

## Quarterly Report

March 31, 2014  
(Unaudited)



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

# **PAKISTAN PREMIER FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	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
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource Committee</b>	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Operating Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	Habib Metropolitan Bank Limited MCB Bank Limited Bank Al-Habib Limited Summit Bank Limited Standard Chartared Pakistan Limited	
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	<b>JWAFFS Registrar Services (Private) Limited</b> Kashif Centre, Room No. 505, 5th Floor, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
<b>Rating</b>	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

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Premier Fund's** accounts review for the nine months ended March 31<sup>st</sup> 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, PPF delivered a return of 23.9% while KSE100 index increased by 29.3%. Overall equity exposure of the fund was increased to 77.9% at the end of the period from 74.3% at the beginning of the period. The fund changed its investment strategy several times during the period to cope with various sector and company level fundamental developments. During the quarter, the fund realigned its sector exposure by reducing allocation in Electricity, Chemical and Construction and materials while increasing its allocations in Banks.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 771.5 million as compared to Rs 551.7 million as at June 30 2013 registering an increase of 39.85%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 13.78 as compared to opening NAV of Rs. 14.39 per unit as at June 30, 2013 registering a decline of Rs. 0.61 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

	(Unaudited) 31 March 2014	(Audited) 30 June 2013
	Note	(Rupees in '000)
<b>Assets</b>		
Balances with banks		81,439
Receivable against sale of investments		68,721
Investments	6	4,301
Dividend and profit receivable		15,952
Advances, deposits and prepayments		708,667
<b>Total assets</b>		494,294
		8,778
		5,399
		584,873
<b>Liabilities</b>		
Payable to Management Company	7	4,356
Payable to Central Depository Company of Pakistan Limited - Trustee		5,040
Payable to Securities and Exchange Commission of Pakistan - Annual fee		242
Accrued expenses and other liabilities	8	93
Unclaimed dividend	9	449
<b>Total liabilities</b>		21,987
		17,566
		9,978
		33,160
<b>Net assets</b>		771,590
<b>Unit holders' fund</b>		551,713
		771,590
		551,713
		(Number of units)
<b>Number of units in issue</b>		56,003,300
		38,349,502
		(Rupees)
<b>Net assets value per unit</b>		13.78
		14.39

The annexed notes 1 to 15 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) -----			
<b>Income</b>					
Capital gain on sale of investments - net		40,846	81,671	22,205	33,562
Income from government securities		3,731	560	1,182	205
Profit on bank accounts		4,159	2,158	2,141	996
Dividend income		26,771	32,897	12,306	12,935
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'		80,787	36,566	23,513	(1,445)
		<b>156,294</b>	<b>153,852</b>	<b>61,347</b>	<b>46,253</b>
<b>Expenses</b>					
Remuneration of Management Company		9,446	7,456	3,566	2,475
Sales tax and Federal Excise Duty on remuneration of Management Company		3,264	1,193	1,231	396
Remuneration of Central Depository Company of Pakistan Limited - Trustee		945	746	357	248
Annual fee - Securities and Exchange Commission of Pakistan		449	354	170	117
Provision for Workers' Welfare Fund		3,049	-	1,406	-
Securities transaction cost		2,973	4,483	1,069	1,559
Settlement and bank charges		47	54	13	13
Fees and subscriptions		435	372	117	133
Auditors' remuneration		398	417	124	141
Legal and professional charges		30	89	10	29
Printing and related costs		354	223	160	1
<b>Total expenses</b>		<b>21,390</b>	<b>15,387</b>	<b>8,223</b>	<b>5,112</b>
		<b>134,904</b>	<b>138,465</b>	<b>53,124</b>	<b>41,141</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		14,488	(14,005)	15,769	(5,511)
<b>Net income for the period before taxation</b>		<b>149,392</b>	<b>124,460</b>	<b>68,893</b>	<b>35,630</b>
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		<b>149,392</b>	<b>124,460</b>	<b>68,893</b>	<b>35,630</b>

