

Quarterly Report

September 30, 2014
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited

**PAKISTAN
STOCK MARKET
FUND**

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. 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 & Remuneration Committee	Dr. 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 Despositary Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Deutsche Bank AG Habib Metropolitan Bank Limited United Bank Limited Standard Chartered Bank Limited Bank Al-Habib Limited Summit Bank Limited	
Auditors	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis 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 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Stock Market Fund's accounts review for the first quarter ended September 30th 2014.

EQUITIES MARKET OVERVIEW

Local stock market remained volatile in the wake of growing apprehension on the political front during the first quarter of the current fiscal year. The index posted a return of 2.2 percent and 4.1 percent during July and September, respectively, but on account of poor performance in August the benchmark index recorded a total gain of 0.25 percent during the 1QFY15, with KSE-100 index closing at 29,726.39 at the end of the quarter.

Demonstrations and sit-ins across the country took its toll on the stock market's performance during August, but the gradual drop in political temperature in September helped in restoring confidence over the continuity of the current democratic system. Local investors' interest remained subdued. This can be gauged from the fact that the average turnover stood at 131 million shares during 1QFY15 as opposed to the average turnover of 236 million shares during 2HFY14. Although local investors took a cautious stance and preferred to remain on the sideline, foreign investors remained upbeat on the market and remained net buyer with a cumulative net inflow of US\$ 165.77 million during the period under review.

Auto sector and small capital stocks stayed in the limelight, while performance of Oil and Gas, Cement, and Banks remained unimpressive.

FUND PERFORMANCE

During the period, PSMF delivered 1.77% return as compared to KSE100 index return of 0.25%. Overall equity exposure of the fund was increased by around 1% which stood at 88.0% at the end of the quarter. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the quarter fund realigned its sector exposure by reducing allocation in Construction materials and electricity while increasing its allocations in Chemicals and Oil & Gas sector.

The Net Asset of the Fund as at September 30, 2014 stood at Rs. 3,706 million as compared to Rs 3,730 million as at June 30 2014, reduced by mere 0.6%.

The Net Asset Value (NAV) per unit as at September 30, 2014 was Rs. 63.67 as compared to opening NAV of Rs. 62.56 per unit as at June 30, 2014 registering an increase of Rs. 1.11 per unit

FUTURE OUTLOOK

The country's import bill is likely to ease off after a lag of few months on the account of lower oil prices. Conversely, weak cotton prices might annul the benefit arising from lower oil prices on the country's trade balance. Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on the country's political condition.

In the near-term, realization of expected inflows-through divestment of shares of OGDCL and HBL and issuance of dollar-denominated Sukuks would be crucial.

We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction. Lower commodity price, in the presences of stable local currency and higher base effect, is likely to keep inflationary pressure on the lower side during the year.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2014

With the market expecting interest rates to remain stable and oil prices lower, profitability of power intensive companies such as: Textile and Cement are expected to improve. On the contrary, lower oil prices bode ill for Exploration and Production and Oil Marketing Companies.

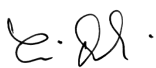
In the face of stable fundamentals and better expectation of financial results of manufacturing companies, we expect the bourse to remain range bound in short term amid lack of clarity on the future of the current government.

Above all, the equity market will continue to attract foreign investors owing to divestment of the government's holding in the listed companies and increase in the country's weight in MSCI FM Index.

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,



Yasir Qadri
Chief Executive Officer
October 20, 2014

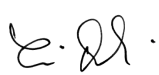
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2014

	Unaudited September 30, 2014	Audited June 30, 2014
Note	(Rupees in '000)	
ASSETS		
Balances with banks	87,716	385,178
Investments	4. 3,664,283	3,307,850
Receivable against sale of investments	35,896	100,118
Dividend and profit receivable	30,826	9,054
Advances and security deposits	6,942	50,652
Total assets	3,825,663	3,852,852
LIABILITIES		
Payable to Management Company	9,354	7,377
Payable to Central Depository Company of Pakistan Limited - Trustee	411	399
Payable to Securities and Exchange Commission of Pakistan - annual fee	888	2,853
Payable against purchase of investments	580	3,397
Accrued expenses and other liabilities	5 107,916	108,572
Payable against redemption of units	386	386
Total liabilities	119,535	122,984
NET ASSETS	3,706,128	3,729,868
Unit holders' fund	3,706,128	3,729,868
(Number of units)		
NUMBER OF UNITS IN ISSUE	58,209,086	59,624,421
(Rupees)		
NET ASSETS VALUE PER UNIT	63.67	62.56

