

Quarterly Report

March 31, 2014
(Unaudited)



**Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited**
(formerly: Arif Habib Investments Ltd.)

**PAKISTAN
STOCK MARKET
FUND**

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited MCB Bank Limited Standard Chartered Bank Limited Deutsche Bank	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Stock Market Fund's** accounts review for the nine month period ended March 31st 2014.

EQUITIES MARKET OVERVIEW

Stock market started FY14 on a positive note on the back of smooth political transition. Though steep rupee depreciation had kept stock market under pressure during August and September, recovery in foreign reserve balance towards the end of 3QFY14 lifted the benchmark index to 27,159.91 by the end of March, 2014, marking a growth of 29.3% since the start of the current fiscal year.

A combination of improving economic indicators, strong inherent bottom line growth and healthy payouts helped keep the investors' interest alive in the stock market. The rally remained broad based, but interest largely remained in Textile, Construction & Materials, Oil & Gas, Pharmaceuticals and Power Sectors on the heels of success in getting GSP+ status, increase in margins of cement companies, increase in oil production and significant rupee depreciation during the 1H FY14.

Foreigners remained net buyers during the period with a cumulative net inflow of \$ 22.8 million, while the average turnover stood at around 214 million shares during the 9MFY14 as opposed to 170 million shares during the same period last year.

FUND PERFORMANCE

During the period under review, the fund underperformed its benchmark KSE 100 index by delivering 24.5% return vis-à-vis KSE100 index return of 29.3%. Substantial changes were made in sector and company allocations during the period on the back of changing fundamentals. Overall equity exposure of the fund was increased to 81.4% at the end of the period as compared to 76.9% at the end June 2013. Major Sector level changes include increase in allocation in Banks and reduction in exposure in Electricity.

The Net Asset of the Fund as at March 31, 2014 stood at Rs.1315.3 million as compared to Rs 1178.6 million as at June 30 2013 registering an increase of 11.59%

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 73.41 as compared to opening NAV of Rs. 77.58 per unit as at June 30, 2013 registering a decline of Rs.4.170 per unit.

FUTURE OUTLOOK


The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The country is scheduled to pay more than \$1.2 billion to external official creditors in the last quarter, while the government is eyeing to raise foreign inflows through Euro bonds, 3G auction, and outstanding payments from Etisalat.

Earnings growth is expected to continue in E&P, Power and Cement sector, while the rupee appreciation bodes well for pharmaceutical and chemical companies. Rupee strengthening after a long slide has contributed towards a change in the outlook. The budgeted implications of a stronger rupee will unfold in the next few months. Going forward, fixed income funds are expected to strengthen on the back of widening gaps between short and mid-term yields.

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.

For and on behalf of the board



Yasir Qadri

Chief Executive Officer

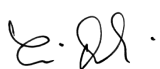
Karachi: April 21, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

AS AT 31 MARCH 2014

	Note	(Unaudited) 31 March 2014	(Audited) 30 June 2013
		(Rupees in '000)	
Assets			
Balances with banks		36,478	113,835
Receivable against sale of investments		-	62,834
Investments	5	1,305,891	1,050,150
Dividend and profit receivable		15,022	1,176
Receivable against sale of units		-	732
Advances and deposits	6	3,741	3,736
Total assets		<u>1,361,132</u>	<u>1,232,463</u>
Liabilities			
Payable to Management Company		3,229	2,643
Payable to Central Depository Company of Pakistan Limited - Trustee		194	194
Payable to Securities and Exchange Commission of Pakistan		879	1,014
Payable against purchase of investments		5,849	22,018
Accrued expenses and other liabilities	7	35,446	27,704
Payable against redemption of units		214	228
Total liabilities		<u>45,811</u>	<u>53,801</u>
Contingencies and commitments	8		
Net assets		<u>1,315,321</u>	<u>1,178,662</u>
Unit holders' funds		<u>1,315,321</u>	<u>1,178,662</u>
		(Number of units)	
Number of units in issue		<u>17,916,697</u>	<u>15,193,475</u>
		(Rupees)	
Net assets value per unit		<u>73.41</u>	<u>77.58</u>