## Earnings per unit

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The annexed notes 1 to 15 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) -----			
Accumulated undistributed income / (losses) brought forward	168,219	(12,139)	112,572	78,294
Net income for the period	149,392	124,460	68,893	35,630
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - transferred to Distribution Statement	19,596	2,138	30,094	535
<b>Distributions to the unit holders of the Fund</b>				
<i>Final distribution:</i>				
Final distribution for the year ended 30 June 2013 at the rate of Rs. 3.2764 per unit				
- Issue of 11,309,479 bonus units	(125,648)	-	-	-
	(125,648)	-	-	-
Undistributed income carried forward	211,559	114,459	211,559	114,459

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
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Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited  
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(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 the beginning of the period	551,713	467,932	611,641	494,249
Issue of 13,292,090 units (2013: 1,000,879 units) and 12,008,991 units (2013: 375,941 units) for the nine months and quarter ended respectively	173,344	11,252	158,010	4,542
Issue of 11,309,479 bonus units for the year ended 30 June 2013	125,648	-	-	-
Redemption of 6,947,771 units (2013: 9,552,840 units) and 3,813,062 units (2013: 2,516,288 units) for the nine months and quarter ended respectively	(88,370)	(108,638)	(51,185)	(30,921)
	210,622	(97,386)	106,825	(26,379)
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - transferred to Distribution statement	19,596	2,138	30,094	535
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing element of loss / (income) and capital losses / (gains) - transferred to Income Statement	(14,488)	14,005	(15,769)	5,511
- amount representing capital (gains) / losses - transferred to the Distribution Statement	(19,596)	(2,138)	(30,094)	(535)
	(34,084)	11,867	(45,863)	4,976
Net income 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 / (loss) on sale of investments)	27,759	6,223	23,175	3,513
Capital gain / (loss) on sale of investments	40,846	81,671	22,205	33,562
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	80,787	36,566	23,513	(1,445)
	149,392	124,460	68,893	35,630
<b>Distributions to the unit holders of the Fund</b>				
<i>Final distribution:</i>				
Final distribution for the year ended 30 June 2013: Rs. 3.2764 per unit				
- Issue of 11,309,479 bonus units	(125,648)	-	-	-
Net assets as at the end of the period	771,590	509,011	771,590	509,011

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

MCB-Arif Habib Savings and Investments Limited  
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Director

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

	Nine months period ended 31-Mar		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	149,392	124,460	68,893	35,630
<i>Adjustments for non cash and other items:</i>				
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'	(80,787)	(36,566)	(23,513)	1,445
Provision for Workers' Welfare Fund	3,049	-	1,406	-
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(14,488)	14,005	(15,769)	5,511
	57,166	101,899	31,017	42,586
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	11,651	(5,963)	(4,301)	(54,314)
Investments	(133,587)	75,552	(141,835)	87,152
Advance against subscription of equity securities	-	-	25,735	-
Dividend and profit receivable	(8,227)	(10,011)	(8,382)	(10,436)
Advances, deposits and prepayments	(44)	178	37	34
	(130,207)	59,756	(128,746)	22,436
<b>Increase / (decrease) in liabilities</b>				
Payable against purchase of investments	-	(17,013)	(2,030)	-
Payable to Management Company	(684)	(1,021)	321	(1,696)
Payable to Central Depository Company of Pakistan Limited - Trustee	149	10	139	3
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(34)	(165)	170	116
Accrued expenses and other liabilities	1,372	32	629	37
	803	(18,157)	(771)	(1,540)
<b>Net cash generated from operating activities</b>	(72,238)	143,498	(98,500)	63,482
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(18)	(288)	(1)	(288)
Receipts from issuance of units	173,344	11,252	158,010	4,542
Payments on redemption of units	(88,370)	(110,469)	(51,184)	(30,922)
<b>Net cash used in financing activities</b>	84,956	(99,505)	106,825	(26,668)
Net increase in cash and cash equivalents during the period	12,718	43,993	8,325	36,813
Cash and cash equivalents at beginning of the period	68,721	34,756	73,114	41,935
<b>Cash and cash equivalents at the end of the period</b>	81,439	78,749	81,439	78,749

The annexed notes 1 to 15 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 (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Premier Fund ("the Fund") was constituted by virtue of a Scheme of Arrangement for conversion of Pakistan Premier Fund Limited (PPFL) into an open end scheme under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 12 November 2010 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 November 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Pursuant to the merger of MCB-Asset Management Company and Arif Habib Investments Limited, the name of the Management Company (Arif Habib Investments Limited being the surviving entity) has been changed from Arif Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.

