

**PAKISTAN INCOME ENHANCEMENT FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT MARCH 31, 2022**

		March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	4	855,192	156,989
Investments	5	457,678	475,217
Mark-up, dividend and other receivables		12,209	5,290
Advances, deposits and prepayments		3,424	3,416
Receivable Against Margin Trading System		-	2,257
Receivables against sale of investment		-	4,699
Receivable from National Clearing Company of Pakistan Limited		2,182	17,470
<b>Total assets</b>		1,330,685	665,338
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	6	1,231	1,263
Payable to Central Depository Company of Pakistan Limited - Trustee		79	48
Payable to the Securities and Exchange Commission of Pakistan (SECP)		163	137
Payable against purchase of investments		250,896	-
Payable against redemption of units		2,079	2,079
Accrued and other liabilities	7	22,632	32,215
<b>Total liabilities</b>		277,080	35,742
<b>NET ASSETS</b>		<u>1,053,605</u>	<u>629,596</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>1,053,605</u>	<u>629,596</u>
<b>Contingencies and commitments</b>	8		
		<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>18,155,965</u>	<u>11,680,502</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		58.0308	53.9015

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**PAKISTAN INCOME ENHANCEMENT FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022**

		Nine months period ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
Note		(Rupees in '000)			
<b>INCOME</b>					
Income from government securities		22,778	6,061	11,040	876
Income from term finance certificates		13,786	16,120	5,788	3,564
Capital (loss) / gain on sale of investments - net		(14,141)	(2,493)	(202)	(223)
Mark-up on bank deposits		31,054	12,805	13,591	3,982
Dividend income		7,114	7,091	-	1,844
Income from Margin Trading System (MTS) - net		-	1,827	(1)	16
Income from spread transactions		16,930	3,797	-	14,186
Unrealised appreciation / (diminution) on Derivative		-	4,151	-	4,151
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.1 to 5.4	4,061	2,133	(147)	(10,615)
Other income		646	514	135	415
<b>Total income</b>		<b>82,228</b>	<b>52,006</b>	<b>30,204</b>	<b>18,196</b>
<b>EXPENSES</b>					
Remuneration of MCB-Arif Habib Savings and Investments Limited- Management Company		7,600	4,581	2,417	2,068
Sindh sales tax on remuneration of Management Company		988	595	314	269
Allocated expenses		816	520	277	164
Remuneration of Central Depository Company of Pakistan Limited - Trustee		614	390	209	124
Sindh sales tax on remuneration of the Trustee		80	51	27	16
Selling and marketing expenses		165	3,195	-	532
Annual fee to the Securities and Exchange Commission of Pakistan		163	104	55	33
Brokerage, settlement charges and bank charges		2,236	3,731	137	1,633
Fees and subscription		804	562	126	7
Auditors' remuneration		462	561	131	188
Legal and professional charges		512	103	40	34
Other expenses		31	-	16	(16)
<b>Total expenses</b>		<b>14,471</b>	<b>14,393</b>	<b>3,749</b>	<b>5,052</b>
<b>Net income from operating activities</b>		<b>67,757</b>	<b>37,613</b>	<b>26,455</b>	<b>13,144</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	9,434	(752)	-	(263)
<b>Net income for the period before taxation</b>		<b>77,191</b>	<b>36,861</b>	<b>26,455</b>	<b>12,881</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>77,191</b>	<b>36,861</b>	<b>26,455</b>	<b>12,881</b>
<b>Allocation of net income for the period:</b>					
Net income for the period		77,191	36,861		
Income already paid on units redeemed			(4,988)		
		<b>77,191</b>	<b>31,874</b>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	-		
- Excluding capital gains		77,191	31,874		
		<b>77,191</b>	<b>31,874</b>		
<b>Earnings per unit</b>					

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**PAKISTAN INCOME ENHANCEMENT FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022**