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


Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)


Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2014	2013	2014	2013
		----- (Rupees in '000) -----			
Income					
Capital gain on sale of investments - net		81,191	171,373	43,352	68,177
Dividend income		52,651	70,507	21,860	27,168
Income from government securities		7,814	2,173	2,358	762
Profit on bank accounts		6,068	3,592	2,576	1,416
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'		153,567	74,953	40,201	(2,853)
		301,291	322,598	110,347	94,670
Expenses					
Remuneration of Management Company					
Management Company		18,505	15,666	6,287	5,081
Sindh Sales tax on management fee		6,396	2,506	2,173	812
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,676	1,529	-	501
Annual fee - Securities and Exchange Commission of Pakistan		879	744	299	241
Securities transaction cost		5,777	9,187	1,726	3,165
Settlement and bank charges		61		(285)	
Fees and subscriptions		126	105	39	34
Legal and professional charges		-	75	-	25
Auditors' remuneration		400	425	131	134
Other expenses		513	732	513	213
Total expenses		34,333	30,969	11,444	10,206
		266,958	291,629	98,903	84,464
Net element of (loss) / income and capital (losses) / gain included in the prices of units issued less those in units redeemed		(2,695)	2,069	1,248	1,580
Provision for Workers' Welfare Fund		(5,285)		(2,003)	
Net income for the period before taxation		258,978	293,698	98,148	86,044
Taxation	10	-	-	-	-
Net income for the period after taxation		258,978	293,698	98,148	86,044
Other comprehensive income for the period					
<i>Items that are or maybe reclassified subsequently to profit and loss</i>					
Reclassification adjustments relating to gain realised on disposal of 'available for sale' investment securities		-	(2,960)		-
Total comprehensive income for the period		258,978	256,341	98,148	40,547

Earnings per unit

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



Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)



Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income/ (accumulated loss) brought forward	418,626	30,782	320,443	252,207
Net income for the period	258,978	259,301	98,148	40,547
Net element of income and capital gain included in the prices of units issued less those in units redeemed	24,400	5,842	534	3,171
<i>Distributions to unit holders of the Fund:</i>				
Final distribution at the rate of Rs. 18.6184 per unit for the year ended <i>June 30, 2013. (Date Of distribution July 4, 2013)</i>	(282,879)	-	-	-
Issue of 4,797,805 bonus units	(282,879)	-	-	-
Undistributed income carried forward	419,125	295,925	419,125	295,925

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


 Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
 (formerly: Arif Habib Investments Limited)
 (Management Company)


 Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	1,178,662	921,464	1,213,656	1,062,265
Issue of 4,415,627 units (2012: 3,773,680 units) and 550,201 units (2013: 600,881 units) for the nine months and quarter ended respectively	302,282	193,841	178,571	38,901
Redemption of 6,490,10 units (2013: 5,941,614 units) and 4,406,946 units (2013: 2,260,758) for the nine months and quarter ended respectively	(427,296)	(364,147)	(173,806)	(145,803)
Issue of 4,797,805 bonus units for the nine months ended 31 March 2013 (2013: Nil units)	282,879	-	-	-
	157,865	(170,306)	4,765	(106,902)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution statement	(24,400)	5,842	(48,266)	3,171
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	2,695	32,328	(1,248)	43,917
- amount representing unrealised capital (gains) / losses - transferred to Distribution Statement	24,400	(5,842)	48,266	(3,171)
	27,095	26,486	47,018	40,746
Reclassification adjustments relating to gain realised on disposal of 'available for sale' investment securities	-	(2,960)	-	-
Net income/(loss) for the period (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)	24,220	12,975	14,595	(24,777)
Capital gain on sale of investments	81,191	171,373	43,352	68,177
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	153,567	74,953	40,201	(2,853)
	258,978	259,301	98,147	40,547