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

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


 Chief Executive Officer


 Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUATER ENDED SEPTEMBER 30, 2014

	September 30, 2014	September 30, 2,013
Note	(Rupees in '000)	
INCOME		
Capital gain on sale of investments - net	(9,118)	42,777
Dividend income	33,404	20,471
Income from government securities	9,523	1,832
Profit on bank deposits	4,138	1,537
	<u>37,947</u>	<u>66,617</u>
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net	<u>62,848</u>	<u>(23,589)</u>
Total income	<u>100,795</u>	<u>43,028</u>
EXPENSES		
Remuneration of Management Company	18,697	5,604
Sales tax and Federal Excise Duty on remuneration of Management Company	6,245	2,959
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,187	570
Securities and Exchange Commission of Pakistan - annual fee	888	302
Settlement and bank charges	6,042	203
Legal and professional	-	2,594
Fees and subscriptions	83	35
Auditors' remuneration	386	133
Total expenses	<u>33,528</u>	<u>12,400</u>
Net income from operating activities	<u>67,267</u>	<u>30,628</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(693)	(820)
Provision for Workers' Welfare Fund	(1,331)	(597)
Net income for the year before taxation	<u>65,243</u>	<u>29,211</u>
Taxation	-	-
Net income for the year after tax	<u>65,243</u>	<u>29,211</u>
Other comprehensive income for the year		
Unrealised diminution in value of investments classified as available for sale' - net	556	-
Total comprehensive income for the year	<u>65,799</u>	<u>29,211</u>
Earnings per unit	<u>-</u>	<u>-</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014

	September 30, 2014 (Rupees in '000)	September 30, 2013
Undistributed income brought forward	748,718	418,626
Element of income / (loss) and capital gain / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	(18,773)	40,265
Net income for the period after taxation	65,243 46,470	29,210 69,475
Final bonus distribution for the year ended June 30, 2013 distributed at Rs. 18.6184 per unit- Issue of bonus units		(282,879)
Undistributed income carried forward	795,188	205,222

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


 Chief Executive Officer

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


 Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)

FOR THE QUATER ENDED SEPTEMBER 30, 2014

	September, 30 2014	September, 30 2013
	(Rupees in '000)	
Net assets at beginning of the year	3,729,868	1,178,662
Issue of 6,623,686 (2013: 1,224,765) units	399,350	25,641
Issue of 4,797,805 bonus units		282,879
Redemption of 7,944,836 (2013: 1,528,754) units	(489,581)	(44,385)
	(90,231)	264,135
	3,639,637	1,442,797
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed :		
- amount representing accrued (income) / loss and capital (gains) / losses transferred to the Income Statement	693	820
- amount representing unrealised capital (gains) / losses and capital (gains) / losses that forms part of the unit holders' fund transferred to distribution statement	18,773	(40,265)
	19,466	(39,445)
Net income for the year transferred from the distribution statement		
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealized income	(18,773)	40,265
Capital gain on sale of investments - net	(9,118)	42,777
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' - net	62,848	(23,589)
Other net income for the year	11,512	10,022
	65,242	29,210
Issue 4,797,805 bonus units for the year ended June 30, 2013		(282,879)
Unrealised diminution in value of investment classified as 'available for sale'	-	-
Reclassification adjustment relating to gain realised on disposal of investment classified as 'available for sale'	556	
Net assets at end of the year	3,706,128	1,472,827

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


Chief Executive Officer

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


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUATER ENDED SEPTEMBER 30, 2014

