

PAKISTAN INCOME FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited NIB Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited First Mirco Finance Bank Limited National Bank of Pakistan Silk Bank Limited	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Income Fund** accounts review for the nine months ended March 31, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and an expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations, after the recent rupee depreciation, as against all tenors, 3-months Treasury Bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions and banks in auctions.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 4.42% as against its benchmark return of 5.89%.

At period-end, the fund was 2.1% invested in Treasury Bills, 35.6% in TFCs, 0% in TDRs and 51.4% in Cash. Weighted average maturity of the fund stands at 1.9 years at period end as per our outlook on the monetary cycle.

The Net Assets of the Fund as at March 31, 2018 stood at Rs. 1,342 million as compared to Rs. 1,722 million as at June 30, 2017 registering a decrease of 22.07%.

The Net Asset Value (NAV) per unit as at March 31, 2018 was Rs.55.5473 as compared to opening NAV of Rs.53.7626 per unit as at June 30, 2017 registering an increase of Rs. 1.7847 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

MARKET & ECONOMY - FUTURE OUTLOOK

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion. Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KSE-100 trades at a forward P/E of 10.28x, at a steep discount of 19.5% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

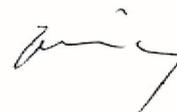
ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 19, 2018



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ
برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

31 مارچ 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 55.5473 روپے تھی، جو 30 جون 2017ء کو 53.7626 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 1.7847 روپے فی یونٹ اضافہ ہے۔

بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور ٹیکسٹائل پنچ بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، مشینری کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

حالیہ اعلان کردہ ٹیکس معاف اسکیم کامیاب ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوبہ آمد کو بھی یقینی بنا سکتی ہے۔

KSE-100 کی تجارت 10.82x کی فارورڈ P/E پر ہوئی جو اس کے ابھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 19.5% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

آئندہ بجٹ، جس میں بونس حصص پر ٹیکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی متوقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر منملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے دھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔ مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر منجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب بورڈ



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
19 اپریل 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم فنڈ کے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحجلا رجحان جاری رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ گھٹتے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ ملکی و غیر ملکی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور ٹیکس کی شرحوں کو 2% سے 5% کے درمیان لے آئی۔ حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور ایشیائے خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول مضبوط LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی ملکی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دورانِ مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط 3.78% YoY کے درمیانے درجے پر تھا جس کی پشت پناہی ایشیائے خورد و نوش کی مستحکم قیمتوں، محدود رہائشی کرائے اور پہلے سے زیادہ سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر دباؤ میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔ خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (YoY 50% اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو 22% YoY اضافہ ہے۔ سال کے نصف اول کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب برآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار پکڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی برآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی چیلنج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجہً، غیر ملکی زرمبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

روپے کی قدر میں حالیہ کمی کے بعد فراڈز میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار کے لئے اشارہ تھا۔ سہ ماہیہ ٹریڈری بلز کو سب سے زیادہ ترجیح حاصل رہی، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو مالیاتی اداروں اور auctions میں بیٹکوں سے بہت محدود پذیرائی حاصل ہوئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 4.42% تھا، بالمقابل اس کے بیچ مارک منافع 5.89% کے۔ اختتام مدت پر فنڈ کی سرمایہ کاری 2.1% ٹریڈری بلز میں، 35.6% ٹرم فنانس سٹریٹجیکس (TFCs) میں، 0% TDRs میں اور 5.41% نقد میں تھی۔ اختتام مدت پر فنڈ کی weighted اوسط مچھوٹی مالیاتی چکر کے بارے میں ہمارے اندازے کے مطابق 1.9 سال تھی۔ 31 مارچ 2018ء کو فنڈ کے net اثاثہ جات 1,342 ملین روپے تھے، جو 30 جون 2017ء کو 1,722 ملین روپے کے مقابلے میں 22.07% کمی ہے۔

