT OPTIMIZER

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V
of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Cash Management Optimizer (the Fund) are of the opinion that Arif Habib Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 17, 2012



MCB CASH MANAGEMENT OPTIMIZER

STATEMENT OF THE COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented by the Board of Directors of Arif Habib Investments Limited ("the Management Company"), the Management Company of MCB Cash Management Optimizer ("the Fund") to comply with the Code of Corporate Governance (the Code) contained in Regulation no. 35 of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

MCB Cash Management Optimizer is an open end mutual fund and is listed at Lahore Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, Arif Habib Investments Limited, on behalf of the Fund, has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes

Category	Names
Independent Directors	1. Dr. Salman Shah 2. Mr. Haroun Rashid 3. Mr. Mirza Mehmood
Executive Directors	1. Mr. Nasim Beg - EVC 2. Mr. Yasir Qadri - CEO
Non - Executive Directors	1. Mian Mohammad Mansha 2. Mr. Ahmed Jehangir 3. Mr. Samad Habib

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the board of the Management Company
5. The Management Company had prepared a 'Code of Conduct' and ensured that appropriate steps had been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. No new appointment of Chief Executive Officer, other executive and non-executive directors were made during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As required by the Code, all the directors of the Management Company will attend the training Program for directors by the year 2016. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. Accordingly, the Management Company is compliant with this requirement for the current year. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the management company.
10. No new appointments of Chief Financial Officer and Company Secretary were made during the year. The Board has approved the remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. Subsequent to the year end, the Management Company has appointed Head of Internal Audit who is also planned to be designated as the secretary to the Audit Committee in the upcoming Audit Committee meeting.
11. The Directors' Report of the fund for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives of the Management Company do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.

**MCB CASH MANAGEMENT OPTIMIZER
STATEMENT OF THE COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2012**

15. The Board has formed an Audit Committee for the Management Company. It comprises of four members, three of whom are the directors of the Management Company. Two are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. During the year, the Management Company has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants who are considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and units of the fund. The firm and all its partners are also in compliance with International Federation of Accountants guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities and Fund's unit, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and on behalf of the Board

Yasir Qadri
Chief Executive Officer

Karachi: August 15, 2012

**MCB CASH MANAGEMENT OPTIMIZER
REVIEW REPORT TO THE UNIT HOLDERS ON THE
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES
OF THE CODE OF CORPORATE GOVERNANCE**



A. F. FERGUSON & CO.

**REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE
WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Arif Habib Investments Limited**, the Management Company of **MCB Cash Management Optimizer**, to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

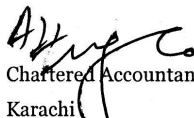
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulations requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2012.

We draw attention to paragraph 10 of the annexed statement which highlights that subsequent to the year end the Management Company has appointed the Head of Internal Audit who is also planned to be designated as the secretary to the Audit Committee in the upcoming Audit Committee meeting.


Chartered Accountants
Karachi

Dated: September 17, 2012

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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MCB CASH MANAGEMENT OPTIMIZER INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **MCB Cash Management Optimizer (here in after referred to as "the Fund")**, which comprise the statement of assets and liabilities as at June 30, 2012, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2012, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.


Chartered Accountants
Engagement Partner: **Salman Hussain**
Dated: September 17, 2012
Karachi

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FINANCIAL STATEMENTS

**MCB CASH MANAGEMENT OPTIMIZER
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2012**

	Note	2012	2011
		----- Rupees in '000 -----	
ASSETS			
Bank balances	4	2,770,702	2,586,205
Investments	5	13,465,964	6,894,081
Term deposit receipts	6	2,785,000	1,150,000
Profit and other receivables	7	42,331	42,497
Prepayments		100	100
Preliminary expenses and floatation costs	8	2,246	3,249
Total assets		<u>19,066,343</u>	<u>10,676,132</u>
LIABILITIES			
Payable to the Management Company	9	21,715	11,111
Payable to the Trustee	10	1,248	731
Payable to the Securities and Exchange Commission of Pakistan	11	9,772	6,858
Payable against purchase of investments		-	195,273
Accrued expenses and other liabilities	12	62,245	69,038
Total liabilities		<u>94,980</u>	<u>283,011</u>
NET ASSETS		<u>18,971,363</u>	<u>10,393,121</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>18,971,363</u>	<u>10,393,121</u>
CONTINGENCIES AND COMMITMENTS			
	13		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		<u>189,391,069</u>	<u>103,671,790</u>
		----- Rupees -----	
NET ASSET VALUE PER UNIT	17	<u>100.17</u>	<u>100.25</u>

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**MCB CASH MANAGEMENT OPTIMIZER
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012 ----- Rupees in '000 -----	2011
INCOME			
Net gain on sale of investments		203,118	311,670
Income from government securities		1,070,874	636,154
Income from reverse repurchase transactions		3,901	5,461
Profit on bank deposits and term deposit receipts	14	294,012	202,863
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		36,720	16,224
Total income		1,608,625	1,172,372
EXPENSES			
Remuneration of the Management Company		159,294	117,174
Sindh Sales Tax on Management Company's Remuneration	9.2	25,487	-
Remuneration of the Trustee		10,721	8,949
Annual fee - Securities and Exchange Commission of Pakistan		9,772	6,858
Brokerage and settlement charges		1,634	2,643
Amortisation of preliminary expenses and floatation costs		1,003	1,000
Auditors' remuneration	15	1,028	900
Other expenses		617	775
Total expenses		209,556	138,299
Net income from operating activities		1,399,069	1,034,073
Net element of income and capital gains included in the prices of units issued less those in units redeemed		20,690	50,544
Provision for Workers' Welfare Fund	12.1	(28,395)	(21,692)
Net income for the year before taxation		1,391,364	1,062,925
Taxation	16	-	-
Net income for the year after taxation		1,391,364	1,062,925
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,391,364	1,062,925
Earnings per unit	17		

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**MCB CASH MANAGEMENT OPTIMIZER
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