Distributions to unit holders of the Fund:

Final Distribution:

Final distribution at the rate of Rs. 18.6184 per unit for the year ended June 30, 2013. (Date Of distribution July 4, 2013)

- Issue of 4,797,805 bonus units

	(282,879)	-	-	-
Net assets as at end of the period	1,315,321	1,039,827	1,315,321	1,039,827

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


Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period after taxation		258,978	259,301	98,148	40,547
<i>Adjustments for non cash and other items</i>					
Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss'		(153,567)	(74,953)	(40,201)	2,853
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		2,695	32,328	(1,248)	43,917
		108,106	216,676	56,699	87,317
(Increase) / decrease in assets					
Receivable against sale of investments		46,665	1,664	(14,739)	36,029
Investments		(102,174)	(28,328)	(172,557)	11,287
Dividend and profit receivable		(13,846)	(21,180)	(14,285)	(21,997)
Advances and deposits		(5)	(15)	50,852	5
		(69,360)	(47,859)	(150,729)	25,324
(Decrease) / increase in liabilities					
Payable to Management Company Company		586	343	(1,882)	(57)
Payable to Central Depository Company of Pakistan Limited - Trustee		-	7	(7)	(3)
Payable to Securities and Exchange Commission of Pakistan - Annual fee		(135)	(218)	299	241
Payable against purchase of investments		-	(38,796)	14,638	416
Accrued expenses and other liabilities		7,742	143	5,188	(260)
		8,193	(38,521)	18,236	337
Net cash generated from operating activities		46,940	130,296	(75,793)	112,978
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from issuance of units		303,013	193,841	178,600	38,928
Payment on redemption of units		(427,310)	(363,919)	(173,810)	(145,611)
Net cash used in financing activities		(124,297)	(170,078)	4,789	(106,683)
Net increase / (decrease) in cash and cash equivalents during the period		(77,357)	(39,782)	(71,004)	6,295
Cash and cash equivalents at beginning of the period		113,835	104,895	107,482	58,818
Cash and cash equivalents at end of the period	10	36,478	65,113	36,478	65,113

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


Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Stock Market Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 23 October 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 28th February 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].
- 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 effective from 27 June 2011.
- 1.3** The Board of Directors of MCB-Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited) have decided to merge MCB Dynamic Stock Fund and Pakistan Premier Fund with and into the Fund. However as per Circular No. 20 of 2009, the requirement of 75% majority for approving the merger was not achieved in the Annual General Meeting of the Fund held on January 13, 2014. As authorised by the unit holders of the Fund, the management company approached SECP for necessary relaxation from the said requirement of the Circular No 20 of 2009 and approval of scheme of merger with new effective date which is pending.
- 1.4** 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 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.5** The Fund has been categorised as "equity 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 Karachi Stock Exchange.
- 1.6** The Fund primarily invests in listed equity securities. It also invest in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.7** Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 dated March 21, 2013 to the management company and 3-Star as short term and Long term star ranking.
- 1.8** 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. STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.
- 2.2** This condensed interim financial information does not include all information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2013.
- 2.3** This condensed interim financial information is un-audited and presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.
- 2.4** This condensed financial information is un-audited and has been reviewed by the auditors. Further, financial information for the quarter ended March 31, 2014 and March 31, 2013 in this condensed financial information have not been reviewed by

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

auditors. The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of the affairs of the Fund.

- 2.5** The comparatives in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2014 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2013, where as the comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of moment in unit holders' fund, and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 31 March 2013.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1** The accounting policies, methods of computation adopted in preparation of this condensed interim financial information, significant judgements in applying the accounting policies and key sources of estimation uncertainty are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2013
- 3.2** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.
- 3.3** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund therefore not stated in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with that disclosed in the financial statements of the Fund as at and for the year ended June 30, 2013.

