



MCB-ARIF HABIB
Savings and Investments Limited

AM2++
BY PACRA

QUARTERLY REPORT

MARCH
2019
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

PAKISTAN INCOME FUND

CONTENTS

1	Fund's Information	33
2	Report of the Directors of the Management Company	34
3	Condensed Interim Statement of Assets And Liabilities	39
4	Condensed Interim Income Statement (Un-audited)	40
5	Condensed Interim Statement of Comprehensive Income (Un-audited)	41
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	42
7	Condensed Interim Cash Flow Statement (Un-audited)	43
8	Notes to and forming part of the Condensed Interim Financial Statements (Unaudited)	44

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
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman 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.cdcpkistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk 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 Tameer 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	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shahra-e-Faisal, Karachi -75350.	
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, 2019

Dear Investor,

On behalf of the Board of Directors, We are pleased to present Pakistan Income Fund's Nine Months Report for the period ended March 31, 2019.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

At the onset of the fiscal year, the economy inherited deep challenges in the form of external crisis as it was facing a huge current account deficit along with depleting foreign reserves. To cope with the underlying challenges, the central bank took major policy actions (currency depreciation of 16% along with interest rate hike of 425 bps in the current fiscal year). Stabilization efforts finally paid off as indicated by a declining current account deficit, which shrank by 22% during the first 8 months of FY19. Moreover, the recent trend is even more promising as current account deficit for Feb'19 was recorded below USD 400 million, a 3 year low.

While the government remained tentative about IMF program signup, it was able to secure funding from friendly allies which has bridged the gap in external account balance for short term. Saudi Arabia, UAE & China provided balance of payment support to the tune of USD 8 billion. Meanwhile Saudi Arabia announced USD 20 billion of investments for Pakistan, along with providing a USD 3 billion deferred credit facility for oil.

GDP growth is expected to set in a range of 2.5-3.0% as last year's record twin deficits restrict the ability of the government to carry on expansionary fiscal policies. Large scale manufacturing (LSM) is already down by 1.5% during the 7MFY19, while weak agricultural growth (cotton and wheat are expected to miss the targets) along with a considerable decline in Retail and Wholesale trade (Import Compression) will slowdown the overall aggregate demand during the current year.

Amid currency depreciation and utility prices adjustment, CPI has also indicating higher inflationary pressures and the inflation which on average has yet remained below 7% for the year but now looking to remain near 9% in coming months which is also likely to continue to remain in the next fiscal year due to utility tariff adjustments along with the lagged impact of currency depreciation. Central bank raised the interest rates by 500 bps during the current year owing to anticipated higher inflation and a weak balance of payment profile.

The government has indicated that it is close to sign the IMF program. Alongside, the government will have to address the key structural issues to tread on the path of long term sustainable economic growth.

The yield curve showed an upward trajectory during the fiscal year due to continued expectations of monetary tightening by the market participants. During the first 9 months, State Bank of Pakistan increased the policy rate by 425 bps in line with the expectations of most of the market. Several PIB auctions during the period under review had to be rejected by State Bank of Pakistan due to thin volume and participation at higher levels. Concerns over external front kept market participants at bay from longer tenor Treasury instruments similarly participation in Pakistan Investment Bonds also price in healthy liquidity premium. During the period under review, 314.38 billion worth of GOP Ijara Sukuk matured against which no fresh GOP Ijara Sukuk were issued by SBP.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 7.79% as against its benchmark return of 9.93%.

At period-end, the fund was 47.1% invested in TFCs and 47.6% in Cash. Weighted average maturity of the fund stands at 2.5 years at period end as per outlook on the monetary cycle.

The Net Assets of the Fund as at March 31, 2019 stood at Rs. 1,254 million as compared to Rs. 1,519 million as at June 30, 2018 registering a decrease of 17.45%.

The Net Asset Value (NAV) per unit as at March 31, 2019 was Rs. 56.9240 as compared to opening NAV of Rs. 56.3297 per unit as at June 30, 2018 registering an increase of Rs. 0.5943 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The tough measures taken by the incumbent government in the form of currency adjustments and monetary tightening for the purpose of reducing aggregate demand to control external imbalances is bearing fruit. The current account balance

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

has begun to reflect the policy adjustments with the beginning 2 months of the current calendar registering decline of more than 50% in current account balance. The external account is expected to remain at sustainable levels with the impetus expected to come from lagged increase in exports. The balance of payments support availed from friendly nations would be adequate to support financing of the remaining year. Subsequently, we expect normalized PKR/USD adjustment given the Real Effective Exchange Rate is close to its fundamental value.