	2012	2011
	----- Rupees in '000 -----	
Undistributed income brought forward		
- Realised income	9,722	118,268
- Unrealised income	<u>16,224</u>	<u>2,789</u>
	25,946	121,057
Final distribution during the year		
Rs 0.6469 per unit declared on June 25, 2012 (2011: Rs 1.8903 per unit declared on July 01, 2010)		
- Cash distribution	(55,783)	(4,695)
- Bonus distribution	(65,348)	(116,359)
Interim distributions during the year		
Rs 3.1330 per unit declared on September 28, 2011 (2011: Rs 3.1651 per unit declared on October 18, 2010)		
- Cash distribution	(60,096)	(19,128)
- Bonus distribution	(209,841)	(231,943)
Rs 3.7526 per unit declared on January 27, 2012 (2011: Rs 3.1311 per unit declared on January 28, 2011)		
- Cash distribution	(117,038)	(53,967)
- Bonus distribution	(333,777)	(255,899)
Rs 1.6894 per unit declared on March 29, 2012 (2011: Rs 2.8662 per unit declared on April 27, 2011)		
- Cash distribution	(54,370)	(52,285)
- Bonus distribution	(148,495)	(235,024)
Rs 1.7021 per unit declared on May 28, 2012 (2011: Rs 1.7578 per unit declared on June 23, 2011)		
- Cash distribution	(213,617)	(34,633)
- Bonus distribution	(148,137)	(154,103)
Net element of income and capital gains included in prices of units issued less those in units redeemed	21,447	-
Net income for the year after taxation	1,391,364	1,062,925
Undistributed income carried forward	<u>32,255</u>	<u>25,946</u>
Undistributed income comprising:		
Realised (loss) / income	(4,465)	9,722
Unrealised income	<u>36,720</u>	<u>16,224</u>
	32,255	25,946

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**MCB CASH MANAGEMENT OPTIMIZER
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	2012	2011
	----- Rupees in '000 -----	
Net assets at the beginning of the year	10,393,121	6,525,010
Issue of 276,044,463 units (2011:181,113,298 units)	27,916,765	18,387,603
Issue of 9,055,982 bonus units (2011:9,933,286 units)	905,598	993,329
Redemption of 199,381,166 units (2011:151,414,345 units)	(20,208,293)	(15,367,166)
	8,614,070	4,013,766
Net element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing income and capital gains - transferred to income statement	(20,690)	(50,544)
- amount representing income and capital gains - transferred to distribution statement	(21,447)	-
	(42,137)	(50,544)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	36,720	16,224
Net gain on sale of investments	203,118	311,670
Other income (net of expenses)	1,151,526	735,031
	1,391,364	1,062,925
Element of income and capital gains included in prices of units issued less those in units redeemed - amount transferred to distribution statement	21,447	-
Final distribution during the year		
Rs 0.6469 per unit declared on June 25, 2012 (2011: Rs 1.8903 per unit declared on July 01, 2010)		
- Cash distribution	(55,783)	(4,695)
- Bonus distribution	(65,348)	(116,359)
Interim distributions during the year		
Rs 3.1330 per unit declared on September 28, 2011 (2011: Rs 3.1651 per unit declared on October 18, 2010)		
- Cash distribution	(60,096)	(19,128)
- Bonus distribution	(209,841)	(231,943)
Rs 3.7526 per unit declared on January 27, 2012 (2011: Rs 3.1311 per unit declared on January 28, 2011)		
- Cash distribution	(117,038)	(53,967)
- Bonus distribution	(333,777)	(255,899)
Rs 1.6894 per unit declared on March 29, 2012 (2011: Rs 2.8662 per unit declared on April 27, 2011)		
- Cash distribution	(54,370)	(52,285)
- Bonus distribution	(148,495)	(235,024)
Rs 1.7021 per unit declared on May 28, 2012 (2011: Rs 1.7578 per unit declared on June 23, 2011)		
- Cash distribution	(213,617)	(34,633)
- Bonus distribution	(148,137)	(154,103)
Net assets at the end of the year	18,971,363	10,393,121

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**MCB CASH MANAGEMENT OPTIMIZER
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES	-----	Rupees in '000	-----
Net income for the year before taxation		1,391,364	1,062,925
Adjustments for non-cash charges and other items:			
Net gain on sale of investments		(203,118)	(311,670)
Income from government securities		(1,070,874)	(636,154)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(36,720)	(16,224)
Amortisation of preliminary expenses and floatation costs		1,003	1,000
Net element of income and capital gains included in prices of units issued less those in units redeemed		<u>(20,690)</u>	<u>(50,544)</u>
		60,965	49,333
(Increase) / decrease in assets			
Investments - net		<u>4,702,119</u>	<u>(743,275)</u>
Profit and other receivables		166	(38,368)
		4,702,285	(781,643)
Increase / (decrease) in liabilities			
Payable to the Management Company		<u>10,604</u>	<u>(478)</u>
Payable to the Trustee		517	89
Payable to the Securities and Exchange Commission of Pakistan		2,914	3,673
Payable against purchase of investments		(195,273)	-
Accrued expenses and other liabilities		<u>(6,793)</u>	<u>56,991</u>
		<u>(188,031)</u>	<u>60,275</u>
Net cash inflow from / (outflow on) operating activities		4,575,219	(672,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issue of units		<u>27,916,765</u>	<u>18,387,603</u>
Net payments on redemption of units		(20,208,293)	(15,386,059)
Distributions during the year		(500,904)	(164,708)
Net cash generated from financing activities		7,207,568	2,836,836
Net increase in cash and cash equivalents during the year		<u>11,782,787</u>	<u>2,164,801</u>
Cash and cash equivalents at the beginning of the year		4,547,176	2,382,375
Cash and cash equivalents at the end of the year	18	<u><u>16,329,963</u></u>	<u><u>4,547,176</u></u>

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

MCB CASH MANAGEMENT OPTIMIZER NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open-end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2009. It was constituted under a Trust Deed dated July 10, 2009 between MCB Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.

Based on the shareholders' resolutions of MCB Asset Management Company Limited and Arif Habib Investment Limited the two companies merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance, 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL and AHIL/271/2011 dated June 10, 2011). AHIL being a listed company was the surviving entity and in compliance of SBP's approval, it became a subsidiary of MCB Bank Limited. However, subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to July 30, 2011 (through letter no. SCD/PR and DD/AMCW/MCB-AMCL and AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company sought ruling by the honourable Sindh High Court (SHC). The honourable SHC 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 Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Fund is categorised as an open-end money market scheme and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange.

