



Bachat ka Doosra Naam

Quarterly Report
September 30, 2013
(Unaudited)



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

**MCB
DYNAMIC STOCK FUND**

TABLE OF CONTENTS

Fund's Information	132
Report of the Directors of the Management Company	133
Condensed Interim Statement of Assets and Liabilities	136
Condensed Interim Income Statement (Un-audited)	137
Condensed Interim Distribution Statement (Un-audited)	138
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	139
Condensed Interim Cash Flow Statement (Un-audited)	140
Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	141

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(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib	Chairman Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jehangir 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 Despository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Al Falah Limited Faysal Bank Limited NIB Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
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 QUARTER ENDED SEPTEMBER 30, 2013

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Stock Fund's accounts review for the first quarter ended September 30th 2013.

EQUITIES MARKET OVERVIEW

In light of smooth political transition, the ongoing financial year started on a positive note, with stock market touching an all time high of 23,776.22 on 24-July-2013. The index posted a return of 10.9% during July, outperforming regional markets. But on account of tepid performance in August and September the benchmark index recorded a total gain of 3.9% during the 1QFY14, with KSE-100 index closing at 21,832.68 at the end of quarter. Restrictive forces that played a dampening role for the market were rationalization of tariffs and gas prices, launch of initiatives to enhance revenue administration, monetary tightening and growing concerns on feeble exchange rate outlook. Although activity remained stable in terms of both volumes and turnover, foreigners remained net seller with a cumulative net outflow of US\$ 94 million during the period under review.

Major interest during the period remained in Textile, Construction & Materials and Power Sectors on the heels of strong inherent bottom line growth and healthy payouts. With the market expecting interest rates to increase going forward, Banking sector performed better towards the start of the quarter until the present government announced to peg minimum deposit rates on saving accounts to overnight repo rate.

FUND PERFORMANCE

MCB-DSF slightly outperformed its benchmark KSE30 index by delivering 2.8 % return while KSE 30 index delivered 2.3% return during the period. Overall equity exposure of the fund was increased by merely 1.6% which stood at 81.7% at the end of 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 Oil & Gas while increasing its allocations in Construction and Materials and Chemicals sector.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 966 million as compared to Rs 887 million as at June 30 2013 registering a an increase of 8.9%

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 100.38 as compared to opening NAV of Rs. 97.65 per unit as at June 30, 2013 registering an increase of Rs. 2.73 per unit

FUTURE OUTLOOK

We will continue to closely monitor foreign inflows in the presence of higher oil prices and debt repayment to international donors. We believe that the sustainability of external account, in the presence of higher inflationary pressures, would be a key factor shaping up interest rate direction. The foreign reserve balance will continue to remain in the limelight, with the country scheduled to repay more than \$2.3 billion to IMF during the next three quarters. As a result, the local currency is likely to remain under pressure.

The reserve position is likely to improve towards the later half of the ongoing fiscal year, with the government expecting significant improvement in foreign direct investments and materialization of pledges made by multilateral agencies. In addition to projected CSF inflow of around \$1.2 billion, the country is eyeing inflow of \$2.7 billion during the next three quarters under the umbrella of program financing.

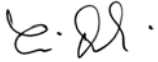
**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

While the economic environment is challenging, corporate earnings are by and large expected to continue to improve. Earnings growth is expected to continue in E&P, Textile, Power and cement sector. The rupee depreciation bodes well for textile, E&P and power sector, while higher allocation in PSDP will increase demand for cement.

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

Karachi: October 23, 2013

FINANCIAL STATEMENTS

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2013**

	Note	Un-Audited September 30 2013 (Rupees in '000)	Audited June 30 2013
ASSETS			
Balances with banks		75,760	56,970
Investments	4	879,756	824,668
Dividend and other receivables		15,043	662
Receivable against sale of investments		12,715	20,591
Security deposits		3,955	3,951
Total assets		987,230	906,842
LIABILITIES			
Payable to Management Company		1,994	2,397
Payable to Central Depository Company of Pakistan Limited - Trustee		168	151
Annual fee payable to Securities and Exchange Commission of Pakistan		238	718
Accrued and other liabilities		18,884	16,849
Total liabilities		21,234	20,115
NET ASSETS		965,996	886,727
Unit holders' fund		965,996	886,727
(Number of units)			
Number of units in issue		9,623,001	6,751,239
(Rupees)			
Net asset value per unit		100.38	131.34