However, the entrance into IMF program is likely to provide the much needed financial stability relative to external inflows through multilateral agencies along with better policy management related to dealing with structural issues in the economy.

In IMF program, focus is expected to shift towards fiscal side. The substantial curtailment of development budget has failed to curtail the fiscal deficit given the higher cost of borrowing for the government and sluggish performance in revenue collection due to relief in income tax, curtailment of telecom duties and import slowdown. The impact of monetary tightening is expected to be more visible in this half towards expenditures side. The revenue shortfall is expected to lead towards a fiscal deficit of more than 6% for this year. The focus of next budget is expected to be towards revenue generation measures particularly, higher taxation, duties, etc.

Inflationary pressures are expected to become more visible as reflected in the recent reading of 9.4% as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy may provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

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, 2019



Nasim Beg
Vice Chairman / Director

تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے حرکات مثلاً انٹریسٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) اُن کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دوچار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
19 اپریل، 2019ء

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 7.79% تھا جبکہ بیج مارک منفی منافع 9.93% تھا۔
اختتام مدت پر فنڈ کی سرمایہ کاری 47.1% ٹرم فنانس سٹریٹجی میں اور 47.6% نقد میں تھی۔ فنڈ کے weighted اوسط کی میچورٹی اختتام مدت پر مالیاتی چکر کے مستقبل کے امکانات کے اعتبار سے 2.5 سال کی سطح پر ہے۔
31 مارچ 2019ء کو فنڈ کے net اثاثہ جات 1,245 ملین روپے تھے جو 30 جون 2018ء کی سطح 1,519 ملین روپے کے مقابلے میں 17.45% کمی ہے۔
31 مارچ 2019ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 56.9240 روپے تھی، جو 30 جون 2018ء کی ابتدائی قدر 56.3297 روپے فی یونٹ کے مقابلے میں 0.5943 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

موجودہ حکومت نے خارجی عدم توازن پر قابو پانے کے لیے مجموعی طلب میں کمی کرنے کے مقصد سے روپے کی قدر میں کمی پیشی اور مالیاتی تنگی کی صورت میں جو سخت اقدامات کیے تھے ان کے ثمرات حاصل ہو رہے ہیں۔ موجودہ کیلنڈر کے ابتدائی دو ماہ کے ساتھ ہی کرنٹ اکاؤنٹ میں پالیسی کی تبدیلیوں کی عکاسی ہونے لگی ہے اور 50% سے زائد کمی کی ہوئی۔ برآمدات میں سست رفتار اضافے سے ملنے والی متوقع قوت سے خارجی اکاؤنٹ کے پائیدار سطحوں پر برقرار رہنے کی توقع ہے۔ ادائیگیوں کے توازن کے ضمن میں دوستانہ ممالک سے حاصل ہونے والا تعاون سال کے بقیہ حصے کے دوران رقم کی فراہمی کے لیے کافی ہوگا۔ بعد ازاں، Real Effective شرح مبادلہ اپنی بنیادی قدر کے قریب ہے جس کے باعث پاکستانی روپے اور امریکی ڈالر میں عمومی باہمی کمی پیشی متوقع ہے۔

آئی ایم ایف پروگرام میں توجہ کا رخ مالیاتی جانب منتقل ہونے کا امکان ہے۔ ترقیاتی بجٹ میں قابل ذکر کمی کے نتیجے میں مالیاتی خسارے میں کمی نہیں ہو سکی جس کی وجہ حکومت کے لیے حصول قرض کی بلند تر قیمت، اور آمدنی ٹیکس میں چھوٹ، ٹیلی کام محصولات میں کمی اور درآمدات میں سست روی کے باعث آمدنی جمع کرنے کی سست رفتار کارکردگی ہے۔ مالیاتی تنگی کے اثرات رواں ششماہی میں اخراجات کی جہت میں مزید ظاہر ہونے کی توقع ہے۔ کم آمدنی کے نتیجے میں رواں سال 6% سے زیادہ مالیاتی خسارہ ہونے کا امکان ہے۔ اگلے بجٹ کی زیادہ توجہ متوقع طور پر آمدنی پیدا کرنے کے اقدامات، بلند تر ٹیکس اور محصولات وغیرہ کی طرف ہوگی۔