The Fund has a policy to invest in short-term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 to the Management Company and a fund stability rating of AA(f) to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2011:

- a) IFRS 7, 'Financial Instruments: Disclosures'. This amendment is effective from January 1, 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any impact on the Fund's financial statements during the current year.

MCB CASH MANAGEMENT OPTIMIZER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

- b) IFRS 7, 'Financial instruments: Disclosures'. This amendment is effective from July 1, 2011. The amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Fund's financial statements during the current year.
- c) IAS 1, 'Presentation of financial statements' (effective January 1, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact on the Fund's financial statements.
- d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The revised standard does not have any impact on the Fund's financial statements.

There are other new and amended standards and interpretation that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards and amendments to standards have been published and are mandatory for accounting periods beginning on or after July 1, 2012:

- a) IAS 1, 'Financial statement presentation' (effective July 01, 2012). The main change resulting from these amendments is a requirement for entities to group items presented under other comprehensive income' (OCI) in the Income Statement on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any significant effect on the Fund's financial statements.
- b) IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i. classification and valuation of financial assets (notes 3.2 and 5)
- ii. amortisation of preliminary expenses and floatation costs (note 3.7 and 8)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'financial assets at fair value through profit or loss' which are carried at fair value in accordance with the requirement of international Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

MCB CASH MANAGEMENT OPTIMIZER NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. These comprise bank balances and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets either as 'financial assets at fair value through profit or loss' or as 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement.

3.2.4 Subsequent measurement

a) Financial assets at fair value through profit or loss

Basis of valuation of government securities

The investment of the Fund in government securities is subsequently stated at fair value which is determined on the basis of rates announced by the Financial Market Association of Pakistan in accordance with the requirements of the NBFC Regulations, 2008.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the Income Statement.

b) Loans and receivables

Subsequent to initial recognition, loans and receivables are carried at amortised cost, using the effective interest method.

Gain or loss is also recognised in the Income Statement when financial assets carried at amortised cost are derecognised or impaired.

MCB CASH MANAGEMENT OPTIMIZER NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. If any such indication exists, the recoverable amount of such asset or group of assets is estimated and impairment losses are recognised in the Income Statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against 'loans and receivables' is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company as per the requirements of circular 13 of 2009 dated May 4, 2009 issued by the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.3 Derivatives

Derivative instruments are initially recognised at fair value. Subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.4 Securities under repurchase / resale agreements

Transactions of purchase of government securities under resale (reverse-repo) arrangements are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the term of the reverse-repo agreement.

3.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recorded at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from September 30, 2009, as per the requirement of the Trust Deed of the Fund.

3.8 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.9 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

MCB CASH MANAGEMENT OPTIMIZER NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the outstanding Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.10 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year/ period end.

3.11 Issue and redemption of units

Units shall be issued based on the offer price that is fixed on the basis of the NAV so determined on the business day preceding the day on which a duly completed investment application form is received along with the funds in favour of the trustee at the registered office, authorised branches or distributors before the cut-off time.

The units shall be redeemed based on the redemption price that is fixed on the basis of the NAV announced as of the close of the business day preceding the day on which a correctly filled application for redemption is received.

3.12 Proposed distributions

Dividends declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

3.13 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) held in the Unit Holder's Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.14 Revenue recognition

- Income on government securities and bank deposits (including term deposit receipts) is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.
- Income on issue and purchase of units is recognised when the units are issued and redeemed at the transaction date.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised gains /or (losses) arising on remeasurement of investments classified as 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

3.15 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

**MCB CASH MANAGEMENT OPTIMIZER
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4	BANK BALANCES	Note	2012	2011
			-----Rupees in '000-----	
	In savings accounts	4.1	<u>2,770,702</u>	<u>2,586,205</u>

4.1 These carry mark-up at rates ranging between 6.00% and 12.25% (2011: 5.00% to 13.90%) per annum.

5	INVESTMENTS	Note	2012	2011
			-----Rupees in '000-----	
	Financial assets at fair value through profit or loss - held for trading			
	- Investment in government securities			
	Market treasury bills	5.1.1	12,917,014	6,894,081
	Pakistan investment bond	5.1.2	548,950	-
			<u>13,465,964</u>	<u>6,894,081</u>

5.1 Financial assets at fair value through profit or loss - held for trading

Particulars	Face Value			Balance as at June 30, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2011	Purchased during the year	Disposed / matured during the year	As at June 30, 2012	Carrying Value	Market Value		
	-----Rupees in '000-----							%

5.1.1 Investment in government securities - Market treasury bills

Market treasury bills

Treasury Bills - 1 year	1,000	18,684,180	17,564,440	1,120,740	1,107,986	1,114,028	6,042	5.87	8.27
Treasury Bills - 6 months	6,330,000	37,307,230	42,598,230	1,039,000	1,029,299	1,028,725	(574)	5.42	7.64
Treasury Bills - 3 months	825,000	43,640,150	33,597,150	10,868,000	10,743,067	10,774,261	31,194	56.79	80.01
Total - June 30, 2012	<u>7,156,000</u>	<u>99,631,560</u>	<u>93,759,820</u>	<u>13,027,740</u>	<u>12,880,352</u>	<u>12,917,014</u>	<u>36,662</u>	<u>68.08</u>	<u>95.92</u>
Total - June 30, 2011	<u>4,378,000</u>	<u>92,226,000</u>	<u>89,448,000</u>	<u>7,156,000</u>	<u>6,877,857</u>	<u>6,894,081</u>	<u>16,224</u>	<u>66.33</u>	<u>100.00</u>

5.1.2 Investment in government securities - Pakistan Investment Bond

Pakistan investment bond

PIB - 3 years	-	550,000	-	550,000	548,892	548,950	58	2.89	4.08
Total June 30,11	-	-	-	-	-	-	-	-	-

6	TERM DEPOSIT RECEIPTS	Note	2012	2011
			-----Rupees in '000-----	
	Term deposit receipts	6.1	<u>2,785,000</u>	<u>1,150,000</u>

6.1 These carry interest at rates ranging between 12.15% and 12.25% (2011: 13.80% and 13.95%) and are maturing at various dates upto July 18, 2012 (2011: July 30, 2011).