	September,30 2014	September,30 2013
	(Rupees in '000)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	65,243	29,210
Adjustments for:		
Element of (income) / loss and capital (gains) / losses		
included in prices of units issued less those in units redeemed	693	820
Provision for Workers' Welfare Fund	(1,331)	-
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	(62,848)	23,589
	<u>1,757</u>	<u>53,619</u>
(Increase) / Decrease in assets		
Investments	(293,030)	(124,998)
Receivable against sale of investments	64,222	52,435
Dividend and profit receivable	(21,772)	(17,833)
Advances and security deposits	43,710	-
	(206,870)	(90,396)
(Decrease) / Increase in liabilities		
Payable to Management Company	1,977	(1,786)
Payable to Central Depository Company of Pakistan Limited - Trustee	12	(13)
Payable to Securities and Exchange Commission of Pakistan - annual fee	(1,965)	(712)
Payable against purchase of investments	(2,817)	-
Accrued expenses and other liabilities	675	3,615
	(2,118)	1,104
Net cash (used in) / generated from operating activities	(207,231)	(35,673)
B. CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from units sold	399,350	(18,041)
Cash paid on units redeemed	(489,581)	-
Net cash generated from / (used in) financing activities	(90,231)	(18,041)
Net (Decreases)/ increase in cash and cash equivalents during the year (A+B)	(297,462)	(53,714)
Cash and cash equivalents at beginning of the year	385,178	113,835
Cash and cash equivalents at end of the year	<u>87,716</u>	<u>60,121</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 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 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].

The Board of Directors of the Management Company, in their meeting held on 17 September 2013, decided to merge the MCB Dynamic Stock Fund and Pakistan Premier Fund with and into Pakistan Stock Market Fund. Securities and Exchange Commission of Pakistan vide its letter SCD/AMCW/MCB-AHSIL/967/2014 dated 24 April 2014 approved the merger with effect from 3 May 2014. The Management Company has fulfilled all the conditions as outlined by SECP in its letter. The whole of the undertakings of the MCB Dynamic Stock Fund and Pakistan Premier Fund have been transferred to and vests in Pakistan Stock Market Fund from 3 May 2014 and all units representing the Fund stood cancelled as at the effective date of merger and the existing unit holders were provided with units of Pakistan Stock Market Fund at the swap ratio of 157.2435 and 17.7861 units of Pakistan Stock Market Fund for each 100 units of MCB Dynamic Stock Fund and Pakistan Premier Fund respectively.

- 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 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.3** 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.
- 1.4** The Fund primarily invests in listed equity securities. It also invest in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.5** Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 to the management company and 3-Star as stability rating 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

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statement and should be read in conjunction with the financial statement for the year ended 30 June 2014.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

The disclosure made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 2.1.4: "Interim Financial Reporting." This condensed interim financial information are unaudited. The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.2 Basis of measurement

This condensed interim financial information have been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDEMENTS

The accounting policies adopted for the preparation of these condensed interim financial statemet are the same as those applied in the preparation of the annual publised condensed interim financial statemet of the Fund for the period ended 30 June 2014.

4. INVESTMENTS

	(Unaudited) September 2014	(Audited) June 2014
	(Rupees in '000)	
'At fair value through profit or loss' - held for trading		
Listed equity securities	4.1 3,294,889	3,234,938
Unlisted equity securities	-	-
Government securities	4.2 295,928	-
	3,590,817	3,234,938
Available for sale		
Listed equity securities	4.3 73,466	72,911
	3,664,283	3,307,849

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE QUATER ENDED SEPTEMBER 30, 2014