The annexed notes form an integral part of these financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter ended	
		September 30, 2013	September 30, 2012
(Rupees in '000)			
INCOME			
Capital gain on sale of investments-net		35,519	39,070
Dividend income		15,881	11,853
Income from Government Securities		915	504
Profit on bank deposits		1,605	990
		53,920	52,418
Net unrealised (dimunation) / appreciation on re - measurement of investments classified as ' financial assets at fair value through profit or loss '		(21,063)	46,958
		32,857	99,376
EXPENSES			
Remuneration of Management Company		6,737	4,428
Remuneration to Central Depository Company of Pakistan Limited - Trustee		498	382
Annual fee - Securities and Exchange Commission of Pakistan		238	181
Brokerage expenses		2,144	2,176
Auditors' remuneration		129	179
Other expenses		197	161
		9,943	7,507
Net income from operating activities		22,914	91,868
Net Element of income and capital gains included in the prices of units issued less those in units redeemed		3,893	3,269
Provision for Workers' Welfare Fund	5	(536)	-
Net income for the period before taxation		26,271	95,137
Taxation	6	-	-
Net income for the period after taxation		26,271	95,137
Other comprehensive income for the period		-	-
Total comprehensive income for the period		26,271	95,137
Earnings per unit	7		

The annexed notes form an integral part of these financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Accumulated Profit/(Loss) brought forward:	211,596	(117,222)
Distributions to the unit holders of the Fund:		
Final Distribution at the rate of Rs. 33.6889 per unit declared on 04 July, 2013		
- Bonus distribution	(227,442)	-
		-
Element of (loss) / income and capital losses / (gains) included in the prices of units issued less those in units redeemed - amount forms part of the unit holders' fund	(6,737)	714
Net income for the period after taxation	26,271	95,136
Undistributed income / accumulated (loss) carried forward	3,688	(21,372)

The annexed notes form an integral part of these financial statements.



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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Net assets at the beginning of the period	886,727	725,522
Issue of units 2,143,238 (2012: 1,050,903 units)	226,560	100,649
Issue of Bonus 2,329,055 Units (2012: nil units)	227,442	-
Redemption of units 1,600,531 (2012: 1,102,221 units)	(169,668)	(101,797)
	284,334	(1,148)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains)/ losses - transferred to income statement	(3,893)	(3,269)
- amount representing loss/ (income)/ that forms part of unit holders' fund - transferred to distribution statement	6,737	(714)
	2,844	(3,983)
Element of (loss) / Income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	(6,737)	714
Net unrealised appreciation on re - measurement of investments classified as ' financial assets at fair value through profit or loss '	(21,063)	46,958
Capital gain on sale of investments-net	35,519	39,070
Other operating income	11,815	9,109
Net income for the period	26,271	95,137
Final Distribution at the rate of Rs. 33.6889 per unit declared on 04 July, 2013 - Bonus distribution	(227,442)	-
Net assets at the end of the period	965,996	816,242



Chief Executive Officer

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



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Note	Quarter ended	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	26,271	95,137
Adjustments for non-cash charges and other items:		
Net unrealised diminution / (appreciation) on re - measurement of investments classified as ' financial assets at fair value through profit or loss '	21,063	(46,958)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	<u>(3,893)</u>	<u>(3,269)</u>
	43,441	44,910
(Increase) / decrease in assets		
Investments - net	(68,275)	(44,623)
Dividend Other receivables	(14,381)	(10,312)
Security deposits	(4)	(5)
	(82,660)	(54,940)
Increase / (decrease) in liabilities		
Payable to Management Company	(453)	(63)
Payable to Central Depository Company of Pakistan Limited	17	6
Annual fee payable to Securities and Exchange Commission of Pakistan	(480)	(468)
Accrued and other liabilities	2,035	22
	<u>1,119</u>	<u>(503)</u>
	(38,101)	(10,532)
Net cash flow from / (used in) operating activities	<u>(38,101)</u>	<u>(10,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issue of units	226,560	100,648
Net payments on redemption of units	(169,669)	(101,797)
Net cash (used in) / generated from financing activities	56,891	(1,149)
Net increase in cash and cash equivalents during the period	<u>18,790</u>	<u>(11,681)</u>
Cash and cash equivalents at the beginning of the period	<u>56,970</u>	<u>69,895</u>
Cash and cash equivalents at the end of the period	<u><u>75,760</u></u>	<u><u>58,214</u></u>

The annexed notes form an integral part of these financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Stock Fund ("The Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as a collective investment scheme by the Securities and Exchange Commission of Pakistan ("SECP") on 12 December 2006. It was constituted under a Trust Deed dated 10 November 2006 amended by a Supplemental Trust Deed dated 21 January 2007 between MCB Arif Habib Savings & Investments Limited (formerly: Arif Habib Investments Limited) a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited ("CDC") as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Fund is an open ended mutual fund 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 Lahore Stock Exchange. The Board of Directors have approved that the Fund should be categorized as Equity Scheme as per the categories defined by Securities and Commission of Pakistan.