7	PROFIT AND OTHER RECEIVABLES		2012	2011
			----- Rupees in '000 -----	
	Profit accrued on saving deposits		4,944	16,256
	Profit accrued on term deposit receipts		17,100	26,241
	Profit accrued on Pakistan Investment Bond		338	-
	Receivable on Pakistan Investment Bond		19,949	-
			<u>42,331</u>	<u>42,497</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

			2012	2011
	Opening balance		3,249	4,249
	Less: amortisation during the year		1,003	1,000
	Closing balance		<u>2,246</u>	<u>3,249</u>

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8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. This expenditure is being amortised over a period of five years commencing from September 30, 2009 as per the requirement set out in the Trust Deed of the Fund.

	Note	2012 ----- Rupees in '000 -----	2011 ----- Rupees in '000 -----
9 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	9.1	18,720	11,111
Sindh Sales tax on Management Company's remuneration	9.2	<u>2,995</u>	-
		<u><u>21,715</u></u>	<u><u>11,111</u></u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and, thereafter, of an amount equal to 2 percent of such assets of the Fund. Currently, the Management Company charges remuneration at a rate of 10 percent on the daily gross earnings of the Fund with a cap of 3 percent per annum and a floor of 0.25 percent per annum of average daily net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

9.2 During the current year, the provincial government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

	Note	2012 ----- Rupees in '000 -----	2011 ----- Rupees in '000 -----
10 PAYABLE TO THE TRUSTEE			
Trustee fee	10.1	<u><u>1,248</u></u>	<u><u>731</u></u>

10.1 The Trustee (Central Depository Company of Pakistan Limited) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund. The tariff structure applicable to the Fund as at June 30, 2012 in respect of trustee fee is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs 1,000 million	Rs 0.6 million or 0.17% per annum of NAV, whichever is higher
From Rs 1,000 million to Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of NAV, exceeding Rs 1,000 million
On an amount exceeding Rs 5,000 million	Rs 5.1 million plus 0.07% per annum of NAV, exceeding Rs 5,000 million

The remuneration is paid to the Trustee on monthly basis in arrears.

	Note	2012 ----- Rupees in '000 -----	2011 ----- Rupees in '000 -----
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	<u><u>9,772</u></u>	<u><u>6,858</u></u>

11.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as money market scheme is required to pay as annual fee to SECP, at an amount equal to 0.075 % of the average annual net assets of the Fund. The fee is payable annually in arrears.

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12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2012	2011
----- Rupees in '000 -----			
Auditors' remuneration		600	425
Provision for Workers' Welfare Fund	12.1	61,361	32,966
Withholding tax payable		65	614
Others		219	35,033
		<u>62,245</u>	<u>69,038</u>

12.1 Provision for Workers' Welfare Fund

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

Subsequent to the year ended June 30, 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 December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). The Management Company as a matter of abundant caution has decided to retain the provision for WWF amounting to Rs 61.361 million (including Rs 28.395 million for the current year) in these financial statements.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2012.

14 PROFIT ON BANK DEPOSITS AND TERM DEPOSIT RECEIPTS	2012	2011
----- Rupees in '000 -----		
Profit on saving deposits	137,185	61,856
Profit on term deposit receipts	156,827	141,007
	<u>294,012</u>	<u>202,863</u>

15 AUDITORS' REMUNERATION

Annual audit fee	325	300
Half yearly review fee	215	200
Other certification and services	425	350
Out of pocket expenses	63	50
	<u>1,028</u>	<u>900</u>

16 TAXATION

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

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17 EARNINGS PER UNIT

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

	Note	2012	2011
		----- Rupees in '000 -----	
18 CASH AND CASH EQUIVALENTS			
Bank balances	4	2,770,702	2,586,205
Term deposit receipts	6	2,785,000	1,150,000
Market treasury bills	5.1.1	<u>10,774,261</u>	<u>810,971</u>
		<u>16,329,963</u>	<u>4,547,176</u>

19 TRANSACTIONS WITH CONNECTED PERSONS

- 19.1 Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.
- 19.2 The transactions with connected persons are in the normal course of business, and carried out at contracted rates and terms.
- 19.3 Remuneration to the Management Company and the Trustee are determined in accordance with the provisions contained in the NBFC Regulations, 2008 and the Trust Deed respectively.

	2012	2011
	----- Rupees in '000 -----	
19.4 Transactions with connected persons during the year		
MCB Bank Limited		
Profit on savings deposits	48,332	14,237
Issue of 70,958,767 units (2011: nil units)	17,162,857	-
Redemption of 1,628,566 units (2011: nil units)	162,857	-
Arif Habib Investments Limited - Management Company		
Remuneration of the Management Company	159,294	117,174
Sindh sales tax on Management Company's remuneration	25,487	-
Issue of 48,359 bonus units (2011: 72,300 bonus units)	4,836	7,230
Redemption 511,739 units (2011: nil units)	51,460	-
MCB Asset Management Co. Ltd - Staff Provident Fund		
Issue of nil units (2011: 24,951 units)	-	2,500
Issue of 2,468 bonus units (2011: 1,529 bonus units)	247	153
Redemption of 4,465 units (2011: 12,220 units)	450	1,250
Central Depository Company of Pakistan Limited - Trustee		
Fee charged during the year	10,721	8,949
Adamjee Insurance Company Limited		
Issue of 32,779,265 units (2011: 23,542,157 units)	3,328,415	2,400,000
Issue of 562,448 bonus units (2011: 742,566 units)	56,249	74,257
Redemption of 41,960,980 units (2011: 16,217,027 units)	4,267,693	1,641,601