	Nine months period ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	77,191	36,861	26,455	12,881
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>77,191</u></b>	<b><u>36,861</u></b>	<b><u>26,455</u></b>	<b><u>12,881</u></b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**PAKISTAN INCOME ENHANCEMENT FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine months period ended March 31, 2022			Nine months period ended March 31, 2021		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
<b>(Rupees in '000)</b>						
<b>Net assets at the beginning of the period</b>	526,749	102,847	629,596	604,007	102,828	706,835
Issue of 41,520,406 units (2021: 11,339,764 units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,238,013	-	2,238,013	611,148	-	611,148
- Element of income	89,111	-	89,111	13,539	-	13,539
	2,327,124	-	2,327,124	624,687	-	624,687
Redemption of 35,044,944 units (2021: 12,992,759 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,888,975	-	1,888,975	700,234	-	700,234
- Element of income	91,331	-	91,331	11,310	4,988	16,298
	1,980,306	-	1,980,306	711,544	4,988	716,532
Total comprehensive income for the period	-	77,191	77,191	-	36,861	36,861
<b>Net assets at the end of the period</b>	<b>873,567</b>	<b>180,038</b>	<b>1,053,605</b>	<b>517,150</b>	<b>134,702</b>	<b>651,851</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised		95,758			103,123	
- Unrealised loss		7,089			(295)	
		102,847			102,828	
Accounting income available for distribution						
- Relating to capital gains		-				
- Excluding capital gains		77,191			31,874	
		77,191			31,874	
Undistributed income carried forward		180,038			134,702	
<b>Undistributed income carried forward comprising of:</b>						
- Realised		175,977			132,568	
- Unrealised income / (loss)		4,061			2,133	
		180,038			134,702	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at the beginning of the period		<b>53.9015</b>			<b>53.8942</b>	
Net asset value per unit at the end of the period		<b>58.0308</b>			<b>56.8694</b>	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**PAKISTAN INCOME ENHANCEMENT FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

	Nine months period ended	
	March 31, 2022	March 31, 2021
Note	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	77,191	36,861
<b>Adjustments for non cash and other items:</b>		
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(4,061)	(2,133)
Provision for Sindh Workers' Welfare Fund (SWWF)	(9,434)	752
	<u>63,696</u>	<u>35,480</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	21,600	374,005
Mark-up, dividend and other receivables	(6,919)	7,439
Advances, deposits and prepayments	(8)	(39,746)
Receivables against sale of investment	4,699	-
Receivable Against Margin Trading System	2,257	-
Receivable from National Clearing Company of Pakistan Limited	15,288	(20,920)
	<u>36,917</u>	<u>320,778</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(31)	1,009
Payable to Central Depository Company of Pakistan Limited - Trustee	31	(4)
Payable to the Securities and Exchange Commission of Pakistan	25	(46)
Payable against purchase of investments	250,896	-
Accrued and other liabilities	(149)	(359)
	<u>250,772</u>	<u>600</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>351,385</u>	<u>356,858</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	2,327,124	624,687
Payments on redemption of units	(1,980,306)	(716,532)
<b>Net cash (used in) / generated from financing activities</b>	<u>346,818</u>	<u>(91,845)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>698,203</u>	<u>265,013</u>
Cash and cash equivalents at the beginning of the period	156,989	78,377
<b>Cash and cash equivalents at the end of the period</b>	<u>855,192</u>	<u>343,390</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**PAKISTAN INCOME ENHANCEMENT FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2021 to the Management Company and "A+(f)" as stability rating dated March 09, 2022 to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7** During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2021. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2022 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2021, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2022.
- 2.1.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation

currency of the Fund.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2021.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees in '000) -----	
4	<b>BALANCES WITH BANKS</b>		
	In current accounts	7,996	7,610
	In saving accounts	4.1 847,196	149,379
		4.2 855,192	156,989

- 4.1 These carry mark-up at rates ranging between 5.5% to 12.15% per annum (June 2021: 5.5% to 9.75% per annum).
- 4.2 These include balances of Rs. 8.054 million (June 30, 2021: Rs. 7.683 million) maintained with MCB Bank Limited (a related party).