افراط زر کے دباؤ متوقع طور پر مزید ظاہر ہوں گے جیسا کہ روپے کی قدر میں کمی کے سست رفتار اثرات، گیس کی قیمت میں اضافہ اور بجلی کی قیمت میں کمی پیشی کو شامل کرنے پر 9.4% کی حالیہ سطح سے عکاسی ہوتی ہے۔ تاہم زیادہ تر مالیاتی تنگی آئندہ افراط زر کے دباؤ کی عکاسی کے لیے کی گئی ہے، اور مزید تنگی کی وسعت 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سست روی کا شکار رہے گی کیونکہ کرنسی میں کمی پیشی اور مالیاتی پالیسی میں مزید تنگی کھپت کے رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور مکمل ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکویٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات کی قیمت کا تعین کر دیا گیا ہے یا نہیں۔ لہذا مجموعی

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان انکم فنڈ کی 31 مارچ 2019ء کو ختم ہونے والے نو ماہ کی رپورٹ پیش خدمت ہے۔

مارکیٹ اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

مالی سال کے آغاز ہی سے معیشت کو کرنٹ اکاؤنٹ کے خطرہ خسارے اور غیر ملکی ذخائر میں کمی کے باعث خارجی بحران کی شکل میں سنگین چیلنجز وراثت میں ملے۔ ان مسائل سے نمٹنے کے لیے مرکزی بینک نے اہم پالیسی اقدامات اٹھائے (موجودہ مالی سال میں روپے کی قدر میں 16% کمی اور انٹریسٹ کی شرح میں 425 bps اضافہ)۔ بالآخر استحکام کی کوششوں کے ثمرات حاصل ہوئے اور مالی سال 2019ء کے پہلے آٹھ ماہ کے دوران کرنٹ اکاؤنٹ کے خسارے میں 22% کمی ہوئی۔ مزید برآں، حالیہ رجحان زیادہ اُمید افزا ہے کیونکہ فروری 2019ء کا کرنٹ اکاؤنٹ کا خسارہ 400 ملین ڈالر سے کم تھا جو گزشتہ 3 برسوں کی پست ترین سطح ہے۔

اگرچہ حکومت آئی ایم ایف پروگرام کے حوالے سے غیر یقینی صورتحال سے دوچار رہی لیکن دوستانہ اتحادیوں سے رقم حاصل کرنے میں کامیاب ہوئی جس کی بدولت مختصر میعاد کے لیے خارجی اکاؤنٹ میں موجود غلا پُر ہو گئی۔ سعودی عرب، متحدہ عرب امارات اور چین نے ادائیگیوں کے توازن میں 8 بلین ڈالر تک کی معاونت فراہم کی، جبکہ سعودی عرب نے پاکستان کے لیے 20 بلین ڈالر کی سرمایہ کاریوں کے اعلان کے ساتھ ساتھ تیل کے شعبے میں 3 بلین ڈالر کی پیشگی ادائیگی کی سہولت فراہم کی۔

مجموعی ملکی پیداوار (GDP) میں 2.5 سے 3 فیصد تک ترقی متوقع ہے کیونکہ گزشتہ برس بلند ترین جڑواں خساروں کے سبب توسیعی مالیاتی پالیسیاں جاری رکھنے کی حکومتی صلاحیت متاثر ہوئی۔ وسیع پیمانے کی مینوفیکچرنگ (LSM) مالی سال 2019ء کے ساتویں ماہ میں پہلے ہی پست سطح پر ہے، جبکہ کمزور زرعی ترقی (کپاس اور گندم ہدف تک نہیں پہنچ سکیں گے) کے ساتھ ساتھ خوردہ اور توک تجارت میں قابل ذکر کمی (درآمداتی کمپریشن) کے باعث موجودہ سال کے دوران کل مجموعی طلب سست روی کا شکار ہوگی۔