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	2012	2011
	----- Rupees in '000 -----	
Adamjee Life Assurance Company Limited		
Issue of 6,352,464 units (2011: nil units)	635,100	-
Issue of 95,929 bonus units (2011: nil units)	9,593	-
Redemption of 2,322,727 units (2011: nil units)	233,673	-
Key Management Personnel		
Issue of 69,944 units (2011: 23,181 units)	7,061	2,350
Issue of 5,033 bonus units (2011: 4,982 units)	503	137
Redemption of 88,871 units (2011: 10,826 units)	8,994	1,096
19.5 Amount outstanding as at year end		
MCB Bank Limited		
Bank balance	119,348	362,061
Profit receivable on deposit accounts	2,404	7,821
Units held: 69,330,201 (2011: nil units)	6,944,827	-
Arif Habib Investments Limited - Management Company		
Remuneration payable	21,715	11,111
Units held: 145,512 (2011: 608,892 units)	14,576	61,018
MCB Asset Management Co. Ltd - Staff Provident Fund		
Units held: 24,161 (2011: 26,158 units)	2,420	2,621
Central Depository Company of Pakistan Limited - Trustee		
Fee payable	1,248	731
Adamjee Insurance Company Limited		
Units held: 1,002,404 (2011: 9,621,671 units)	100,411	964,208
Adamjee Life Assurance Company limited		
Units held: 4,125,666 (2011: nil units)	413,269	-
Key Management Personnel		
Units held: 75,307 (2011: 89,190 units)	7,544	8,938

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

20.1 Details of members of the investment committee of the Fund as at June 30, 2012 are as follows:

S.No	Name	Designation	Experience in years	Qualification
1	Mr. Yasir Qadri	Chief Executive	17	MBA
2	Mr. Kashif Rafi	SVP - Investments	11	MBA & CFA level I
3	Mr. Muhammad Asim	VP - Head of Equities	9	MBA & CFA
4	Mr. Syed Akbar Ali	VP - Head of Research	7	MBA & CFA
5	Mr. Mohsin Pervez	VP - Investments	11	MBA, CFA (Level I)

20.2 Mr. Kashif Rafi is the Manager of the Fund. He is also managing MCB Dynamic Cash Fund and MCB Dynamic Allocation Fund.

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21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2012
1 BMA Capital Management Company	22.17%
2 Invest Capital & Securities Private Limited	13.84%
3 Invest & Finance Securities Private Limited	11.99%
4 JS Global Capital Limited	9.66%
5 C&M Capital Management Private Limited	9.32%
6 KASB Securities Limited	5.00%
7 Invisor Securities Private Limited	4.44%
8 Global Securities Pakistan Limited	3.64%
9 Summit Capital Markets Private Limited	3.42%
10 Vector Capital Private Limited	3.36%
	2011
1 Invest Capital & Securities Private Limited	20.32%
2 BMA Capital Management Company	17.73%
3 Invisor Securities Private Limited	14.88%
4 Invest & Finance Securities Private Limited	10.83%
5 JS Global Capital Limited	9.75%
6 Global Securities Pakistan Limited	6.33%
7 Elixir Securities Pakistan Private Limited	6.12%
8 KASB Securities Limited	5.49%
9 Summit Capital Markets Private Limited	2.68%
10 Vector Capital Private Limited	2.15%

22 PATTERN OF UNITHOLDING

----- As at June 30, 2012 -----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals	830	12,979,007	1,300,111	6.85%
Associated Companies / Directors	5	74,627,944	7,475,504	39.40%
Insurance Companies	14	19,659,699	1,969,318	10.38%
Banks / DFIs	6	30,282,577	3,033,415	15.99%
NBFCs	4	1,275,977	127,815	0.69%
Retirement Funds	29	2,106,549	211,015	1.11%
Public Limited Companies	6	30,439,227	3,049,108	16.07%
Others	66	18,020,088	1,805,079	9.51%
	960	189,391,069	18,971,363	100.00%

----- As at June 30, 2011 -----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals	688	9,333,866	935,722	9.00%
Associated Companies / Directors	5	10,294,779	1,032,054	9.93%
Insurance Companies	7	7,299,307	731,757	7.04%
Banks / DFIs	6	19,203,365	1,925,142	18.52%
NBFCs	-	-	-	0.00%
Retirement Funds	27	2,172,193	217,763	2.10%
Public Limited Companies	36	46,507,003	4,662,338	44.86%
Others	29	8,861,277	888,345	8.55%
	798	103,671,790	10,393,121	100.00%

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23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th and 97th meetings of the Board of Directors of the Management Company were held on July 4, 2011, August 8, 2011, September 10, 2011, September 20, 2011, October 26, 2011, January 27, 2012 and March 29, 2012, April 27, 2012 and June 25, 2012 respectively. Information in respect of attendance by Directors in the meetings held during the year ended June 30, 2012 is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mian Muhammad Mansha	9	4	5	89th, 90th, 93rd, 96th and 97th meetings
Mr. Nasim Beg	9	9	-	Not applicable
Syed Salman Ali Shah	9	8	1	92nd meeting
Mr. Haroun Rashid	9	6	3	91st, 92nd and 95th meetings
Mr. Ahmed Jahangir	9	7	2	91st and 92nd meetings.
Mr. Samad A. Habib	9	6	3	89th, 91st, and 96th meetings
Mr. Mirza Mahmood Ahmad	9	7	2	89th and 97th meetings
Mr. Yasir Qadri (Chief Executive Officer)	9	9	-	Not applicable

24 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at June 30, 2012 -----			
Loans and receivables	At fair value through profit or loss	Total	
-----Rupees in '000-----			
ASSETS			
Bank balances	2,770,702	-	2,770,702
Investments	-	13,465,964	13,465,964
Term deposit receipts	2,785,000	-	2,785,000
Profit and other receivables	42,331	-	42,331
	<u>5,598,033</u>	<u>13,465,964</u>	<u>19,063,997</u>
----- As at June 30, 2012 -----			
At fair value through profit or loss	At amortised cost	Total	
-----Rupees in '000-----			
LIABILITIES			
Payable to the Management Company	-	21,715	21,715
Payable to the Trustee	-	1,248	1,248
Accrued expenses and other liabilities	-	819	819
	<u>-</u>	<u>23,782</u>	<u>23,782</u>
----- As at June 30, 2011 -----			
Loans and receivables	At fair value through profit or loss	Total	
-----Rupees in '000-----			
ASSETS			
Bank balances	2,586,205	-	2,586,205
Investments	-	6,894,081	6,894,081
Term deposit receipts	1,150,000	-	1,150,000
Profit and other receivables	42,597	-	42,597
	<u>3,778,802</u>	<u>6,894,081</u>	<u>10,672,883</u>

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	----- As at June 30, 2011 -----		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees in '000-----		
LIABILITIES			
Payable to the Management Company	-	11,111	11,111
Payable to the Trustee	-	731	731
Payable against purchase of investments	-	195,273	195,273
Accrued expenses and other liabilities	-	35,458	35,458
	-	<u>242,573</u>	<u>242,573</u>

25 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

25.1 Market risk

Market price risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

25.1.1 Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all transactions are carried out in Pak Rupees.