The principal activity of the Fund is to make investments in securities listed on the stock exchanges. The Fund is an equity fund and its objective is to provide long term capital appreciation.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an Asset Manager rating of AM2 "positive outlook" to the Management Company and a short term star ranking rating of "4-Star-normal" and long term star ranking of "5-star normal" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

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.

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.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information 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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2013

4 INVESTMENTS	Note	September 30, 2013	June 30, 2013
Financial assets at fair value through profit or loss - held for trading			
-Listed equity securities	4.1	809,880	740,171
-Government Securities	4.2	69,876	84,497
		<u>879,756</u>	<u>824,668</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

4.1 Listed equity securities - at fair value through profit or loss

Name of investee company	Number of shares				Balance as at September 30, 2013			Market value as a percentage of total investment	Market value as a percentage of net assets	Percentage of paid up capital of investee company held
	As at July 1, 2013	Purchased during the period	Bonus / right shares	Disposed of during the period	As at September 30, 2013	Carrying Value	Market value			
------(Rupees in '000)'-----										
Automobile and Parts										
Pak Suzuki Motors Company Limited	19,000	-	-	-	19,000	2,826	2,660	(166)	0.28	0.30
						2,826	2,660	(166)	0.28	0.30
Banks										
Allied Bank Limited	-	110,000	-	-	110,000	8,163	8,489	325	0.88	0.96
Askari Bank Limited	17	-	-	17	-	-	-	-	-	0.00
Bank ALfalah Limited	1,813,000	1,159,500	-	862,000	2,110,500	41,278	44,194	2,916	4.57	5.02
Bank ALHabib Limited	1,131,531	106,000	-	139,500	1,098,031	30,540	39,825	9,285	4.12	4.53
BankIslami Pakistan Ltd	100,000	-	-	100,000	-	-	-	-	-	0.00
Habib Bank Limited	151,600	-	-	49,700	101,900	12,151	15,536	3,385	1.61	1.77
Habib Metropolitan Bank	-	200,000	-	70,000	130,000	2,653	2,742	88	0.28	0.31
MCB Bank Limited	16,600	53,000	-	69,600	-	-	-	-	-	0.00
Meezan Bank Limited	318,025	-	-	877,500	318,025	9,223	11,802	2,579	1.22	1.34
National Bank of Pakistan	-	877,500	-	391,000	122,471	15,198	16,243	1,045	1.68	1.85
United Bank Limited	246,471	267,000	-	-	-	-	-	-	-	0.01
						119,207	138,831	19,624	14.36	15.78
Chemicals										
Dawood Hercules	168,500	-	-	168,500	-	-	-	-	-	-
Engro Corporation Limited	30,000	395,000	-	74,000	351,000	56,511	47,659	(8,852)	4.93	5.42
Fatima Fertilizers Company Limited	1,850,500	778,000	-	519,000	2,109,500	53,383	54,847	1,464	5.68	6.23
Fauji Fertilizer Bin Qasim Limited	379,500	-	0	379,500	-	-	-	-	-	-
						109,895	102,506	(7,389)	10.61	11.65
Construction and Materials										
Cherat Cement Co. Limited	574,651	-	-	57,000	517,651	30,122	25,603	(4,519)	3.70	2.91
D.G.Khan Cement Company Limite	71,406	685,500	-	258,906	498,000	38,440	34,297	(4,143)	3.55	3.90
Fecto Cement	57,416	-	-	-	57,416	2,757	2,236	(520)	0.23	0.25
Kohat Cement	462,333	333,000	-	133,500	661,833	57,866	61,266	3,400	6.34	6.96
Lucky Cement	117,013	25,000	-	142,013	-	-	-	-	-	0.00
Maple Leaf Cement	352,000	1,210,000	-	335,000	1,227,000	29,894	26,233	(3,660)	2.72	2.98
Pioneer Cement Limited	150,000	-	-	150,000	-	-	-	-	-	0.23
						159,078	149,636	(9,442)	16.54	17