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

Name of the investee company	Number of shares			Balance as at Sep 30, 2014				Market value as a percentage of total investments %	Market Value as a percentage of total Paid up capital of the investee company %
	As at July 01, 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at Sep 30, 2014	Carrying value	Market value		
(Rupees in 000)									
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise									
AUTOMOBILE AND PARTS									
Pak Suzuki Motor Company Limited	558,500	-	-	433,000	125,500	34,373	35,677	1,304	1%
General Tyre & Rubber Company Limited	-	-	-	-	-	-	-	-	0%
						34,373	35,677	1,304	1%
BANKS									
Allied Bank Limited	-	960,000	-	392,900	567,100	69,567	64,122	(5,445)	2%
Bank Al Falaah Limited	8,254,000	1,479,000	-	1,260,000	8,473,000	231,647	240,464	8,817	6%
Bank Al Habib Limited	3,410,818	740,000	-	469,500	3,681,318	165,850	166,653	803	4%
Faysal Bank Limited	723,000	110,000	-	723,000	110,000	1,967	1,978	11	0%
Habib Bank Limited	519,762	193,000	-	458,000	254,762	49,670	53,291	3,621	1%
Habib Metropolitan Bank Limited	4,285,500	217,000	-	545,500	3,957,000	127,411	124,646	(2,765)	3%
National Bank Of Pakistan	2,611,000	250,000	-	2,861,000	-	-	-	-	0%
MCB Bank Limited	-	208,400	-	968,000	208,400	58,820	58,888	68	2%
Askari Bank Limited	-	4,330,000	-	-	3,362,000	69,875	72,451	2,576	2%
JS BANK LIMITED	-	449,500	-	-	449,500	2,199	2,436	237	0%
Mezzan Bank Limited	-	-	-	-	-	-	-	-	0%
Soneri Bank Limited	-	-	-	-	-	-	-	-	0%
United Bank Limited	1,445,859	551,400	-	570,700	1,426,559	244,346	268,678	24,332	7%
						1,021,352	1,053,607	32,255	28%
CHEMICALS									
Archroma Pakistan Limited	100	-	-	100	-	-	-	-	0%
Engro Corporation Limited	571,100	100,000	-	57,600	613,500	54,896	51,771	(3,125)	1%
Engro Fertilizer Limited	59,350	2,450,000	-	50,000	2,459,350	132,373	131,846	(527)	4%
Fauji Fertilizer Bin Qasim Limited	500	-	-	500	-	-	-	-	0%
Fauji Fertilizer Company Limited	925,800	773,000	-	1,572,900	125,900	-	-	-	0%
Fatima Fertilizer Company Limited	-	-	-	-	-	14,206	14,282	76	0%
Dawood Hercules Corporation Limited	-	-	-	-	-	-	-	-	0%
Lotte Chemical Pakistan Limited	1,000	4,898,500	-	400,000	4,499,500	33,280	30,597	(2,683)	1%
						234,755	228,496	(6,259)	6%
CONSTRUCTION AND MATERIALS (CEMENT)									
Attock Cement Pakistan Limited	295,000	113,500	-	-	408,500	65,327	72,309	6,982	2%
Cherat Cement Company Limited	472,311	-	-	472,311	-	-	-	-	0%
D.G Khan Cement Company Limited	33,000	1,734,500	-	200,000	1,567,500	126,524	124,930	(1,594)	3%
Fauji Cement Company Limited	1,933,500	-	-	-	1,933,500	37,201	37,684	483	1%
Fecto Cement Limited	35,241	-	-	-	35,241	1,762	1,616	(146)	0%
Kohat Cement Company Limited	418,063	-	-	283,500	134,563	17,200	16,266	(934)	0%
Lucky Cement Limited	149,100	370,000	-	126,000	393,100	149,400	157,865	8,465	4%
Maple Leaf Cement Factory Limited	5,148,000	2,598,500	-	2,400,000	5,346,500	158,788	145,371	(13,417)	4%
Lafarge Pakistan Cement Limited	-	-	-	-	-	-	-	-	0%
Pioneer Cement Limited	1,353,000	83,000	-	-	1,436,000	67,434	75,864	8,430	2%
						623,636	631,995	8,269	17%
ELECTRICITY & POWER									
Nishat Chumian Power Limited	-	-	-	-	-	-	-	-	0%
Pakgen Power Limited	-	-	-	-	-	-	-	-	0%
Hub Power Company Limited	3,841,924	-	-	2,330,000	1,511,924	88,810	96,733	7,923	3%
Kot Addu Power Company Limited	1,892,500	16,000	-	729,500	1,179,000	69,638	75,798	6,160	2%
Nishat Power Limited	1,315,000	-	-	1,000,000	315,000	11,208	12,065	857	0%
						169,656	184,596	14,940	5%
ENGINEERING									
AL-GHAZI TRACTORS	-	16,100	-	10,000	6,100	1,789	1,778	(11)	0%
Milat Tractors Limited	97	270,800	-	-	270,897	145,378	149,849	4,471	4%
						147,167	151,627	4,460	4%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE QUATER ENDED SEPTEMBER 30, 2014