25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in the market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2012, the Fund does not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise of treasury Bills, Pakistan investment bond, Term Deposit Receipts and savings accounts maintained with banks. The Fund's income from these investments is substantially independent of changes in market interest rates except for changes, if any, as a result of fluctuations in their respective fair values.

As at June 30, 2012 the Fund holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be lower by Rs 9.175 million (2011: Rs 18.509 million). In case of 100 basis points decrease in rates announced by the FMAP on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be higher by Rs 9.191 million (2011: Rs 18.619 million).

MCB CASH MANAGEMENT OPTIMIZER

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As at June 30, 2012 the Fund also holds Pakistan Investment Bond which are classified as 'financial assets at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be lower by Rs 0.983 million. In case of 100 basis points decrease in rates announced by the FMAP on June 30, 2012, with all other variables held constant, the net income for then year and net assets would be higher by Rs 0.986 million.

As at June 30, 2012, the Fund also holds term deposit receipts which are classified as 'loans and receivables'. Since 'loans and receivables' are carried at amortised cost, any increase or decrease in market interest rates will not affect the net income for the year nor the net assets of the fund as at June 30, 2012.

The composition of the Fund's investment portfolio and rates announced by FMAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield/interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on the settlement date.

-----As at June 30, 2012-----					
Yield / effective interest rate	Total	Exposed to yield/interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%		-----Rupees in '000-----			
On-balance sheet financial instruments					
Financial assets					
Bank balances	6.00 - 12.25	2,770,702	2,770,702	-	-
Investments	11.91 - 11.93	13,465,964	13,465,964	-	-
Term deposit receipts	12.15-12.25	2,785,000	2,785,000	-	-
Profit and other receivables		42,331	-	-	42,331
		19,063,997	19,021,666	-	42,331
Financial liabilities					
Payable to the Management Company		21,715	-	-	21,715
Payable to the Trustee		1,248	-	-	1,248
Accrued expenses and other liabilities		819	-	-	819
		23,782	-	-	23,782
On-balance sheet gap		19,040,215	19,021,666	-	18,549
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

-----As at June 30, 2011-----					
Yield / effective interest rate	Total	Exposed to Yield/Interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%		-----Rupees in '000-----			
On-balance sheet financial instruments					
Financial assets					
Bank balances	5.00 - 13.90	2,586,205	2,586,205	-	-
Investments	11.25-13.75	6,894,081	6,894,081	-	-
Term deposit receipts	13.8 - 13.95	1,150,000	1,150,000	-	-
Profit and other receivables		42,597	-	-	42,597
		10,672,883	10,630,286	-	42,597
Financial liabilities					
Payable to the Management Company		11,111	-	-	11,111
Payable to the Trustee		731	-	-	731
Payable against purchase of investment		195,273	-	-	195,273
Accrued expenses and other liabilities		36,072	-	-	36,072
		243,187	-	-	243,187
On-balance sheet gap		10,429,696	10,630,286	-	(200,590)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

MCB CASH MANAGEMENT OPTIMIZER NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

25.1.3 Price Risk

Price risk is the risk that the fair value or future cash flow of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

25.2 Credit risk

Credit risk represents the risk of loss if the counter parties fail to perform as contracted. The Fund 's credit risk is primarily attributable to its investment in Market Treasury Bills, Pakistan Investment Bonds, term deposit receipts and balances with banks in saving accounts. The Fund does not foresee any credit risk with respect to its investments in Market Treasury Bills and Pakistan Investment Bonds since these are guaranteed by the Federal Government. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's bank balances:

Bank balances by rating category

Published rating	As at June 30,	As at June 30,
	2012	2011
	----- Percentage of total -----	
A-1	9.04%	0.20%
A1+	90.96%	99.80%
	<u>100.00%</u>	<u>100.00%</u>

Term Deposit Receipt by rating category

Published rating	As at June 30,	As at June 30,
	2012	2011
	----- Percentage of total -----	
A1+	100.00%	100.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2012 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

Concentration of credit risk

Concentration of credit risk exist when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's most significant investment is made in Government Treasury Bills and Pakistan Investment Bonds which are both government guaranteed.

25.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of the unit holders. The Fund's approach to managing liquidity risk is to ensure, as far as possible, that the Fund will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is, therefore, to invest the majority of its assets in investments that are traded in an actual market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short-term to ensure settlement. However, during the current year, no borrowing was obtained by the Fund. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

**MCB CASH MANAGEMENT OPTIMIZER
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

----- As at June 30 , 2012 -----				
	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
Liabilities				
Payable to the Management Company	21,715	21,715	-	-
Payable to the Trustee	1,248	1,248	-	-
Accrued expenses and other liabilities	819	819	-	-
	<u>23,782</u>	<u>23,782</u>	-	-

----- As at June 30 , 2011 -----				
	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
Liabilities				
Payable to the Management Company	11,111	11,111	-	-
Payable to the Trustee	731	731	-	-
Payable against purchase of investment	195,273	195,273	-	-
Accrued expenses and other liabilities	36,072	36,072	-	-
	<u>243,187</u>	<u>243,187</u>	-	-

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair values of all other financial assets and liabilities is considered not to be significantly different from carrying values as the items are short term in nature or are periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Investments of the Fund carried at fair value are categorised as follows:

**MCB CASH MANAGEMENT OPTIMIZER
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

----- As at June 30, 2012-----			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
ASSETS			
Financial assets at fair value through profit or loss			
- Market Treasury Bills	12,917,014	-	12,917,014
- Pakistan Investment Bond	548,950	-	548,950
	13,465,964	-	13,465,964

----- As at June 30, 2011-----			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
ASSETS			
Financial assets at fair value through profit or loss			
- Market Treasury Bills	6,894,081	-	6,894,081

27 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit holders' fund is represented by redeemable units. These units are entitled to dividends and to redemptions based on the redemption price that is fixed on the basis of the Fund's net asset value per unit announced on the close of the business day preceding the day on which a correctly filled application for redemption is received. The relevant movements are shown on the Statement of Movement in Unit Holders' Fund.