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2018**

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		714,991	1,194,719
Investments	5	532,304	489,911
Profit & Dividend Receivables		8,829	12,268
Receivable against sale of investments		86,891	-
Receivable against Margin Trading System		11,826	17,519
Advances, deposits and prepayments		36,556	27,007
Total assets		1,391,397	1,741,424
LIABILITIES			
Payable to the Management Company		2,158	2,471
Payable to the Trustee		194	209
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		859	919
Payable against redemption of units		47	313
Payable against purchase of investments		30,510	-
Accrued and other liabilities	6	15,660	15,551
Total liabilities		49,428	19,463
NET ASSETS		1,341,969	1,721,961
Unit holders' fund (as per statement attached)		1,341,969	1,721,961
Contingencies and commitments	7		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		24,159,028	32,028,956
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		55.5473	53.7626

The annexed notes from 1 to 13 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

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

	Note	Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- (Rupees in '000) -----					
INCOME					
Income from Government securities		3,461	13,584	1,770	998
Income from term finance certificates		19,132	15,599	7,822	5,012
Net (loss) / gain on sale of investments		1,598	(8,014)	2,291	(4,792)
Mark-up on bank deposits and term deposit receipt		46,094	23,675	11,487	9,439
Income from Margin Trading System (MTS)		8,215	3,600	2,125	3,425
Dividend income		2,165	2,017	569	866
Loss from spread transactions	5.2.1	(2,067)	12,146	(1,996)	11,118
Other Income		57	57	20	35
Net unrealised (loss) / gain on revaluation of investments 'at fair value through profit or loss - held-for-trading'		(1,828)	(2,889)	611	(3,734)
Total income		76,827	59,775	24,699	22,367
Provision against debt securities		955	(402)	-	333
EXPENSES					
Remuneration of the Management Company		17,188	12,743	5,161	4,545
Sales tax on remuneration of the Management Company		2,234	1,657	671	591
Expenses allocated by the Management Company and related taxes		1,295	960	389	342
Remuneration of the Trustee		1,612	1,360	502	467
Sales tax on trustee fee		210	177	67	61
Annual fee to SECP		859	637	258	227
Brokerage and settlement charges		1,387	2,069	591	1,390
Laga charges on MTS		1,103	397	282	392
Auditors' remuneration		599	482	175	159
Legal and professional charges		116	876	33	845
Provision for Workers' Welfare Fund		-	(22,870)	-	(22,870)
Provision for Sindh Workers' Welfare Fund (SWWF)		1,014	1,331	327	1,331
Others		469	728	213	262
Total expenses		28,087	547	8,670	(12,258)
Net income for the period		49,696	58,826	16,029	34,958
Net element of income / (loss) included in prices of units issued less those in units redeemed		-	6,434	-	4,928
Net income for the period before taxation		49,696	65,260	16,029	39,886
Taxation	8	-	-	-	-
Net income for the period after taxation		49,696	65,260	16,029	39,886
<i>Allocation of net income for the period:</i>					
Net income for the period after taxation		49,696	65,260	16,029	39,886
Income already paid on units redeemed		(9,377)	-	(4,821)	-
		40,319	65,260	11,208	39,886
<i>Accounting income available for distribution:</i>					
- Relating to capital gains		-		3,237	
- Excluding capital gains		40,319		7,971	
		40,319		11,208	

Earnings per unit

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The annexed notes from 1 to 13 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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine Months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	49,696	65,260	16,029	39,886
Other comprehensive (loss) / income for the period:				
To be reclassified to profit or loss account in subsequent periods				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	256	1,466	(67)	(68)
	256	1,466	(67)	(68)
Total comprehensive income for the period	49,952	66,726	15,962	39,818

The annexed notes from 1 to 13 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