Name of the investee company	Number of shares				Balance as at Sep 30, 2014			Market value as a percentage of total investments	Market value as a percentage of net assets	Appreciation/ (diminution)	Market value as a percentage of total Paid up capital of the investee company	
	As at July 01, 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at Sep 30, 2014	Carrying value	Market value					
----- (Rupees in 000) -----												
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise												
FINANCIAL SERVICES												
Jahangir Siddiqui & Company Limited	500	-	-	500	-	-	-	-	0%	0%	-	0.00
GENERAL INDUSTRIALS												
Packages Limited	330,300	17,050	-	310,350	37,000	18,457	22,738	4,281	1%	1%	-	0.00
Thal Limited	23,300	-	-	-	23,300	4,832	5,615	783	0%	0%	-	0.00
Tri-Pak Films Limited	82,500	-	-	-	82,500	13,987	14,789	802	0%	0%	-	0.00
						37,276	43,142	5,866	0%	0%	-	0.00
INDUSTRIAL METALS AND MINNING												
Crescent Steel & Allied Products Limited	-	193,500	-	-	-	72,410	93,152	20,742	2%	3%	-	0.00
International Industries Limited	1,226,500	-	-	-	1,420,000	72,410	93,152	20,742	2%	3%	-	0.00
NON LIFE INSURANCE												
Adamjee Insurance Company Limited	914	-	-	914	-	-	-	-	0%	0%	-	0.00
IGI Insurance Limited	514,300	60,300	-	100,000	474,600	108,076	106,386	(1,690)	3%	3%	-	0.00
Pakistan Renaissance Company Limited	1,580,625	-	-	734,000	846,625	21,936	21,462	(474)	1%	1%	-	0.00
						130,012	127,848	(2,164)	3%	4%	-	0.00
OIL AND GAS												
ATTOCK PETROLEUM LIMITED	119,252	135,300	-	-	254,552	145,620	138,128	(7,492)	0%	0%	-	0.00
MARI PETROLEUM COMPANY	-	113,300	-	-	113,300	42,021	49,373	7,352	1%	1%	-	0.00
National Refinery Limited	242,800	-	-	10,200	232,600	50,095	45,141	(4,954)	1%	1%	-	0.00
Oil & Gas Development Company Limited	313,263	168,000	-	121,368	359,895	94,931	88,916	(6,015)	2%	3%	-	0.00
Pakistan Oilfields Limited	59,334	99,650	-	-	158,984	90,510	84,490	(6,020)	2%	3%	-	0.00
Pakistan Petroleum Limited	493,619	855,700	-	128,187	1,221,132	276,085	276,037	(48)	7%	9%	-	0.00
Pakistan State Oil Company Limited	865,204	-	-	807,500	57,704	22,438	20,799	(1,639)	1%	1%	-	0.00
						721,700	702,884	(18,816)	15%	18%	-	0.00
PERSONAL GOODS (TEXTILE)												
Nishat Mills Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
Gadon Textile Mills Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
BATA PAKISTAN LIMITED	-	1,220	-	-	1,220	3,825	3,785	(40)	0%	0%	-	0.00
Kohinoor Textile Mills Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
Ellcor Spinning Mills Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
Nishat Chunian Limited	1,950	-	-	-	1,950	83	79	(4)	0%	0%	-	0.00
						3,908	3,864	(44)	0%	0%	-	0.00
HOUSEHOLD GOODS												
PAK ELEKTRON	-	350,000	-	-	350,000	9,547	9,517	(30)	0%	0%	-	0.00
						9,547	9,517	(30)	0%	0%	-	0.00
PHARMA AND BIO TECH												
Abbott Laboratories (Pakistan) Limited	19,200	-	-	-	19,200	10,989	11,643	654	0%	0%	-	0.00
						10,989	11,643	654	0%	0%	-	0.00
TECH HARDWARE & EQUIPMENT												
Avanceon Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
						-	-	-	0%	0%	-	0.00
FOOD PRODUCERS												
Engro Foods Limited	-	-	-	-	-	-	-	-	0%	0%	-	0.00
INDUSTRIAL TRANSPORTATION												
P.N.S.C.	-	208,000	-	-	208,000	15,186	16,931	1,745	0%	0%	-	0.00
						15,186	16,931	1,745	0%	0%	-	0.00
Total as at Sep 30, 2014						3,231,967	3,294,889	62,850	83%	83%		90%
Total as at June 30, 2014						3,040,956	3,234,938	193,982				