		(Unaudited)	(Audited)
5.	INVESTMENTS	31 March	30 June
		2014	2013
'At fair value through profit or loss' - held for trading		(Rupees in '000)	
Equity securities			
	Listed	5.1 1,107,737	927,894
	Unlisted	-	2,966
		1,107,737	930,860
Government securities			
	Market Treasury Bills	5.2 198,154	119,290
		1,305,891	1,050,150

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

Name of the investee company	(Number of shares)				Balance as at 31 March 2014			Market value as a percentage of total investments	Market value as a percentage of total net assets	Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2014	Carrying cost	Market value			
----- (Rupees in 000) -----										
GENERAL INDUSTRIALS					-					
Packages Limited	-	151,300	-	-	151,300	41,102	52,005	10,902	3.98	4.99
Thal Limited	-	10,000	-	-	10,000	1,400	1,697	297	0.13	0.16
					-	42,502	53,702	11,200		
INDUSTRIAL ENGINEERING					-					
Millat Tractors Limited	20	50	7	-	77	38	36	(2)	0.00	0.00
						38	36	(2)		
INDUSTRIAL TRANSPORTATION										
Pakistan International Bulk Terminal Limited	301,387	-	-	301,387	-	-	-	-	0.00	0.00
						-	-	-		
AUTOMOBILE AND PARTS										
Pak Suzuki Motor Company Limited	26,500	-	-	26,500	-	-	-	-	-	-
						-	-	-		
FOOD PRODUCERS										
Engro Foods Limited	-	436,100	-	436,100	-	-	-	-	-	-
						-	-	-		
PERSONAL GOODS										
Blessed Textile Limited	49,000	-	-	49,000	-	-	-	-	-	-
Ellecot Spinning Mills Limited	-	500	-	-	500	36	44	8	0.00	0.00
Gadoon Textile Mills Limited	19,500	59,400	-	49,000	29,900	4,023	6,190	2,168	0.47	0.59
Kohinoor Textile Mills	-	78,500	-	-	78,500	2,084	2,012	(72)	0.15	0.19
Nishat Chunian Limited	54,500	156,500	13,350	224,000	350	19	17	(3)	0.00	0.00
Nishat Mills Limited.	216,000	675,600	-	833,200	58,400	7,756	6,807	(950)	0.52	0.65
						13,919	15,070	1,151		
PHARMA AND BIO TECH										
Abbot Lab (Pakistan)	-	36,700	-	-	36,700	15,431	15,380	(51)	1.18	1.47
						15,431	15,380	(51)		
FIXED LINE										
TELECOMMUNICATION										
Pakistan Telecommunication Company Limited "A"	279,500	1,376,500	-	1,656,000	-	-	-	-	-	-
						-	-	-		
ELECTRICITY										
Hub Power Company Limited	1,672,128	684,000	-	1,926,500	429,628	26,669	22,843	(3,825)	1.75	2.19
Kot Addu Power Company Limited	95,000	1,936,500	-	1,914,500	117,000	6,580	6,959	380	0.53	0.67
Nishat Chunian Power Limited	-	221,000	-	173,000	48,000	1,692	1,732	40	0.13	0.17
Pakgen Power Limited	-	1,160,000	-	1,160,000	-	-	-	-	-	-
						34,940	31,535	(3,405)		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