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine months period ended			March 31, 2017	
	March 31, 2018				
Capital value	Undistributed income	Unrealised appreciation / (diminution) on available- for-sale investments	Total	Total	
----- (Rupees in '000) -----					
Net assets at beginning of the period	1,601,187	120,774	(179)	1,721,961	1,050,298
Issuance of 7,067,858 units (2017: 32,968,048 units)					
- Capital value (at net asset value per unit at the beginning of the period)	379,986	-	-	379,986	-
- Element of income	5,013	-	-	5,013	-
	384,999	-	-	384,999	592,740
Redemption of 14,937,787 units (2017: 38,556,184 units)					
- Capital value (at net asset value per unit at the beginning of the period)	(803,094)	-	-	(803,094)	-
- Amount paid out of element of income					
- Relating to 'Net income for the period after taxation'	-	(9,377)	-	(9,377)	-
- Relating to 'Other comprehensive income for the period'	-	-	-	-	-
- Refund / adjustment on units as element of loss	(2,472)	-	-	(2,472)	-
	(805,566)	(9,377)	-	(814,943)	(394,793)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(6,434)
Total comprehensive income for the period	-	49,696	256	49,952	66,726
Distribution during the period	-	-	-	-	-
Net income for the period less distribution	-	49,696	256	49,952	
Net assets at end of the period	1,180,620	161,093	77	1,341,969	1,308,537
Undistributed income brought forward comprising of:					
- Realised gain		116,258			39,886
- Unrealised (loss) / gain		4,516			32,449
		120,774			72,335
Accounting income available for distribution:					
- Relating to capital gains		-			
- Excluding capital gains		40,319			
		40,319			
Net Income for the period after taxation		-			65,260
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised loss		-			13,112
Distribution during the period		-			-
Undistributed income carried forward		161,093			150,707
Undistributed income carried forward comprising of:					
- Realised gain		161,473			153,596
- Unrealised (loss) / gain		(380)			(2,889)
		161,093			150,707
					----- (Rupees in '000) -----
Net assets value per unit at beginning of the period				53.7626	53.6062
Net assets value per unit at end of the period				55.5473	56.4975

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Note	Nine months period ended	
		March 31, 2018	March 31, 2017
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		49,696	65,260
Adjustments for:			
Net unrealised loss / (gain) on revaluation of investments 'at fair value through profit or loss - held-for-trading'		1,828	2,889
Provision against debt securities		(955)	402
Element of income and capital gains included in the prices of units sold less those in units redeemed:		-	(6,434)
		<u>50,569</u>	<u>62,117</u>
Increase / (decrease) in assets			
Investments		(43,010)	253,241
Profit & Dividend Receivables		3,439	9,688
Derivatives - future contracts		-	(1,931)
Receivable against sale of investments		(86,891)	(316,520)
Receivable against Margin Trading System		5,693	(18,475)
Advances, deposits and prepayments		(9,549)	(77,358)
		<u>(130,318)</u>	<u>(321,355)</u>
(Decrease) / increase in liabilities			
Payable to the Management Company		(313)	327
Payable to the Trustee		(15)	18
Annual fee payable to SECP		(60)	(272)
Payable against purchase of investments		30,510	289,695
Payable against redemption of units		(266)	-
Accrued and other liabilities		109	(26,841)
		<u>29,965</u>	<u>262,927</u>
Net cash (used in) / generated from operating activities		<u>(49,784)</u>	<u>3,689</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		384,999	592,740
Payments on redemption of units		(814,943)	(394,793)
Net cash (used in) / generated from financing activities		<u>(429,944)</u>	<u>197,947</u>
Net (decrease) / increase in cash and cash equivalents during the period		<u>(479,728)</u>	<u>201,636</u>
Cash and cash equivalents at beginning of the period		1,194,719	286,385
Cash and cash equivalents at end of the period	10	<u><u>714,991</u></u>	<u><u>658,021</u></u>

The annexed notes from 1 to 13 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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Fund (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by SECP as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) on December 12, 2006.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an 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 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "income scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of "AM2++" with a stable outlook (June 30, 2017: AM2++) to the Management Company on December 28, 2017 while the Fund has been assigned a Fund stability rating of A+(f) (June 30, 2017: A+(f)) on July 12, 2017.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of :

International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017

Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of the 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 IFRS Standards, the provisions of the 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.

- 2.2 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 2017.
- 2.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2018 have been extracted from the audited financial statements of the Fund for the year ended

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

30 June 2017, 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

- 2.4 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 Fund.
- 2.5 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in notes 3.1.

- 3.1 The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded in the form of additional units at zero cost in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was 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 was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of loss been recognized as per the previous accounting policy, the income of the Fund would have been lower by Rs. 6.489 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

4. TOTAL EXPENSE RATIO

Total expense ratio of the Fund is 1.47% as on March 31, 2018 (March 31, 2017: 1.76%) and this includes 0.31% (March 31, 2017: 0.34%) representing government Levy on the Fund such as Sales tax, Sindh Workers' Welfare Fund, SECP fee, etc.