روپے کی قدر اور بجلی اور گیس وغیرہ کی قیمتوں میں کمی کے ساتھ ساتھ CPI افراط زر کے دباؤ میں اضافے کی نشاندہی کرتا رہا ہے۔ افراط زر کا اوسط اس سال 7% سے کم رہا لیکن آنے والے مہینوں میں تقریباً 9% پر قائم رہنے کے لیے پُر امید ہے، اور توقع ہے کہ یہ سطح بجلی اور گیس وغیرہ کی قیمتوں میں کمی بیشی کے ساتھ ساتھ روپے کی قدر میں کمی کے سبب رواتر کے باعث اگلے مالی سال میں برقرار رہے گی۔ افراط زر میں متوقع مزید اضافے اور ادائیگیوں کے توازن کی کمزور صورتحال کے باعث موجودہ سال میں مرکزی بینک نے انٹریسٹ کی شرحوں میں 500 bps اضافہ کیا۔

حکومت نے اشارہ دیا ہے کہ وہ آئی ایم ایف پروگرام پر عنقریب دستخط کرنے والی ہے۔ ساتھ ساتھ حکومت کو اہم ترین بنیادی مسائل پر توجہ دینی ہوگی تاکہ طویل المیعاد پائیدار معاشی ترقی کی راہ پر گامزن ہو سکے۔

دوران مالی سال مارکیٹ کے شرکاء کی مالیاتی تنگی کی مسلسل توقعات کے باعث پیداواری خم بلندی کی طرف گامزن رہا۔ پہلے نو ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں 425 bps اضافہ کیا جو مارکیٹ کے بڑے حصے کی توقعات کے مطابق تھا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز کی متعدد نیلامیوں کو کمزور حجم اور بلند سطحوں پر شرکت کے باعث اسٹیٹ بینک آف پاکستان کو مسترد کرنا پڑا۔ خارجی میدان میں خدشات نے مارکیٹ کے شرکاء کو طویل المیعاد ریٹری انٹرمینٹس سے دور رکھا۔ زیر جائزہ مدت کے دوران 314.38 بلین مالیت کے حکومت پاکستان اجارہ سلک کی مدت مکمل ہوئی، اور ان کی جگہ اسٹیٹ بینک آف پاکستان کی طرف سے تازہ سلک جاری نہیں کیے گئے۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Balance with banks	5	607,084	616,193
Investments	6	637,216	580,656
Profit receivable		16,415	17,401
Advances, deposits and prepayments		8,782	80,725
Receivable against margin trading system		-	242,107
Receivable from National Clearing Company of Pakistan Limited		7,060	-
Total assets		1,276,558	1,537,082
LIABILITIES			
Payable to the Management Company		1,682	1,413
Payable to the Central Depository Company of Pakistan Limited - Trustee		189	198
Payable to the Securities and Exchange Commission of Pakistan		868	1,124
Payable against redemption of units		47	47
Accrued expenses and other liabilities	7	19,692	15,422
Total liabilities		22,479	18,204
NET ASSETS		1,254,079	1,518,878
Unit holders' fund (as per statement attached)		1,254,079	1,518,878
Contingencies and commitments	8		
(Number of units)			
Number of units in issue		22,030,775	26,964,052
(Rupees)			
NET ASSET VALUE PER UNIT		56.9240	56.3297

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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, 2019