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees in '000) -----	
5	<b>INVESTMENTS</b>		
	<b>Investments at fair value through profit or loss</b>		
	Government securities	5.1 248,325	74,795
	Listed equity securities	5.2 -	236,537
	Listed debt securities	5.3 -	-
	Unlisted debt securities	5.4 209,353	156,233
	Future stock contracts	-	7,652
		457,678	475,217



## 5.2 Listed equity securities - 'at fair value through profit or loss'

Name of investee company	Number of shares				Balance as at March 31, 2022			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments	
(Rupees in '000)										%
<b>Automobile Assembler</b>										
Sazgar Engineering Works Limited	5,500	25,000	30,500	-	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	1,000	53,500	54,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
<b>Cable &amp; electrical goods</b>										
Pak Elektron Limited*	263,500	991,000	1,254,500	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	452,500	452,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
<b>Balance carried forward</b>					-	-	-			
(Rupees in '000)										%
Name of investee company	Number of shares				Balance as at March 31, 2022			Market Value as a percentage of		Percentage in relation to paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total investments	
(Rupees in '000)										%
<b>Balance carried forward</b>					-	-	-			

Name of investee company	Number of shares				Balance as at March 31, 2022			Market Value as a percentage of		Percentage in relation to paid- up capital of the investee company
	As at July 01, 2021	Purchased during the period	Sold during the period	As at March 31, 2022	Carrying value	Market value	Unrealised (loss) / gain	net assets	total invest- ments	
----- (Rupees in '000) ----- %										

**Balance carried forward**

<b>Refinery</b>						
Attock Refinery Limited	110,000	201,000	311,000	-	-	-
Energyco pk Limited	1,224,500	8,117,500	9,342,000	-	-	-
National Refinery Limited	3,000	130,000	133,000	-	-	-
Pakistan Refinery Limited	-	505,500	505,500	-	-	-
				-	-	-
<b>Technology &amp; Communications</b>						
Avanceon Limited	108,500	1,213,500	1,322,000	-	-	-
Hurn Network Limited	3,400,000	2,106,500	5,506,500	-	-	-
Pakistan Telecommunication Company Limited	16,500	316,500	333,000	-	-	-
Worldcall Telecom Limited	-	147,500	147,500	-	-	-
NetSol Technologies Limited	-	363,000	363,000	-	-	-
TRG Pakistan Limited	92,000	1,243,500	1,335,500	-	-	-

\* These transactions relate to shares of related parties

The movement in equity securities represents spread transactions entered into by the Fund. The fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day resulting in spread income/(loss) due to difference in ready and future stock prices.

**5.3 Listed debt securities - Term Finance Certificates / Sukuks - 'at fair value through profit or loss'**

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					At March 31, 2022			Market value as a percentage of	
	At July 1, 2021	Purchased during the period	Matured during the period	Disposed during the period	At March 31, 2022	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment
						Rupees in '000			%	

**Real Estate investment and services**

Pace Pakistan Limited (15-02-08) (note 5.6)	15,000	-	-	-	15,000	74,910				
Less: Provision for impairment						(74,910)				

As at March 31, 2022

As at June 30, 2021

\* Face value of the investment is Rs. 100,000

**5.4 Unlisted debt securities - Term Finance Certificates - 'at fair value through profit or loss'**

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					As At March 31, 2022			Market value as a percentage of	
	As at July 1, 2021	Purchased during the period	Matured during the period	Disposed during the period	As At March 31, 2022	Carrying value	Market value	Appreciation / (diminution)	Net assets	Total investment
						Rupees in '000			%	