5. INVESTMENTS

Investment by category		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
		----- (Rupees in '000) -----	
'At fair value through profit or loss - held-for-trading'			
Government securities	5.1	29,874	49,617
Listed equity securities	5.2	-	-
Listed debt securities	5.3.1	369,868	273,892
Unlisted debt securities	5.3.2	-	7,517
		399,741	331,026
'Available-for-sale'			
Government securities	5.4	7,563	7,885
Term Deposit Receipt			
Term deposit receipt		-	150,000
Advance against IPO of sukuk certificates	5.5	125,000	1,000
		532,304	489,911

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.1 Government securities - 'at fair value through profit or loss - held-for-trading'

Name of security	Date of Issue	Face value				Balance as at March 31, 2018				Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2017	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2018	Carrying value	Market value	Unrealised gain / (loss)		
Treasury bills - 3 Months	May 25, 2017	50,000	-	-	50,000	-	-	-	-	-	-
Treasury bills - 3 Months	February 01, 2018	-	30,000	-	-	30,000	29,875	29,874	(1)	0.02	7.33%
Treasury bills - 3 Months	July 20, 2017	-	15,000	-	15,000	-	-	-	-	-	-
Treasury bills - 3 Months	August 03, 2017	-	50,000	-	50,000	-	-	-	-	-	-
Treasury bills - 3 Months	January 04, 2018	-	300,000	300,000	-	-	-	-	-	-	-
Treasury bills - 3 Months	December 07, 2017	-	50,000	50,000	-	-	-	-	-	-	-
Treasury bills - 3 Months	January 18, 2018	-	150,000	150,000	-	-	-	-	-	-	-
Treasury bills - 3 Months	February 15, 2018	-	150,000	150,000	-	-	-	-	-	-	-
Treasury bills - 6 Months	July 06, 2017	-	50,000	50,000	-	-	-	-	-	-	-
March 31, 2018		50,000	795,000	700,000	115,000	30,000	29,875	29,874	(1)	2.00%	7.33%

June 30, 2017											
							49,619	49,617	(2)	2.88%	10.00%

5.1.1 The above includes Market treasury bills with a face value aggregating to Rs.30 million (June 30, 2017: Rs.50 million) pledged with National Clearing Company of Pakistan Limited as security against MTS trades and exposure margin / MTM losses as per Circular No. 11 dated October 23, 2007 issued by SECP.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.2 Listed equity securities - 'at fair value through profit or loss - held-for-trading'