		Nine months ended March 31,		Quarter ended March 31,		
		2019	2018	2019	2018	
Note		(Rupees in '000)				
INCOME						
		3,376	3,461	911	1,770	
	Income from government securities	126	1,598	(38)	2,291	
	Capital gain/(loss) on sale of investments - net	42,925	19,132	16,135	7,822	
	Income from term finance certificates	59,135	46,094	21,315	11,487	
	Profit on bank deposit and term deposit receipts	-	2,165	-	569	
	Dividend income	-	8,215	-	2,125	
	Income from margin trading system	7,461	(2,067)	236	(1,996)	
	Loss from spread transactions	-		-		
	Unrealised (diminution) / appreciation in fair value of					
	investments classified as 'at fair value through profit or loss' - net	6.8	(5,687)	(1,828)	(2,565)	611
	Other income	136	57	128	20	
	Total income	107,472	76,827	36,122	24,699	
	Provision against debt securities	-	955	-	-	
EXPENSES						
	Remuneration of the Management Company	10,827	17,188	3,602	5,161	
	Sindh Sales Tax and Federal Excise Duty on					
	remuneration of the Management Company	1,407	2,234	468	671	
	Remuneration of the Central Depository Company of					
	Pakistan Limited - Trustee	1,622	1,612	499	502	
	Sindh Sales Tax on remuneration of Trustee	211	210	65	67	
	Securities and Exchange Commission of Pakistan - annual fee	868	859	255	258	
	Allocated expense	1,287	1,295	364	389	
	Provision for Sindh Workers' Welfare Fund	7.1	1,776	1,014	617	327
	Settlement and bank charges	574	1,387	121	591	
	Legal, professional and other charges	134	116	44	33	
	Professional charges on marginal trading system	821	1,103	51	282	
	Auditors' remuneration	490	599	137	175	
	Other Charges	437	469	96	213	
	Total expenses	20,455	28,086	6,320	8,669	
	Net income for the period before taxation	87,018	49,696	29,803	16,030	
	Taxation	9	-	-	-	-
	Net income for the period	87,018	49,696	29,803	16,030	
	Allocation of net income for the period:					
	Net income for the period	87,018	49,696	29,803	16,030	
	Income already paid on units redeemed	(29,495)	(9,377)	(12,277)	(4,821)	
		57,523	40,319	17,525	11,209	
	Accounting income available for distribution					
	- Relating to capital gains	-	-	-	3,237	
	- Excluding capital gains	57,523	40,319	17,525	7,971	
		57,523	40,319	17,525	11,209	
	Earnings per unit					

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

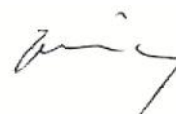
**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019**

	Nine months ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	87,018	49,696	29,803	16,030
Other comprehensive income for the period				
Unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale'	-	256	-	(67)
Total comprehensive income for the period	87,018	49,952	29,803	15,963

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Chief Financial Officer



Director

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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PAKISTAN INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Nine months ended March 31,	
2019	2018
----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period before taxation	87,018
Adjustments for non cash and other items:	49,696
Unrealised diminution in value of investments classified as 'at fair value through profit or loss' - net	5,687
Provision against debt securities	1,828
	(955)
	92,705
Increase / (decrease) in assets	50,569
Investments	(62,248)
Profit receivable	986
Receivable against sale of investments	-
Advances, deposit and prepayments	71,943
Receivable against margin trading system	242,107
Receivable from National Clearing Company of Pakistan Limited	(7,060)
	245,728
Increase / (decrease) in liabilities	(130,318)
Payable to the Management Company	269
Payable to the Central Depository Company of Pakistan Limited - Trustee	(9)
Payable to the Securities and Exchange Commission of Pakistan	(256)
Payable against purchase of investments	-
Payable against redemption of units	-
Accrued expenses and other liabilities	4,270
	4,275
Net cash generated from / used in operating activities	342,708
CASH FLOWS FROM FINANCING ACTIVITIES	(49,784)
Receipts from issuance of units	2,296,652
Payments on redemption of units	(2,604,815)
Distribution during the period	(43,654)
Net cash used in financing activities	(351,817)
Net decrease in cash and cash equivalents during the period	(9,109)
Cash and cash equivalents at beginning of the period	616,193
Cash and cash equivalents at end of the period	607,084

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**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 STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Income Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now, MCB - Arif Habib Savings and Investments Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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 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.
- 1.3** The Fund is an open-ended mutual fund and has been categorised as "Income Scheme". The Fund offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.
- 1.4** The Fund primarily invests in money market and other short-term instruments which include short-term 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.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated April 08, 2019 to the Management Company and "A+(f)" as stability rating dated December 28, 2018 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International 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
- Non-Banking Finance Companies (Establishment and Regulation) 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 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 2018.
- 2.1.3** In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

2019 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2018, 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 2018.

- 2.1.4** 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.
- 2.1.5** 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.
- 2.1.6** 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, 2018 except for the change in accounting policy as explained in note 3.3.
- 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 recognized 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, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.
- 3.3 "Standards and amendments to published accounting and reporting standards that are effective in the current period"**

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

"IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective. "

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investments being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The Fund has adopted modified retrospective restatement for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current period. The effect of this change in accounting policy is as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018
--	--------	-----------------------

-----Rupees in '000-----

Impact on Statement of Unit holders' fund

Unrealised appreciation / (diminution) on 'Available-for-sale' investments	38	(38)	-
Undistributed income	164,570	38	164,608

As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018
--	--------	-----------------------

-----Rupees in '000-----

Impact on Statement of Assets and Liabilities

Investments - 'available for sale'	7,462	(7,462)	-
Investments - 'At fair value through profit or loss'	573,194	7,462	580,656

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption. There is no impact on the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim cash flow statement. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the condensed interim financial statements of the Fund.