The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) 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.

The Fund is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund has been categorised as "Equity" scheme by the Board of Directors of the Asset Management Company in pursuant to Circular 7 of 2009 dated 6 March 2009 issued by the SECP.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of "AM2" to the Management Company while the Fund has been assigned a stability short-term and long term rating of 3-star.

The Fund primarily invests in shares of listed equity securities to provide investors long term capital appreciation.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

**2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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 NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 2013.

**2.1.3** This condensed interim financial information is unaudited. 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 affairs of the Fund.

**2.1.4** The comparatives in the condensed interim 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.

### 2.1.5 Functional and presentation currency

This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees.



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

## 6.2 Quoted equity securities

Name of the investee company	Number of shares				Balance as at 31 March 2014			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee company
	As at 1 July 2013	Purchases during the period	Bonus / Rights issue	Sales during the year	Carrying Value	Market value	Appreciation/ (diminution)			
(Rupees in '000)										
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs 10 each unless otherwise stated										
OIL AND GAS										
Attock Petroleum limited	25,071	34,600	9,694	29,950	18,903	21,321	2,418	3.01	2.76	0.05
National Refinery limited	2,000	47,000	-	49,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	119,000	360,500	-	235,700	64,725	58,787	(5,937)	8.30	7.62	0.01
Pakistan Oilfields Limited	61,980	71,200	-	92,850	19,256	21,947	2,691	3.10	2.84	0.02
Pakistan Petroleum Limited	115,721	276,300	44,884	217,100	43,643	49,184	5,540	6.94	6.37	0.01
Pakistan State Oil Company Limited	166,240	246,900	-	275,400	46,714	58,775	12,061	8.29	7.62	0.06
					193,241	210,014	16,772			
CHEMICALS										
Dawood Hercules	111,000	-	-	111,000	-	-	-	-	-	-
Engro Corporation Limited	16,200	474,600	-	353,700	22,836	25,565	2,729	3.61	3.31	0.03
Engro Fertilizers Ltd	-	13,710	-	-	793	818	26	0.12	0.11	0.00
Fatima Fertilizer Co Ltd	1,131,000	450,000	-	637,000	24,473	29,717	5,245	4.19	3.85	0.04
Fauji Fertilizer Bin Qasim Ltd.	209,000	-	-	209,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	45,000	-	45,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	500	-	-	3	4	0	0.00	0.00	0.00
					48,105	56,104	8,000			
Industrial Metals and Mining										
Crescent Steel & Allied Products Ltd	-	25,000	-	25,000	-	-	-	-	-	-
International Industries	-	295,500	-	-	15,170	16,932	1,762	-	-	0.25
					15,170	16,932	1,762			
CONSTRUCTION AND MATERIALS (CEMENTS)										
Cherat Cement Co. Ltd.	396,478	-	11,247	284,000	6,545	9,188	2,643	1.30	1.19	0.12
D. G. Khan Cement	45,947	503,500	-	484,947	5,297	5,935	638	0.84	0.77	0.01
Fauji Cement Co. Ltd	-	637,500	-	150,000	6,729	8,331	1,602	1.18	1.08	0.04
Fecto Cement	57,975	-	-	49,000	431	471	40	0.07	0.06	0.02
Kohat cement	291,874	243,000	74,774	321,500	23,228	33,719	10,492	4.76	4.37	0.19
Lafarge Pakistan Cement	-	303,000	-	303,000	-	-	-	-	-	-
Lucky Cement	72,900	81,000	-	133,400	6,391	6,497	107	0.92	0.84	0.01
Maple Leaf Cement	230,000	1,307,000	-	432,000	28,827	32,520	3,693	4.59	4.21	0.21
Pioneer Cement Limited	120,000	-	-	120,000	-	-	-	-	-	-
					77,448	96,662	19,214			
GENERAL INDUSTRIALS										
Packages Limited	-	86,200	-	-	23,407	29,629	6,222	4.18	3.84	0.10
Thal Limited	-	10,000	-	-	1,400	1,697	297	0.24	0.22	0.02
					24,807	31,326	6,519			
ENGINEERING										
Millat Tractors Limited	19	-	1	-	10	9	(1)	0.00	0.00	0.00
					10	9	(1)			
AUTOMOBILE AND PARTS										
Pak Suzuki Motor Company Limited	15,500	-	-	15,500	-	-	-	-	-	-
					-	-	-			
FOOD PRODUCERS										
Engro Foods Limited	-	247,000	-	247,000	-	-	-	-	-	-