**Financial Institutions**

Askari Bank Limited VII - TFC (March 17, 2020)**	20	-	-	-	20	19,796	20,300	504	1.93%	4.44%
Samba Bank Limited TFC-I (March 01, 2021)*	400	-	-	-	400	39,984	40,302	318	3.83%	8.81%
The Bank of Punjab Limited TFC - I (December 23, 2016)*	550	-	-	-	550	55,439	57,305	1,866	5.44%	12.52%
Jahangir Siddiqui & Company Limited - TFC -III (July 18, 2017)	17,000	-	-	-	17,000	29,341	30,169	828	2.86%	6.59%
Bank AL-Habib Limited-TFC-II (September 30, 2021)		5,000	-	-	5,000	24,995	25,670	675	2.44%	5.61%
Pak Elektron Limited Sukuk-II (November 15, 2021)**		35	-	-	35	35,000	34,932	(68)	3.32%	7.63%

**Construction and Material**

Byco Petroleum Limited - Sukuk (January 18, 2017)*	20	-	-	-	20	667	675	8	0.06%	0.15%
Eden Housing Limited - Sukuk (March 31, 2008) (note 5.6)	10,415	-	-	-	10,415	10,251				
- Due but not received										
Less: Provision for impairment						(10,251)				

As at March 31, 2022

As at June 30, 2021

\* Face value of this sukuk certificate is Rs.100,000 per certificate.

\*\* Face value of this sukuk certificate is Rs.1,000,000 per certificate.

**5.5 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan**

In accordance with clause (v) of the investment criteria laid down for 'Aggressive Fixed Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at March 31, 2022, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investments as enumerated below:

Category of non-compliant investment	Name of investee Company	Unaudited				
		Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		Rupees in '000'			%	
Investment in debt securities	a) Pace Pakistan Limited (note 5.3)	74,910	74,910	-	-	-
	b) Eden Housing Limited (note 5.4)	10,251	10,251	-	-	-

## 6 PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY

Management remuneration Payable	6.1	903	1,052
Sindh Sales Tax payable on remuneration of the Management Company	6.2	117	136
Allocated expense payable		88	54
Selling and marketing expenses payable		-	-
Sales load payable (including indirect taxes)		123	21
		<u>1,231</u>	<u>1,263</u>

6.1 The management company has charged management fee at the rate upto, 15% of the gross earnings of scheme, calculated on daily basis subject to minimum fee of 0.25% of the average daily net assets of the Fund. The aforementioned limit is effective since August 8, 2019. With effect from January 07, 2022, the minimum fee limit of 0.25% has been removed through supplement offering document dated December 31, 2021.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 13%).

7 ACCRUED AND OTHER LIABILITIES	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
		----- (Rupees in '000) -----	
Provision for Sindh workers' welfare fund	7.1	-	9,434
Provision for federal excise duty payable on:			
- Remuneration of the management fee	7.2	16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		-	443
Capital gain tax payable		261	231
Auditors' remuneration payable		245	396
Printing expenses payable		35	37
Legal advisor fee payable		417	31
Other payable		338	307
		<u>22,632</u>	<u>32,215</u>

### 7.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

### 7.2 Federal Excise Duty on remuneration of the management company and sales load

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2021. Had the provision for FED not been made, the Net Assets Value of the Fund as at March 31, 2022 would have been higher by Rs 1.18 (June 30, 2021: Rs 1.42) per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2022 and June 30, 2021.

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
<b>8.1 Commitments</b>		
Future sale transactions of equity securities entered into by the Fund in respect of which the sale transactions have not been settled as at period end		
Sell	-	250,704
Buy	-	4,721
Margin Trading sale transactions not settled as at year end	-	2,269

## 9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute atleast 90% of income earned by the Fund in cash during the year ending June 30, 2021 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

## 10 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

## 11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

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

	For the nine months period ended March 31, 2022 (unaudited)							
	As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2022
	Units				(Rupees in '000)			
<b>Associated Companies:</b>								
Security General Insurance Company Limited								
Employees Provident Fund Trust	46,809	-	-	46,809	2,523	-	-	2,716
<b>Mandate Under Discretionary Portfolio Services *</b>	8	-	8	-	-	-	1	-
<b>Unit holders holding 10% or more units*</b>	1,892,804	-	-	1,892,804	102,011	-	-	109,841

\* This reflects the position of related party / connected persons status as at March 31, 2022.