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2019. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with those disclosed in the financial statements of the Fund as at and for the year ended June 30, 2018.

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
		----- (Rupees in '000) -----	
5. BALANCE WITH BANKS	Note		
- in saving accounts	5.1	604,265	616,184
- in current accounts	5.2	2,819	9
		607,084	616,193

5.1 These carry profit at the rates ranging between 8% to 12% (2018: 3.75% and 7.75%) per annum and include Rs. 0.63 million maintained with MCB Limited (2018: 0.54 million), (a related party) which carries profit at the rate of 8% per annum

5.2 These include Rs. 2.82 million (2018: Rs 2.32 million) maintained with MCB Bank Limited, a connected person / related party.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
6. INVESTMENTS			
<i>At fair value through profit or loss</i>			
Listed debt securities - Term Finance Certificates	6.1	51,678	52,093
Unlisted debt securities - Term Finance Certificates	6.2	343,723	272,300
Listed debt securities - Sukuks Certificates	6.3	124,090	100,200
Unlisted debt securities - Sukuks Certificates	6.4	81,958	113,980
Government securities - Treasury Bills	6.5	9,889	34,621
Government securities - Pakistan Investment Bond	6.6	25,878	-
		637,216	573,194
<i>Available for sale</i>			
Government securities - Pakistan Investment Bond	3.3	-	7,462
		637,216	580,656
		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
6.1 Listed debt securities - Term Finance Certificates			
Market value as at period / year end	6.1.1	151,449	151,864
Provision at July 1, 2018		(99,771)	(96,373)
		-	(3,398)
		-	(3,398)
	6.1.2	(99,771)	(99,771)
		51,678	52,093

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

6.1.1 Listed debt securities - Term Finance Certificates

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

Name of investee company	Number of certificates				As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)	
						(Rupees in '000)			%
Commercial Banks									
Bank Alfalah Limited (20-02-13 issue)	10,381	-	-	-	10,381	52,072	51,678	(393)	4.12 8.11
Investment Banks / Investment Companies / Securities Companies									
Trust Investment Bank Limited (04-07-08 issue)	10,000	-	-	-	10,000	18,743	18,743	-	- -
- Due but not received									
Real Estate investment and services									
Pace Pakistan Limited (15-02-08 issue)	10,000	-	-	-	10,000	49,940	49,940	-	- -
- Due but not received									
Technology & Communication									
Telecard Limited (27-05-05 issue)	19,975	-	-	-	19,975	31,088	31,088	-	- -
- Due but not received									
As at March 31, 2019						151,843	151,449	(393)	
As at June 30, 2018						153,051	151,864	987	

- 6.1.2 Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non-performing. The Fund has recognised full provision against outstanding principal in accordance with applicable provisioning circular issued by the Securities and Exchange Commission of Pakistan and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of mark-up there against.

6.2 Unlisted debt securities - Term Finance Certificates

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

Name of investee company	Number of certificates				As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)	
						(Rupees in '000)			%
Commercial banks									
Askari Bank Limited (30-9-14 issue)	19,000	-	-	-	19,000	94,865	92,692	(2,173)	7.39 14.55
Bank AL Habib Limited (17-03-16 issue)	15,500	-	-	-	15,500	77,294	80,238	2,944	6.40 12.59
Bank of Punjab (23-04-18 issue)	-	650	-	-	650	64,987	62,731	(2,256)	5.00 9.84
Investment Company									
Jahangir Siddiqui & Company Limited (06-03-2018 issue)	20,000	2,000	-	-	22,000	109,997	108,062	(1,935)	8.62 16.96
Total as at March 31, 2019						347,142	343,723	(3,419)	
Total as at June 30, 2018						273,130	272,300	(830)	

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

6.3 Listed debt securities - Sukuks Certificates

Certificates have a face value of Rs 100,000 each unless stated otherwise

Name of investee company	Number of certificates					As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) ----- % -----										