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Name of investee company	Number of shares					Balance as at September 30, 2013				Market value as a percentage of total investment	Market value as a percentage of net assets	Percentage of paid up capital of investee company held		
	As at July 1, 2013	Purchased during the period	Bonus / right shares	Disposed of during the period	As at September 30, 2013	Carrying Value	Market value	Appreciation / (diminution)	%				%	%
Electricity														
The Hub Power Company Limited	1,235,131	334,500	-	-	1,569,631	97,935	100,033	2,098	2,098	10.36	11.37	0.14		
Kot Addu Power Co. Ltd.	70,000	1,285,000	-	1,355,000	-	-	-	-	-	-	-	0.00		
						97,935	100,033	2,098	2,098	10.36	11.37			
Fixed Line Telecommunication														
Pakistan Telecommunication Company Limited	195,000	1,072,000	-	300,000	967,000	24,916	25,297	381	381	2.62	2.88	0.03		
						24,916	25,297	381	381	2.62	2.88			
Oil and Gas														
Attock Petroleum Limited	54,742	28,200	16,588	14,600	84,930	40,404	36,652	(3,751)	(3,751)	3.79	4.17	0.00		
National Refinery Limited	38,000	66,500	-	29,900	74,600	19,705	15,420	(4,285)	(4,285)	1.60	1.75	0.09		
Oil and Gas Development Company Limited	189,282	124,700	-	213,900	100,082	24,792	23,521	(1,271)	(1,271)	2.43	2.67	0.14		
Pakistan Oilfields Limited	144,417	23,000	-	156,350	-	4,762	4,745	(17)	(17)	0.49	0.54	0.00		
Pakistan Petroleum Limited	239,131	320,100	77,626	219,600	417,257	79,778	79,529	(249)	(249)	8.23	9.04	0.03		
Pakistan State Oil Company Limited	251,800	136,300	-	52,000	336,100	106,437	88,092	(18,345)	(18,345)	9.12	10.01	0.14		
						275,877.28	247,959.23	(27,918)	(27,918)	25.66	28.18			
Personal goods														
Blessed Textile	37,500	-	-	37,500	-	-	-	-	-	-	-	-		
Elitcot Spinning Mills Ltd	98,500	-	-	-	98,500	6,392	7,860	1,469	1,469	1.13	1.29	0.02		
Faisal Spinning	31,500	-	-	1,900	29,600	2,954	3,197	243	243	0.46	0.53	0.03		
Gadoon Textile	16,000	46,600	-	-	62,600	8,648	9,515	868	868	1.37	1.57	0.03		
Nishat (Chunian) Limited	-	108,000	-	-	108,000	6,966	6,078	(888)	(888)	0.88	1.00	0.06		
Nishat Mills Limited	225,500	144,000	-	369,100	400	39	37	(2)	(2)	0.01	0.01	0.00		
						24,999	26,688	1,689	1,689	3.85	4.40			
Food Producers														
Engo foods limited	-	62,000	-	62,000	-	-	-	-	-	-	-	-		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Name of investee company	Number of shares					Balance as at September 30, 2013			Market value as a percentage of total investment	Market value as a percentage of net assets	Percentage of paid up capital of investee company held
	As at July 1, 2013	Purchased during the period	Bonus / right shares	Disposed of during the period	As at September 30, 2013	Carring Value	Market value	Appreciation / (diminution)			
NON Life Insurance											
Adamee Insurance Co.Ltd.	-	15,000	-	-	15,000	1,364	1,112	(252)	0.16	0.18	
Pakistan Reinsurance Company Ltr	628,000	-	-	-	628,000	14,840	15,160	320	2.19	2.50	
						16,204	16,272	68	2.35	2.68	
Industrial Engineering											
Al-Ghazi Tractors *	500	-	-	500	-	-	-	-	-	0.00	
Tobacco											
Pakistan Tobacco Co. Ltd.	11,000	-	-	11,000	-	-	-	-	-	-	
Total - September 30 2013						830,936	809,880	(21,055)	86.63	92.06	
Total - June 30, 2013						684,622	740,171	55,549	83.47	88.75	

* the face value of shares held is Rs. 5 per share

4.1.1 Investments include shares with market value aggregating to 55 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the SECP.