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

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

Issue date	Face value					Balance as at June 30, 2014					Market value as percentage of net assets %	Market value as percentage of total investments %
	As at July 01, 2014	Purchases during the year	Sales during the year	Matured during the year	As at Sep 30, 2014	Cost	Market value	Appreciation / (Diminution)				
-----Rupees in '000'-----												
Treasury Bills												
Treasury Bills - 3 Months	-	940,000	400,000	240,000	300,000	296,000	295,928	(72)	7.98	-		
Treasury Bills - 6 Months	-	100,000		100,000	-	-	-	-	-	-		
Total as at Sep 30, 2014						296,000	295,928	(72)	8	-		
Total as at June 30, 2014						-	-	-	-	0		

3

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

4.3 Listed equity securities - 'Available for sale'

Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise

Name of the Investee Company	As at July 01, 2014	Purchases during the year	Bonus/Right issue	Sales during the year	As at Sep 30, 2014	Cost	Market Value	Diminution	Market value as percentage of net assets %	Market value as percentage of total investments %	Market value as percentage of total Paid up capital of the investee company %
(Rupees in 000)											
OIL & GAS											
Pakistan Petroleum Limited	325,000	-	-	-	325,000	73,413	73,466	53	2%	2%	0.000
Total as at Sep 30, 2014						<u>73,413</u>	<u>73,466</u>	<u>53</u>			
Total as at June 30, 2014						-	-	-			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

		30-Sep 2014	30-Jun 2014
5	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Workers' Welfare Fund	5.1 76,910	24,332
	Federal excise duty payable on management fee	5.2 14,164	219
	Unclaimed dividend	10,002	-
	Brokerage	2,954	1,034
	Auditors' remuneration	247	370
	Conversion cost	1,681	-
	Legal and professional	-	150
	Printing and related expenditure	519	300
	Zakat payable	523	303
	Capital gain tax payable	420	423
	Sales load	-	340
	Others	496	573
		107,916	28,044

5.1 Provision for 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) I 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 Honourable 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 the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

Conversion cost represent expenditure incurred in connection with the conversion of the Fund into an open-end fund and includes fee paid to Securities and Exchange Commission of Pakistan (SECP), CDC charges for transfer of closed end certificates into open-end units, professional charges for revision of constitutive documents and other expenses. These costs have been charged as expense in the year of conversion in accordance with the condition notified by SECP vide its letter no. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010. Conversion cost is paid by the management company which will be initially repaid by the Fund within five years ending on September 23, 2015.

However in 2013, the Larger Bench of the Sindh High Court (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 Sindh High Court, the Management Company has decided to retain and continue with the provision for WWF in its books of account and financial statements aggregating to Rs. 1.33 million as at September 30, 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. 1.32 per unit.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

5.2 Federal excise duty payable on management fee

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain Collective Investment Schemes through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of FED on asset management services after the eighteenth amendment. 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 and related taxes in this financial information aggregating to Rs. 14.164 million as at September, 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 and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.24 per unit as at September 30, 2014.