Name of the investee company	(Number of shares)			Balance as at 31 March 2014		Market value as a percentage of total investments	Market value as a percentage of total net assets	Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2014			
----- (Rupees in 000) -----								
COMMERCIAL BANKS								
Allied Bank Limited	-	372,500	36,250	10,000	398,750	30,787	38,651	7,863
Askari Bank Limited	288	1,000	-	1,288	-	-	-	-
Bank Al-Falah Limited	2,412,000	1,865,000	-	1,953,500	2,323,500	46,672	62,084	15,412
Bank AL-Habib Limited	1,498,992	275,500	127,449	500,000	1,401,941	37,665	52,026	14,361
BankIslami Pakistan Limited	22,000	-	-	22,000	-	-	-	-
Faysal Bank Ltd.	-	2,521,000	-	-	2,521,000	31,969	35,395	3,426
Habib Bank Limited	174,220	100	13,802	36,300	151,822	16,461	26,464	10,003
Habib Metropolitan Bank	-	780,000	-	72,500	707,500	16,976	18,883	1,907
MCB Bank Limited	23,800	198,300	11,190	95,200	138,090	35,903	34,692	(1,210)
Meezan Bank Limited	669,885	585,000	-	668,000	586,885	22,353	23,211	859
National Bank Of Pakistan	-	1,413,000	-	1,413,000	-	-	-	-
Soneri Bank Limited	-	50,500	-	50,500	-	-	-	-
United Bank Limited	350,096	599,200	-	949,200	96	12	16	3
						238,798	291,422	52,624
NON LIFE INSURANCE								
Adamjee Insurance Company Limited	-	500	914	-	1,414	46	66	21
Pakistan Reinsurance Company Limited	763,100	140,000	-	-	903,100	22,013	30,010	7,998
						22,059	30,076	8,019
FINANCIAL SERVICES								
Jahangir Siddiqui & Company Limited	-	500	-	-	500	6	5	-
						6	5	-
TECHNOLOGY HARDWARE AND EQUIPMENT								
AVANCEON LIMITED	-	-	-	-	-	-	-	-
						954,124	1,107,737	153,613
Total as at 31 March 2014						845,175	927,894	82,719
Total as at 30 June 2013							76.45	84.88
The above include shares with a market value aggregating to Rs. 46.971 million (June 2013: Rs. 51.714 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.								
These represent transactions in equity securities of related parties.								
Government securities - 'at fair value through profit or loss'								
Issue date	Face value		Sales /	As at	Carrying	Market	Appreciation	Market value as a
	As at 1 July 2013	Purchases during the period	matured during the period	31 March 2014	Cost as at 31 March 2014	value as at 31 March 2014	/(diminution) as at 31 March 2014	percentage of investments net assets
----- (Rupees in '000) -----								
Market Treasury Bills								
Treasury bills - 3 months	45,000	435,000	355,000	125,000	123,533	123,487	(46)	7%
Treasury bills - 6 months	75,000	196,000	196,000	75,000	74,667	74,667	-	20%
Total as at 31 March 2014	120,000	631,000	551,000	200,000	198,200	198,154	(46)	
Total as at 30 June 2013								
				119,265	119,290		25	9.13

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

		(Unaudited) March 31, 2014 (Rupees in '000)	(Audited) June 30, 2013
5.3 Unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'			
Fair value of investments		1,305,891	1,050,150
Less: Cost of investments		(1,152,324)	(967,454)
		153,567	82,696
6. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance against investment		-	-
Deposit - National Clearing Company		2,500	2,500
Prepayments		1,241	1,236
		3,741	3,736
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
		Un-Audited March 31, 2014 (Rupees in '000)	Audited June 30, 2013
	Note		
Provision for Workers Welfare Fund	7.2	29,617	24,332
Auditors' remuneration		216	370
Federal Excise Duty on remuneration of Management Company	7.1	3,493	219
Legal and professional charges		150	150
Brokerage Payable		488	1,034
Printing and related expenditure		99	300
Zakat Payable		406	303
Capital Gain and withholding Tax Payable		868	423
Others		108	573
		35,446	27,704

7.1 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 whereby Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. However the fund has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED in this condensed interim financial information which aggregates to Rs. 3.49 million as at March 31, 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.20 per unit.

7.2 CONTRIBUTION TO WORKERS WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain Collective Investment Schemes (CISs) through their trustees in the Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

However in 2013, the Larger Bench of the SHC issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

As the matter relating to levy of WWF on CISs is currently pending in the SHC, the Management Company has decided to retain and continue with the provision for WWF in its books of account and condensed interim financial information which aggregates to Rs. 29.62 million as at March 31, 2014. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 1.65 per unit.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2014 and June 30, 2013.