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) 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 percentage of total investments	Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee company
	As at 1 July 2013	Purchases during the period	Bonus / Rights issue	Sales during the year	As at 31 March 2014	Carrying Value			
(Rupees in '000)									
<b>PERSONAL GOODS (TEXTILE)</b>									
Blessed Textile	24,000	-	-	24,000	-	-	-	-	-
Gadoon Textile	13,000	24,200	-	21,000	16,200	2,202	3,354	1,152	0.07
Kohinoor Textile Mills	-	67,500	-	-	67,500	1,786	1,730	(56)	0.03
Nishat Chunian	12,000	52,500	4,800	68,500	800	44	38	(6)	0.00
Nishat Mills Limited.	97,500	386,100	-	451,500	32,100	4,353.52	3,741.26	(612)	0.01
						<b>8,386</b>	<b>8,863</b>	<b>477</b>	
<b>PHARMA AND BIO TECH</b>									
Abbot Lab (Pakistan)	-	23,500	-	-	23,500	9,879	9,848	(31)	0.02
						<b>9,879</b>	<b>9,848</b>	<b>(31)</b>	
<b>FIXED LINE TELECOMMUNICATION</b>									
Pakistan Telecommunications Company Limited	130,000	757,000	-	887,000	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	
<b>ELECTRICITY</b>									
The Hub Power Company Limited (Note 6.2.1)	779,665	510,500	-	1,040,000	250,165	15,397	13,301	(2,096)	0.02
Kot Addu Power Company Limited	45,000	943,000	-	922,500	65,500	3,685	3,896	211	0.01
Nishat Chunian Power Limited	-	104,000	-	79,000	25,000	881	902	21	0.01
Pakgen Power Limited	-	584,500	-	584,500	-	-	-	-	-
						<b>19,963</b>	<b>18,099</b>	<b>(1,864)</b>	
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	-	224,000	22,400	-	246,400	19,217	23,884	4,666	0.02
Askari Bank Ltd.	117	-	-	117	-	-	-	-	-
Bank Al-Falah Limited	1,130,500	1,047,500	-	877,000	1,301,000	27,546	34,763	7,217	0.10
Bank AL-Habib Limited	703,130	188,000	72,913	162,000	802,043	22,191	29,764	7,573	0.07
BankIslami Pakistan Ltd	20,000	-	-	20,000	-	-	-	-	-
Faysal Bank Ltd.	-	1,529,000	-	-	1,529,000	19,416	21,467	2,051	0.15
Habib Bank Limited	96,000.00	-	4,850	47,500	53,350	5,783	9,299	3,516	0.00
Habib Metropolitan Bank	-	396,000	-	10,000	386,000	9,914	10,302	389	0.03
MCB Bank Ltd	10,000	107,000	6,800	44,000	79,800	20,674	20,048	(626)	0.01
Meezan Bank Limited	316,350	365,000	-	292,500	388,850	14,594	15,379	785	0.04
National Bank Of Pakistan	-	714,000	-	714,000	-	-	-	-	-
United Bank Limited	166,029	323,200	-	485,500	3,729	476	603	128	0.00
						<b>139,810</b>	<b>165,510</b>	<b>25,700</b>	
<b>NON LIFE INSURANCE</b>									
Pakistan Reinsurance Company Limited	398,525	91,000	-	-	489,525	12,000	16,267	4,267	0.16
						<b>12,000</b>	<b>16,267</b>	<b>4,267</b>	
<b>INDUSTRIAL TRANSPORTATION</b>									
Pakistan International Bulk Terminal	214,164	-	-	214,164	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	
<b>TECHNOLOGY HARDWARE AND EQUIPMENT</b>									
Avanceon Limited	-	115,000	-	115,000	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	
<b>SHARES OF DELISTED COMPANIES**</b>									
Sarhad Ghee Mills Limited	113,000	-	-	-	113,000	-	-	-	-
Sunflo Citrus Limited	315,000	-	-	-	315,000	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total 31 March 2014</b>						<b>548,819</b>	<b>629,635</b>	<b>80,816</b>	
<b>Total 30 June 2013</b>						<b>394,956</b>	<b>434,649</b>	<b>39,693</b>	