4.2 Investment in government securities - Market Treasury Bills

Name of investee company	Face value				Balance as at September 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2013	Purchased during the year	Disposed/Matured during the year	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
Treasury bills - 3 months	10000	95000	35000	70000	69,884	69,876	(8)	7.23%	7.94%
Treasury bills - 12 months	75000	-	75000	-	-	-	-	-	-
Total - September 30, 2013					69,884	69,876	(8)		
Total - June 30, 2013					84,477	84,497	20		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

5 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971(WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) 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 CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal council who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended 30 June 2012, 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 filed by institutions other than mutual funds 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, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment.

In the view of the afore mentioned developments and uncertainties created by the recent decision by Honourable Sindh High Court, the Management company, as a matter of abundant precaution, has decided to retain the entire provision for WWF. The aggregate amount of WWF charged as on September 30, 2013 is Rs.0.536 m. If the same were not made the NAV of the fund would have been higher by Rs.1.623 per unit

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 Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to 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 Income Tax Ordinance 2001. 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 EARNINGS PER UNIT

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

8 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

- 8.1** Connected persons of the Fund include the Management Company, other collective investment, schemes being managed by the Management Company, MCB Bank Limited being the parent company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more units of the Fund.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

- 8.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3** Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.
- 8.4** Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	September 30 2013	September 30 2012
	(Rupees in '000)	
8.5 Details of the transactions with the connected persons during the period are as follows:		
MCB Bank Limited		
Mark-up received	453	567
Dividend received	160	120
Bank Charges	2	2
Management Company		
Remuneration of the Management Company	6,678	4,420
Central Depository Company of Pakistan Limited-Trustee		
Remuneration of the Trustee	498	382
CDC settlement charges	59	23
Key management personnel		
Issue of 34,555 units (2012: 396 units)	3,540	38
Redemption 21,775 units (2012: 2,801 units)	2,270	250
MCB Employees Provident Fund		
Issue of 489,481 units (2012: units)	47,800	-
MCB Employees Pension Fund		
Issue of 375,103 units (2012 : nil units)	36,630	-
D. G. Khan Cement Company Limited		
- Employees Provident Fund		
Issue of bonus units 8,287 units (2012 : nil units)	809	-
Adamjee Life Insurance Company Limited (Income Multiplier Fund)		
Issue of bonus units 311,458 units (2012 : nil units)	30,415	-
Issue of 379,965 units (2012 : nil units)	41,100	-
Next Capital Limited		
- Brokerage *	38	49
Arif Habib Limited		
- Brokerage *	52	106

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

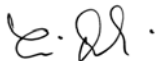
8.6 Amount outstanding as at the period / year end	September 30	June 30
	2013	013
	(Rupees in '000)	
Management Company		
Management fee payable	1,994	1,855
Sale Load Payable	439	542
Central Depository Company of Pakistan Limited-Trustee		
Trustee fee payable	168	146
CDC settlement charges	5	5
Security deposit	200	200
MCB Bank Limited		
Bank balances	21,163	20,033
Profit receivable on bank balances	281	41
nil shares held (2013: 16,600 shares)	-	4,027
Fatima Fertilizers Company Limited		
2,109,500 shares held (2013: 1,850,500 shares)	54,847	45,948
MCB Employees Provident Fund		
1908,341 units held (2013: 1,481,160 units)	191,567	186,353
MCB Employees Pension Fund		
1,462,414 units held (2013: 1,087,311 units)	146,803	142,807
D. G. Khan Cement Company Limited		
- Employees Provident Fund		
32,310 units held (2013: 24,023 units)	3,243	3,155
Adamjee Life Insurance Company Limited (Income Multiplier Fund)		
1,594,246 units held (2013: 902,283 units)	19,499	118,577
Key management personnel		
35,611 units held (2013: 22,831 units)	3,575	2,999
D.G.Khan Cement Company Limited		
498,000 shares held (2013: 71,406 shares)	34,297	5,976
Nishat Mills Limited		
400 shares held (2013: 225,500 shares)	37	21,244
Nishat Chunain Limited		
108,00 shares held (2013: nil shares)	6,078	-
Next Capital Limited		
- Brokerage *	8	96
Arif Habib Limited		
- Brokerage *	28	22

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

* 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.

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on October 23, 2013 by the Board of Directors of the Management Company.



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)

8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.
UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST)
Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908
URL: www.mcbah.com, Email: info@mcbah.com