The Fund has no restrictions on the subscription and redemption of units.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 25, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. In addition the Fund can also support liquidity by short-term borrowings or disposal of investments, where necessary.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications were made in these financial statements in the current year.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15, 2012 by the Board of Directors of the Management Company.

30 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.



Chief Executive Officer

**For Arif Habib Investments Limited
(Management Company)**



Director

**MCB CASH MANAGEMENT OPTIMIZER
PATTERN OF HOLDING AS PER REQUIREMENT OF
CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2012**

Category	No. of Units Holders	Units
Associated Company, Undertakings, and Related Parties		
Adamjee Insurance Co. Ltd	1	1,002,404
Arif Habib Investment Limited	1	145,512
Adamjee Life Assurance Co. Ltd	1	4,125,666
MCB Asset Management Company Limited - Staff Provident Fund	1	24,161
MCB Bank Limited	1	69,330,201
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance, Insurance Companies, Modarbas and Mutual Funds.		
	21	13,915,119
Executives	12	75,307
Trust	29	2,106,549
Corporate	5	18,315,811
Individuals	818	12,903,700
Others	66	18,020,088
Shareholders holding 5 percent or more voting interest in the listed company		
Allied Bank Ltd.	1	14,908,432
Pakistan Petroleum Limited	1	12,123,416
American Life Insurance Co.(Pak) Ltd	1	11,474,937
Habib Metropolitan Bank Ltd.	1	10,919,765
	960	189,391,069

**MCB CASH MANAGEMENT OPTIMIZER
PATTERN OF UNIT HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2012**

No. of Unit Holders	Units Holdings	Total Units Held
492	(SHAREHOLDING FROM 1.0000 TO 5000.0000)	830,128.36
165	(SHAREHOLDING FROM 5001.0000 TO 10000.0000)	1,087,110.08
62	(SHAREHOLDING FROM 10001.0000 TO 15000.0000)	723,309.60
38	(SHAREHOLDING FROM 15001.0000 TO 20000.0000)	648,702.45
26	(SHAREHOLDING FROM 20001.0000 TO 25000.0000)	573,146.03
19	(SHAREHOLDING FROM 25001.0000 TO 30000.0000)	503,551.47
11	(SHAREHOLDING FROM 30001.0000 TO 35000.0000)	344,131.80
9	(SHAREHOLDING FROM 35001.0000 TO 40000.0000)	325,930.50
13	(SHAREHOLDING FROM 40001.0000 TO 45000.0000)	552,770.96
4	(SHAREHOLDING FROM 45001.0000 TO 50000.0000)	187,443.99
6	(SHAREHOLDING FROM 50001.0000 TO 55000.0000)	306,391.26
4	(SHAREHOLDING FROM 55001.0000 TO 60000.0000)	232,428.91
6	(SHAREHOLDING FROM 60001.0000 TO 65000.0000)	371,364.94
2	(SHAREHOLDING FROM 65001.0000 TO 70000.0000)	134,159.04
4	(SHAREHOLDING FROM 70001.0000 TO 75000.0000)	288,934.16
1	(SHAREHOLDING FROM 75001.0000 TO 80000.0000)	78,833.17
1	(SHAREHOLDING FROM 80001.0000 TO 85000.0000)	81,779.65
2	(SHAREHOLDING FROM 85001.0000 TO 90000.0000)	173,746.58
1	(SHAREHOLDING FROM 90001.0000 TO 95000.0000)	93,166.29
2	(SHAREHOLDING FROM 95001.0000 TO 100000.0000)	193,881.19
3	(SHAREHOLDING FROM 100001.0000 TO 105000.0000)	302,382.61
4	(SHAREHOLDING FROM 110001.0000 TO 115000.0000)	446,970.64
3	(SHAREHOLDING FROM 115001.0000 TO 120000.0000)	348,525.16
3	(SHAREHOLDING FROM 120001.0000 TO 125000.0000)	366,459.71
2	(SHAREHOLDING FROM 125001.0000 TO 130000.0000)	254,032.33
2	(SHAREHOLDING FROM 140001.0000 TO 145000.0000)	288,135.55
1	(SHAREHOLDING FROM 145001.0000 TO 150000.0000)	145,512.01
2	(SHAREHOLDING FROM 150001.0000 TO 155000.0000)	300,238.11
3	(SHAREHOLDING FROM 165001.0000 TO 170000.0000)	501,175.34
1	(SHAREHOLDING FROM 170001.0000 TO 175000.0000)	170,788.16
2	(SHAREHOLDING FROM 175001.0000 TO 180000.0000)	351,952.92
1	(SHAREHOLDING FROM 190001.0000 TO 195000.0000)	193,744.14
5	(SHAREHOLDING FROM 200001.0000 TO 205000.0000)	1,012,878.29
1	(SHAREHOLDING FROM 205001.0000 TO 210000.0000)	209,216.07
1	(SHAREHOLDING FROM 225001.0000 TO 230000.0000)	228,641.28
1	(SHAREHOLDING FROM 240001.0000 TO 245000.0000)	240,885.92
1	(SHAREHOLDING FROM 245001.0000 TO 250000.0000)	249,777.70
1	(SHAREHOLDING FROM 250001.0000 TO 255000.0000)	253,530.83
3	(SHAREHOLDING FROM 255001.0000 TO 260000.0000)	769,884.77
1	(SHAREHOLDING FROM 260001.0000 TO 265000.0000)	260,221.79
1	(SHAREHOLDING FROM 275001.0000 TO 280000.0000)	279,680.88
1	(SHAREHOLDING FROM 280001.0000 TO 285000.0000)	281,022.19
1	(SHAREHOLDING FROM 285001.0000 TO 290000.0000)	286,229.34
1	(SHAREHOLDING FROM 295001.0000 TO 300000.0000)	299,658.09
1	(SHAREHOLDING FROM 300001.0000 TO 305000.0000)	302,371.50
1	(SHAREHOLDING FROM 305001.0000 TO 310000.0000)	307,559.17
1	(SHAREHOLDING FROM 310001.0000 TO 315000.0000)	312,172.07
2	(SHAREHOLDING FROM 325001.0000 TO 330000.0000)	655,725.63
1	(SHAREHOLDING FROM 330001.0000 TO 335000.0000)	331,743.46
1	(SHAREHOLDING FROM 335001.0000 TO 340000.0000)	335,680.87
1	(SHAREHOLDING FROM 390001.0000 TO 395000.0000)	392,210.99
1	(SHAREHOLDING FROM 400001.0000 TO 405000.0000)	400,021.04
1	(SHAREHOLDING FROM 405001.0000 TO 410000.0000)	409,019.83
1	(SHAREHOLDING FROM 420001.0000 TO 425000.0000)	420,021.89
1	(SHAREHOLDING FROM 425001.0000 TO 430000.0000)	428,849.52
1	(SHAREHOLDING FROM 470001.0000 TO 475000.0000)	471,862.57
1	(SHAREHOLDING FROM 495001.0000 TO 500000.0000)	499,555.40
1	(SHAREHOLDING FROM 595001.0000 TO 600000.0000)	595,519.20
1	(SHAREHOLDING FROM 635001.0000 TO 640000.0000)	638,547.15
1	(SHAREHOLDING FROM 720001.0000 TO 725000.0000)	723,436.34
1	(SHAREHOLDING FROM 875001.0000 TO 880000.0000)	875,120.97