\*\* These securities are delisted and are valued at Nil in the books of accounts.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

- 6.2.1** Investments as at 31 March 2014 include shares having a market value of Rs. 50.291 million (30 June 2013: 29.074 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

7	PAYABLE TO THE MANAGEMENT COMPANY	(Unaudited) 31 March 2014 (Rupees in '000)	(Audited) 30 June 2013
	Management fee payable	7.1 1,531	1,083
	Front-end load payable	8	4
	Conversion cost payable	7.2 2,817	3,953
		<u>4,356</u>	<u>5,040</u>

- 7.1** Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration, during the first five years of the Fund of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter, of an amount equal to two percent of such assets of the Fund.

The Management Company has charged fee at the rate of 2% per annum of the average net assets of the Fund. The remuneration is paid by the Fund to the Management Company on a monthly basis in arrears.

During 2011, the Local Government (Sindh) has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company.

- 7.2** Conversion costs include all costs of conversion of Pakistan Premier Fund Limited into an Open End Scheme, including preparation, execution and registration of Constitutive Document registration of the Open End Scheme as a Notified Entity, approval of the SECP for publication of the Offering Documents and other such ancillary matters. These have been charged to the Pakistan Premier Fund Limited in terms of conditions imposed by SECP while granting approval to the conversion undertaken. The conversion cost shall be reimbursed by the Fund to the Management Company over a period of five years as per Article XIV of the Scheme of Arrangement.

### 8 ACCRUED EXPENSES AND OTHER LIABILITIES

	Federal exercise duty payable	8.1 1,856	102
	Provision for Workers' Welfare Fund	8.2 19,142	16,093
	Auditors' remuneration	130	375
	Legal and professional charges	159	159
	Printing and related payables	286	230
	Capital gain tax payable	72	2
	Others	342	605
		<u>21,987</u>	<u>17,566</u>

- 8.1** 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 CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company 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 condensed interim financial information aggregating to Rs. 1.856 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 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. 0.03 per unit as at 31 March 2014.

- 8.2** 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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

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

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

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 financial statements aggregating to Rs. 19.142 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. 0.34 per unit.

### 9 UNCLAIMED DIVIDEND

Unclaimed dividend amounting to Rs. 9.960 million stood outstanding in the books of account of Pakistan Premier Fund Limited as on the effective date of conversion (22 December 2010). This was transferred in the books of account of Pakistan Premier Fund by virtue of conversion undertaken as per clause (n) of Article IV of the Scheme of Arrangement.

### 10 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 made in this condensed interim financial information.

### 11 EARNINGS PER UNIT

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

### 12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other Funds managed by the Management Company and Directors, Key Management Personnel and Officers of the Management Company, and Unit Holders having more than 10% holding in the Fund.

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

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

## 12.1 Details of transactions with connected persons are as follows:

	Nine months period ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	(Rupees in '000)			
<b>MCB Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Limited)</b>				
Remuneration (including indirect taxes)	12,710	8,649	4,797	2,871
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration	945	746	357	248
CDS charges	78	77	41	32
<b>Next Capital Limited - Brokerage house</b>				
Brokerage Expense for the period*	84	114	54	48
<b>Arif Habib Limited - Brokerage house</b>				
Brokerage Expense for the period*	164	217	-	60
<b>Nishat Mills Limited</b>				
Dividend income	-	1,470	-	-
<b>Nishat Chunian Power Limited</b>				
Dividend income	38	660	38	-
<b>Nishat Chunain</b>				
Dividend income	96	-	-	-
<b>D.G Khan Cement Company Limited</b>				
Dividend income	956	435	956	-
<b>MCB Bank Limited</b>				
Dividend income	354	145	238	-
Bank Markup for the period	3,611	933	1,919	651
Bank Charges	18	12	8	2
<i>Other Related Parties:</i>				
<b>Directors and Executives of the Management Company</b>				
Issue of 808 units (2013: 4,764 units) during the Nine months and Nil units (2013: nil units) for quarter ended	10	56	-	-
Redemption of 6,168 units (2013: 11,504 units) for the Nine months period and nil units (2013: nil) for quarter ended	74	130	-	-