	For the nine months period ended March 31, 2021 (unaudited)							
	As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at March 31, 2021
	Units				(Rupees in '000)			
<b>Associated Companies:</b>								
Security General Insurance Company Limited								
Employees Provident Fund Trust	46,809	-	-	46,809	2,523	-	-	2,662
<b>Mandate Under Discretionary Portfolio</b>								
Services*	8	-	8	-	-	-	1	-
Unit holders holding 10% or more units*	1,892,804	-	-	1,892,804	102,011	-	-	107,643

\* This reflects the position of related party / connected persons status as at March 31, 2021.

#### 11.2 Details of transactions with the connected persons / related parties during the period are as follows:

	March 31, 2022 (Unaudited) ----- (Rupees in '000) -----	March 31, 2021 (Unaudited) ----- (Rupees in '000) -----
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration including indirect taxes	8,588	5,176
Allocated expenses	816	520
Selling and marketing expenses	165	3,195
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration of the trustee (including indirect taxes)	694	985
CDC settlement charges	177	112
<b>MCB Bank Limited</b>		
Profit on bank deposits	21	71
Bank charges	20	67
<b>D.G. Khan Cement Company Limited</b>		
Purchase of shares 149,000 (March 31, 2021: 386,000)	16,035	42,676
Sale of shares 186,500 (March 31, 2021: 386,000) shares	20,913	43,019
<b>Nishat Mills Limited</b>		
Purchase of shares 16,500 (March 31, 2021: 154,500)	1,590	15,424
Sale of shares 16,500 (March 31, 2021: 154,500)	1,603	15,034
<b>Aisha Steel Mills Limited</b>		
Purchase of Shares 2021: 536,500 (2021: NIL)	13,026	-
Sale of shares 1,060,500 (March 31, 2021: 11,500)	26,766	284
<b>Nishat Chunian Limited</b>		
Purchase of shares 853,500 (March 31, 2021: 23,000) shares	42,693	968
Sale of shares 853,500 (March 31, 2021: 23,000) shares	43,103	980
<b>Power Cement Limited</b>		
Purchase of shares 207,500 (March 31, 2021: 199,000) shares	1,742	1,951
Sale of Shares 2021: 207,500 (March 31, 2021: NIL)	1,758	-

\* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transaction with connected persons as the ultimate counter parties are not the connected persons.



	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
<b>11.3 Amount outstanding as at period end / year end</b>		
<b>MCB-Arif Habib Savings &amp; Investments Limited - Management Company</b>		
Management remuneration payable	903	1,052
Sindh Sales Tax payable on remuneration of the Management Company	117	136
Allocated expenses payable	88	54
Selling and marketing expenses payable	-	-
Sales load payable (including indirect taxes)	123	21
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	70	42
Sindh Sales tax payable on remuneration of Trustee	9	6
Security deposits	200	200
<b>MCB Bank Limited</b>		
Bank deposits held	8,034	7,683
<b>D.G. Khan Cement Company Limited</b>		
Shares held NIL (2021: 37,500)	-	4,422
<b>Aisha Steel Mills Limited</b>		
Shares held NIL (2021: 524,000)	-	13,053

\* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transaction with connected persons as the ultimate counter parties are not the connected persons.

## 12 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.77% (March 31, 2021: 2.92%) which includes 0.16% (March 31, 2021: 0.3%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee.

## 13 GENERAL

- 13.1** Figures have been rounded off to the nearest thousand rupees unless otherwise specified.
- 13.2** Certain prior period's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are material re-arrangements / re-classifications to report.

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e., period end. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value based on:

Level 1 : quoted prices in active markets for identical assets or liabilities;

Level 2 : those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 : those with inputs for the asset or liability that are not based on observable market data

## 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Management Company.

**For MCB-Arif Habib Savings and Investments Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director