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					(Number of shares)	(Rupees in '000)	Unrealised Gain/Loss			
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Oil and gas exploration companies										
Oil & Gas Development Co Ltd	-	10,000	10,000	-	-	-	-	-	-	0.00%
Pakistan Oilfields Limited	-	2,000	2,000	-	-	-	-	-	-	0.00%
Pakistan Petroleum Ltd	-	5,000	5,000	-	-	-	-	-	-	0.00%
										0.00%
Oil and gas marketing companies										
Pakistan State Oil Co Ltd.	-	268,000	268,000	-	-	-	-	-	-	0.00%
Sui Northern Gas	-	19,500	19,500	-	-	-	-	-	-	0.00%
Sui Southern Gas	-	116,000	116,000	-	-	-	-	-	-	0.00%
										0.00%
Textile composite										
Gul Ahmed Textile	-	12,000	12,000	-	-	-	-	-	-	0.00%
Nishat (Chunian) Limited	-	197,500	197,500	-	-	-	-	-	-	0.00%
Nishat Mills Ltd	-	12,000	12,000	-	-	-	-	-	-	0.00%
										0.00%
Fertilizer										
Engro Fertilizer Limited	-	54,500	54,500	-	-	-	-	-	-	0.00%
Engro Corporation Limited	-	4,000	4,000	-	-	-	-	-	-	0.00%
Fatima Fertilizer Company	-	500	500	-	-	-	-	-	-	0.00%
Fauji Fertilizer Bin Qasim Ltd	-	19,000	19,000	-	-	-	-	-	-	0.00%
Fauji Fertilizer Company Ltd	-	32,000	32,000	-	-	-	-	-	-	0.00%
										0.00%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised Gain/Loss			
					----- (Rupees in '000) -----			----- % -----		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Technology and communication										
Pakistan Telecommunication Company Limited 'A'	-	164,000	164,000	-	-	-	-	-	-	0.00%
Trg Pakistan	-	354,500	354,500	-	-	-	-	-	-	0.00%
Worldcall Telecom Limited	-	251,500	251,500	-	-	-	-	-	-	0.00%
										0.00%
Power generation and distribution										
Hub Power Company Ltd	-	75,500	75,500	-	-	-	-	-	-	0.00%
Kot Addu Power Co. Ltd	-	500	500	-	-	-	-	-	-	0.00%
K-Electric Ltd	-	186,500	186,500	-	-	-	-	-	-	0.00%
										0.00%
Chemicals										
Descon Oxychem Limited	-	707,500	707,500	-	-	-	-	-	-	0.00%
Engro Polymer & Chemical	-	322,500	322,500	-	-	-	-	-	-	0.00%
Lotte Chemical Pakistan	-	813,500	813,500	-	-	-	-	-	-	0.00%
										0.00%
Cement										
Cherat Cement	-	7,000	7,000	-	-	-	-	-	-	0.00%
D.G. Khan Cement	-	573,500	573,500	-	-	-	-	-	-	0.00%
Fauji Cement Co Ltd	-	55,000	55,000	-	-	-	-	-	-	0.00%
Lucky Cement	-	1,000	1,000	-	-	-	-	-	-	0.00%
Maple Leaf Cement Factory Ltd	-	146,500	146,500	-	-	-	-	-	-	0.00%
Pioneer Cement Ltd	-	45,000	45,000	-	-	-	-	-	-	0.00%
Power Cement Limited	-	4,000	4,000	-	-	-	-	-	-	0.00%
										0.00%
Transport										
Pakistan International Bulk Terminal Ltd	-	232,500	232,500	-	-	-	-	-	-	0.00%
										0.00%
Pharmaceuticals										
Searle Company	-	9,000	9,000	-	-	-	-	-	-	0.00%
										0.00%
Automobile Parts & Accessories										
Loads Limited	-	5,000	5,000	-	-	-	-	-	-	0.00%
										0.00%
Food and personal care products										
Engro Foods Limited	-	22,500	22,500	-	-	-	-	-	-	0.00%
Treet Corporation Limited	-	7,500	7,500	-	-	-	-	-	-	0.00%
										0.00%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

Name of the investee company	As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018	Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares as a percentage of total paid-up capital of the investee company
					(Number of shares)	(Rupees in '000)	Unrealised Gain/Loss			
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Commercial banks										
Askari Bank Limited	-	84,500	84,500	-	-	-	-	-	-	0.00%
Bank Al Falah Limited	-	509,000	509,000	-	-	-	-	-	-	0.00%
Bank Of Punjab	-	1,081,500	1,081,500	-	-	-	-	-	-	0.00%
Habib Bank Limited	-	2,000	2,000	-	-	-	-	-	-	0.00%
National Bank Of Pakistan	-	6,500	6,500	-	-	-	-	-	-	0.00%
United Bank Limited	-	15,000	15,000	-	-	-	0.00%	0.00%	-	0.00%
Engineering										
Aisha Steel Ltd	-	72,500	72,500	-	-	-	-	-	-	0.00%
Amreli Steels Limited	-	1,000	1,000	-	-	-	-	-	-	0.00%
Crescent Steel & Allied Prod	-	3,000	3,000	-	-	-	-	-	-	0.00%
International Industries	-	26,500	26,500	-	-	-	-	-	-	0.00%
International Steels Ltd	-	97,000	97,000	-	-	-	0.00%	0.00%	-	0.00%
Cable and electrical goods										
Pak Elektron Limited	-	508,000	508,000	-	-	-	-	-	-	0.00%
Tpl Trakker Limited	-	131,500	131,500	-	-	-	0.00%	0.00%	-	0.00%
Refinery										
Attock Refinery Limited	-	252,000	252,000	-	-	-	-	-	-	0.00%
Byco Petroleum Pakistan	-	19,500	19,500	-	-	-	-	-	-	0.00%
National Refinery	-	4,500	4,500	-	-	-	0.00%	0.00%	-	0.00%
March 31, 2018										
June 30, 2017										

* These have a face value of Rs.3.5 per share.