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	Nine months period ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Issue of 2,162 bonus units (2013: Nil ) for the Nine months period and Nil units (2013: Nil) for quarter ended	24	-	-	-
<b>Adamjee Life Assurance Company Limited - Investment Multiplier Fund</b>				
Issue of 11,409,991 units (2013: Nil ) for the Nine months period and 11,409,991 units (2013: Nil) for quarter ended	150,000	-	150,000	-
<b>Muhammad Aslam Motiwala (more than 10% holding)</b>				
Issue of 1,544,146 bonus units (2013: Nil ) for the Nine months period and Nil units (2013: Nil) for quarter ended	17,155	-	-	-

\* 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.

## 12.2 Amounts outstanding as at period / year end :

	(Unaudited) 31 December 2014 (Rupees in '000)	(Audited) 30 June 2013
<b>MCB Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Limited)</b>		
Management fee payable	1,320	934
Sindh sales tax payable on management fee	211	149
Front-end load payable	8	4
Conversion cost payable	2,817	3,953
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	242	93
Security deposit	200	200
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage payable	14	-
<b>Summit Bank Limited</b>		
Balance with bank	3,514	3,522

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

	(Unaudited) 31 March 2014 (Rupees in '000)	(Audited) 30 June 2013
<b>MCB Bank Limited</b>		
Balance with bank	58,579	58,444
Accrued mark-up receivable	557	84
79,800 shares held (30 June 2013: 10,000 shares)	20	2,426
<b>Nishat Mills Limited</b>		
32,100 shares held (30 June 2013: 97,500 shares)	3,741	9,185
<b>Next Capital Limited - Brokerage house</b>		
Brokerage payable	-	7
<b>Fatima Fertilizer Company Limited</b>		
944,000 shares held (30 June 2013: 1,131,000 shares)	29,717	28,083
<b>D.G Khan Cement Company Limited</b>		
64,500 shares held (30 June 2013: 45,947 Shares)	5,935	3,845
<b>Nishat Chunian Limited</b>		
800 shares held (30 June 2013: 12,000 Shares)	38	717
<b>Nishat Chunain Power Limited</b>		
25,000 shares held (30 June 2013 : Nil shares)	902	-
<b>Directors and executives of the Management Company</b>		
Units held 4,134 (June 2013: 7,332 units)	57	106
<b>Adamjee Life Assurance Company Limited - Investment Multiplier Fund</b>		
Units held 11,409,991 (June 2013 : Nil Units)	157,230	-
<b>Muhammad Aslam Motiwala (more than 10% holding)</b>		
Units held 6,780,216 (30 June 2013: 5,236,070)	93,431	75,347

## 13 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of MCB-Arif Habib Saving and Investments Limited (formerly Arif Habib Investments Limited ) have decided to merge Pakistan Premier Fund and MCB Dynamic Stock Fund with and into Pakistan Stock Market Fund. In this respect a meeting of Unit Holders was convened on 13 January 2014 for approval of merger in terms of Circular 20 of 2009. However, the requirement of resolution for approving of merger to be passed by majority of Unit Holders representing three fourth in value of total outstanding units was not achieved. The Management Company has approached Securities and Exchange Commission of Pakistan (SECP), as authorised by the Unit Holders present in the meeting, for relaxation of the requirement of Circular 20 of 2009. The response from Securities and Exchange Commission of Pakistan (SECP) is currently awaited.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

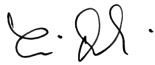
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### 14 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

This condensed interim financial information was authorised for issue on **April 21, 2014** by the Board of Directors of the Management Company.

### 15 GENERAL

Corresponding figures have been rearranged and reclassified wherever 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**

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

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