Investment Banks / Investment Companies / Securities Companies

Dawood Hercules Corporation Limited (16-11-17 issue)	1,000	-	-	-	1,000	100,200	99,090	(1,110)	7.90	15.55
Dawood Hercules Corporation Limited (01-03-2018 issue)	250	-	-	-	250	25,016	25,000	(16)	1.99	3.92
Total as at March 31, 2019						125,216	124,090	(1,126)		
Total as at June 30, 2018						100,000	100,200	200		

6.4 Unlisted debt securities - Sukuks Certificates

Certificates have a face value of Rs 100,000 each unless stated otherwise

Name of investee company	Number of certificates					As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2018	Purchased during the period	Matured during the period	Disposed off during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) ----- % -----										

Oil and Gas

Byco Petroleum Pakistan Limited (18-01-2017 issue)	10	-	-	-	10	998	990	(8)	0.08	0.16
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Chemical

Ghani Gasses Limited (02-02-2017 issue)	480	-	-	-	480	31,971	31,766	(206)	2.53	4.99
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Miscellaneous

International Brands Limited (15-11-2017 issue)	500	-	-	-	500	50,000	49,202	(798)	3.92	7.72
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Total as at March 31, 2019						82,969	81,958	(1,012)		
Total as at June 30, 2018						114,380	113,980	(400)		

6.5 Government securities - Treasury Bills

Security	Issue Date	Maturity Date	Face value			As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 1, 2018	Purchased during the period	Matured / Sold during the period	As at March 31, 2019	Carrying value	Market value		
----- (Rupees in '000) -----									----- % -----	

Treasury bills - 3 months	7-Jun-18	30-Aug-18	35,000	-	35,000	-	-	-	-	-	-
Treasury bills - 3 months	2-Aug-18	25-Oct-18	-	35,000	35,000	-	-	-	-	-	-
Treasury bills - 3 months	11-Oct-18	3-Jan-19	-	35,000	35,000	-	-	-	-	-	-
Treasury bills - 3 months	6-Dec-18	28-Feb-19	-	10,000	10,000	-	-	-	-	-	-
Treasury bills - 3 months	14-Feb-19	9-May-19	-	10,000	-	10,000	9,893	9,889	(4)	0.79	1.55
As at March 31, 2019							9,893	9,889	(4)		
As at June 30, 2018							34,617	34,621	4		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

6.6 Government securities - Pakistan investment bonds

Security	Issue Date	Maturity Date	Face Value			As at March 31, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2018	Purchased during the period	during the period	As at March 31, 2019	Carrying value	Market value	Appreciation / (diminution)	
Pakistan Investment Bond - 10 years	9-Aug-08	9-Aug-28	-	52,000	26,000	26,000	25,611	25,878	267	----- % -----
As at March 31, 2019							25,611	25,878	267	
As at June 30, 2018							-	-	-	

6.7 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

"In accordance with Clause (v) of the investment criteria laid down for '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, 2019, 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 respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:"

Category of non-compliant investment	Type of investment / Name of Company	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-----			----- % -----	
	a) Trust Investment Bank Limited (note 6.1)	18,743	18,743	-	0.01	0.01
Investment in debt securities	b) Pace Pakistan Limited (note 6.1)	49,940	49,940	-	0.04	0.04
	c) Telecard Limited (note 6.1)	31,088	31,088	-	0.02	0.02

6.8 Net unrealised appreciation in value of investments at fair value through profit or loss	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
		----- (Rupees in '000) -----	
Market value of investments	6.1, 6.2, 6.3, 6.4, 6.5 & 6.6	736,987	573,194
Carrying value of investments	6.1, 6.2, 6.3, 6.4, 6.5 & 6.6	(742,675)	(575,407)
		(5,687)	(2,213)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
7. ACCRUED EXPENSES AND OTHER LIABILITIES		----- (Rupees in '000) -----	
Provision for Sindh Workers' Welfare Fund	7.1	6,034	4,258
Provision for Federal Excise Duty and related tax on	7.2		
- Management fee		9,210	9,210
- Sales load		239	239
Brokerage		11	38
Withholding tax payable		213	65
Auditors' remuneration		415	426
Printing and related expenditure		53	40
Other		3,516	1,146
		19,692	15,422

7.1 Provision for Sindh Workers' Welfare Fund

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, 2018. 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, 2019 would have been higher by Re. 0.27 per unit (June 30, 2018 Re. 0.1579 per unit).