9 TAXATION

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) 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. 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 Ordinance. As the management intends to distribute at least 90% of income earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

10. EARNINGS PER UNIT

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

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

Remuneration to the Management Company and the Trustee are determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

11.1	Details of transactions with connected persons are as follows:	Nine months ended		Quarter ended	
		March 31,		March 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
MCB - Arif Habib Savings & Investment Limited (formerly: Arif Habib Investments Limited)					
Remuneration during the period including indirect taxes		24,901	18,172	8,460	5,893
Central Depository Company of Pakistan Limited - Trustee					
Remuneration of the Trustee		1,676	1,529	561	501
CDS charges		164	146	48	67
Summit Bank Limited					
Profit on deposit accounts		-	44	-	25
MCB Bank Limited					
Profit on deposit accounts		4,883	2,094	2,161	1,468
Bank Charges		16		6	
Dividend Income		594	289	392	15

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	(Rupees in '000)			
Arif Habib Limited				
Brokerage*	348	620	41	205
Next Capital Limited				
Brokerage *	166	201	116	74
Nishat Mills Limited				
Dividend income	2	3,140	-	-
Nishat Chunian Power Limited				
Dividend income	72	1,910	-	-
Adamjee Insurance Company Limited				
Dividend Income	1	-	1	-
D.G Khan Cement Company Limited				
Dividend income	1,868	962	1,868	-
Nishat Chunian Limited				
Dividend income	267	-	-	-
Other Related Parties - Directors and Executive of the Management Company				
Issue of 132,998 (2012: 13,053) units units for the nine months ended	8,794	892	3,996	841
Issue of 9,629 bonus units (2012: Nil shares) units for the nine months ended	568	-	-	-
Redemption of 130,373 (2012: 30,502) units for the nine months ended	8,722	2,632	3,231	902
Mandate Under Discretionary Portfolio Services				
Issue of 683,435 (2012: NIL) units units for the nine months ended	50,000	-	50,000	-

* 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.

11.2 Amounts outstanding as at the period / year end

MCB - Arif Habib Savings & Investment Limited (formerly: Arif Habib Investments Limited)

Management remuneration payable	2,222	1,985
Sales tax on management fee payable	516	348
Front-end load payable	63	340

Central Depository Company of Pakistan Limited - Trustee

Security deposit	200	200
Trustee fee and CDS charges	177	194

MCB Bank Limited

Shares held as at March 2014: 138,090 Shares (30 June 2013: 23,800)	34,692	5,774
Profit receivable on bank deposits	675	125
Bank balance	32,334	108,105
Next Capital		
Brokerage payable *	61	23

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	(Unaudited) 31 March 2014 (Rupees in '000)	(Audited) 30 June 2013
Arif Habib Limited Brokerage payable*	20	80
Nishat Mills Limited 58,400 shares held (30 June 2013: 216,000 shares)	6,807	20,349
Fatima Fertilizer Company Limited Shares held as at March 31 2014: 1,708,000 Shares (30 June 2013: 2,403,500)	53,768	59,679
D.G Khan Cement Company Limited Shares held as at March 31 2014: 91,500 Shares (30 June 2013: 88,250)	8,420	7,386
Adamjee Insurance Company Limited Shares held as at March 31 2014: 1,414 Shares (30 June 2013: Nil)	66	-
Nishat Chunian Limited Shares held as at March 31 2014: 350 Shares (30 June 2013: 54,500)	17	3,256
Directors and Executive of the Management Company Units held 42,638 (June 2012: 30,492 units)	 3,138	 2,366
Mandate Under Discretionary Portfolio Services Units held 683,435 (June 2013: Nil units)	 50,171	 -

12 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on 21 April 2014.

13 GENERAL

Corresponding figures have been rearranged and reclassified whenever necessary, for the purposes of comparison and better presentation. No significant changes to corresponding figures have been made during the period



Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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