5.2.1 The movement in equity securities represent 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Note	(Un-Audited) March 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2017
5.3 Listed debt securities			
Market value	5.3.1	469,639	373,663
Less: Provision at July 1			
Pace Pakistan Limited		(49,940)	(46,542)
Telecard Limited		(31,088)	(31,088)
Trust Investment Bank Limited - III	-	(18,743)	(18,743)
		(99,771)	(96,373)
Less: Provision charged during the period against Pace Pakistan Limited			
- Reversal against carrying value matured		-	6,586
- Charge against face value receivable		-	(9,984)
			(3,398)
		369,868	273,892

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.3.1 Listed debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - at fair value through profit or loss - held-for-trading*

Name of investee company	Number of certificates						Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2017	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2018	Carrying value	Market value	Unrealised (loss) / gain			
Commercial banks											
Askari Bank Limited (23-12-11 issue) (TFC)***	37	-	-	16	21	21,262	21,159	(103)	1.58%	5.19%	
Bank Al Falah Limited (20-02-13 issue) (TFC)	13,381	-	-	3,000	10,381	53,280	52,164	(1,116)	3.89%	12.81%	
Askari Bank Limited (30-09-14 issue) (TFC)	5,000	10,000	-	11,000	4,000	20,125	20,052	(73)	1.49%	4.92%	
Habib Bank Limited (19-02-16 issue) (TFC)***	500	-	-	500	-	-	-	-	0.00%	0.00%	
Bank Al-Habib Limited (17-03-16 issue) (TFC)	9,000	8,000	-	-	17,000	85,628	84,932	(696)	6.33%	20.85%	
Chemical											
Ghani Gases Limited (03-02-17 issue) (Sukuk)	480	-	-	-	480	40,400	40,045	(355)	2.98%	9.83%	
Oil and Gas Exploration Companies											
Byco Petroleum Pakistan Limited (18-01-17 issue) (Sukuk)	-	10	-	-	10	1,000	1,004	4	0.07%	0.25%	
Investment Banks / Investment Companies / Securities Companies											
Trust Investment Bank Limited (04-07-08 issue) (TFC) - Due but not received	-	-	-	-	-	18,743	18,743	-	-	-	
Technology and Communication											
Telecard Limited (27-05-05 issue) (TFC) - Due but not received	-	-	-	-	-	31,088	31,088	-	-	-	
Miscellaneous											
Pace Pakistan Limited (15-02-08 issue) (TFC) - Due but not received	-	-	-	-	-	49,940	49,940	-	-	-	
Dawood Hercules Corporation Limited International Brands Ltd. Sukuk (15-11-17)	-	1,000	-	-	1,000	100,000	100,511	511	7.49%	24.68%	
	-	500	-	-	500	50,000	50,000	-	3.73%	12.28%	
March 31, 2018	28,398	19,510	-	14,516	33,392	471,466	469,639	(1,827)	27.6%		
June 30, 2017	37,918	480	-	10,000	28,398	371,912	373,663	1,751	15.91%		

* Nominal value of these term finance certificates is Rs.100,000 per certificate.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

5.3.2 Unlisted debt securities - term finance and sukuk certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss - held-for-trading'

Name of investee company	Number of certificates				Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2017	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2018	Carrying value	Market value		
Commercial banks									
Bank Alfalah Limited - TFC4 (02-12-09) Floating	4,500	-	-	4,500	-	-	-	-	-
March 31, 2018									
June 30, 2017	4,500	-	-	-	4,500	7,608	7,517	(91)	0.44%

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

5.4 Government securities - 'available-for-sale'

Name of security	Date of issue	Face value				Balance as at March 31, 2018			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 01, 2017	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2018	Carrying value	Market value		
Pakistan Investment Bond - 10 years	August 30, 2008	7,400,000	-	-	-	7,400,000	7,909	7,563	(347)	0.56%
March 31, 2018		7,400,000	-	-	-	7,400,000	7,909	7,563	(347)	0.56%
June 30, 2017						8,064	7,885	(179)		0.48%

5.5 Advance against IPO of sukuk certificates

Company	Date of Deposit	Maturity Date	Tenor	Profit Rate	Amount Deposited
Jahangir Siddique Company Limited	March 05, 2018	March 5, 2023	5 Years	7.87%	100,000
Dawood Hercules Corp Limited	February 28, 2018	February 28, 2023	5 Years	7.38%	25,000
March 31, 2018					125,000
June 30, 2017					1,000

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
6. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	6.1	3,850	2,836
Federal Excise Duty payable on management fee	6.2	9,210	9,210
Federal Excise Duty and related taxes payable on sales load		239	239
Auditors' remuneration		283	375
Withholding tax payable		689	1,686
Brokerage payable		418	289
Others		970	916
		<u>15,660</u>	<u>15,551</u>

6.1 There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.159 per unit (June 30, 2017 Re. 0.089 per unit).

6.2 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, 2017. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2018 would have been higher by Re. 0.381 per unit (June 30, 2017: Re. 0.288 per unit).

7. CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

There were no contingencies as at March 31, 2018.

7.2 COMMITMENTS

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 / year end

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
	<u>86,891</u>	<u>-</u>

Future buy transactions of equity securities entered into by the Fund in respect of which the buy transactions have not been settled as at period / year end

	<u>30,510</u>	<u>-</u>
--	---------------	----------

Margin Trading System (MTS) transactions entered into by the fund which have not been settled as at period / year end:

- Purchase transactions
- Sale transactions

	<u>-</u>	<u>-</u>
	<u>990</u>	<u>2,275</u>

8. 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 Regulation, 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 the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

9. 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.

10. CASH AND CASH EQUIVALENTS

Balances with banks
Term deposit receipt

----- (Un-Audited) -----	
March 31, 2018	March 31, 2017
----- (Rupees in '000) -----	
714,991	488,021
-	170,000
<u>714,991</u>	<u>658,021</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

11. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

"Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

" Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

11.1. Unit Holders' Fund

	FOR NINE ENDED MARCH 31, 2018						FOR NINE ENDED MARCH 31, 2017						
	As at July 01, 2017	Issued for cash	Redeemed	As at March 31, 2018	As at July 01, 2017	As at March 31, 2018	Issued for cash	Redeemed	As at July 01, 2016	As at March 31, 2017	Issued for cash	Redeemed	As at March 31, 2017
	Units						(Rupees in '000)						
Associated companies													
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	21,338	-	-	21,338	1,147	1,185	-	-	-	-	-	-	-
Mandate under discretionary portfolio services	532	185,670	70,611	115,591	29	6,421	10,005	3,805	10,005	10,781	11,014	30	30
Key management personnel	99,181	3,728	102,903	6	5,332	-	204	5,588	204	-	-	-	-
Mandate under discretionary portfolio services	4,202	198,948	202,627	523	225	11,014	10,781	11,014	10,781	10,781	11,014	30	30
Key management personnel	350	-	350	-	19	-	-	20	-	-	20	-	-
Associated companies													
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	-	20,332	-	20,332	-	1,144	1,144	-	-	1,144	-	-	1,149

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	----- (Un-Audited) -----	
	Nine months period ended	
	March 31,	March 31,
	2018	2017
	----- (Rupees in '000) -----	
11.2 Transactions during the period:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	19,422	14,400
Expense allocated by the Management Company and related sales tax	1,295	960
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including sales tax)	1,822	1,537
Settlement charges	350	166
Group / associated companies		
MCB Bank Limited		
Mark-up on deposit accounts	55	142
Bank charges	13	6
Arif Habib Limited		
Brokerage expense *	3	9
Summit Capital (Private) Limited**		
Brokerage expense *	-	1
Next Capital Limited		
Brokerage expense *	9	33
Silk Bank Limited		
Mark-up on deposit accounts	3,636	-
Bank charges	11	-
	(Un-Audited)	(Audited)
	March 31,	June 30,
	2018	2017
	----- (Rupees in '000) -----	
11.3 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable to the Management Company	1,748	2,064
Sales tax payable on management fee	228	269
Sales load payable	65	6
Expense allocated by the Management Company	116	132
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	200	200
Remuneration payable	172	185
Sales tax payable on Trustee fee	22	24

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	(Un-Audited) March 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2017 -----
Group / associated companies		
MCB Bank Limited		
Bank balance	7,295	28,632
Profit receivable	5	1
Silk Bank Limited		
Bank balance	502,517	-
Profit receivable	2,052	-
Next Capital Limited		
Brokerage expense *	9	-
Arif Habib Limited		
Brokerage expense *	3	-

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

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2018 by the Board of Directors of the Management Company.

13. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.1.

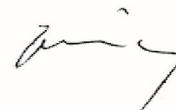
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director