7.2 Federal Excise Duty and related tax payable

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, 2018. 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, 2019 would have been higher by Re. 0.42 per unit (June 30, 2018: Re. 0.3416 per unit).

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

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 available for distribution for the year as reduced by capital gains whether realized or unrealized 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 available for distribution other than 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. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 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.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

11 EXPENSE RATIO

The expense ratio of the Fund from July 1 2018 to March 31 2019 is 1.26%, the total expense ratio includes 0.25% representing government levy and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income fund.

11.1 TRANSACTIONS WITH CONNECTED PERSONS

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 and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

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

For the nine months ended March 31, 2019									
Units					(Rupees in '000)				
As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at March 31, 2019
Associated Companies:									
Adamjee Insurance Co Limited Employees Gratuity Fund									
-	79,367	-	-	79,367	-	4,271	-	-	4,518
Nishat Mills Limited Employees Provident Fund Trust									
-	6,283,645	-	6,283,645	-	-	342,400	-	344,723	-
216,504	7,491,368	-	7,401,780	306,091	12,196	421,654	-	417,187	17,424
Mandate Under Discretionary Portfolio									
4,294	16,171	-	12,457	8,007	242	876	-	682	456
Key management personnel									
For the nine months ended March 31, 2018									
Units					(Rupees in '000)				
As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at March 31, 2018
Associated									
Adamjee Insurance Co 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	10,005	-	3,805	6,421
99,181	3,728	-	102,903	6	5,332	204	-	5,588	-
Key management personnel									

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

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

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	10,827	17,188
Sindh sales tax on remuneration of the Management Company	1,407	2,234
Allocated expenses including indirect taxes	1,287	1,295
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	1,833	1,822
CDC settlement charges	188	350
MCB Bank Limited		
Profit on bank deposits	160	55
Bank charges	13	13
Arif Habib Limited		
Brokerage expense*	-	3
Next Capital Limited		
Brokerage expense *	-	9
Silk Bank Limited		
Mark-up on deposit accounts	34,115	3,636
Bank charges	53	11
Fatima Fertilizer Company Limited		
Purchase of Nil (2018: 500) shares	-	16
Sale of Nil (2018: 500) shares	-	16
Nishat (Chunian) Limited		
Purchase of Nil (2018: 197,500) shares	-	10,014
Sale of Nil (2018: 197,500) shares	-	10,075
Dividend income	-	8
Power Cement		
Purchase of Nil (2018: 4,000) shares	-	39
Sale of Nil (2018: 4,000) shares	-	39
D.G. Khan Cement Company Limited		
Purchase of Nil (2018: 573,500) shares	-	85,876
Sale of Nil (2018: 573,500) shares	-	86,258
Aisha Steel Limited		
Purchase of Nil (2018: 72,500) shares	-	1,507
Sale of Nil (2018: 72,500) shares	-	1,516
Nishat Mills Limited		
Purchase of Nil (2018: 12,000) shares	-	1,829
Sale of Nil (2018: 12,000) shares	-	1,840

* 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 transactions with connected persons as the ultimate counter parties are not connected persons.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

(Unaudited) March 31, 2019	(Audited) June 30, 2018
-----	-----
(Rupees in '000)	

11.3 Amount outstanding as at period end / year end

MCB - Arif Habib Savings & Investment Limited - Management Company

Remuneration payable	1,181	963
Sale tax payable on remuneration to the Management Company	154	126
Sales load payable	236	202
Allocated expenses payable excluding related taxes	111	122

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	167	175
Sindh Sales tax payable on remuneration of Trustee	22	23
Security deposits	200	200

MCB Bank Limited

Bank deposit held	2,883	2,876
Accrued profit on bank deposit	23	5
Sales load payable	990	-

Silk bank Limited

Bank balance	336,095	274,323
Profit receivable	3,562	1,812

Next Capital Limited

Brokerage payable	-	9
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Arif Habib Limited

Brokerage payable	-	3
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12. GENERAL

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

12.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 19, 2019 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

MCB-Arif Habib Savings and Investments Limited

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