6 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements.

7 TRANSACTIONS WITH RELATED PARTIES / 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, other associated undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014

Details of transactions with connected persons and balances with them at year end are as follows:

	September 2014	June 2013
	(Rupees in '000)	
7.1 Details of the transaction with related parties / connected persons		
MCB - Arif Habib Savings and Investments limited - Management Company		
Remuneration including indirect taxes	24,942	8,563
Issue of 81,626 units (2013: Nil units)	4,996	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,187	570
CDS charges	5	75
Arif Habib Limited		
Brokerage *	388	80
Next Capital Limited		
Brokerage *	-	55
MCB Bank Limited		
Markup income	3,255	-
Dividend income	1,598	-
Habib Metropolitan Bank Limited		
Redemption 1,186,709 units (2013: 1,757,243 units)	75,000	-
Markup income	883	-
Adamjee Insurance Company Limited		
Issue of 966,074 units (2013: Nil units)	59,916	-
Issue of 3,585,631 bonus units (2013: Nil units)	277,600	-
Dividend income	3	-
Mandate Under Discretionary Portfolio Services		
Nil bonus units (2013: Nil units) distributed during the year	-	-
Issue of 576,182 units (2013: Nil units)	36,254	-
Redemption of 176,355 units (2013: Nil units)	10,747	-
Directors and executives of the Management Company		
Issue of 60,814 units (2014: 295,013 units)	3,748	2,316
Redemption of 72,377 units (2014: 217,995 units)	4,445	3,065
Issue of Nil bonus units (2014: 41,422 units)	-	568
7.2 Amounts outstanding as at the year end	(Unaudited) September 30, 2014	(Audited) June 30, 2014
MCB - Arif Habib Savings and Investments limited - Management Company		
Remuneration payable	6,271	5,831
Sales tax payment on management fee	1,623	1,546
Sales load payable	1,460	1,429
Central Depository Company of Pakistan Limited-Trustee		
Security deposit	500	500
Remuneration payable	411	399
Summit Bank Limited		
Balance with Bank	3,513	3,514

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE QUATER ENDED SEPTEMBER 30, 2014**

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
MCB Bank Limited		
Balance with Bank	72,486	370,728
Accrued markup	711	402
Dividend receivable	502	-
Habib Metropolitan Bank Limited		
1,231,866 units held as at Sep 30, 2014 (2014: 2,418,575 units)	78,433	151,306
Adamjee Insurance Company Limited		
4,551,705 units held as at June 30, 2014 (2014: Nil units)	284,755	284,755
MCB Employees Provident Fund		
3,999,606 units held as at Sep 30, 2014 (2014: 3,999,606 units)	254,655	250,215
MCB Employees Pension Fund		
3,065,006 units held as at June 30, 2014 (2014: Nil units)	195,149	191,747
MCB Arif Habib Savings and Investments Limited		
179,644 units held as at Sep 30, 2014 (2014: 98,018 units)	11,438	6,132
D.G Khan Cement Company Limited Employees Provident Fund Trust		
67,717 units held as at Sep 30, 2014 (2014: 67,717 units)	4,312	4,236
Mandate Under Discretionary Portfolio Services		
3,571,330 units held as at Sep 30, 2014 (2014: 245,563 units)	227,387	15,362
Directors and executives of the Management Company		
137,370 units held as at Sep 30, 2014 (2014: 148,932 units held)	8,746	9,317
Arif Habib Limited		
Brokerage payable	220	220
MCB Bank Limited		
208,400 shares held as at 30 Sep 2014 (2014: Nil shares)	58,888	-
D.G Khan Cement Company Limited		
33,000 shares held as at 30 Sep 2014 (2014: 33,000 shares)	124,930	2,903
Nishat Chunian Limited		
1,950 shares held as at 30 Sep 2014 (2014: 54,500 shares)	79	83
Nishat Power Limited		
315,000 shares held as at 30 Sep 2014 (2014: Nil shares)	12,065	-

* 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.

8. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on October 20, 2014.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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