**MCB CASH MANAGEMENT OPTIMIZER
 PATTERN OF UNIT HOLDING BY SIZE
 FOR THE YEAR ENDED JUNE 30, 2012**

1	(SHAREHOLDING FROM 880001.0000 TO 885000.0000)	884,317.43
1	(SHAREHOLDING FROM 960001.0000 TO 965000.0000)	961,760.68
1	(SHAREHOLDING FROM 1000001.0000 TO 1005000.0000)	1,002,404.17
1	(SHAREHOLDING FROM 1025001.0000 TO 1030000.0000)	1,027,401.99
1	(SHAREHOLDING FROM 1070001.0000 TO 1075000.0000)	1,071,036.97
1	(SHAREHOLDING FROM 1190001.0000 TO 1195000.0000)	1,191,892.05
1	(SHAREHOLDING FROM 1275001.0000 TO 1280000.0000)	1,276,860.72
1	(SHAREHOLDING FROM 1325001.0000 TO 1330000.0000)	1,329,117.27
1	(SHAREHOLDING FROM 1475001.0000 TO 1480000.0000)	1,478,023.97
1	(SHAREHOLDING FROM 1600001.0000 TO 1605000.0000)	1,603,889.45
1	(SHAREHOLDING FROM 1635001.0000 TO 1640000.0000)	1,635,528.10
1	(SHAREHOLDING FROM 1750001.0000 TO 1755000.0000)	1,752,293.55
1	(SHAREHOLDING FROM 1940001.0000 TO 1945000.0000)	1,940,027.92
1	(SHAREHOLDING FROM 2005001.0000 TO 2010000.0000)	2,008,884.95
1	(SHAREHOLDING FROM 2020001.0000 TO 2025000.0000)	2,024,839.29
1	(SHAREHOLDING FROM 2500001.0000 TO 2505000.0000)	2,503,205.79
1	(SHAREHOLDING FROM 2510001.0000 TO 2515000.0000)	2,513,996.02
1	(SHAREHOLDING FROM 3130001.0000 TO 3135000.0000)	3,132,345.74
1	(SHAREHOLDING FROM 3770001.0000 TO 3775000.0000)	3,770,364.97
1	(SHAREHOLDING FROM 4220001.0000 TO 4225000.0000)	4,222,790.06
1	(SHAREHOLDING FROM 4420001.0000 TO 4425000.0000)	4,422,586.06
1	(SHAREHOLDING FROM 5015001.0000 TO 5020000.0000)	5,018,869.34
1	(SHAREHOLDING FROM 10915001.0000 TO 10920000.0000)	10,919,764.72
1	(SHAREHOLDING FROM 11470001.0000 TO 11475000.0000)	11,474,937.17
1	(SHAREHOLDING FROM 12120001.0000 TO 12125000.0000)	12,123,416.03
1	(SHAREHOLDING FROM 14905001.0000 TO 14910000.0000)	14,908,432.41
1	(SHAREHOLDING FROM 69330001.0000 TO 69335000.0000)	69,330,200.93
960	Total :	189,391,069.57

**MCB CASH MANAGEMENT OPTIMIZER
PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2012**

Performance Information	2012	2011	2010
Total Net Assets Value – Rs. in million	18,971	10,393	6,525
Net Assets value per unit – Rupees	100.1703	100.2502	101.8903
Highest offer price per unit	103.7256	103.1651	103.3422
Lowest offer price per unit	100.0000	100.0155	100.0276
Highest Redemption price per unit	103.1330	103.1651	103.3422
Lowest Redemption price per unit	100.0249	100.0155	100.0276
Distribution per unit (Annual) – Rs.	1.7021	1.7578	1.8903
Distribution per unit (interim) – Rs. *	10.2771	9.1624	5.9514
Average Annual Return - %			
One year	11.3	11.6	10.7
Two year	12.13	11.8	N/a
Three year	N/A	NA	N/a
Net Income for the period – Rs. in million	1391.364	1062.925	552.425
Income Distribution – Rs. in million	1380.556	1036.982	552.425
Accumulated Capital Growth – Rs. in million	10.808	25.943	-
Weighted average Portfolio Duration (months)	0.73	2.37	2.00

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

*** Details of Interim distribution**

Distribution per unit (interim) – Rs. (28 Sep-11)	3.1330
Distribution per unit (interim) – Rs. (27-Jan-12)	3.7526
Distribution per unit (Annual) – Rs. (29 Mar-12)	1.6894
Distribution per unit (Annual) – Rs. (28 May-12)	1.7021